

## Top 10 Facts

Over the past two portions of this editorial line up, we focused very much on introducing the captive market, establishing a captive insurance, reinsurance, takaful and retakaful company and how Labuan is among the best positioned off-shore location for a captive to be set up within the Asia-Pacific region.

This time around, we dig in a little deeper to make you aware of the inner workings, requirements and operating conditions of a captive domiciled in Labuan:

- 1** A captive company can transact general and life insurance as well as takaful business in the form of direct protection or on a reinsurance/re-takaful basis.
- 2** A captive cannot conduct domestic business in Malaysia except from the role of a reinsurer and underwrite permitted risks such as risks relating to international maritime shipping, international commercial aviation and liabilities arising from these (inclusive of risks relating to goods in international transit of Order 2009).
- 3** A captive insurance or takaful company can do a limited amount of third party business (supported by approval from Labuan FSA) without losing its character as a captive insurer.
- 4** A captive can be managed by subject matter experts such as Brighton Management Limited which has the resources, knowledge and expertise to help clients, instead of the need to set up one's own.
- 5** The upside of allowing experts such as Brighton Management Limited to handle the operationalisation of your captive set-up is multi-pronged:
  - ➔ they have an established business model to help you keep administration costs low
  - ➔ provide room for corporate companies to focus on core functions instead of worrying about managing the captive and most importantly
  - ➔ there will be less worries on the need to find and retain skilled and knowledgeable staff in this area – all of these will be taken care of by Brighton Management Limited.

- 6 A captive has the flexibility to choose the principal financial currency which will be used for operations and maintenance of accounts. In addition, they are allowed to adopt any recognised accounting standards as agreed by Labuan FSA for as long as the accounts are audited by an accredited auditor registered and recognised by Labuan FSA.
- 7 Freedom to invest funds in a manner considered appropriate by the Captive company's management along with the flexibility for shareholders and Board of Directors to hold meetings within and outside of Labuan, makes the running of this company more efficient.
- 8 Confidentiality of information is another key principle upheld by Labuan FSA and for this reason data related to shareholders, directors, financial standing, etc. cannot be obtained from the authority without prior consent of the captive's directors.
- 9 Labuan FSA publishes minimum information on a need to know basis consisting of the following when it comes to captives operating at its offshore location:
  - ➔ Company name,
  - ➔ Licence number,
  - ➔ Principal Officer,
  - ➔ Address in Labuan (and other offices, if any).
- 10 A captive's taxation matters: as prescribed under the Labuan Business Activity Tax Act, a captive has to pay Business Activity Tax equivalent to either a flat amount of RM20,000 or 3% of the profits as disclosed in the company's audited