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Benfield Research: Lloyd's Reformation

Key points are:

- ❖ Lloyd's has declared that its priorities in 2008 must be continued active cycle management and the advancement of market reform. The current three year plan (2008-2010) retains the focus on five key benefits of operating at Lloyd's, namely, a central performance framework, capital advantages, security and ratings, operating environment, and market access. Reform of the Lloyd's Act 1982, already approved by Lloyd's members, should enhance the latter.
- ❖ Pro forma pre-tax profits in 2007 reached a record high at GBP3.8bn. Release of prior year reserves, totalling GBP856mn, were a significant factor and more than offset the higher incidence of catastrophe claims costing GBP501mn. Once again, the combined ratio of 84% compared favourably with the peer group.
- ❖ The first quarter of 2008 was marked by an increase in frequency and severity of single risk property losses. Nevertheless, premium rates continue on a clear downward trend. The market given the recent expansion of some Lloyd's operations to Bermuda, was particularly competitive in the property and energy accounts.
- ❖ Capacity for 2008 was little changed at GBP15.95bn (-1%). In a falling rate environment, this suggests discipline will have to be even firmer and some capacity will remain unutilised at the year end. Syndicate management are keen to stress character reformation and attention to the bottom line.
- ❖ Lloyd's aims to be the platform of choice, and corporate activity in the last year suggests that such a view is finding favour as eight takeover targets have been confirmed. Bermudians have shown particular interest on this score and have also supported new syndicates. The multi-distribution platform appears to be a common goal.

Benfield Research
July 2008

Benfield Bermuda Quarterly: 1H2008 – The Inevitable

Key points are:

- ❖ An abundance of capacity, manageable catastrophe losses and higher primary retentions all contributed to the continued weak pricing environment in 1H 2008. Market forecasts were down beat with an expectation of continued price erosion in the absence of a major catastrophe loss.
- ❖ A continued contraction of pricing resulted in 12 of the 18 Benfield Bermuda Quarterly (BBQ) companies posting a decline in gross premiums written (GPW). The total for the group, however, was static at USD33.5bn, with additional revenue streams from acquisitions flattering the total. Indeed, total GPW fell 7% excluding those reporting incremental income through acquisition.
- ❖ Results were boosted by prior year reserve release of USD1.5bn approximately 8 percentage points (p.p.) of the combined ratio. The amount was well in excess of the estimated USD1bn reserve release for the group in 1H 2007. This helped keep the BBQ group ratio stable at 87.0%.

- ❖ The group's total net income of USD4.3bn fell 32% in 1H 2008 as USD0.4bn realised investment gains swung into a USD1.3bn loss. Investment income was also down 7% to USD4.1bn.
- ❖ Balance sheets remain well prepared for an active hurricane season. USD71.6bn during 1H 2008 but this was still comfortably ahead of the 2006 year end.
- ❖ Competitive pricing and lower investment returns have put pressure on earnings and with balance sheets fortified for potential losses a fall in return on equity was inevitable. Average return on equity for the BBQ group, at 11.9%, was well below the 19.4% of the comparative period and the 16.1% recorded at the year end.

Benfield Research
September 2008

Benfield European Quarterly: 1H2008 – Challenging Times

Key points are:

- ❖ Turbulence in the financial markets made the first half of 2008 a difficult period for the Benfield European Quarterly (BEQ) group as results were weaker in all departments. Munich Re issued a profits warning and lowered its full year earnings target.
- ❖ Business falling short of pricing targets was declined as the softening of premium rates continued. A weaker dollar also contributed to a 10% fall in net earned premiums.
- ❖ The period was notable for an above average number of large losses, including heavy snow and ice in China, flooding in the US Midwest and Queensland, European storm Emma, the Sichuan earthquake in China and hail storms in Germany. There was also a significant number of man-made losses. Nevertheless, the aggregate combined ratio rose by only 0.2pp to 98.0%. Lower earned premiums caused a commensurate fall in underwriting profits.
- ❖ Dislocations in global financial markets meant that investment income was driven down by lower yields, realised capital losses and write-downs. Swiss Re took a charge of CHF1.2bn on its credit default swap book.
- ❖ Planned repatriation of capital continued, with Munich Re and Swiss Re repurchasing their own shares, and all paying dividends. The aggregate capitalisation of the BEQ group declined 16% to EUR45.3bn.
- ❖ Since the end of the first half, the BEQ group has suffered further catastrophe losses and more challenging investment markets. Swiss Re gave additional disclosure on its investment portfolio, and Munich Re commented that its capitalisation is solid despite adverse impacts from the financial markets. It also announced EUR400m losses from hurricanes Gustav and Ike. Hanover Re has warned that higher than expected hurricane losses and investment write-downs will drive it into a nine months loss of some EUR140mn.

