PricewaterhouseCoopers (www.pwc.com) is the largest professional service firm in the world. We provide industry-focused assurance, tax, advisory and corporate services for private and public clients, helping them to build value, manage risk and improve performance.

Across the Caribbean, the PricewaterhouseCoopers network provides a fully integrated range of professional services to local, regional and international clients from offices located in Antigua, Aruba, the Bahamas, Barbados, the British Virgin Islands, the Cayman Islands, Curacao, Grenada, Jamaica, The Dominican Republic, Puerto Rico, St. Lucia, St. Maarten, Trinidad & Tobago, the Turks & Caicos Islands and the US Virgin Islands.
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Introduction

Barbados is the premier international business centre in the Eastern Caribbean. As such, it is also one of the world’s leading domiciles for captive insurance companies.

This guide has been prepared by PricewaterhouseCoopers East Caribbean. It provides background information to help business executives evaluate the advantages of establishing an insurance company in Barbados.

Executives who are already planning to establish an insurance company here, or who wish more detailed information on the process or about specific issues, are urged to contact one of the following partners with responsibilities for international insurance: Wayne Fields, Michael Bynoe, Marcus Hatch or Ashley Clarke.

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PricewaterhouseCoopers in Barbados and the East Caribbean

Through its legacy firms, PricewaterhouseCoopers has roots in Barbados that go back to the 1860s. Officially known as PricewaterhouseCoopers East Caribbean, the partnership is headquartered in Barbados with practices in Antigua, St. Lucia and Grenada.

Through its Corporate Services Division, which is managed by Abacus Management Services Ltd., the firm provides a complete range of services to foreign investors seeking to establish an Exempt Insurance Company or Qualifying Insurance Company in Barbados.

These include:

- Arranging incorporations, registration of external companies and company liquidations.

- Preparing the application for the exempt insurance licence or registration of the insurance company; attending discussions with the Supervisor of Insurance for the granting of the licence or registration certificate.

- Providing a registered office and a company secretary, and nominating local directors.

- Maintaining statutory records, acting as a company registrar and dividend payment agent; filing statutory returns and generally keeping the company in good standing.
Why Barbados?

Already renowned as one of the premier holiday destinations in the Caribbean, and recognized by the United Nations as among the top developing nations in the world, Barbados also enjoys a well deserved reputation for integrity as an international business centre. The island is now one of the world’s leading domiciles for captive insurance companies.

Over the past 30 years, successive governments have painstakingly built a highly attractive environment for foreign investment and international business. In addition to offering attractive tax concessions and incentives, the island has established a network of tax treaties with several countries including the USA, Canada, the UK, Switzerland and China.

Indeed, Barbados has continually enacted – and refined – legislation that makes the country a highly respected domicile not only for Insurance Companies but also for:

- International Business Companies
- International Banks
- International Societies with Restricted Liability
- International Trusts
- Mutual Funds

Barbados has excellent international telecommunications links and is easily accessible by frequent scheduled flights from the United States, Canada, Britain and Europe. In addition, the island is home to a well-educated and skilled population and enjoys a well-developed infrastructure and a sophisticated level of services.

Underlying legislation for international insurance companies

An international insurance company can be licensed in Barbados under the Exempt Insurance Act, Cap. 308A or, alternatively, registered under the Insurance Act, Cap. 310 which also governs local insurance companies. International companies that choose to register under the Insurance Act, are known as Qualifying Insurance Companies and will face some tax liability in Barbados (see Appendix I).

Regardless of which alternative they choose, companies must first obtain the approval of the Minister of Finance before incorporating under the Companies Act, Cap. 308 (see Appendix II).
Most international insurance companies on the island have chosen to be licensed under the Exempt Insurance Act. Currently, there are approximately 413 licensed exempt insurance companies conducting business from Barbados.

**Key Tax Incentives**

Here are some of the key tax incentives offered by the Exempt Insurance Act:

- Exemption from tax on income and all withholding taxes.
- Exemption from all corporate taxes on capital gains or any tax on the transfer of assets or securities to any person.
- Personal tax concessions for specially qualified employees.
- For US corporations, convention expenses are deductible against taxes in the US.
- Benefits and exemptions guaranteed for a period of 30 years.

