

INSURANCE BULLETIN

Who Should Read this Bulletin?

- Insurance Managers
- Insurance / Reinsurance Companies
- Insurance Intermediaries
- Insurance Professionals

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Incorporated Cell Companies Legislation Now in Force

Regulations on Incorporated Cell Companies ('ICC') carrying on business of insurance are now in force and may be applied.

The Companies Act (Incorporated Cell Companies Carrying on Business of Insurance) Regulations, 2010 ('ICC Regulations') , originally published during 2010¹, have now come into force as from the 1st of February 2011 by means of a notice published in the Malta Government Gazette².

ICCs are a development of the Protected Cell Company ('PCC'). Like its precursor, the ICC allows shareholders to segregate assets and liabilities into cells, known under the freshly enacted Maltese ICC Regulations as Incorporated Cells ('ICs'). Creditor claims against cells are satisfied by assets held by the cell.

Whereas the cells and the core in a PCC form part of the same legal person, each IC in an ICC structure is endowed with a separate legal personality. This should quell fears of contagion in a bankruptcy scenario.

Under the Maltese Regulations, the assets of both incorporated cells and the core may be collectively managed and invested.

The use of an ICC company is currently available to fund managers carrying on business through the SICAV company form³ and companies carrying on business of insurance. In the former case, regulations on the use of ICCs as investment vehicles came into force on the same day by means of a separate legal notice.⁴

We foresee this development to be of particular interest to captive owners, insurers, reinsurers and investors throughout the European continent.

Should you have any questions or comments about the matters raised in this Compliance Bulletin please do not hesitate to contact Dr. Matthew Bianchi (mbianchi@jmganado.com)

IMPORTANT NOTICE

THIS COMPLIANCE BULLETIN IS NOT INTENDED TO IMPART ADVICE; READERS ARE ADVISED TO SEEK CONFIRMATION OF STATEMENTS MADE HEREIN BEFORE ACTING UPON THEM. SPECIALIST ADVICE SHOULD ALWAYS BE SOUGHT ON SPECIFIC ISSUES.

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¹ Legal Notice 558 of 2010

² Legal Notice 38 of 2011

³ SICAVs incorporated as ICCs are governed by the regulations contained in Companies Act (SICAV Incorporated Cell Companies) Regulations, 2010

⁴ Legal Notice 28 of 2011