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The Hon. Nelson Bascome, JP, MP

1955 – 2009

An MP for two decades who – at the time of his death on July 14th in the United States – held the Health Ministry portfolio.

Julian Hall

1950 – 2009

Prominent barrister and former politician died in Bermuda on July 18th.

Derek R. Brightwell

1936 – 2009

A long-serving supporter of Bermuda and Bermuda Tourism – he was Tourism's public relations consultant in the UK for many years and also served on The Bermuda Society's Committee of Management for some 20 years. He died on September 12th in the UK.

Suzanne Stubbins
Secretary
The Bermuda Society

Lloyd's Update – 'Evolution'

Lloyd's pro forma capital increased by 13%, to GBP16bn, in the six months to June 30, 2009, and 30% year on year. Gross premiums written increased by 35% from 1H 2008, to GBP13.5bn, largely due to currency movements and firmer pricing in some of the key Lloyd's markets. While the investment approach of Lloyd's remains conservative, it benefited from the improved investment market in the second quarter of the year. The period has seen a continued effort by Lloyd's to realize its ambition to be the platform of choice. The resolution of the Equitas deal, coupled with the affirmation of Lloyd's ratings by A.M. Best, Standard & Poor's and Fitch, are indicative of the progress Lloyd's has made since its "near death" experience of the late 1980s.

http://www.aon.com/lloyds_update_evolution.pdf

Source: Aon Benfield Research

Lloyd's Update – Interim Management Statements

The latest Lloyd's update summarizes the pricing, income and rating environment trends of the listed integrated Lloyd's vehicles (ILVs) as reported by the companies through their interim statements released during October and November 2009.

http://www.aon.com/attachments/reinsurance/200912_ab_research_lloyds_update.pdf

Source: Aon Benfield Research

Company Financial Results

July 3, 2009

Royal Gazette

Argus Group

Bermuda insurance group, Argus Group Holdings Ltd has announced its first ever annual loss – \$115.7 million for the year ending March 31, 2009. The net loss compares to a net income amount of \$15.48 million for the year before. The vast majority of the loss came from a \$116.1 million fall in the fair value of its investments. These losses were unrealised and the company believes the investments could start to recover value as financial markets stabilise. After the announcement, rating agency, AM Best downgraded the financial strength of the company to "A-" from "A".

July 22, 2009

Royal Gazette

Platinum time

Platinum Underwriters Holdings Ltd posted 2Q2009 net income of \$98.1 million, comfortably beating analyst's expectations. A profit of \$1.90 per share was well in excess of the \$1.39 per share expected. Net premiums written were \$208.1 million compared to \$224.9 million in 2Q2008.

July 22, 2009

Royal Gazette

IPC

IPC Holdings Ltd increased its 2Q2009 profits by \$125 million from last year – posting an impressive \$179 million, due to better pricing, an absence of big catastrophes and a turnaround in the equity and debt markets. Gross premiums written were \$127.5 million compared to \$105.2 million.

July 28, 2009

Royal Gazette

PartnerRe

Bermuda-based reinsurer PartnerRe reports net income of \$474.3 million for 2Q2009 – compared to \$183.8 million for 2Q2008.

Gross premiums written were \$846 million compared to \$968 million last year.

July 28, 2009

Royal Gazette

ACE

Former Bermuda-based insurance group ACE Ltd (now Switzerland based) reports a 28% decrease in 2Q2009 net income to \$535 million, down from \$748 million in 2Q2008. Gross premiums written were \$5.1 Bn compared to \$5.3 Bn same quarter last year.

July 29, 2009

Royal Gazette

Butterfield profit

Butterfield Bank moved into the profit column for 2Q2009 – \$10.3 million, compared to a \$16.3 million loss for 2Q2008. The Bank made no write-downs on its investment securities and showed a net realised gain of \$1.9 million, reflecting the sale of a previously impaired security. Operating expenses were cut by 14.9% year on year, or \$13.8 million, to \$79.1 million. Assets under administration increased by \$1.2Bn. Richard Ferret CFO said, "Although we continue to hold a limited number of problematic securities in the held-to-maturity portfolio that may lead to further investment losses, we believe that most of the difference of \$367.5 million between the book and market values of these securities is related to market illiquidity."



July 29, 2009

Royal Gazette

RenRe

Bermuda-based reinsurer RenaissanceRe Holdings Ltd reports an almost doubling year on year of net income in 2Q2009 – \$271.2 million. Gross premiums written in the second quarter were \$855 million compared to \$807 million last year.

August 5, 2009

Royal Gazette

Max results

Max Capital Group reports 2Q2009 net income of \$43.8 million, down 41% from \$74.2 million for the same period last year. Gross premiums written were \$396.5 million compared to \$369.3 million.

