

Ross Webber, CEO, BDA
Convergence 2017
Thursday, October 19, 2017, 8:30am
Hamilton Princess & Beach Club, Bermuda

Thank you, Kathleen, and welcome to Bermuda everyone. Wow—five years! Can you believe we sat in the “iconic structure” on Front Street back in 2013, listened to the oracle of Apple—“The Woz,” Steve Wozniak, that is—and kicked off the very first Convergence event?

A show of hands: how many of you were here for that debut occasion? Thank you for coming back, for supporting Bermuda, for helping drive expansion of this extraordinary sector of our market. It’s been a remarkable journey—and we at the BDA are very proud to have played our part. Greg, Sarah and Brad will recall an initial grilling session at the BDA when they outlined their vision. We injected the initial seed capital for this conference and we have remained as lead sponsor.

The BDA was incorporated that same year, 2013, and, in effect, we have grown up with ILS Bermuda. Having been part of that journey, we hold a strong affinity for this industry and what it says about Bermuda’s world-class market. Our island is unrivalled in the scope and speed of ILS development and we’ve worked hard alongside fellow stakeholders to keep it that way.

We’ve promoted Bermuda’s ILS sector with roadshows, research, thought leadership, and through conferences and events at home and across the globe.

Let me tell you about an event I spoke at last week—the Bermuda Reinsurance Under 40s Group. Now, I’m not exactly a millennial—but neither were some of my

fellow panellists. I mean, Don Kramer was there—an industry legend, and now an ILS innovator. As Don began talking about Hurricane Andrew, Kathleen Reardon of Hamilton Re pointed out that most of the audience was either in grade school or not yet born in 1992.

The other thing that struck me during that discussion was the way we talked about ILS. As we were talking about the capital that may be “trapped” following Harvey, Irma, Maria and now Ophelia, Kath dubbed a new term (well, new to me, at least). She described the money invested in this asset class as “*partner capital*.”

The term neatly captures what has happened—globally, but especially here in Bermuda. Remember when this sector was considered an outlier, a truly “alternative” approach? It’s fair to say, ILS has gone mainstream. Traditional reinsurers have adapted to the new paradigm and our island has solidified our reputation as the world’s risk capital.

It’s that brand of intellectual capital, collaboration and innovation that sets the Bermuda market apart. It’s what makes this jurisdiction so attractive to ILS, catbonds, sidecars, hedge fund re, fund-of-fund, etc.

At last official count, we had three-quarters of the world’s total capacity, around \$25 billion in global catastrophe-bond volume listed on the Bermuda Stock Exchange.

We appreciate the impact the convergence market has had on Bermuda’s economy. We commissioned a study last year and found that Bermuda-based ILS

fund managers contribute several million dollars to GDP annually and employ more than 200 Bermudians and international workers. And those numbers continue to go up.

Indeed, more insurance-linked fund managers are based in Bermuda than any other jurisdiction. We're home to 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.

Bermuda's alternative funds sector is flourishing. We're seeing new incorporations, new investment managers, new service providers. We've witnessed leading allocators such as Blackstone, Pioneer, Schroders and Lazard launching Bermuda-domiciled funds in the past year alone. New fund administrators launching and then adding ILS specialists to their teams. These developments are re-invigorating our jurisdiction as a major asset management centre.

So, you've domiciled your ILS funds here—what about your other investment funds? That's the topic of a special Roundtable Lunch the BDA is hosting here today in the Twain Boardroom—don't miss it.

Capital markets and reinsurance have had a long and mutually beneficial

relationship here. Bermuda has been a highly successful incubator for both, and now technology can forge the next path of disruption. Fintech, particularly insurtech and regtech, are a natural fit for our test-bed environment.

Talented minds in this market are looking at distributed ledgers, blockchain, and other technologies that can continue to build on Bermuda's dynamic reputation and set us apart. Our message to the rest of the world is this: Bermuda is different. Exciting things happen here. New ideas, creative solutions, fresh ways of looking at things.

Speaking of new and dynamic, it is now my pleasure to welcome Bermuda's Premier, the Honourable David Burt. As Bermuda's youngest Premier, he is investing lots of time and great energy in working with the BDA and industry partners to develop, improve and promote our market. We look forward to continuing this fruitful collaboration.

Mr Premier...