**Other incentives**

- No requirements to file tax returns or to publish financial information.
- Exemption from exchange control regulations.
- No necessity for “physical” meetings in Barbados.
- Reasonable solvency requirements.
- Modern and flexible corporate law.
- Provisions for inward and outward re-domiciliation.
- Annual licence fee of only US$2,500.
- External companies may register as a branch in Barbados.
- Some tax treaties apply.
- Minimum capitalisation of US$125,000.
- Availability of a wide range of professional services.
- Competitive start-up and ongoing operational costs.
- Speed of incorporation and licensing.

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**Principal international tax planning considerations**

- **Canada** – Canadian investors in a Barbados international insurance company enjoy unique tax advantages created by the existence of a tax treaty between Canada and Barbados. Provided that the Barbados insurance affiliate carries on an active business and is liable to tax in Barbados, it can benefit from being able to pay dividends to its Canadian shareholder so that they are not taxable in Canada. Sources of such dividends include third-party insurance business carried on by an affiliate that employs more than five full-time employees in such business, and related insurance business where premiums received are deductible from some other group company’s income derived from another country with which Canada has a tax treaty.

- **United States** – With proper planning and subject to various provisions of the U.S. Internal Revenue Code, a U.S. based corporation can derive substantive economic benefits by insuring its employees and foreign operations using Barbados. With proper structuring, substantive benefits can also be derived through insuring/reinsuring the U.S. operations.
Exempt insurance is defined as a business whose risks and premiums originate outside Barbados, and which is owned by persons resident outside of the CARICOM Single Market and Economy*.

Any person or business seeking to incorporate or register as an external company to engage in exempt insurance must first obtain permission from the Minister of Finance.

The next step is to obtain a license from the Supervisor of Insurance. To do this, a company or branch must submit to the Supervisor of Insurance a completed application supported by relevant documents. These include:

- Objectives of the company or branch, which must be restricted to exempt insurance.
- The proposed source of business, together with the names and addresses of affiliates.
- The proposed reinsurance programme, if any.
- Estimates of the gross and net premium income for the first year.
- The proposed capitalisation of the company (US$125,000 is the minimum required, and additional capital may be required to meet solvency margins).

* The CARICOM Single Market and Economy includes the following countries:

- Antigua & Barbuda
- Barbados
- Belize
- Dominica
- Grenada
- Guyana
- Jamaica
- Montserrat
- St. Kitts & Nevis
- St. Lucia
- Suriname
- St. Vincent & The Grenadines
- Trinidad & Tobago
- The proposed fiscal year-end of the company or branch.

- The name and address of any guarantor, and the amount of any guarantee, if applicable.

- Copies of reinsurance cover notes and contracts.

- The full name, nationality, home address, country and date of birth, business experience and directorships held, of those persons to be appointed directors. (There may be any number of directors, but at least one must be a resident citizen of Barbados.)

- The name of the exempt management company or branch, unless the licensed company will be self-managed.

- The name and address of an individual resident in Barbados on whom the Supervisor of Insurance may serve notices. (This may be the Barbadian director, the local management company, or any other person.)

- The name and address of the actuary, if any, to be retained by the company.
Start-up and ongoing operational costs

**Estimated start-up costs for an International Insurance Company (in US dollars):**

Government Fees

<table>
<thead>
<tr>
<th>Service</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incorporation</td>
<td>$390</td>
</tr>
<tr>
<td>Application for licence/certificate of Qualification</td>
<td>$250</td>
</tr>
<tr>
<td>Licence/certificate of qualification (calendar year)</td>
<td>$2,500</td>
</tr>
</tbody>
</table>

Professional Fees (minimum)

<table>
<thead>
<tr>
<th>Service</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incorporation (inclusive of legal fees)</td>
<td>$3,000</td>
</tr>
<tr>
<td>Application for licence/ certificate of Qualification</td>
<td>$1,500</td>
</tr>
<tr>
<td>Corporate retainer (first year)</td>
<td>$1,500</td>
</tr>
<tr>
<td>Auditors’ certification on initial capital</td>
<td>$2,500</td>
</tr>
<tr>
<td>Disbursements (estimate)</td>
<td>$410</td>
</tr>
<tr>
<td></td>
<td><strong>$12,050</strong></td>
</tr>
</tbody>
</table>

