



We work together with our clients
to overcome financial challenges

HLR Bermuda – Financial Solutions

Hannover Life Reassurance Bermuda Limited (HLR Bermuda) is a core operation of the Hannover Re Group. Established in 2007 as a wholly owned subsidiary of Hannover Re, HLR Bermuda serves clients worldwide, utilizing the preferred jurisdiction of Bermuda to provide tailored, cost-effective Financial Solutions to our clients, assisting them to overcome specific, quantitative financial challenges.

Licensed to write long-term business by the Bermuda Monetary Authority, HLR Bermuda is rated AA- “Very Strong” by Standard & Poor’s and A+ “Superior” by A.M. Best.

Over our short history, HLR Bermuda has successfully transacted Financial Solutions with clients in Africa, America, Asia, Australia and Europe, testimony to our superior financial security, technical expertise and client-orientated services. Our key success factors include our dedicated, specialist team of professionals that works closely with our clients to develop the best solution in a timely manner, as well as our international network of some 100 offices that enables us to understand market specifics and ultimately complete transactions in different parts of the world.

How we help our clients

Financial Solutions, a core competence of HLR Bermuda, are reinsurance products tailored to enable clients to overcome a specific, quantitative financial challenge. Typically Financial Solutions are sought after by clients to protect and strengthen capital base, but their application extends far beyond this, as set out below. As a source of capital, Financial Solutions are precise in the amount of capital generated, as well as quick to execute. Compared to traditional capital sources, Financial Solutions are cheaper than equity capital due to the Hannover Re Group’s ability to raise hybrid capital at economical prices, and more flexible than debt instruments which saddle the client with a fixed repayment burden.

Facilitate new business

A major challenge for life insurers in fast growing markets is to manufacture and distribute products in an efficient manner and thereby outperform their peer-group. However, this is often limited by the strain, be it due to conservative supervisory reserves or high initial distribution costs, new business puts on financial resources available to these companies internally. Our Financial Solutions, structured to provide our client with a sizeable initial commission per unit of new business written to counteract new business strain, is sought after in high growth markets like Asia and Africa. Effectively, this enables our clients to write a higher volume of new business for a given equity base, pursuing market share without significantly depleting shareholder equity.

Optimise financial capital

In mature life insurance markets, life insurers have a significant amount of financial resources tied up with inforce blocks of business distributed many years ago due to conservative reserving requirements. Our tailored solutions has enabled our clients, particularly in the United States, to achieve the release of these redundant reserves, thus not only relieving them of the cost of servicing redundant capital but more importantly enabling them to redeploy capital in new, more remunerative investments.

Contingency planning

We also assist clients to develop solutions to address potential future financial challenges that have yet to materialise today. Our Financial Solutions can be tailored to counteract any potential threats, in the future, that could have a negative impact on our client’s capital base, thus resulting in an unplanned disruption. Typically this would involve a contingent line of finance that our clients could draw upon, either at the client’s behest or upon certain specific trigger events.

Start new ventures

Traditionally, the Hannover Re Group has been very successful in partnering with start-up life insurance companies by sharing its technical expertise and market knowledge. Through Financial Solutions, HLR Bermuda has assisted several new companies by providing initial finance to prevent the exhaustion of their initial capital outlay, thereby enabling them to establish their footing in the market, as well as achieving breakeven targets quicker than otherwise.

Streamline ALM

Financial Solutions can also be utilised as an asset liability management tool, particularly in markets where supervisory regulations are trailing behind product innovation. Examples of this include where regulations prescribe a biased estimation of liabilities, or an inconsistent recognition between assets and liabilities. Our Financial Solutions can be tailored to eliminate such regulatory inefficiencies, thereby enabling sophisticated products to be manufactured without the unwarranted balance-sheet volatility.

Enhanced value proposition

HLR Bermuda's domicile in the preferred jurisdiction of Bermuda, a leading international financial centre, contributes significantly to our ability to deliver Financial Solutions to our clients at a keen price.

The favourable fiscal environment enables HLR Bermuda to meet a given return at a significantly lower price than its peers in other domiciles. In addition to this, the robust yet efficient Bermudian solvency capital regime does not burden HLR Bermuda with any excessive regulatory capital requirements over and above those economically required to service its business. In turn, clients of HLR Bermuda do not bear the brunt, in the form of higher prices, of any cost of servicing any such redundant capital.

Our price competitiveness is further enhanced by cost savings resulting from the succinct but sufficient Bermudian insurance regulations. Effectively, it enables HLR Bermuda to maintain a lean organization structure, as our workforce does not become overly encumbered with onerous regulatory and compliance related tasks.

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