



BILTIR

BERMUDA INTERNATIONAL LONG TERM
INSURERS AND REINSURERS

Building for the Long Term

Examining the history, future, and
importance of Bermuda's long-term
insurance market

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About this Report

Regulations and Private Capital Integrate Successfully in Bermuda

The intersection of solid regulations and continued investor confidence in life (re)insurance firms has sparked increased interest in Bermuda as a dynamic place to do business and help close the protection gap.

To explore today's environment, [Bermuda International Long Term Insurers and Reinsurers \(BILTIR\)](#) developed a timely analysis of the state of the long-term (re)insurance industry in Bermuda and where it's headed. When referring to the long-term sector, BILTIR includes life, annuity, disability, and long-term care products.

Underpinned by a well-capitalized industry, decades of reliably supporting the general insurance markets, and the evolving regulations developed by the [Bermuda Monetary Authority](#) (BMA) that further strengthen policyholder protections, Bermuda is emerging as a model for other jurisdictions and is a positive force in helping address the pension protection gap, which now numbers in the trillions.

As the global population ages, the need for the life and annuity sector is more acute than ever. Bermuda's unique combination of regulations, capital and expertise is essential to the future of the global long-term (re)insurance industry.

Solving for the Pension Protection Gap

The global pension protection gap in Organization for Economic Co-operation and Development (OECD) countries is about US \$1 trillion per annum, according to the Global Federation of Insurance Associations (GFIA). The gap is defined as the difference between the savings needed to sustain a reasonable standard of living (65-70% income replacement) for the next generation of retirees and the currently projected inflows into the system.

The Tipping Point

In 2020, the number of people globally aged 60 years and older outnumbered children younger than 5 years.¹

As the world ages, that gap is expected to widen even more. The WHO predicts that between 2015 and 2050, the proportion of the world's population over 60 years will nearly double, from 12% to 22%¹. Add in longer lifespans—the number of centenarians continues to grow—and there's little argument that many countries are facing a crisis.

¹ World Health Organization: <https://www.who.int/news-room/fact-sheets/detail/ageing-and-health>

Filling the Gap: The Importance of the Bermuda Long-Term Market

Innovative Insurance Products Critical to Meet Enormous Needs

In many developed countries, as people live longer in retirement, medical and long-term care needs accelerate and the working age population drops². The insurance industry is working urgently to develop innovative solutions to meet the growing demand. In the United States, annuity sales set an all-time record high for the second consecutive year. From 2022 to 2023, total U.S. annuity sales grew to US \$385 billion³, a 23% increase.

Other countries, such as England and Japan, are also experiencing strong demand for long-term insurance products, especially those that help fund pensions. Around the world, people from multiple generations are looking for ways to attain future financial security.

Industry-Leading Practices Fuel Ingenuity

Bermuda is known as the “world’s risk capital” due to its innovation, entrepreneurialism, and leadership. The financial capital, whether it’s used to reinsure blocks of existing business, enable more direct writing, or finance growth, contributes directly to the development of the next generation of long-term insurance products.

Equity is attracted to Bermuda’s long-term sector as the jurisdiction allows for the global diversification of risk and provides sound regulation, a stable legal environment, and skilled workers.

Overall, well-managed equity—including appropriate selection, diversification, and management of asset classes—is a critical risk-management tool. Most importantly, the combination of a sound regulatory framework along with capital and risk management protects policyholders.

