



LABUAN OFFSHORE FINANCIAL SERVICES AUTHORITY

Our Reference :

Circular No.: 79/2005/LIIA/ALTC

12 December 2005

**Chairman
Association of Labuan Trust Companies
Labuan International Insurance Association**

Dear Sir/Madam,

Compliance of the Policy of Optimisation of Local Retention Capacity

We attached herewith a copy of the Surat Pekeliling JPI: 16/2005 dated 1 December 2005 issued by Bank Negara Malaysia regarding the above.

Please distribute it to your respective members for their information and reference.

With kindest regards.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Mohamad Akbal Bin Mohd Yunus", is written over the typed name.

**Mohamad Akbal Bin Mohd Yunus
Manager
Regulation Department
401/00/C-mamy**



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

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2693-4051 Malaysia
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Bilangan Kami: Surat Pekeliling JPI: 16/2005

JPI: DG 13/2005

JPI: RG 9/2005

1 Disember 2005

Ketua Pegawai Eksekutif,
- Penanggung-penanggung Insurans Am dan Komposit
Penanggung-penanggung Insurans Semula Am dan Komposit

Tuan/Puan,

**Compliance of the Policy of Optimisation of
Local Retention Capacity**

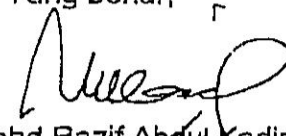
We refer to Surat Pekeliling JPI: 33/2004- "Compliance of the Policy of Optimisation of Local Retention Capacity" on the attestation requirement relating to optimisation of domestic insurance capacity, issued on 15 December 2004.

2. Bank Negara Malaysia wishes to emphasise that observance to the requirements of the circular is important and the Bank views non-compliance with the order of priority in reinsurance cessions, seriously. In this regard, the Bank wishes to reiterate that the policy on optimisation remains unchanged. Chief executive officers of the Malaysian insurers are hereby reminded to ensure that in placing reinsurance, priority must continue to be accorded to optimising the retention capacity of Malaysian (re)insurers, followed by Labuan-based (re)insurers, before securing overseas reinsurance support in their treaty and facultative arrangements.

3. Compliance with the order of priority in reinsurance placements is vital to ensure maximum premium retention within Malaysia towards the development of the domestic insurance industry.

Sekian.

Yang benar,


(Dato' Mohd Razif Abdul Kadir)
Penolong Gabenor

AA/BR/CHL