MARSH CAPTIVE SOLUTIONS: BARBADOS

The Marsh Captive Solutions’ Barbados office was established in 1986. Barbados offers well-developed infrastructure with all major captive managers represented, offers leading banking, legal, and other services, and has a highly skilled workforce. The island is easily accessible on frequently scheduled flights from Miami, New York, Toronto, and London. Barbados is one hour ahead of Eastern Standard time.

TAXATION

Insurance companies in Barbados are licensed under the Insurance Act, CAP 310, which provides for three classes of insurance entities:

• Class 1 licences are issued to companies that write primarily risks of their parent and affiliated companies.
• Class 2 licences are issued to companies that write primarily third-party business.
• Class 3 licences are issued to insurance intermediaries such as brokers, holding companies, management companies, loss adjustors, and loss assessors.

The Financial Services Commission (FSC) reserves the right to determine the class of licence to be issued to each company and consideration is given to the following:

• The structure of the entity’s operations.
• The nature of the intended relationship between the entity and its policyholders.
• The nature of the risks.
• The level of regulation which is applicable to the risks associated with the insurance business.

The tax rate payable for Class 1 licensees is 0% whereas the tax rate for Class 2 and Class 3 licensees is 2%.

In addition to its treaty with the United States, Barbados has a network of tax treaties with many countries including Canada, Italy, Norway, Switzerland, the United Kingdom, Austria, Botswana, CARICOM, China, Cuba, Finland, Malta, Mauritius, Mexico, Venezuela, the United States, the Netherlands, Seychelles, and Sweden.

REGULATORY AGENCY

The Financial Services Commission.

SERVICES AND CAPABILITY

• Captive feasibility study.
• Captive management.
• Actuarial.
• Regulatory and compliance consulting.
• Risk consulting.
**CAPITALIZATION REQUIREMENTS**

<table>
<thead>
<tr>
<th>Stock Company</th>
<th>Minimum Paid-in Capital (Cash or Letter of Credit) $125,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solvency Margin for General Business</td>
<td>During the first financial year, assets must exceed liabilities by at least $125,000. After the first year, the solvency margin is related to the prior year’s premium size as follows:</td>
</tr>
<tr>
<td>Prior Year’s Premium</td>
<td>Amounts Assets Must Exceed Liabilities</td>
</tr>
<tr>
<td>Less than $750,000</td>
<td>$125,000</td>
</tr>
<tr>
<td>$750,000-$5,000,000</td>
<td>20% of the year’s premium</td>
</tr>
<tr>
<td>Above $5,000,001</td>
<td>$1,000,000 plus 10% of prior year’s premium in excess of $5,000,000</td>
</tr>
</tbody>
</table>

| Solvency Margin for Long-Term (Life) Business | Assets Must Exceed liabilities |