



LABUAN OFFSHORE FINANCIAL SERVICES AUTHORITY

Our Reference: 18/2002/LIAA

30 July 2002

Attn: Agnes

417675

Labuan International Insurance Association  
c/o MNI Offshore Insurance (L) Ltd.  
Level 11 (B), Block 4 Office Tower  
Financial Park Labuan  
Jalan Merdeka  
87007 Labuan F.T

Dear Sir,

**Fraud Prevention Measures**

In order to deter the occurrence of fraudulent conduct by employee of licensed offshore brokers and in the spirit of promoting best practices amongst the players in Labuan, LOFSA would like to remind the players to take immediate action to review their internal controls and business practices. The players, in particular brokers and reinsurance companies are advised to review their practices in the following areas as part of fraud prevention measures:

- a) Adopt proper procedures for confirmation of acceptance or risks – confirmation via e-mail or telephone should not be acceptable and must always be followed-up with written confirmation;
- b) Notify their clients and submit to LOFSA the list of their authorized officers and their authority for acceptance of risks – this would enhance transparency;
- c) Notify their clients or advertise resignation/retrenchment of authorized person;
- d) Adopt proper procedures and prudent in making payments – collection of cheques by individual should not be allowed and payee's name is to be verified by an authorized officer;
- e) Notify LOFSA on cancellation of work permit for foreign employees.

All principal officers of relevant offshore insurance and insurance related companies are to ensure that internal controls of their companies be enhanced, and the above preventive measures are adopted and implemented immediately.