August 10, 2009

Royal Gazette

Catlin soars

Bermuda-based Catlin Group, owner of the largest insurance unit at Lloyds of London, reported a 77% increase in 1st half 2009 profits, as investment returns more than tripled. Net income increased to \$195.8 million from \$110.5 million same time last year.

September 4, 2009

Royal Gazette

BF&M

Bermuda-based insurance company, BF&M Ltd reports half-year net income of \$7.93 million – a drop of almost 40% compared to the same period last year. The company reports a fall in the value of investments and a rise in health insurance claims as being the main components of the drop. Gross premiums written increased 9% for the half year at \$117.96 million, while investment income increased 4% to \$8.93 million.

October 22, 2009

Royal Gazette

Platinum period

Bermuda-based Platinum Underwriters Holdings Ltd has reported net income of \$109.5 million for 3Q2009, a record. The quiet Atlantic storm season combined with strong investment performance has resulted in a growth in overall profits.

October 27, 2009

Royal Gazette

PartnerRe

Bermuda-based PartnerRe reported a significant increase in 3Q2009 profits of \$566.7 million, up from \$151.7 million for 3Q2008. The company is also showing a record book value of \$83.07, up 30% year-to-date and 27% year on year. Gross premiums written were \$893.7 million compared to \$868.6 million.

October 27, 2009

Royal Gazette

Arch Capital

Bermuda-based Arch Capital Group Ltd reported net income of \$274.4 million – a 10-fold improvement over 3Q2008. Gross premiums written were \$937.3 million compared to \$903.5 million in 3Q2008.

October 28, 2009

Royal Gazette

RenRe

Bermuda-based RenRe reported an increase in net income to \$258.6 million in 3Q2009 – compared to a loss of \$231 million for 3Q2008. Gross premiums written were \$202.4 million compared to \$239.8 million.

October 28, 2009

Royal Gazette

ACE Ltd

The now Zurich-based ACE Ltd reported net income of \$494 million compared to \$54 million in 3Q2008. Gross premiums written were \$5 Bn compared to \$5.22 Bn in 2008.

October 29, 2009

Royal Gazette

XL Ltd

Bermuda-based XL Capital Ltd reported a net loss of \$11.4 million for 3Q2009 – compared to a loss of \$1.65 Bn in 2008. XL CEO Mike McGavick said the results were “encouraging” but conceded there were “areas for continued improvement”. Gross premiums written were \$1.58 Bn compared to \$1.9 Bn in 2008.

October 29, 2009

Royal Gazette

Butterfield Bank

The Bank recorded a profit of \$7 million for 3Q2009, compared to \$80.5 million for 3Q2008, which included the gain on the sale of its fund services business to the Fulcrum group. The difference between book and market values of investments in the Bank’s “held to maturity” portfolio was reduced by \$92 million during the third quarter, down by a total of \$161 million since year-end 2008. The Bank’s Board of Directors approved an unchanged third-quarter dividend of 8 cents per share, consisting of 4 cents in cash and 4 cents in shares, payable on November 23, 2009.

November 3, 2009

Royal Gazette

AXIS

Bermuda-based AXIS Capital Holdings Ltd reported net loss of \$95.9 million for 3Q2009, compared to a loss of \$249.3 million in 3Q2008. Gross premiums written were \$775.3 million compared to \$725.3 million in 2008.

November 3, 2009

Royal Gazette

Flagstone

Flagstone Reinsurance Holdings Ltd reported net income of \$67.1 million for 3Q2009, compared to a net loss in 3Q2008 of \$186.5 million. Gross premiums written were \$174.6 million compared to \$173.2 million in 2008.

November 4, 2009

Royal Gazette

Montpelier

Bermuda-based Montpelier Re Holdings Ltd reported a net income of \$148 million for 3Q2009, compared to a net loss of \$142 million in 3Q2008. Gross premiums written were \$120.8 million compared to \$103 million in 2008.

November 5, 2009

Royal Gazette

Max Capital

Bermuda-based reinsurer, Max Capital Group Ltd reported net income of \$95.3 million for 3Q2009, compared to a net loss of \$163.2 million in 3Q2008. Gross premiums written were \$265.9 million compared to \$206 million in 2008.

November 6, 2009

Royal Gazette

Validus

Following its September takeover of IPC Holdings Ltd., Validus Holdings Ltd reported net income of \$499.2 million for 3Q2009. Gross premiums written were \$331 million compared to \$269.2 million in 2008.





November 20, 2009

Royal Gazette

BF&M

Local insurance company BF&M Ltd reports a 7% increase in net income through 3Q2009. Net earnings were \$16.4 million, compared to \$15.4 million for the same period last year. These earnings represent a 12% return on shareholders equity.

December 4, 2009

Royal Gazette

Argus

Local insurance group Argus Group Holdings Ltd has reported net income of \$12.2 million for the six months ended September 30, 2009 – a \$54 million swing from the loss the company suffered in the same period last year. Shareholders equity rose by \$20 million.

