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Convergence 2016

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Hamilton Princess & Beach Club, Bermuda

Welcome

Thank you, Premier, and good morning everybody. On behalf of the Bermuda Business Development Agency, I'd like to welcome all our visitors to the island. And it's good to see local industry stakeholders here as well.

We're proud to be lead sponsor of this conference for the fourth consecutive year now, and to support our ILS Bermuda colleagues in shaping this very successful networking forum.

It's an important event, because this industry is important to our jurisdiction. Bermuda's ILS market is the largest in the world. The most recent report from the Bermuda Monetary Authority confirms we have more than 70 percent of the \$25 billion in global catastrophe-bond volume listed on the Bermuda Stock Exchange. We're home to at least 20 fund managers who deal exclusively in insurance-linked securities, risk-linked securities and cat bonds.

Earlier this year, the BDA commissioned the first-ever study on Bermuda's ILS market. We wanted to get a better picture of the entire convergence ecosystem here, and determine its economic impact. Well, the upshot confirmed what we expected: ILS fund managers generate hundreds of millions of dollars of fees and employ more than 200 skilled Bermudians and international workers—and those numbers are only going up.

The report identified three key pillars: insurance-linked fund managers and funds; insurance-linked assets; and, third, the service providers that work with both. Participants in the study were confident about the future of the global ILS market—they identified the biggest opportunity as new products that could be accessed by ILS funds. They were also optimistic about Bermuda’s share of that market, ranking us first among jurisdictions, followed by London and Zurich in joint second place. Bermuda also dominates the larger “collateralised re” market. The majority of assets in “transformers” are based here in this jurisdiction.

Indeed, more insurance-linked fund managers are based in Bermuda than any other jurisdiction. We are the home of the oldest and largest manager. And major fund managers based in other jurisdictions have subsidiary offices in Bermuda and make extensive use of the infrastructure here.

That’s something we’re very proud of. We work hard to support it. And we know it’s a testament to Bermuda’s strengths—the traits that make us a genuine centre of excellence across industry sectors.

I’m talking about innovation, the kind that has made the island so prominent for the creation of ILS structures and the servicing and listing of transactions.

Collaboration, between industry, regulator and government—the reason our Premier is the guest of honour here today.

Access to capital: we have no shortage of that.

Location, the fact Bermuda offers quick access to major markets.

It's also about stability, and, most of all, about reputation. Bermuda is a *different* kind of international finance centre. Quality is the core of everything we do here.

It's remarkable to remember that before 2009, just seven years ago, there were no insurance-linked securities domiciled in Bermuda. That year, in a perfect example of the market collaboration I mentioned, Bermuda introduced legislation allowing the creation of Special Purpose Insurers. SPIs were specifically designed to attract ILS and collateralised insurance companies to the island. The rest, as they say, is history.

Now, my background is accountancy for the asset management sphere, so I'm going to put on my EY hat for a minute and tell you that Bermuda's alternative funds sector has also recorded impressive growth over the past three years. We're seeing new incorporations, new investment managers, new service providers. And all of these elements are re-establishing our jurisdiction as a major asset management centre.

It can only add further strength to the convergence of industries we're already witnessing. Capital markets and reinsurance have had a long and mutually beneficial relationship and Bermuda has been a highly successful incubator for both. The synergy has strengthened with the development of ILS, collateralised re, ILWs and sidecars, all driving both markets' convergence.

Even better, it's happening amid a strengthening Bermuda economy that's benefiting from innovative corporate legislation and the kind of human talent most other jurisdictions can only dream about.

People like all of you here today. That's where the ideas come from. What sets us apart. What empowers our market and makes it so competitive.

No doubt this event will encourage lots more of that innovative thinking. I wish you a dynamic and productive day here—enjoy Convergence, enjoy Bermuda, and we look forward to welcoming you back soon.

Thank you.