

**Sean Moran, Interim CEO, BDA**

**BDA Update**

**8:05am, Thursday, June 14, 2018**

**Pembroke Rotary Club**

**RBYC, Hamilton, Bermuda**

Good morning, everyone. And thanks for inviting me to your club breakfast. (I happen to belong to a rival club just across the harbour...but, shhhhhhh...don't tell anyone!)

It's a real pleasure to be here on behalf of the Bermuda Business Development Agency, the BDA, and to speak to you a little about our agency, what we do, and some of the exciting projects we're currently involved in.

I'm the Interim CEO for the BDA right now, and we have a dedicated team of a dozen people in our offices—just a block in that direction.

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 exactly five 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. We're not a branch of government (though we work closely with our public-sector friends.) 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 at the BDA:

- Encouraging economic and job growth by attracting new businesses to set up here
- Encouraging economic and job growth by supporting established global businesses in Bermuda and increasing revenue streams to them and to government
- 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.

We're seeing some successes. Last year, Bermuda welcomed 17 *new* captive insurers. We've also seen new firms physically setting up in the asset-management sector—Centaur Fund Services, Peregrine & Black Investment Management, Invictus RG, for example. We've seen the return of the world's leading asset allocators, household names like Blackstone, Schroders, Pioneer, and Lazard 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 private-client sector, particularly after the America's Cup. Our trust legislation is continually being updated to ensure it is globally competitive and fit-for-purpose. We have been developing and promoting a very unique suite of services geared towards multi-generational families of wealth/family offices. And there is fresh interest being shown by high-net-worth individuals in what Bermuda has to offer, from both a succession-planning and private wealth preservation perspective.

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 set up in O'Hara House on Bermudiana Road, and its CEO has moved 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 2018—is the *right* domicile decision. For starters, 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. Last fall was a biggie. Bermuda paid a third of the devastating hurricanes that hit the US southern states and other regions. In fact, looking further back, Bermuda has paid out an astonishing \$200 billion to US clients over the past 20 years. Of that, 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 75 different conferences and events throughout 2017. Highlights included our attendance at the Posidonia shipping forum in Greece; the Artemis ILS conference in Singapore; RIMS in Philadelphia; private-client events in Switzerland and Hong Kong; asset management events in New York and London. We believe that by actually bringing people to the island, we can affect perception and decision-making. By experiencing what we have, what goes on here, prospective clients ‘get it.’

The BDA brings new events to the island every year. We worked with the healthcare insurance market here to launch its first conference at Rosewood Bermuda in 2017, and they repeated its success this spring. We brought the World Alternative Investment Summit and Global Fund Forum and Transcontinental Trusts: International Forum, which just celebrated its fourth successful event, this year at the Hamilton Princess. We also support the Bermuda Captive Conference, which wrapped up its 14th annual event last night—with a near-record attendance of 800-plus, including more captive insurance owners and risk managers than ever before.

We continue to attract even more, including this month's Re-insurance.com's first-ever "Bermuda on Blockchain" event; the Global Reinsurance Insurtech & Innovation event in December; a return by Insurance ERM, a stalwart of the life & annuity industry; and we'll be supporting the brand, new PwC–Financial Times reinsurance summit on November 1st.

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, taxi drivers, tour operators, and restaurants, particularly during shoulder season.

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As many of you probably know, our economy in Bermuda is quickly transforming to embrace some newer industries, and this has become a big focus of the government...and by extension, the BDA. I'm talking about disruptive, but dynamic challenges like blockchain, distributed ledger technology, and digital assets...what we're grouping together under the umbrella term of financial technologies, or fintech.

In the past few months, our island has made global headlines by becoming the world's first jurisdiction to create a legal and regulatory framework governing initial coin and token offerings and digital asset businesses. That's responsible innovation, and it's what Bermuda's known for.

It's why technologists and innovators from around the globe—like the founders of Binance, Shyft Network, Paycase and ConsenSys—are looking to our island for pioneering solutions.

