

Ross Webber, CEO, BDA
PROBUS Lunch Presentation
12:30pm, Thursday, June 29, 2017
Royal Hamilton Amateur Dinghy Club

So, first things first. Did everyone enjoy the America's Cup? Like me, are you suffering a bit of post-regatta withdrawal? Personally, my waistline and liver need a bit of a break and it's actually good to have a chance to be back at my desk, catch up on work, and follow up on some of the opportunities.

Okay, so Oracle didn't win and it is virtually certain the next one will be Down Under. I am hoping we get one of the World Series events leading up to the big show in Auckland.

Regardless of the US capitulation, hosting this regatta has been good for our island. No one can sensibly argue with that. The global exposure of our turquoise Great Sound. The portrayal of our pristine, picturesque island beamed across the world. Can you imagine how many viewers have been persuaded to make their next holiday a trip to this fantasy island they saw on network TV? And how many more over the past several weeks have visited the island for the first time, and will become our repeat customers of the future? Even the weather cooperated. Did you notice it only rained this week *after* all the action had neatly wrapped up?

The tangible benefits are clear. This quarter's retail figures should be soaring—the stores and sidewalks of Hamilton have been abuzz. Restaurants are doing a booming trade. Real estate was leveraged: rentals and holiday properties have been solidly booked. And well-established hotels and guesthouses say they're enjoying their best season in many decades.

Yes, the America's Cup has given a boost to our economy. We Bermudians put on a tremendous show—we pulled it off to the highest standards, and we can all be very proud of that.

Our task now is to capitalise on this summer's achievements. Some of the new business spinoffs are longer-term and they will take time to percolate and cultivate. We are following up with all of the contacts made over the last few months and coaxing these business influencers to reflect on their positive Bermuda experience.

This is what we do.

I was in New York last month for a live media event our agency hosted at Bloomberg headquarters on Lexington. It was an initiative targeting senior US business leaders to raise awareness about the island. In attendance were over 150 potential investors—and Mike Bloomberg himself. As you know, he's a 20-year Bermuda resident who welcomed us and turned the spotlight on our island's substantial global economic value. He said: *"The island plays a special role in the global economy; it helps to fuel growth and support jobs through trade and investments, so we have stake in Bermuda's growth."* He even tweeted about us.

Bloomberg News co-founder and Editor-in-Chief Emeritus Matt Winkler regaled the audience with some interesting financial statistics. Flashing up a screenshot from a Bloomberg terminal, Mr Winkler noted there are 25 Russell 3000 Index members domiciled in Bermuda today—with a total market capitalisation of \$91 billion. Ten years ago, only eight firms based in Bermuda made that list, with a total value of \$29 billion.

The market cap of Bermuda-domiciled companies grew by more than three times during that decade, while the value of the Index increased just 1.5 times. Corporate Bermuda also evolved in that period into a more diversified economy, with healthcare, life sciences, asset management, technology and other businesses.

Foreign acquirers spent over \$9.5 billion over the past 12 years for assets in Bermuda in 2016 alone, paying a 40 percent premium over book. The value of Bermuda is going up—it's at an all-time high.

Let me tell you something about the BDA. We're an independent, apolitical, public-private partnership that was created in 2013. It may help to point out what we're *not*. We have been in existence for just over three years but we are very different from "predecessor" or "legacy organisations." We are *not* BIBA or Business Bermuda. We are *not* the Insurance Advisory Committee (IAC), nor the Insurance Development Council (IDC). Neither are we the Chamber of Commerce, ABIR, BIRBA, BIMA, BILTIR, ABIC, STEP, BALT—etc. No, we are a *business development* agency. That means we're not a lobby group. We're not an educational conduit or a generic marketing and branding organisation. Nor are we an ATM. Rather, we are structured so we can effectively implement business-development strategies, plans and tactics.

We have three primary goals:

- GDP growth via increased revenue streams to Bermuda based companies and government coffers
- Job maintenance at existing companies and hopefully job growth through new business and new company establishments
- Enhancement of our global image and reputation

Frequently, we do this by racking up air-miles, travelling mainly to North and South America, Europe and Asia.

It's even better when we can leverage events like the America's Cup and get these influencers and prospects to come and see Bermuda than going out there to see them. This is actually a specific strategy, which I shall touch upon later.

We are seeing some successes. Last year, Bermuda welcomed 13 *new* captive insurers, including the first-ever captive from Chile. We've seen new firms physically setting up in the asset management sector—Centaur, Peregrine & Black, Invictus RG, for example. 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 happened over the past couple of years and it's something BDA and our stakeholders have worked hard for.

We've also 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.

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

Another Bermuda-based company that's winning awards and attracting global attention is Trunomi, a fintech company that manages KYC information via a customer rights and data-management platform. It also has offices in London and Silicon Valley. And its CEO, Stuart Lacey, lives on the island with his family and is a very strong advocate of the Bermuda platform.

So, Bermuda continues to be a centre for innovation, a hub of entrepreneurial energy.

At the BDA, we've got an agile team, and our focus is to make it easier for people to do business in Bermuda—whether they're a new-entrant start-up like SELLAS and Trunomi, or an established multinational. We act as their partner on the ground here.

We provide a dedicated concierge service, from a first email or phone call to physically opening an office. We connect investors and new business with government officials, regulators, service providers and industry experts to explore options and make sensible domicile decisions.

