Malta's developing insurance sector is calling for robust and flexible tax solutions.

With the current soft market, the long-term benefits of captive solutions are addressed.

How this structure is the industry’s saving grace in the face of capital difficulties and Solvency II.

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The long-term benefits of captive insurance
Elizabeth Carbanaro, of BEE Insurance Management, explains the long-term benefits these structures offer

The smart choice
Angela Thorns, of Dingli & Dingli, explains how Malta, through attractive tax legislation, licensing opportunities and cell company structures, stands out for any captive owner when choosing a domicile

Flexible Malta
Captive owners require increasingly flexible domiciles. Ron Clark, of Abacus, explains how Malta fits the bill

Choosing the right captive manager
Lawrence Pavia of Island Insurance discusses the importance of choosing the right captive manager, with both local and multinational management presenting strong cases

Investment management – not a want but a need
Karl Micallef of Curmi & Partners discusses the important of investment management

The BWCI Group in Malta
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EU insurance PCCs mean capital and cost savings
Ian-Edward Stafrace, of Atlas Insurance PCC, talks to Captive Review about the benefits of using EU based protected cell companies

Allow me to introduce...
Paula Rios and Tiago Mora, respectively CEO and director of HighDome PCC, talk about the newly licensed company

In safe hands
Mike Stalley, of FiscalReps, talks about how the growing insurance sector has called for a greater demand in niche tax consultancy

Unique in all senses
Alberto Bisazza, of KDM Insurance Brokers PCC Limited, explains how an insurance broker PCC is unlike anything the industry has seen before

World class facilities for a world class domicile
As the business world flocks to Malta, Clement Hassid, general manager of the Hilton Malta, explains why the Hilton is the first port of call

Services directory
We at Captive Review are keeping a close eye on Malta, not only because of its reputation as a high-quality captive domicile, but also because it is on the forefront of Solvency II. The idyllic European destination is popular with companies around the world as a business-friendly and continental base for insurers.

While it boasts EU membership and allows insurers to directly write European business, Malta’s competitive nature means that it will have to continually show innovation when working with the new directive. With the current soft market and economic hardships being suffered throughout Europe (as well as the continuing aftershocks caused by the financial crises of 2007/08) captive managers are having to draw together to cope with the situation and continue to provide competitive and viable insurance solutions for their clients.

These are serious times and they call for serious domiciles with serious solutions. And that is why the Captive Review Malta Report 2012 seems more fitting than ever before – in these pages we celebrate and examine the best of the industry and how it will continue to grow and adapt to new challenges, while taking advantage of new opportunities.

Jon Yarker
REPORT EDITOR
In an insurance industry of increasing complexity and constant change, choosing the right strategy is important. But it’s only the start. The implementation of this strategy linked to constant innovation will be the true key to success.

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The long-term benefits of captive insurance

With the current soft market not making things any easier for captives, Elizabeth Carbanaro, of BEE Insurance Management, explains the long-term benefits these structures offer.

Risk Management has, over the last decade, been placed at the forefront on any board’s agenda. It is now acknowledged that systems of governance are embedded into any business thus promoting Enterprise Risk Management (ERM) and integrating the overall business strategy of any group. Enterprise Risk Management processes cover all aspects of the business and take a top down approach to the management of risks within the organisation.

Defining risk appetite

One of the fundamental principles in ERM is the definition of risk appetite by the board of directors. In other words, how much losses, expressed in monetary terms, are the board of directors prepared to tolerate should a particular event or circumstance occur or should internal controls mitigating inherent risk fail from doing so.

Risk appetite policies are normally proposed by the chief risk officer following the performance of a risk assessment, and would cover all the significant risks threatening the company. This includes loss of a primary operational site or the loss of reputation arising from a particular event. The risks considered will therefore be both strategic and operational, and both financial and non-financial.

“IT IS NOW ACKNOWLEDGED THAT SYSTEMS OF GOVERNANCE ARE EMBEDDED INTO ANY BUSINESS THUS PROMOTING ENTERPRISE RISK MANAGEMENT”
BY USING A CAPTIVE TO ACCESS THE REINSURANCE MARKET, THE ORGANISATION WILL HAVE A GREATER FLEXIBILITY IN DETERMINING THE RETENTION LEVELS AND THE INSURANCE STRUCTURE”

Risk officers
Operational risks can, in their majority, be mitigated by insurance. The cover that is currently being offered by the insurance and reinsurance market is diverse and can protect an organisation against a number of risks, from property damage to business continuity, and from liability to loss of earnings due to reputational matters. A risk officer can therefore have the option to go to the insurance market to buy this cover, or might decide to insure them “in-house” through the setting up of a captive.

An organisation could be instigated to this if it finds itself in a situation where, because of its particular risks, the conventional insurance market is unable or unwilling to cover it adequately, or is only willing to offer cover at a price considered to be too high or not congruent with the risk at stake. In these situations, their captive will be able to provide bespoke insurance protection.

Market access
As with any other insurance company, the captive will have direct access to the reinsurance market operating on a lower cost structure than direct insurers and thereby being able to provide cover at more advantageous rates. By using a captive to access the reinsurance market, the organisation will have a greater flexibility in determining the retention levels and the insurance structure most suitable for its operation.

Another non-financial advantage could be the positive risk culture that a captive can instigate due to the relationship that there is between itself and its parent, and the inherent mutual interest that would exist in reducing loss exposures. As an insurance company, operating in a regulated environment, a captive will have a defined strategy of its own encompassing the overall risk appetite of the group, which will definitely include the risk tolerance to any particular event.

The captive will be the entity within the group that will be responsible for ensuring that all costs are reduced to the lowest levels possible, and in most cases the best way to do this would be to ensure that adequate controls are in place within the company to ensure that should an event occur, the overall cost to the company would be mitigated.
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The smart choice

Angela Thorns, of Dingli & Dingli, explains how Malta, through attractive tax legislation, licensing opportunities and cell company structures, stands out for any captive owner when choosing a domicile.

Since obtaining EU membership in May 2004, Malta has demonstrated that it is a fast-growing financial services centre keen to attract business. This success is partly due to being proactive and adopting new and innovative legislation, whilst still maintaining the highest standards of regulation required within Europe and worldwide.

When considering whether to set up a captive, an insurance company or reinsurance company, an important consideration is the choice of domicile. For those wishing to write business directly into the EU, setting up an insurance company in Malta serves to reduce fronting fees and collateral requirements.

As an EU member state, Malta is also the ideal stepping stone to Europe for those wishing to create a presence in European and EEA territories. This is possible through the application of passporting rights granted to companies licensed in Malta, by virtue of EU directives.

Malta is ideally positioned for such structures, not only from the regulatory and legislative aspects, but also because it has so much to offer on other fronts, including an advantageous tax regime, a robust infrastructure, a skilled workforce and frequent flight connections to many business destinations. The main language spoken in the business environment is English, although the Maltese are generally fluent in other languages including Italian, French and German.

The MFSA enjoys a reputation for sound and prudent regulation, actively encouraging a culture of openness and accessibility to promoters and licensees.

The tax advantage

A Maltese-registered company is fiscally resident in Malta and is, therefore, subject to the standard corporate tax rate of 35%. Malta operates a full imputation system of taxation, and when a dividend is paid by a Maltese company the shareholders are entitled to claim a refund of tax paid. In the case of a licensed company having the majority of its insurance risks outside Malta, the effective tax rate after refunds have been paid is approximately 5%.

