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Bermuda International Long Term Insurers & Reinsurers (BILTIR) AGM
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If I seem a little twitchy, and you find I'm looking over my shoulder a lot—those of you who know your Roman history may be aware today marks the Ides of March! I'm a little anxious—not sure why...maybe this sense of foreboding is simply my anticipation of the end of the Six Nations rugby and Liverpool's upcoming clash with Manchester City this Sunday. Could be a stressful weekend...when does baseball season start?

Good afternoon everyone. Has it really been 12 months? In many ways, it does seem a very long time ago. An awful lot has happened since I addressed your AGM on St Patrick's Day last year. We'd just lost Bowie, but we still had Prince and Leonard Cohen and Muhammad Ali. The Brexit referendum had not been tallied. No one had fallen off cliffs playing Pokémon Go. And the Twitter-verse wasn't inundated with pre-dawn strikes from the White House.

Much has happened in Bermuda, too, in our market and in your industry. As you were marking your fifth anniversary last year, I remember introducing the BDA, what our mission was, pledging to meet with your members and learn more about your fast-growing sector. How BDA could assist you and how we might work together. We were just getting to know each other. Starting the dialogue.

We've come a long way since then. Our relationship has evolved, strengthened and proved to be mutually beneficial.

The BDA was happy to sponsor and attend your conference last September. We were pleased to see, like your industry, it was bigger than ever and very successful.

BILTIR is a key stakeholder. We recognise that your companies and clients represent a critical part of our island’s risk industry. A burgeoning sector with great impact on our economy, our island community, our marketplace—and our reputation as a top-tier international financial centre.

We appreciate you have learned to leverage the BDA, too. Part of our role is to act as a liaison to help connect your individual members, and BILTIR generally, to government, to the BMA, and to other industry groups. We’re more than happy to do whatever we can to assist; working with all parties, developing a strong voice for your industry, and sharing common goals with fellow groups in this domicile’s unique ecosystem.

Over the past year, we have partnered with BILTIR on several issues, working together with our jurisdictional hats on. One example was your participation in our cross-industry group, coordinated to find solutions to regulatory bottlenecks and policy interpretation anomalies. Another was your participation in our market’s combined effort to ensure a united message in the face of US tax reform, namely “Destination-Based-Cash-Flow-Tax.” Also known as the border adjustment tax, or BAT.

Your commitment to supporting Bermuda in that effort—helping to demonstrate Bermuda’s value to the United States—is very much appreciated.

BILTIR has also been responsive to our request for more information about your sector, particularly your global economic contribution. We're delighted that you have recently completed a consultative survey to collect such pertinent data.

This should prove highly useful information—for your own purposes, of course, but also for ours. For one thing, it helps the BDA talk about you and highlight your sector and your value to local audiences. That helps build understanding and appreciation in our community. Even more critically, though, it allows us to better incorporate the BILTIR story into our international messaging—what we say about your specific contribution to onshore economies fortifies the Bermuda value proposition.

So, a big thank-you—and we very much look forward to receiving and studying the survey's details once you're ready to share it.

Of course, as the axiom goes, the only thing that doesn't change is change itself and many of the same elements that affected the industry in 2016 are continuing. The influx of alternative capital. The softening market. M&A. The ever-morphing, increasingly complex landscape of regulation, tax-transparency and global compliance.

The latter, coupled with enhanced reporting requirements of Solvency II, means companies like yours are now held more accountable than ever before.

This is an important process. Our reputation underscores our adherence to those high standards. The Bermuda market has always focused on disciplined underwriting and respect for compliance, transparency and cooperation. The Bermuda brand is synonymous with progressive, collaborative, communicative and pragmatic regulation.

The result is a robust market inhabited by the types of companies whose brands mirror Bermuda's own. Long may that continue.

It's about quality. It differentiates us from other offshore centres that cannot claim to have a well-monitored beneficial ownership register, or robust oversight of financial institutions. We're proud of those facets and, under the OECD's own definition, they prove the fact Bermuda is not a "tax haven."

At a time when the many pressures and uncertainties of Brexit on one side, and a new Trump administration on the other, Bermuda's reputation is more valid than ever before—and we staunchly defend it. Our message to investors and decision-makers on both sides of the Atlantic is that our jurisdiction provides a safe, reliable, blue-chip harbour.

I'll come back to those external challenges—but, first, I'd like to give you a brief rundown of what the BDA has achieved since your last AGM, and the opportunities we're exploring in 2017.

It's been a year of new incorporations and interesting areas of potential. Assisting existing companies and bringing new ones to Bermuda are the twin pillars of our mission to help foster an environment conducive to job creation. That's our ultimate goal—jobs. And we're beginning to achieve real growth there.

