

Ross Webber, CEO, BDA
Bermuda International Long Term Insurers & Reinsurers (BILTIR) AGM
2–2:30pm, Thursday, March 17, 2016
Chairman’s Suites, Chubb Building, 17 Woodbourne Ave

Thank you and good afternoon, members of BILTIR. I appreciate the invitation to address you today.

Although I am personally of Bermudian-Welsh heritage, I’d also like to take this opportunity to wish everyone a very happy St Patrick’s Day! Surely selecting this date for your AGM must hold some lucky charms for a successful and profitable year?

I will keep my remarks fairly brief. I explained to Wendy that I have a plane to catch this evening. This is true, but really, I wanted to get out pretty quickly so I can watch Liverpool destroy Manchester United at Old Trafford before I board!

It’s a genuine honour to speak to you on behalf of the Bermuda Business Development Agency. BILTIR represents a growing segment of valued industry stakeholders. You bring together companies that form a critical part of our island’s risk-industry ecosystem.

This is a time of unprecedented change—for the island in general, and your industry in particular. The influx of alternative capital. The ever-softening market. Increased M&A. The rapidly-changing landscape of regulation, tax-transparency and global compliance.

Many of these factors look set to continue—which raises questions for all of us. How can we best adjust to shifting conditions?

How do we cater to the growing need for big data, technology and out-placement in our workforce? How should Bermuda position itself as international financial centres scramble to meet the demands of BEPS, CRS, CbC, FATCA, AIFMD? Will Solvency II solve some of these issues for Bermuda? How do we best leverage our market's advantages in such uncertain times?

Bermuda has weathered shifting conditions before and we've been able to outclass competitors with our unique brand of pioneering spirit. The kind of spirit that in the 1960s led an Ohio property engineer named Fred Reiss to launch what is now known as the "captive" industry. The kind of spirit that reinvented risk-management by providing capacity for excess liability in the '80s. The kind of spirit that converged with capital-market investors to create solutions like ILS, sidecars, cat-bonds and hedge fund re. The kind of spirit that has fuelled the burgeoning growth of your own industry sector in recent years.

At the BDA, we see Bermuda's advantages generate new incorporations and trigger promising leads. We see shoots of economic growth—one need not look much further than five consecutive quarters of rising GDP.

Let me tell you a little bit about the BDA. We are an independent, public-private partnership established in 2013. Our mandate is to help generate an increase in GDP. We help facilitate a business environment where companies can maintain jobs and effect job-creation. We do that, first, by supporting our industry stakeholders, like you, and other established companies, from law firms and the Big Four to asset managers, administrators and trust companies. Secondly, we help new businesses launch in Bermuda.

We are mainly funded by an annual government grant, along with contributions from our corporate stakeholders. Our mission is targeted business development. This represents a deliberate break from the modus operandi of some of the bodies previously responsible for jurisdictional marketing. In decades past, scattershot marketing and generic awareness raising (usually to a pre-sold audience) was the approach—in today’s economy, a very different action plan is needed.

It comes down to strategy and specifics. The BDA’s four areas of focus mirror our economy’s key industry sectors: risk solutions (comprising insurance, reinsurance, ILS and captives); asset management; trust and private client business; and lastly, a group we call “international commerce.” This pillar contains areas of potential growth like shipping and aviation, and others that may offer economic diversification, such as technology, biomed, and eCommerce.

For each of these sectors, we have dedicated business development managers and industry representatives and advisors who help guide our activities, set objectives, and work with us to implement our plans.

We assess market needs and goals across all these industry sectors and we seek to fill gaps. This includes working with stakeholders to fix outdated legislation, or to enact more progressive legislation, to give us a competitive edge.

We also attract and support major industry events. Some are already established, such as the Bermuda Captive Conference, the ILS Convergence event—for which we have been the lead supporter since its inception in 2013—and your annual BILTIR event (we’ll be sponsoring your conference again this fall). Others are brand new conferences that we’ve directly persuaded to choose Bermuda as their venue.