Benfield Research
October 2008



Benfield Research: Capital Consequences – Billion Dollar Question

The report examines the financial consequences for reinsurers of recent events, including hurricanes Gustav and Ike, the dislocation in the financial markets and provides a brief commentary on recent developments at AIG and XL Capital.

Key points are:

- ❖ Until September, the consensus view of rating trends in 2009 had been one of continued price erosion. The fall out from the credit crunch and escalating losses from Hurricane Ike have undermined this opinion and the outlook for pricing has shifted.
- ❖ 2008 was forecast to be a year of above average activity for hurricanes and reinsurer balance sheets were well prepared. It looked as though Hurricane Gustav might be the big event but Hurricane Ike, which followed as a mere Category 2, has been more costly. Loss estimates are still rising but while Ike is likely to enter the top five list of largest insured losses the damage to balance sheets appears to have been significantly less than the impact of Hurricane Katrina in 2005.
- ❖ P&C balance sheets tend to be conservatively invested with the majority of assets invested in high quality investment grade fixed income securities. However, net assets will not be immune from impairment charges and falling mark to market values through widening spreads. Nevertheless the investment experiences of AIG and XL Capital, which have amplified the problems in the extreme, look to be exceptional cases.
- ❖ XL has not been alone in issuing a preliminary third quarter statement. For those reporting, balance sheet damage from both financial and meteorological storms seems relatively well contained and significantly less than the harm inflicted by the 2005 storms. The sample size, is however, small. The third quarter results season is now starting in earnest and will provide an opportunity to see the impact in more detail and assess how much it hurt.
- ❖ Extensive Government support of global financial institutions has called into question the doctrine of “market fundamentalism” and ready access to capital is but a distant memory. The fear of restricted markets as much as the increased cost of capital may constitute a market changing event. Both debt and equity markets have been affected as historically high LIBOR spreads and betas prevail.
- ❖ The events in isolation may not be market changing but the impact could be greater than the sum of the parts. Losses and loss of confidence are a potent mix for changing behaviour. The onset of global recession and associated increase in cost of claims could act as a catalyst for both insurers and reinsurers alike. As always in the (re)insurance market, only significant removal of capital will harden the market.

Benfield Research
October 2008

Benfield Bermuda Quarterly: 9M2008 – Bittersweet

The events of the third quarter and those of the fourth quarter so far have tested the resilience of the selected group of Bermudian companies. Hurricane Ike looks to be among the top five most costly insured events and the dislocation in the investment market has seen no equal. While the group has emerged from the third quarter relatively unscathed, confidence in the capital markets has continued to deteriorate. Pricing rather than return of capital has become the most powerful tool in the insurers’ armoury and the belief that the soft market has ended is now widely held.

Benfield Research
December 2008

Benfield European Quarterly: 9M2008 – Lost Year

The former emphasis on surplus and capital management evaporated in the face of an expected upturn in the demand for reinsurance, the major reinsurers are looking to conserve capital to be able to respond to clients’ needs. Capital repatriated to shareholders was nevertheless a significant feature in the 18% reduction in the aggregate capitalization of the European reinsurers.