In 2016, Bermuda welcomed 42 new insurers, including three long-term Class C, D and E companies. We saw the first-ever captive from Chile and a new captive from Mexico. We've celebrated new firms physically setting up in the asset management sector.

We've seen the return of the world's leading asset allocators, household names like Blackstone, Schroders, Pioneer, Lazard and Orion choosing Bermuda as their launch platform: that marks a critical turnaround in our funds sector. It's something the BDA and our stakeholders have worked hard for.

We've witnessed galvanisation of the island's trust and private-client sector. A developing family-office product. And fresh interest being shown by high-net-worth individuals in what Bermuda has to offer. This, of course, has been given a boost with the buzz of this summer's America's Cup.

We've encouraged some new industry entrants—biotech entities, like SELLAS Life Sciences, for example, pursuing pioneering cancer therapies in partnership with New York's Memorial Sloan-Kettering. SELLAS is now in O'Hara House, has hired staff, and its CEO is moving to the island.

As well as our direct impact on jobs and company creation, which we track via our CRM system, we know the BDA has been influential and *indirectly* contributory to job creation, business establishment, reputation enhancement—and resulting economic growth.

Conferences and events have been a large focus overseas and on-island. Our team participated in no fewer than 62 different conferences and events throughout 2016. You don't need to be an actuary to work out that averages more than one a week. I should clarify, that for us, one "event" typically involves multiple aspects (for example Artemis Singapore will be recorded as "one event," but in fact involved business development meetings in Hong Kong and Singapore, hosting a roundtable networking event, and

organising our booth presence and speaking roster at the conference). Don't even get me started on RIMS. Safe to say, white space is at a premium on BDA Outlook calendars!

Notably, the BDA brought five new events to the island last year, including the Legal Week Private Client Forum Americas; RC44; ALARYS; World Alternative Investment Summit; and the Aeropodium aircraft registration conference. And we facilitated the return of several other events we brought to the island in the first place: the Transcontinental Trusts conference; the RCA; Global Fund Forum; and ILS Bermuda Convergence—all of which are returning in 2017.

We continue to attract more. This morning I spoke at the inaugural Bermuda Healthcare Forum for commercial insurance buyers. This has sold out Rosewood Tucker's Point and spilled over to Grotto Bay.

These kinds of events attract hundreds of delegates and rack up thousands of hotel-room nights, adding significant value to the Bermuda economy. The two-day Healthcare Forum alone racked up 278 room nights. These events extend the viability of our hospitality industry, particularly during shoulder season.

In 2016, we undertook a number of research projects. These shape future strategies and guide our implementation plans. We commissioned an ILS economic impact study; a look at FDI opportunities in China; family-office research; a study of US corporate perceptions of Bermuda; and research into the viability of a Bermuda-based international arbitration centre.

We also supported the progression of business legislation. Parliament's passage of the Limited Liability Companies Act, or LLC legislation, was last year's biggest milestone. The BDA's Legislative Reform Committee was responsible for shepherding other important acts, amendments and regulatory updates through the legislature last year. These included the Contracts (Rights of Third Parties) Act and Partnership Law amendments. We helped progress regulatory initiatives related to AIFMD and CRS. And work is now underway with firewall, iSACs, foundations, possibly a Family Office Act, patent and IP amendments.

As we look at BDA strategy for the coming year, there are several key objectives on our to-do list. A few examples: we're planning further inroads to the LatAm market, particularly for captive and trust products. We're developing cross-sector messaging for healthcare and cyber-risk solutions, and educating the US market on the value and relative advantages of our new LLC legislation.

The America's Cup is a wonderful magnet for new business, and we are focusing particular efforts on the superyacht crowd: The high-net-worth visitors attached to this event. They are a well-suited target audience for Bermuda business opportunities—investments in insurance companies, establishing family offices, registering jets and yachts are only natural for this demographic.

We're also keenly looking for appropriate global industries that help diversify our economy. An area we're optimistic about is technology and life sciences. We're promoting the island as a hub for high-level physical presence of biomed and fintech companies. In fact, fintech, insurtech and regtech are a major focus for us this year.

As I said in my latest blog, we're working to set a conducive platform for entrepreneurs. For new ideas and technologies.

Our think-tank Bermuda 4.0 began as a brain trust to explore blockchain applications in Bermuda. Out of this, our consultant Stafford Lowe and R3 are running with a distributed ledger consortium. Bermuda 4.0 is now developing a pilot to incubate/accelerate technology start-ups. It's supported by participants from the legal, regulatory, accounting, reinsurance, insurance, and telecommunications sectors. Kind of cool to think we've incubated an incubator!

