

CAPTIVES FORUM



Taking control through sophisticated risk financing

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📍 Lloyd's of London, Lime Street, London

airmic

How to choose a captive domicile

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How to choose a captive domicile



Introduction:

- Delicate balancing act
- Hidden downsides
- Alignment to: Short, mid, and, long term objectives

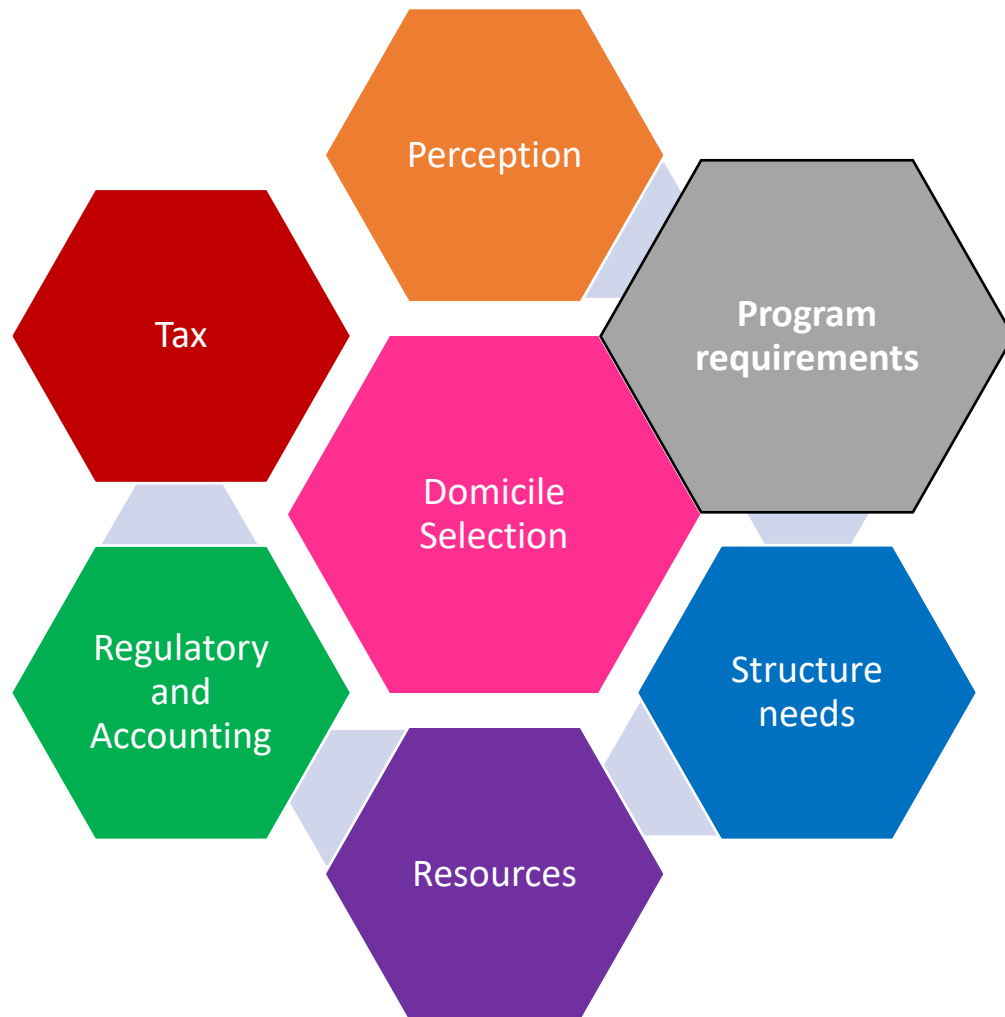
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Perception

- Reputational perception
- Corporate responsibility and policy alignment
- Substance alignment
- Country by Country Reporting

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Program Requirements

- Direct or reinsurance?
- Admitted or non-admitted?
- Life and or Non-life?
- Coverage Type
- 1st Party vs 3rd Party

