

Revised Exempted Limited Partnership Act

Stuarts has an experienced team of insurance attorneys who offer in-depth market knowledge in relation to the insurance market. We assist in all aspects of establishment, licensing, structuring, regulation and operation of insurance captives.

What is Captive Insurance?

Captive insurance companies usually insure or reinsure the risks of their parent and affiliates. In some cases however, captives are used to insure risks that are not related to their parent organisation. Captives can be used to provide coverage either directly or by providing reinsurance of a fronting insurer.

Captive Insurance in the Cayman Islands Overview

The Cayman Islands is the second largest captive insurance company domicile in the world and it is also the fastest growing. There are more than 760 active captives in the Cayman Islands, total premiums registered exceeds US\$13.6 billion; and total assets under management are in excess of US\$72.5 billion. It is the global leader for health care and medical malpractice captives. Captives are regulated by the Cayman Islands Monetary Authority.

Captive Structures

Although captives can be structured in many ways the following four captive structures are commonly used in the Cayman Islands:

Single parent captives

A single parent company captive is wholly owned and controlled by its parent and it will insure or reinsure the parent and possibly other group or affiliated companies.

Agency captives

An agency-owned captive is a reinsurance company owned by an agent or group of agents. By co-insuring certain risks which the agent may broker to underwriters the agency owned captive demonstrates that the agent is prepared to commit to the risk which it is broking.

Association or industry captives

The captive is not always owned by one individual or organisation and may be owned by a collection of companies in the same industry or belonging to the same association.

Rent-a-captives

Additionally, 'rent-a-captive' facilities are available in the Cayman Islands. They provide some of the benefits of a captive in situations where full ownership is not desired or where the programme is considered too small to justify the incorporation of a separate captive insurance company. A rent-a-captive could simply be a selection of companies wishing to self insure through a joint venture arrangement. The captive provides the regulatory capital to enable it to underwrite risk in the normal way and the entity being insured or reinsured by the captive may pay a fee to the captive for the services of the captive in addition to the insurance premium. In this structure the ring fencing of assets and liabilities of each participant can only be effected contractually rather than relying on the statutory separation provided by the Segregated Portfolio Companies.



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Captive Services Overview

Other Advice

Our Aviation team represents and advises leading financial institutions, high net worth individuals, operating lessors, private clients, family offices, airlines, aircraft operators, lenders and insurers based in Europe, North and South America and, increasingly, Asia. We can advise clients on all matters concerning Cayman Islands law as it relates to aircraft and aviation issues. Our team frequently advises on the regulatory regime in the Cayman Islands, aircraft finance, security and litigation. Indicative recent examples of our experience include advising on:

- the regulation of unmanned aerial vehicles (i.e. drones) in the Cayman Islands;
- the establishment of a special purpose vehicle to hold an aircraft and the financing arrangements in relation to the acquisition of the aircraft; and
- the enforceability and recognition in the Cayman Islands of mortgages granted in foreign jurisdictions, including the effects of registering a foreign mortgage with the CAACI and the manner in which enforcement action can be taken.

Contact

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Stuarts Humphries is a leading Cayman Islands legal practice with international reach. Offering a full range of corporate and commercial legal advice together with a constant client focus, our experienced attorneys assist our clients on their most significant and challenging commercial transactions, structures, liabilities and obligations.

Our proven track record in advising leading international Law Firms, Investment Managers, Investment Companies and High-Net-Worth individuals is a result of the deep understanding of our markets.

At Stuarts, we build and maintain enduring relationships with our clients through the combined legal expertise and business acumen of our practice groups and by providing outstanding service.

For more information visit our website at www.stuartslaw.com or call +1 (345) 949-3344.