**Estimated recurring costs are as follows (in US dollars):**

<table>
<thead>
<tr>
<th>Service</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government licence fee (calendar year)</td>
<td>$2,500</td>
</tr>
<tr>
<td>Retainer fee</td>
<td>$1,500</td>
</tr>
<tr>
<td></td>
<td><strong>$4,000</strong></td>
</tr>
<tr>
<td>Local director (minimum fee)</td>
<td>$2,000</td>
</tr>
</tbody>
</table>

**Note:** Unless the exempt insurance company will have in-house management, it will have to appoint an exempt insurance management company. Management company fees will vary significantly based on the type of business and the level of activity involved, ranging from US$15,000 to US$50,000.

The exempt insurance company must also file audited financial statements with the Supervisor of Insurance within six months of the year-end. Fees for such auditing services may range from US$5,000 to US$15,000.
The Island of Barbados
An ideal environment for international business
Barbados has tax treaties with the following countries:

- The United States
- Canada
- The United Kingdom
- China
- Cuba
- Finland
- Norway
- Sweden
- Switzerland
- Venezuela
- The territories that comprise the CARICOM Single Market and Economy

NOTE: To review the entire Exempt Insurance Act and other laws pertaining to international business, please visit the website of the Ministry of Industry and International Business at: www.barbadosbusiness.gov.bb

Barbados has tax treaties with the following countries:

For the past 30 years, successive governments in Barbados have diligently constructed a framework of legislation designed to encourage foreign investment and establish the island as a leading international business centre in the Caribbean.

Today, Barbados is a highly respected domicile for such entities as International Insurance Companies, International Business Companies, International Banks, Societies With Restricted Liability, International Trusts, and Mutual Funds.

Throughout the process of enacting and refining the laws governing international business, the country has rigorously safeguarded its reputation for integrity, responding quickly to such international concerns as money laundering and lack of transparency.

Indeed, while offering a low-tax environment to international businesses, Barbados has, from the very beginning, chosen to establish a high level of transparency and a cooperative approach to sharing information sharing with tax authorities in other countries.

Professional Services

The island provides an excellent range of professional services – and highly skilled professionals – to meet the needs of the international business sector. The legal profession is well established in Barbados, with many law firms that specialise in corporate and international business law.

All of the major international accounting firms are represented through local partnerships, offering assurance, tax, advisory and corporate services. There are several independent management companies on the island that already handle the business of scores of International Insurance Companies.
Geography
Barbados is the most easterly of the Caribbean Islands. Essentially a “coral” island, with an area of 166 square miles, it is situated approximately 1600 miles southeast of Miami, Florida. The island is easily accessible by frequent scheduled flights from Miami (3.5 hours), New York City (4.5 hours), Toronto (5.5 hours), and London or Brussels (8 hours).

Climate
Barbados has a tropical climate and relatively high average temperatures and humidity. However, these conditions are moderated by the cooling effect of strong North East trade winds that blow over the island.

Temperatures during the day rarely exceed 30C (86F). During November though March, conditions tend to be a few degrees cooler, while the months of July through October are generally more humid and wet.

Population
The resident population of the island is approximately 270,000. Approximately 94% of Barbadians are of African descent, with the remainder being of European descent and other nationalities.

When segmented by age, 24% of the population is under 15, with 64% between the ages of 15 and 64. The remaining 12% are over 65.

Top: the island's East Coast is noted for its rugged beauty and Atlantic swells. Bottom: The West Coast is famous for its crystal-clear waters, fine sand beaches and luxury accommodation.
Barbados is the most easterly of the Caribbean islands, situated about 1600 miles southeast of Miami, Florida.
History

Archaeological evidence shows that the Arawaks, a people indigenous to the Orinoco River area of Venezuela, inhabited Barbados from around 600BC. They were later driven out by the Caribs, who also migrated north from the same area but who did not settle on the island.

The Europeans knew about the existence of Barbados since the 16th century. However, the island was not settled until 1627 when a group of Englishmen established a formal colony and planted tobacco and cotton for export to England. After 1645, these crops were replaced by sugar cane, which fostered the development of the plantation system.

From early on, Barbados enjoyed trading relationships and other ties with the United States and later Canada. In 1670, Barbadian immigrants helped to found the State of South Carolina and its capital city of Charleston. What is more, Barbados bears the distinction of being the only country outside of the United States ever visited by George Washington who came to the island in 1752.

