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New Chairman

Robert Childs, Chief Underwriting Officer, Hiscox plc and Chairman of Hiscox USA

The Chairmanship of The Bermuda Society passes from Dr James King to Robert Childs with Raymond Sykes remaining as Deputy Chairman.

Upon his return to London from Bermuda, Robert was appointed to the Society's Committee of Management in March 2009 and was elected Chairman in November 2010.

Robert joined Hiscox in 1986; served at the Active Underwriter of the Hiscox Lloyd's Syndicate 33 between 1993 and 2005; and is the Group's Chief Underwriting Officer.

Robert was Chairman of the Lloyd's Market Association from January 2003 to May 2005.

The Society owes Dr King a huge debt of gratitude for his excellent stewardship whilst Chairman for the past seven years.

Lloyd's Update – 2010 Interim Results and Outlook for 2011 – released 21 October 2010

The Lloyd's Update report reveals that Lloyd's 1H pre-tax profit totals GBP628 million – a decrease of GBP694 million on the prior year period – while gross premiums written remained virtually unchanged over 1H2009, totalling GBP13.5 billion.

The lower result was due to a combination of factors including decreased investment yields and a softening rates environment. However, a large increase in catastrophe claims was the single biggest factor in Lloyd's profits decline – exposure to the Chilean earthquake and Deepwater Horizon oil rig disaster resulted in net claims estimated at USD1.4 billion and USD300-600 million respectively.

Source: Aon Benfield Research

The Aon Benfield Aggregate – 9M2010

The Aon Benfield Aggregate (ABA) analyses the financial results of 30 global reinsurers. This latest report – released 09 December – covers the first nine months of 2010 during which time ABA shareholders' funds rose by 20 per cent to reach USD251 billion. The underlying increase was 9 per cent excluding the capital raised by National Indemnity to part-fund Berkshire Hathaway's acquisition of BNSF. Net income and unrealised investment gains made strong contributions, adding USD31.1 billion in total, which more than offset the USD11.0 billion of capital returned to shareholders in the form of dividends and share buy-backs.

Operating income for the 30 ABA reinsurers fell by 24 per cent to USD13.7 billion, reflecting reduced investment yields and the increased burden of catastrophe losses. However, pre-tax profit rose by 31 per cent to USD23.0 billion, driven by a positive swing in realised and unrealised capital gains/losses of USD9.7 billion.

The full report can be accessed at http://www.aon.com/attachments/reinsurance/201012_ab_research_aggregate_report.pdf

Source: Aon Benfield Research

Aon Benfield's Reinsurance Market Outlook – January 2011

Aon Benfield's 2011 Reinsurance Market Outlook – Partnership Renewed – released 30 December – reviews the trends experienced at the January 01 reinsurance renewals and analyses specific challenges facing insurers and reinsurers in the year ahead. Property catastrophe expectations are discussed for upcoming U.S. property catastrophe renewals.

The report contains updates by individual business line and region, and also focuses on key topical issues for global (re)insurers that have an impact on reinsurance supply, demand and pricing. It comprises sections on mergers and acquisitions and catastrophe bond activity, the global financial market, and likely rating agency reactions to recent catastrophe model updates.

The report reveals that the partnership between (re)insurers has been renewed, as reinsurers are now lowering rates at the same pace, or greater, than insurers. Aon Benfield's outlook for renewals at the important April, June and July 2011 dates is for softening at a pace similar to what the firm observed during the January 2011 renewals. The January 2011 renewals are at the upper end of the range of softening that Aon Benfield projected in September 2010. U.S. catastrophe programmes that include hurricane exposure, which is the peak reinsured global peril, fell by 5 to 10 per cent.

During the first nine months of 2010, reinsurance capacity increased by 17 per cent, reaching a record high of USD470 billion and surpassing the prior peak capital level experienced in 2007. In contrast, insurer capital increased by only 2 per cent throughout the first nine months of 2010 reflecting the continued soft market. Our guidance for U.S. 2011 renewal expectations published by Aon Benfield September 12 are also reviewed and found to be predictive.

