

The logo for the Bermuda Business Development Agency (BDA) features the letters 'BDA' in a large, white, bold, sans-serif font, set against a dark blue rectangular background.

BERMUDA
BUSINESS
DEVELOPMENT
AGENCY

BERMUDA'S BLUE-CHIP ADVANTAGES

LOCATION, TIME ZONE & ACCESS

Bermuda is a 21-square-mile, self-governing British Overseas Territory, 650 miles (1,000 km) east-southeast of Cape Hatteras, NC, with daily direct flights to Toronto, London and US gateway cities (less than two hours from New York). The Atlantic Standard Time is ideal for serving global markets.

MAJOR INSURANCE CENTRE

Bermuda is one of the top-three insurance centres, with London and New York. The jurisdiction is the single most important property and catastrophe market; the largest captive insurance market; and the largest depository of ILS listings (\$21 billion, more than 70 percent by Q4 2016). Fifteen of the world's top 40 (re)insurers hold licences on the island, employing more than 40,000 people worldwide.

INTERNATIONAL FINANCE CENTRE

Bermuda is a centre for funds, trusts, HNWI offices, shipping, aviation and new ventures. Asset management, trust and private-client business, shipping and aviation companies and related registries—plus new ventures such as tech and biomed start-ups—drive the island's IB sector.

BLUE-CHIP REPUTATION

Bermuda is globally respected for its leadership and proven record on compliance and transparency. The jurisdiction has more than 90 treaty partnerships with nations around the world. In 2016, the European Union awarded Bermuda full equivalence with Europe's Solvency II insurance regulatory regime.

MULTI-INDUSTRY EXPERTISE

Bermuda is home to a wealth of world-class talent. Leading (Big Four) accounting firms, along with auditors, financial advisers, lawyers, IT specialists, actuaries, re/insurance underwriters, brokers, fund administrators, corporate secretaries and a full gamut of support services are located within the



two-square-mile City of Hamilton. Quality financial intermediaries have a decades-long history of collaboration, which makes Bermuda unique.

BERMUDA MONETARY AUTHORITY (BMA)

Established in 1969, the Bermuda Monetary Authority (BMA) is a world-respected regulatory body. The BMA works closely with industry, government, and international regulatory bodies to keep Bermuda’s oversight of financial entities responsive and contemporary. Its sophistication as a commercial insurance regulator speeds capital to markets to take on global insurance risk.

BERMUDA STOCK EXCHANGE (BSX)

The Bermuda Stock Exchange is a world-respected, fully-electronic, offshore securities exchange, offering a variety of international listed products. A full member of the World Federation of Exchanges, and affiliate member of the International Organization of Securities Commissions (IOSCO), the BSX is recognised for its commercially sensible listing requirements. It is a leading market for the listing of investment funds, debt and insurance-related securities, and those of small to medium enterprise firms.

GLOBALISATION

Bermuda’s economic model supports close to a half-million jobs globally, creating and supporting jobs not only on the island itself, but also in its onshore trading partners. This includes an estimated 300,000 jobs in the US, 30,000 in Canada, and 70,000 in the UK through trade, foreign direct investment, and portfolio investment capacity, facilitating economic globalisation.

ECONOMIC DRIVER

An estimated 3,700 international business employees—including 2,000 (60%) Bermudians—contribute directly to all economic sectors in Bermuda, from retail to transport. More than 60% of Bermuda’s vital foreign revenues can be attributed to IB activity.

MARKET INNOVATION

Bermuda has a track record of ‘firsts’—the world’s first captive insurers, the first true excess liability carriers, the first property catastrophe insurers and “cat” bonds. In 2009, we were the first offshore jurisdiction to be included on the OECD’s white list of countries deemed compliant with international standards of transparency and effective exchange of information. Our regulatory leadership was



underscored in 2016, when Bermuda became one of just two non-European Union jurisdictions to win full equivalency under Europe's Solvency II Directive regulating re/insurers. The world's insurance capacity crunch of the 1980s was solved in Bermuda; alternative risk-financing is now forging the future.

COLLABORATION

Bermuda is a highly collaborative jurisdiction. Industry, government and regulators work closely together to facilitate speed to market and innovative, expeditious resolution of client issues.

LEGAL & POLITICAL STABILITY

Bermuda's legal system marked its 400th anniversary in 2016. With courts dating back to 1616, the island uses English common law, with recourse to the UK Judicial Committee of the Privy Council. Bermuda's government is a stable Westminster-style parliamentary democracy.