By its very nature, fintech is disruptive...but that's the point. There is nothing wrong with the status quo, provided you've analysed and assessed the alternative and made a conscious decision. However, if you are not in the loop and you don't even know of other, potentially better, more efficient and cost-effective ways of doing business, then you'll just get stranded.

It's imperative that Bermuda remains at the forefront of initiatives like this—that we be a pro-active contributor to inevitable innovation. If we wait, we'll be left behind.

Bermuda thrives on innovation. We've always attracted market trailblazers, and that trend only looks to continue. Wharton's John David Cummins called it "economies of agglomeration" in insurance and reinsurance. He was referring to the concentration of both companies and professional infrastructure that have taken root here over many decades.

Another large focus for the BDA is jurisdictional advocacy. We've worked hard to safeguard Bermuda's good name, and invested significant resource into bolstering the island's international image. We do that by countering uninformed or politically-led negative rhetoric about our home. And by spreading positive messaging about our domicile to decision-makers and influencers onshore.

Anybody want to talk about OxFam with me?

Over the next year, we'll be working pro-actively, especially in the US, to underscore Bermuda's value to onshore economies. The truth is, statistics prove Bermuda's worth. We operate on a level other offshore financial centres aspire to. *Bermuda is different.* That's a message we all need to promote.

We're witnessing unprecedented political and socio-economic events unfolding in both Washington and Whitehall.

In Britain, the Brexit bill passed the House of Commons, and the Lords just this week. Theresa May has stated her aim to trigger Article 50 and leave the European Union by the end of March. In the meantime, jurisdictional and investment decisions hang in the balance and just how a hard Brexit might unfold is still very much unclear.

The good news is that our government's consultant in Brussels confirms Europe considers Bermuda a robust jurisdiction in its own right. The treaties and rights we have worked hard to achieve—victories like Solvency II—are not contingent on our relationship with Britain.

In the US, as mentioned earlier, we are closely monitoring the cross-border adjustment tax. The collaboration with ABIR, BIMA, ABIC and yourselves has been very positive.

The aim is to ensure US consumer groups and policymakers understand the real facts—versus the alternative ones. We have talking points we can send you, and the real facts on our website.

There are coalitions forming—on both sides of this issue. The American Made Coalition is a group of big-name exporters who are strongly lobbying for the border adjustment tax. They have a current roster of around 25 members. There are some giants there, including: Blue Diamond Growers, Boeing, Caterpillar, Dow Chemical, Eli Lilly, General Electric, Honeywell, Johnson & Johnson, Merck, Oracle, Pfizer, Raytheon, S&P Global, United Technologies.

The groups pushing against include importers Apple, Wal-Mart, amazon, etc. And the European Union is now preparing a WTO challenge to the proposed adjustment.

What is clear is that even if these threats are resolved in 2017, they won't be the last. There are reputational minefields at every turn.

The EU has promised to compile a definitive list of “non-compliant jurisdictions” by the end of this year. Bermuda is working to oppose any move by EU states that would allow low or zero tax rates to be among the criteria for inclusion on any such list. Brexit, and the withdrawal of Britain from Europe, will remove a key ally we've had in our corner on this issue.

Next year brings further challenges, including the Caribbean Financial Action Task Force (CFATF) assessment. This is a follow-up to 2007's International Monetary Fund report. The BMA is carrying out National Risk Assessments this year on terrorism/terrorist-financing—a first for the island—and, separately, on anti-money laundering. Next year's final CFATF assessment will focus on effective implementation.

This means that any measures Bermuda has in place to monitor and prevent money-laundering or terrorist-financing must be shown to have been well implemented. Industry cooperation is crucial—but this time, to get it right, we must involve the wider community. The BDA, has teamed with ABIR, ABIC, government and the BMA to assist the NAMLC in raising awareness about the upcoming reviews and about how Bermudians can all play a positive role. We'll be helping to spearhead a public-awareness campaign along these lines later this year, to bring everyone up to speed and encourage a truly national effort to make it successful.

So, clearly, 2017 is shaping up to be a busy and impactful year. The BDA is here to help in any way we can, to promote that much-needed spirit of collaboration, to make needed connections, and promote a national effort of cooperation.

To be clear, we need funding to do this and we do not have enough from government to be as effective as we should be. We are hoping for support from BILTIR in this regard.

We are committed to partnering with BILTIR—in business development, in growth, in public outreach, in jurisdictional advocacy. I promise we will continue to work collaboratively to keep Bermuda's momentum moving forward—to help ensure that this elite, unique marketplace remains the very best it can be. Thank you.