To enhance tax efficiency, a Maltese company can be established specifically to hold the shares of a licensed Maltese company, in order to receive dividends and tax refunds.

In addition to the above, Malta has now signed more than 80 double taxation treaties, with countries including the US, many Gulf states and all the European and EEA countries.

So what are the options available to those setting up a captive, an insurance company or reinsurance company in Malta?

Incorporation, redomiciliation and licensing

Maltese corporate law follows the Anglo-Saxon model, and therefore a company is incorporated and registered once its shareholders subscribe to a Memorandum of Association and it is submitted to the Registrar of Companies for registration. This is normally accompanied by a set of articles setting out the company’s regulations vis-à-vis the holding of meetings, notices and so forth.

Company incorporation takes place after the licensing process is completed, and an application for authorisation has been submitted to the MFSA, along with a detailed business plan and other supporting documents, for review and consideration. Upon being satisfied that the documentation is in order, the MFSA will proceed to grant its approval for company registration and issue an authorisation.

Maltese rules distinguish between affiliated business and non-affiliated business, since different licences are issued depending on whether third-party business is intended to be carried out or not. Invariably, the MFSA stipulates licence con-
It is possible to relocate a company’s domicile to Malta through redomiciliation legislation. Redomiciliation is an alternative to company incorporation suitable for those wishing to retain the legal personality of an existing non-Maltese company, and hence retain all existing business portfolios.

For redomiciliation, in addition to the Memorandum and Articles of Association, further documentation will be required, including a resolution of the Board of Directors or equivalent body, approving the redomiciliation and continuation of the company to Malta.

Registration of the company as being continued in Malta takes place after the licensing process is finalised.

Cell companies

Cells are ideal for those interested in experiencing the captive solution without wishing to commence activities as a standalone company.

Maltese law envisages two possible structures, the protected cell company structure (PCC) and the incorporated cell company structure (ICC).

Both PCCs and ICCs have the ability to create cells, but incorporated cells and protected cells have a different statuses.

A PCC creates within itself one or more cells for the purposes of segregating and protecting the cellular assets of the company. Therefore a protected cell does not have a separate legal personality and each cell transacts through the PCC.

An ICC establishes incorporated cells, each having its own separate legal personality, distinct from that of other incorporated cells and that of the ICC. The status of an incorporated cell is that of a limited liability company, thus being able to transact and enter into contractual relationships with third parties in its own name.

The assets and liabilities of the cells, whether incorporated or protected, are separate and independent from those of other cells and the core and must be kept segregated. In the case of an ICC, claims by third parties can be directed against the assets of the incorporated cell with which they have contracted, with no recourse to assets of the ICC or other incorporated cells.

On the other hand, in the case of a PCC, third-party claims must first seek recourse against the assets of the cell in respect of which they have transacted. It is only once such assets have been exhausted that a right of recourse against the core assets exists.

An exception lies with cells carrying on affiliated insurance or reinsurance business, subject to certain conditions being satisfied.

The prime advantage to the owner of a protected cell is that a cell writing insurance business can use the core non-cellular capital of the PCC to satisfy minimum guarantee fund requirements, and capital requirements as envisaged by EU directives. Additionally, cell owners also benefit from lower costs since administrative and overhead costs are shared with other cells and the PCC.

In the case of an ICC one of the main advantages is that it is easier for an incorporated cells to transact business since it has its own legal personality and hence legal complexity is reduced.

Concluding remarks

With the advent of Solvency II on the horizon, the Maltese regulator and insurance industry are bracing themselves for the new systematic risk-based approach, which will undoubtedly bring forth several challenges. However, Malta has invariably managed to turn challenges into opportunities and now faces the future with confidence.
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Much has been written by this author and others on Malta’s competitive advantages over other captive domiciles. However, if asked to encapsulate Malta’s key success factors in one catalyst most likely to entice a captive or other insurance vehicle parent, insurance manager or other service provider to establish its business on the island I would have to say, “flexibility”.

Unfortunately, in the world of financial services and particularly in the context of foreign domiciles, “flexibility” has taken on a certain unflattering connotation, which could equate to “fiscal paradise” with all the negative overtones and reputation risks associated therewith. Even a well-respected European domicile such as Guernsey has only now been removed from Washington’s “blacklist” of “offshore secrecy jurisdictions” by Senator Carl Levin after more than 10 years of dialogue (see “Guernsey off US blacklist” – Captive Review September 2011).

In contrast, the controls and oversight of the Malta Financial Services Authority (MFSA) are among the most strenuous and respected within the EU as witnessed by the country’s inclusion high on the list of countries approved and applauded by the OECD for their anti-money laundering efforts. More information on the AML/CFT (anti-money laundering/corruption, fraud and terrorism) policies adopted by inter-governmental bodies can be found on the Financial Action Task Force (FATF) website.

Extensive choice of corporate structure
Malta (unlike Dublin and Luxembourg to name but two other major onshore EU domiciles) has introduced PCC and ICC legislation, which have become major factors in establishing the island as an attractive domicile.

The opportunity to establish cells within such entities considerably lowers the level of substance that is required compared to setting up a standalone structure. This, together with relatively low employment and infrastructure costs, combine to make Malta an affordable domicile, particularly for mid-sized entities.

Opportunities for insurance managers, brokers and managing general agents
Malta’s PCC legislation can also deliver unique added value to these professionals wishing to set up a cost effective operation in the EU from which to service their clients. In this regard, Abacus, the only insurance manager created as a PCC, can establish management cells in Malta for other insurers and ensure first rate administration and other services to the cells and their clients through a tailored SLA with Abacus.

As Joanne Alamango, a partner in South Risk Partners Ltd., a risk and insurance advisory firm which established the South Risk Management Cell in Abacus PCC in 2010, states: “We derive our business principally from the UK and the rest of Europe, and we were relatively open as to where in Europe we would set up our operation. Ideally, we were...
looking for a domicile with low start up and management costs and yet in an environment capable of delivering professional support and quality service to us and our clients. To enable South Risk to operate freely throughout the EU, it was also important for us to be licensed in an EU member state.

“In our negotiations with the Abacus team, it became clear that if we established a management cell in their PCC, the ‘own funds’ requirement of the MFSA would be met at the PCC level and therefore we could reduce our start-up costs and ensure that our clients are trading with a well-capitalised entity. Furthermore, the level of expertise present within Abacus and its associate company, GasanMamo Insurance Ltd, would provide us with essential administration and other services (based upon a custom Service Level Agreement). The reduction in our cost base also means we can provide services at competitive rates.

“The other domiciles we looked at did not have the PCC legislation necessary to enable South Risk to establish a management cell rather than a standalone company. As a result, the South Risk Partners management cell was established within Abacus with modest capital (the value of the preference shares issued by Abacus to the promoters of the cell and a one-off application and processing fee).

“Now that the cell is operational with business flowing in, the level of cell capital must of course be adequate to meet running costs. However, outsourcing much of the cell’s administration to Abacus ensures that expenses are considerably less than if we had set up a standalone management company with local staff. The added value from this outsourcing is that South Risk is able to concentrate on business development, risk analysis and the conception of solutions for our clients.

