The Marsh Captive Solutions’ Labuan office was established in 1993. Labuan is a federal territory of Malaysia off the coast of Borneo in East Malaysia. Labuan International Business and Financial Centre (Labuan IBFC) aims to present a comprehensive midshore solution striking the ideal balance between client confidentiality and compliance with international best standards and practices. Daily flights are available from major cities in Malaysia (Kuala Lumpur, Kota Kinabalu, and Kuching etc.). “Telephone windows” are available to European and all Asian cities within a normal working day.

TAXATION
Captives can elect to be taxed at a rate of:
1. 3% of net profits as calculated for audited financial statements; or
2. Fixed payment of RM20,000.

INSURANCE REGULATION
Captives are governed by the Labuan Companies Act 1990 and Labuan Financial Services and Securities Act 2010 (LFSSA). The categories for which authorization may be applied are pure captives, rent-a-captives, and protected cell captives (PCC). Labuan captive insurers may underwrite direct insurance and/or reinsurance business (general or life) business risks of their own Group or third party risks subject to the approval of the Labuan Financial Services Authority (LFSA).

Labuan captive insurers may obtain reinsurance coverage from any insurance company in or outside Labuan irrespective of whether it is licensed under the LFSSA. In addition, a Labuan captive must satisfy the following operational requirements as prescribed by the LFSA:

• Must establish an operational management office or appoint a licensed underwriting manager in Labuan.
• Principal Officer and Compliance Officer are required and prior to appointment of Principal Officer, approval from the LFSA must be obtained.
• Minimum of two directors forming the board (not required to be local). However, approval from the LFSA must be obtained prior to any appointment.
• Allowed to maintain a marketing office in Kuala Lumpur and Iskandar Malaysia to facilitate dealings with customers.
• Compulsory to be a member of Labuan International Insurance Association (LIIA) and attend the annual meeting.
• No dealing with residents except high-net-worth individuals, reinsurance, and for limited large and specialised Malaysian risks.
• Dealing only in foreign currencies and not in Ringgit Malaysia (RM), except as allowed under the Exchange Control Notices.

Practice Leader, Asia Pacific
Stuart Herbert
stuart.herbert@marsh.com
Marsh Management Services Labuan Ltd
Registered in the Federal Territory of Labuan, Malaysia - Company No. LL00117
(Licensed Labuan Underwriting Manager - Licence No. US940003)

Registered Office:
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T: +6087.410.042
MARSH CAPTIVE SOLUTIONS: LABUAN CONTINUED

REGULATORY AGENCY
Labuan Financial Services Authority (LFSA).

SERVICES AND CAPABILITY
• Captive feasibility study.
• Captive management.
• Regulatory and compliance consulting.
• Captive strategic advice.

CAPITALIZATION AND SOLVENCY REQUIREMENTS

<table>
<thead>
<tr>
<th>PAID UP CAPITAL/WORKING FUND</th>
<th>AMOUNT (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pure/Single Owner Captive</td>
<td>300,000</td>
</tr>
<tr>
<td>Group/Association Captive</td>
<td>300,000</td>
</tr>
<tr>
<td>Multi-Owner Captive</td>
<td>300,000</td>
</tr>
<tr>
<td>Master Rent-A-Captive Subsidiary</td>
<td>500,000</td>
</tr>
<tr>
<td>Rent-A-Captive</td>
<td>500,000</td>
</tr>
<tr>
<td>Cell Captive</td>
<td>500,000</td>
</tr>
</tbody>
</table>

SOLVENCY REQUIREMENTS:
Whichever is higher:
• Company Margin: Minimum working fund; or
• 20% of net premiums written for the preceding year in respect of general insurance business, or 3% of the actuarial valuation of the liabilities for life insurance business as at the valuation date in respect of the life insurance business.

INWARD REDOMICILIATION
A foreign company may, prior to applying for the redomiciliation registration as a Labuan company, request that such registration be pre-approved in principle by the LFSA. Once pre-approved, a certificate confirming the approval will be issued and the applicant has 12 months from the date of the certificate to complete the redomiciliation.