TAX-NEUTRAL

Bermuda is a low-tax jurisdiction, with zero income, corporate, withholding or capital gains taxes. Its consumption-based system does, however, levy payroll tax, import duties, social insurance, and custom duties on goods and services—a major component of the island's tax revenues. Bermuda's unique tax system was designed to support its own infrastructure not to lure foreign companies.

SECURE INFRASTRUCTURE

Bermuda has secure, modern and world-class physical and technological infrastructure including excellent telecommunications, broadband and a fully electronic Bermuda Stock Exchange. An example? Hamilton's businesses suffered no down-time after two hurricanes within a week hit Bermuda in 2014.

STANDARD OF LIVING

Bermuda has one of the highest standards of living in the world, with excellent education, services and access to top-tier healthcare. With renowned museums, art galleries, cultural and sporting events, and a UNESCO World Heritage Site, the island is a top tourism destination. Bermuda has a temperate climate, sub-tropical physical beauty, world-famous beaches, golf courses and the northernmost coral reefs.

AMERICA'S CUP

Bermuda hosts the 35th America's Cup in May/June 2017. It marks the first time in the regatta's 166-year history that a defender—Oracle Team USA—will sail in foreign waters by choice. One of the circuit's run-up stages, the Louis Vuitton America's Cup World Series, was staged in Bermuda in October, 2015.

RISK-MANAGEMENT

CAPTIVE INSURANCE

Bermuda's captive insurance market is the global leader, with close to 800 (776) companies generating more than \$55 billion in annual gross written premiums. The presence of commercial insurance and reinsurance companies in Bermuda allows captive owners and operators to access open-market underwriting capacity not found in other captive domiciles, making Bermuda a one-stop-shop. A total of 13 new captives incorporated in Bermuda in 2016. Captives are increasingly popular tools for wealth preservation and succession planning for HNWIs and family offices.

REINSURANCE

Bermuda is one of three top reinsurance centres, with New York and London. It has the most important property and catastrophe market and is the largest supplier of catastrophe reinsurance to the US; over the past 12 years, Bermuda insurers and reinsurers contributed USD\$35 billion in catastrophe claims payments to US clients. Bermuda also provides 35% of capacity for Lloyd's of London.

BERMUDA CARRIERS:

- Contributed USD\$35 billion to US catastrophe losses (2001–12)
- Contribute 53% of California Earthquake Authority (CEA) reinsurance
- Paid \$22 billion to rebuild US Gulf and Florida coasts after 2004–05 hurricane seasons
- Paid nearly 30% of insured losses from Hurricanes Katrina, Rita and Wilma
- Paid 9% of US 9/11 claims
- Paid 25% of 2016 Fort McMurray, Alberta, Canada wildfires losses
- Paid 20% of December 2015 UK flood losses
- Covered 62% of UK's largest peacetime fire and explosion—the Buncefield oil-terminal fires of 2005
- Covered 22% of estimated \$1billion market loss for 2009 Air France crash

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- Paid 51% of reported liabilities from 2010 New Zealand earthquake
- Paid 37% of Chile's 2010 earthquake
- Covered 29% of liabilities for international reinsured share of 2011 Japanese earthquake
- Covered 50% of reported losses for 2012 *Costa Concordia* cruise liner sinking
- Support 25% of US medical liability insurance and reinsurance market

CONVERGENCE

The island attracts the lion's share of alternative capital vehicles—including insurance-linked securities, catastrophe bonds, sidecars, hedge fund-backed reinsurers, and other risk-transfer products. By Q4 2016, \$21 billion in listings were on the Bermuda Stock Exchange, over 70 percent of the world's total.

BMA-EIOPA AGREEMENT

In January 2017, the Bermuda Monetary Authority (BMA) and the European Insurance and Occupational Pensions Authority (EIOPA) signed a memorandum of understanding (MoU). The MoU provides the framework for regular exchanges of information, and sets forth the basis for further cooperation and increased mutual understanding to ensure optimal supervision for insurance and reinsurance groups with international activities in the European Union and Bermuda.

NEW MARKETS

New source markets have emerged in Latin America, Canada, Asia Pacific, Africa and Australia as companies moderate traditional insurance-buying practices and increase their use of self-insurance and alternative risk-financing mechanisms.

LATAM MARKET

Bermuda is home to more than 250 companies from Latin America across multiple sectors. Some of the largest companies in Latin America have formed captives and other investment vehicles on the island, including Colombia's Ecopetrol, Pacifico Rubiales, and the Carvajal Group. Nearly two-thirds of all Latin America-owned captives in the world are being formed in Bermuda.