The full report can be accessed at http://www.aon.com/attachments/reinsurance/201012_ab_analytics_reins_market_outlook.pdf

Source: Aon Benfield Research

Solvency II: Current Trends and the Impact on Reinsurance

Solvency II – the new risk based regulatory framework for Europe – is now entering the final stages of implementation, with a proposed start date of January 2013. Throughout 2010, insurers who operate in Europe have been testing the proposed capital rules by participating in the Fifth Quantitative Impact Study (QIS 5). The industry has invested significant resources into risk management functions, building up large teams of actuaries, risk managers and IT specialists. CEIOPS – the Committee of European Insurance and Occupational Pensions Supervisors – announced mid-December 2010 that 70 per cent of all relevant (re)insurers across Europe participated in QIS 5. An important positive aspect of the Solvency II project is to incentivize a culture of risk management in the insurance industry, encouraging business strategies that target great risk-adjusted reward and greater portfolio diversification. Realising these benefits requires a close alignment of regulatory capital to economic fundamentals, helping demonstrate to senior managers across the industry that Solvency II is a valuable initiative.



Solvency II provides two approaches to setting regulatory capital: the standard formula and the internal model. The Capital requirements obtained from the standard formula under QIS 5 should reflect a 1 in 200 year confidence level and are deemed to be equivalent with a BBB rating. Current results show a capital requirement that far exceeds those of existing BBB rating agencies requirements suggesting that the calibration of the standard formula in QIS 5 is inconsistent with economic principles. Furthermore, the alternative internal model approach is regarded as cumbersome for any size of (re)insurance company due to very onerous requirements. Moreover, significant questions are currently being raised about the practicalities of internal model approval by 2013 – particularly given the limited resources of local supervisors in many regions.

The problems surrounding international models is worrying and suggests the standard formula will be the main measure of regulatory capital in the early years of Solvency II for most of the industry. It is therefore highly likely that Solvency II will follow the example of Basel III and introduce transitional measures to gradually phase in the new capital rules.

Source: [Aon Benfield Research](#)

Basel III Implementation – Prospects and Implications for Bermuda

The Basel Committee on Banking Supervision is currently developing the Basel III Accord, an enhanced standard for the prudential supervision of banks. The aim of Basel III is to strengthen the global financial system by raising liquidity and capital requirements, improving risk management practices and expanding disclosure requirements.

The Bermuda Monetary Authority believes Bermuda's banks are well-placed to meet these new requirements.

As of 30th June, 2010, all banks reported Tier 1 capital in excess of the revised standards proposed under Basel III. In addition, as at September 2010, the combined risk asset ratio (RAR) of the Bermudian banking sector had increased to 25 per cent – well in excess of international benchmarks.

Source: [Bermuda Monetary Authority](#)

Society Events

Lecture Meetings, Seminars and Receptions

The future programme for Lecture Meetings, Seminars and Receptions is currently being arranged – members will be advised just as soon as firm dates are known.

AGM and Annual Lunch 2011

Arrangements are in hand for the Society's Annual General Meeting for the year 2011 and the Annual Lunch to be held at Guildhall in the City of London – members will be advised just as soon as the date has been finalised.

Annual Dinner for Members and Guests 2010

The Society's 24th Annual Dinner for Members and Guests was held in the Livery Hall at The Worshipful Company of Armourers and Brasiers in the City of London on the evening of Tuesday, 16th November 2010. Mr Bradford Kopp, President and Chief Executive Officer of The Butterfield Group delivered the keynote address.

Annual Dinner for Members and Guests 2011

The Rt. Hon. The Lord Waddington, GCVO, DL, QC will be hosting the Society's 25th Annual Dinner for Members and Guests in the Cholmondeley Room and Pavilion at the House of Lords.

The Government's Fixed-Term Parliaments Bill is currently being discussed by both Houses of Parliament; in view of the possibility of a clash with the State Opening of Parliament for the 2011-2012 parliamentary session, two dates have been reserved for the Dinner – these are: Wednesday, 16th November 2011 and Wednesday, 23rd November 2011.

Members will be advised when arrangements have been finalised – the date for the State Opening of Parliament is likely to be fixed in June 2011.