Source: Royal Gazette

‘Bermuda provides essential insurance that supports the UK economy’ – submitted by Bradley Kading, President and Executive Director, Association of Bermuda Insurers and Reinsurers

Bermuda’s insurers provide essential insurance support to the UK market: whether it is for catastrophic floods, oil refinery explosions or the late Michael Jackson’s concert tour – Bermuda’s insurers are there supporting the UK economy. Bermuda’s global insurers and reinsurers provide important insurance and reinsurance market support in all the world’s major economies. Bermuda’s market leading insurers are members of the *Association of Bermuda Insurers and Reinsurers (ABIR)* and they include 13 of the top 40 global reinsurers as reported by Standard and Poor’s. These companies wrote global gross written premium of \$61 Billion US on a capital base of \$65 Billion US at year-end 2008. Moreover, Bermuda’s insurers are providing this critical insurance market support while being cited as a cooperative jurisdiction by tax law enforcers in the US and the UK and while meeting international standards for protecting consumers via insurance solvency regulation.

Bermuda’s market expertise lies in highly volatile business lines: classes of business that are characterized by infrequent claims with high severity. In addition to reinsurance, examples of such business include: professional liability, directors and officers liability, energy, natural disaster risk and terrorism risk. These are lines of business which many insurers find difficult to write and as a result Bermuda’s companies have been able to fill a market need.

Bermuda is also known as one of the three largest reinsurance markets in the world. According to Standard and Poor’s, Bermuda overtook the London market in property/casualty reinsurance gross written premium in 2004. With four of the top five reinsurers in the world being European, Bermuda’s reinsurers provide an important source of diversification in reinsurance capacity – something that is highly desired in the insurance world. Bermuda’s reinsurers help fight the tendency to oligopoly in reinsurance markets that has long frightened ceding insurers. No ceding insurer wants to have all their eggs in one counter party’s basket!

United Kingdom Market Impact

United Kingdom consumers and businesses benefit from greater competition and lower policyholder costs as a result of the role of Bermuda insurers and reinsurers. Bermuda insurers and reinsurers also support the UK’s global position as a center for specialty insurance services through their partnerships with the Lloyd’s Market. Specifically with regard to the United Kingdom, Bermuda controlled insurance groups:

- ❖ Will likely pay an estimated 70% of the insured liability claims for the UK’s largest ever peacetime catastrophic explosion – the 2005 Buncefield oil terminal explosion and fires. Based on current gross liabilities, Bermuda controlled insurers protect an estimated £404 of £577 million in liabilities under insurance contracts with the Total Oil and Gas Company;
- ❖ Wrote 30% of the 2008 premium at Lloyds of London – a total of £5.4 billion;
- ❖ Provided 40% of the property catastrophe reinsurance purchased by UK insurers; that market share translates into £4 billion of coverage to help rebuild after catastrophic losses from windstorms and flooding;
- ❖ Provided 25% of the property per risk market: 10% on a cross border basis from Bermuda and 15% via European subsidiary corporations; this market represents coverage for individual claims events that would be in addition to the catastrophe risk coverage;
- ❖ Provided 22% of the property pro rata reinsurance purchased by UK insurers: 7% on a cross border basis from Bermuda and 15% via European subsidiary corporations; pro rata reinsurance is important because it allows an insurer to provide insurance coverage without having to rely on or raise additional capital of its own; in this capital constrained market pro rata reinsurance is very important to support the normal economic growth in business as well as to allow new entrants into a market the opportunity to grow and compete for business;
- ❖ Employ nearly 4,000 people in the UK.

ABIR members provide substantial market support on a cross border basis, but we also have “boots on the ground” since sixteen of ABIR’s 23 members have UK licensed insurance companies.

Bermuda Meets or Exceeds International Insurance Regulatory Standards

The Bermuda Monetary Authority (BMA) is the insurance regulator for these companies and it fully cooperates with the UK Financial Services Authority (FSA). The BMA is currently led by a FSA veteran – Matthew Elderfield. Furthermore, Bermuda’s:

- ❖ Insurance regulatory framework has been found by the International Monetary Fund (IMF) to be “highly observant” of international solvency regulation standards;
- ❖ BMA is a full and active participant in setting solvency regulatory standards as developed by the International Association of Insurance Supervisors (IAIS);
- ❖ BMA insurance regulation continues to match emerging standards in the EU Solvency II Directive. Recent changes include implementing a risk-based solvency framework, requiring enhanced financial disclosure and



setting international best practice for catastrophe risk stress testing. It is anticipated that Bermuda insurance regulation will be equivalent to EU standards when Solvency II is implemented in 2013;

- ❖ BMA willingly enters into Memoranda of Understanding (MOU) assuring regulatory cooperation with other country's regulators or regulatory associations; examples include the UK FSA, the IAIS, the US NAIC, the states of Florida and New York. Bermuda was one of the first three jurisdictions approved by the IAIS for its multiple-member MOU, activated in June. The BMA is open with sharing the conclusion of its on-site program with other relevant regulators and has already hosted a number of supervisory colleges for major insurance groups, anticipating the new Financial Stability Forum requirements.

