



# ISLE OF MAN. WHERE YOU CAN BE CONFIDENT IN A PREMIER CAPTIVE DOMICILE

## Getting Licensed in the Isle of Man

### Dedicated Regulator

The Insurance and Pensions Authority (IPA) is charged only with the regulation of the insurance and pensions sector in the Isle of Man. The IPA prides itself on being a highly experienced supervisor that is approachable and responds quickly to requests, enabling a swift turnaround on licence applications for both new business and changes to existing arrangements.

For further information about the IPA, its functions and the regulatory regime please refer to the IPA's website ([www.gov.im/ipa](http://www.gov.im/ipa)).

### Insurance Act 2008

Companies carrying out insurance business in or from the Isle of Man are authorised under the Insurance Act 2008. The Act seeks to ensure that senior management and controlling parties are financially sound and fit and proper. The Island's effective regulatory regime makes it attractive to high quality business, and this has helped the Isle of Man to develop into one of the world's leading centres for offshore life assurance and a major offshore Captive centre.

The Insurance Act ensures that the regulation governing Captives is robust, yet simple. The capital and solvency requirements in the Act are competitive, yet appropriate and recognise the correlation between the shareholder and the policyholder that is inherent in Captive companies.

### Regulatory Framework

The IPA is committed to the continued development of an appropriate and up-to-date regulatory framework, and the Isle of Man was one of the first domiciles to introduce legislation allowing Captive insurance companies from other territories to re-domicile to the Island without being



### Key Points

- Safe, reputable, AA+
- Internationally recognised
- Pragmatic effective regulations
- Choice of structure available, including ICC & PCC
- Skilled cost effective workforce
- Appropriate capital and solvency requirements
- Supporting professional services
- Fast set up and redomiciliation allowed

liquidated in the original territory. This has led to considerable savings for those companies in both time and cost. The IPA also introduced legislation to allow the formation of protected cell companies (PCCs) and incorporated cell companies (ICCs). The regulatory framework also provides the opportunity to incorporate Limited Liability Partnerships.

As the Isle of Man is outside the EU, it is not required to comply with the regulation proposed under Solvency II.

However, regulatory development in the Isle of Man continues to be closely aligned with the insurance core principles as laid down by the International Association of Insurance Supervisors (IAIS) – an international and gold standard

for insurance supervision. The IPA has created a regulatory framework for Captive insurance which is tailored to the nature, scale and complexity of insurance operations, while maintaining sufficient supervision to protect policyholder interests and the reputation of the Island.

The Act's accompanying insurance regulations and guidance notes provide key principles which are the foundations of the regulatory framework. This allows the Isle of Man and its regulatory environment to remain nimble in the face of the ever-changing needs of Captive owners and to address any new risk management techniques and products as they develop.

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## Summary of licence categories

Under the regulations, a number of classes of licence are available:

- Class 1 and 2: direct long-term insurance and reinsurance;
- Classes 3 to 9: direct general insurance and reinsurance;
- Class 10: long term reinsurance;
- Class 11: general business reinsurance only;
- Class 12: related party business on both an insurance and reinsurance basis.

Typically Captives fall into Classes 11 and 12. The guidance notes explain the criteria required for a licence to be issued, such as incorporation of the company, the financial soundness of the entity and the fit and proper declarations of those associated with the application. All relevant documentation and information has to be provided in the IPA licence application, supported by a detailed business plan and financial projections. The IPA must be satisfied with all aspects of the application before it will issue an insurance licence.

It is common practice for Captive insurers to utilise the services of the highly experienced Isle of Man-based insurance managers who would undertake the formation and licensing activities.

The minimum requirement for paid-up share capital are highly competitive and depend on the class of licence.

- Class 11: £100,000;
- Class 12: £50,000.

This minimum capital requirement is supplemented by an initial capital requirement where appropriate, which is tailored to the applicant's business plan.

While these figures are simple, numeric guidelines, the overriding principles of the Island's regulatory regime are that of sound governance which ensures that the Captive has sufficient financial resources to support its business, both by way of its ability to pay its insurance obligations

in full, and by allowing for projected expenditure and any investment gains or losses.

Thanks to the IPA's transparent guidelines, capital-efficient methods can be utilised under the Island's regulations – subject to approval by the IPA – whereby admissible assets can include letters of credit, independent guarantees and related party loans, which together can be up to 100 percent admissible.

## Extensive Infrastructure

Captives have been established in the Isle of Man for over 30 years and the Island has an extensive infrastructure to support the Captive industry. The leading global Captive managers, Aon, Marsh and Willis have a strong presence on the Island, as do a number of independent managers. The Captive sector is well supported by a variety of experienced service providers, including international banks and financial institutions, major audit firms and leading law firms. In addition, the sector has an ample number of highly professional and knowledgeable non-executive directors.



## Contacts

For further details of Captive Insurance Services in the Isle of Man please refer to:

[www.whereyoucan.im/captives](http://www.whereyoucan.im/captives)  
[www.iomcaptive.com](http://www.iomcaptive.com)  
[www.gov.im/ipa](http://www.gov.im/ipa)