



## **Ministry of Business Development and Tourism**

### **Business Bermuda Financial Services Conference**

24<sup>th</sup> April, 2012

#### **Keynote Address by:**

The Hon. Wayne L. Furbert JP, MP  
Minister of Business Development and Tourism  
at the Mandarin Oriental Hyde Park Hotel, London, U.K.

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#### **“Soaring like an Eagle”**

Good afternoon everyone,

I have just returned from Shanghai and Beijing, hence, I would like to greet you in the words of our good friends in that part of the world by saying “Knee How!”, to the Spanish speakers buenas tardes, the French bonjour, to my British friends good afternoon and to my fellow Bermudian “what’s up!”.

While in China we participated in many meetings to build relationships and to inform the Chinese Business Community about the Opportunity in Bermuda. Business Bermuda was one of the main sponsors of the Sixth Chinese Enterprises Outbound Investment Conference in Beijing. It is our view that we made significant progress in getting our message out about Bermuda.

It is certainly my pleasure to be here and I am thankful for the kind invitation to present the keynote address. On behalf of the Government of Bermuda, I would like to thank Business Bermuda and its CEO Cheryl Packwood for organizing this very important event for Bermuda. These types of events help to create collegiate environments and promote dialogue and discussions that effect not only your work place, but the Bermuda market place and beyond.

The General topic for this Conference is “Bermuda is Open for Business”. I would like to use as a subtopic “Bermuda is about to Soar like an Eagle”.

Bermuda and the Eagle have many similar characteristics: strong, determined, stable, the ability to adjust in flight, and a strong vision to see where it wants to go.

Bermuda’s foundation is strong as an offshore financial jurisdiction. Our Regulatory track record dates back to the 1930’s. The Bermuda Monetary Authority is second to none under the leadership of Mr. Jeremy Cox, who is here today in the audience. Our Service providers’ legal and accounting are world renown and the country is politically and economically stable.

Bermuda has among the highest sovereign debt ratings from Fitch, Moody’s, AM BEST and S&P. Bermuda is also committed to prudent long-term financial planning and has one of the world's lowest net debt to GDP ratios.

Bermuda is the right domicile which will allow for optimal operational efficiencies, growth potential and success. Bermuda has fundamental principles which have stood the test of times on which its very foundation is built on, integrity, trust, transparency and fairness.

Let's look at one of our sectors.

The insurance and reinsurance industry and its development has been a hallmark of Bermuda's ability to respond to challenges, capacity issues and opportunities by providing an appropriate and efficient response to the market which in turn allows the timely marriage of capital markets to meet insurance and reinsurance needs on a global basis.

We have seen Bermuda's development as a market; go from a predominantly captive market in the 1980's to the fully fledged commercial market it is today.

On February 21<sup>st</sup>, 2012, the Bermuda Monetary Authority (BMA) issued a press statement remarking that the ***"Bermuda insurance market remained resilient in 2011 and continued to absorb the impact of market issues, including a continued softening of prices, low interest rates and above-average losses from natural catastrophes."***

Further, the BMA's incorporation data indicated a 50% increase in the number of new Bermuda insurers for 2011 being 54 up from 36 in 2010. Included in this number is the tremendous interest in special purpose insurers or SPIs with 23 new SPIs being licensed in 2011 compared to 8 in the previous year.

Additionally, the Authority has licensed eight Class 4 insurers in the last five years, representing over \$8 billion of new capital. The latest venture, established by Validus Holdings, Ltd. represents a continuous influx of significant capital into Bermuda that has been achieved in challenging global market conditions. All of this bodes well for the Bermuda market but just as importantly for Bermuda and its people.