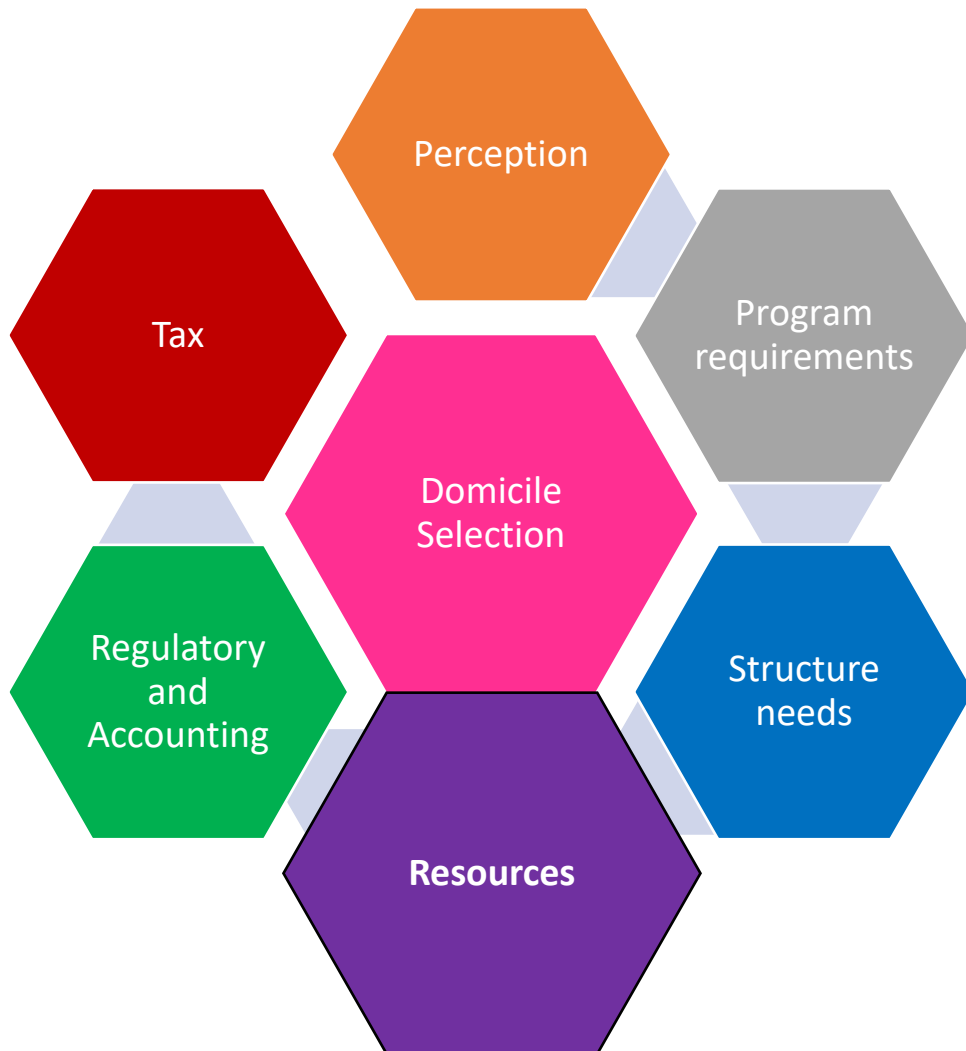
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Structure: needs/Availability

- Pure Captive
- Cell captive (PCC, ICC)
- Group captive
- Risk retention Group
- ...
- These structures are not available in all locations

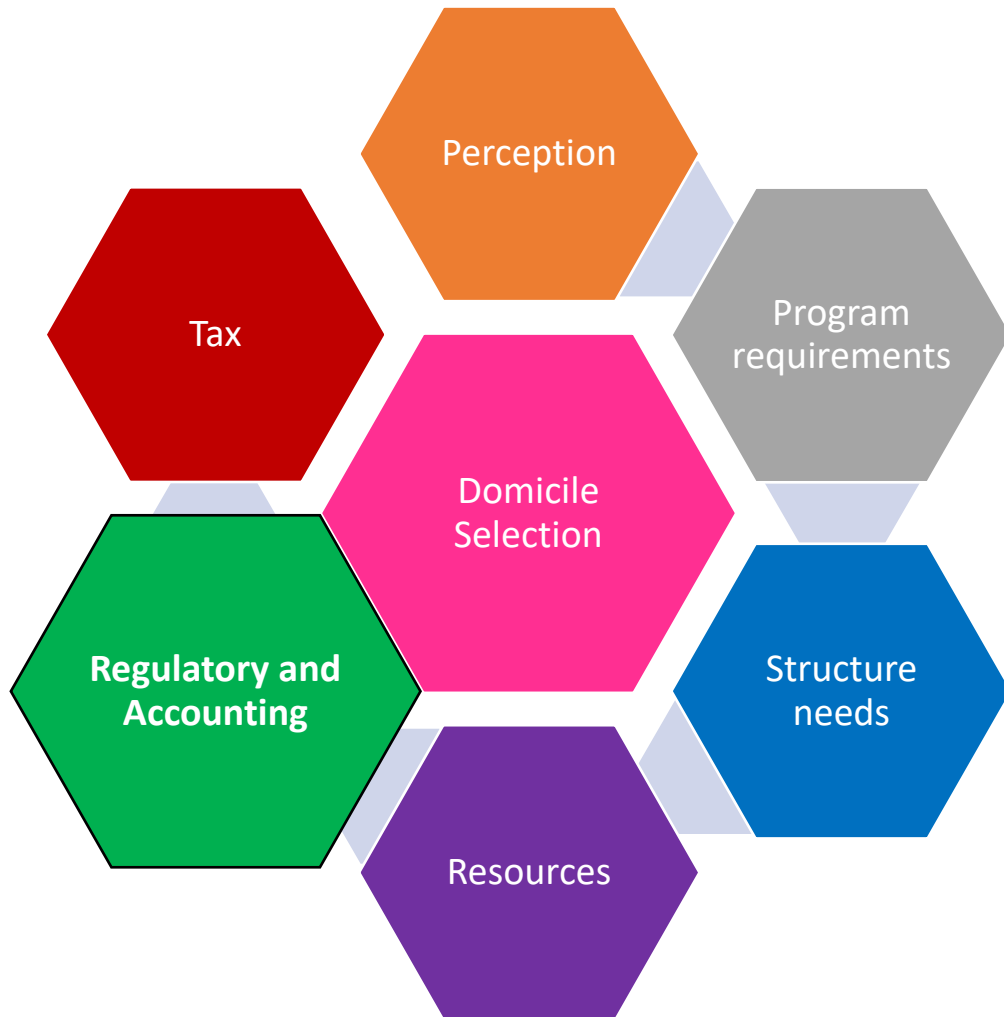
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Resources