CANADA-BERMUDA

Bermuda is very attractive to Canadian business. The Canada-Bermuda Tax Information and Exchange Agreement (TIEA) was signed in 2010 and took effect Canada Day (July 1) 2011. The bilateral agreement

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puts Bermuda on an equal tax footing with jurisdictions that hold tax treaties with Canada. The TIEA allows Bermuda insurance subsidiaries of certain Canadian corporations with international operations to be eligible for Canadian tax benefits, including tax-free repatriation of certain dividends to Canada.

HEALTHCARE RISK-MANAGEMENT

Bermuda is the market of choice for healthcare liability insurance buyers due to the amount of capacity available, the high standard of contract certainty, and the ability to create new products in response to market needs. Sectors typically insured include hospitals, senior and long-term care facilities, blood and organ banks, assisted-living facilities, diagnostic centres, physicians groups, and rehabilitation and clinical research organisations. Global insurers based on the island are able to provide up in excess of \$350-million capacity for any single risk and have the ability to write lead and excess layers on an insurance programme. The market has a solid track record of paying claims, has been consistent through all market cycles, and provides substantive limits.

OTHER INDUSTRY SECTORS

FUNDS

Innovative legislative and regulatory developments in recent years have invigorated Bermuda's asset management industry. New fund management/administration firms include Centaur, Peregrine & Black, and Invictus RG. Some of the world's leading asset allocators (Blackstone, Schroders, Pioneer, Lazard and Orion) have also chosen Bermuda as their launch platform. At year-end 2016, the BMA reported total assets under administration and management in Bermuda of almost \$200 billion.

TRUSTS

Bermuda was one of the first international trust jurisdictions and today is a premier jurisdiction for trusts and other private-client structures. Bermuda has a superior regulatory framework and well-established judicial system, as well as internationally recognised trustees and lawyers that serve a broad spectrum of international businesses and high-net-worth clients.

FAMILY OFFICES

Bermuda is a growing centre for single- and multi-family offices, thanks to its safety and accessibility to Europe, the Americas and beyond. Commercial multi-family offices are expanding their offerings in

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Bermuda to cater to the unique needs of ultra-high-net-worth clients; services include innovative insurance and trust structures, philanthropic advisory solutions, and custody and portfolio management.

SHIPPING

Bermuda is a centre for ship-ownership and ship-management companies, along with a full range of maritime services, ship and yacht registration, surveys and certification. Bermuda's shipping registry is a Class 1 member of the prestigious British Red Ensign Group, whose members enjoy smooth transfer between ports, swift and cost-effective ownership changes, and access to British embassies and consulates.

AVIATION

Bermuda has a respected aircraft registry, known since its establishment in 1931 for high safety standards and regulatory oversight. The island works with the UK Civil Aviation Authority to ensure top safety standards are met. The US Federal Aviation Administration classifies Bermuda as a Category 1 jurisdiction under its International Aviation Safety Assessment Program. Bermuda is an attractive choice for aircraft financing and registering of aircraft mortgages and aircraft engine mortgages.

BLUE-SKY INDUSTRIES

Numerous new industries are choosing Bermuda as a home jurisdiction, diversifying the island's economy. Technology start-ups, biomed companies, e-commerce entities, and nearshore initiatives are attracted by the same advantages that have helped the more traditional industries of insurance and financial services flourish for decades in the jurisdiction.

GLOBAL STANDARDS & REPUTATION

BLUE-CHIP REPUTATION

Bermuda has a long-respected record of compliance with international standards, and lends leadership to guiding the evolution of regulatory best practices. Bermuda's high level of international cooperation is evident in its numerous treaty partnerships with nations around the world.

BY THE NUMBERS

91—treaty partners Bermuda has around the world

41—bilateral Tax Information Exchange Agreements (TIEAs) Bermuda has signed

87—co-signatories under multi-lateral Convention on Mutual Administrative Assistance in Tax Matters

COMPLIANCE LEADER

Bermuda is recognised as a leader on tax-transparency issues by the Organisation for Economic Co-operation and Development (OECD), the Financial Action Task Force (FATF), and G20 nations. The island is compliant with US and UK anti-money laundering (AML) and anti-terrorist financing (ATF) requirements, and has no bank-secrecy laws. Bermuda's corporate beneficial ownership register, established decades ago, enables qualified authorities to share essential information.