Bermuda: An Unambiguous and Resilient Regime

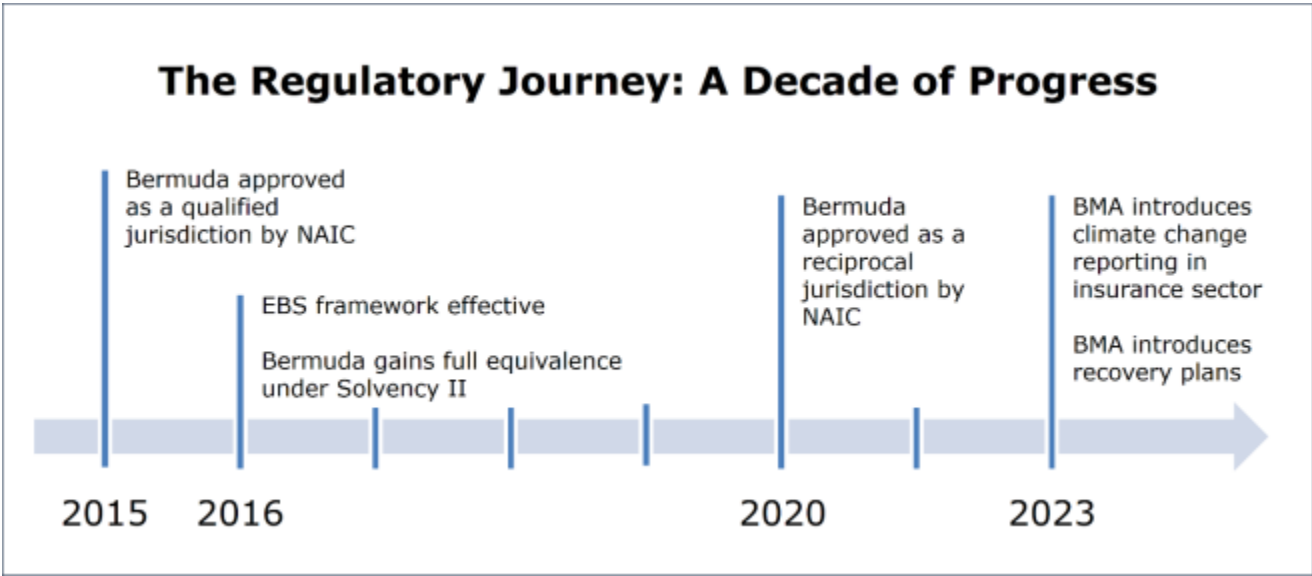
A stable regulatory climate encourages innovation and investment. Beginning in 2013, the BMA introduced comprehensive regulations for the long-term sector that resulted in Bermuda being awarded equivalence under the European Solvency II regulatory regime.

² OECD: <https://data.oecd.org/pop/working-age-population.htm>

³ LIMRA: <https://www.limra.com/en/newsroom/news-releases/2024/limra-u.s.-annuity-sales-post-another-record-year-in-2023/>

This also established Bermuda as both a Qualified Jurisdiction and Reciprocal Jurisdiction under the U.S. National Association of Insurance Commissioners (NAIC) regulatory regime.

These designations reflect the robust nature of the Bermuda regulatory system when evaluated by the EU and U.S. against their own systems and allow Bermuda reinsurers to conduct business in these jurisdictions without a competitive disadvantage.



The regulations⁴, which were updated in 2023, feature a comprehensive model risk framework with a risk-based supervisory approach and have had a significant impact on both the perception and reality of safety and security. The BMA’s approach incentivizes rigorous asset and liability management through an economic balance sheet that has enhanced directives for reserves and capital requirements. Under one provision, for example, the BMA must approve all blocks of life business as they come in based on a broad set of information. There are solvency-stress testing requirements as well as guidelines for liquidity.

Communications between the BMA and its stakeholders also continue to be strong. The BMA speaks directly with companies’ boards, officers, and risk executives. Annual and ad hoc meetings add a level of transparency and accountability.

Bermuda’s Regulatory Regime is Active and Effective

While the myth persists that Bermuda is a financial haven, the reality is that Bermuda has one of the strongest regulatory regimes in the world. It protects policyholders, provides clarity and practical guidance, ensures consistency across the market, removes ambiguity, and clearly articulates expectations.

⁴ Bermuda Monetary Authority: <https://www.bma.bm/standards-regulations>

These regulations are further enhanced with regular assessments of the quality of asset managers, with a focus on governance and appropriate investment practices. The BMA requires a clear management of conflicts of interest that may arise between investment managers and insurance companies to ensure appropriate investments are tailored to insurers' liabilities. Similar to the U.S., the BMA reviews and supervises the use of non-standard asset classes within the asset management framework.

The Advantages of an Economic Balance Sheet

Like other international standards, including EU Solvency II, Bermuda's regulatory framework is an economic regime that dynamically adjusts for changing market conditions, making it more reflective of economic reality and contracts with policyholders. The economic balance sheet (EBS) regulations promulgated by the BMA are also compatible with risk management and asset-liability management (ALM) that incentivize insurers to appropriately manage economic risk, resulting in sufficient asset cash flows to meet liability cash needs in a wide range of scenarios.

Corporate Income Tax

Bermuda also recently legislated for a new corporate income tax within the OECD framework, which takes effect on 1 January 2025. At 15%, the rate meets international expectations while remaining competitive. The industry associations have welcomed the consultative and progressive approach that the Bermuda government has taken during the development and implementation of the new tax.

