

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

Incorporated Cell Companies (ICCs)

Introduction

Incorporated Cell Companies are effectively a development on Protected Cell Companies (PCCs) and could be considered to be the next generation. Whereas a PCC is one legal entity, an ICC and the Cells, typically called Incorporated Cells (ICs), are all separate legal entities. As such it is possible for ICs to contract with one another and/or the IC to contract with the ICC.

A diagrammatic comparison is shown on the right.

Typical Features of the ICC and IC

As with a PCC, the Directors are under a statutory obligation to keep the assets and liabilities separately identifiable.

However, each IC would be required to maintain its own corporate records and will have its own Memorandum and Articles of Incorporation.

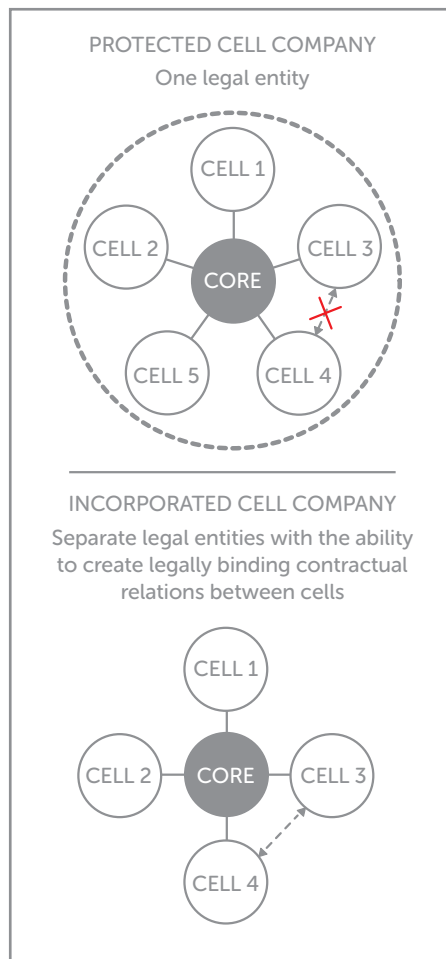
Because of the legal independence of an IC, the insurance regulator will always require the individual IC to hold the minimum capital requirement to underwrite its proposed business. This differs from a PCC where a cell can access the Core capital subject to cell agreement and regulatory approval.

Advantages of ICCs

- Ability of an IC to convert into a company independent of the ICC
- More robust legal structure than a PCC, and this can be of particular importance depending on the intended use of ICC structure
- As the ICC and ICs are separate legal entities, they are permitted to contract with each other

An ICC retains some, but not all, of the potential cost savings of a PCC and achieves the same benefits as follows:

- **Segregation of different risks**
by subsidiary or division, regulated and non-regulated business, wholly owned



entities and non-wholly owned, or customer insurance and self-insurance.

- **Association Captive and mutual insurance Captive**
enhancing what an association Captive or mutual Captive can provide its members, by ensuring that the adverse result of one member does not affect the results of other members.
- **Life insurance companies**
Segregation of the assets and liabilities of a policyholder from those of other policyholders.
- **Composite insurers**
Appropriate segregation for composite insurers.

- **Efficient entry point by utilised pre-existing infrastructure of existing ICC**
Act as an entry point for parent companies wishing to enter the Captive market without the same level of commitment required for a stand-alone Captive.
- **For use as Special Purpose Vehicles (SPV's)**
The innovative use of ICCs as SPVs to transform banking products into insurance solutions and for the securitisation of risk.

Isle of Man Legislation and Regulation

Incorporated Cell Companies Act 2010 and Incorporated Cells Regulations 2011.

Regulatory authorisation for the ICC and each IC is required. To apply for authorisation, an application must be submitted including information such as the ultimate beneficial owner of the IC, a three year business plan and copies of relevant documentation.



Contacts

For further details of Captive Insurance Services in the Isle of Man please refer to:
www.wheretheyoucan.im/captives
www.iomcaptive.com
www.gov.im/ipa