Benfield Research
December 2008

Society Events

Lecture Meetings, Seminars and Receptions

The programme at Guildhall in the City of London for 2009 anticipates the following:

- ❖ H.E. Sir Richard Gozney, KCMG, Governor and Commander-in-Chief of Bermuda.
- ❖ The Hon. Gerald D. A. Simons, OBE, President and Chief Executive Officer of The Argus Group.
- ❖ Mr. Greg Wojciechowski, Chief Executive Officer, the Bermuda Stock Exchange.

Members will be advised just as soon as firm dates are known.

AGM and Annual Lunch 2008

The Society’s Annual General Meeting for the year 2008 and the Annual Lunch was held on 27th May in the Members’ Private Dining Room at Guildhall in the City of London. Dr. Anthony Knapp, President, Director and Senior Research Scientist at the Bermuda Institute of Ocean Sciences was guest speaker at the Lunch.

AGM and Annual Lunch 2009

The Society’s Annual General Meeting for the year 2009 and the Annual Lunch – to be arranged at Guildhall in the City of London mid-2009.

Members will be advised just as soon as the date has been finalised.





Annual Dinner for Members and Guests 2008

The Society's 22nd Annual Dinner for Members and Guests took place in the Drawing Room and Livery Hall at The Armourers' Company in the City of London on the evening of Tuesday, 25th November 2008.

Annual Dinner for Members and Guests 2009

The Society's 23rd Annual Dinner for Members and Guests is to be hosted by The Rt. Hon. The Lord Waddington in the Cholmondeley Room at the House of Lords on the evening of Wednesday, 25th November 2009.

Annual Lunch at Guildhall in the City of London on 27th May 2008 – Notes from a speech by Dr. Anthony Knap of the Bermuda Institute of Ocean Sciences (BIOS)

- ❖ Increasing problems of climate change. With the longest record in the world of ocean observations, Bermuda is playing an essential role in addressing future solutions for the planet.
- ❖ A third of CO₂ in atmosphere is absorbed into the ocean, leading to ocean acidification. The impact on marine organisms is an important area of study, especially the ability of corals to form their calcium carbonate skeletons. A number of BIOS faculty are working as a team to study the global effects of ocean acidification.
- ❖ Problems with changing public opinion. The carbon dioxide and other greenhouse gases are now having a major impact on the planet and business as usual will no longer do.

I gave a speech for the World Insurance Forum in Dubai. At the end a businessman from Saudi Arabia said: "It's 46° in the desert outside; what do I care if it's 48°?". The problem is that governments are inactive in making decisions. I believe that there needs to be a consortium of businesses who start developing business solutions for the planet.

There are claims that climate change is natural, not caused by man's activities. I think there is enough evidence that it is up to the contrarians to prove that it is not an issue. There are no peer-reviewed scientific publications that support the fact that the world is not warming, so the body of evidence suggests something needs to be done.

- ❖ Other work at BIOS:
 - We are investigating the ageing patterns of sea-urchin as models for human systems. Sea urchins show very little signs of aging, in fact they show little incidence of cancer as well. BIOS is looking for sponsors for this research so we can take it as far as Venture Capital companies need.
 - BIOS has also been funded by the Nippon Foundation to be the Center of Excellence for marine science for developing nations. BIOS is receiving a grant from the Japanese Foundation to fund 10 students per year for 10 years.

- BIOS is also seeking scholarship support for students from the UK to study at BIOS. BIOS has a strong relationship with Southampton University and relationships with Cambridge, York, Swansea and Newcastle. A new programme with Oxford University is developing.

Dr. Anthony Knap
President and Director
Senior Research Scientist
Bermuda Institute of Ocean Sciences

Extracts from Sir John Vereker's address to The Bermuda Society at Guildhall in the City of London on 10th September 2008

When Suzanne was kind enough to ask me to talk to you, she cheerfully suggested that I might like to give you my assessment of the strengths and weaknesses of the Bermuda economy, the future of its relationship with the United States and the prospects for independence.

