

# Barbados

A Preferred Captive Insurance Domicile



INVEST  
BARBADOS 

A Welcoming Investment Climate





# CONTENTS

- 03    The Barbados Domicile
- 04    Why Barbados for Insurance?
- 07    Company Formation Requirements  
in Barbados
- 08    Formation of an Insurance Entity
- 10    Other Types of Insurance Structures
- 11    Insurance Management Companies  
in Barbados
- 12    Testimonials
- 14    Profile of Barbados...  
About the Financial Services Commission
- 16    How Can We Help You?

# The Barbados Domicile

Barbados has had a long history of political and economic stability. Together with an excellent education system and sound infrastructure, it offers an attractive environment for global financial services and wealth management, ICT, medical schools, fintech, research and development, renewable energy and medicinal cannabis, in addition to captive insurance companies.

For decades, Barbados has been known as a domicile for captive insurance business, ranking among the top ten domiciles worldwide, according to Business Insurance. A sound business environment, favourable business solutions, facilitated through an expanding double taxation treaty network and the domicile's ability to respond to the needs of clients, are essential elements of the Barbados Business Brand. The introduction of new legislation and upgrades to current legislation are undertaken to improve Barbados' product mix and ensure that investors' needs are met.

Barbados has long-standing treaties with Canada, the UK and the USA. The country is also expanding its global business activity within Latin America and has treaties with Mexico, Panama and Venezuela. Barbados is at various stages of discussions for double taxation treaties with several other Latin American countries including Brazil, Colombia, Chile and Costa Rica. The country's

recognition within Latin America, as a captive jurisdiction, continues to grow and the incorporated cell company is quite appealing to owners of the many privately held conglomerates in Latin America.

As of December 31, 2024, the Financial Services Commission (FSC) reported that there were 273 active captive insurance companies in Barbados with USA and Canada captives accounting for approximately 69% of the total number. In addition to the traditional property and casualty exposures, captives are also being used to ensure environmental liability, product recall, weather risk, intellectual property infringement rights and other business risks including disruptions caused by severe disease outbreaks like the coronavirus pandemic. Barbados continues to prove that it is well equipped to provide the captive insurance infrastructure to assist with navigating these realities.



# Why Barbados for Insurance?

Barbados is a successful business centre that enables investors to enhance their global competitiveness. Following are the main advantages that make the jurisdiction attractive particularly for insurance businesses:

- Good infrastructure for international insurance companies including experienced management companies, banks, investment companies, auditors and lawyers
- Appropriate regulation and governance
- Educated and experienced local workforce
- Ease of business incorporation and licensing
- Availability of segregated cells and separate accounts
- Low capital and flexible solvency requirements
- No restriction on insurance business written
- For Canadian captives, dividends paid to a Canadian company out of income earned from an active insurance business in Barbados may be considered as exempt surplus for Canadian tax purposes and are therefore not subject to tax in Canada, when repatriated.
- For USA Captives, under the Barbados/USA tax treaty, a company controlled by USA investors, may be able to carry out prescribed activities in the USA without being deemed to have a taxable presence there.







EXPANDING TREATY  
NETWORK



MODERN  
TELECOMMUNICATIONS



EDUCATED  
WORKFORCE



COMPETITIVE  
TAX REGIME



POLITICAL & SOCIAL  
STABILITY

## Other General Advantages

- An expanding Treaty Network that gives investors operating in Barbados access to a number of partners in Africa, Asia, Latin and North America, greatly assisting in enhancing their global competitiveness
- Capital gains not subject to tax in Barbados
- Foreign Currency Permit (FCP): All business entities that earn 100% of their income in foreign currency are eligible to receive a FCP affording them the following benefits:
  - Exemption from exchange control
  - Exemption from withholding tax on all payments, including dividends to non-residents
  - Exemption from payment of stamp duty and property transfer tax
- Modern telecommunications and transport infrastructure: Barbados boasts an efficient ICT framework comprising a reliable island wide fibre-optic network, Wi-Fi and high-speed 4G data services. The country also has an international airport offering direct daily flights to major cities and a modern seaport
- Nearshore location and favourable time zone: Location within similar time zone as the North American East Coast
- Political, social and economic stability: Known for being one of the most stable countries globally, Barbados has continued its long-standing tradition of parliamentary democracy and pragmatic management of its economy. Additionally, the warm and friendly nature of Barbadians is a welcome attraction to global investors
- Business friendly: The process to start a business is straightforward and is complemented by transparent policies and regulations, as well as a supportive institutional framework for global business. There are also no restrictions on the ownership of property
- Quality of lifestyle: Barbados boasts a highly developed standard of living, which makes it an attractive place to live, work and enjoy. This is evidenced by the country's ranking in the UN Human Development Index 2021, of 11<sup>th</sup> in the Americas and 70<sup>th</sup> in the world