Examples include the Regulatory Compliance Association’s symposium that we brought here last April and will return next month. February’s Legal Week Private Client Americas Forum brought over 60 of the world’s leading trust lawyers to Tucker’s Point. The World Alternative Investment Summit will be held here this fall. And the Global Fund Forum will also return this September, along with Latin America’s biennial ALARYS conference—which I believe coincides with your event, but is being held at a different Princess. We are also working with Insurance Day to produce a Bermuda Seminar this July.

These large, international industry events fill hotel rooms, restaurants, taxis and tour boats. They fuel on-island spending, and increase airlift to Bermuda. More importantly, however, they create the opportunity for what I like to call the “scratch-and-sniff” test. We have found that once business professionals actually experience the island first-hand—its beauty, its lifestyle and corporate environment—they are more likely to return for leisure with their families... or even set up shop here.

As well as enticing industry to Bermuda-based conferences, our business-development teams go overseas to promote Bermuda. In the risk space, we’ve been particularly focusing on captive-slash-insurance management, healthcare and ILS. Our target markets for **new** business have been Canada and Latin America—and our efforts have translated into an upswing in registrations from those regions. This was acknowledged in the BMA’s press release on their year-end statistics where they made specific mention of our Bus Dev efforts. These new captives cover a diverse range of risks—from oil and gas-drilling in Canada (after we staged a roadshow last summer to Toronto and Calgary) to drivers’ insurance in Peru (following several BDA trips to South and Central America).

Captives from all regions grew in 2015—a total of 22 **new** SPIs or captives were added to the registry, compared with 16 the previous year.

Note that our bread-and-butter markets of the US and UK have not been ignored. In fact, just this week we kicked off the first of a series of BDA regional US captive roadshows—in Atlanta and North Carolina. Travelling with us are local lawyers, captive managers and a BMA rep. They are joined by US risk managers who will talk about why they chose Bermuda for their captive. Speaking on our behalf this week are the Director of Global Risk and Investments for Coca-Cola and the former CFO of law firm Baker & McKenzie.

These are Bermuda success stories and we will tell more of them at roadshows in Chicago, Boston and Texas later in the year.

And it's not just the risk sector where we're seeing direct success. The trust industry has been growing too. We carried out a data call last year with Bermuda's licenced trust companies. We now know that trust assets under management grew by a minimum of \$62 billion and the sector hired over 100 new employees since 2013.

In the asset management sphere, the BMA recorded 83 new funds in 2015, up over the 80 of the previous year.

In our blue-sky sector, Bermuda is also attracting some interesting new ventures—companies like biopharmaceutical IPO leader Roivant, and fintech start-up Trunomi. We have also seen new tanker fleets and ship-management companies establish in Bermuda.

Work winds its way to Bermuda via many interesting channels. A company incorporation sometimes starts as a phone call, an email, a referral, a dinner conversation or a golf game.

Let me cite one good example. Around this time last year, I was invited by a Bermuda-based stakeholder to a cocktail reception on Bourbon Street in New Orleans. There we met with a Panamanian firm providing credit-related reinsurance solutions to financial institutions in Latin America. We had a good conversation and they were interested in what Bermuda had to offer.

Later, the BDA, through our concierge service, provided them with technical details and relevant government and BMA connections to explore in more depth what was needed to relocate here.

Fast-forward a few months, and their key executives came to the island and we met them for dinner at the Waterlot with key government and industry leaders in tow.

Last week, I was informed by their Bermuda-based insurance management company they had satisfied all BMA requirements and signed an engagement with their management company—and will be launching next quarter.

We have several examples like this one. Take the investment management company that relocated from Singapore, opening up in Bermuda at the end of last year. That development flowed from an October 2013 mail-out we sent about the Investment Funds Amendment Act. The company now has local staff who are leasing premises, renting houses, eating at restaurants and contributing to job creation and GDP.

Clearly, successes are not always speedy or straightforward. Some take years to evolve. But the point is, with the BDA's careful cultivation of such possibilities, every lead has the potential to become another success story that benefits all of us.

I want to talk for a moment on one other key area of BDA focus—and that is jurisdictional advocacy. We live in a time of escalating political rhetoric—labels and indictments levied as pot-shots against small nations like Bermuda that are ill-equipped to take on Goliath bullying. It comes from both sides of the Atlantic and is especially aggressive during election periods—like 2015 in the UK, and like this year has proven already in the US.

