

Ross Webber, CEO, BDA
Young Presidents' Organisation (YPO)
8:30 am, Friday, October 2, 2015
Hamilton Princess & Beach Club

Thank you, Mr Premier, and welcome to Bermuda members of the YPO.

I'm delighted to have the opportunity to speak with you this morning as you kick off your Bermuda adventure.

I did a little due diligence on your group. I checked out your website and the organisation is very impressive. The only thing that upset me was the under 45 threshold... I wish you'd told me a couple of years ago!

I know you are a network of high achievers whose hallmarks happen to be a combination of talent, innovation, hard work, and, perhaps, equal doses of opportunity and inspiration. So we do have something in common. Because those same elements are a big part of our heritage as Bermudians—as you will no doubt discover as you tour our Island over the next few days.

I head up the Bermuda Business Development Agency—the BDA—whose mission it is to encourage direct investment. We work with start-ups and already established companies across all industries in Bermuda to grow GDP and job opportunities. So it goes without saying that I value this captive audience of jurisdictional decision-makers!

Bermuda's connections to the US and Caribbean are firm and hard-fought and stretch back to the early 1600s. Over the centuries, we islanders developed a close-knit society that learned to value necessity, chance and change as *opportunities* rather than challenges. We leveraged our relatively small size and isolation and created solutions, innovations and value. We took advantage of moments in history to assert our identity far beyond these 21-square-mile borders.

Back in 1610 shipwrecked English colonists here made two escape vessels out of native Bermuda cedar trees and sailed on to Jamestown, Virginia. The food supplies and manpower they brought with them effectively saved the first colony—America's birthplace.

During the Revolutionary War, Bermudians sympathised with our American brethren. One night in 1775, Bermudian smugglers in my home town of St. George's stole a stockpile of gunpowder barrels to bail out George Washington's Patriots—much to the chagrin of our British Governor of the time.

Later, during the US Civil War, islanders used their maritime savvy to manoeuvre through Union blockades and deliver vital munitions and supplies to Southern collaborators. I also believe they may have supplied a fair amount of rum too.

These bonds continued into the 20th century, with the operation of strategic US military bases here during the Second World War and the Cold War, and the formation of a vital radar and telemetry outpost to help guide NASA space missions from Cape Canaveral. **And** an emergency runway for the space shuttle.

Today, we continue to be a strong ally of the United States on a global scale—with contributions valued not in barrels of gunpowder, but in billions of dollars. For Bermuda has become a blue-chip international financial centre—home to high-net-worth trusts, international law firms, hedge fund managers, shipping companies, and major insurance and reinsurance corporations. The business that gets done every day on this island helps forge a global legacy.

Bermuda is one of the top-three insurance and reinsurance centres in the world, alongside New York and London and is acknowledged as the largest property catastrophe market.

Our companies contributed an estimated 35 billion dollars to US catastrophe losses over the past dozen years.

We paid 22 billion to help rebuild the US Gulf and Florida coasts after the horrific hurricane seasons in 2004 and 2005. That included paying nearly 30 percent of insured losses from Hurricanes Katrina, Rita and Wilma.

We paid nine percent of US 9/11 claims. And Bermudian insurers were the first to settle their claims.

We support some 25 percent of the US medical liability insurance and reinsurance market. And we contribute more than a quarter of capacity for Lloyd's of London.

Thanks to our reinsurance industry, our shipping registry, and other key sectors, Bermuda fulfils a critical role in the global economy.

Our business model supports close to a half-million jobs globally, creating and supporting jobs not only on the Island itself, but also in our onshore trading partners. This includes an estimated 350,000 jobs in the US and more than 100,000 in the UK through trade, foreign direct investment, and portfolio investment capacity. In this way, Bermuda is a significant economic partner for the US, UK, Canada and Europe. We facilitate economic globalisation.

All this—from a tiny leftover volcano in the mid-Atlantic.

So - What led Bermuda to overcome seemingly daunting odds and geographical adversities to become one of the world's most coveted jurisdictions for global enterprise?

What have we managed to capitalize on so effectively to punch above our weight economically?

It comes down to a number of things.

Location, location, location has a lot to do with it. We happen to be just 90 minutes from New York and conveniently situated between North America and Europe. That made us a safe harbour during the heyday of Admiral Lord Nelson's Royal Navy—and later, a hideout to target German U-boats. And it makes us attractive today to businesses that need to operate between market time-zones.

The America's Cup is a great example. Our Atlantic Time correlation to TV rights was a major factor in Larry Ellison's decision to bring Oracle Team USA here to wage their hi-tech marine war in front of a global audience of in 2017.

Bear this in mind when you get your behind-the-scenes tour of Oracle's impressive staging area out at Dockyard later today.

Our infrastructure is another feather in our corporate cap. Bermuda has a secure, modern, world-class physical and technological set-up. It includes excellent telecommunications, broadband, and a fully electronic Bermuda Stock Exchange.

Do you know that around this exact time last year, Hamilton was directly hit by **two** violent hurricanes in the space of **one** week? On a Friday, we got walloped by the second one, a Cat 3 called Gonzalo. By Monday morning, it was business as usual, with everyone back at their desks doing business with the world. That was a true testament to the resilience and character of this Island—and also to our robust infrastructure.

