

Investing on Bermuda's unrivaled capacity

Arthur Wightman, Territory Leader, PwC Bermuda, expects the high level of confidence in the market to translate into investments



Could you provide your analysis on the dynamism of Bermuda's insurance and reinsurance market to date?

Innovation describes perfectly the dynamic in this market. It is a market that knows and understands risk very well and seeks for opportunities to innovate, in order to help businesses around the world mitigate risk. Bermuda is very well-regulated, giving people the confidence to put billions of dollars of capital into the market. I would say that our regulation is globally equivalent and less bureaucratic than others and is more risk-based, consequently, bringing in that aspect of dynamism into the market.

You have stated that Bermuda can lead the industry, driven by a new generation of reinsurance start-ups. Can you tell us more about how you are seeing this panning out?

Bermuda is the place to raise capital in the world of reinsurance. That has been prevalent thanks to the billions of dollars that floated in during the back end of last year into the new year. There is a great level of confidence in the market. I see some changes in the types of companies that are forming, meaning that they are not the traditional type of casualty or catastrophe risk companies that much. There is investment in developing products and solutions around cyber security and around pandemic risk.

Cyber risks are on the rise and industries are racing to protect themselves opening a window of opportunity for insurance and consultancies, like PwC, to advise on cyber security implementation. What are some of the growth opportunities associated with cyber risks for today's insurers and consultancies alike?

It is safe to say that, in spite of the fact that we have seen some major cyber events around the world, we have not seen the worst of it by a long way. Because of the prevalence of technology and its increasing use on our everyday lives, these risks continue to grow exponentially. The opportunity for the market is to work out how it can help mitigate that risk through the provision of insurance. For consultancies like ours, we advise our clients in all manner of things related to cyber, whether is protection related aspects or the development of solutions against risk managements objectives.

What are the main existential challenges for Bermuda and how can the country adapt towards today's changing paradigms?

As a small island state, climate change could have a very acute impact on the country, on a very practical level. As long as Bermuda can continue to innovate and be a relevant reinsurance domicile, which it has done for

decades now, it should weather this existential threat that it faces. Another point I would like to make is that, by nature, the reinsurance market concentrates on providing coverage against natural disasters. This is one of the critical instruments in the sustainability of the planet. Sometimes it is not seen that way, but these businesses are providing certainty to commercial organizations around the world that are getting struck down by the increasing number, frequency and severity of big natural disasters that are happening because of climate change.

Over the last decade in Bermuda, the reinsurance market is very much focused on the holistic approach of being a sustainable organization. Reinsurers are all looking at ways to drive the agenda away from carbon-centric flow towards a de-carbonized environment.

With an invested interest in the country's long-term success, can you highlight the key reforms taking place in the country and offer a final message of optimism for potential organizations and investors thinking on making a bet on Bermuda?

There is a willingness to ensure that the level of foreign direct investments continues and is strengthened over time. When we are looking at governmental reform, there is a number of areas that are important to invest in. Education is clearly one and there is some transformational change being performed within education already. Just like in the private sector, it is crucial to look at the quality of your talent and how to nurture and

"The industry itself needs to be responsive to some of the biggest macro-economic risks that the world faces today."

Arthur Wightman, Territory Leader, PwC Bermuda

develop it. The quality of technology and how your technology solutions are being deployed in order to make the overall machine of government work more efficiently, are key. The ultimate goal is to drive our citizens of this country towards a better outcome.

I am optimistic about the future of the island and I am very bullish on Bermuda. There are opportunities and willingness for the capital markets to look to the immediate to deploy that capital. The industry itself needs to be responsive to some of the biggest macro-economic risks that the world faces today. I am fascinated by this evolving story that we see in the Bermudan market and I am eager to venture into the future.