

MARSH CAPTIVE SOLUTIONS: CAYMAN ISLANDS

Marsh Management Services Cayman Ltd., established in 1976, is part of Marsh Captive Solutions, a leading manager of various types of captives and insurance programs including single-parent, group, and segregated cell captives; we also have staff dedicated to Special Purpose Reinsurer (SPR) and Insurance Linked Securities (ILS) corporate administration. Our team provides captive insurance management, company management, registered office, direct insurance placement, brokerage, principle representation, feasibility study, and insurance licence application services.

KEY FACTS

Location	The Cayman Islands are a British Overseas Territory consisting of three islands in the Western Caribbean, approximately 460 miles south of Miami.
Accessibility	The islands are accessible on regularly scheduled flights from numerous locations, including Miami, Houston, Charlotte, Atlanta, Tampa, Dallas, London – UK, Kingston, Jamaica, Philadelphia, New York, Detroit, and Toronto, Canada.
Applicable Legislation	The Insurance Law, 2010, and related regulations.
Regulatory Agency	The Cayman Islands Monetary Authority (CIMA).

REGULATORY OVERVIEW

Insurer Categories	Pure and Association Captives, Rent-a-Captives, Special Purpose Vehicles, Segregated Portfolio Companies (SPCs), and Commercial Insurers and Reinsurers.
Acceptable Corporate Forms	Stock or mutual.
Permitted Business	Non-Cayman risks; up to 5% Cayman risks can be insured; in excess of 5% with CIMA approval.
Direct Insurance Permitted	All lines permitted.
Reinsurance Permitted	All lines permitted.
Taxation	No income or capital gains tax, with a 20-year guaranteed tax-exempt status upon incorporation. No local premium tax.
Local Office and Insurance Manager Requirement	Registered office and licensed insurance management company required. Minimum of two directors required (no resident director required).

Islands Practice Leader

Julie Boucher

Director, Client Services

Kieran Mehigan

Senior Leadership Team

Kieran O'Mahony

Jayne Lawless

Joanna Barnes

Office Address

Governors Square

Building 4, 2nd Floor

23 Lime Tree Bay Avenue

Grand Cayman, KY1-1102

Cayman Islands

T: +1.345.914.5744

F: +1.345.949.7849

MARSH CAPTIVE SOLUTIONS: CAYMAN ISLANDS CONTINUED

CAPITAL & SOLVENCY REQUIREMENTS

License Types and Class of Business	There are five different licence types: B(i), B(ii), B(iii), C, and D. Capital and solvency requirement differ by licence type. The requirements also differ for General (property and casualty) compared with Long-term (life, annuity, and disability business). The Class B license types are based on the proportion of unrelated business. Class C are special purpose vehicles and Class D are large reinsurers with a presence in the Cayman Islands.		
Minimum and Prescribed Capital Requirements	Minimum Capital Requirements (MCR) must be maintained at all times. Prescribed Capital Requirements (PCR) are higher than the MCR and CIMA must be notified immediately if capital falls below the PCR. For certain licence types and business classes, capital is based on a sliding scale as a percentage of Net Earned Premium (NEP). Class D reinsurers have a complex PCR calculation.		
Capital Minimums	Type	Minimum Capital Requirement (MCR)	Prescribed Capital Requirement (PCR)
	B(i)	General Business US\$100,000 Long-Term US\$200,000 Composite US\$300,000	PCR = MCR
	B(ii)	General Business US\$150,000 Long-Term US\$300,000 Composite US\$450,000	General: 10% of NEP up to \$5 million, 5% of additional NEP up to \$20 million, 2.5% of additional NEP in excess of \$20 million. Long-Term: PCR = MCR Composite: amount required to support the general business plus MCR
	B(iii)	General Business US\$200,000 Long-Term US\$400,000 Composite US\$600,000	General: 15% of NEP up to \$5 million, 7.5% of additional NEP up to \$20 million, and 5% of additional NEP in excess of \$20 million. Long-Term: PCR = MCR Composite: amount required to support the general business plus MCR
	C	General Business US\$500 Long-Term US\$500 Composite US\$500	PCR = MCR
	D	General US\$50,000,000 Long-Term US\$50,000,000 Composite US\$50,000,000	Contact the Cayman office for details.
Solvency	CIMA has the power to require capital in excess of the statutory minimums.		
Intercompany Loans	Related party loans are subject to approval of the Head of Insurance Supervision. Permission is based upon the purpose of the loan, the terms of the loan, and the financial condition of the respective related party.		
Investment Restrictions	There are few formal investment restrictions. However, a captive's investment policy will be subject to the Head of Insurance Supervision's approval when the business plan is originally submitted. Also, the Head of Insurance Supervision must be notified of any material changes to the investment policy. Certain changes must receive prior approval.		
Reporting Requirements	Audited financials must be filed within six months of fiscal year end as part of the annual return requirements. Annual certification of the policyholder reserves by an actuary approved by CIMA is required for long-term business.		