



HOW TO FORM A CAPTIVE IN BARBADOS

The Exempt Insurance Act, Insurance Act and Companies Act are the main statutes governing the way that a Captive does business in Barbados. Two kinds of Captive structure are catered for under Barbados law – Exempt Insurance Companies [EIC] and Qualifying Insurance Companies [QIC].

An Exempt Insurance Company may only insure or reinsure risks outside of Barbados, where the premium is paid from outside Barbados. A Qualifying Insurance Company must have at least 90% of its gross premiums originating from outside the Caribbean Single Market and Economy.

Forming a Captive (both EIC and QIC) involves the steps set out below. Application has to be made to both the **Financial Services Commission** [FSC] (the insurance regulator) and the **Corporate Affairs and Intellectual Property Office** [CAIPO] (to register the Company).

Once the decision has been made to form a Captive, the following steps will need to be completed. Palm can provide guidance and assistance on many of these, including drafting of business plans and pro forma financials and selection of directors and service providers.

DEVELOP BUSINESS PLAN:

This includes the purpose of the business, coverage form, fronting/reinsurance arrangements, loss and expense projections, rates, solvency compliance, operating procedures, service providers, financial projections, tax status and dividend policy.

Selection of proposed Captive's name

- File the company name reservation with CAIPO in advance to ensure that the proposed name is acceptable and available. It is advisable to submit the preferred name and two alternatives in case the preferred one is not available. To become a registered insurer, the business name must include the word "Insurance" or "Assurance" or a derivative thereof.

Selection of service providers

- Administration and accounting – Insurance Manager
- Legal – Attorney at Law
- Bankers
- Auditor
- Actuary (if required)
- Technical Insurance Consultants

- Investment Management
- Reinsurance Placement – Brokers
- Claims Administration

Corporate documentation and structure

- Articles and by-laws
- Shareholder and Participation agreements (if applicable)
- Select directors and officers

COMPLETION AND SUBMISSION OF APPLICATION MATERIAL

Insurance Registration (FSC)

For the registration of an exempt insurance company in Barbados, the following is required:

- An application form (Form A – Application for a license to engage in exempt insurance business);
- A detailed business plan which includes financial projections - three years for general insurance and five years for long-term insurance;
- Three copies of the company's draft articles of incorporation;
- A list of directors indicating for each director the full name, permanent address, country of birth, nationality, date of birth, business experience and other directorships;
- Character references on the shareholders, directors and officers;
- A letter of acceptance of responsibility by the person resident in Barbados with which documents may be served;
- The name and address of any actuary appointed by the company;
- Name of an exempt management company, unless the Captive will be self-managed;
- An auditor's certificate in respect of paid-up capital or contributed reserves; and
- A certified copy of the balance sheet.

In order to ensure the efficient processing of applications, the FSC recommends that an accountant or attorney-at-law in Barbados be appointed to prepare the application for submission to the FSC.

The FSC will assess the application form, along with the supporting documents. If necessary, they will ask for clarification of any issues. If the application is successful, the applicant will be notified in writing, or where appropriate granted permission to incorporate the company.

Corporate (CAIPO)

File the following incorporation documents with Registrar of Corporate Affairs:



The Gables, Haggatt Hall, St. Michael , Barbados 11063

- Articles of Incorporation
- Notice of Address
- Notice of Directors
- Name Reservation
- By-laws of the company

Once approved, organisational meetings must be held:

- provisional directors
- first directors' meeting

Items to approve include:

- By-laws and election of officers
- Board committees
- Service providers
- Business plan
- Investment policy
- Signing authorities
- Bank account(s) opening

Following organisational meetings:

- Open bank accounts
- Fund Captive as per Business Plan (capital and surplus)
- Issue shares
- Sign management and service provider agreements

***PLEASE CONTACT PALM CAPTIVE CONSULTANTS FOR FURTHER
INFORMATION, TIMELINES, COST ESTIMATES, ETC.***

USEFUL LINKS:

Financial Services Commission:

<http://www.fsc.gov.bb/index.php/insurances>

Corporate Affairs and Intellectual Property Office:

<http://www.caipo.gov.bb/site>