Bermuda is a Transparent and Cooperative Jurisdiction

Bermuda is committed to meeting OECD standards with regard to transparency and cooperation on international tax law enforcement. In June, Bermuda was listed by the OECD as substantially in compliance with the OECD's internationally agreed upon standards on transparency and cooperation with regard to tax law compliance, commonly referred to as "white list" status. This puts Bermuda in the same class as major European and North American jurisdictions and the UK related jurisdictions of Guernsey, Jersey and the Isle of Man. Notably (at one time in July) it put Bermuda ahead of some European jurisdictions such as: Austria, Belgium, and Switzerland. Bermuda has:

- ❖ A Tax Information Exchange Agreement (TIEA) in place with the United Kingdom; similarly it has one in place with its largest trading partner the United States and other leading EU jurisdictions including France, Germany, Ireland, the Netherlands and Spain;
- ❖ Signed 16 TIEA's and has concluded negotiations on more; the minimum for "white list" status being 12; notably Bermuda's goal is to win such agreements with each of its major trading partners;
- ❖ For more than 50 years had in place anti-money laundering laws establishing the "know your customer" principle;
- ❖ Continued to enhance its legislative and regulatory framework for anti-money laundering to keep pace with changing international standards and has recently completed a strengthening of standards, providing tougher enforcement powers to the BMA;
- ❖ Been active in the Egmont Group, in fact, was one of the founding members of this group of global Financial Intelligence Units organized to coordinate actions in anti-money laundering and anti-terrorist financing;
- ❖ Been active in the Financial Action Task Force (FATF) via the Caribbean Financial Action Task Force, an affiliated group of jurisdictions working to coordinate anti-money laundering initiatives;
- ❖ Been cited by the OECD and the US Treasury as a cooperative jurisdiction with regard to tax law enforcement;
- ❖ Never been known as a bank secrecy jurisdiction; nor is it an offshore banking domicile; there are only four banks in Bermuda, one of which is owned by HSBC.

Taxation

- ❖ Bermuda has historically had in place a tax system based on consumption of goods and services. Notably:
- ❖ Bermuda's system of taxation was not designed to attract financial services; it has had the same system of taxation since the 19th century;
- ❖ The absence of a corporate income tax does not provide a necessary and sufficient condition for labeling a jurisdiction as a 'tax haven'; the OECD notes that its focus is on transparency and cooperation in tax law enforcement, but it does not object to "low or no income tax" jurisdictions, nor does it oppose tax competition;
- ❖ In Bermuda, the ratio of total government receipts in relation to GDP was approximately 17.8% of GDP in 2007 compared to US (federal) 19.5% and Canada 20.5%.

Doing Business in Bermuda: Business Purpose, Vetting and Corporate Registrations

ABIR companies are companies of substance (not name plates) and employ 31,000 worldwide, 16,000 in US, nearly 4,000 in the UK, 7,000 in Europe (including the UK and Switzerland), 1,800 in Bermuda). Many ABIR members have their headquarters in Bermuda and all conduct underwriting operations in Bermuda. The BMA vets all applications to incorporate, conducting due diligence and know-your-customer checks on the ultimate beneficial owners for all new companies, not just financial service firms. This is significantly more rigorous than other on and off-shore centers and clearly exceeds international best practice.

- ❖ Bermuda is an attractive insurance domicile because of its:
 - Ability to respond to market conditions and global events, i.e. speed to market;
 - Legal environment — including access to the UK Privy Council as the court of last resort;
 - Favorable tax regime — an advantage but one that can be duplicated elsewhere;
 - Highly rated and efficient regulation; commitment to international standards
 - Intellectual capital, center of insurance expertise;
 - Proximity to US;
 - Able to conduct same day business in four continents' time zones.
- ❖ Bermuda goes for quality and not quantity in corporate registrations:
 - BMA vets all applications to incorporate – exceeds international best practices in the vetting standards;
- ❖ Number of Bermuda company registrations from 2003-2006 is small compared to other jurisdictions:

– Bermuda	1,482
– Cayman	9,658
– BVI	58,054
– Delaware	121,757





Conclusion

Bermuda's insurers provide enormous economic benefits to the UK. And they do it within a regulatory and tax regime conforming to international rules. As the *Economist* magazine noted in March 2009, it is easier to register a corporation with lax proof of identity in the United Kingdom and the United States than it is in Bermuda. As the *Economist* noted in June 2009, Bermuda, is ahead of most countries in implementing the EU solvency rules for insurance companies – the so-called Solvency II regime.