International Cooperation a Cornerstone

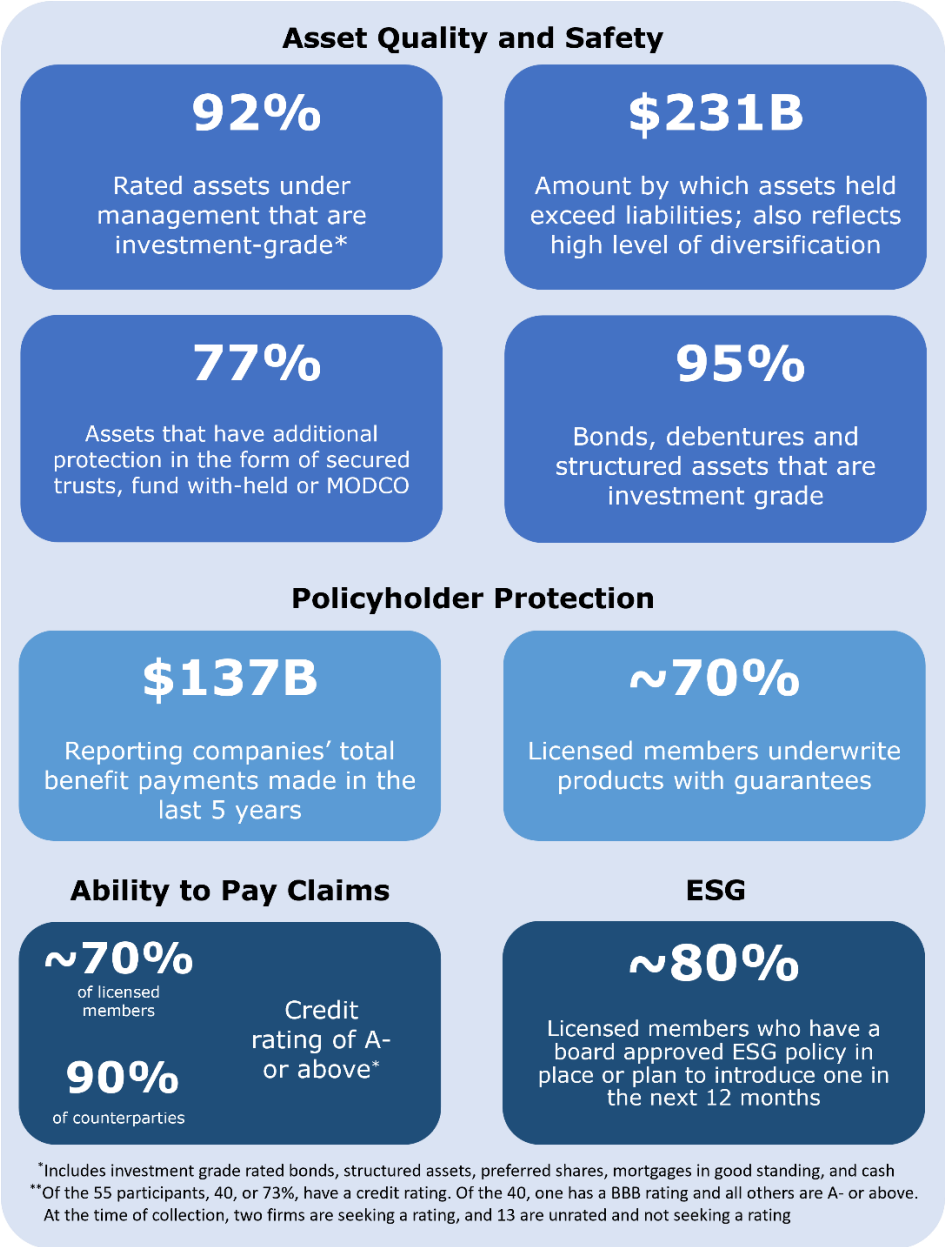
There is strong alignment and integration among the BMA and multiple organizations, regulators, and countries, including the NAIC, the International Association of Insurance Supervisors (IAIS) and the European Union. This allows effective, efficient operations and provides clear, cross-border guidelines, a comparative framework and regulatory collaboration.

BMA regulations also include supervisory colleges for the larger insurers to review the activities and compliance of companies in all the relevant jurisdictions.

