

Captive Insurance QUALIFYING CERTIFICATE

The Captive Insurance Qualifying Certificate (QC) program provides tax rebates, tax abatements, or both to captive insurance companies domiciled in Guam. The Guam Economic Development Authority (GEDA) processes all qualifying certificate applications.

The Captive Insurance QC program aims to provide an attractive business environment to encourage the formation of captive insurance companies in Guam. The program aspires to expand Guam's economy as well as establish Guam as a leader in insurance and financial services in the region.

TAX INCENTIVES

Insurance underwriters:

A rebate of hundred percent (100%) of all income tax paid to the Government of Guam on all income received from insurance underwriting either inside or outside of Guam, including income received from investing funds derived from operating an insurance underwriting business in Guam.

An abatement of one hundred percent (100%) of all business privilege taxes on all gross receipts derived from insurance underwriting either inside or outside of Guam, including gross receipts derived from investing funds derived from operating an insurance underwriting business in Guam.

Shareholders:

A rebate of hundred percent (100%) of all income tax withheld from non-resident shareholders of an insurance underwriting business on the dividends from such business, provided that, the insurance underwriting business paying the dividends is a Beneficiary of a QC, and the dividends are paid from the insurance or investment earnings of such business as identified in its QC.

Maximum term of QC:

Tax abatements, tax rebates, or both may be approved for periods not to exceed twenty (20) years. Under current law, a Captive Insurance QC beneficiary may be able to obtain an extension of their QC for an additional term as long as the entity remains in good standing under the laws of Guam and GEDA rules and regulations.

ELIGIBILITY

All applicants for a Captive Insurance QC must first fully incorporate and establish a captive insurance company with the Guam Department of Revenue and Taxation.

REQUIREMENTS

Minimum Capital Investment: \$100,000

Promotion of Economic Development

All QC applications are measured to see if the application will aid in achieving the following:

Creation of employment plus one or more of the following:

- Replacement of imports;
- Price reduction;
- Creation of a vitally needed facility;
- Creation of economic activity of value to Guam; or
- Establishment of Guam as a finance/insurance center of the Pacific Region.

FEES

Application fee: \$750

Annual Surveillance Fee: \$1,000

COMPLIANCE REQUIREMENTS

All QCs are subject to required compliance and regular reporting requirements. Qualifying Certificates may include other conditions for receiving tax benefits, such as making public investment contributions and requiring the utilization of local professional services, among others.

QC APPLICATION CHECKLIST (DOMESTIC INSURER - CAPTIVE)

Below are the required forms and documents that must be included in an application for a Qualifying Certificate by a Domestic Insurer. If you have any questions or require information on any of the items listed below, please contact the GEDA Business & Economic Development Division at 647-4332 or via email at help@investguam.com.

- Completed and **Notarized** Application Form (QC-1)
- Notarized** Affidavit of QC Compliance (QC-21)
- Authority to Release Non-Proprietary Information (QC-3)
- Application Fee Payment (\$750.00) Receipt No. _____
- Signed Fee Schedule Form
- Government certified copies of articles of incorporation or partnership agreement & Bylaws.
- Current Balance Sheets of Stockholders / Corporation
- Guam Business License/Certificate of Authority
- Certified copy of Applicant's application to the Insurance Commissioner for a Certificate of Authority or license, including all exhibits and attachments
- Minimum 10 year Financial Plan (Income, Balance & Cash Flow Statements)
 - Financial Forecast Assumptions
- Business Plan
 - Company Overview
 - Direct/Indirect impact to industry & community
 - Employee Benefits Package
 - Project Description & Goals
 - Employee Statistics

QUALIFYING CERTIFICATE (QC) APPLICATION PROCESS

Below is a simplified flowchart of the QC application process. The length of time in which QC applications are reviewed and process vary by industry, as well as the speed in which information and documentation are provided to GEDA. Additionally, certain aspects of the QC law have set timelines that all applications must follow (indicated below).

1 INITIAL MEETING 1. Interested parties meet with GEDA and are provided with information regarding QC program

2 LETTER OF INTEREST SUBMITTED 1. Serves as official start of application process
2. Letter details type of project/brief description

3 PRE APPLICATION MEETING 1. Official application packet provided to applicant
2. Applicant is briefed on application process/timeline

4 FILING OF APPLICATION 1. Applications must have all necessary documents (see attached checklist)
2. Mandatory publication of notice after application is received (7 days)

5 PUBLIC HEARING 1. GEDA works with applicant to schedule hearing date, participation by applicant is highly encouraged
2. Hearing notice must be published at no less than 5, but no more than 10 days prior to hearing

6 MANAGEMENT REVIEW 1. After public hearing, GEDA staff prepares a review of application for review by management
2. Management recommendation routed to CEO for review prior to GEDA Board Meeting

7 BOARD ACTION 1. GEDA Board meets to discuss application during a regular Board of Directors meeting; Applicant to attend
2. GEDA Board issues recommendation to approve or disapprove QC; memo sent to Governor if disapproved

8 ROUTING OF APPROVED QC 1. GEDA prepares QC for signature of necessary parties
2. Signed by (A) Applicant, (B) GEDA, (C) DRT, and (D) AG

9 GOVERNOR ACTION 1. Once all signatures are obtained, QC is routed to Governor for final action
2. Governor has 60 calendar days to take action. If no action taken by 61st day, QC is automatically disapproved