Synopsis of the keynote speech given by Bradford Kopp, President and Chief Executive Officer of The Butterfield Group at The Bermuda Society's Annual Dinner for Members and Guests at The Worshipful Company of Armourers and Brasiers in the City of London on Tuesday, 16th November 2010.

Brad Kopp started by expressing his delight in accepting the Society's invitation to deliver the keynote address on the occasion of the 24th Annual Dinner for Members and Guests and in the presence Sir John and Lady Vereker – Sir John being Governor and Commander-in-Chief of Bermuda 2002-2007.

Brad complimented Raymond Sykes – Deputy Chairman of The Bermuda Society and Acting Managing Director of Butterfield Private Bank in London – who gave the Welcome speech.

He also acknowledged the presence of a number of the Bank's Executive in attendance at the Dinner.

His remarks were organised into three broad but interrelated topics:

- ❖ Bermuda's New Premier
- ❖ Bermuda's Economy
- ❖ Butterfield's strategy





Bermuda's New Premier The Hon. Paula A. Cox, JP, MP, Premier of Bermuda and Minister of Finance & Economic Development

On October 28th, 2010, the Progressive Labour Party (PLP) chose Paula Cox to replace their retiring leader and Premier, The Hon. Dr Ewart Brown as Head of the Government.

Premier Cox will continue in her role as Minister of Finance with the added portfolio of Economic Development.

She is a highly respected corporate lawyer with experience in banking and insurance and has been serving as Corporate Counsel at ACE since 2002.

Premier Cox has nearly 14 years' experience in Bermuda's political environment – holding a number of portfolios:

- ❖ Minister of Finance (since January 2004)
- ❖ Deputy Premier (2006-2010)
- ❖ Attorney General (2003-2004)
- ❖ Minister of Education and Development (2001-2004)
- ❖ Minister of Labour, Home Affairs & Public Safety (1998-2001)

She comes from a family with long and proud history in Bermudian politics. Her late father, Eugene Cox was a former Minister of Finance (1998-2003) and Deputy Premier, and her brother Jeremy Cox is the current Chief Executive Officer of the Bermuda Monetary Authority.

As Minister of Finance, Premier Cox has been largely responsible for ensuring Bermuda remains in high regard as a transparent, compliant and co-operative jurisdiction by the international community.

She successfully raised \$500m in a 10-year sovereign debt issue (in July 2010) and preserved Bermuda's S&P 'AA' Debt Rating and Moody's Aa2 Debt Rating.

She worked to ensure the country's ascension to the OECD white list and its successful passing of the OECD Phase I Peer Review.

On her watch, the Bermuda Monetary Authority implemented Basel II in Bermuda's banking industry and started the push toward Solvency II equivalent legislation for the insurance industry.

On two occasions, Premier Cox used the powers of the Ministry of Finance to support Butterfield:

1. guaranteeing and pledging to underwrite the Bank's \$200m preference share offering 2009; and
2. mobilising regulatory apparatus allowing for an additional \$550m of capital to be invested in the Bank by international investors in March 2010.

Premier Cox recognises that Bermuda faces challenges on the local community front and the importance of attracting new business to Bermuda.

This is reflected in her newly restructured Cabinet which includes a Minister of Tourism and Business Development – The Hon. Patrice Minors, JP, MP. This is the first time that Business Development has been added to a ministerial portfolio.

Premier Cox understands the importance of:

1. maintaining Bermuda's reputation in the international financial community; and

2. attracting foreign investment and fostering long-term prosperity.

She has stated that her government will focus on:

- ❖ better management of the deficit and debt reduction; and
- ❖ bringing about greater transparency and accountability in the tendering process for Government contracts – a sore subject on the island.

She has announced:

- ❖ the need to “restrain growth in spending” through better financial discipline in government;
- ❖ plans to cut \$150m of Government spending within the first year;
- ❖ and has established a procurement oversight function that she will personally head.

In the Throne Speech, Government announced that it has extended its tax exemption agreement for international companies to 2035.

Bermuda's Economy

Over past year, the worldwide economic crisis has caught up with Bermuda and we have begun to feel effects of the economic slowdown acutely.