“In the short time we have been operating, I am pleased with the business we have been able to generate and the tangible benefits provided to our clients.”

**Solvency II**

The introduction of Solvency II could give rise to captives in non-EU domiciles that do not achieve equivalence seeking redomiciliation within the EU or alternatively, captive parents establishing new captives for the purpose of insuring their European interests. Clearly, the creation of a management cell in Malta by established non-EU managers from which to meet such contingencies could be very beneficial.

The benefits to managing general agents in creating their own insurance operation in Malta in the shape of a full PCC or a protected cell to counteract declining or withdrawal of capacity from their current markets have been expounded in my article entitled “Forgotten but not gone” in the September 2011 Captive Review.

Abacus’s lead in being the first insurance manager created as a PCC has been followed in the broking world by KDM insurance brokers (also in Malta). This company has converted its broking operation into a PCC for the purpose of establishing broker cells on behalf of foreign brokers wishing to establish a presence in the EU.

**Regulation**

The Malta Regulator (MFSA) is accessible and responsive to a degree rarely experienced in dealings with regulators in many other domiciles who do not apply the MFSA’s “open door” policy. It would appear that the officials at Notabile Road are sensitive to the time constraints under which those wishing to establish their Maltese presence are operating.

Importantly, those insurance operations wishing to outsource their administration to insurance managers such as Abacus, rather than maintaining it in-house, receive the same consideration from the MFSA and this in stark contrast to the treatment of such cases in the likes of Dublin and many other domiciles. Given Malta’s penchant for mid-sized insurance operations where the expense of full in-house administration could be a deal breaker, this strategy has proven to be a major advantage in attracting not only new prospects but also in the redomiciliation of captives and other insurers from less flexible jurisdictions.

**Tax treatment**

The corporate tax rate in Malta is 35% but, upon distribution of dividends, a tax credit of up to 6/7ths of the tax paid can be recovered by non-resident shareholders of the company. On a best case scenario this can equate to an effective tax rate of 5%. This regime equally applies to individual cells of a PCC as each cell and the PCC “core” are treated as separate taxable entities.

**Closing down the business**

Yes, unfortunately this can occur to organisations even in the best of domiciles but for Maltese insurers, captives and managers, there would be no claw back of accumulated profits (even if tax credits had previously been obtained) as tax would already have been fully paid. In many other domiciles the decision to close down operations could be met with exit or other punitive taxes.

In these days of austerity programmes at the individual, corporate and national levels, it is encouraging that Malta through its flexible, professional and cost efficient offering continues to attract new investment in financial services. The introduction of ICC legislation will undoubtedly complement that already in place for PCCs and further encourage middle market organisations to explore the possibilities for ART solutions in Malta.
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Global Premium Tax Compliance Solutions
Choosing the right captive manager

Lawrence Pavia of Island Insurance discusses the importance of choosing the right captive manager, with both local and multinational management presenting strong cases.

With independence a key stronghold for Lawrence Pavia, presenting a solid skills base for management and the bonus of transparency, the pull of the local manager seems to provide the stronger argument for captives.

Captive Review (CR): What are the advantages of a local independent manager over a large multinational broker-owned one?

Lawrence Pavia (LP): Like everything in life there always are pros and cons, so it would be a professional failure to be categorical either way. However, in answering the question, we need to take note of two very important words present, these being local and independent.

A local manager is, in the majority of cases, better placed to advise prospective clients on the benefits of the domicile in which the manager operates. A local manager would no doubt be more accustomed to the workings of the various regulatory bodies and other governmental institutions such as tax and revenue departments; all aspects which although a multinational manager can cope with, will not necessarily possess the same level of knowledge possessed by the local manager. Moreover, the network of contacts and established business relationships with professional firms and third-party service providers possessed by the local manager would very often have been built over a number of years and the local manager can leverage such relationships with more ease and speed to the benefit of its client.

On the other hand, a multinational broker-owned manager is better equipped to provide captive owners and prospective ones alike a wider choice of domiciles. It may also be in a position to offer a wider array of services through associated companies which very often characterise the set up of such firms.

This however leads me to the independence part. Whether local or not, the fact that a manager is independent, and not part of a larger corporate set up, might ensure that existing or prospective clients alike are afforded a greater degree of choice and transparency. An independent manager is not prone to pressures to leverage its client base to benefit other group companies within the larger manager’s network. The client has thus greater peace of mind that its interests are being safeguarded from potential conflict of interest. Such ‘business referral’ pressures might be more pronounced for large multinational broker-owned managers.

CR: What qualities should a prospective captive owner look for in their manager?

LP: Drawing from the previous question, independence should be ranked as one of the top requirements. Equally important are, in our opinion, knowledge, experience, diligence, reliability and responsiveness.

A sound captive management operation definitely requires the availability of accounting and insurance knowledge as well as a sound grounding in areas such as legal, risk management and tax. These, together with the capability to understand the strategic and business reasons behind the client’s decision to form a captive, will determine the extent to which the captive manager can understand the business risks to which the client is exposed and whether the programme being proposed to pass through the captive will achieve the required strategic fit.

Skills alone however are not enough. Given the speed with which business decisions are taken a manager’s responsiveness is another quality that clients considering appointing a manager need to look out for. A manager’s ability to respond to...
the client’s requirements in a fast, yet diligent, manner will impinge on the level of service given to the client and possibly on the results the client derives from the use of its captive. Claims handling and adjustment, where these are entrusted to the manager, are but one aspect where this quality can make a difference to the successful operation of a captive and also its bottom line. This aspect is to a certain extent also linked to the previous question as responsiveness is at times another quality that differentiates a local independent manager from its larger counterpart parts. The former is more likely to give its client individual attention and establish a deeper relationship as opposed to a client merely being assigned to any other ‘account manager’.

Besides all of the above, other qualities no less important would be character, sound reputation, and sound financial standing.

CR: Do specialist industries require specialist captive managers?

LP: Not necessarily, but they do require the manager to possess the expertise, skills and ability to service the particular needs of specialist industries. In all fairness this is where I believe that multinational broker-owned managers may have an advantage. That said, one should not take it for granted that such knowledge is not available to local independent managers. Maltese managers for example enjoy the service of experienced members of staff who possess years of insurance experience, most of whom have had exposure to diverse industries and situations.

CR: What duties does a captive manager carry out on a day-to-day basis for its clients?

LP: These will tend to vary, depending on the level of involvement that the captive owner wants the captive manager to have. In broad terms one may mention the manager’s role in maintaining the captive’s books of accounts, coordinating the process of premium invoicing and collection, collating and processing information that is translated into timely and accurate reporting so as to enable decision making and the sound and prudent management of the captive operation, monitoring third-party service agreements, facilitating captive board meetings and liaise with other stakeholders such as the captive’s auditors, reinsurers and regulators. Depending on the client’s requirements, this can be extended to other aspects including that of evaluating, on a regular basis, the captive’s overall performance vis-à-vis the original strategic decision for the captive formation as well as providing expert opinion on the development of the captive’s business.

CR: What makes Island Insurance Managers different from other managers?

LP: The promoters of Island Insurance Management Services, who are active on a day-to-day basis in its operation, have been in the business for more than 30 years in areas as risk management, insurance broking, the setting up of the local bus pool way back in the eighties and served on the board of management of Malta’s export credit insurance company.

