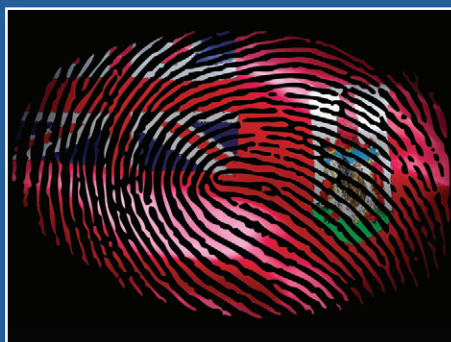




BERMUDA BUSINESS REVIEW





Introduction

By Roland Andy Burrows

Bermuda's economy continues to be propelled by the ongoing resurgence in tourism and a sustained demand for financial services. With a 29.3% year-on-year increase in company registrations from new insurers in 2018, Bermuda's traditional pillars of economic growth in international business remain resilient, while the government's long-term plan to diversify the economy is already starting to pay dividends.

As a prime example of this, through our concierge service at the Bermuda Business Development Agency (BDA) alone, we played a direct role in assisting 35 new fintech companies to incorporate on the Island last year, with more entrants being welcomed in 2019.

BERMUDA'S RELEVANCE IN AN ERA OF CHANGE

Whether the result of technological advancements or geopolitics, disruption has become the new normal as we head towards the third decade of the 21st century.

Businesses and investors are having to grapple with increasingly complex challenges and uncertain conditions as change continues to sweep through economies and industries on a global scale. In the face of this, Bermuda's continued relevance and success is in large part attributed to the same fundamental principles which have underpinned the Island's emergence as a world-leading international financial centre.

Throughout its history – supported by a stable political climate and a robust and transparent English-style legal system – what has always differentiated Bermuda is its ability to adapt. As a small island, we have consistently punched above our weight in the world of international commerce but to do so we have had to be nimble, innovative and forward-thinking. It was a little over 70 years ago when Bermuda welcomed global energy giant Shell as its first international business, which became the first seed planted in a field that would soon blossom into a world-leading business and financial services sector.

Bermuda's cultivation and dominance of the global (re)insurance market is the Island's signature achievement. Today, Bermuda is the world's number one captive domicile, the single most important property and catastrophe market in the world and the leading domicile for the burgeoning Insurance-Linked Securities

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(ILS) market. The arrival this year of Convex Group Ltd, with \$1.8 billion of committed capital, represents the largest (re) insurance start-up in the Bermuda market's history and is a tremendous endorsement of where we have come from and where we are headed. Bermuda has always been at the forefront of creating innovative products for risk-based solutions and that is continuing.

Now, building on these impressive foundations and responding to business trends, Bermuda is again leading the way in new and emerging sectors, including fintech and insurtech. In 2019, the Government of Bermuda provided its first full licence under new legislation, the Digital Asset Business Act 2018 (covering the operation of payment services, custody, exchange, trading and other financial services that use digital assets), to global financial services company, Circle. With a vision of using blockchain technology to drive a more efficient and equitable financial system, Circle has chosen to base its international operations in Bermuda.

Bermuda is also attracting quality start-ups like DrumG Technologies who are developing blockchain-based solutions for Wall Street banks and other major clients in the financial-services industry.

REGULATORY FOUNDATION

There are many milestone moments that have contributed to the development of Bermuda as a blue-chip jurisdiction but two of the most significant were the establishment of our globally respected regulator, the Bermuda Monetary Authority

(BMA) and earning EU Solvency II equivalence in 2016 – one of just two countries in the world to achieve this (the other being Switzerland).

In 2019, the BMA celebrated its 50th anniversary, as highlighted in this Review, marking five decades of service to Bermuda and its business community.

The BMA has had an incredible impact on Bermuda's financial landscape, establishing a regulatory framework that fosters innovation while simultaneously providing the protection and clarity required to fulfil the highest international standards.

Testament to this is the development of a robust regime to support the pioneering legislation introduced in 2018 governing digital asset businesses (as already mentioned) and Initial Coin Offerings (ICOs) – making Bermuda the first country in the world to do so. In addition, the BMA has launched its own innovation initiatives targeted at insurtech companies, the Regulatory Sandbox and the Innovation Hub (covered in greater detail within this Review).

Capitalising on market trends is possible due to the close collaboration between the BMA, government and industry, all of whom sit within less than a square mile of each other in the Island's capital, Hamilton. As we at the BDA look to encourage further inward direct investment and growth for the Island, a key part of our role is to act as a liaison between Government and industry, working together to resolve any obstacles to doing business in an efficient and pragmatic fashion.



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BUSINESS DEVELOPMENT

Having recently held the country's inaugural 'Tech Week' – a successful five-day summit focused on emerging technologies – to further build on the developments over the last two years, the BDA welcomes the positive momentum in this space and the cross-sector opportunities it presents. During the week, as part of a broader initiative to solidify Bermuda's leadership of the global fintech industry, the Premier of Bermuda, David Burt, focused attention on the future by announcing the country's commitment to accept 1:1 US dollar-backed stable coins for the payment of government taxes, fees and services in due course.

Bermuda knows well that embracing new technology, allowing existing and new businesses to innovate, is necessary for the future growth of its economy. In support of this, the agency now proactively targets and attracts new business to the Island in the technology sector in addition to our traditional focus areas of (re)insurance, investment funds, asset management, trusts and private clients, family offices and infrastructure investments.

The UK, the US and Canada will always be key markets for the BDA's activities, given the long-standing, successful economic relationships that exist and close proximity with direct daily flights but also key cities across Europe, Asia and Latin America. While Bermuda itself is of modest size, its appeal, connectivity and international profile is many times greater. At the BDA, we offer a concierge service that acts as a single point of contact for new business, streamlining everything from networking with industry leaders to immigration applications or finding real estate. We connect prospective investors and international businesses with contacts in industry, the Government and the regulator, as well as professional service providers.

If you are interested in doing business in Bermuda, reading this Review is a good place to start but there is no better way than experiencing everything the Island has to offer first-hand. We extend a warm invitation to get in touch, find out more and come see for yourself every aspect that makes Bermuda an exceptional place to live, work and play.

Roland Andy Burrows

Roland Andy Burrows, Chief Executive Officer, Bermuda Business Development Agency (BDA).

Andy joined the BDA as CEO in December 2018. He was appointed by the Board after serving four-and-a-half years as chief investment officer for the Bermuda Tourism Authority, where he was responsible for cultivating investment via hotel development and other tourism-related infrastructure. He worked to stimulate capital investment, facilitate immigration, permits and tax issues and helped create investor-friendly legislation to increase Bermuda's competitiveness to attract inward hospitality investment.

Prior to this, Andy spent 25 years in the financial services industry, including a decade at HSBC Bermuda, where he served as head of commercial banking. He has also been a director on numerous boards, including HSBC Cayman Islands and currently serves as a director of Bermuda Chamber of Commerce, Raleigh Bermuda and Pathways Bermuda.

BDA website: www.bda.bm