43 VICTORIA STREET
HAMILTON 12
BERMUDA

PHONE: (441) 295-5278
FAX: (441) 292-7471
EMAIL: enquiries@bma.bm

BERMUDA MONETARY AUTHORITY

PRESS RELEASE

For Release: Monday, 3 December 2018

BMA RELEASES LATEST CATASTROPHE RISK IN BERMUDA REPORT

HAMILTON, BERMUDA – The Bermuda Monetary Authority (BMA or Authority) has released its third annual ‘Catastrophe Risk in Bermuda’ Report.

Craig Swan, Managing Director, Supervision (Insurance) said, “Bermuda is predominantly a wholesale reinsurance market offering a variety of risk transfer solutions, covering life and annuity, specialty and catastrophe risks. Evidencing the magnitude of the catastrophe capacity that Bermuda (re)insurers supply, it is noted that the industry paid $30 billion in claims to mainland United States and Puerto Rico alone for Hurricanes Harvey, Irma and Maria (HIM) in 2017. With such a relatively high concentration of catastrophe risk in Bermuda’s market, a broad understanding of the potential adverse impacts, including identification of any concentration risks and catastrophe modelling practices in Bermuda, is central to the BMA’s supervisory framework. This information is also important to Bermuda (re)insurers and other stakeholders and markets around the globe.”

Giving a high level overview of the latest Report, Mr. Swan said the (re)insurers’ 2017 filings to the BMA indicated their continued resilience to major, but improbable, catastrophe events and the sophistication and advancement of catastrophe modelling practices in Bermuda.

“This underscored the reputation of Bermuda (re)insurers as being generally well capitalised and technically proficient,” Mr. Swan said. “Compared to 2016, this year’s net catastrophe exposure slightly decreased by about 2.0%, while the (re)insurers have increased their statutory capital and surplus by 12.0%. Consequently, the overall industry’s resilience to potential catastrophe events has further strengthened compared to last year.”

“In addition, the global share of gross estimated potential loss assumed by Bermuda (re)insurers on major catastrophe perils (combined) increased by about 2.0%,” he said. “The increase in the statutory capital and surplus and global share are largely attributed to the inclusion of more (re)insurance entities in the survey.”

The report also reviewed cyber risk stress testing and the analysis shows that the (re)insurers’ own defined worst impacts from cyber risk would have a minimal effect on their statutory capital.

Click here to access the Report.

-ENDS-

Media Contact: Stuart Roberts, Assistant Director, Communications, E-mail: sroberts@bma.bm, Direct line: 278-0312, Cellular: 704-4117, www.bma.bm