Our move to establish a management company was not driven purely by profit or because it suddenly became fashionable in Malta to establish an insurance management operation. As a matter of fact we have been actively promoting Malta as an ideal domicile for captive management to international fora since 1990 and even before the establishment of Island Insurance Management Services, we were instrumental in suggesting the concept to one of the major international players which eventually set up its own self managed operation. Island Insurance Management Services was set up because we believed that the management company could be a very efficient service provider which generates real added-value, one that has an ability to offer individual/personal attention to clients irrespective of the client’s size. The distinctive points of our company and its service can be summarised as:

- Exceptional service quality
- Attention to client needs irrespective of size
- Services tailored to client requirements independent of fee prospect
- Reliability and responsiveness
- Cost-consciousness
- Solutions oriented

CR: How do you see the captive manager’s role changing in the future, if at all?

LP: The captive manager’s traditional role will definitely remain. Undertaking feasibility studies, preparing business plans and assisting would be captive owners with licensing efforts will remain at the core of the manager’s role.

That said one can expect that the captive manager will have to move closer to the Board of Directors of a captive and possibly be the driver of efforts aimed at enacting programmes for tackling the implementation of changing regulation such as Solvency II and stricter codes of corporate governance.
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www.atlaspcc.eu
Investment management – not a want but a need

With today’s difficult economic climate making the investment world an increasingly difficult arena in which to operate, Karl Micallef of Curmi & Partners discusses the important of investment management.

There was a time, in the not too distant past, when the world was a simpler place to do business and invest capital. A place where successful investments were a result of robust fundamentals coupled with growth at both a micro and macro level. Directors and managers of insurance companies could focus on their technical operations while also managing their investment portfolios with a passive and conservative approach.

Then the mentality started changing – investment time horizons shortened, higher returns were being demanded and greed kicked in. Enhancing investment returns was fine-tuned to the nth degree through leveraging and new, dynamic (and often too complex to understand) methodologies of financing corporate balance sheets started being adopted. This led to the 2008 banking crisis.

Today we are witnessing a similar collapse, but more worryingly at a sovereign level. Interest rates are at all time lows and yet sustainable economic growth looks more and more elusive. This is the current crisis.

The result, so far, is a concoction of technical variables and investment parameters, which require that proper systems are put in place to ensure not only that the desired mixture of risk versus return is achieved, but also that timely and accurate reporting can be delivered within the desired guidelines.

More than ever, today managers of any insurance company need to focus exclusively on their core operations, which is where their competency lies, and assign the non-technical side of the financial statements to a professional investment manager. Placing cash in bank deposits is no longer acceptable from both a risk and return point of view.

And if you think you can get away with it, wake up and smell the coffee. Increased competition within the industry will not allow you to do that. Insurance companies have to invest their assets more effectively and efficiently in a professional manner for a number of reasons:

a) technical profit margins are decreasing
b) regulatory costs are increasing
c) investment parameters are becoming more stringent and capital hungry
d) attractive risk-adjusted investment returns are becoming harder to find

Over the past decade, Curmi & Partners has been successfully managing a number of investment portfolios for insurance companies with both discretionary and advisory investment mandates. The success we enjoy today is not the result of yesterday’s decisions but the outcome of a well thought-out investment strategy structured around the specific willingness and (more importantly) ability of our clients to take on risk.

Today's success story is based on a number of important factors:

a) being an independent, bespoke investment management provider
b) having a thorough understanding of the insurance industry per se
b) acknowledging the importance of asset-liability matching
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e) understanding the importance of delivering investment data to the insurer’s investment committee on the same day it is requested
f) understanding the impact of Solvency II and ensuring that as a firm we are ahead of the curve for our customers to profit
g) being able to provide a multi-tier investment approach which allows different investment parameters to be aligned to different pools of assets

KARL MICALLEF is an executive director at Curmi & Partners. Karl’s primary focus is portfolio management. He holds a first class honours degree in banking and finance and a master’s degree in financial services. Karl obtained his CFA qualification in 2010 and is a member of the CFA UK Society.

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Not being a bank allows us to focus on delivering risk-adjusted investment returns that are second to none. This freedom not only allows us to focus on seeking the best investment opportunity, be it a deposit, fixed income security or otherwise, but it is also our clients’ guarantee that their best interest is perfectly aligned to ours.

In addition, we understand the intricacies of the insurance industry and that the specific investment management style and tools required are different to those required by any other ordinary investment portfolio. We appreciate the responsibility that is passed onto us when given an investment management mandate and we fulfil this role to the highest level of professional commitment and financial conscientiousness. In return, we have invested substantially in human and technological resources in order to meet and exceed our clients’ expectations.

Solvency II must be addressed immediately – our recommendation to institutional clients is to act now rather than adopt a “wait and see” strategy. Other market participants have already started executing the necessary changes and we believe we will be seeing a lot more repositioning occurring throughout 2012. Furthermore, we are well equipped to respond to the real call of Solvency II. As we all know, SII has been in the making since 2004. The structure being proposed to measure and address investment risk is one based on yesterday’s risk profile. We can already see SII being updated to align itself with the realities of today’s investment world. Our approach has been not to wait for this to happen but to guide our insurance clients to be proactive and to go beyond what SII is calling for. Risk measurement can no longer be entirely associated to the traditional metrics; it is not enough to look at duration, ratings, asset class and currency. Portfolio management needs to go beyond that. Investment managers need to look at the underlying security of the invested instruments and ensure that the target investment return is adequate to justify the regulatory capital tied up for that investment.

Going forward, it is no longer a choice for insurance companies to appoint an investment manager, it is a MUST. With the current state of the investment markets, the very low interest rate environment, increased level of competition within the insurance industry and Solvency II around the corner, directors and management of insurance players must be feeling outside their comfort zone when it comes to the non-technical side of their financial statements. Furthermore, it is important that the investment manager and enterprise risk manager continuously liaise with each other in order to determine where best to apply additional capital depending on the risk-reward profile of the investment portfolio versus the core operations of the insurer.

Today we are equipped to measure the capital haircut of an investment portfolio on a daily basis at the touch of a button. That is true added value for any risk manager. You cannot manage risk unless it is measured. In addition, insurance companies need to have a multi-tier investment approach. One set of investment parameters for policy holder funds, own funds and surplus funds may have served the respective investment committee’s well to date, but this is set to change in the not too distant future. Moving along the risk spectrum, surplus funds should not be managed the same way policy holder funds are managed. Using the investment parameters of the policy holder funds across the entire investment portfolio is inefficient, whilst using the investment parameters of surplus funds across the entire investment portfolio is irresponsible.

At Curmi & Partners we offer our skill, knowledge and expertise to all insurance companies that seek greater contribution to their profitability from their non-technical results.
“ART” SOLUTIONS AND SERVICE THAT SIMPLY ADD UP

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Abacus Risk Management Services PCC Ltd, is registered in Malta and regulated by the MFSA
The BWCI Group in Malta

As the insurance sector continues to grow and diversify, the need for actuarial and consultancy services is more prevalent than ever. Ian Morris explains how the BWCI Group steps in to satiate this need.

The BWCI Group has been operating for more than 30 years serving clients in a range of territories. However, a key area of development for the insurance practice of the BWCI Group has been work for Malta clients. Ian Morris considers the reasons for this development and the experience of the BWCI Group in Malta.

