

MARSH CAPTIVE SOLUTIONS: SINGAPORE

The Marsh Captive Solutions' Singapore office was established in 1988. Singapore is located in the western Pacific Rim and is one of the major financial centers in the Asia Pacific region. It has a population of approximately 5.8 million and a highly skilled workforce. It offers well-developed infrastructure with leading banking, legal, and other services. Singapore's Changi Airport is one of the world's premier airports. Flights are available to and from all major cities. "Telephone windows" are available to European, US, and all Asian cities within a normal working day.

TAXATION

A captive can apply for a concessionary tax rate of 10% (a tax incentive scheme under Section 43C of the Income Tax Act) on:

1. Underwriting income derived from insuring and reinsuring both onshore and offshore general insurance risks, excluding direct standalone policies.
2. Onshore and offshore investment incomes such as dividend, qualifying interest*, or gains from sale of onshore and offshore qualifying investment supporting the incentivised insurance business lines.

*Qualifying interest excludes interest from intercompany loans.

A captive not under the tax concessionary scheme will be taxed at prevailing corporate tax rate (currently at 17% with partial tax exemption of its first S\$300,000 of chargeable income).

INSURANCE REGULATION

Captives are governed by the Insurance Act Chapter 142.

The categories and classes of insurance business for which authorization may be applied are as follows:

- Acceptable insurance subsidiaries: Single parent, group and rent-a-captive, although no specific rent-a-captive legislation exists.
- Direct and reinsurance business is permitted for parent and certain non in-house risks (subject to meeting MAS121 conditions).

REGULATORY AGENCY

Insurance Department, The Monetary Authority of Singapore (MAS) and the Accounting and Corporate Regulatory Authority (ACRA).

LOCAL OFFICE REQUIREMENT

- Registered office.
- Minimum of one resident director.
- One chief executive, subject to MAS approval.

Practice Leader, Asia Pacific

Stuart Herbert
stuart.herbert@marsh.com

Office Address

Marsh Management Services
Singapore Pte Ltd
Registered in Singapore No.
198801466D
Registered Office:
8 Marina View, #09-05
Asia Square Tower 1
Singapore 018960

T: 65.6922.8522

MARSH CAPTIVE SOLUTIONS: SINGAPORE *CONTINUED*

SERVICES AND CAPABILITY

- Captive feasibility study.
- Captive management.
- Regulatory and compliance consulting.
- Captive strategic advice.

CAPITALISATION AND SOLVENCY REQUIRMENTS

Minimum Capital: S\$400,000 (Singapore dollars), cash only.

Company Margin: Minimum of S\$400,000 on equity and retained earnings, plus:

A. Singapore Insurance Fund, greater of:

- i. S\$400,000; or
- ii. 20% of preceding financial year's (audited) net premium; or
- iii. 20% of preceding financial year's (audited) claims liability.

B. Offshore Insurance Fund - Positive fund retained earnings.

So, if only writing offshore risk the minimum is S\$400,000.

INWARD REDOMICILIATION

Singapore introduced an inward redomiciliation regime on October 11, 2017. The minimum requirements include:

- Size criteria.
- Solvency criteria.
- The foreign corporate entity is authorised to transfer its incorporation under the law of its place of incorporation.
- The foreign corporate entity has complied with the requirements of the law of its place of incorporation in relation to the transfer of its incorporation.
- The application for transfer of registration is not intended to defraud existing creditors of the foreign corporate entity and was made in good faith.
- The foreign corporate entity is not under judicial management.