OECD BEPS, COUNTRY BY COUNTRY (CbC) & COMMON REPORTING STANDARD (CRS)

In April 2016, Bermuda adopted OECD standards for Base Erosion & Profit Shifting (BEPS) compliance, signing the Declaration to the Multilateral Competent Authority Agreement for the automatic exchange of financial account information via Common Reporting Standard (CRS) and Country-by-Country (CbC) reports. The agreement, made after consultation with industry, requires Bermuda multi-nationals to file reports in 2017 for CY 2016, putting Bermuda in good standing with OECD member states in compliance.

SOLVENCY II

In 2016, the island achieved full equivalency under Europe's Solvency II regulatory system for insurers. The decision puts Bermuda's commercial re/insurance companies on equal footing with European Union markets, while providing EU businesses, insurers and consumers critical access to the Bermuda market's capacity and claims-paying record. US groups with EU business may benefit from placing EU reinsurance via their Bermuda units. The decision does not affect captives (special purpose insurers). Switzerland is the only other non-EU jurisdiction with full equivalence.

FATCA

Bermuda has signed Model 2 intergovernmental agreements (IGAs) with the US and UK under the Foreign Account Tax Compliance Act (FATCA), along with Chile, Hong Kong, Japan and Switzerland.

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ENDORSEMENTS

Bermuda is one of seven jurisdictions deemed qualified by the US National Association of Insurance Commissioners (NAIC). The Bermuda Monetary Authority (BMA) is a full member of the International Organisation of Securities Commissions (IOSCO), a member of the Group of International Finance Centre Supervisors, and a founding member of the International Association of Insurance Supervisors (IAIS).

AIFMD

The Bermuda Monetary Authority has signed agreements with most European Union (EU) member states on the Alternative Investment Fund Managers Directive (AIFMD). Bermuda was among the second group of third countries assessed by ESMA for passporting rights, and awaits a decision by the European Council and Parliament as to whether such rights will be granted to alternative investment fund managers (AIFMs) operating in non-EU jurisdictions. If permitted, Bermuda-based AIFMs could then market funds to European investors on a cross-border basis throughout the EU.

AIMA BERMUDA

Bermuda's funds industry is establishing an AIMA (Alternative Investment Management Association) Bermuda branch in 2016.

100 WOMEN IN FINANCE & WOMEN IN REINSURANCE

The global networking and philanthropic group, 100 Women in Finance, has established a group in Bermuda, with almost 200 members. The association comprises professional women in the alternative investment, asset management, investor and broader financial services industry. Its mandate is to advance the role of women in the sector and raise funds for communities. Bermuda also has an advocacy group for female professionals in re/insurance (Women in Reinsurance, or WiRe).

CENTRAL BENEFICIAL OWNERSHIP REGISTER

Since the late 1940s (more than 70 years), Bermuda has had a government-held, central register of beneficial ownership that long pre-dates those in most developed countries, including the UK. Bermuda shares information requested by legitimate international authorities within 24 hours. The register, whose starting threshold is 10 percent ownership (vs UK and others at 25 percent), is continuously updated when shares in a company are transferred. In April 2016, Bermuda extended its 24-hour programme to the UK

National Crime Agency (NCA), reflecting Bermuda's long-held commitment to deterring money-laundering and financial crime. Bermuda also shares this information to HMRC.

Like many countries, Bermuda's tax laws and treaty commitments avoid double taxation of corporations and facilitate taxation of income accruing to the beneficial owners outside of Bermuda. Its commitment is to be at the forefront of transparency and cooperation by helping other jurisdictions claim revenue they believe their taxpayers are obligated to pay.

TAX LAWS

Bermuda is a low-tax jurisdiction, with zero income, corporate, withholding or capital gains taxes. Its consumption-based system does levy payroll tax, import duties, social insurance, and custom duties on goods and services—a major component of the island's tax revenues. Bermuda's unique tax system was designed to support its own infrastructure and the island does not differentiate between local companies and exempted (less than 60% Bermudian owned) ones in the way they are taxed; they are all treated equally.

Bermuda does not qualify as a 'tax haven' under the OECD's definition which identifies four factors that must all be met to qualify jurisdictions as tax havens: lack of transparency; lack of information exchange; no substantial activity; and no or nominal tax on income. In a 2009 report, the OECD found: "No or nominal tax is not sufficient in itself to classify a country as a tax haven."

CONNECTING BUSINESS

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 you to industry professionals, regulatory officials, and key contacts in the Bermuda government to assist domicile decisions. Our goal? To make doing business here smooth and beneficial.