

THE WAVERLEY SERIES

BERMUDA

An Insight of Investment, Trade and Economy

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For Advisory & Partnership

LORD WAVERLEY

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BERMUDA — AT A GLANCE

Capital	Hamilton
Economic base	The dominant global hub for reinsurance and international business; Bermuda-based reinsurers represent approximately 36% of the global reinsurance market by property and casualty net premiums earned, operating across roughly 150 countries
Market scale	Gross written premium reached \$171 billion in 2023, up from \$145 billion in 2022; Bermuda's life reinsurance market alone is valued at approximately \$1.52 trillion
Offshore life reinsurance dominance	Offshore reserves ceded by US life insurers nearly doubled since 2020 to reach \$1.3 trillion in 2025, with Bermuda accounting for 85% of that total, according to Fitch Ratings
Underwriting performance	The combined ratio for Bermuda-based re/insurers is projected at 92% in 2025, up from 90.7% in 2024, with catastrophe losses, driven substantially by the January 2025 California wildfires, contributing roughly 8 percentage points
Market conditions	January 2026 renewals showed a clear shift toward a buyers' market, particularly in property lines, which saw their largest rate declines in over a decade, with further rate pressure expected through mid-year renewals
Regulatory developments	New Bermuda Monetary Authority rules effective January 2026 introduced a prudent person principle and expanded asset and liability disclosure requirements; a new 15% corporate tax has been implemented, aligning Bermuda with global tax norms
International scrutiny	The US National Association of Insurance Commissioners has named life reinsurer investment practices a 2026 strategic priority, while the IMF has cited potential contagion risks linked to offshore reinsurance specifically
Governing framework	A self-governing British Overseas Territory with a long-established, internationally respected insurance and reinsurance regulatory regime, maintaining Solvency II equivalence with the EU and reciprocal jurisdiction status with the NAIC

Bermuda remains the world's dominant offshore reinsurance jurisdiction, with Fitch Ratings confirming this month that offshore life reinsurance reserves ceded by US insurers have nearly doubled since 2020 to \$1.3 trillion, 85% of which now sits in Bermuda specifically. This growth is unfolding alongside genuine, current regulatory tightening: new Bermuda Monetary Authority disclosure rules took effect in January 2026, a new 15% corporate tax has been implemented, and both the US National Association of Insurance Commissioners and the IMF have flagged life reinsurer investment practices and offshore contagion risk as active 2026 priorities. Investors should read Bermuda as a market whose fundamental competitive position remains genuinely dominant, even as the regulatory and tax environment shaping that dominance is visibly, currently evolving.

1. INVESTMENT & FDI

Bermuda continues attracting substantial new reinsurance and insurance-linked securities capital even as a new corporate tax and tightening disclosure rules mark a genuine shift in the island's regulatory economics.

Bermuda implemented a new 15% corporate tax, aligning the territory with global tax norms; industry analysis concludes this 'will marginally reduce its economic advantage but the island's established position in the global (re)insurance marketplace will likely endure.' Separately, the Bermuda Monetary Authority introduced a prudent person principle and expanded asset and liability disclosure requirements effective January 2026, aligned with frameworks used in the United States; S&P Global concluded these new rules are 'enhancing market confidence,' even as the same evolving requirements may lead some cedants to explore reinsuring business through alternative offshore domiciles such as the Cayman Islands. Despite a decline in new life and annuity reinsurance entrants during 2025, Bermuda 'remains king of the offshore reinsurers,' with its market 'continuing to diversify, maintaining its position as a leading captive domicile and expanding its reach through the insurance-linked securities sector,' according to S&P.

- **A durable competitive position despite new taxation:** industry analysts' direct assessment that Bermuda's established market position will likely endure despite the new 15% corporate tax suggests the territory's regulatory depth and specialist ecosystem outweigh the marginal tax disadvantage for most market participants.
- **Enhanced disclosure rules cutting both ways:** while S&P credits the new BMA disclosure requirements with strengthening market confidence, the same source directly notes these evolving requirements could prompt some cedants to consider alternative offshore domiciles, a genuine, specific competitive risk worth monitoring.
- **A declining new-entrant count alongside continued market dominance:** the 2025 decline in new life and annuity reinsurance entrants represents a specific, sourced data point that, while notable, has not displaced Bermuda's continued position as the sector's dominant jurisdiction.

2. TRADE & BUSINESS

A genuine market softening in property reinsurance rates coincides with continued strong underwriting fundamentals and capital strength across Bermuda's re/insurance sector.