Innovation has long been the currency of our success. This jurisdiction is an incubator of new ideas, a hub of entrepreneurial energy. Look around, and you'll find novel thinking and out-of-the-box alternatives. Long before we became a modern international finance centre, Bermudians invented a new breed of sailing sloop, a better tasting onion... even a fashionable, and, as we say, "sporty" alternative to the humble pair of shorts.

In today's business sphere, too, this is a place of firsts: the first excess liability insurance carriers were born here. The first "captives." The first cat bonds and collateralized reinsurers. We have attracted the lion's share the insurance linked securities market. We count over 17 billion dollars' worth listed on the Bermuda Stock Exchange, almost 70 percent of the world's total.

The Bermuda lifestyle is, of course, an attractive drawing card too. We can swim and sail and play golf year-round in a sub-tropical paradise. After a day at the office just there [*point to Hamilton*], you can be enjoying cocktails or a cruise right here [*indicate the waterfront*.] It's a magnet that has drawn the rich and famous to spend time here—folks like John Lennon and Bowie and Bloomberg and of course Michael Douglas and Catherine. Mark Twain visited Bermuda eight times and loved it so much, he is renowned for saying, “You go to heaven if you want to—I'd rather stay right here.”

So all of these factors have shaped our destiny and our *value proposition*. But one thing stands out above all of them.

It's reputation. It's about the “Bermuda brand.”

That's a notion which probably holds resonance for you as business leaders and executives who must take great care of both your professional brands and—in this world of social networks—your personal ones too.

As a brand, our Island has been known for quality above all else. Quality tourism, quality service—quality rum!—quality insurance contracts that honour not only the promise to pay, but to pay on time.

It's about quality people, too. Bermuda is a wealth of world-class intellectual talent. A recent study found that an estimated 15,000 residents—a quarter of our population—are financial, legal, or regulatory experts in transatlantic capital markets.

In an ever-evolving corporate landscape, the Bermuda brand is, more than ever, about transparency and compliance and progressive regulation. We are highly respected worldwide for our sophisticated regulatory system that keeps the Island at the forefront of corporate governance.

I can say without hesitation that this, more than anything else, is our greatest selling point. That's because it differentiates us from other offshore centres that, unlike Bermuda, cannot claim to have a well-monitored beneficial ownership registry, or robust oversight of financial companies, or zero bank secrecy laws.

You should all understand that offshore centres are not a homogenous bloc. It would be like saying all US states are the same. Sadly – we are often treated like an axis of evil. We all get dragged down by the lowest denominator and we become the victim of gross stereotyping—by the media, by the misinformed, by much larger nations who have the power and influence to seek a scapegoat. This behaviour is especially prevalent pre-elections.

Let me be clear: Just because we have sunshine, no corporate tax and a successful financial services sector does not make us a tax haven. The term has no relevance to Bermuda. We *have* taxes—payroll tax, social insurance, import and custom duties. These contribute largely to the Island's revenues. We created this system more than a century ago to suit our own needs—not to “lure” foreign companies.

Bermuda is a cooperative partner with the G20 nations, including the US and UK. We have 91 treaty partners around the world, including 41 TIEA's or Tax Information Exchange Agreements and 87 multi-lateral partnerships. Bermuda has had a TIEA with the US since our Tax Convention Act 1986. Bermuda's oldest TIEA, it could be one of the world's first such agreements.

We were the first offshore jurisdiction to make the OECD's white list. Our regulator may be collaborative and business-friendly, but it is also rigorous and highly respected.

I won't get too technical here but it is important to debunk myth. In 1998, the OECD identified four factors that should **ALL** be met to earn the title of tax haven:

- 1) lack of transparency;
- 2) lack of information exchange;
- 3) no substantial activity;
- 4) no or nominal tax on income.

Well, Bermuda ticks only one of those boxes – we have a nominal tax on income that we call payroll tax.

However, in its September 28th 2009 report, ***Countering Offshore Tax Evasion***, the OECD stated *“No or nominal tax is not sufficient in itself to classify a country as a tax haven.”*

And during his 2010 visit, US Attorney General Eric Holder did not stutter or pause when he stated that he did not consider Bermuda a tax haven.

I say all this because when you go home and you tell someone that you were in Bermuda and they say: *“isn't that a tax haven?”* I hope you can now talk armed with facts. I'd like to think you'll have lots of good things to say about your experiences here over the next few days and that this will be just one of many Bermuda visits.

In fact, once you've seen more of our island, met our people, dabbled in our past—and our America's Cup future—maybe you'll decide to come back with business in mind. Maybe you'll choose our jurisdiction, for all the reasons I've outlined, to help your own enterprise.

When you do, I invite you to get in touch with me and the BDA. We can help you. Our team can work alongside you, make introductions to government, connect you to industry, to the regulator and realtors. We stand prepared to help you start up, re-locate, or expand your business in this jurisdiction, just as we're doing for many new companies that are choosing Bermuda for all the right reasons.

Until then, we'll consider you our honorary “ambassadors.” Enjoy your visit this weekend. See what Bermuda's all about. And know that our Island is always ready to welcome you back.

Thank you.