

Ross Webber, CEO, BDA
Canadian Blood Services AGM
2:15pm, Thursday, June 2, 2016
Aon House, Hamilton

Good afternoon everyone. I'm very pleased to get to see you this time around. I knew I'd hunt you down eventually!

Welcome back to Bermuda. I understand I'm preaching to converted Bermudaphiles. I believe you escape the Far North several times a year to hold your meetings on our fair island. Great idea...I think, even though it is springtime, we've got at least 10 degrees Celsius on most parts of Canada right now.

I guess we don't share that much in common on the size, terrain or weather front. But there are some very close ties our two countries *do* enjoy. Canada and Bermuda have centuries of maritime, military, cultural and family links. About 500 Bermudian students attend Canadian universities across the provinces every year. Roughly 3,000 Canadian citizens live and work down here—we even have an official “Association of Canadians in Bermuda.”

In fact, if you had scheduled your meeting exactly a month from today, you could have attended the association's annual Canada Day Barbecue Party at Warwick Long Bay. A day late, I know, but they always have it on a Saturday. You'd feel quite at home, even though it's on the beach: plenty of Molson, Moosehead and Labbatt's. The maple-leaf motif is ubiquitous—adorning Bermuda-based Canucks of all ages and backgrounds. They party to a backdrop of familiar tunes playing—Bryan Adams, Neil Young, Barenaked Ladies, Rush, The Tragically Hip... maybe even some Justin Bieber (maybe not!).

We welcome Canadians to our island, and since the Second World War the population of Canadians—and Canadian-Bermudians—has steadily increased. That doesn't take into account our Canadian vacationers, either. An estimated 13 percent of Bermuda's air visitors, and six percent of cruise visitors, are Canadian.

Our business connections are impressive, too. According to your own StatsCan, Bermuda foreign direct investment in Canada totalled \$2.6-billion Canadian in 2013. A report done for our Ministry of Finance and released last year found that Bermuda supports some 30,000 jobs in Canada —through trade, foreign direct investment, and portfolio investment capacity.

A substantial amount of that economic contribution, of course, is linked to our thriving insurance and reinsurance industry, which, I guess is what has brought you here today. Right now, I simply want to say, thank you for choosing Bermuda, and thank you for doing business here.

To start off with, let me tell you a bit about the Bermuda Business Development Agency—the BDA. We are an independent, public-private partnership. We are primarily funded by government, but we also get private-sector stakeholder support in the form of both sweat and dollar equity. The BDA is still young: it was established in the spring of 2013 after the merger of the Insurance Development Council and an association called Business Bermuda. The latter was essentially a branding and promotional unit for the jurisdiction, but as the global economic landscape changed, particularly after the recessionary impact of 2008, there was a substantial need for Bermuda to put a more pro-active focus on real business development.

Our mandate is to help facilitate an environment that stimulates the economy so companies can maintain jobs and grow job opportunities. It is not just about attracting new companies—it is also about getting more business for existing companies here.

Our setup as a public-private-partnership allows us to act as a collaborative, national liaison with stakeholders that comprise the government, the regulators and industry groups. We achieve an impressive joint approach in this way during roadshows, conferences and other events—all coming together to fulfil a common agenda that benefits the whole jurisdiction.

We provide companies with access to information and resources before, during and after their arrival.

We screen initial enquiries. We answer questions. We connect businesses with industry professionals, regulatory officials, and key contacts in the government. We introduce them to law and accounting firms, brokers, captive managers, real-estate providers, banks, administrators, and trustees. We work to make the whole process of establishing a presence in Bermuda as simple as possible.

We have segmented the international business landscape into four sectors, or “pillars”:

- Risk Solutions (covering re/insurance, insurance management/captives and ILS)
- Asset management (hedge funds, mutual, funds and private equity)
- Trust and private client (and ultra/high-net-worth services)
- And, lastly, international commerce: which is where we look to redevelop existing or attract new industries to diversify Bermuda’s economy—areas like shipping and aviation, technology, bio-med and life sciences.

The latter may be of interest to you. Bermuda's unique geographic position gives us proximity to a wealth of biological diversity—more than 4,600 different marine organisms have been identified in the waters off Bermuda.

The only other real options for such access are off the Great Barrier Reef or off Hawaii; Bermuda's deep ocean, however, is easily accessible and it's accessible all year round.

Bermuda also offers a compact concentration of PhDs and world-class researchers—at the Bermuda Institute for Ocean Sciences. BIOS, out at Ferry Reach near the airport, has a history of partnering with companies that research such marine products for applications in medicine and nutraceuticals. We are also just a two-hour flight from Boston which, as I am sure you know, is a major centre for biotech research.

Bermuda has gained some recognition in the bio-med realm recently. The BDA helped biopharmaceutical company Roivant Sciences establish its presence in Bermuda. And following its setup, the company's Bermuda-based spinoff—Axovant Sciences, a dementia drug company—raised a record \$315 million from its IPO last year.

