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Acting on Asia

Last month marked two years of my tenure as Chief Executive Officer of the BDA—a milestone that prompted a mental tally of our agency's achievements to date. We've seen growth across multiple industry sectors: reinsurers setting up or redomiciling here; captives coming from fresh markets like Latin America and Canada; expansion of fund administrators; an influx of law firms; family-office set-ups; private-jet registrations; technology, bio-med, IP and life-science ventures. We've welcomed industry events to the island and progressed constructive legislative updates. We've flown the flag overseas and facilitated job creation at home—along with a welcome rise in GDP.

Yet, amid the flurry of activity, I still get asked one particular question:

What are you doing in Asia?



This summer, I travelled to Hong Kong and Singapore to scope out strategic business opportunities in tandem with a recently commissioned research study by KPMG. Ostensibly, the trip was to attend the inaugural ILS Asia 2016 conference produced by artemis.bm. Bermuda is the pre-eminent centre for ILS, with three-quarters of global ILS listings amounting to \$19 billion, so we had plenty to talk about. I gave a brief address at the speakers dinner, and several industry colleagues held insightful panels on Bermuda's expertise in this fast-developing asset class.

The Southeast Asia market is not yet familiar with many of the wealth-protection and risk-management tools we find commonplace—captive insurance, for example, cyber-risk products, family offices, and, certainly, ILS. So the event had educational value for attendees, and we were able to raise awareness about Bermuda as a sophisticated international financial centre offering a panoply of business opportunities for Asian investors.

It's evident there is growing interest in all these products on the part of the Asian business community. Not only to learn more—but to actually do a lot of it themselves. So, a fine line must be walked between educating a new audience, and giving away our intellectual property. Of course, Bermuda has a depth of talent and many decades of legal and regulatory maturity. Yet the reality is that these jurisdictions will play catchup; Singapore aspires to emulate much of what Bermuda has done, and China prefers to retain homegrown capital within its borders.

Bermuda enjoys an enduring legacy of corporate links to Asia. Thirty-two years ago, Hong Kong-based conglomerate Jardine Matheson moved its holding company to the City of Hamilton ahead of the 1997 UK handover of Hong Kong to China. Others followed, and Bermuda became a natural choice for holding companies from the region. Over the last decade or so, however, emerging Asian business has spurned Bermuda in favour of jurisdictional rivals perceived to be cheaper and less burdensome with regard to regulation, transparency and compliance.

Today, the region remains a vast, vital and relatively untapped market, with a new generation of corporate titans and ultra-high-net-worth individuals (UHNWIs) once again interested in what our island has to offer. They are particularly attracted by unique Bermuda merits such as our proximity to US markets, our risk-management prowess, proven segregated accounts company structures, and the plethora of experienced service providers within our two-square-mile capital. Add to that Bermuda's robust regulation and leadership on compliance issues, and there's little contest.

The continual pressure on competing jurisdictions to meet the highest standards creates an opportunity for Bermuda: more than ever, we can advise the Asian marketplace, China in particular, that if global companies are to be sustainable through regulatory cycles, our domicile is best-positioned to serve them. Not only is Bermuda's economy balanced across multiple industries, but we also have a truly world-class regulator and genuine public-private collaboration.



The BDA has already begun delivering these messages. On the plus side, we have Bermuda-friendly corporate allies in Asia: companies like Jardine Matheson, which provided many introductions when I met their senior executive team in Hong Kong. Conyers Dill & Pearman was the first offshore law firm to enter the Asian market in 1985, and its Hong Kong office is run by Bermudian Christopher Bickley. Walkers and Harneys, two of our island's newest law firms, both have Asian footprints. Connecting with all these firms, and others, I found them keen to promote Bermuda across the region.

There is a caveat to these plus points, however. Somewhere between the Singapore chili crab and Hong Kong's dim sum, as I met with advisors, legacy clients and prospects, I learned that credibility and quality are not currently top priorities for much of the Chinese market. The value of our blue-chip corporate and litigation environment, for example, is far less pressing than simply getting enterprises up and running as quickly and cheaply as possible. Even a medium-term view is often overlooked in favour of immediacy. The overall cost of disbursements over a five-year period may ultimately be less in Bermuda than other jurisdictions, but if launch fees are perceived to be higher, there is little interest in overall savings.

And therein lies a cultural schism we must bridge. Cheap, cookie-cutter, with little value-add, is not what Bermuda is all about; indeed, our jurisdiction has made its name for completely opposing attributes: Sustainability, relationships, being there for the long haul. Such are the seeds of a positive-sum game—and traits one might assume would align neatly with Eastern philosophy.

There is definite potential for lucrative business out of Asia. In Hong Kong, I met a life insurer that hopes to open a Bermuda office. Back in Bermuda this week, I had dinner with a senior Taiwanese official seeking greater trade and tourism between our nations.

Bermuda's family offices, wealth-management services, captive insurance, SAC structures and burgeoning ILS are prime targets for investment from the broader Association of Southeast Asian Nations (ASEAN), together with Taiwanese and Chinese markets. And over the next three years, we'll work strategically to deliver such investment for the benefit of Bermuda.

ABOUT VIEWPOINT

A monthly blog by BDA CEO Ross Webber, with commentary on industries, issues and influencers affecting Bermuda as a global financial centre. Comments and feedback can be sent to ross@bda.bm

ABOUT BERMUDA BUSINESS DEVELOPMENT AGENCY (BDA)

The BDA encourages direct investment and helps companies start up, re-locate or expand their operations in our premier jurisdiction. An independent, public-private partnership, we connect prospective companies to industry professionals, regulatory officials, and key contacts in the Bermuda government to facilitate domicile decisions. Our goal? To make doing business in Bermuda straightforward and beneficial.

