



# The Cook Islands Review

Winter 2017

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## “Someone is sitting in the shade today because someone planted a tree a long time ago”<sup>1</sup>

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In 1989 the Cook Islands enacted the International Trusts Amendment Act and in doing so created a wealth planning tool designed to enhance the protection afforded to assets by a common law trust. The Cook Islands Asset Protection Trust (CIAPT), as it is commonly known, put the Cook Islands on the international financial services map and has become the cornerstone of its financial services industry.

The protagonist for the CIAPT was Barry Engel, an estate planning attorney from Denver, Colorado, USA. During the 1980s Barry observed that many high net worth Americans, including his clients, were finding their wealth at risk simply because they could afford to pay, either from professional indemnity insurance cover or their own wealth. Such litigation was being fuelled by contingency fee lawyers and permissive juries seeking an opportunity to redistribute wealth.

Barry’s desire to protect his clients, and his recognition of the limitations of US domestic trusts, saw him partner with 2 Cook Islands lawyers, Rueben Tylor and Tony Manarangi, to produce the first asset protection specific trust law of its kind. Nearly 30 years on the Cook Islands continues to provide enhanced asset protection to high net worth individuals globally.

Sadly, Barry passed away on 21 July 2017. He was 63 years old. The thoughts of everyone in the Cook Islands financial services industry are with Barry’s wife Marsha and his three children. The Cook Islands remains forever grateful to Barry for his vision, his dedication and his support of and belief in the Cook Islands, in particular its ability to provide trustee services of the highest quality. It is in no small part due to Barry Engel that the Cook Islands has been able to develop and grow its financial services industry. Thank you Barry.

<sup>1</sup> Warren Buffet.



## The Cook Islands Financial Services Conference

We will be hosting the Cook Islands Financial Services Conference in Hong Kong on Friday 10 November 2017 at the Island Shangri-La hotel. The Conference will run from 9.00am until 12.30pm. We are inviting all professional service providers, business introducers and those interested in learning more of the Cook Islands financial services industry and the services and products it offers. Speakers from both the Cook Islands public and private sectors will provide insight into the advantages the Cook Islands provides when planning to structure and protect wealth. Please click [here](#) to view the Conference Agenda and contact [enquiry@fsda.gov.ck](mailto:enquiry@fsda.gov.ck) to register for the Conference. Our website [www.cookislandsfinance.com](http://www.cookislandsfinance.com) will advise if there are any changes to the Agenda as they become available.



On the island of Aitutaki,  
Cook Islands.

## Feature: 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.

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.

To learn about the features and benefits of establishing Captives in the Cook Islands please click [here](#) to read our Cook Islands Captive Insurance Fact Sheet and articles written on this subject.

“The Cook Islands  
Financial Services  
Conference will  
be in Hong Kong  
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November 2017  
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## On The Road

**France:** Tamatoa Jonassen, FSDA CEO, recently returned from an August OECD conference held in Paris that focused on the launching of the Common Transmission System (CTS). With the commitment of over a 100 jurisdictions to implementing the Automatic Exchange of Information (AEOI), CTS was developed as an efficient and highly secure conduit to enable information exchange between participating jurisdictions. The Cook Islands continues its commitment to implementing recognized international regulatory standards and will be one of over fifty jurisdictions conducting its first information exchange using the Common Reporting Standard (CRS) in 2018.



Tamatoa Jonassen, FSDA  
CEO attending CTS  
Launch, Paris, Aug 2017.

**Sri Lanka:** Alan Taylor, FSDA Marketing Director, accompanied Cheryl McCarthy, Financial Supervisory Commission (FSC) Deputy Commissioner, to Colombo, Sri Lanka in July to attend a meeting with the Asia Pacific Group on Money Laundering (APG). The meeting was in preparation for the APG’s visit to the Cook Islands in November this year to undertake the jurisdiction’s second Mutual Evaluation based on the FATF Recommendations for the combatting of money laundering, financing of terrorist activities, and the proliferation of weapons of mass destruction. The first Mutual Evaluation was carried out in 2009. The meeting discussed information the Cook Islands is providing the APG prior to the Mutual Evaluation and the scope, principles and timeline of the Mutual Evaluation itself.



Tamatoa Jonassen, FSDA  
CEO with John Sammy of  
AIB, China, June 2017.



World map showing the  
Cook Islands at the heart of  
the Pacific.

**China:** Tamatoa Jonassen, FSDA CEO, lead the Cook Islands delegation to attend the “Belt and Road” International Financial Exchange and Cooperation Seminar in Beijing and Shanghai, China in June, hosted by the Bank of China. The Cook Islands delegation included Vaine Arioka of Bank of Cook Islands and Eirangi Marsters of the Ministry of Foreign Affairs and joined seven other Pacific island countries at the seminar to consider prospective cooperation, international finance and development of the banking industry.



**Cook Islands  
Financial Services  
Development Authority**

## **Financial Services Development Authority**

P.O. Box 3255,  
Clarkes Building, Parekura,  
Rarotonga,  
Cook Islands

Phone: (+682) 21175  
Email: [enquiries@fsda.gov.ck](mailto:enquiries@fsda.gov.ck)

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## **In the News**

**New Trustee Company:** Alpha Fiduciary (Cook Islands) Limited obtained its license to carry on trustee company business in the Cook Islands on 26 July 2017.

**New Legislation:** On 23 June 2017, the Cook Islands repealed the Financial Transactions Reporting Act 2004 and replaced it with the Financial Transactions Reporting Act 2017 (FTRA 2017), and at the same time amended the Proceeds of Crime Act 2003, the Terrorism Suppression Act 2004, the Mutual Assistance in Criminal Matters Act 2003 and the Financial Intelligence Unit Act 2015. By enacting FTRA 2017 and amending other legislation designed to combat money laundering, the financing of terrorism and the proliferation of weapons of mass destruction, the Cook Islands continues to demonstrate its full commitment to meeting its international regulatory obligations and implementing standards under the FATF Recommendations.

## **Fact Sheet: Cook Islands Limited Liability Companies**

We have published a Fact Sheet on the features of using a Cook Islands Limited Liability Company.

Click [here](#) to view the Fact Sheets or access them through our website clicking on “News” followed by “Publications.” Further Fact Sheets will be published throughout the year.

## **Visit Our Website**

We regularly add topical items under our Industry News webpage and post articles to highlight Cook Islands financial services and products to advisors, intermediaries, clients and those with an interest in what the Cook Islands can provide. Please visit our [website](#) for more information.

## **About Us**

The Cook Islands Financial Services Development Authority is a government agency tasked with the development of the financial services industry in the Cook Islands. The FSDA was established in 2009 and functions independently from the Financial Supervisory Commission that regulates the industry. The FSDA focuses on promoting the Cook Islands, coordinating on industry relevant issues, and developing financial products and services. The FSDA is an important point of contact for any financial institution looking to establish a presence in the Cook Islands. Individuals seeking a Cook Islands financial service provider can find details on our website at [www.cookislandsfinance.com/service-providers.php](http://www.cookislandsfinance.com/service-providers.php).

**Important Information:** The Cook Islands Financial Services Development Authority does not provide advice, recommendations or opinions regarding legal and/or tax matters under any circumstances. To the extent that this communication, or anything referenced herein may concern tax matters, it is not intended to be used, and cannot be used, for the purpose of avoiding tax liabilities or penalties that may be imposed by law, foreign and domestic. The Cook Islands Financial Services Development Authority strongly recommends that before any person makes a decision to create a structure, professional legal and tax advice should be taken in his/her country of residence.