Next time, someone complains to you about the alleged one way flow of business to Bermuda, ask them to reconsider and think about the substantial economic contribution Bermuda's insurers are making to the UK.

Bradley L. Kading
President and Executive Director
Association of Bermuda Insurers and Reinsurers
October 12 2009
www.abir.bm
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Society Events

Lecture Meetings, Seminars and Receptions

The programme at Guildhall in the City of London for 2010 anticipates the following:

- ❖ H.E. Sir Richard Gozney, KCMG, Governor and Commander-in-Chief of Bermuda.
- ❖ Lord Powell of Bayswater, KCMG.
- ❖ Mr. George Bogucki, Managing Director, Butterfield Private Bank.

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

AGM and Annual Lunch 2009

The Society's Annual General Meeting for the year 2009 and the Annual Lunch was held on 26th May at Guildhall in the City of London. Mr. Graham White, Managing Director of Argenta Private Capital Limited and a Deputy Chairman of Lloyd's was guest speaker at the Lunch.

AGM and Annual Lunch 2010

The Society's Annual General Meeting for the year 2010 and the Annual Lunch – to be arranged at Guildhall in the City of London mid-2010.

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

Annual Dinner for Members and Guests 2009

The Society's 23rd Annual Dinner for Members and Guests took place in the Cholmondeley Room and Pavilion at The House of Lords in the Palace of Westminster on the evening of Wednesday, 25th November 2009. The event was hosted by The Rt. Hon. The Lord Waddington, GCVO, DL, QC.

Annual Dinner for Members and Guests 2010

This event to be held during 4Q2010 in the City of London. Members will be advised when arrangements have been finalised.

Annual Lunch at Guildhall in the City of London on 26 May 2009 – Mr. Graham White, Managing Director, Argenta Private Capital Limited and Deputy Chairman of Lloyd's

The title that was suggested to me is "An update on Lloyd's of London and its Impact on Bermuda". For reasons that I will expand on later, I think the subsidiary text should be "A Tale of an Onion and Globe Artichoke". I am well aware of the significance of the onion to Bermudians and I hope that this vegetarian reference will become clear during the course of my brief talk.

My fondness for the island of Bermuda is encapsulated in a picture that we have in our kitchen at home which shows my then 5 year old daughter playing on the beach of the Coral Beach Club in what she, at that time, referred to as 'Bernuda' i.e. with an 'n' in the middle rather than an 'm'; so your island is still known as 'Bernuda' in our house to this day. We also have a picture of her swimming with dolphins and although the visit in 1997 was not my first visit to your island for me it will remain the most memorable and I know also for my wife and daughter and if I may say so, Bermuda has that attraction and that magical quality for so many people.

I first went to Bermuda to sit down with the then Corporate Secretary of Johnson & Higgins, the American broker, when I was Corporate Secretary of Willis Faber. As two young men, we rather grandly saw ourselves as Roosevelt and Churchill having a summit meeting and putting the world to rights. Once again Bermuda has that ambience for being a relaxing and agreeable setting for doing some strategic thinking and, where necessary, for resolving differences and I think that the courtesy and charm of Bermudians is one of the reasons why it is so conducive to this kind of activity.

But you have asked me to talk both about an update on Lloyd's of London and its impact on Bermuda. As far as Lloyd's itself is concerned, in spite of the economic difficulties, Lloyd's is continuing on a reasonably calm course, and one of the reasons for this is the conservative nature of the investment of its premium throughput which is a function of the annual venture nature of trading. We reported overall market profits on an annually accounted basis of nearly £1.9bn before tax for the 2008 year. This was a good performance in a challenging time and we know that the challenges of this year and future years will not necessarily be easy. I am glad to say that there is no sense of complacency in Lloyd's, still less of smugness. A great deal of work has been put in by all sides of the market since our own difficult days of the early 90's, but everyone is committed to maintaining the standards and improving them still further.

But one of the features of this time from the early 90's has been the growth of the relationship between Lloyd's and Bermuda and it is here that I wanted to bring back my vegetable metaphor. When you peel an onion you do indeed



come upon layer upon layer of skin, but each layer encapsulates the whole onion. By contrast, and I want to tell you that I don't spend all my time cooking nor examining the entrails of vegetables if indeed vegetables have entrails, but if you look at a globe artichoke the leaves are intertwined and are to an extent mutually supportive. And whilst I might refer to the relationship between Lloyd's and Bermuda as one of symbiosis, to me it is much more like that artichoke and here perhaps a few statistics might help to reinforce that point.

