

BDA UPDATE

JURISDICTIONAL PROMOTION & BUSINESS DEVELOPMENT

BILTIR Quarterly Members Meeting - November 2018

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& Risk Solutions



BDA OVERVIEW

- The BDA encourages direct investment and helps international companies start up, re-locate or expand their business in Bermuda
- An independent, public-private organisation, we connect prospective business to industry professionals, regulatory officials, and government contacts to make setting up a business here easier
- **Our goal? To have a positive impact on the island's economy and help create jobs**

AREAS OF FOCUS

The BDA has segmented our business development efforts into five distinct pillars:

1. Risk Solutions:

- (insurance, reinsurance, captives, insurance-linked securities and insurtech)

2. Asset Management:

- (fund management, private equity, and hedge funds)

3. High-Net-Worth Services:

- (family office, trust and private client services, art, superyachts and jets)

4. Emerging Technologies:

- (fintech: blockchain, digital assets and virtual currencies)

5. Economic Diversification:

- (shipping, aviation, arbitration and agriculture)

These are key sectors of the Bermuda marketplace, or areas for potential growth, and the BDA has separate business development managers, strategies and goals for each

BDA INDUSTRY GROUPS

- We leverage the expertise of invited members comprising leading industry professionals. Through regular discussions and strategy sessions, these groups cultivate innovation and explore potential business opportunities for the island
 - **Risk Solutions** includes: Captives Insurance, Cyber Risk, Healthcare Liability, Insurance-linked Securities, Insurtech focus and now Life/LT Insurers
 - **133** industry partners across **55** firms participate in our monthly meetings to ensure the island continues to be competitive and top of mind for prospective insurance buyers, risk managers, brokers, investors and executives considering a Bermuda-based entity
- In addition to the BDA's marketing and PR efforts, industry partners directly assist with the development of thought-leadership (articles, videos and webinars) and overseas roadshows, and participate on industry panels and other jurisdictional initiatives

BDA LIFE/LT INSURER WORKING GROUP

- Following Bermuda's achievement of Solvency II equivalence in 2016, BDA began to receive a significant increase in the number of queries relative to the life and annuity sector
- In 2017, Bermuda saw significant growth with the formation of one Class C and five Class E companies licensed by the BMA. That compared with three long-term registrants in 2016

“It soon became evident the BDA needed the right talking points and platform to connect interested prospects with Bermuda-based industry experts to attract a higher volume of insurers to the island”

- Following the 2017 Class of LT Insurers (which generated a minimum of 20 new local jobs) the BDA launched an additional working group on **April 4, 2018** to focus on attracting more interest and connect prospects with Bermuda-based stakeholders
- Since then, we have connected interested parties to the regulator, legal and audit firms, investment bankers, and actuaries, all of whom help attract new insurers to the island

CORE OBJECTIVES FOR LIFE WORKING GROUP

FIRST PHASE (now completed)

1. Develop a clear, consistent message that describes our marketplace – based on our strengths in the long-term sector
2. Use industry feedback to develop a Bermuda Life/LT value proposition that includes the views of actuaries, legal advisors, the regulator and insurance managers
3. **Use their feedback to develop jurisdictional content in the form of talking points, videos and other marketing pieces**

BERMUDA'S LIFE RE/INSURANCE SECTOR

Long-term (life & annuity) re/insurers represent the fastest-growing sector within Bermuda's globally important risk-management industry. The number of licensed companies has grown to be almost 15 percent of total licensed insurers. In terms of assets under management, **the long-term sector now makes up more than 30 percent of Bermuda's insurance market.** According to the Bermuda Monetary Authority (BMA), there were 132 long-term insurers licensed in Bermuda at year-end 2017. These companies held **\$287 billion in assets**, or 39 percent of the total Bermuda insurance market (based on total assets), and \$79 billion in capital and surplus.

REASONS FOR INDUSTRY GROWTH

Key drivers of growth in Bermuda's life re/insurance sector in recent years include:

- Increased demand for life insurance products, driven by aging populations, growing retirement funding gaps, and low interest rates
- Stricter regulatory environments have increased demand for reinsurance
- Lower interest rates are also driving institutional investors to the life insurance sphere, known for relatively stable earnings
- Solvency II equivalence, achieved in 2016, allows Bermuda re/insurers to write business into the European Union on a level playing field with EU peers, a commercial benefit offering market access
- For US-facing companies, Bermuda has a single, accessible regulator—an advantage over the challenge of working with 50 state regulators. The island is also one of seven National Association of Insurance Commissioners (NAIC)-qualified jurisdictions, further differentiating Bermuda among international jurisdictions

BDA SNAPSHOT: TOP TALKING POINTS FOR THIS SECTOR

- Pragmatic, proportionate, principle-based regulation
- Solvency II equivalence since 2016 (one of just two non-EU domiciles)
- NAIC-qualified jurisdiction
- Close to 140 long-term insurers licensed as of end of 2017
- Bermuda companies hold \$287 billion in assets (close to 40 percent of Bermuda market total)
- Sophisticated, stable, collaborative regulatory environment
- World-class pool of insurance talent available
- Thriving asset management sector, home to leading allocators
- Convenient location between major capital markets and onshore financial hubs

CORE OBJECTIVES FOR LIFE WORKING GROUP

Continued

SECOND PHASE (partially executed)

Get the message out there:

- communicate this message initially to our domestic stakeholders (*service providers and now BILTIR membership*) so we can all speak with a unified voice
- generate positive media outreach to disseminate the message to a broader audience globally
- work on strategic business-development initiatives to pinpoint our key target audiences and promote this message to influencers of jurisdictional decision-making