We tell prospects why Bermuda—in 2017—is the *right* domicile decision. As Bloomberg noted, our market is crucial to the global economy. A research study by DC-based economist Charles Ludolph found that Bermuda supports an estimated 500,000 jobs around the world through trade and investments. That included 300,000 in the US alone, 30,000 in Canada and 70,000 in the UK. Bermuda enables worldwide commerce. Which means onshore communities have a large stake in this market's continuing growth and success.

Bermuda's global reach is particularly evident in its reinsurance industry. As you probably know, our island is home to the world's biggest property-casualty market. Bermuda-based companies paid nearly 10 percent of 9/11 claims. We paid 20 percent of the UK's 2015 flood losses. More than half New Zealand's 2010 earthquake liabilities; some \$22 billion to help rebuild the Gulf Coast after Hurricane Katrina. Our reinsurance market stimulates recovery, and creates stability for global financial systems. It helps support some of the world's largest economies.

At a time when transparency and compliance are critical to meeting requirements and doing global business, this kind of genuine quality is a chief consideration among CEOs we work with. It's a major reason they choose Bermuda. Being able to place your trust in a domicile that is known for credibility, and the sustainability you need to make long-term decisions—that's huge. It's a solid and dependable foundation for the future, and it's hard to come by.

In today's fast-evolving regulatory landscape, no offshore jurisdiction can compete with us in this respect. Bermuda has proven itself a clear leader on issues of transparency, cooperation and compliance. We currently have more than 100 treaty partnerships with nations around the world.

Some domiciles have been resistant to regulatory changes. But there's no going back; it's the future, and Bermuda is leading the way with the highest level of international best practices. As one of my Board members nicely puts it: *Bermuda is a place to raise capital, not to hide it.*

This is the type of quality that makes Bermuda such an attractive and safe harbour in turbulent times. Amid all the geopolitical uncertainty triggered by Brexit and the US Trump Administration, our message to investors is this: Bermuda offers a reliable, well-regulated, secure, and reputable home base despite the disruption. Bermuda provides assurance that assets and business interests are being managed with due care and protection.

Industry events have been a large focus for our agency—both overseas and on-island. Our team participated in no fewer than 62 different conferences and events throughout 2016. Highlights included our debut attendance at the Posidonia shipping forum in Greece; the Artemis ILS conference in Singapore; RIMS in San Diego; private-client events in Europe and Asia; asset management events in New York, and America's Cup World Series events in New York and Chicago. Some were first-time regional targets—including ones we attended in Asia and Calgary, Canada.

I mentioned the strategy of bringing people to the island so they can do the scratch 'n' sniff test themselves. Kick the tyres...

The BDA also brought five new events to the island in 2016, including the Legal Week Private Client Forum Americas at Rosewood Tucker's Point; the RC44 (which I know sounds like a Honda motorbike but is, in fact, a Russell Coutts sailing regatta); ALARYS (a Latin American insurance conference); the World Alternative Investment Summit; and the Aeropodium aircraft registration conference. We facilitated the return of several other events we brought to the island in the first place: the Transcontinental Trusts conference; the RCA; the Global Fund Forum; and ILS Bermuda's Convergence—all of which have returned in 2017.

We continue to attract even more, including this year's inaugural Bermuda Healthcare Forum for commercial insurance buyers, which sold out Tucker's Point and part of Grotto Bay back in March. We've got two new ones coming this fall, both risk-industry events that will benefit our companies here and our market as a whole.

Events like these attract hundreds of delegates and rack up thousands of hotel room nights, adding significant value to the Bermuda economy. They also help extend the viability of our hospitality industry, particularly during shoulder season.

We commission various research projects. Examples include the viability of a Bermuda based international arbitration centre; the development of a better value proposition for Family Offices in Bermuda; the economic impact of ILS on the Bermuda economy; US corporate perceptions of business in Bermuda; FDI from China and our positioning as a fintech hub. These help shape strategies and guide our implementation plans. We also support the progression of business legislation to make our market more competitive.

Looking forward, there are several key objectives on our to-do list. A few examples: We see family-office opportunities for wealthy Chinese clients and advisors. We're continuing to develop Canadian and Latin American markets for captive insurance. We are honing our messaging with regard to attracting fintech/insurtech and regtech companies to establish in Bermuda.

With new marinas around the island, and the fact so many megayachts have now visited our waters—many for the first time—Bermuda needs to keep them coming back. Keep the island on the superyacht circuit, with places like St Bart's, Mustique, St Tropez, and Monaco.

There's no reason Bermuda can't attract these lucrative vessels, some of which can spend hundreds of thousands of dollars a week while in port. Bermuda is finally on their radar—and we must stay there.

So, that gives you a snapshot of some of the work we're doing at the BDA. We also engage in less-tangible initiatives—issues like reputation enhancement. As you in this room are fully aware, Bermuda's quality reputation is a jurisdictional benefit. The BDA has worked hard to safeguard Bermuda's good name.

We've invested significant resource in bolstering the island's international image. We hit back against uninformed or politically-led negative rhetoric about our home. We've also been pro-active in raising awareness about Bermuda's quality. About the island's valuable contribution to onshore economies.

Our biggest message is this: *Bermuda is different*. We aren't like any other offshore finance centre anywhere. We're a unique, elite jurisdiction—and that's a message we all need to promote.

Thank you.