- Regulator
- Captive managers
- Compliance
- Banking
- Auditors
- Actuaries
- Lawyers
- Local Directors
- Parental Resources (proximity may be a driver)

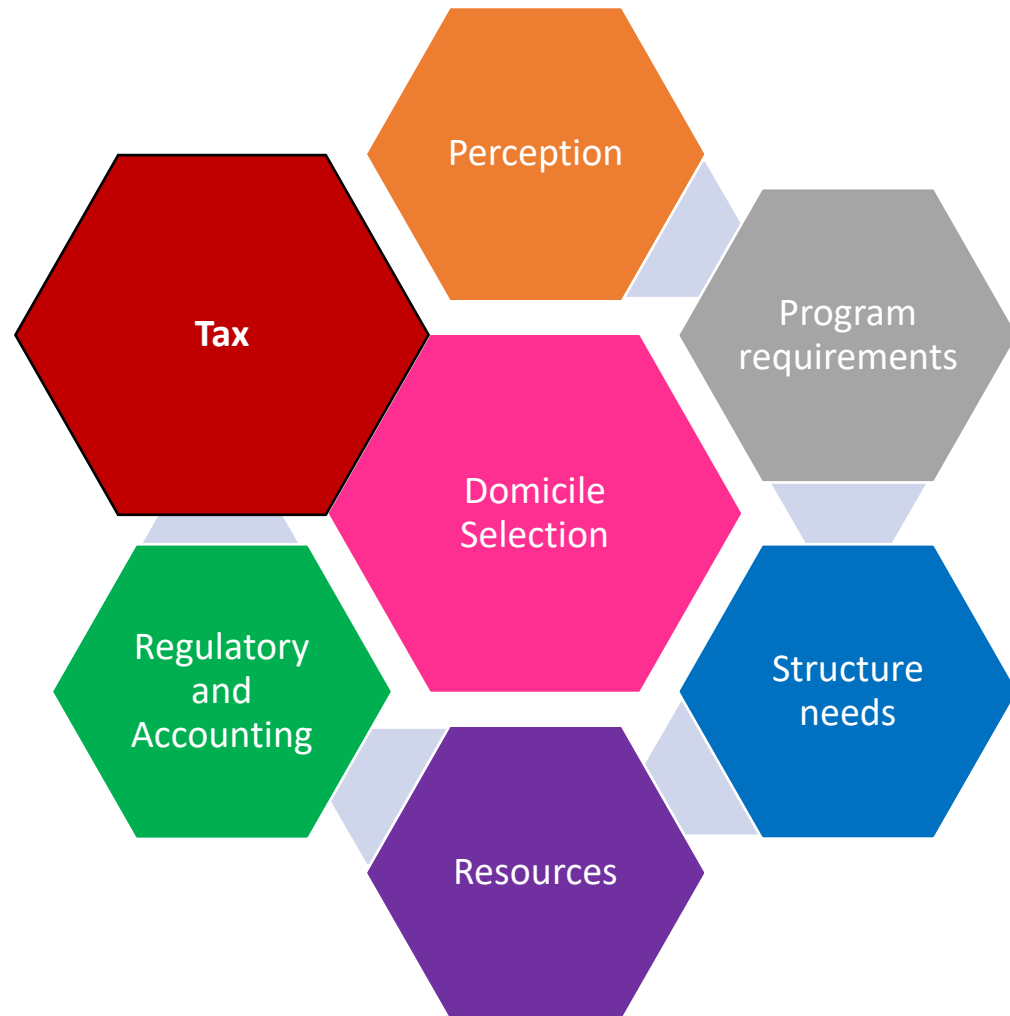
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Regulatory and Accounting

- Regulatory
 - Solvency
 - Capital
 - Reporting
 - Stability
- Accounting
 - Reserving provision
 - Treatment i.e. (multiyear programs)

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Tax

- OECD/G20
 - BEPS/BEAT
 - Substance
 - Economic Rational
 - Transfer Pricing
 - Pillar 1 – Profit allocation and nexus (2023)
 - Pillar 2 – Global Minimum Taxation (2023, UTPR 2024)
- EU Mandatory Disclosure Regime (EUMDR - DAC6)
- Controlled Foreign Corporation (CFC)
- Charities (UBIT)
- Premium Taxes

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Summary

- Number of factors to consider;
- Should align to current and future strategy;
- Reputational Risk and capital requirement/trapped cash are the most common 'key' drivers.
- Tax should be a consideration but not a driver;
- Because a domicile can work doesn't mean it's suitable;
- It is important to assess the alternatives!