

Key Facts

Protected Cell Companies (PCC)

A special purpose vehicle providing legal segregation of assets attributable to each cell of the company whether corporately or individually owned, the PCC offers flexibility and security for international investment structuring.

Legislation

A PCC is incorporated under the Protected Cell Company Act, 1999. A PCC may be directly incorporated or may be registered by way of continuation provided that the incorporation and registration requirements prescribed in the Companies Act, 2001 and the Financial Services Act, 2007 are satisfied.

The object of the legislation is to enable a company holding a Category One Global Business Licence (GBC1) to create cells within capital for the purposes of segregating the assets within that cell from claims related to other assets. Creditors who have been contracted with a PCC in respect of one cell will only be able to make claims against the assets of that cell primarily and against the non-cellular assets of the company secondarily, but not against the assets in other protected cells. A PCC, by statute, protects one cell from contagion from others.

Incorporation

- The incorporation procedure of a PCC is similar to that of a GBC1. In the case of a continuation, additional requirements as laid down in Section 5 of the Protected Cell Company Act, 1999 must be satisfied.
- All applications should be submitted to the Financial Services Commission (FSC) on a prescribed form through a management company.

Requirements

Applications should be accompanied by a detailed business plan and profile for each cell along with corporate statutory documents. Subsequent cells should be disclosed to the FSC as to its business plans and cell holders. Similarly for investment funds, promoters need to submit to the FSC, through a management company, an outline memorandum containing the identity, track record and credentials of the promoter, general information regarding the fund, its objectives and proposed investment, its structure, the size of the fund and the minimum subscription, track record of the functionaries of the fund; and compliance with requirements of other regulatory bodies.

Characteristics

- Single legal entity
- Legal segregation and protection of assets and liabilities for each cell
- No minimum capital requirement is imposed each cell except for insurance business
- Creation of cellular and non-cellular assets
- Unlimited number of cells may be provided with, each cell its own name or designation
- May be incorporated, continued or converted from an existing company

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- Lawful for the cellular assets to any cell of a PCC, but the non-cellular assets of a PCC, to be transferred to another person without court order
- A formal procedure is provided for the liquidation, receivership or administration order of any individual cell

Regulation

- Regulated by the Financial Services Commission.
- For insurance entities the FSC requires the filing of an audited financial statements, certificate of liquidity ratio, certificate of margin of solvency, actuarial valuation of adequacy of premium and loss reserves in case of long term business, declaration of principal representative as to the accuracy of accounts.

Capitalisation

Qualified global insurance businesses may conduct any one or all of the following, in respect of which there are different minimum capitalisation requirements:

- Captive insurance \$100,000
- Long-term insurance \$250,000
- General insurance \$200,000
- Re-insurance \$300,000

Solvency Margin

A PCC must ensure that it meets the solvency margin requirement as laid down in the Global (Insurance) Business Regulations 2001 and the guidelines for the Regulation and Supervision of Captive Insurance Business in Mauritius.

Uses of Protected Cell Companies

A PCC can presently be used to carry out two types of global business, namely global insurance business and investment funds.

Life Assurance Companies	Can legally separate the assets of life, pension and individual policyholders.
Composite Insurers	The assets of life insurance business need to be legally separated from those of non-life business.
Conglomerates	Several cells are established, each holding a particular insurance exposure of the parent and segregated, for example, in relation to the various geographical locations, corporate division or types of risk of those exposures.
Insurance	Insurers can accommodate the differing needs of clients.
Reinsurance	Finite reinsurance contracts and securitisation issues can be placed within separate cells.
Multinationals	Companies can operate their captive insurance, treasury and other functions globally in a single entity using the same core capital.
Captive Insurance Companies	Segregate distinct areas of risk and activity into different "cells".
Rent-a-Captive	The owners of the PCC offers capital financing to clients, who, because of their own size, would find it impractical to set up their own individual captive insurance arrangements.
Investment Funds	Umbrella or multi-class funds with various classes of shares providing each individual share class the same limited liability that would be obtained if separate corporate structures were used or each category of investors.

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