

Wednesday, July 21, 2021 Lauren Ingram

EXCLUSIVE: India finance hub establishes captive legislation

Tags: GIFT, Gujarat International Finance Tec-City, India, Oliver Schofield

A financial centre in India has established the country's first captive insurance legislation, with *Captive Review* understanding multiple organisations are investigating setting up a captive structure there.

The Gujarat International Finance Tec-City (GIFT), a financial services hub conceived in 2007, has established itself as a captive domicile after years of the industry pushing for a captive legislation to be introduced in India.

GIFT's captive legislation will allow Indian-headquartered companies to form pure captives to write risk for a company's Indian-based exposures only.

The regulations are tied to the location of the risk and would allow, for example, liability or property risk for a company's India offices to be put into a captive domiciled in GIFT.

It is understood that the legislation has been in the works since the start of 2021 at least.

Captive insurance has been one of GIFT's targeted business sectors and this is a sign that the country is opening up more to the idea of captives after years of difficulties for companies.

Oliver Schofield, managing partner at RISC, told *Captive Review* he was working with a number of organisations in India who were interested in setting up a captive.

"We see this as being a useful start for trying to encourage captives in India," Schofield said. "We are talking to three firms in India about potential captives using not only GIFT, but also then using an international location for the non-Indian based exposures of those Indian headquartered companies."

It has always been complicated for an Indian-based company to form a captive, due to laws in the country around offshoring risk.

"An Indian headquartered company itself cannot own an offshore insurance company," Schofield explained. "There are ways around that.

"If you have a company that has offshore subsidiaries in Singapore or elsewhere, then that offshore subsidiary can own the captive vehicle so long as this is only used for its non Indian based exposures."

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