The BWCI Group was established to provide actuarial and consultancy services in 1979. It is an independent group with more than a hundred employees. These services have from the outset included actuarial and consultancy services for insurance clients. Advice to life companies has been a core service reflecting the traditional role of actuaries for life companies. The BWCI Group have also developed into a leading provider of advice to general insurance companies (including captives) as the value of actuarial advice for general insurers has become more widely recognised.

The BWCI Group offers advice in a range of territories. From its establishment, the BWCI Group has advised UK entities (with some clients arising from its former links with Bacon & Woodrow and others from independent references). Our business has expanded to cover work in Guernsey and Jersey as would be expected for a Channel Islands based firm but also now includes clients from the Isle of Man, Gibraltar and Mauritius.

In recent years the BWCI Group has monitored the development of the insurance market in Malta and become involved in assisting companies to establish and develop in Malta. A number of insurance managers specialising in captives have established in Malta, often with links to other territories where they are familiar with BWCI. In other cases we have developed relationships independently with self-managed insurers.

We believe that Malta has a bright future with a number of advantages. These advantages include staff costs, a competitive tax regime and local expertise. BWCI has been keen to support and participate in this growth and help our clients develop.

For Malta-based clients we believe that the BWCI Group brings a range of advantages. We are familiar with a range of territories both inside and outside the European Union. This means that we are familiar with not only existing legislation within Malta but also the developments arising under Solvency II. We are also familiar with structures such as Protected Cell Companies which we believe will assist Malta to compete as an innovative jurisdiction.

Our experience in Malta has been different to the business typically undertaken in the Channel Islands and has more common links with our work in Gibraltar and the UK. Unlike the Channel Islands, Malta is part of the European Union and thus has access to markets across the European Union. This makes it a suitable location for insurers looking to write business directly.

A case study

One such client is RCI Services who operate both a life and non-life company covering life and disability benefits for customers of the parent entity RCI. RCI provides loans and wants to ensure that its customers have appropriate cover to provide protection in adverse circumstances.

The cover provided varies slightly for each market within the EU but typically pays the balance of payments due in connection with a loan (either permanently or for a limited period according to the circumstances of a claim).

Because RCI was established in Malta, a European Union territory, RCI is able to write policies directly in all European Union markets. Cover has been developed in a range of markets moving into new territories on a planned and progressive basis each year.

BWCI has provided the actuarial services cur-
Currently needed to support the business and meet the requirements of insurance regulation in Malta. RCI is also looking to the future and has participated in the QIS 5 exercise to test the potential impact of Solvency II.

However, RCI is a developing entity and is keen to assess the likely future impact on risk and capital as the business expands. Therefore, with the assistance of BWCI the projected impact of Solvency II is being estimated at future dates to ensure that RCI can manage its capital requirements in line with the anticipated growth in the business. This work is helping the Board to assess and manage its expanding level of business and manage the financial impact effectively.

The project should also assist with a smooth transition in developing the reporting structures required. Solvency II requires reporting beyond the purely technical issues in the own risk and solvency assessment.

A sound understanding of the estimated technical requirements will inform and support the required risk management and reporting.

The QIS 5 exercise
We have also undertaken projects to help other clients manage their capital requirements. Clients often review whether they are managing their capital and risks efficiently so as a result of the QIS 5 exercise some clients are looking to review whether the standard model implicit in the QIS 5 accurately reflects their risks.

As examples we have looked at the implications of using partial models to replace key parameters such as premium or reserve risk. In such cases we review the historic data for a client to see whether past data supports a change to the standard parameters. This does require a detailed record of past experience.

This can be instructive in illustrating the relative risks for a client compared to the implicit risks in the standard approach. In some cases this can demonstrate a material saving in the level of capital requirements.

However, other issues would need to be considered. The company does need to demonstrate that it has adequate data to support an independent approach. It would also be expected that once such an approach was adopted it would be continued. Therefore, there is a commitment to undertaking not only the initial work but also maintaining the separate approach. Whether this is worthwhile will depend on the level of capital expected to be saved, the value of the insight into risk management and the costs involved.

One of the challenges for all entities required to comply with Solvency II is to meet the requirements while managing the costs at an acceptable level. This challenge is particularly acute for smaller entities. Extensive discussion has focused around proportionality and the extent to which that can limit the work required. Space restricts the level of comments given here on this issue. However, at present our analysis of published guidance suggests that all entities will have to consider all the requirements albeit for smaller entities some simpler approaches may be acceptable.

In our work we are able to compare and contrast the position of insurers based in Malta with other territories. From this experience we are confident that Malta can continue to develop and expand and that we can provide technical support to help insurers to participate and benefit from this growth.

“WE BELIEVE THAT MALTA HAS A BRIGHT FUTURE WITH A NUMBER OF ADVANTAGES. THESE ADVANTAGES INCLUDE STAFF COSTS, A COMPETITIVE TAX REGIME AND LOCAL EXPERTISE”
EU insurance PCCs mean capital and cost savings

Ian-Edward Stafrace, of Atlas Insurance PCC, talks to Captive Review about the benefits of using EU based protected cell companies.
The buzz word in insurance management.

If you are looking for the ideal destination to set up your insurance company or reinsurance company, then look no further – Bee offers dedicated insurance management services in Malta. Here, Bee’s team of experienced and qualified professionals are ready to deliver to you the most cost-effective solutions for your business combined with the highest level of professional service.

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Allow me to introduce...

Captive Review took some time to sit down with Paula Rios and Tiago Mora, respectively CEO and director of HighDome PCC, a company of MDS Group, to talk about the newly licensed company.
with specific legislation on PCCs. The only other European legislations about PCCs are Guernsey and Gibraltar. But there are other reasons, besides this one, that make Malta a most interesting place to start up a company: it’s a highly developed (and stable) financial centre, with a reputable and well-regulated jurisdiction; with high professional skills and a multilingual educated workforce, as well as having a favourable tax regime compliant with the EU regulations.

**CR: Why the name HighDome?**

**TM:** When you get to Malta it impresses you with its history and culture. Malta is an island with more than 5,000 years of history and with some impressive episodes like the Maltese siege by the Turks in 1565 or the violent bombing by Italian planes during the Second World War. A look at Maltese history shows us a resilient people with an indomitable spirit. While naming our company we wanted to do homage to this spirit and this innate strength, and thought they would be well represented by the high domes of Maltese cathedrals, whose silhouette you can easily see against the Maltese sky. So HighDome it was, and we are proud of our name and its strong meaning.

**CR: In a hugely competitive insurance market, how does HighDome stand out from the competition?**

**TM:** HighDome’s targets are clearly medium-sized operators. They may be large operators, e.g. in case of just one strategic risk, but the focus is on mid-cap companies and we think this is a first differentiation factor. Secondly, with HighDome we can provide a comprehensive solution, which means a full service of captive management including the vehicle itself – and this is something not all the players in captive management can offer. In the Portuguese market – and HighDome being part of a Portuguese-originated Group, we can say it’s totally innovative and unique, since none of our (Portuguese-originated) competitors can offer such a solution. Also, compared to the global players, HighDome has the advantage of a service of proximity. Prospects will be looked for among MDS Group and Brokers Link clients, but we also expect to find clients in our extensive network.

