

LABUAN CAPTIVE INSURANCE: SELF-INSURANCE - A GROWING ALTERNATIVE RISK MANAGEMENT VEHICLE

A INTRODUCTION

- A captive is an insurance entity that insures its owner's or related parties' risks
- It may be owned, either directly or indirectly, by one or multiple entities
- A captive is usually established as a long-term risk management entity
- Captives are suitable to a wide range of industries

B WHEN TO CONSIDER ESTABLISHING A CAPTIVE?

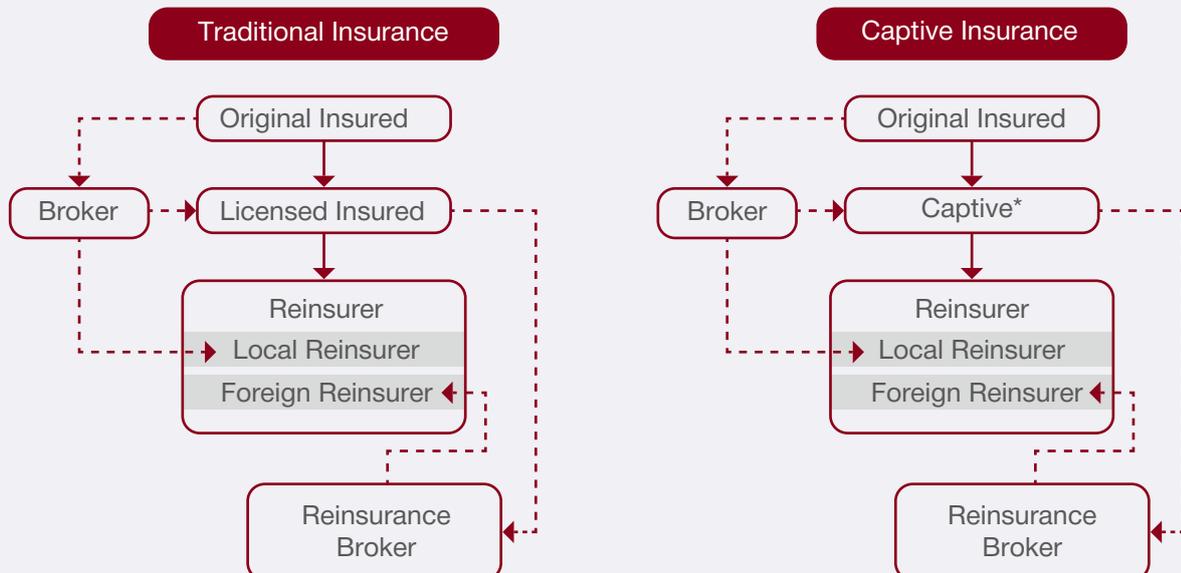
• Entity is willing and has the capability to establish risk capital

• Entity has specialised or unusual risks

• Entity has good & predictable historical loss experience

• Entity has significant premium size (generally more than MYR 1 million)

C ROLE OF A CAPTIVE VS TRADITIONAL INSURANCE



*May require to engage a fronting insurer**

Contact Us

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D BENEFITS OF A CAPTIVE

Cost efficiencies

- Able to customise and control coverage, with access to the global reinsurance market

Improves liquidity

- Complements the parent's investment strategies; builds up surplus as part of parent's company structure, dividends can be channelled within

Bespoke insurance coverage

- Customised insurance coverage for specialised business lines/risks; relevant for sectors with low claim history

E LABUAN IBFC'S AVAILABLE CAPTIVE STRUCTURES

- Pure/Single Captives
- Multi Owner Captives
- Intermediary Owned Captives
- Group/Association Captives
- Master Rent-a-Captives (MRAC)
- Protected Cell Captives (PCC)

F ESTABLISHING A CAPTIVE IN LABUAN IBFC



**For further information on the formation process, please liaise with the licensed Labuan Trust Companies and Captive/Underwriting Manager of choice as the application process will involve both parties.*

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