Nice try, Suzanne, but former Governors – especially former Governors who have been out of the loop for nearly a year – shouldn't be making headlines. They should stay firmly in the background, and leave controversy to the incumbent. Indeed, I'd like to take this opportunity to express my own appreciation to my predecessors for doing exactly that. Following their example, I have declined all requests for public comment on current affairs in Bermuda since leaving office last October, and I will continue to do so, other than to say that I have every confidence both in my successor and in the elected Government of Bermuda to represent the interests of the UK and of the people of Bermuda.

So I've agreed with Suzanne to offer, instead, a more retrospective personal view: some highlights – I've chosen just five of them – of our time in Bermuda. And yes, I meant 'our' time because we spent it very much as a partnership. Judy and I had different roles, but there was – and remains – no difference between us in our commitment to Bermuda, nor in our determination to understand Bermuda as best as we could and to use for the common good the opportunity we were so fortunate to have been given to live among its people.

To set the background, I should explain that I came to the job with a rather different set of skills and experience from other Governors. Unlike the majority of my predecessors, I had not served in the armed forces, though I had worked closely with them during conflicts in Bosnia, Sierra Leone, Kosovo and Afghanistan. I was not a diplomat, though I had headed a Government Department with, when I left it, some 45 overseas offices. And I was not a politician, though I had spent three years in 10 Downing St and served as Private Secretary to three Cabinet Ministers. I was an international development specialist with a lot of experience of the governance and economic issues faced by small economies. So I came to Bermuda with a natural interest in how it worked and in how I might contribute to making it work better. I also came with a clear understanding of the limits of the role. Old style paternalist colonial Governors are long gone. I came to Bermuda as a modern Constitutional Governor, with powers and responsibilities clearly distinguished from those of the locally elected Government, and generally – though not invariably – exercised in close collaboration with them.



The people among whom we came to live are certainly my **first highlight**. Governors meet a lot of people: officially, socially and casually. From very early on, we couldn't walk down Reid Street – we still can't – without being greeted by and chatting to friends, acquaintances and, yes, total strangers. And the paradox of a small island is you pretty soon discover that you know and enjoy talking to far more people, and from far more varied backgrounds and occupations, than you did in the big city. I have spent a lifetime (including my own childhood) among people of all ethnicities and of all nationalities. But this was the first time I had encountered so many people every single day across such a wide spectrum, and it was enormous fun.

We were often told that Bermuda is better integrated in the world of work than it is socially, but Bermudians of every age, race and social class were regular visitors to Government House and in our experience they enjoyed each other's company as much as we enjoyed theirs. Bermuda is full of talented and fascinating people, all of whom benefit every time they mix across the lines that sometime seem to separate them. I have immense admiration for those who make a similar effort to bridge the ethnic divide in the course of their social lives, and look forward to the day when doing so becomes effortless.

My **second highlight** has to be the physical geography of the island: its environment, as we now more fashionably call it. Until 2002, my working environment was generally that of large cities and small airplane seats. Suddenly we were waking up to dawn over Shelley Bay, I could see across to Dockyard from my desk and we were lulled to sleep by tree frogs. Even on a bad day in February, and there were a few of those to be honest, Bermuda is breathtakingly beautiful; and on a calm day in May, surely one of the most beautiful places on earth. The Bermuda National Trust, the Audubon Society, BAMZ, BIOS and BUEI are doing important work. We were glad to be able to work with them and to encourage all those on the island who are determined to preserve that asset for future generations of Bermudians.

There should be no need to warn against taking Bermuda's physical geography for granted, but it would be naïve to suggest that the interests of economic development and of the environment will never conflict on a small island. I was encouraged by the extent to which the concept of sustainable development became embedded during my time as Governor, and with – for instance – the requirement for environmental impact studies before major development decisions. These decisions are always going to be difficult; the more transparent the process, the better the decision is likely to be.

My **third highlight** is the international business community. I came to Bermuda hoping and expecting to find a vibrant and competitive offshore financial sector, underpinning many of the local businesses, eager to benefit from what Bermuda has to offer them, keen to engage as good corporate citizens, and determined to put down roots deep enough to ensure a steady supply of good jobs for the increasing numbers of Bermudian graduates coming into the labour market. I was not disappointed. The fact that Bermuda is the corporate home to so many serious international businesses provides breadth and depth to its economy, and that in turn provided breadth and depth to my own job.

