



Fact Sheet

Cook Islands Captive Insurance

Captive Insurance services from the Cook Islands.

Background

In 2013 the Cook Islands passed the Captive Insurance Act 2013 (the “Act”) and placed itself at the forefront in the Asia Pacific region of an industry that is continually growing and seeking strong well respected jurisdictions from which to establish and administer captive insurance structures.

The Act was passed in response to market demand and contains features which, together with the benefits of doing business in the Cook Islands, provide strong technical and commercial reasons for organisations to incorporate Cook Islands captive insurance into their business plans.

Benefits of Captive Insurance

Captive insurance is a form of self- insurance whereby organisations can, by creating a licensed captive insurance company (a “Captive”), provide their own insurance coverage. By doing so the organisation can avoid using traditional commercial insurance companies thereby reducing costs, insure risks that might otherwise not be insurable, directly access reinsurance markets and increase cash flow. By creating a Captive, an organisation will have greater control over risk assessment, policy content, premium levels and the use of unused funds in the insurance premium pool.

Features of the Act

The Act was designed to provide flexibility and seamless administration together with security and peace of mind to those seeking the benefits of captive insurance. Features of the Act include:

- The Captive can be a Cook Islands International Company incorporated pursuant to the International Companies Act 1981-82 or a Cook Islands domestic company incorporated under the Companies Act 1970-71;
- Each Captive must appoint an “approved insurance manager” who must be licensed under the Cook Islands Insurance Act 2008 or an external manager approved under the Act;
- The prescribed minimum share capital and surplus requirement for a Captive is NZD100,000. Only assets prescribed in the Regulations will be admissible when determining the value of a Captive’s assets and its surplus;
- Captive owners can be individuals, corporates and unincorporated bodies, groups and associations;

Statutory Costs

The Captive is required to pay a government fee of NZD1,100 upon making its application for a captive insurance license, with a license fee of NZD3,100 also being payable annually in advance.

Regulation

The Cook Islands Financial Supervisory Commission is responsible for the licensing of and overseeing compliance by Captives. Appropriate regulations are in place, under the Captive Insurance Regulations 2013, to ensure Captives and approved insurance managers can operate their businesses with certainty and confidence.

Taxation

A LCIC in existence on 18 December 2019 will, as from 1 January 2022, be subject to Cook Islands company tax of 20% on its worldwide income. A LCIC incorporated on or after 18 December 2019 will be subject to Cook Islands company tax from incorporation. This is a result of the Cook Islands amending the International Companies Act 1981-82 by removing exemptions from Cook Islands tax to comply with the requirements of the European Union and avoid being listed as a non-cooperative tax jurisdiction.

Benefits of Captives in the Cook Islands

There are many reasons why organisations choose to establish and administer their captive insurance structures in the Cook Islands, including:

- Modern, practical legislation and regulations;
- Reputable and knowledgeable professional service providers with over 30 years experience in the financial services industry;
- Courts recognised for respecting the rule of law. The Cook Islands' High Court judges are experienced New Zealand judges who apply Cook Islands law;
- Sensible regulation of financial service providers and their businesses. The Cook Islands is committed to the implementation of and compliance with international regulatory best practice. When these factors are combined with its modern communication facilities, sovereignty of its government, supportive political environment and convenient time zone for transacting business globally, the Cook Islands stands out as an ideal location for captive insurance planning.

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