# Insurance Regime

Insurance companies are licensed under the Insurance Act, Cap 310 and are categorised into one of three Classes with a single tax regime as follows:

Class	Activity	Tax Rate
Class 1 Licensee	An insurance company which underwrites related party business	0%
Class 2 Licensee	Includes an insurance company which underwrites risks of third parties	2%
Class 3 Licensee	Includes insurance intermediaries, management and holding companies	2%

The FSC decides the class of licence to be issued to each company. The classification process is based on the following:

- The structure or operations of the company
- The nature of the intended relationship between the body corporate and its intended policyholders
- The interest of those policyholders
- The nature of the risk
- The level of regulation which is applicable to the risks associated with the insurance business

The annual requirements for insurance entities are as follows:

- An annual licence fee must be paid by January 31
- Audited financial statements are to be filed six (6) months after the financial year end of the company (under review)
- Corporation tax returns to be filed on or before March 15 or June 15 based on the financial year end of the company

- Annual general meetings of shareholders are required within 18 months of incorporation, and thereafter within 12 months of the previous annual general meeting

## Substance Requirements

Resident companies engaged in “relevant activities” including captive insurance, are required to satisfy an economic substance test. The test involves an assessment related to the following:

- The extent to which the company is being directed, managed and controlled in Barbados (i.e., no. of board meetings and quorum of directors physically present in Barbados, knowledge and expertise of board members)
- Level of relevant activity (no. of employees, expenditure, physical assets in country)
- Confirmation of the core income generating activities



# Company Formation Requirements in Barbados

A company must first be incorporated or registered in Barbados under the Companies Act. The following information will be required to complete the incorporation process

- A maximum of three (3) corporate names (in order of preference)
- The minimum and maximum number of directors (a company can have a minimum of one director)
- The full name (including the middle name) and residential address of each of the proposed directors of the company
- Details of the particular business that the company proposes to carry on
- The classes of shares (if more than one) that the company is authorised to issue
- The full name (including the middle name) and residential address of each shareholder of the company
- At least two (2) references for each director, shareholder or other management personnel, including banker's reference and certified copy of passports of signatories on bank accounts.





# Formation of an Insurance Entity

After incorporation of the company you must submit the following to the FSC:

- A completed application form identifying the applicable class of licence required
- A detailed business plan which includes financial projections
- Three copies of the company's draft articles of incorporation
- A list of directors including the full names, permanent address, country of birth, nationality, date of birth, business experience and other directorships
- Character references of the shareholders, directors and officers
- Satisfy FSC's fit and proper requirements
- A letter of acceptance of responsibility by the person resident in Barbados with which documents may be served
- The name and address of any actuary appointed by the company
- Name of an exempt management company, unless the captive insurance company will be self-managed
- An auditor's certificate with respect to paid-up capital or contributed reserves
- A certified copy of the balance sheet.



If the company is earning 100% of income in foreign currency, submit an application for an FCP inclusive of a declaration by a director certifying that the entity will generate 100% of its income in foreign currency as applicable.

The application, including accompanying documents and fees (US\$125) must be submitted to the Corporate Affairs and Intellectual Property Office. Simultaneously, submit the application for the FCP to the Director of International Business. On approval of the application, the FCP fee of US\$500 must be submitted to the Ministry of International Business and Industry.

# Estimated Cost to Establish and Operate a Class 1 Licensed Insurance Entity

The typical cost for setting up a Class 1 captive is approximately US\$26,400. However, costs can vary depending on the type and complexity of the captive.

## Set-up Costs

		US\$
Government	Fee on application for licence	500
	Fees for company incorporation (approximate)	400
	Initial licence fee	12,500
Professional Fees	Incorporation and preparation of licence application	10,000
	Audit certification of initial paid in capital	3,000
	<b>Total</b>	<b>26,400</b>

## Annual Operating Costs

		Typical Range	
		US\$	
Government	Annual licence	12,500	
<b>Other Costs</b>		<b>Typical Range (US\$)</b>	
Professional	Corporate Secretarial	2,500	5,000
	Audit	7,500	40,000
	Local director (per director)	5,000	10,000
Management Company Fee		15,000	50,000
Out-of-pocket		500	2,500
	<b>Total</b>	<b>43,000</b>	<b>120,000</b>

Licence fees for other classes of insurance are available at [www.fsc.gov.bb](http://www.fsc.gov.bb).