There are currently 51 managing agents at Lloyd's, i.e. the businesses which run the syndicates and of those 51, 12 including the most recent addition, Renaissance Re are Bermudian owned by indigenous Bermuda insurers. The capacity under management of those entities is some £2.2bn i.e. 13% of the Lloyd's market, but there are also 6 United Kingdom listed businesses, Catlin, Hiscox, Omega, Hardy, Amlin and Advent which are headquartered in Bermuda and their capacity under management is £5.1bn i.e. 30% of Lloyd's capacity. I think that the interesting number is the aggregate capacity of the indigenous Bermuda insurers excluding the businesses which are listed in the United Kingdom but headquartered in Bermuda i.e. excluding the Catlins and others, because if you exclude those the growth of the indigenous Bermudians in Lloyd's has gone from £1.4bn of capacity in 2001 to £2.2bn in 2009. Furthermore over 20% of the reinsurance ceded by reinsurance underwriters goes to Bermuda.

Clearly both Lloyd's and Bermuda will be asked regularly the question – "Are you competitive insurance platforms?" And my answer would be that we are competitive, but also complementary. There used to be a famous dictum printed in every small Lloyd's pocket diary. "Individually we are underwriters, collectively we are Lloyd's". Let's extend that dictum and say individually we are Lloyd's and the Bermuda market, together we are Lloyd's and Bermuda. To me this is very much a function of the importance of the subscription market in the London market i.e. that system where risks are not taken 100% by any one entity but are placed by brokers in a form of syndication and this is essentially done on one so called insurance slip which, to my mind, is the simplest and most elegant form of joint venture you could have. So you have both London, Bermuda and other world markets all participating in the same risk and one feature of the financial crisis that I think is noticeable is the reemergence and regeneration of the subscription market as a way of reducing and controlling counterparty risk.

As we have seen from the figures quoted above there has been significant influx of capital from Bermuda into the Lloyd's market and a reverse flow of Lloyd's insurance entities moving their headquarters to Bermuda. I think that this is a tribute to the willingness of both the Bermuda Monetary Authority and the Lloyd's Franchise and the FSA that all are welcoming of new entrants, subject obviously to proper regulatory control which I believe that both London and Bermuda have demonstrated. I think, like all business trends, this plays to the strength of both markets. Bermuda is a wonderful centre for the aggregation of capital and the deployment of that capital and it has also developed a substantial and vibrant market of its own with particularly sophisticated statistical modeling techniques. This lends itself obviously to monoline business and particularly catastrophe insurance and reinsurance, but one needs to recognise that Bermuda's physical boundaries militate against very heavily

labour intensive insurance businesses. Hence Bermudians interest in London, and Lloyd's in particular, where the access to a larger work force coupled with attractive insurance licenses all the way around the world and particularly in the United States, make Lloyd's a platform of choice for many and in particular Bermudian capital.

Furthermore, given that there is a regular flow of insurance talent now between the markets I think there is a growing sense that the two markets can work in harmony. To me it is encouraging that we have seen some of the best London underwriters going to Bermuda and starting businesses, many of which have then set up Lloyd's platforms. It is always invidious to name names, but I think that the trend was started by Charles Skey, a great London underwriter who assisted in the formation of Mid Ocean and he has been followed by a number of London leaders. We see the reverse in indigenous Bermudian underwriters now managing London businesses.

Yes, there will be competition and there must be competition because that is the DNA of capitalism and in spite of the doom-mongers, I believe that the capitalist model is far from dead. What I think will enhance the relationship between the leaves of this particular artichoke is a greater interchange of people and certainly at a younger level. It is a glib truism that in any financial services business we recognise that the assets walk out of the door every night. How important is it, therefore, to nurture and train those assets just as you would a tender young plant. In that sense I would urge continued and continuous engagement between the training and skills agencies of the insurance businesses on both sides because that is surely the basis for the future. I would very much welcome joint training initiatives and this is something that we are keen to foster.

Will the harmony between the markets survive and continue? In my view the answer is 'yes' and the reason is quite simply that it must and it is in both markets' interests that it should.

Graham White
Managing Director
Argenta Private Capital Limited and Deputy Chairman of Lloyd's

Reception hosted for BIOS by Butterfield Private Bank in London on 1st October 2009 – Notes from a speech by Dr. Anthony Knap of the Bermuda Institute of Ocean Sciences

First of all, thank you so much to our generous hosts for this evening – Butterfield Private Bank – who have supported BIOS' work for many years, both in Bermuda and in the UK.

The UK Associates of BIOS were established twenty-five years ago to support the research taking place at the Institute in Bermuda, and also to provide funding for students from the UK to take advantage of the unique educational opportunities that we are able to provide. Oceanography is a practical science that needs to be experienced, as well as taught inside a classroom. Universities in the UK do not currently have the resources to offer our marine sciences students this practical exposure, with few students even getting to experience any actually ship-time. At BIOS we 'throw the students in at the deep end', giving them hands-on experience in the practical





methods of research, and presenting them with the opportunity to go on research cruises on our 168ft vessel the R/V Atlantic Explorer. This ship is the largest vessel in the US science fleet, so provides an unmatched educational experience for students from this country.

