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**Cook Islands Passes Captive Insurance Act**

As part of its long term strategy to grow the international financial services industry through new services and new client markets, the Parliament of the Cook Islands passed the Captive Insurance Act 2013 during yesterday’s session. This Act follows the introduction of Foundations for the industry in June 2012.

Minister Mark Brown emphasizes the importance of the industry to the country’s economy and indicates that there has been strong interest in Captive Insurance from overseas insurance firms in anticipation of passing the legislation. Brown says, “The government has made a commitment to diversifying our economy by encouraging, strengthening and promoting our Financial Services sector. The passing of the Captive Insurance Act will increase business opportunities and is an important step in the growth of this key industry to our economy.”

Captive Insurance is essentially self-insurance allowing a company or groups of companies to provide adequate coverage of their risk at a lower cost than through large insurers. “Captives still require regulation to ensure compliance and the Financial Supervisory Commission will be responsible for licensing and overseeing compliance of Cook Islands captives,” says Jenner Davis, CEO of the Cook Islands Financial Services Development Authority. Paul Heckles, Commissioner of the Financial Supervisory Commission, adds, ““The Cook Islands are a stable and well regulated jurisdiction. This bespoke piece of legislation complements and adds to the range of financial services we offer to the international community.”

Drafting of the legislation was done by Appleby Group with local input. Consultation with overseas industry stakeholders was also undertaken. Only two other finance centres in the Asia Pacific region offer captives and the Cook Islands hopes to tap into the underserved regional market. “Our first focus will be on New Zealand and Australia corporations from which we have already had interest,” says Davis. “The legislation was designed to provide advantages over current options for the region through flexibility and ‘right touch’ regulation. We also offer cost stability, relevant expertise, and convenient location.”

The legislation is the first in the industry to also allow domestic companies to avail themselves of the service by forming a captive through a Cook Islands company. For more information on captive insurance, please contact Jenner Davis at jdavis@fsda.gov.ck.