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Paradise island's ideal business climate

Bermuda is a powerful and fast-growing force in Florida's reinsurance sector

Famous for its high standard of living, pink-sand beaches and breathtaking natural sites, Bermuda is far more than just a popular tourist attraction, as indicated by its proud status as the world's largest offshore insurance industry.

Often referred to as the "World's Risk Capital", the small island's insurance and reinsurance sector boasts assets of hundreds of billions of dollars and is a key source of foreign direct investment, thanks to one of the world's most sophisticated regulatory and legal systems.

This enviable success is the result of a combination of factors, including Bermuda's investment in modern technology, excellent telecommunications infrastructure, its relative proximity to the vast U.S. market and a critical mass of highly-qualified financial services professionals.

International business now accounts for a quarter of Bermuda's GDP, and even up to 50% when support to local enterprises and the job creation is taken into account, with flagship multinational companies like Bacardi Ltd. choosing Bermuda as its base.

"Captive insurance, reinsurance, and insurance have all played a major role for us," Bermuda's Premier, Craig Cannonier, explains. "Bermuda is a business hub. We are the only true 'one-stop-shop' for insurance in the world. We are here to ensure that if you want to invest, you can, which is why we launched the Bermuda Business Development Corporation (BBDC).



Nicolas Papadopoulos
President and CEO
Arch Reinsurance Ltd.

"Our economic prowess has really been predicated on our ties with the U.S. This whole insurance industry was born out of investors in the U.S. The U.S. has always been an excellent partner."

Grant Gibbons, Minister of Economic Development, has committed to creating an environment conducive to sustaining the businesses already in Bermuda, while attracting substantial new FDI to the island.

"Bermuda recognizes it needs to be competitive, we are open for business and looking to diversify.

"We have established research facilities and have property that can provide su-

port and infrastructure for international businesses. We have the largest insurance sector after London and New York."

Innovation Island

According to Bradley L. Kading, President and Executive Director of the Association of Bermuda Insurers and Reinsurers (ABIR), Bermuda has distinguished itself through its innovation since 1993.

"Hurricane Andrew brought an enormous influx of underwriting talent to do catastrophe reinsurance," he says. "Since 9/11, our economic contribution to the U.S. has been \$35 billion in catastrophe support alone. Bermuda is fundamental to ensuring insurance prices remain low as well as providing huge pay-outs to the U.S. The regulatory mechanism here encourages speed to market."

Nicolas Papadopoulos, President and Chief Executive Officer of Arch Reinsurance Ltd., one of Bermuda's outstanding performers, says: "Reinsurers in Bermuda continue to differentiate themselves through multiple avenues: concentration of talent, which translates in new product offerings to clients, responsiveness to unique client needs and a very strong regulatory and capital environment." He added: "In addition, because of its relative ease of doing business, Bermuda has demonstrated its ability to attract alternative forms of capital to supplement clients' needs."

Boasting an experienced management team, industry-leading underwriting talent and substantial capacity, Arch Reinsurance Ltd. is a leading provider of specialty property and casualty reinsurance products through reinsurance intermediaries worldwide in the areas of general liability, workers' compensation, commercial transportation, non-standard auto liability, marine, medical professional liability, directors and officers, errors and omissions, and energy.

This fast-growing subsidiary of Arch Capital Group Ltd. also offers reinsurance services in the areas of accident and health, political risk/trade credit, property

catastrophe and excess of loss, property pro rata, and terrorism risks.

"Florida is one of the world's most important property insurance markets and as such, expertise on the various aspects of its catastrophe exposure has been built in Bermuda," Papadopoulos said. "As the largest reinsurer of Florida's catastrophe risk, Bermuda can play a pivotal role by supporting the growth of new and existing Floridian companies."

The senior executive highlights the ways in which the ambitious and pro-business island has positioned itself to help companies and is growing its capacity across the globe.

"The first is by making direct investment, via debt or equity, into Floridian insurers," he says. "The second is by offering capacity on a quota/share basis to primary companies to supplement their capital and the third is by providing additional capacity

on catastrophe excess of loss basis on one year or multiple-year contracts.

"We are working to build a stable global franchise, focusing on the quality of underwriting and solutions that help our clients execute their business plans and aspirations, all within a rigorous risk management process. We have been multi-line focused since the beginning, and this has

allowed us more flexibility in determining what we do at any given time. We strive to generate an underwriting profit and adequate return while providing value-added solutions."

Papadopoulos concludes: "We are keen supporters of existing insurers and helping to establish new partnerships in Florida. This dynamic has enabled the people of Florida to purchase insurance with the knowledge that their insurers have the strong financial security of many Bermudan reinsurers."

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Bacardi: Proudly headquartered in Bermuda

Flagship spirits-producing company was established in Bermuda 50 years ago

As the third-largest spirits company in the world, privately held Bacardi, and its namesake iconic rum brand, are household names in more than 150 countries.

Employing almost 6,000 people around the globe and manufacturing at 27 facilities, the company boasts an impressive drinks portfolio that goes way beyond its premium Bacardi rum to include Bombay Sapphire gin, Grey Goose vodka, Dewar's Blended Scotch whisky, Martini vermouth and Italian sparkling wines, Cazadores 100% blue agave tequila and St-Germain elderflower liqueur, among others.

"We have a part in all major spirits categories that gives retailers a portfolio of the most-wanted brands to meet the needs of their customers and drive profitability," says Ed Shirley, president and CEO of Bacardi Limited. "Visit any bar, club or restaurant almost anywhere in the world and the stamp Bacardi has made on the spirits industry is crystal clear."

The family-owned company established itself in Bermuda almost 50 years ago, attracted by its proximity to the U.S. and European mentality. It has proved to be an excellent synergy, as Shirley explains: "Because of Bermuda's unique economic situation, where finance plays such a crucial role, we have had access to a talented pool of individuals. We have leveraged people of Bermudian background to build strong, human capital inside the company."

Bacardi recognizes the increasing opportunities in emerging markets, especially the BRICs. "These countries are performing consistently for us, but we need to see these areas grow," Shirley says. "I'm on a plane much of the time. I want to know what consumer practices are, such as the shift from brown spi-



Ed Shirley
CEO, Bacardi Limited

rits to white. Look at Russia. With Bacardi rum, we are the number one international spirit in the country. Prior to our arrival, rum was hardly ever consumed. We also have the number one whisky there with William Lawson's scotch, and are establishing a super premium vodka segment with Grey Goose. In Brazil, Bacardi Big Apple rum is super hot due to a simple and affordable drinks strategy."

This innovating spirit has played a consistent role in the Bacardi story. It was, after all, the company's founder, Don Facundo Bacardi

Massó, who created the smooth premium rum for Cuba's burgeoning middle-class, a move that revolutionized the spirits world and kick-started a now legendary category of cocktails. "With the Bacardi family name on every bottle of rum, we take pride in being a family company," Shirley says. "This sets us apart, and consumers around the world have come to expect premium quality spirits from Bacardi."

"Visit any bar in the world and the stamp Bacardi has made on the spirits industry is crystal clear."



BACARDI LIMITED

Strength & Integrity

Moody's "A1" (Good)
Standard & Poor's "A+" (Strong)
A.M. Best "A+" (Superior) Class XV

Arch Reinsurance Ltd. is a subsidiary of Arch Capital Group Ltd., a Bermuda publicly limited liability company which has approximately \$5.74 billion in capital as of March 31, 2013.

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