

# **Ecopetrol flies the flag for Bermuda::**

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By Jonathan Kent

Bermuda could have no better advertisement for its attributes as a captive domicile for Latin American companies than Colombian oil giant Ecopetrol.

Four years ago, the oil and gas exploration and production firm set up Black Gold Re on the Island to insure its own risks.

Last week at the ALARYS Congress, a conference for Latin American risk managers, a representative from Ecopetrol described why the company had chosen Bermuda.

In an interview afterwards, Tommaso Mascarucci, Ecopetrol's risk financing team leader, said the company had been happy with their captive's first four years.

"Our experience in Bermuda has been more than satisfactory," he said. "The Island has a very good infrastructure and we have been able to access the different kinds of services we need in a fast way.

"The people we use here, like our captive manager JLT, HSBC, PWC and Appleby have all given us a very good experience."

The Latin American region is an economic growth hot spot and Mr. Mascarucci saw real opportunities to get more captive business, especially from companies growing beyond their own borders, known as 'multilatinas'.

"I think the future for Latin American companies is going to be big," he said. "Everybody talks about multilatinas, but really these are multinational companies, like any others.

"We are emerging countries and this is our time. I think we are going to have an important presence worldwide."

Ecopetrol epitomises the new breed of expanding company emerging in Latin America. For most of its 62-year history, it was owned and run by the state. It became a publicly owned company seven years ago and now trades on the stock exchanges of New York and Toronto.

During the past two years, it has extended its interests outside Colombia, in the form of a Brazilian offshore venture with Andarko and a subsidiary in Peru. Ecopetrol is the fourth biggest oil and gas company in Latin America.

Mr. Mascarucci's comments at ALARYS were music to the ears of Bermuda Insurance Managers Association (BIMA) president Tom McMahon.

"We are used to telling other people how wonderful Bermuda is, but it was very refreshing to hear it come from a client," Mr. McMahon said.

Mr. Mascarucci told the conference about the process for setting up a captive and choosing a domicile.

The first stage was to set up a strategic business plan — not to comply with a captive domicile's regulatory requirements, but a plan to fit with the parent company's strategy.

Second was the need for world-class service providers, including captive managers, banks, accountancy firms and law firms.

Third was the need for a domicile with a good reputation — reputational risk is something Ecopetrol takes seriously, he said.

Bermuda fit the bill for Ecopetrol and has so far lived up to the company's expectations.