<p><i>Alignment Across Regulatory Standards Brings Efficiency and Clarity</i></p>
<p>An important feature of Bermuda's regulatory regime is that it aligns with other standards-setting bodies, enabling efficient operations and clear guidelines on critical criteria, such as capital reserves and stress-testing.</p>

Study Shows Confidence in Bermuda is Well-Founded

BILTIR’s survey of its membership shows that that confidence in the regime is not misplaced. Its members are well-capitalized and hold quality assets, providing security and assurance for policyholders and stability for the industry. Key findings include:



BILTIR’s survey sample of 55 companies represented 94% of the total BILTIR member invested assets of \$800 billion, as reported for the 2022 financial period (which excludes non-Bermuda assets of Bermuda consolidated groups). Total assets held by Bermuda-based long-term (re)insurers, which includes intangibles and other non-invested assets, totaled more than \$1 trillion⁵ at YE22.

⁵ Business Development Agency: <https://bda.bm/industries/insurance-risk/>

Investment Capital Seeks Stability, Returns in Well-Regulated Environment

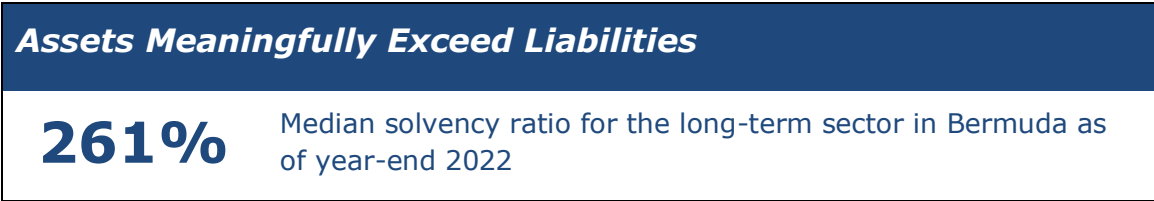
As the updated regime has come into focus, public and private asset managers, including private equity firms, have increased their investment into life (re)insurers in Bermuda. This is in line with other regions of the world.

In particular, private markets can often take a longer-term, more patient view and are better suited to weather short-term volatility than public markets overall. This private capital is well aligned for the long-term insurance sector business. Another factor is the shift in public markets. In the U.S., for example, there were only around 4,600 public companies in 2022, down from 8,100 in 1996⁶.

For private equity firms, in particular, the BMA has instituted a comprehensive supervisory program that includes the following components:

- Licensing
- Supervisory collaboration
- Tailored asset reporting
- Recovery and resolution
- Intensified supervisory engagement
- Range of powers of intervention and supervisory measures
- Supervisory enhancements (in place since January 2023)

Whether driven by demand from direct insurers or institutions using reinsurance for risk management, the capital has filled a critical need at a propitious time, helping to close the global protection gap mentioned earlier.






⁶ World Bank: <https://data.worldbank.org/indicator/CM.MKT.LDOM.NO?end=2022&locations=US&start=1989>

Looking Ahead: Bermuda as a Best-Practices Model

Building on decades of success, stability, consistency, and clarity, Bermuda has now further strengthened its framework to meet its fundamental mission to protect policyholders. Bermuda will continue to be responsive to micro and macro industry trends through close integration with the international insurance and regulatory communities.

As demographic trends make the long-term insurance market a critical part of managing society’s growing needs, Bermuda has become a leader in protecting policyholders and narrowing the protection gap around the world.

Benefits of Doing Business in Bermuda		
 Talent	 Top Ratings	 Legal & Regulatory System
<ul style="list-style-type: none"> • Diverse, dynamic talent pool • Deep support network of experienced legal, auditing, consulting, and actuarial professionals 	<p>Consistently strong credit ratings, with S&P reaffirming Bermuda’s:</p> <ul style="list-style-type: none"> • A+ Sovereign Credit Rating • A-1 short-term rating • AA+ transfer and convertibility assessment 	<ul style="list-style-type: none"> • Mature legal system based on common law with right of appeal to the UK Privy Council • Formally recognized and approved by both EU and U.S. insurance regulators • Transparency and cooperation with BMA, GFIA, and other organizations • Now part of the OECD global tax regime

About BILTIR

Bermuda International Long Term Insurers and Reinsurers (BILTIR) represents the long-term insurers and reinsurers in Bermuda. Backed by Bermuda's over 40-year history of providing insurance solutions and at the forefront of the evolving long-term insurance industry, BILTIR represents the policy interests and drives advocacy for the market and its members. BILTIR membership is comprised of more than 70 annuity, life insurance, and reinsurance businesses and servicing companies on the island. To learn more, visit <https://www.biltir.bm/>.