# Other Types of Insurance Structures

## Segregated Cell Company

A Segregated Cell Company (SCC) or Protected Cell Company can also be established in Barbados as an alternative to the traditional rent-a-captive entity.

The provisions in the SCC legislation protect each cell from adverse experiences of other cells, while ensuring that a cell's benefits accrue only to it. SCCs allow the entity to enjoy the benefits of a captive insurance company without having to form its own captive.

## Incorporated Cell Company

An Incorporated Cell Company (ICC) comprises incorporated cells as part of its legal corporate structure. Like a SCC, an ICC comprises several cells, but unlike the cells of the SCC, each cell of the ICC is a separate legal entity with its own directors who may be different from those of the ICC.

As separate entities, the cells within an ICC can transact business with each other, can sue and be sued. However, incorporated cells must have the same registered office as their ICC but may not own shares of the ICC.

### Additional Information:

- An external company may be registered as an ICC or continued as an ICC in Barbados
- An existing Barbados company can be converted into an ICC
- ICCs must submit annual returns for each of their incorporated cells
- An incorporated cell may be transferred to another ICC or to a SCC. The latter can also transfer cells to an ICC

### Advantages:

- Use of a common framework and central management can result in savings
- Assets/liabilities can be segregated according to class and risk
- Provision of a more robust segregation of assets than the SCC and the Company with Separate Accounts

## Company with Separate Accounts

A company whose articles permit the establishment of one or more separate accounts can also be established in Barbados and can be used for single-policy arrangements, especially life and annuity products. This entity differs from the SCC in the following ways:

- Does not have multi-shareholder requirements
- Does not put the core capital at risk like the SCC does
- Is cost-effective but less versatile

Further information on setting up captives in Barbados is available at [www.investbarbados.org](http://www.investbarbados.org) and [www.fsc.gov.bb](http://www.fsc.gov.bb).

# Insurance Management Companies in Barbados

The following are a select number of Insurance Management Companies with a presence on the island:



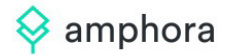
AON INSURANCE MANAGERS  
(BARBADOS) LTD.



MARSH MANAGEMENT  
SERVICES (BARBADOS) LTD.



USA RISK GROUP  
(BARBADOS) LTD.



AMPHORA CAPTIVE  
INSURANCE MANAGERS LTD.



STRATEGIC RISK SOLUTIONS  
(BARBADOS) LTD.



DGM CAPTIVE  
MANAGEMENT INC.



GREAT PACIFIC INSURANCE  
MANAGEMENT LTD.

A current list of management companies is available on the FSC's website: [www.fsc.gov.bb](http://www.fsc.gov.bb).



# Testimonials

Here is what representatives from leading insurance companies said about the Barbados Domicile:

## DGM Financial Group

*"There is a real buzz of excitement surrounding the insurance sector globally and particularly in Barbados, given the legislative changes that have led to compliance with the OECD's BEPS initiative. These legislative upgrades have created certainty for insurance companies and investors. In addition, the enactment of substance requirements ensures that companies established must have real operations, and this has created new opportunities for the insurance sector in Barbados which is expected to now employ an even larger portion of the local workforce and bring real opportunities to the country. As one of the Top 10 captive insurance jurisdictions worldwide, Barbados is thrilled to be OECD compliant and faces the future confidently."*

**Wayne Fields, President**



## Strategic Risk Solutions (SRS) Barbados Ltd.

*"The origins of SRS can be traced to 2003, originally as a Barbadian owned captive insurance manager. SRS, as the largest global independent manager is pleased to operate in Barbados and be part of the service offer in this domicile of importance in the alternate risk financing space. We especially note the country's ICT sophistication since investors understand that changing business models require considerations relating to data privacy, IT security and business continuity. We look forward to being a service partner in the continuing success of the domicile."*

**Kirk Cyrus, Managing Director**



### USA Risk Group (Barbados) Ltd.

*"We have a number of clients, some that have been in Barbados for in excess of 20 years. They have found Barbados to offer a stable business environment, a good network of double taxation treaties and a regulatory environment that promotes business within a well-regulated structure."*

**Jeanne Crawford, Vice President**

### Marsh Management Services (Barbados) Ltd.

*"Marsh was established in Barbados in 1986 and continues to be committed to the domicile as its clients continue to derive many benefits from being here. In addition to its excellent regulatory framework, Barbados has an extensive treaty network which allows companies to consolidate many of their international business functions in one country. Marsh is supportive of Barbados' efforts to further develop its international business framework as it continues to be an ideal location to do business."*