In the insurance space, we have focussed a fair bit on LatAm and Canada. Last year, we travelled to Santiago, Bogota and Mexico City, as well as Calgary and Toronto, with captive insurance-focused roadshows. As a direct result of that, the BMA recorded several new captive incorporations, including Albertan energy companies, along with new setups from Latin America mainly via Colombia, as well as the first ever captive from Chile. This development continues. In April of this year we, once again, staged a successful executive forum in Toronto where we explained how Bermuda-based captives benefit Canadian corporations.

We have also focused some attention on healthcare insurance in general. It seems the demand for innovative risk-management is rising. ObamaCare and the resulting M&A activity among hospitals and healthcare chains in the US is partly behind this. I understand that Canada, and several other countries, are also seeking increased solutions to fast-changing healthcare coverage challenges.

Bermuda has about 40 professionals writing healthcare insurance and reinsurance for a full spectrum of entities, from chains to nursing homes to standalone hospitals. Our market boasts a solid track record of paying claims, and the capacity to write up to \$400-million for any single healthcare risk. Another key selling point, of course, is access to reinsurance—Aon has probably already preached this, but we have at least 15 of the world's top reinsurers right here in Hamilton.

Increasingly, we're finding that while we develop each of our industry sectors, we're also seeing an uptick in cross-selling opportunities. The beauty of Bermuda's marketplace is the fact it is truly a one-stop shop—a nexus of high-quality services within the same jurisdiction.

Innovation, agility and adaptability to market needs are the currency of Bermuda's success. Creative ideas and products, especially in your industry, have set Bermuda apart. Take the area of ILS, and "convergence." We're seeing highly innovative insurance-linked products such as cat bonds, sidecars, hedge fund re and fund of fund re. This ever-morphing juggernaut of risk-transfer has made Bermuda the world leader.

We currently count close to \$20 billion in ILS listings on the Bermuda Stock Exchange—more than three-quarters of global capacity.

As well as devising and implementing business development initiatives, the BDA has been actively engaged in another critically important mission—and that is, advocating for our jurisdiction overseas. We feel it's vital to defend Bermuda's reputation—especially in these times of increasing antagonism towards offshore financial centres.

The pressures and challenges facing offshore domiciles have never been tougher. And more often than not, these attacks against us are fuelled by gross misinformation, hypocrisy or purely political motives. In the wake of the Panama Papers and elsewhere, Bermuda is continually lumped together with the Caribbean and other offshore centres that cannot hold a candle to Bermuda in terms of compliance, regulation and transparency. Sadly, it's a reality that there are places where crime, secrecy and tax evasion is tacitly permitted—or at the least the regimes in those places are not sufficient to prevent it. Bermuda is not one of these places. Yet, we frequently get labelled as a component of a homogenous bloc—an axis of evil—by media, politicians from larger nations and NGOs.

As an agency striving to promote Bermuda as *the* place for business, this is one of our biggest challenges.

Just because we are a low-tax jurisdiction does not mean we are a conduit for illegal activity or tax evasion. Nor are we a “tax haven.”

There are clear and specific global criteria for what qualifies a jurisdiction as a tax haven. In 1998, the OECD identified four factors that should *ALL* be met to earn that designation.

Do *you* know what they are?

- One is lack of transparency
- Two, lack of information exchange
- Three, no substantial activity
- And four—no or nominal tax on income.

Bermuda ticks just one of those boxes—and only barely. We have a 15.5% payroll tax but it is not “income tax” in the eyes of the onshore tax man.

The truth is, Bermuda’s record on compliance, tax transparency and regulatory issues is first-rate. We are proud of the fact Bermuda was the first offshore jurisdiction elevated to the OECD’s “white list.” We are proud we do not protect banking secrecy. We’re proud of our 91 treaty partners around the world, including 41 Tax Information Exchange Agreements—among them is a TIEA with Canada dating back to 2010.

The Bermuda brand, as you well know, is about quality. About sophistication. And about global partnership, cooperation and transparency. It’s that same quality that attracts world-class intellectual talent. That provides our superior insurance claims-paying capacity. It’s what brought us the America’s Cup.

When we talk about Bermuda to foreign journalists, politicians, governments, or even the blogosphere, we give facts and figures that clearly illustrate how—contrary to popular misconception—Bermuda *gives* versus *takes*. How it contributes to the global economy.