Since the abolition of slavery in 1834, the descendants of African slaves who were brought to Barbados to underpin the plantation system have developed into a thriving and industrious population.

In 1966, after almost 350 years of unbroken British colonial status, Barbados became a fully independent sovereign nation. The island is English-speaking and has remained a member of the British Commonwealth.
Politics

An independent country since November 30, 1966, Barbados is noted for its high level of political, economic and social stability, as well as for the integrity of its institutions. The country operates as a well developed democracy with open elections held every five years. There are two main political parties, the Barbados Labour Party and the Democratic Labour Party. Elections are hotly contested, but are notably free of violence and corruption.

Government

Barbados enjoys a parliamentary style government, with a House of Representatives and a Senate. The island’s first Parliament was established in 1639, making it the second oldest in the Western Hemisphere.

The function and powers of the Government are vested in Cabinet, presided over by the Prime Minister. Senators are appointed: 12 by the Government, two by the official Opposition, and seven “independents” on the recommendation of the Governor General who is the Queen’s representative and Head of State.

Judiciary

The legal system of Barbados is based on English Common Law as modified by Statute to meet local requirements. The members of the judiciary, in performing their judicial acts, are completely independent of the executive and legislative functions of Government.

Top: The Parliament Buildings in Bridgetown – home to the second oldest parliament in the Western Hemisphere.

Bottom: Mounted police in full ceremonial uniform.
Economy, Trade and Industries

Barbados embodies an open, small, free enterprise economy. A Value Added Tax on consumption, implemented in 1997, has enabled the country to reduce its dependence on import tariffs and duties as a source of revenue, and also to improve compliance with WTO rules.

In 2003, the country’s Gross Domestic Product (excluding net indirect taxes) was approximately BDS$4.4 billion. That same year, exports amounted to BDS$500 million, while imports totalled BDS$2.39 billion. Domestic exports consist mainly of sugar and its by-products rum and molasses, chemicals, clothing, furniture, electrical components and cement.

Consumer goods, mostly food and beverages, account for the majority of the island’s imports – BDS$915 million in 2003. That same year, intermediate goods and capital goods such as machinery for use in agriculture and manufacturing, accounted for BDS$2.26 billion of the island’s import bill.

Based primarily on sugar until the 1970s, the island’s economy now has four key productive industries: tourism, agriculture, manufacturing and international business.

Tourism

Tourism continues to play a key role in the economy and has a positive “spin-off” impact on virtually all other business sectors. Currently, this industry accounts for about 11% of the employed labour force and is the country’s principal foreign exchange earner. For example, in 2003, the gross annual earnings from tourism were approximately BDS$1.46 billion. The island attracts approximately one million visitors each year, with an almost equal split between long stay visitors and cruise ship passengers.

Top: St. Lawrence Gap, on the vibrant South Coast – heart of the island’s nightlife.
Bottom: This modern distillery produces fine rums for which Barbados is famous.
Manufacturing
The manufacturing sector in Barbados accounts for approximately 7% of the island’s employed labour force and includes food and beverages (especially sugar and rum), electronics, hardwood furniture, garments and chemicals.

The country continues to welcome investment in the manufacturing sector, especially for the production of higher value-added, skills-intensive products that use modern technology. Electronics, medical equipment and information processing are areas of particular interest. In recent years, the island has been attracting a growing number of call centres.

Agriculture
While the production of sugar is still important to the island’s ability to earn foreign exchange, the Government’s policy in agriculture has been to reduce dependence on this commodity and to encourage diversification, especially in vegetables, poultry, livestock and fishing. The island is virtually self-sufficient in pork, poultry, fresh milk and vegetables.

International Business
This sector, which has steadily developed since 1977, now contributes significantly to the island’s foreign exchange earnings and provides employment for approximately 3,000 Barbadians. Some unofficial estimates put the sector’s contribution to the country’s GDP at about 7.5%.

Primary Resources
Other than substantial limestone deposits that are mined and used to produce cement and other lime-based products, Barbados does not have an abundance of natural resources. However, the country does have some oil and natural gas deposits that have been accessed to reduce dependence on outside sources. In 2003, approximately 22.4 million cubic metres of natural gas were sold, and 371,000 barrels of crude oil produced. Local crude oil production meets about half the domestic requirements.