Again, I need sound no warnings, least of all to this audience, about taking international business for granted.

Businesses take rational business decisions. They will put their people where it makes most business sense to have them, and where the operating environment makes them feel truly welcome. They will respond to the market signals about competitiveness of jurisdictions and they can do so remarkably quickly. Peter Levene's remarks to the Lloyd's annual dinner here in London last week are a useful reminder that tax advantages aren't set in stone. My fear is less for the Bermuda-based businesses themselves – they will look after themselves pretty well – than for the opportunities they provide for Bermudians. There is a generation of young Bermudians, of all ethnicities, being prepared for jobs in Bermuda's financial services industry. It would be a tragedy for them, and for Bermuda, if those jobs were no longer there.

One thing young Bermudians certainly enjoy is the sporting life in Bermuda, and the island's sporting and cultural life is of course my **fourth highlight**. Whether it was the Bermuda Day half marathon, the Rugby at the National Stadium, the XL Open tennis at Coral Beach, Gold Cup week in Hamilton Harbour, watching the Bermuda cricket team in the field against England – yes, England – at the World Cup in St Vincent, Bermuda's sporting prowess greatly enriched our lives. I am deeply sorry not to have seen the National Football team in action against El Salvador earlier this year. I was highly privileged to sail in two Newport-Bermuda races and two Marion-Bermuda races. We never missed a Cup Match, and as time went by and the spectators got used to our habit of meandering about meeting people, our walk round the stands started to take hours rather than minutes. The visual and performing arts in Bermuda are also one of its strengths. The exhibitions in the National Gallery, in the fine new Masterworks Museum of Bermuda Art, in Commissioner's House and even the collection Judy assembled in Government House itself, are world class. And we were delighted to support the various Festivals – the Bermuda Festival itself, of course, the Film Festival, and many dance and musical events.

All these were made all the more enjoyable for us because they tended to bring Bermudians together. They greatly add to Bermuda's attraction as a tourist destination. They are part of the glue that makes Bermuda an interesting whole. But it's not glue you can buy off the shelf. They are nurtured by a mixture of dedicated volunteer labour, strong Government support, and business sponsorship. Sporting and cultural life is seldom self-sustaining: all of those ingredients are likely to be needed indefinitely.

My **final highlight** is the voluntary sector, that extraordinary group of people, supported by generous individual and corporate financial contributions, who constitute so much of Bermuda's social capital. For Judy and me, our association with many of these organisations was a window into a Bermuda we would probably not otherwise have encountered – the Bermuda where the physically challenged go riding or form a basketball team, where cancer patients get practical support and meet up at a Christmas party, where threatened women take refuge, where youngsters at risk find big brothers and sisters and go out to sea on a tall ship, and where a Centre for Philanthropy provides best practice guidance to all Bermuda's many different voluntary organisations.

It might be argued that there are rather too many of them to be supported by a very small island – and an island where it is far easier to raise money than it is to find full time staff prepared





to work for the salary of a charity. And there can be room for debate as to where to draw the boundary line between the responsibilities of the state and the responsibilities of the voluntary sector. But there is no room for debate about the commitment of the people involved and the role they play in helping Bermudians who might otherwise be excluded from the benefits of its great prosperity.

I came to Bermuda aware of its great economic success, with the highest average individual income level in the world, and wondering what lessons might be drawn. I think there are two. The first is that the average conceals quite a wide spread. Although such figures as are available suggest that Bermuda is actually a less unequal society than most others, there are many who do not participate in the success story. The clearest route to sharing in Bermuda's prosperity lies through education. I was delighted at the way in which that was increasingly well understood during my time on the island, and I very much welcome the efforts that are now being made to improve standards of teaching and learning so that all young Bermudians can start to receive the kind of education that their future competitors elsewhere are already receiving.