Real benefits like our massive insurance payouts: Bermuda is home to companies that bail out cities, countries and coastlines after disasters or natural catastrophes. The monetary value of that support is staggering:

- 25% of US medical-liability re/insurance is written in Bermuda
- \$22 billion paid to rebuild the US Gulf coast after Hurricanes Katrina, Rita and Wilma
- 9% of the World Trade Centre 9/11 claims
- 20% of December 2015 UK flood losses
- 62% of claims for the UK's largest peacetime fire and explosion—the Buncefield oil-terminal fires of 2005
- Over 50% of reported liabilities from the 2010 New Zealand earthquake
- And Bermuda provides more than a quarter of the capacity for Lloyd's of London

Bermuda has a track record as a cooperative member of the global community; in fact the BMA has been at the forefront of evolving standards of compliance—first and foremost in the insurance industry. Achieving Solvency II cannot be underestimated—it is a massive feather in our collective hats and a testament to the collaborative and pragmatic approach the BMA has taken to ensure Bermuda's reputation remains blue-chip.

Bermuda is also recognised by the US National Association of Insurance Commissioners (NAIC) as a qualified jurisdiction—one of only seven jurisdictions receiving this designation. Like Solvency II, this status allows for efficient cross-border reinsurance trade so that Bermuda's reinsurers can assist US citizens and businesses with their unique risk-management needs.

Our reputation and our legal and regulatory environment are our greatest selling points. This differentiates us from other offshore centres which, unlike Bermuda, cannot claim to have a well-monitored beneficial ownership register, or robust oversight of financial institutions.

The BDA has been driving a concerted jurisdictional effort over the past 18 months to get this positive message out to the world. To counter naysayers and correct misinformation. We are leading a public-private External Affairs Advisory Committee and we have seen significant progress made.

Bermuda has historically held the position that we should not lift our head above the parapet; that we should not ruffle feathers or make a fuss, and that we should be a band of brothers with our fellow OTs, CDs and IFCs.

That was all well and good when globally business was flowing and nobody really took electoral campaign rhetoric seriously. However, from 2010 onwards, it started to become very apparent that the assault on “offshore” was more than just empty politicking. The global recession changed the game.

The BDA realised this. I realised this. We lobbied extensively for us, as a country, to be more proactive with our education and advocacy.

We have been leading this charge through press releases and media interviews. For example, we hosted a series of interviews (with Business Insurance, Risk & Insurance, AM Best) at RIMS in San Diego. We have been pushing messaging through social media and blog posts. We have been fortunate to be invited to meetings like this one. In fact, I

was honoured to give the introductory presentation to the inaugural Aon Advisory Council meeting in mid-May.

I've been speaking both locally and abroad on these issues. I was the keynote speaker at the Legal Week Offshore Investment Forum in London and I did the introductory presentation at the Transcontinental Trusts conference. I spoke at each of the AGMs for BALT, BIMA and BILTIR. This time last year, I presented at the Insurance Day Summit and I also addressed the US Young Presidents Organisation last fall.

Of course, there is more to it than just speeches. We have penned a series of articles and blog pieces that we have disseminated via various media, including trade press, LinkedIn, Facebook and Twitter. The BDA has been working with a UK-based advocacy firm called FIPRA with regard to lobbying and advocacy for both Solvency II and AIFMD. We are also working with a US agency called Kivvit with regard to jurisdictional messaging as we build up to November 2016.

We work closely with the likes of ABIR, BILTIR, BIMA, the BMA and our government to try to educate the decision-makers and policy-brokers in Washington, London, Brussels and Ottawa about our value proposition and our contribution to the global economy—particularly in the provision of risk mitigation and claims payments.

We are finding our unified, cohesive approach is working. It is providing support and momentum and clarifying what Bermuda's message should be.

You can help us here. You know the truth. The benefits of being here—the convenient location, the top-tier regulation. The world-class talent. The ease of doing business within a few square miles. The *weather!*

As referenced in the OECD criteria, our low-tax status is a target for some, but fiscal sovereignty is our right. Our consumption-based approach was never created to lure foreign corporations and does not qualify as “harmful.” It does not discriminate against domestic in favour of foreign taxpayers. We have payroll tax. We pay significant import duties. We have social insurance and we all pay health insurance and we contribute to the national hospital insurance plan. We all pay the uninsured Motorists Insurance Fund on our annual vehicle licences. We have private pension plans. There are property licences and land tax. The government will shortly be introducing a General Services Tax levied on professional service providers. There are incorporation fees and filing fees. This whole concept that we are tax-free is a fallacy. It is simply that we don’t impose onshore-style income tax, corporate tax or capital gains tax.

And, let’s be clear here, Bermuda’s role should not be the world’s tax collector—surely the obligation to tax falls at the source? Yet, we are a cooperative jurisdiction. We are more prepared than most to work with governments and law enforcement agencies to help identify and eradicate any illegal activity should it be occurring in Bermuda.

So, please—feel free to talk us up at your next dinner party. When someone asks what this little island is all about, tell them Bermuda is not like the others. That our reputation is top-notch. That we stand for quality above anything else.

I hope your visit here is rewarding—know that your commitment to the island not only strengthens our international business sector, but also continues the long, proud Bermuda-Canada connection. Thank you.