

News Release

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Growth is the biggest focus for Bermuda life (re)insurers, says new PwC survey

With most of the major world financial centres now experiencing some economic progress, growth in the Bermuda marketplace is likely to continue although market conditions remain challenging. This is the view according to the Bermuda Life (Re)insurance Market Survey conducted by PricewaterhouseCoopers.

The survey, entitled *Life goes on...Exploring the diversity and development of the life (re)insurance market in Bermuda*, asked Bermuda life (re)insurers to identify the top issues facing them in 2010 and to find out how they are addressing key business and operational challenges, as well as their outlook for the year ahead.

Dan Grady, Partner, PricewaterhouseCoopers said, "Low interest rates, lingering concern over the liquidity in the investment markets and a soft economic environment have created a considerable amount of uncertainty for the Bermuda life (re)insurance market. Global regulatory initiatives such as Solvency II in Europe and the Bermuda Monetary Authority's renewed focus on life (re)insurers will create both challenges and opportunities for the industry."

Number one in the top five issues revealed in the survey is growth - specifically growing the in-force business. The industry has gone through a turbulent time recently with companies leaving the market and others seeing this as an opportune time to enter the market. Because of this volatility, retail consumers are understandably wary of certain products.

Second in the survey is capital levels and allocation. The importance placed on capital levels and allocation of capital is a direct response to the volatility in the capital markets in the last couple of years. Companies have been taking steps to strengthen their capital position in response to rating agency concerns and downgrades.

Number three in the top five issues is the management of regulatory burden. This is due in part to the Bermuda Monetary Authority's commitment to reevaluating the capital and solvency framework for life (re)insurers to gain Solvency II equivalence, and the appointment of dedicated staff to regulate the life industry.

Embedding capital and risk management within day-to-day operations ranked fourth and number five in the survey was improved management information. The unpredictable nature of the capital markets and increased focus of regulators and shareholders on good corporate governance has demonstrated a need for real-time, quality information to be available to management and those charged with governance.

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In addition to addressing these key focus areas, the report also looks at the prospects for growth in the market and provides some insight on how the industry feels about the proposed changes to the Bermuda solvency margin.

Dan Grady concluded, "The Bermuda life insurance and reinsurance market has weathered a period of uncertainty. Almost all respondents believe there will be growth across most lines of business, but it will be interesting to see when and how this comes to fruition."

ENDS

Notes to editor:

A copy of The Bermuda Life (Re)insurance Market Survey 2010 "Life goes on... Exploring the diversity and development of the life (re)insurance market in Bermuda" is attached to this release. For additional copies, please contact Erica Martin on +1 441 299 7275 or download a copy from our website www.pwc.com/bermuda.

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