

Costs for captive set-up and management



Introduction

Captives are tailor-made to the needs of the parent company. As a result the costs for establishment and management of a captive vary.

The following slides show the minimal costs and the components which have an impact on the overall costs by means of a simple model calculation.

Features of a simple captive

A captive establishment and management is considered simple if

- ↳ it has about 2 – 4 lines of business
- ↳ the data quality (accounting, claims and premium figures, solvency calculation information) are consistent and need no substantial data validation and/or iterative chasing
- ↳ renewal is straightforward, e.g. collaboration with parties involved, e.g. insurers, reinsurers, brokers runs smoothly
- ↳ 1 annual general meeting and board meeting takes place
- ↳ There are only occasional meetings with fronters, reinsurers, brokers, statutory auditor, actuary and FINMA

Set-up costs – simple captive (in EUR)

Minimum set-up fees for AIM (Switzerland) Ltd 20'000

Components

↳ Stamp duty 1%	15'300
minimum capital for a reinsurance captive 2m	
thereof first 666k is exempt from stamp duty	
minimum organisational fund 200'000	
↳ FINMA licensing fee	2'000 – 6'600
↳ Tax advisor if applicable	2'000 – 3'400
↳ Translation costs if applicable	2'000 – 3'400
↳ Notary fee	6'600 – 13'500
	<i>(excluding 7.6% VAT)</i>

Management and recurring fees – simple captive (in EUR)

Minimum general captive management fee AIM Switzerland AG 60'000

Components

↪ Annual auditor's fee	10'000 – 13'500
↪ Director's fee (assumption 2 directors) if applicable	6'600 – 13'000
↪ Minimum regulator's fee	2'000
↪ Rental and sundry fee if applicable	6'600
↪ Investment management fee if applicable	tbd
↪ Extra-ordinary consulting services	tbd

(excluding 7.6% VAT)