Unemployment in Bermuda exceeds 4.5%; nowhere near the US's 10% rate, but still high for an economy accustomed to full employment.

The annual rate of inflation climbed sharply to 3.4% in September, due mainly to increases in the travel, health and rent sectors of the Consumer Price Index.

The highest inflation rate was recorded not too long ago in February 2009 – when inflation stood at 4.4%.

There has been a major increase in debt to an estimated one billion dollars over the last decade.

GDP growth in 2010 is forecast to be just 0.5% (according to S&P) – this compares to an average of 4.4% from 2003 to 2007; 0.7% in 2008 and -2.5% in 2009.

Retail sales have been gradually declining for 27 consecutive months.

Year on year sales in August were down by more than 9%.

The Bermudian community is feeling the effects of this economic dislocation in the form of an increase in violent crime with more than 100 firearms incidents in Bermuda so far this year – up from fewer than 40 in 2008.

On the **positive** side – a recent S&P report:

- ❖ affirmed Bermuda's sovereign credit rating at AA;
- ❖ moved the outlook to stable from negative, where it had been since May 2009.
- ❖ S&P cited low indebtedness of Government as a positive factor in its ratings, saying:
“The Island will remain one of the least indebted sovereigns (S&P) rates”.
- ❖ Government debt still low, relative to the island's \$6 billion GDP (2009 IMF)
- ❖ Bermuda's per capita GDP remains one of the highest in the world at US\$97,000 – behind only Lichtenstein and Luxembourg



International Business

The two main pillars that support Bermuda's economy are International Business and Tourism.

International Business has been a significant contributor for more than 40 years.

Bermuda is the third largest reinsurance market based on \$12 billion of net reinsurance premiums written – according to S&P – behind Germany and the U.S.A.

There are 23 listed reinsurers with \$38.7 billion in total adjusted shareholder funds.

There are more than 1,300 insurance companies and captives registered in Bermuda, including 37 formed in the first seven months of this year.

Bermuda is doing all the right things to retain her status as a key insurance centre from a regulatory perspective and continues to have a robust infrastructure for offshore business.

As H.E. the Governor, Sir Richard Gozney told The Bermuda Society in his remarks in March at Guildhall – what matters to Bermuda is that the insurance sector continues to create jobs and pay payroll taxes in Bermuda (payroll tax rate averages 14.75%).

Payroll tax accounts for 40% of government revenues – followed by import duties at 22%.

Bermuda has been on the OECD white list since June 2010 when it signed its 12th TIEA with the Netherlands.

Bermuda passed Phase I of OECD Peer Review in September verifying Bermuda has suitable regulatory infrastructure and international agreements.

The second phase of review is expected to occur in the second half of 2012; this will verify that regulations and agreements are being properly applied.

Bermuda is on course to become compliant with Solvency II regulations for the insurance industry by the time the E.U. puts them into effect in 2012.

There are challenges facing the reinsurance sector:

- ❖ an extended, soft market
- ❖ increased competition amongst offshore jurisdictions
- ❖ regulatory and legislative risks
- ❖ U.S. Tax Risk

Some high-profile companies have re-domiciled operations to Ireland, Luxembourg or Switzerland from Bermuda, but it is not a trend yet and has not had an effect on employment in Bermuda yet.

Most companies that have re-domiciled have moved for better access to the EU market, or “for regulatory reasons”. “Regulatory” reasons include legislation tabled in the U.S. that seeks to limit insurance companies’ abilities to receive U.S. tax deductions on profits they cede to foreign affiliates in low-tax jurisdictions in the form of reinsurance premiums.

In addition to the potential tax implications, some reinsurance companies have cited Bermuda’s strict immigration policies and work permit term limits, and finding permanent offices and living spaces, as well as schooling for workers’ children as challenges that have contributed to their decisions to re-domicile.

