

Establishing a Captive Insurance Company in Jersey

Captive Insurance in Jersey	
Types of captive insurance entity	<ul style="list-style-type: none"> ■ Captive insurance companies ■ Protected Cell Companies (and cells thereof) ■ Incorporated Cell Companies (and cells thereof)
Legislation	<p>All insurance business conducted in Jersey is regulated under the Insurance Business (Jersey) Law 1996.</p> <p>Additional legislation; Insurance Business (General Provisions) (Jersey) Order 1996 and Insurance Business (Solvency Margin) (Jersey) Order 1996.</p>
Regulation	<p>The Jersey Financial Services Commission (“JFSC”) regulates all of Jersey’s financial services sector. PO Box 267, 14-18 Castle Street, St Helier, Jersey, JE4 8TP, www.jerseyfsc.org.</p> <p>Long term or general insurance business can only be carried out in or from within Jersey with a permit issued by the JFSC. In Jersey captives are referred to as Category B permit holders - Category A being commercial insurance companies licenced in other jurisdictions.</p>
Minimum capital	<p>The minimum capital requirement for a captive is £100,000 but the JFSC has the ability to amend this, both up and down, depending on the nature of the proposed business and financial projections.</p>
Solvency margins	<p>Jersey has chosen not to follow EU Solvency II (opting for “non-equivalence”) and follows the international standards set by the International Association of Insurance Supervisors (“IAIS”).</p> <p>The solvency margin requirements for Category B permit holders are 17.5% of net premium income for general business, and 2.5% of the value of the long-term insurance fund or £50,000, whichever is the greater, for long-term business.</p>
Taxation	<p>Category B permit holders are subject to 0 % corporation / income tax under Jersey’s “zero/10” taxation regime.</p>
Auditors	<p>All permit holders must appoint and retain an approved external auditor.</p>
Reporting requirements	<p>Category B permit holders must maintain adequate accounting records and submit financial statements to the JFSC every 6 months. If conditions attached to the licence, auditors must confirm compliance with these every 6 months.</p> <p>Audited accounts are to be submitted to the JFSC within 4 months of year end.</p> <p>If the permit holder carries out long-term business then an approved actuary must be appointed.</p>
Directors	<p>There must be a minimum of 2 directors, with the majority being Jersey resident</p>

Jersey Captive Insurance Fees		
Application and Yr1 fee to the JFSC	a) £5,580 – if solely General Business b) £11,160 – if permit is to include Long Term Business	a) £1,595 for a cell – if solely General Business b) £3,190 – if cell is to include Long Term Business c) £5,580 for a PCC Core
Annual return filing fee to Jersey Registry	£200	PCC core £200
Annual fee payable to the JFSC	a) £5,580 – if solely General Business b) £11,160 – if permit is to include Long Term Business	a) £1,595 for a cell – if solely General Business b) £3,190 – if a cell is to include Long Term Business c) £5,580 for a PCC Core

Jersey Captive Insurance Applications

The information requirements for a Category “B” application includes the following main areas:

1. Background details of the applicant (including latest audited accounts);
2. Details of persons who are to be beneficial owners, directors, principals and managers of the business in the island, with a Personal Questionnaire completed for all key persons;
3. Particulars of the classes of insurance business which the company is to conduct;
4. A full business plan that details proposed business lines, risk profile, projected costs, capital requirements, financial forecasts, reinsurance arrangements, and solvency margins calculations (in respect of each of the five years detailed in the applicant’s business plan);
5. Full details of the proposed reinsurance arrangements, including draft wordings;
6. Name and address of auditors.

Vantage Limited, PO Box 420, Mielles House, St. Helier, Jersey JE4 0WQ
T: +44 (0)1534 758875 **E:** info@vantage.je **www.vantage-group.co**  Follow Vantage