Much has been said and written about the success of the Bermuda market but what is becoming clear is Bermuda's outstanding reputation not only in the international regulatory risk management arena as it was selected as one of only three countries by the EU to be assessed in the first wave for equivalence with Solvency II, but in its leadership and track record for signing on to 33 Tax Information Exchange Agreements (TIEAs). Just yesterday The Premier signed two more (TIEAs) one with Malaysia and the other with Italy. The Signing of these two will only strengthen Bermuda as a Financial Jurisdiction. I would like to quote what the Premier said regarding Malaysia. "I can announce that Bermuda, as a premier international financial center, is currently strengthening its role in the Sharia compliant financial services industry." "Our analysis tells us that Malaysia is the World's most developed and largest center for Sharia compliant financial services".

Bermuda has also signed 1 Double Taxation Agreement. These agreements demonstrate Bermuda's strong and definitive commitment to transparency and international cooperation.

We are advancing strategies in the area of fund management specifically targeting markets best suited for Bermuda, modernizing its corporate incorporation and administrative regimes, improving its legislative platform, and raising the profile of the aircraft registry to better align the public and private sectors, together with the independent regulatory to improve Bermuda's growth and sustainability strategy.

Bermuda has a hard earned and well-deserved reputation, recognized globally, as a premier international financial centre and a centre of excellence. We continue to improve upon our global leadership with dependable infrastructure, an unparalleled regulatory regime and innovation supported by the very best in human capital.

The credibility of our jurisdiction is reflected in the strength of the mature international relationships we share with organizations that are charting the future course for the insurance, asset management and other financial services industries.

The BSX (Bermuda Stock Exchange) is the only offshore exchange which is a full member of the World Federation of Exchanges.

The Island has a lot to build upon and it is believed that the current challenges the Island faces provides a once in a generation opportunity to raise the standard even higher by building an even more robust future upon this unique and well earned foundation.

I am not just a keen observer of the Bermuda insurance and reinsurance market but an ambassador and promoter of Bermuda as a credible, sound and effective place to conduct business.

My Ministry works closely with the Ministry of Finance, Ministry of National Security and the Ministry of Economy, Trade and Industry so that we can continue to keep the pulse and respond accordingly to existing and new signs of life within our international business model.

Although the Bermuda service platform can currently facilitate Islamic financing products, the Bermuda market is currently finalizing a business strategy that will position Bermuda as a global leader for Islamic finance. This strategy will include and more specifically target the Gulf Co-operation Council (the “GCC”) (Saudi Arabia, Kuwait, UAE, Qatar, Oman and Bahrain). This strategy was mentioned in the Throne Speech of November 2011 when the Governor advised that the Government of Bermuda intended to actively market Bermuda as a jurisdiction for Islamic Finance.

In considering the viability of this pronouncement, last year we closely analyzed the findings of an Islamic finance feasibility study carried out in that same year. Earlier today, as some of you are aware the Government issued a very helpful information brochure which details the strengths of Bermuda as a platform for Islamic Finance and I urge you to all consider the document and speak with us concerning any questions or comments you might have.

This study provides unique insights as to the challenges and opportunities for the development of Bermuda’s Islamic financing model. It confirms that:

- There are no major legislative or regulatory impediments to introducing Islamic financial product offerings in Bermuda.
- Bermuda offers the same advantages for Islamic financial products and institutions as it does regarding its standard asset management, insurance products and foreign direct investment initiatives.
- Bermuda has certain competitive advantages which make the offering of Islamic financial products particularly attractive which include Bermuda’s well regarded regulatory environment, speed to market and its intellectual landscape.

Ladies and gentlemen,

The Government of Bermuda remains a committed stakeholder in the Bermuda business development model and shall “enable”:

- the clear articulation of policy initiatives
- healthy legislative constructs
- adequate funding resources
- industry access to a responsive, market relevant and jointed-up government

Today:

- Bermuda-based companies may adopt a secondary name in non-Roman script (such as Arabic and Chinese), and the objects for which companies may be formed are largely unrestricted.