Dogma is difficult to deal with, and misinformation is always rife in the midst of desperate political spin. We believe it's important to be proactive and correct factual misconceptions when our jurisdiction is maligned. And to assert Bermuda's high level of transparency and enormous contribution to global economies in a consistent, integrated way—even when there's no fire-drill, even when we don't find ourselves in the political cross-hairs. Our goal is to use this type of sustained and collective effort to differentiate Bermuda from those IFCs that actually deserve to be the true targets of onshore accusations.

So—how can we help you?

We can help by providing talking points and BDA collateral when you need tools to sell Bermuda to potential clients. For example, we have brochures on TIEAs, our Global Reputation, captives, ILS and a generic "Why Bermuda" that encapsulates Bermuda's advantages. We have these in multiple languages.

We recently convened a working group across captive, primary, excess and reinsurance layers to research and then define and articulate our value proposition as a healthcare insurance solutions provider.

We've also commissioned a research project to quantify the economic impact of Bermuda's ILS ecosystem—and another to gather contemporary data from the insurance and reinsurance market such as blocks of capacity, attachment points, lines written, etc.

Our webinars are another way we help our tiny domicile, isolated by geography, reach global audiences with a compelling message. We've hosted six webinar sessions over the past year, with industry experts discussing everything from the basics of what a captive is, to ways a Bermuda company can mitigate against healthcare risks or cyberattacks. We staged the last one entirely in Spanish.

Our concierge service can help fast-track queries or problems that need attention from government departments such as Immigration, Registrar of Companies, the Tax Commissioner, etc. Similarly, and this is particularly relevant for on-boarding companies, we can help with introductions to service-providers such as accounting and advisory firms, law firms, administrators and insurance managers. We also help facilitate introductions for payroll administration, recruiting and relocation. We can help find you a nanny!

So what should we do going forward to work more closely?

Initially, I'd like to sit down with as many BILTIR executives as possible to learn more about your sector, your issues, your goals—so that we can be a better partner to you. I

have had the good fortune to speak in detail with one or two of you, but it has been few and far between.

I will, however, chip in an interesting anecdote. About a year ago, I had a very good lunch at Barracuda with one of your executives (who is here today). He was passionate, vitriolic—and frankly quite pissed-off. The topic was Solvency II and the issue was that the BMA did not seem to be hearing any other voices than ABIR's. I am an invited guest to the IAC, and I do get the chance to feed back to the BMA through a variety of channels. If in any small way my voice was contributory to the fact that BILTIR eventually was listened to—then I am very pleased to have helped.

Over the next six months I am looking to add a dedicated resource to specifically liaise with the BILTIR and ABIR companies. We already have captives and ILS covered quite well, and it is now time to pay more attention to some of Bermuda's heavy-hitters!

We know that as you mark your fifth anniversary, your sector is forecast to have noticeable growth this year. That's important to us, and to the entire jurisdiction. We welcome your input, your advice and your engagement. In particular, we invite you to jump on our cross-selling bandwagon. We feel it's a compelling approach to truly sell Bermuda as *the* one-stop-shop jurisdiction.

For example, I am sure there are long-term life insurers in Bermuda that are backed by very impressive capital-providers. Some of the biggest names in the world of hedge funds. However, those funds are not using Bermuda to launch. They are still using Cayman.

Similarly, there are ILS funds that leverage Bermuda's reinsurance expertise, but seem to be unaware that the fund itself would be well-managed on the island.

The cross-sell is a key strategy we're working on this year, but we can't do it alone.

Why should you care about the BDA?

The work we do for the jurisdiction as a whole has a clear nexus to the wellbeing of every company here. Just take a look at Barbados and the effect of its ratings downgrade. We have seen several companies—particularly insurers—flee Bajan shores. Some have come here. Some have gone elsewhere. Some don't care about crummy ratings and the impact it has on their own reputation!

However, I know that you in this room do care. Because we're all in this together. It's about collaboration. It's about partnership. It's about being greater than the sum of our individual parts.

We already work closely with the members of ABIC, BALT, BIMA, STEP, ABIR and the new AIMA industry group—and we would welcome opportunities to strengthen our links to you and your members.

Thank you for your time today. I look forward to working with you.