**PR:** Both for our MDS Group and Brokers Link brokers, HighDome presents a set of advantages, such as: completion of the range of services to be offered, the possibility to compete with the world’s three largest brokers in this ART arena, and to consolidate relationships with our clients (take risk management and risk transfer to board level and to a longer time-frame), meaning the increase of clients’ loyalty. Also, providing sophisticated solutions is undoubtedly a good incentive to get new clients.

**CR: What does 2012 hold for HighDome?**

**TM:** We expect to have a very busy year! After all, this is our first year in operation. We have to do a lot of marketing actions, so that HighDome becomes known as a player in this field. At the same time we’ll have to build a reputation for credibility, flexibility, service and know how so that our clients entrust us with their "own captive solutions". We’ll definitely be doing a HighDome roadshow with clients and prospects whose risks we think will be best served by a captive solution in a PCC. Feasibility studies will follow and, of course, our ultimate target is the setting up of cells, the first of which we hope to have fully licensed and operating during 2012.

**PR:** In a ‘grey world’ beset by anxieties, HighDome represents the capacity to innovate and the belief that, even in dire times you can still be creative and believe in new solutions that will diversify your business opportunities while making the most of existing skills and offering our clients a more global range of services. From retail broking to reinsurance broking, from risk management and engineering services to knowledge management, from managing one captive to creating cells for our clients, from Portugal to Brokers Link all over the world, MDS Group has evolved into a group that will accompany our clients wherever they are, in whatever insurance and risk needs they have. MDS Group’s motto is ‘building solutions for your success.’ We have adapted this into HighDome’s mission statement: ‘building your own captive solutions,’ and using a very strong sentence in our marketing materials: ‘your plans are made to last.’ Like Maltese resilience and the Maltese skyline with its domes, HighDome is here to stay. If you put MDS Group entrepreneurship and Maltese resilience, together – there is absolutely no other way.
Prompting ideas... ...Finding solutions

Re-locating Onshore
Think Malta

25 Princess Elizabeth Street, To' Xbixie, XBX 1103, Malta
FirstUnited Insurance Brokers Ltd and FirstUnited Insurance Management Ltd are both regulated by the Malta Financial Services Authority.
In safe hands

Captive Review talks to Mike Stalley, of FiscalReps, about how the growing insurance sector of Malta has called for a greater demand in niche tax consultancy.

Captive Review (CR): How has the insurance sector in Malta developed?

Mike Stalley (MS): We first visited Malta in around 2007 when we attended a captive conference where I gave a presentation at one of the seminars regarding premium tax compliance in the European Union. Since then, we have built strong relationships with a number of captive managers and insurers in Malta. What we have seen over this period is a growth of the island’s insurance sector but also the growth of a very structured and professional services industry surrounding the provision of insurance. There is a very good structure in place to provide professional services for the insurance sector and support it. As a consequence, the reputation of this domicile has become very strong because of the quality of regulation and the business-orientated attitude of the regulator.

CR: Would you say the need for services for this insurance sector has changed?

MS: Given the specialist business lines written in Malta, there is a need for specialists, be they accountants, lawyers, auditors etc. What we are seeing is much more of a focus on a quality provision of services – this is where Malta stands out. This has helped the island gain an advantage over some other domiciles.

CR: How does FiscalReps stand out from the rest of the tax consultants in Malta?

MS: Where FiscalReps scores well over other service providers is with our focus on the niche area of premium tax, so in this respect we are able to offer a complete compliance solution to our clients. A complete solution effectively means outsourcing the whole of the premium tax compliance service from the client to us in the UK where we will look after everything in detail. That is where we are able to offer Maltese clients something a bit different, certainly with the captive model and the specialist insurer model there seems to be a desire to outsource non-core business functions. What we at FiscalReps are able to do, and very well, is basically remove the burden from the client and take over their premium tax compliance for them, allowing them to focus on their main duties of managing and running insurance companies. The issue for insurers in general is that unfortunately tax compliance isn’t getting any easier. In the past few years there have been a number of headline tax rate increases together with the introduction of new taxes on insurance premiums. Achieving tax compliance is not impossible, it certainly is doable and at FiscalReps we have developed the skills and tools to assist our clients achieve full compliance. A well-run insurer should always be premium tax compliant as there are a number of simple steps that can be done to achieve this. Understanding the business you are writing and really having access to good premium tax information and the ability and intelligence to apply it well is important. With that in mind, FiscalReps is very much focused on not only compliance for our clients, but also advising them as well. Whether they are looking to create new products or enter new countries, what we look to do is to advise our clients on the premium tax implications of writing business in these ways. Tax can be often overlooked, although it is in many ways front and centre for these insurers, so it is important to make sure they are accounted for correctly from day one.

CR: How are upcoming regulation changes, such as Solvency II, affecting tax consultancy for captives?

MS: Solvency II is obviously the big event that will hit the insurance industry at some point in the next couple of years. While a lot of the focus has been on the capital requirements of the directive itself, within the legislation there is a requirement that where an insurer is outsourcing key functions, they are outsourcing that function to someone who is suitably qualified to perform these duties and take responsibility. So that is one area where we see regulation starting to impact our business and we have built FiscalReps so that it can be recognised as a highly qualified and capable firm. Our
FiscalReps+ programme, which will be launched in 2012, is designed to develop our newer members of staff into qualified tax experts who can provide professional advice to clients. From an insurer’s perspective we can help them comply with Solvency II by being that “fit and proper” outsourcing partner for them.

Also, tax offices are much more aggressive than they have been in the past in terms of seeking tax revenue. Compliance across the board is much stricter now than it probably ever has been so tax is an area that people want to focus on in terms of ensuring their tax liabilities are correct and fully disclosed. At FiscalReps, we are focused on building and maintaining strong relationships with all tax offices; maintaining an open dialogue with tax officials is crucial in ensuring that our clients remain aware of all legislative developments.

Furthermore with recent stories that the Maltese Financial Services Authority is actively seeking evidence of premium tax compliance from its insurers under regulation, now is the time to take control and implement procedures to ensure that premium tax compliance failures will not cause greater regulatory issues.

CR: What can you see the next 12 months holding for FiscalReps’ activities in Malta?

MS: We have a great relationship with our existing clients in Malta, which includes many captive managers and insurers and we intend to grow these relationships and develop new ones into the future. There seems to be new insurance business going to Malta so hopefully we will be able to help these new insurers with their premium tax compliance. We are excited about the fact that we will be holding our second annual forum in Malta in September 2012. We held our first half-day forum earlier in 2011 which was a great success, with the idea being to give the insurance community on the island an update of premium tax issues around Europe and to offer clients the chance to discuss premium tax issues with us.

So from a FiscalReps perspective, Malta is very much in our plans. We see it as a country where we like doing business, as we have great relationships here. We are very hopeful that our time and success in Malta will continue to grow and that we can continue to be a valuable part of our clients’ compliance infrastructure in Malta.
Unique in all senses

Alberto Bisazza, of KDM Insurance Brokers PCC Limited, explains how an insurance broker PCC is unlike anything the industry has seen before.

KDM Insurance Brokers PCC Limited has scored a world first by converting into an insurance broker protected cell company after securing the Malta Financial Services Authority’s approval.