The second lesson is that though the success is real, it is not guaranteed forever. The way the people of Bermuda live together, the extent to which the beauty of the island is preserved, the attraction of Bermuda to international business, the depth of its cultural and sporting life and the resilience of its social capital all need constant nurture. The Bermuda Society itself has a real role play in that nurturing, and Judy and I look forward to supporting it in the years ahead.

Thank you.

Sir John Vereker, KCB
Governor of Bermuda 2002-2007

Annual Dinner for Members and Guests 2008



Mr. Michael D. Stanford-Tuck



Mr. Philip Prettejohn



Mr. Charles Vaughan-Johnson, FCIB

The Bermuda Society met on the evening of Tuesday, 25th November 2008 for its Annual Dinner for Members and Guests at The Worshipful Company of Armourers and Brasiers in the City of London.

In the absence of the Society's Chairman, Dr. James King – Mr. Michael Stanford-Tuck presided and proposed the Toast to the Guests. Michael Stanford-Tuck is a Partner at Taylor Wessing and Head of the London Trusts Practice Group at Appleby – he is also the Society's Hon. Solicitor and has served as a Member of the Committee of Management since the Society's inception. The keynote address was given by Mr. Philip Prettejohn, Senior Partner at Rawlinson & Hunter. The Society's Immediate Past Chairman, Mr. Charles Vaughan-Johnson, FCIB gave the Vote of Thanks and proposed the Toast to Bermuda. Charles Vaughan-Johnson joined the Bank of Bermuda Limited in 1988, becoming President and Chief Executive Officer in 1994 until his retirement in 1997; he is currently Chairman and Chief Executive Officer of Retfin Bermuda Limited; a Director of Camellia Plc and its subsidiaries; and a Director of Duncan Lawrie Limited.



The members and guests present included key figures and policy makers from the international business sector, banking and financial services, insurance, management consulting, and the law and accounting professions, plus a group of Bermudian students currently studying in the UK.

Suzanne Stubbins
The Bermuda Society

The Bermuda Perfumery – A Perfume Story



The Bermuda Perfumery, Stewart Hall, Queen Street, St. George's.
www.lilibermuda.com

The Bermuda Perfumery is very much part of the tourist scenery of Bermuda. Most Bermudians are familiar with the story of W.B. Smith and his daughter Madeline who started making perfume in 1928 in Bailey's Bay.

There are many romantic memories associated with the Perfumery: the Easter lily fields and, in the old days, the many children who picked Oleanders at Tom Moore Jungle to sell them at the Perfumery for a few shillings. Indeed, for the first 30 years of its existence, some essential oils were extracted at the Perfumery by way of enfleurage – a process by which fat was used to absorb the smell of the flowers.

Since my husband and I acquired the Bermuda Perfumery in 2004, I have been amazed with all the memories that some Bermudians have of the Perfumery; but, as much as they considered the Perfumery 'theirs' and part of their heritage, many Bermudians had never been to the property in Bailey's Bay or even smelled the fragrances! "It's for the tourists!" many would say. I was quite amazed by that statement as I could not believe that a business could survive by making a product just for 'tourists' without it having a certain degree of quality and appeal to the market in general. I believed that if we wanted the Perfumery to be successful, both Bermudians and visitors alike would have to hold the products made in high regard because – in this day and age – customers are very sophisticated and they expect to see value in their purchases. Also, most visitors to Bermuda are so well travelled these days – compared to, say, 20 years ago – very few of them still buy "souvenirs" solely because they are made in Bermuda. They buy them because they are good products and because they convey something that is truly authentic!

Changing perceptions was probably the toughest challenge that we were going to face when we acquired the business. Firstly, we had to stop cultivating the myth that we were 'crunching' flowers and educate our clients on how perfumes are really made; secondly, we had to bring the business into the 21st century and start making modern and fantastic fragrances for discerning customers; and thirdly, we had to change the image of the product, its packaging and how it was distributed to our clients. Let me elaborate on each of these challenges.