Tourism

Bermuda's economy was originally built around Tourism and it remains a key economic driver. The substantial decline in Bermuda's tourism industry can be put down to the following:

- ❖ worldwide competition
- ❖ global recession
- ❖ Bermuda is an expensive destination
- ❖ Bermuda has seen the closure of one-third of its hotel capacity since 1989
- ❖ hotel stock is getting old – three new hotels but all focused on fractionals
- ❖ other destinations in the Caribbean and Mexico have developed highly competitive and more attractive offers
- ❖ air arrivals in Q2 2010 were up only 3.4% versus Q2 2009, which was the worst quarter in the last 30 years

According to the Bermuda Chamber of Commerce, more than two-thirds of air arrivals now come to Bermuda for business, conventions or to visit family and friends; spending much less on their visits than tourists would.

The number of cruise ship visitors is up, but they spend less in Bermuda than those who arrive by air and stay at hotels for their holidays.

There has been much talk about new hotels, but financing seems very unlikely – this is most unfortunate because our proximity to the U.S. and our natural resources offer tourists a terrific package.

Butterfield

The current status of Butterfield and our strategy for moving ahead is as follows:

- ❖ today, Butterfield is a solid bank with a diverse set of customer franchises;
- ❖ like all banks, we face a difficult operating environment.

In 2009, Butterfield faced a number of challenges:

- ❖ large holdings of asset-backed securities led to losses of over \$400m;
- ❖ the Bank also purchased SIV investments from the Butterfield AAAM rated Money Market Fund to preserve the rating as well as to prevent the fund from ‘breaking the buck’;
- ❖ a few large hospitality loans in Bermuda and the Caribbean.

The resulting problems for the Bank were:

- ❖ erosion of capital
- ❖ liquidity and deposit pressure
- ❖ loss of confidence

In March 2010, we aggressively addressed these issues by raising \$550m of common equity from a blue chip group of investors led by Carlyle and CIBC. We de-risked the Balance Sheet by selling problem mortgage securities, took substantial charge offs on loans. Butterfield is now well capitalised.

At the end of the third quarter, we had:

- ❖ tangible common equity ratio of 6.29%;
- ❖ total capital ratio of 21.6%;
- ❖ tier 1 capital ratio of 15.7%.

The Bank's debt ratings of A-/A confirmed by S&P and Moody's.





We have positioned Butterfield for turn-around.

The Bank is now moving forward on a conservative strategy and focusing on our strengths – the two pillars being Community Banking and Wealth Management.

We have exited Hong Kong and Malta to simplify company structure and are attracting some top new management talent.

Community Banking: In Bermuda – Butterfield is one of two main Banks, it is a profitable franchise with 40% of market share and a loyal client base; its position is that of the local retail, small business Bank.

In the Cayman Islands – Butterfield is one of seven retail Banks; differentiated by service proposition and an entrepreneurial team.

Both Butterfield Banks in Bermuda and Cayman are deposit driven.

Butterfield also owns a small community bank in Barbados.

Wealth Management: Private Banking: Bermuda, Cayman, U.K. and Guernsey –

- ❖ deposits of \$2 billion;
- ❖ serve the needs of high net worth clients, often with international connections;
- ❖ here in London, we have a solid business looking after the private banking needs of wealthy individuals and their families.

Trust: Unique Five Country Offering: Bermuda, Guernsey, Switzerland, Cayman and The Bahamas –

- ❖ \$32 billion of trust assets and ten well respected senior executives.

Asset Management: local asset management in Bermuda, Cayman, Guernsey, U.K. and The Bahamas –

- ❖ focusing on Advice and Personal Service;
- ❖ competing against larger, more impersonal competitors.

Custody:

- ❖ local delivery of securities services.

Current State:

- ❖ The Bank has a strong new team – unified in its vision for Butterfield and the strategy to return the Bank to profitability;
- ❖ Banking environment is under pressure with low rates and decrease in loan demand;
- ❖ We will be focusing on Butterfield's strengths which are:
 - core deposit base of \$8 billion, stable customer base, high level fee income;
 - new capital injection to address our balance sheet problems;
 - diverse revenue stream and geographics;
 - an internationally recognised brand name in the wealth management arena.

