

Protected cell companies: Going beyond funds and captive insurance

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Protected Cell Companies have existed in Guernsey for over ten years and most people are familiar with their traditional uses for captive insurance and for collective investment schemes, but how are they being used beyond this?

One alternative use for a PCC that we have seen recently at Collas Crill is for estate management.

Limited Liability

A limited liability company allows its beneficial owners to limit liability, in most instances, to the assets of the company. However, using a single company to hold a diverse range of assets, especially if some have inherent potential liabilities, can be risky.

One solution is to separate the assets amongst a group of individual companies, but a sprawling group structure is not always appealing to some clients regardless of the benefits.

A PCC is a single legal entity, but its cell structure allows each asset or a grouping of assets to be held in individual cells, each ring-fenced and protected from the other cells in the PCC. A liability that attaches to one asset in one cell should not expose the assets in other cells to that liability.

Flexibility

Unlike incorporating companies, new cells in a PCC can be created by a simple board resolution.

Accounts can be prepared as consolidated accounts for all of the cells or completed on a cell by cell basis as may be required.

A cell containing an asset or assets can be spun out of the PCC structure and converted into its own standalone company. This is a neat solution if an estate wants to sell or gift a particular asset or assets.

Reduced Administration Costs

A PCC has a number of cost saving benefits over a group of individual companies.

As a single legal entity, a PCC's beneficial owners will only have to cover the fees for the provision of one registered office, for the provision of one board of directors and for the cost of one annual validation.

The creation of a new cell is completed by a board resolution. A new group company could cost in excess of £1,000 in incorporation fees as well as the increase in annual overheads.

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PCCs are flexible corporate entities and estate management is just one of the alternate ways in which they can be used.

If you'd like to read more on this subject, see our case study [here](#).

Alternatively, please feel free to give us a call. We'd be delighted to assist you in making use of their unique characteristics for the betterment of your business or personal estate.

For more information please contact:



Paul Wilkes

Consultant | Guernsey

t: +44 (0) 1481 734268 | **e:** paul.wilkes@collascrill.com