The idea that perfumers grow and extract oils from flowers is an idea that belongs to the 17th century. A few places still cultivate this myth but I am glad to say that The Bermuda Perfumery is no longer one of them. Perfumers are artists – just like painters. I like to use the image of a painter because it compares the art of perfumery with another art well understood by everyone. Just as painters do not make their pigments (the paint they work with), perfumers do not make their essential oils. These are made by individual companies specializing in extracting certain essential oils. So the company in India which extracts 'Jasmine Sambac', does not extract 'star jasmine' or rose or sandalwood. The extraction of Jasmine Sambac is the company's only industry and its entire production is sold to a consolidator of many types of oils who, in turn, sells on to perfumers; just as a painter does not purchase his reds from one company and his blues from another. The perfumer works with a 'palette' of smells, which is as vast as that of a painter; the perfumers' palette contains over 2,000 smells, or 'notes' as we call them in the perfume industry. We do not just work with flower oils, but with basically everything that smells: woods, greens, citruses, spices, roots, resins, musk and amber to name but a few.

We also work with organic chemicals of natural and synthetic origins in order to create special effects in our perfumes. Modern perfumery must use these products for various reasons: health and safety (yes, many naturals can be far more hazardous than their chemical reproductions); environmental (to protect endangered species such as the sandalwood forests in India); and for technical reasons. Over 80% of the chemicals we work with in Perfumery today already existed in the 1920's. They are very much part of what we do and allow us in creation to go where natural components could not go. Contrary to common belief, some chemical molecules are extremely expensive; indeed far more than many naturals. I like to compare this to modern building construction. Without concrete and some sophisticated materials, some structures would be impossible to build. It is the same in perfumery. Without these great chemicals, Chanel No.5, Shalimar, Angel, Vera Wang and our Lili Bermuda Oleander would not exist!

Perfumers are illusionists, and what is important for us is that our final products will be creative and give pleasure to our customers. For all perfumers, French, American or Bermudian, it does not matter whether the rose you work with comes from Turkey or Bulgaria. What matters is the olfactory properties of each rose, what you can achieve with it and what special effect it will have in your perfume. What matters is how well the perfume is built, how well it explodes on the skin of your customers and the emotions it conveys; you can smell the quality of a fine perfume instantly. A fine perfume is like a fine painting.

As the perfumer of The Bermuda Perfumery, I try to capture unique notes of the Island: the wild freesia which grows in





the spring, the spice notes of the Surinam cherry leaves that I crush in my hands, and the honeysuckle and jasmine of the warm summer nights. My perfumes are modern and minimalist to give unique emotions. I like perfumes that grab your heart instantly and passionately. Either you like or you don't – but those who like, love passionately.

We moved the Perfumery in the spring of 2004 to historic Stewart Hall on Queen Street in St. George's. We love our home and we manufacture all the perfumes there in our perfumery. One aspect of the 'destination' is that we try to educate our visitors to what perfumers do – as explained above. As part of a tour that we offer, we give our visitors the opportunity to smell some of the raw materials that we work with in the creation of our products. People are fascinated with this unique opportunity to learn about something new. It enables them to appreciate what we do and how creative we are.

Since 2005, The Bermuda Perfumery introduced six fragrances: 'Coral', 'Pink' and 'Lily' for women and '32° North' and '64° West' for men. In the spring of 2008, we launched 'Fresh Water' – a fragrance created exclusively for Tucker's Point Hotel and Spa. 'Fresh Water' is a modern blend of citrus for men and women. The Bermuda Perfumery also provides Tucker's Point with all the bathroom amenities in 'Fresh Water'. The fragrance is sold exclusively at the Perfumery and at Tucker's Point. What is interesting with 'Fresh Water' is that it is our first 'unisex' fragrance. I think that 'non-gendered' fragrances offer a wonderful new avenue of expression, which can be original and adventurous. In the same spirit, I am presently working on 'South Water' for 2009, which will be a blend of fruity guava, coconut with salty and watery notes. I am also working on a fantastic honeysuckle-jasmine for women and another fragrance for men.

The Perfumery is also starting to customize fragrances for customers. We do not advertise this concept because it is very expensive and very exclusive. Some customers want this unique experience of working directly with a perfumer in the development of their own bespoke signature scent. By the way, this process is not at all what the Hollywood stars are doing. Our customers are very involved in every step of the way and the process may take well over one year to be completed. It is a big investment for us at the Perfumery and for the customer, but the rewards are unequalled.