Money, Banking and Finance

Barbados has been a member of the International Monetary Fund since 1973. The Barbados dollar is backed by gold and foreign assets, which have promoted stability and confidence in the currency. Since 1975 the country’s dollar has been fixed at BDS$2.00 to US$1.00.

Exchange control
Barbados has exchange control regulations, although these are being loosened over time. However, international businesses, including Exempt Insurance and Qualifying Insurance Companies, are exempt from these exchange regulations.

The Central Bank of Barbados
Barbados has had a Central Bank since 1973. The main role of the Central Bank is to act as banker, fiscal agent and financial advisor to the Government, and to monitor and regulate the activities of commercial banks and other financial institutions. It also has a duty to promote monetary policies and exchange policies that encourage economic growth.

Commercial Banks and Finance Companies
The banking system in Barbados is well established, and the island has a competitive commercial banking sector. The commercial banks currently operating here include: First Caribbean International Bank (a regional combination of Barclays Bank and CIBC Caribbean), Royal Bank of Canada, Bank of Nova Scotia, Barbados National Bank (majority owned by Republic Bank of Trinidad), Bank of Butterfield & Sons, and Caribbean Commercial Bank (wholly owned by Royal Bank of Trinidad & Tobago).

There are also several finance companies operating in Barbados. Apart from collecting deposits, these companies complement the commercial banks in financing the purchase of construction equipment, motor vehicles and other consumer durable goods.

Domestic Insurance
Barbados has a highly developed domestic insurance industry. Placement of insurance through brokers is commonplace.

Top: The Tom Adams Financial Centre, named after the island’s second prime minister, is home to the Central Bank of Barbados.
Bottom: This elegant building is the head office of First Caribbean International Bank.
Transport and Communication

Airport
Voted the “Best Caribbean Airport” at the World Travel Awards for 2003, the Grantley Adams International Airport is located in the south of the island, about 30 minutes from the capital of Bridgetown. The airport is serviced by major international airlines, including American Airlines, American Eagle, Continental, US Airways, Air Canada, Air Jamaica, British Airways, BWIA and Virgin Atlantic. These airlines provide direct links to major cities such as Miami, New York, Newark, Philadelphia, San Juan, Washington, Toronto and London. The GAIA is a major “hub” for several regional airlines that connect the Eastern Caribbean with frequent flights daily.

Port facilities
Located on the edge of the City, the Bridgetown Port is one of the most modern in the Caribbean. The port provides container handling and berthing facilities for ocean-going freighters and passenger ships including the world’s major luxury liners, several of which now use the Bridgetown Port as their “homeport” for Caribbean cruising in the South Caribbean.

Postal, Courier and Telecommunication Services
The Post Office Department provides speedy and reliable domestic and international mail services on a daily basis to all parts of the island. There are 17 post offices that are open from 8:00 a.m. until 3:00 p.m., Monday through Friday. Express post is available to certain countries through the Post Office Department, and there are a number of private couriers including Federal Express, DHL and UPS.

Barbados has excellent telecommunications links, with direct-dial available to all world destinations. Businesses are offered the latest in communications technology, and many use the Internet to provide information on their products and services. Currently, there are three telecommunications companies on the island providing cellular phones services: including Cable & Wireless, Digicel, and AT&T Wireless.

News Media
There are two English language newspapers, a television station and several radio stations that provide local, regional and international news. International editions of major foreign newspapers (from North America and the UK) are also available on a daily basis. Also, two satellite linked cable television services provide subscribers with access to a wide range of international programming.

Top: Barbados enjoys excellent telecommunications links with the rest of the world.

Bottom: The island is also served by a modern deep water port.
Barbados is one of the most highly developed small countries in the world. The United Nations Development Programme (UNDP) has ranked Barbados as No.1 on its Human Development Index in the Caribbean and Latin America. In its development, Barbados is also outperforming all of Africa, and all of Asia with the exception of Hong Kong, Singapore, Japan and South Korea.

The country’s high level of development is reflected in its infrastructure and social environment.