The Butterfield model is based on:

- ❖ leveraging our people – long-serving, dedicated and knowledgeable bankers and advisers leading to a reputation of service excellence, and high level of customer loyalty;
- ❖ being involved in our communities – charitable giving and employee volunteerism;
- ❖ being transparent in our communications with stakeholders and improving our levels of disclosure in financial reporting to shareholders;
- ❖ and lastly – but importantly – we will continue to tightly control expenses in this period of reduced margins.

We are well positioned as rates rise and economies turn around.

Closing Remarks

Bermuda has been challenged by the recession, but I believe it will remain a strong and resilient economy going forward with a reputation as a good place to do business.

The restructured Government under Paula Cox is doing all the right things from a regulatory perspective to attract and retain international business as well as to improve the financial condition of the island.

Butterfield has stabilised its financial situation and will benefit when the economic situation in our markets improve – both in Bermuda and other locations where we have offices, including here in the UK.

I hope you share my optimism for Bermuda's future and for that of Butterfield.

For all our clients in the audience – thank you for your confidence and your business.

Thank you all for your time today.

Bradford Kopp
President and Chief Executive Officer
The Butterfield Group

Sir Crispin Tickell, GCMG, KCVO Speech given at an event for the Bermuda Institute of Ocean Sciences (BIOS) hosted by Coutts & Co. Private Bankers, 440 The Strand on 6th October 2010.

I wish to quickly sketch out the global aspect. Most of us at the moment – including Coutts' – are worried about money and credit. But that is only a minor crisis compared to the bigger crisis, which is hitting us inch by inch, and of which most people are still unaware. I'm not going to go on about climate change, but I will say this: natural change goes on all the time. Those who wish to deny climate change say that it would have been happening anyway. In the last 250 years, humans have changed the character of the surface of the earth. There is still a lot of controversy about how much of this change is natural and how much of it is human-induced – though not so much, I might add, among scientists. The controversy lies only outside of the scientific sphere, because many people just don't want to believe.



What are the human-driven changes? I'm sure you have all read about climate change; this issue is now very fashionable, though it used not to be. This creates some exaggeration from people pushing in one direction, and also the people pushing in the other. Pollution is taking place on a major scale. We also have problems with exhaustion of resources, disposal of waste, and a whole range of other issues which – on the whole – people haven't had to think about. But they're coming together to think about this now, and that is something that I would say is relatively new.

Indeed, at the moment – I don't know how many of you are geologists? – we can talk about the Pleistocene Ice Ages, and we can talk about the Holocene warm period of the last ten thousand years, which we are still in. Geologists are now coming forward with a new concept called the Anthropocene, which begins with the Industrial Revolution – which started in Britain some 250,000 years ago – and it shows how one particular species has more or less completely changed the surface of the earth. And that's where we are today: we're discussing the future of the world and the Anthropocene. There's going to be a book published by the Royal Society about the subject coming out in the next year, which I have contributed an essay to. It looks at the various impacts that have happened, and the way in which this one animal species – our own – has changed everything.

So how does BIOS fit into all of this? Oceans are immensely important, and of all the scientific conundrums that we face, less is known about the oceans than almost anything else. We have looked at the atmosphere and know what is happening there. We know about the ground; we know about pollution and loss of biodiversity. This is an important point: we forget that we are part of nature ourselves. Every single one of us has ten times more bacteria than body cells in his or her body. We are part of the natural world but we tend to ignore that.

The oceans, which cover more than seventy per cent of the earth's surface – are absolutely critical for life itself. Some of you may have seen David Attenborough's television broadcast last night, in which he distinguished three important threats to the ocean. Firstly: humans are destroying the natural world, with fisheries, for example. Secondly: we are polluting the ocean. Thirdly: global warming is causing sea-levels to rise, which is something that we can do absolutely nothing about now – the die is already cast. We are up 3mm a year at the moment, and rising all the time, and probably will rise still more.

The oceans are a relatively unknown resource of immense importance. This is where BIOS comes in. It is ideally located on the island of Bermuda in the mid-Atlantic. 12,500 years ago the earth went into a sudden glacial phase, and that was because the currents in the North Atlantic changed direction. The same thing happened 8,600 years ago when the earth again went into a cooler period lasting about 200 years. Now, quantities of greenhouse gases are entering the atmosphere at an unprecedented rate. Climate is being destabilised. We are using up resources that cannot be replaced. We face a major crisis, and BIOS has a hugely important role to play, which Tony Knap will tell you about next.