Fitch Ratings' 'Bermuda Re/Insurance Monitor 2026' projects the combined ratio for Bermuda-based re/insurers at 92% in 2025, up from 90.7% in 2024, with catastrophe losses, primarily from the January 2025 California wildfires (\$40 billion in insured losses and \$53 billion in economic losses), contributing approximately 8 percentage points, up from 6.4 points in 2024. January 2026 renewals demonstrated a strong shift to a buyers' market, particularly for property risk, which experienced its largest rate declines in over a decade, though terms and conditions only marginally loosened, with attachment points and retentions generally holding. Shareholders' equity across the sector grew 23% in 2024, with return on average equity comfortably above the cost of capital and approaching 20%, driven by underwriting and investment income, equity market gains, and stabilisation of unrealised bond losses.

- **Genuine profitability pressure from a specific, quantified catastrophe event:** the California wildfires' direct, quantified contribution to the 2025 combined ratio illustrates how a single major catastrophe event can materially affect sector-wide underwriting results, even within an overall favourable market.

- **A clear, quantified market softening in property lines specifically:** the largest property rate declines in over a decade represent a genuine, current shift in market conditions that property-focused reinsurers and their investors should weigh directly against continued strong absolute profitability.
- **Underlying capital strength persisting through the softening cycle:** the 23% growth in shareholders' equity and near-20% ROAE demonstrate that Bermuda's re/insurance sector retains genuine financial strength even as pricing conditions become more competitive for buyers.

3. MAJOR ECONOMIC DEVELOPMENTS

Bermuda's offshore life reinsurance dominance continues expanding at a remarkable pace, even as this same growth has drawn direct, sourced international regulatory scrutiny.

Fitch Ratings confirmed on 11 September 2026 that offshore reserves ceded by US life insurers have nearly doubled since 2020 to reach \$1.3 trillion in 2025, with Bermuda accounting for 85% of the total; alternative investment manager-linked reinsurers specifically accounted for just over \$1.1 trillion, or 44%, of all reserves ceded in 2025, up sharply from about \$400 billion, or 30%, in 2021. Fitch considers Bermuda's regulatory regime 'increasingly robust and transparent,' supported by Solvency II equivalence and NAIC reciprocal jurisdiction status, and expects strong growth in offshore life reinsurance to continue with Bermuda remaining the dominant primary jurisdiction; total American reinsurance reserves ceded, including both domestic and offshore transactions, more than doubled to \$2.7 trillion. However, the National Association of Insurance Commissioners has identified life reinsurer investment practices as a strategic priority for 2026, and the IMF has separately cited potential contagion risks linked to offshore reinsurance specifically; Fitch itself cautioned that rapid growth and large transactions could increase counterparty-credit exposure.

- **An extraordinary, quantified growth trajectory in offshore life reinsurance:** the near-doubling of ceded reserves since 2020, with Bermuda capturing 85% of the total, represents one of the most significant sectoral growth stories of any market covered in this series.
- **A structural shift toward alternative-asset-manager-linked reinsurance specifically:** the rise from 30% to 44% market share for alternative investment manager-linked reinsurers between 2021 and 2025 represents a genuine, structural change in who is providing capital behind Bermuda's reinsurance growth, not merely an increase in overall volume.
- **Direct, sourced international regulatory attention as a genuine risk factor:** the NAIC's 2026 strategic priority designation and the IMF's explicit contagion-risk framing represent concrete, current signals that Bermuda's rapid growth is drawing serious attention from bodies with real influence over how this business can be structured going forward.
- **An honest acknowledgment of counterparty-credit risk from within the rating-agency community itself:** Fitch's own caution about rapid growth and large transactions increasing counterparty-credit exposure represents a notably direct, self-critical risk observation from an agency otherwise bullish on the sector's growth trajectory.

4. MAJOR PROJECTS & INFRASTRUCTURE

Continued platform build-outs and new market entrants illustrate that individual reinsurers remain actively investing in Bermuda-based capacity despite the broader market's softening pricing environment.

- **Cedar Trace's \$1 billion GWP Bermuda build-out:** the company's entry into the Lloyd's market with a new \$300 million syndicate was explicitly framed as a 'natural next step' building on its Bermuda platform expansion, representing continued, active capacity growth.
- **Beazley's continued Bermuda investment:** the company's ongoing investment in its Bermuda operation, alongside building out cyber insurance-linked securities capabilities and a joint venture with an established ILS manager, reflects sustained platform development specifically in specialty and cyber lines.
- **Calidris Investment Partners' team expansion:** this Bermuda-based, RedBird Capital Partners-backed insurance-focused investment manager's addition of three senior hires reflects continued institutional capacity-building within Bermuda's insurance-linked investment ecosystem specifically.

5. CONFERENCES, FORUMS & EXHIBITIONS

The Artemis 2026 Bermuda ILS Executive Roundtable directly examined whether catastrophe bonds have matured into a genuinely mainstream investment product.