**Health Services**

The Queen Elizabeth Hospital, situated on the outskirts of Bridgetown, accommodates 600 patients in private and general wards. There is also the Bayview Hospital, which is privately owned and accommodates 24 patients. There are also several well-equipped private clinics, health centres and nursing homes. The psychiatric hospital enjoys a good reputation.

Barbados enjoys a high standard of medicine and health services overall. Dental and optical services are readily available, and the Medical Register lists specialists trained in the United Kingdom, Canada and the United States.

**Education**

Barbados has an exceptionally good educational system that comprises free primary, secondary and tertiary levels of education. The literacy rate on the island is approximately 97%.

One of the campuses of the University of the West Indies is situated in Barbados. The university’s Department of Management Studies together with the affiliated Centre for...
Management Development provide many of the graduates for the country’s domestic corporate sector, professional services firms, and international business sector.

Barbados also has a community college, a teachers’ training college, a theological college, a hospitality institute and a polytechnic.

**Housing**

Barbados has well developed residential areas, and high quality housing for executives is available for sale or rent in many locations across the island.

**Water**

Barbados enjoys crystal clear drinking water throughout the island. Its primary source is underground springs, filtered through coral, and these are supplemented by the output from a newly completed desalination plant.

**Electricity**

The Barbados Light & Power Company provided a highly reliable electricity service throughout the island. Domestic current will operate appliances designed for 110 volts AC, 50-cycle supply. A 220-volt supply is also available to industrial and domestic users.

**Roads**

Barbados is criss-crossed by an extensive network of paved roads, including a trans-island highway that links all of the main transportation arteries. Driving is on the left-hand side of the road.

**Office Space**

Good quality, air-conditioned office space is available in Bridgetown or in several purpose-built office complexes on the outskirts of the city. Lease arrangements can be negotiated at reasonable rates.
Hotel Accommodation
In keeping with its reputation as a high-end tourism destination, Barbados has well-run hotels of international standards. These include a newly reconstructed Hilton, The Fairmont Hotels' Royal Pavilion, and Sandy Lane Resort, recognized as one of the finest facilities of its kind in the world. Other smaller but excellent quality hotels include Coral Reef, Colony Club, Glitter Bay Resort, Cobbler's Cove and The Crane Private Residence Resort. In all, accommodation in Barbados, including luxury hotels, villas, guesthouses, and rental apartments, totals just over 8,000 rooms.

Many of the larger hotels offer conference facilities, as does the Sherbourne Conference Centre, a purpose-built facility on the outskirts of Bridgetown.

Restaurants and Nightclubs
Barbados has dozens of restaurants, many of which are world-class in standard. In addition to these restaurants, there are several excellent private firms that cater for receptions. The island has an active nightlife, particularly on weekends, and there several nightclubs offering live bands as well the latest in international music.

Sports and Recreational Activities
Barbadians are a sports-loving people, and while cricket remains the national “passion, sports of every kind are played on the island, including basketball, volleyball, field hockey, soccer, tennis, squash and golf. Horse racing and polo are also well established on the island and among the leading spectator sports. A national stadium and a gymnasium are used throughout the year to host field athletics, cycling and other well attended sporting events.

Barbados has gained increasing profile in recent years as a golfing destination. There are five golf courses on the island: two 18-hole courses at Sandy Lane, which have been recently designed by Tom Fazio; the luxurious 18-hole course at Royal Westmoreland, designed by Robert Trent Jones; the 18-hole
There are several world-class golf courses on the island.

Polo has become increasingly popular, and there are currently four polo fields on the island.

course at Southern Golf and Country Club; and the 9-hole course at Rockley Resort, which is the oldest course on the island.

The water and coral reefs surrounding Barbados are the island’s greatest natural attraction. There are a number of traditional water sports activities including sailing, surfing, deep-sea fishing, scuba diving and snorkelling.

Festivals
Barbados celebrates the national festival of Crop Over during the month of July. It is a festival of music, art and dance, and exotically costumed Barbadians take to the streets in the thousands during the final parade known as “Kadooment”.

In March, the Annual Holders Opera Season offers the music and theatre of local and international performers, and attracts visitors from around the world.
Appendix I
Qualifying Insurance Companies

To become a Qualifying Insurance Company, a company or branch must register under the Insurance Act and apply for a certificate of qualification.