Following the final go-ahead and authorisation by the Malta Financial Services Authority, KDM Insurance Brokers Limited, an insurance brokering company registered in Malta, has successfully converted into an insurance broker Protected Cell Company (PCC). KDM Insurance Brokers PCC Limited (KDMIB PCC), as the company is now called, is the first insurance broker in the world to have seized this opportunity following a change in PCC legislation and taken on the challenge such a venture offers.

The main purpose of this conversion is to achieve a gradual and steady expansion overseas by extending the company’s facilities to international brokers and clients. The insurance broker PCC model provides the facility to offer cells to potential cell owners who would be able to benefit from the broker licence without having to incur the expenses and comply with the ongoing regulatory obligations required for a fully fledged licensed insurance broker. The cell would be able to leverage on the resources of the PCC in order to benefit from reduced management, operational and administrative costs.

But what is a PCC and what are the advantages in taking up a cell within a Broker PCC?

A PCC is an ordinary limited liability company that has the capability of creating different cells within the structure itself. The profits, assets and liabilities of each cell are kept separate from all other cells and from the assets of the company itself, also referred to as the core. The assets of a cell company are in fact either cellular assets or non-cellular. Non-cellular assets are sometimes also referred to as core assets.

Each cell has its own separate portion of the PCC’s overall share capital, allowing shareholders to maintain sole ownership of an entire cell while owning only a small proportion of the PCC as a whole. Cell shares are usually distinguished by being a different class of shares from those of the core shares.

It is also possible to provide for ‘non-recourse agreements’ in that where a cell exclusively carries on business of affiliated insurance (captive insurance) or business of reinsurance, the company may by written agreement provide that only the cellular assets of that cell may be utilised to satisfy the cellular liabilities and any claims of creditors of such cell. The purpose of a non-recourse agreement is to protect the core and other cells from the creditors of a particular cell to which they relate to, otherwise a creditor would have the possibility to make claims on the core assets to the disadvantage of the other cells.

Why Malta?

Malta has established a track record of leading the way for PCC legislation in the European Union: the jurisdiction already boasts the first PCC insurance manager to set up in Europe, besides growing protected cell company insurer facilities. This latest addition to Malta’s insurance landscape through KDMIB PCC will give the jurisdiction another confirmation to Malta’s commitment to be considered as an international hub of repute, provided the necessary support by other stakeholders and the authorities is granted to potential clients.

British and other EU brokers are increasingly examining their options overseas as their opera-
tions creak under complex regulation and soaring tax rates in their domestic environments. For instance, UK brokers are facing a regulatory cost burden that is three times higher than that of any other European state.

To put things into perspective, a recent BIBA-commissioned survey revealed regulatory costs in the UK are 3% of turnover compared to the rest of Europe where the average is less than 0.5% – the nearest is Ireland with 1%. Financial Services Compensation Scheme contributions are under consultation and are likely to increase again in 2012. BIBA is campaigning to end what it describes as a “hugely disproportionate direct and indirect regulatory cost burden”.

So should brokers be looking at taking up a cell in Malta to lower costs and facilitate operations? Malta’s attractive tax regime, highly accessible pro-business regulator and regulatory environment, and efforts to ensure speed-to-market, have contributed to luring some of the most prestigious names in insurance and reinsurance to the island. Now, KDMIB PCC believes a similar trend is set to take hold in the insurance brokerage segment.

A cell within the KDMIB PCC will allow international insurance brokers to redomicile in Malta without having to go through the painstaking procedures to set up their own licensed entity. Their front-end business can continue to be carried out from their home country, for instance, and all business will be passed through their cell in Malta. This will provide the advantage of avoiding significant bureaucracy and operation costs.

The cell would be able to leverage the resources of the PCC to benefit from reduced management, operational and administrative costs. The board of directors of the PCC has the capability to administer any number of cells, each of which is segregated and totally independent from the other. The directors would also be responsible for the entire company’s risk management strategy. Such a common approach to corporate governance would allow efficiencies to be created so that new cells would be able to tap into a common pool of knowledge, expertise and specialist administration by simply establishing a cell without having to train or hire staff. We are proud to announce that KDMIB PCC is currently the only broking firm worldwide to offer such a facility.
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World class facilities for a world class domicile

As the business world flocks to Malta, Clement Hassid, general manager of the Hilton Malta, explains why the Hilton is the first port of call for world class business facilities and luxury.

Malta is truly the unique gem at the heart of the Mediterranean Sea. Lying at strategic crossroads between Europe and Africa, the island is a meeting point of cultures and languages of this beautiful part of the world: the ideal cosmopolitan location for efficient international business meetings.

Malta is unique – a whole new world waiting to be discovered in style. The Maltese islands, lying in the heart of the Mediterranean, have attracted countless visitors since ancient times, from the intrepid, seafaring Phoenicians to the Knights of St. John and today’s visitors. Many are those who have been charmed by Malta’s cultural mosaic and welcoming people. Few other destinations boast a heritage of such vast wealth as well as offer a range of options for business, conference and leisure travel.

Upon arriving in Malta you will discover a combination of typical and appealing long-standing traditions and a rich cultural heritage with a modern and advanced lifestyle. It has a history that dates back to 4000 BC and is still tangible in the form of mysterious prehistoric temples, mingled with a vast selection of luxurious facilities, guaranteeing an unbeatable destination for fun and comfort. The clear Mediterranean Sea and the numerous activities Malta offers is further enhanced by year-round sunshine and a landscape that lends itself to countless outdoor ventures.

But how would you get there? Well, Malta has excellent flight connections. The national carrier Air Malta operates to numerous European and North African destinations, with regular flights. There are also a large number of international carriers operating to and from Malta.

Although diminutive in size, Malta boasts a sophisticated ICT infrastructure that is well connected to the international backbone. With a high broadband penetration and a competitive market with the latest technologies like VoIP, Malta is able to offer the right environment for business.

Soon after arrival you will also notice the high standards of living as well as comparatively low daily running costs, offering a refreshing change from other chaotic and high-cost business centres. The diverse range of shopping, cultural events and leisure activities and well-equipped public and private hospitals and clinics, as well as high quality homes and apartments satisfy the most demanding requirements, and excellent office space is offered at reasonable rents.

Malta is a well-renowned international business hub, proudly boasting an excellent lifestyle and standard of living, as well as being a prestigious home for many companies – especially the blossoming insurance sector. With more and more members of the insurance sector visiting the beautiful Maltese shores, the island has come to offer a world class array of restaurants, cafes and bars. But when it comes to hotels, one in particular stands out; the Hilton Malta.

Standing as a centrepiece of the Maltese coastline, the Hilton Malta has come to represent the style, comfort and hospitality for which the Hilton brand is renowned. Overlooking breathtaking views, the 410 rooms and suites available offer the discerning traveller the best in luxury and relaxation.

Ideally located in the prestigious Portomaso development within the fashionable district of St. Julian’s, the hotel is just minutes away from all the major entertainment areas, attractions and sites the beautiful island of Malta has to offer.
The Hilton Malta is fantastically well-suited to hosting guests visiting on business. For example, the Hilton Malta is home to its very own executive business lounge. At the Hilton Malta, we fully recognise the importance and needs of the business traveller. The executive business lounge has been designed to provide our business guests with a quiet office area including the latest corporate facilities. These include desk spaces with connections for personal laptop, TVs, PCs, complimentary Wifi and printing and photocopying services. Open 24 hours a day, the lounge also enjoys beautiful coastal views, as well as a private boardroom, international newspapers and freshly made tea and coffee.