- **Artemis 2026 Bermuda ILS Executive Roundtable:** experts from across the insurance-linked securities sector discussed whether rated bonds, pooled ILS offerings and enhanced secondary liquidity are ready to unlock significant new sources of traditional capital into the asset class.

6. BUSINESS & INVESTMENT EVENTS

A wave of senior leadership appointments across major Bermuda-based re/insurers this year reflects continued institutional investment in the market's talent base.

- **Aon's promotion of Choisel Murray to Global Chief Commercial Officer:** this long-standing Bermuda-based employee's elevation to a senior global role within Aon's Captive & Insurance Management business reflects Bermuda's continued importance within the company's broader global structure.
- **Sompo's appointment of Tim Mardon as President, Bermuda Reinsurance:** this leadership appointment represents continued senior investment in Bermuda-specific reinsurance operations.
- **Conduit's leadership transition:** Christian Dunleavy's appointment as CEO, succeeding founder Neil Eckert who is moving to Willis Re, represents a notable, sourced leadership change at a Bermuda-founded reinsurer.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

Solvency II equivalence with the EU and NAIC reciprocal jurisdiction status with the United States define Bermuda's most consequential international regulatory relationships.

- **European Union:** Bermuda's maintained Solvency II equivalence, reinforced by its recent life insurer-focused solvency review, represents a foundational regulatory recognition underpinning the territory's ability to serve European cedants and business.
- **United States (via the NAIC):** reciprocal jurisdiction status, alongside the BMA's new disclosure rules explicitly aligned with US frameworks, reflects Bermuda's deliberate, ongoing effort to maintain regulatory compatibility with its largest single source market for ceded reserves.

- **IMF:** the Fund's direct citation of offshore reinsurance contagion risk represents a notable, if not yet operationally consequential, source of international policy attention Bermuda's regulators will need to continue engaging with directly.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

Bermuda's insurance-linked securities sector continues attracting specialist investment managers and first-time market entrants, even as overall new-entity registration volumes moderated slightly this year.

Bermuda again saw strong registration numbers of new catastrophe bond, insurance-linked securities and alternative or third-party reinsurance capital-related entities in the first half of 2026, and while the total dropped slightly compared to the prior year, first-time catastrophe bond market entrants specifically bolstered the overall total. AXIS Capital reported another rise in fee income earned through strategic capital partner arrangements in the second quarter of 2026, as insurance-linked securities and third-party capital activities continued building.

- **Continued first-time entrant interest despite a modest overall registration decline:** the specific strength of first-time catastrophe bond market entrants, even amid a slight year-on-year total decline, suggests genuine, continued appetite for new participants to establish Bermuda-based ILS structures.
- **Growing fee-based revenue models within the third-party capital ecosystem:** AXIS Capital's rising strategic capital partner fee income illustrates how established re/insurers are increasingly monetising Bermuda's third-party capital infrastructure directly, beyond traditional underwriting alone.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

Catastrophe bond issuance, cyber insurance-linked securities, and continued life reinsurance capacity expansion define Bermuda's most concretely promoted new investment channels.

- **Catastrophe bond and ILS issuance:** continued strong first-time entrant activity, described in Section 8, represents Bermuda's most active current channel for new alternative-capital investment specifically.
- **Cyber insurance-linked securities:** Beazley's specific build-out in this area represents a growing, specialised investment opportunity within Bermuda's broader ILS ecosystem.
- **Offshore life reinsurance capacity:** given the sector's near-doubling since 2020 and Bermuda's 85% market share, continued capacity expansion in this specific segment remains the territory's single largest current investment growth channel, subject to the regulatory scrutiny described in Section 3.

SUMMARY ASSESSMENT

Bermuda remains the world's dominant offshore reinsurance jurisdiction, with Fitch Ratings confirming this month that offshore life reinsurance reserves ceded by US insurers have nearly doubled since 2020 to \$1.3 trillion, 85% of which now sits in Bermuda specifically. Alternative investment manager-linked reinsurers now account for 44% of all reserves ceded, up from 30% in 2021, reflecting a genuine structural shift in the capital behind this growth.

This growth is unfolding alongside genuine, current regulatory tightening: new Bermuda Monetary Authority disclosure rules took effect in January 2026, a new 15% corporate tax has been implemented, and both the US National Association of Insurance Commissioners and the IMF have flagged life reinsurer investment practices and offshore contagion risk as active 2026 priorities. A softening property reinsurance market, with the largest rate declines in over a decade recorded at January 2026 renewals, adds a further near-term profitability consideration even as underlying capital strength remains robust.

Investors should read Bermuda as a market whose fundamental competitive position remains genuinely dominant and likely durable, even as the regulatory and tax environment shaping that dominance, and the pricing cycle for its core property lines, are both visibly, currently evolving.