**Nicholas C. Crichlow, Senior Vice President**



### Aon Insurance Managers (Barbados) Ltd.

*"Aon Insurance Managers (Barbados) Ltd. is celebrating its 40th anniversary as a captive insurance manager in Barbados this year. Barbados has obviously worked for us and our clients and we look forward to continuing the relationship with a jurisdiction which has proven itself as a leading domicile for captives over an extended period."*

**Hazira Chhiboo, Managing Director**



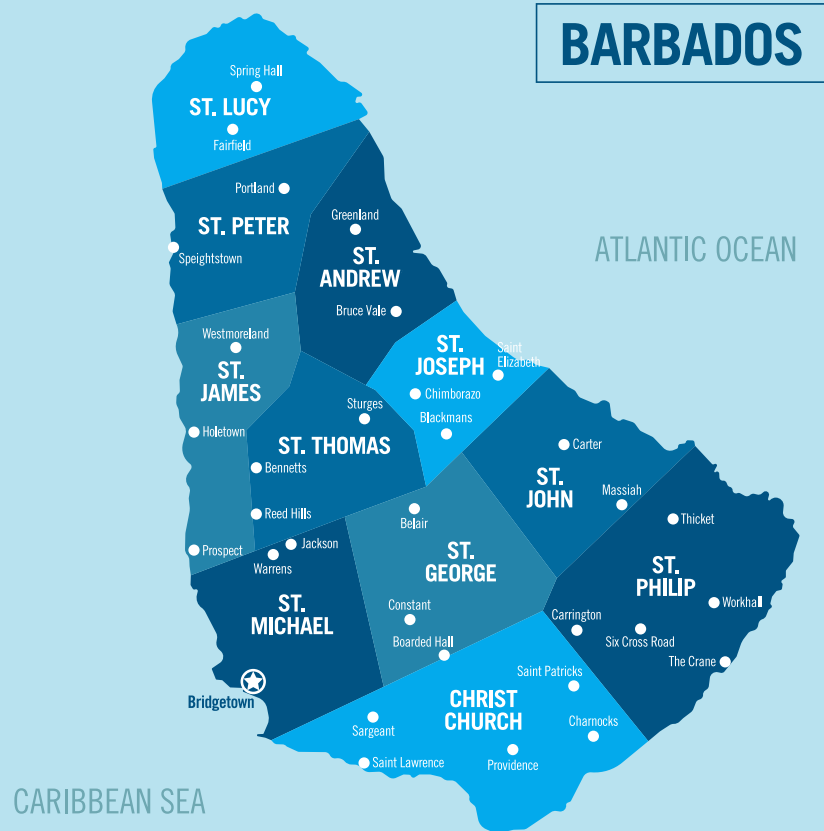
# Profile of Barbados

## General Information

**Size:** 166 sq. miles/430 sq. km.  
**Capital:** Bridgetown  
**Government:** Parliamentary Republic  
**Language:** English  
**Time Zone:** GMT – 4 hours  
**Population:** 265,332 (2023)  
**Workforce:** 134,300 (2023)  
**Literacy Rate:** 99.6%  
**Climate:** Air Temperature 22-30°C/70-90°F  
**Relative Humidity:** 60-70%  
**Currency:** Barbados Dollars (BDS\$)  
BDS\$ 2.00 – US\$ 1.00  
**Major Trading Partners:** CARICOM, USA, UK, Canada, Germany, Japan

## Key Economic Indicators 2023

**Gross Domestic Product:** US\$6.7B (P)  
**GDP per capita:** US\$25,250 (P)  
**Unemployment Rate:** 7.9%  
**Average Inflation:** 5.0%



## ABOUT THE FINANCIAL SERVICES COMMISSION

The FSC is the regulatory agency charged with responsibility for overseeing the non-banking financial services sector in Barbados. Established in 2011, the FSC regulates the insurance sector, pensions, securities, mutual funds and co-operatives as it relates to credit unions. The FSC grants licences to qualifying entities desirous of carrying on business in the areas under its purview and also issues relevant and regulatory guidelines.

### Contact information

Financial Services Commission  
Bay Corporate Building  
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(246) 421-2142  
[info@fsc.gov.bb](mailto:info@fsc.gov.bb)  
[www.fsc.gov.bb](http://www.fsc.gov.bb)







## How Can We Help You?

Invest Barbados is the economic development agency of the government of Barbados responsible for landing, facilitating and sustaining international investment for Barbados and helping to develop and manage the Barbados Brand.

### Our Services

- Promoting Barbados as a desirable investment location
- Providing relevant, timely, current, quality information to investors
- Ensuring that the Barbados environment is conducive to foreign direct investment
- Coordination of business meetings for evaluation trips
- Introduction and ongoing liaison with relevant government agencies
- Customised client aftercare services

## Contact Us

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