All I will say is that the one lesson that I would like to encourage you to take on is this: we have to think differently about the future of the earth, what the human species is doing to it, and the kind of policies that we now have to adopt.

Sir Crispin Tickell, GCMG, KCVO

Anthony H. Knap, PhD, President and Director, The Bermuda Institute of Ocean Sciences (BIOS) – Speech given at an event hosted by Coutts & Co. Private Bankers at 440 The Strand on 6th October 2010.

BIOS has been around since 1903. It is one of the five oldest marine laboratories in the world. It was established in Bermuda for three main things, really: location, location, location. People do say that if Bermuda wasn't there already – from an oceanographic perspective – it would have had to have been invented. We have the longest series of ocean measurements that exist in the world. A recent article about BIOS in TIME magazine highlighted the years and years of data collection that have been carried out from Bermuda, giving us a better perception of how the ocean is changing over time.

I gave a talk in Madrid yesterday, at a conference for the reinsurance industry. I was pressing the point that climate change was all about the ocean, not the atmosphere. I expected a following speaker – who was representing the WMO (World Meteorological Organisation) – to claim that that the atmosphere was the central concern and the greatest influence on the climate change. I was surprised when he too pressed the ocean as the priority.

We are seeing unprecedented changes in the ocean. It can be difficult to measure and understand this, as the ocean is so deep and so huge. A programme called Argo which collects data from floats has just published that, in the last sixteen years, the temperature of the ocean has gone up by 0.64 watts. That doesn't sound like much, when you think about what a 50w light bulb does. But the amount of energy that has gone into the whole of the ocean every year for this rise to have occurred is the equivalent energy of five hundred 100w light bulbs going into the ocean for every person on the planet, for every year for the past 16 years. This is unprecedented.

We are also investigating the rate and extent of carbon dioxide going into the ocean, which is turning the surface of the ocean more acid. This affects coral reefs, which are made out of a base – calcium carbonate. We believe that we have evidence of a decrease in coral reef growth by about thirty percent so far. Coral reefs from most tropical islands like Bermuda have to keep up with sea-level rise, and if they can't because they are unable to put down the carbonate because of the changing pH of the seawater, there is going to be a lot more erosion. This affects the whole food-chain, from plankton up to charismatic macro-fauna such as otters.

I know there are a lot of insurance and re-insurance people here. We started a programme called the Risk Prediction Initiative in 1994; we put scientists studying the climate and inter-annual variability together with the insurance world. I started this with Michael Butt – whom many of you may know – and this is still moving on today.

We are also focussing a lot more on the effect of climate change on business. Hot-cold, wet-dry, frozen-not frozen, storminess – these are the biggest things that changes price in the world. Since there is as much heat in the top three metres of the ocean as there is in the whole of the atmosphere, it is the moveable heat of the planet. We are seeing things changing; the means are changing, and the extremes will change. Most businesses make their money on





the tails of the distribution, rather than the mean. So precipitation is changing now; the water vapour content of the northern hemisphere has gone up by four percent because of the heated atmosphere containing more water, and when it rains now it rains twenty percent per downpour. We're seeing changes in the mean and changes in the extremes. If you look at the latest situation in Russia and Pakistan, there is a change in the dipole – the ocean temperature – in the Arctic and in the Mediterranean. It moved over a bit from what happened in France in 2003 when they had that heat-wave. So the jet-stream that would normally cool Russia didn't do that, and it delivered all the rain to Pakistan; if you were clever and saw this coming and had bought wheat futures, you would be hosting this event rather than being a guest here.

So there really is a huge connection between the ocean and business, and the ocean and climate, and I'd like to now hand over to Matthew Bradfield. We have a large education programme – we have PhD programmes with Princeton, and groups from Oxford and Cambridge and others – we're playing at the high end of the education game. We have an internship programme which allows many students to join us; Matthew is one of those students.