- There is flexibility regarding the formation of private acts.
- Company registration and incorporation takes place quickly, with incorporation occurring within one day, and approval by the BMA taking 1-2 days, increasing overall cost-effectiveness for business.
- There is a general perception that the cost of doing business in Bermuda is high. However, Bermuda is actually more cost-effective than many other financial centers.
- The BMA can facilitate insurance licensing in 3 business days and issue a Certificate of Compliance within 2 business days.
- There are no legal restrictions on the asset type, asset concentration, strategy or overseas jurisdiction in which a fund may invest, which means greater flexibility in approach.
- A Bermuda partnership can elect to have a separate legal personality, should this be required.
- Unlike some jurisdictions, no local auditor sign-off is required for Bermuda mutual funds.
- No exchange control for non-resident undertakings and no restriction on the repatriation of funds.
- Umbrella or multi-class funds can be created as Segregated Accounts Companies.
- Processing and approval of applications for new funds or material changes can be completed within 6 business days by the BMA.
- Sole directors and corporate directors of Bermuda companies are permitted.
- There is no requirement for meetings of directors or members to take place in Bermuda.
- Option to waive Annual General Meeting.

In my capacity as Minister of Business Development and Tourism, I am charged with ensuring that my Ministry is designed to provide an innovative space within Government which shall be focused on stimulating the creation of jobs, the growth of GDP, improved brand equity, and further diversification of the economy and industry sustainability.

To this end my vision is not limited by what Bermuda is now, but by what we can dream it can become.

We see Bermuda being the largest Offshore Arbitration and Mediation Centre in the world, where business leaders not only come to enjoy our hospitality, but where disputes are settled by arbitration and by other means of dispute resolution.

We see Bermuda as the largest Offshore Jurisdiction for Islamic Financing platforms, and we see Bermuda benefiting emerging markets.

Ladies and gentlemen,

It would be remiss of me as the Minister also responsible for Tourism not to invite you to also consider Bermuda for your next vacation. There is a popular song on the island called "Bermuda is another world", I concur that Bermuda is another world, ***but you have to go to know!*** You can find all your vacation preparation information at [www.gotobermuda.co.uk](http://www.gotobermuda.co.uk).

Last week the Minister of National Security announced that effective 1st May 2012 the initial visitor stay length will be extended to 90 days from 21 days. This change is definitely a step in the right direction. It will compliment efforts to promote Bermuda to European guests who traditionally spend more time in their destinations of choice. Additionally, this extended stay will support the fractional housing product and efforts by hospitality providers to promote Bermuda as a genuine second-home to those who can afford to make it such.

Also, in our efforts to strengthen links with the BRIC countries, also with effect from 1st May 2012, a waiver of the requirement for a Bermuda Entry Visa will be implemented for visitors from Brazil, Russia, India and China.

The traveller in possession of a visa for entry or transit to the US, UK or Canada will be afforded this privilege.

We hope that with the implementation of this policy, visitors from the BRIC countries will more readily consider Bermuda as a travel destination and a business-friendly jurisdiction. The elimination of the process requiring a Bermuda Entry Visa from the British Embassy in the visitor's home country will make Bermuda more attractive and sets us apart from competitors who may still require such an entry visa prior to arrival. We continue to be responsive to the needs of visitors both for leisure and for business. We also make every effort to maintain and promote those conditions to spur growth and demonstrate flexibility in our approach to regulation.

In closing, I take this opportunity to invite you to visit the Bermuda booth at the conference where you will find the Bermuda Post Office's Bicentennial publication in commemoration of its 200<sup>th</sup> Anniversary in April 2012. The book is entitled the ***Bermuda Post Office Bicentennial 1812-2012***. It tells the story of the postal service in Bermuda and its overseas connections, from the first unofficial beginnings in the 1780s to the official establishment of the Bermuda Post Office in 2012 and its subsequent role in Bermuda's history. It will appeal to history buffs, collectors and anyone interested in Bermuda and its development. The book will also be available in the Government of Bermuda's London office after the conference.

Ladies and gentlemen,

Bermuda will continue to "Soar like an eagle" and shall continue to support a creative and innovative approach to sustaining and developing her business model, while nurturing a responsible and relevant regulatory framework. We look forward to opening our doors to you!