

Ross Webber, CEO, BDA  
Bermuda Insurance Management Association (BIMA) AGM  
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RBYC

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

I will not take up too much of your time. Liverpool play Dortmund at 4pm in the quarterfinals of the Europa Cup so – the clock is ticking...

I wasn't going to go too scripted for this, however, the events of this week have pushed me in this direction. I'm off to San Diego for RIMS on Saturday and I have a couple of other things on my plate, so, to be honest, I had not really planned to spending most of the week dealing with the aftermath of the leaked Panama Papers.

The bad news is that the UK in particular – closely accompanied by France, Germany and the US – still favour lumping all of "offshore" into one homogenous bucket of wicked. We are the *new* Axis of Evil!

The good news, from my perspective, is that Bermuda seems to have handled this one pretty well. The global media coverage of this story actually presented us with an opportunity to put forth some positive, differentiating messaging about Bermuda... as well as set the record straight on misinformation. I don't know if any of you saw Minister Richards' interview on BBC NewsNight. I thought he did a very good job.

I did a town hall presentation for EY on March 13<sup>th</sup> 2015. I'm going to quote verbatim what I said to them just over a year ago:

**Does anybody here know what this symbol is?**

Well, it is the logo of the pioneering rap group **Public Enemy**. Now I ain't no Chuck D – perhaps a little more Flava Flav - but folks – the bad news for us is that to the EU, UK and US politicians we are being portrayed as a Public Enemy.

It is clear to me that the mission on clamping down on small nations, that larger nations perceive to be guilty of **depriving their tax coffers** of their appropriate **tithes**, is not going to abate.

We have to **accept**, and deal with, **the hypocrisy**.

Nations who clearly do not have a **well-established regulator, rule of law and actual transparency** are simply not going to make it very long past BEPS 2017. The Seychelles, Cyprus, Mauritius, Naru, the Federated States of Micronesia, Lichtenstein.

Small Nations that maintain **banking secrecy** (sorry Cayman) are going to run into a lot of trouble.

Countries, whose **raison d'être** is hosting **shell companies** are going to have to adapt to survive. BVI...

**The wave of the future** for jurisdictions like ours is to **couple** our obvious **tax, regulation, natural beauty and temperature advantages** with a pragmatic and reasonable level of **physical substance**.

So - **my question** to the brilliant minds in this room is **what can** and **what should** we actually **do** to become acceptable to those who genuinely can shut us down?

Part of the solution, in my opinion, is that we need to more strongly, clearly and robustly articulate and disseminate our **actual value proposition**. However, this should not just come from us. In fact, I would prefer that it hardly came from us at all. It needs to come from the large and **powerful friends of Bermuda**. It needs to be from the companies themselves to justify why they are legitimately in Bermuda. They need to be able to explain why having a **corporate presence in Bermuda allows** them to accumulate capital in a tax free environment to allow them to efficiently and effectively manage their business and ultimately be in a strong position to **pay insurance claims**.

They need to explain that because of the captive operation they have in Bermuda, they are able to **hire more people in Canada**. They need to clarify that because of the total extra capital accumulated via their Bermuda feeder fund, the overall return on fund performance and therefore **disposable income for US tax paying investors** is higher.

We need to supply this messaging to our friends and then we need to get that messaging into the minds and hearts of the **influencers of policy**.

OK – that’s what I said a year ago. It came amid a vociferous UK general election campaign after Ed Milliband and much of the media seemed to be intent on bad-mouthing every offshore financial centre—no matter whether it was Vanuatu or Bermuda. Sound familiar?

People expect me and Bob to be standing up with vitriol defending and promoting the island. But we need all of you to join us. We need each and every one of you pumping your chest and sticking your chin out with pride when someone throws the tax-haven barb our way.

Jereme organised the recent CFO Forum in Atlanta where we had Coca-Cola's Director of Global Risk and Investments, and the ex CFO of Baker & McKenzie extolling the virtues of the island. This is exactly what we need.

One year down the road from the EY presentation, though—collectively—we've come a long way. The spirit of collaboration—between BDA, BIMA, ABIR, BMA, STEP, BALT, BILTIR, and, quite significantly, the government—has resulted in true teamwork on the international advocacy front. The messaging coming out of Bermuda regarding the Panama Papers has been coordinated, consistent and compelling.

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. Do you know what they are?

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

Well, Bermuda maybe-kind-of-sorta ticks just one of those boxes. However, I am not convinced that 15.5% income tax on payroll is **NOMINAL**.

That notwithstanding, in its September 28<sup>th</sup> 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 categorically stated that he did not consider Bermuda a tax haven.

I say all this because when you are next at a dinner party or a client reception and you tell someone that about your work in Bermuda and they say: “*isn't that a tax haven?*” I hope you can now talk armed with facts.

The BDA has talking points and collateral on multiple topics. 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. Many of them are up on our website. Feel free to crib from them. If you don’t want to go to the website – ask Jereme. We are happy to provide pointers to refute misinformation and to promote our value proposition.

And please feel free to tell us what you want. What you need. **We’re here to help YOU.** Let us know what type of resources would help you educate clients, prospects or overseas colleagues on what Bermuda is all about.

Join us in this ongoing campaign—and our jurisdiction’s reputation – and therefore your businesses - will reap the benefits.

So... With that preachy lecture done – on to some more positive messaging! I am happy to report that we had a productive 2015 across all of our pillars. We genuinely see shoots of economic growth—one need not look much further than five consecutive quarters of rising GDP.

I know Jereme has kept you up to speed on our work and plans in the insurance management space I will however touch upon some of our other activities.

We had good success attracting major industry events to our shores and supporting some of our already established staples, such as the Bermuda Captive Conference and the ILS Convergence event. We are also working with BILTIR on its conference this September. Others are brand new conferences that we've directly persuaded to choose Bermuda as their venue.

Examples include the RCA symposium that we brought here last April and will return this 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. We are also working with Insurance Day to produce a Bermuda Seminar this year.

The trust industry has been growing. 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 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.

Yesterday we launched our Fin-Tech working group to see how Bermuda can fit into this trend.

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.

We are very dedicated to the whole risk solutions pillar. We have added to our team and I am happy to introduce Mark Darko who joined us at the start of April as a Bus Dev Coordinator working directly with Jereme. Also – starting on April 18<sup>th</sup> I have engaged further resource who will specifically liaise with the BILTIR and ABIR companies.

### **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.

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