To complete this process, the company or branch must submit to the Supervisor of Insurance an application for registration containing the same basic information as for an exempt insurance licence, supported by the relevant documents.

Where the Supervisor is satisfied that at least 90% of the company's or branch's premiums do, or will, originate outside of CARICOM, and that at least 90% of its risks insured are located outside of this same Region, a certificate of qualification will be issued.

Note: Since it is registered under the Insurance Act the same as a local insurance company, a Qualifying Insurance Company is required to file a tax return and financial statements in the same manner as a local company.

Key Benefits
Here are some of the key benefits enjoyed by Qualifying Insurance Companies:

- A tax credit – based on the level of premiums originating outside of CARICOM – that can reduce tax payable on general insurance business to 2.8% of taxable income and on life insurance business to 0.35% of gross investment income.
- Exemption from withholding taxes.
- Exemption from transfer tax on sale or transfer of any assets or securities.
- No requirement to publish financial information if no premiums or risks originate within CARICOM.
- Exemption from exchange controls regulations.
- Reasonable solvency requirements (see Appendix III).
- Full access to Barbados's network of tax treaties.
- Personal tax concessions for specially qualified employees.
- Provisions for both inward and outward re-domiciliation.
- Fixed annual government fee of US$2,500.
- Modern and flexible corporate law.

Note: While tax credits will be available if international insurance is carried on, the other tax benefits will not apply where the 90% threshold test is not met.
Appendix II
Key Legal Requirements

Both Exempt and Qualifying Insurance Companies must incorporate under Barbados’ Companies Act 1982, which is modelled on the Canada Business Corporations Act. Here are some of the key requirements:

**Company formation and registration of branches**

Incorporation is achieved by filing Articles of Incorporation and paying a fixed fee of US$390. A company may undertake any business, unless its Articles circumscribe its activities, or certain activities such as banking and insurance, which are restricted by law.

For example, in the case of a captive, activities are restricted to exempt insurance.

**Tax returns**

Qualifying Insurance Companies must file tax returns and financial statements same as local companies. Those with year-ends prior to September 30th must file by the following March 15, all others by the following June 15th. Taxes must be prepaid.

**Capital**

A company need only have one shareholder. There is no stamp duty on capital. Shares have no nominal or par value, but may not be issued until fully paid. A company may purchase and cancel its own shares provided it is solvent. Companies may amalgamate and mutual companies are allowed. The approval of the Ministry of Finance is required where more than 10% of the company’s shares are to be transferred to another company other than a licensee, holding company, or management company licensed under this Act.

**Management**

A company need only have one director. However, a captive company must have at least one director who is a resident citizen of Barbados. Directors’ duties and liabilities are expressly stated in the Companies Act. A unanimous shareholders’ agreement may restrict the power of the directors. Minutes of all meetings and resolutions of directors must be maintained at the registered office in Barbados. Alternate directors are allowed.

**Meetings and votes**

Directors may conduct their business by unanimous written resolution, or meet by telephone. An annual meeting of shareholders is required, at which shareholders may be represented by proxies. Fundamental changes to the company’s Articles require two-thirds majority. Minutes and resolutions of the shareholders must be maintained at the registered office in Barbados.
Winding up licensees

Winding up proceedings, either by voluntary intention or else by petition by the Supervisor of Insurance or policyholders, have to be through an order of the court, and the Supervisor becomes a party to any winding up proceedings.

In certain circumstances a licensee may be placed under judicial management. All actions and the execution of all writs, summonses and other processes are stayed once a petition for winding up is presented, and can only be proceeded with by leave of the Court.

Accounting and auditing

Adequate accounting books and records must be maintained in Barbados, and a qualified local auditor must be appointed. Accounting and auditing standards are prescribed by the Institute of Chartered Accountants of Barbados. Audited financial statements must be filed with the Supervisor of Insurance within six months of year-end.

Solvency Requirements

The solvency requirements for both Exempt and Qualifying Insurance Companies are the same.

For general insurance business, the value of assets must exceed liabilities by US$125,000 during the first year, and also in subsequent years if annual premium income does not exceed US$750,000.

Otherwise, after the first year, the solvency margin is 20% of annual premium income on the first US$5 million, and 10% thereafter. All calculations are based on the net earned premium income of the preceding financial year.

For long-term insurance business, the value of assets must exceed liabilities.