It is very important that we are able to adequately train these students in oceanography because of the ocean's central role in the threatening issue of climate change. The ocean is the largest body of moveable heat on the planet, and it also absorbs most of the excess carbon dioxide that humans emit. This role as a carbon sink could well be the answer to slowing and even stopping global warming, which is caused by increased carbon dioxide in the atmosphere. BIOS has been established since 1903, and the surrounding oceans are the best studied in the world. By training promising students with our resources, staff and the benefits of our location, we are creating the best possible hope of understanding the oceans, and revealing the secrets they hold that may save our planet.

Through studying at BIOS these students are able to really launch their careers in science. We have partnerships in place with Newcastle and Southampton – which are the leading oceanographic universities in the UK – and also Oxford and Cambridge. The current Head of International at the Natural Environment Research Council (NERC), Dr. Ruth Boumphrey, completed a summer course at BIOS in 1993 and returned the next year as a teaching assistant. Melissa Saeland, who is here at the event tonight, has been funded at BIOS by the UK Associates for the past three years. Having achieved a first-class degree from Bangor University, she was awarded the UK's prize for the Best Application of Computing in Science. She has since been invited to be the first student to complete a PhD in Complexity Science at Southampton.

BIOS' work is very broad and extends beyond the study of climate change. The Ocean and Human Health programme was established in 1998 and was the first international effort of this kind, setting the precedent around the world. We have a very exciting project making significant developments, which examines the ageing patterns of sea urchins. They are genetically closer to humans than any other model species for these studies (such as mice and *Drosophila*), and yet they show no age-related decline or illnesses. They also show no signs of cancer, which is striking given the extent to which they have been studied and commercially fished. We hope that, by identifying the mechanisms by which their cells remain healthy, we can develop therapies that will enable humans to age more healthily, and to resist cancer.

In 2002 we set out to sequence the genome of the ocean with BIOS trustee Craig Venter, who is well-known for his work in sequencing the human genome. In one litre of seawater we discovered five times more genes than had been known of previously; this is still the best-sequenced environmental sample that exists today.

We also carry out research into protecting marine habitats. Because the ocean absorbs so much carbon dioxide from the atmosphere, it is acidifying. BIOS has the longest continuous dataset of these observations available anywhere in the world, and this demonstrates an alarming exacerbation of this effect. Ocean acidification is damaging coral's ability to build their calcium carbonate skeletons, which will eventually lead to decimation of these populations, disruption to the entire marine ecosystem, and damage to coastal communities that are protected from tidal damage by coral reefs.

These events have significant impact on the business world, and BIOS set up the Risk Prediction Initiative in 1994. Driven by BIOS trustee Michael Butt, this programme provides a forum between the science and the business world, advising insurers on the impact of climatic events on investments. This often does not occur to people, but the entire business world is driven by what is hot, what is cold, what is wet, what is dry, what is frozen, what is not frozen. The incidence and impact of storms has exacerbated over recent years, and insurers have found that the resources, models and predictions that BIOS' scientists can offer allow them to better access risk to their investments.

Thank you so much for listening, I hope you enjoy the evening, and if you wish to learn more please get in touch. All contact details are available on the website: www.bios.edu

Anthony H. Knap, PhD
President and Director
Bermuda Institute of Ocean Sciences

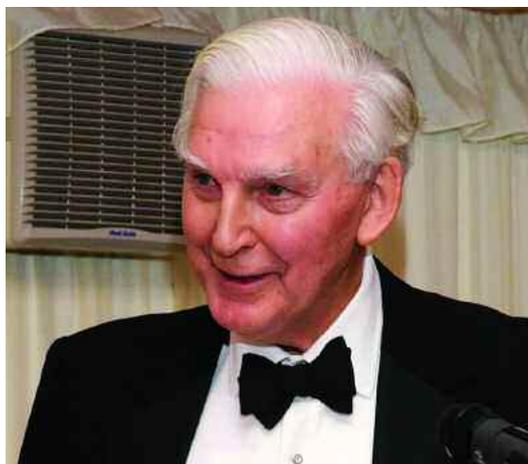
Annual Dinner for Members and Guests 2009



Mr. Raymond A. Sykes, MCIBS



Richard Spring, MP



Mr. Charles Vaughan-Johnson, FCIB

The Bermuda Society met on the evening of Wednesday, 25th November 2009 for its 23rd Annual Dinner for Members and Guests in the Cholmondeley Room and Pavilion at the House of Lords, Palace of Westminster, London, SW1.