JURISDICTIONAL PROMOTION & DEVELOPING NEW BUSINESS

- BDA support of the BILTIR conference (since 2014)
- Bermuda Executive Forums in 2018 (Miami, New York & London):
Dedicated life panels with featured LT insurers:
 - Monument Re (New York), Athene (Miami), & GreyCastle Holdings Limited
- Thought-Leadership:
 - Roll out videos about the life sector later this month (featuring key partners of the BDA life working group)
- BDA formal partnership with BILTIR (*funding stakeholder*)
 - Refocus 2019
 - Marketing & Comms
 - Bermuda Risk Directory (BRD.bm)
 - Education & Outreach



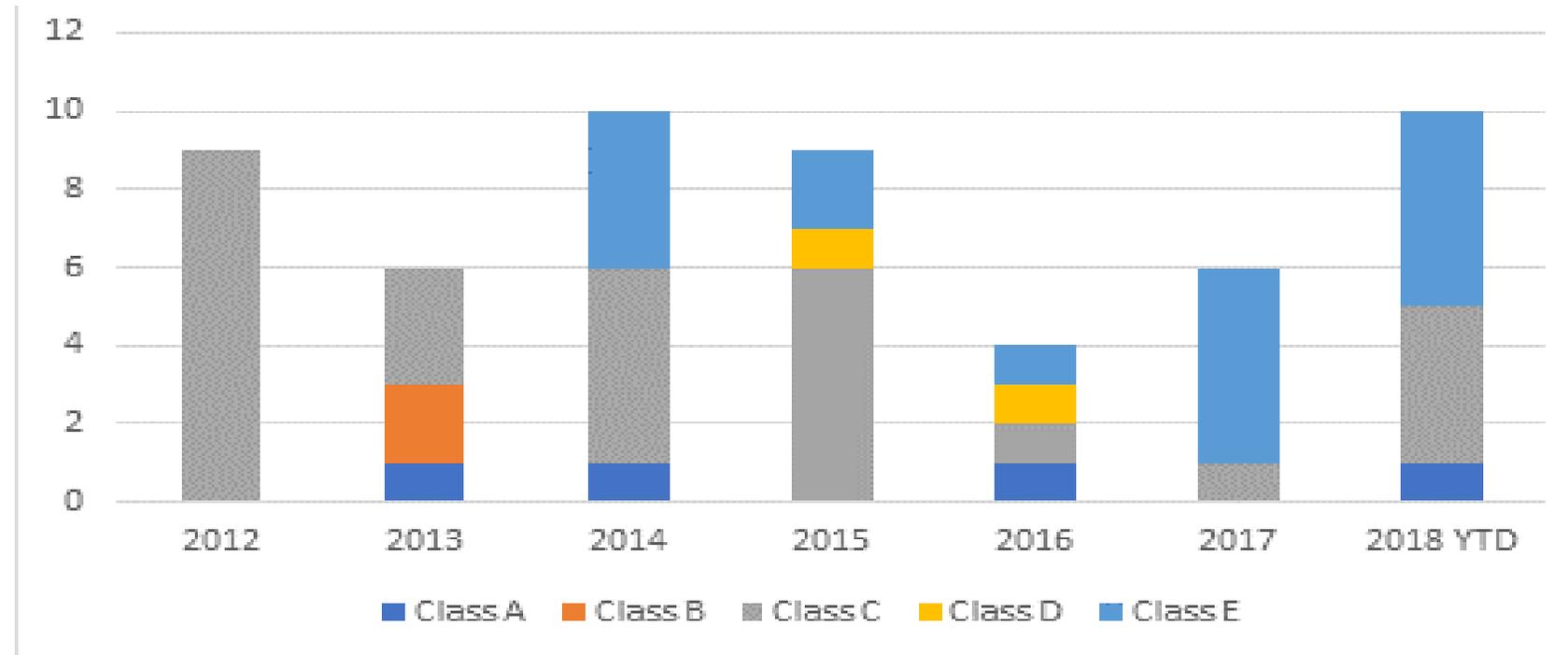
ULTIMATE GOAL: JOB CREATION & ECONOMIC GROWTH

- Class E insurers has been and continue to be the front-runners around job creation in terms of exponential growth across the whole risk sector
- Class Es require a head office requirement with mind and management (particularly some of its C-suite) based locally. Out of the 61 jobs quoted for the 2017 calendar across the risk sector, 20 jobs alone were derived from Class Es
- Between Jan 1, 2018– September 30, 2018, five new Class Es were formed. On average, a minimum of 3 to 5 jobs are created in the first 1 to 2 years. The growth projection can be up to 40 plus people by year five (*confirmed by PwC/Appleby*)

2017 Class of Life Insurers

	2012	2013	2014	2015	2016	2017	2018 YTD
Class A	0	1	1	0	1	0	1
Class B	0	2	0	0	0	0	0
Class C	9	3	5	6	1	1	4
Class D	0	0	0	1	1	0	0
Class E	0	0	4	2	1	5	5
JOB CREATION						20 Jobs in 2017 alone	

2012 statistics to 2018 (YTD)



GET INVOLVED

A study from 2017, respondents were asked on average how many hours per month they invested supporting the BDA in the following areas: conferences, business development opportunities, roadshows, focus groups, videos, webinars, jurisdictional initiatives

- Information was collected through on-line surveys conducted by PwC
- Contacts of leading industry professionals were provided by the BDA
- Value was quantified based on hourly rates, grade level of respondents

6,688 hours contributed in-kind, valued at **\$5.1 million**

Position	Total hours	Hourly rate	Total Value
Managing Director	1,423	\$900	\$1,280,000
Partner	2,055	\$900	\$1,850,000
C-Suite	1,660	\$800	\$1,328,000
Senior Vice President	753	\$500	\$377,000
Senior Associate	797	\$350	\$279,000
Total	6,688 hours		\$5,114,000

Q & A

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