Anthony H. Knap, PhD
President and Director
The Bermuda Institute of Ocean Sciences

Bermuda National Trust in London

The UK Friends of the Bermuda National Trust (BNT) was launched in London on October 5, 2010 at Dartmouth House in Mayfair. The guests – all connected with Bermuda by family, business or friends – attended with senior representatives from the National Trust of England, Wales and Northern Ireland, the International National Trusts Organisation (including National Trust Directors from India, Malta, Ireland and British Columbia) and the World Bank Cultural Division. Representatives from travel agents specialising in Bermuda also attended. The aims of the Friends are to raise awareness in the UK of the activities of the Bermuda National Trust and seek to encourage historical tourism to Bermuda. Events with a Bermudian theme will be held regularly and the aim is for these events to be both interesting and enjoyable.

Jennifer Gray, Executive Director of the Bermuda National Trust, addressed the guests. She outlined the mission of the Bermuda National Trust and the role of the UK Friends. She thanked the National Trust of England for their encouragement and support and reported that talks were under way to "twin" Vermont, the jewel of the BNT, with a property of the National Trust of England. Guests were all encouraged to become members of the UK Friends. She noted, *"as we enter this new chapter for the Trust we look forward to strengthening our links with the UK, developing new collaborations, engaging new friends and sharing knowledge of all that we treasure about our history and environment. The UK Friends is the conduit to building a meaningful network that benefits everyone"*.

If you are interested in learning more about the activities of the Bermuda National Trust or the UK Friends of the Trust, please contact Michael Whittall on whitsec@aol.com or visit the BNT website at www.bnt.bm

The Bermuda Society – Summer Internship Programme

One of The Bermuda Society's aims and objectives has always been to offer support and guidance to Bermudian students and others living and working in the United Kingdom – in recent years, Members of the Society's Committee of Management have sponsored the attendance of a number of Bermudian students to the Annual Dinner for Members and Guests thus affording them the opportunity to network with those corporate entities attending this prestigious event.

In order to develop this aim still further, it is the Society's intention to draw upon its wide range of business contacts from within the international business sector, banking and financial services, insurance and reinsurance, and the law and accounting professions - and offer a competitively rated, paid internship programme to Bermudian students currently completing an undergraduate degree in the UK.

It is envisaged that this programme will be launched in March 2011 and will be open to first and second year undergraduate Bermudian students over 5-6 weeks in June/July 2011 – this will provide those who qualify for the programme with invaluable experience obtained from a high-quality learning environment.

Interns will be required to arrange their own accommodation for the duration of the programme.

Suzanne Stubbins
Secretary
The Bermuda Society



Bermuda Business

www.bermuda-insurance.org
www.abir.bm
www.businessbermuda.org
www.bma.bm

Bermuda Tourism

www.bermudatourism.com
www.ba.com

Government of Bermuda London Office

6 Arlington Street
London, SW1A 1RE
Telephone: +44 (0)20 7518 9900
Direct Telephone: +44 (0)20 7518 9904
Facsimile: +44 (0)20 7518 9901
Email: londonoffice@gov.bm
Website: www.gov.bm

Bermuda Sloop Foundation

– more information on the Foundation's work and the *Spirit of Bermuda* can be found at www.bermudasloop.org

The Bermuda Society

The Bermuda Society was formed in 1987 with a view to forging close links between Bermuda and Britain in the areas of finance, commerce and economics. The Society has strong ties with both Houses of the British Parliament and the Commonwealth Parliamentary Association, with figures in the City of London, in tourism, air transportation, the professions, insurance, reinsurance and banking as well as other opinion formers who have Bermuda's interests and good name at heart.

The Society has become a focal point for those interested in Bermuda. Lunchtime and dinner meetings addressed by interesting guest speakers take place throughout the year.

For more information on the Society and details of application for membership, please contact:

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Email: BermudaSoc@aol.com
Website: www.thebermudasociety.com

Minimum Annual Fees:

Corporate Membership
£250.00/\$390.00

Private Joint Membership
£35.00/\$55.00

Private Individual Membership
£25.00/\$40.00