In the absence of the Society's Chairman, Dr. James King – the Society's Deputy Chairman, Mr. Raymond A. Sykes, MCIBS presided and proposed the Toast to the Guests. Raymond Sykes is a Director and Head of Private Banking at Butterfield Private Bank in the City of London. During his Welcome speech, special reference was made to the generous support received from the Society's annual corporate sponsors – Appleby, The Argus Group, Butterfield Private Bank and Conyers Dill & Pearman. The Society's thanks was also given to those corporate members who sponsored the attendance of Bermudian students at the event – Appleby, Butterfield Private Bank, Camellia plc., Comada (Bermuda) Ltd., Conyers Dill & Pearman, Hiscox plc., Matheson & Co. Limited – and to the Society's Chairman, Dr. James King.

The keynote address was given by Richard Spring, MP – Member for West Suffolk and Vice Chairman of the Conservative Party with special responsibility for business and financial services.

The Society's Immediate Past Chairman, Mr. Charles Vaughan-Johnson, FCIB gave the Vote of Thanks and proposed the Toast to Bermuda.

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

[Suzanne Stubbins](#)
Secretary
[The Bermuda Society](#)

Extracts from Richard Spring's address at The Bermuda Society's Annual Dinner for Members and Guests held in the Cholmondeley Room at the House of Lords on 25th November 2009. The event was hosted by Lord Waddington

Richard Spring, MP – Member for West Suffolk and Vice Chairman of the Conservative Party with special responsibility for business and financial services

Richard began by outlining the problems which Britain now faces. The fact that we are still in recession, making it the longest on record and the depth of the recession being truly astonishing. He also noted the scale of the debt crisis which is facing the country and how this is likely to impact upon our ability to intervene where we think fit.

The main theme of the speech was the shift in the balance of global influence from the west towards the east.

Richard touched on two things to highlight this shift. The first is the far greater resilience of the eastern economies to the current recession than the economies of the west. China continued to grow at 9% in 2009 and India has just registered an annualised quarterly growth rate of 7.9%. He also mentioned how Brazil for the first time in living memory had weathered a global financial crisis and come out of it virtually unscathed. This was at the same time as the advanced economies of the OECD shrank by 4%.

There has, as such, never been a single year where the economic strength of the emerging economies has gained on those of the west at such a pace as this year.

This is combined with the relative decline of American power and influence. America is seen as being overstretched in many quarters. Their economic system is not seen as the powerhouse that it once was and they are failing to exert the level of influence single handedly that they used to be able to rely upon.

America was unable for example to stop the Israelis building more on the West Bank as a precondition to peace talks. This has demoralized Mahmoud Abbass to the extent where he has declared he will soon retire.

These processes have marked the end of the period of American dominance over a unipolar world order.

Where does this leave Britain, and what is her new role in this world?

Richard answers this by looking towards the Commonwealth. The Commonwealth is a unique institution and one that has been under used. It spans 5 continents and 3 oceans, includes 53 countries and one person in every four on the planet. It includes an enormous range of countries from Australia to Canada and from India to Bermuda.

It is a forum for the coming together in search of international agreement, since it is the only non-regional forum that is not UN based.

It is also not out of date or dying as some seem to assume but is actually in the process of admitting new members. This is a tremendous sign of the strength and vitality of the Commonwealth as an organisation.

[House of Commons](#)





Royal Visit to Bermuda – 24th – 26th November 2009

Her Majesty The Queen and His Royal Highness The Duke of Edinburgh arrived in Bermuda on Tuesday, 24th November to commemorate the Island's 400th anniversary.

The Royal Party had a full programme of events including official visits to the Old Town of St. George's as well as the Dockyard; they also attended a Thanksgiving Service at the Anglican Cathedral of the Most Holy Trinity in Hamilton. Her Majesty also attended private dinners – one at Government House hosted by the Governor, His Excellency Sir Richard Gozney, KCMG and Lady Gozney, and another at Tucker's Point Club hosted by the Premier, The Hon. Dr. Ewart F. Brown, JP, MP and Mrs. Wanda Henton Brown.

In keeping with tradition, Her Majesty planted a tree in the grounds at Government House before her departure from Bermuda on Thursday, 26th November.

[The Cabinet Office](#)

Lili Bermuda has introduced three new fragrances especially to mark the 400th anniversary of Bermuda.

www.lilibermuda.com

The Lion and The Mouse

Lucinda Spurling's film which outlines relations between Bermuda and its closest partner, the USA – narrated by Michael Douglas – total length 150 minutes.

DVD copies available at £25.00 each including postage from:

Michael Whittall,
49 Kenway Road,
London SW5 0RE.
Telephone: 020-7373-7058
Mobile: 07740703135
Email: whitsec@aol.com

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

Bermuda Business

www.bermuda-insurance.org
www.abir.bm
www.biba.org
www.bma.bm

Berbiz – a weekly electronic newsletter can be obtained free by email request to wrs1@ibl.bm

Bermuda Tourism

www.bermudatourism.com
www.ba.com

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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Minimum Annual Fees

Corporate Membership
£250/\$390

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

Private Individual Membership
£25/\$40