I was in Davos at the World Economic Forum earlier this year with the Premier and Minister Caines—and that visit was a real catalyst for these fintech ambitions. It was in Davos that Bermuda made its first real splash into this blockchain and digital asset arena—we signalled our intentions and then followed through. As Minister Caines would tell you, he spoke to a group of blockchain enthusiasts and told them, “If you’re really serious about advancing this space and working with us, meet us in Bermuda on Monday.”

And that’s what happened.

A handful of technology experts flew to Bermuda directly from Switzerland—on their own dime—and spent two days with our fintech working groups, in the BDA boardroom, laying out a road map for this nascent industry.

Less than three months later, as Bloomberg, Coindesk, and many other media have reported, Bermuda’s House of Parliament approved rules to regulate initial coin offerings. This month, we expect to see the passage of the new Digital Asset Business Act, which will create a licensing regime for virtual currency exchanges and other enterprises that operate in, or support, trading of digital assets.

Our government also signed an agreement with Binance, the world’s largest cryptocurrency exchange. It promised investments in blockchain companies, jobs and education for Bermudians. Since then, we’ve had several other MOUs and major

partnership handshakes with major players in the blockchain space. Make no mistake: this is the first time—anywhere—that ICOs and digital asset businesses have been regulated. We're making history.

It's exciting—for Bermuda and Bermudians. There are real opportunities here. Do we have to be careful? Sure—no doubt about it. There are bad players seeking to capitalise, as there always are with the advent of new technologies. But this space is exploding globally and Bermuda can take a lucrative leadership position.

Last month, our agency held a multi-industry forum in New York, and two reinsurance legends were there. Our keynote speaker was Brian Duperreault, a longtime Bermuda market ambassador AND current President & CEO of AIG. The other was his friend and former CEO counterpart, Brian O'Hara...formerly of XL, and JUST this month announced as a board member of insurtech start-up, Envelop Risk.

Mr. Duperreault is a keen and outspoken proponent of embracing big data and new technologies. So is Mr. O'Hara—who told us that while listening to panels on insurtech and digital assets, he felt an overwhelming sense of *déjà vu*. He said it took him back to the mid-'80s when the two Brians were innovators and disruptors in their own right. When they, too, were tackling new ways of doing things...and had their fair share of naysayers. The pioneering vision carried out by ACE and XL in the '80s, of course, changed the risk industry forever: it changed the way excess liability was covered, the way natural catastrophe claims were paid out globally, the way capital was raised and deployed. And that innovation happened right here.

Bermuda is, indeed, a test-bed of innovation. As our Premier likes to say, we're not just inviting in the incubators to set up here—our *whole island* is an incubator.



Exciting things are percolating in the insurance sector, and the speed at which progress is being made is pretty awesome. Much is due to collaborative efforts by the BMA, the BDA, the Bermuda government and industry stakeholders, who, as they have done in the past, are operating as a unified 'Team Bermuda.' The push this time around is to make Bermuda a global leader in the fintech space.

The same features, which for decades have made Bermuda a very successful centre for insurance, asset management, and private-client business are now being extended to tech entrepreneurs looking to set up operations in a sophisticated, modern and well-regulated jurisdiction.

We're not interested in quantity. It's all about quality.

And everyone is well aware that any advances we make in this space should not jeopardise the stellar reputation everyone here has worked so hard to build over many decades.

As many have rightly pointed out, we have history on our side. Insurance innovation comes naturally to this jurisdiction. The first captives were formed here. The first cat bonds followed. The excess capacity crisis was solved here. And now partner capital and insurtech solutions are forging the future.

Bermuda realises that the way in which companies around the world raise capital, transact business, interact with customer data, and secure their digital assets is changing in a fundamental way. In the same way the internet transformed everything in

20 years, new technologies like blockchain will cause a wave of new efficiencies and new opportunities.

We can't afford to wait. It may appear disruptive. But the cost of not acting swiftly, of not leading the way on this new wave, would be detrimental—not only to Bermuda's reputation, but also to its ability to do business globally.

So, that's a little bit about the BDA's evolution, and some of the exciting stuff we're working on.

I'm very happy now to answer any questions you may have—before we all have to go to work!!