But why stop there? The Hilton Malta is also the ideal spot to host meetings and events for your friends and work colleagues. The eight syndicate rooms and the Portomaso Banqueting Hall offer an extensive range of meeting options and are ideal for any meeting capacity from two to 480 delegates. The location of the hotel above the Portomaso Yacht Marina adds another dimension to business meetings.

Hilton Meetings, our branded meeting support and business centre, ensures that any form of assistance is always close at hand. Additional facilities available include individual climate control, ergonomical eight-hour chairs, analogue telephone lines with direct line to the business centre and internet access and Wifi (as well as flipchart, white board, presentation screen and minibar).

The Hilton Malta Conference Centre boasts a broad range of meeting rooms that can accommodate between 80 and 1,330 delegates and are spread over four floors, linked by escalators and lift. Direct access from the hotel’s lobby to the centre’s main foyer area is available.

The Grandmaster’s Suite is extremely versatile and multi-functional. Be it conferences, annual general meetings, celebration dinners or receptions, fashion shows, product launches or concerts, this imposing suite can take up to 1,330 seated in theatre style. It has a tiered balcony with 230 seats. The magnificent stage is ideal for theatre productions and it also has a lift, which can take up all heavy equipment or even a car right to the stage level at a press of a button. An in-built screen facilitates back and front projection. The stage can be dismantled or set up according to the client’s requirements. Lights and other audio equipment are all state-of-the-art and readily available with the room hire.

The centre also offers a multi-purpose hall and eight syndicate rooms (five of which offer natural daylight) spread on four levels, which are linked by escalators and lift, extensive pre-function space and ancillary space for exhibitions and catering. A full banquet kitchen is also available and facilitates catering for all size of events.

To cap it all off, everyone agrees that food at the Hilton Malta is excellent. Under the supervision of award-winning executive chef, Joe Vella, the hotel’s catering team has won many awards and always deliver the highest culinary standards, preparing every dish to perfection. For guests staying at the Hilton Malta there is an exciting choice of dining experiences, from exotic oriental cuisine in the Blue Elephant Restaurant to simple yet delicious Mediterranean cuisine together with an extensive selection of wines from the finest vineyards worldwide in the Bottega del Vino; and for superb buffet meals, including a variety of theme nights such as Italian Nights and the lavish Saturday Night Fish Festival, there is the Oceana Restaurant.

So we hope that you will soon have the opportunity to visit the beautiful island of Malta. And when you do, you’re more than welcome to visit the Hilton Malta where the facilities are always excellent and the welcome always warm.
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Dingli & Dingli is a Maltese law firm established in 1982. Although by Malta’s standards it is a medium sized firm, it enjoys a solid reputation for efficiency and effectiveness. The firm handles all types of legal work and in new areas it is ready to learn quickly. Malta’s membership of the European Union has opened the window of opportunity, and the firm faces the future with confidence and expectation.
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FinanceMalta is a non-profit public-private initiative, set up to promote Malta’s International Financial Centre. The organisation brings together, and harnesses, the resources of the industry and government, to ensure that Malta maintains a modern and effective legal, regulatory and fiscal framework in which the financial services sector can continue to grow and prosper.

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FiscalReps is a specialist professional tax consultancy helping insurance businesses achieve global insurance premium tax compliance. As the acknowledged market leader, with a client list including many top insurers, brokers and corporate captive owners, FiscalReps offer a suite of products encompassing Outsourcing, Technology, Consulting and Training solutions. Mike Stalley FCA, Chief Executive, founded the business in 2003 after first-hand experience of the difficulties involved in achieving international premium tax compliance.

HIGHDOME PCC LTD
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HighDome PCC is a Protected Cell Company regulated by the Malta Financial Services Authority and authorized to carry on insurance and reinsurance business (Co. Reg No. C54503). Established by MDS Group, which is part of a large international broking and risk consulting group originating from Portugal, HighDome can offer risk financing and captive solutions to medium size companies based on the Group’s long-standing know-how and expertise.

ISLAND INSURANCE MANAGEMENT SERVICES LIMITED
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Island Insurance Management Services Limited is an MFSA licensed independent provider of insurance management services. Island Insurance Management Services was formed in 2007 with the intention of partaking in Malta’s development as a favourable captive insurance domicile. Since its incorporation and apart from acting as manager, it has carried out other consulting work for third parties evaluating the Malta domicile. The Directors and officers of Island Insurance Management Services Limited are seasoned insurance professionals and possess more than 25 years of industry experience.

KDM INSURANCE BROKERS PCC LIMITED
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KDM Insurance Brokers PCC Limited, an insurance broking company registered in Malta, is the first insurance broker in the world to have successfully converted into an Insurance broker Protected Cell Company (PCC). The insurance broker PCC model provides the facility to benefit from the broker licence without having to incur the expenses and comply with the ongoing regulatory obligations required for a fully fledged licence. The cell would be able to leverage on the resources of the PCC in order to benefit from reduced management, operational and administrative costs.

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PKF Malta is a fast growing, progressive firm that will meet the technical standards that your organisation expects. As a member of PKF International, providing services to a list of prestigious clients, we enjoy an excellent reputation which stems from our dedication, professionalism and enthusiasm to serve our clients. Our credentials are well valued by Government and Departments, and in particular the Inland Revenues, VAT Department, Malta Chamber of Commerce and the MFSA.
At Deloitte Malta we are well known for the depth and breadth of our service and our collaborative approach to business. We work as an industry-focused team with our clients to achieve a tailored solution rather than adopting a one-size-fits-all approach. Our strong internal networks and excellent knowledge of the local marketplace allow us to help you achieve the best result.

As the market leaders in Malta, our financial services practice boasts a significant market share in all key sectors of this industry. Our multidisciplinary team of experienced professionals is focused on performance and committed to delivering a high quality service, which will allow you to concentrate on the areas of priority within your business.

To see how we can help you consider Malta as a cost-efficient jurisdiction in the EU, please contact Sarah Curmi on +356 2343 2000 or at scurmi@deloitte.com.mt or Marc Alden on +356 2343 2000 or at malden@deloitte.com.mt.

www.deloitte.com/mt
Malta is host to a myriad of captive re/insurance companies, protected cell companies and cells that have come to enjoy the domicile’s stable regulatory environment and EU membership benefits. Malta offers re/insurers and cells:

**European Union Membership** - Malta’s status as an EU member allows companies and cells the ability to passport their services throughout the European Union and EEA states. Maltese insurance law and regulation implements all relevant EU directives.

**Redomiciliation Legislation** - Companies established in other countries can seamlessly transfer to Malta without any break in their corporate existence.

**Protected Cell Legislation** - Protected Cell Companies can be incorporated in Malta, enabling cell promoters to write insurance through a cell. The law ensures proper protection and insulation of cell assets and liabilities from those of other protected cells and the core of the protected cell company.

**A Stable Regulatory Framework** - The Malta Financial Services Authority (MFSA) is reputed to be “firm but flexible” - encouraging discussion with promoters at all stages of an application process and also on an ongoing basis.

**Extensive Double Taxation Treaty Network** - Malta has over 45 tax treaties with various EU and non EU countries.

more information on: [www.financemalta.org](http://www.financemalta.org)