Our new packaging is very simple. The perfume boxes are pink for the ladies and navy blue for the men. Our unisex line is light blue. We want our customers to be seduced by the olfactory experience and not be distracted with marketing gimmicks. This is about smelling, about a unique olfactory adventure, about finding a fragrance you love – far away from glossy magazines, top models and fashion stylists.

The most important transformation that we have made was to bring back true authenticity and quality in such a great Bermuda institution. Our next step will be to open a Lili Bermuda store in Hamilton. We would like to bring our beautiful products to Hamilton and merchandise them in the way we think they deserve to be presented to the public. Our products are presently sold in about 15 locations on the Island, but we would like to be more involved in selling the products directly to our customers. Since 2005, www.lilibermuda.com has become a much larger part of our business. Our website allows our clients to safely purchase

our products online. We ship our products anywhere in the world for a reasonable flat fee. It is an easy way for people to replenish their perfume stocks if they cannot come back to Bermuda or to make a gift for someone else.

Should olfaction and perfume interest you, a stop at the Perfumery when you come to Bermuda is a must. We teach about each of our perfumes individually and with humility. It is okay to like an old fashioned powdery scent or a modern Bermuda Cedar. You will experiment and for sure you will have fun – guaranteed! "Fascinating!" is what we hear the most when people leave us. Changing perception takes time. We do this one client at a time – because truth, heritage and authenticity matter more now than ever before.

Isabelle Ramsay-Brackstone
The Bermuda Perfumery

2009 – A Year of Celebration for Bermuda

The 400th Anniversary of the settlement of Bermuda – visit www.bermuda2009.bm for more information on the year-long celebrations.

The 200th Anniversary of the Royal Navy presence at Dockyard – in honour of which plans are in hand to dedicate a building and permanent exhibition at the Maritime Museum.



Sponsored Membership

This category of membership enables existing members of the Society to give a year's membership to a recommended client or contact. Details can be obtained from the Secretary or by visiting the Society's website at www.bermudasociety.com

Bermuda Business

Information on international business in Bermuda may be found at:

www.biba.org
www.bma.bm

Berbiz – a weekly electronic newsletter on Bermudian business affairs – can be obtained free by email request to Bill Storie (William R. Storie & Co. Ltd.) at wrsl@ibl.bm

Bermuda Insurance Industry

www.bermuda-insurance.org

Bermuda Insurance Update – the official journal of the Bermuda Insurance industry – is available online.

Customers and brokers around the world now have 24/7 access to the Bermuda market through an online directory.

Bermuda Tourism

www.bermudatourism.com
www.ba.com

Prestige Holidays offer special discounts to Bermuda Society members visiting the Island from the UK whether on business or pleasure –
Telephone: John Dixon on 01425 480403

Bermuda's Who's Who Directory is available online at www.whoiswho.bm

Bermuda Sloop Foundation – More information on the Foundation's work and the *Spirit of Bermuda* can be found at www.bermudasloop.org

The Bermuda Society

The Bermuda Society was formed in 1987 with a view to forging close links between Bermuda and Britain in the areas of finance, commerce and economics. The Society has strong ties with both Houses of the British Parliament and the Commonwealth Parliamentary Association, with figures in the City of London, in tourism, air transportation, the professions, insurance, reinsurance and banking as well as other opinion formers who have Bermuda's interests and good name at heart.

The Society has become a focal point for those interested in Bermuda. Lunchtime and dinner meetings addressed by interesting guest speakers take place throughout the year.

For more information on the Society and details of application for membership please contact:

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The Bermuda Society & Secretariat
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Fax: +44 (0)20 8420 7319

Email: BermudaSoc@aol.com
Website: www.bermudasociety.com

Minimum Annual Fees

Corporate Membership
£250/\$390

Private Joint Membership (couples)
£35/\$55

Private Individual Membership
£25/\$40