

RULES AND CONSTITUTION OF THE LABUAN INTERNATIONAL INSURANCE ASSOCIATION

1. NAME

The association shall be known as Persatuan Insuran Antarabangsa Labuan ("The Labuan International Insurance Association") hereinafter referred to as the Association.

2. REGISTERED OFFICE / PLACE OF MEETING

The registered office and place of meeting of the Association shall be at MNI Offshore Insurance (L) Ltd, Level 11(B), Block 4 Office Tower, Financial Park Complex, Jalan Merdeka, 87000 Federal Territory of Labuan or at such other place as may be decided by the Management Committee.

The registered address shall not be changed without the prior approval of the Registrar of Societies.

3. SECRETARIAT

A Secretariat of the Association shall be established. The Secretariat shall be located at the premises of a firm of professional secretaries appointed by the Management Committee. The firm shall be paid a fee commensurate with the duties undertaken and such fee shall be approved by the General Meeting of the Association.

4. TERRITORY

The area (hereinafter referred to as "the Territory") to which the activities of the Association shall apply shall be the Federal Territory of Labuan.

5. INTERPRETATION OF TERMS

A. In these articles the following terms, unless hereinafter specifically otherwise provided, shall have the following meanings:-

- i. "Association" means the Labuan International Insurance Association.
- ii. "Company" means insurer, Reinsurer, Insurance Broker, Reinsurance Broker, Captive Insurer, Insurance Underwriting Manager, Reinsurance Underwriting Manager, Insurance Manager or Reinsurance Manager duly registered if licensed under the provisions of the Offshore Insurance Act 1990 for the time being in force in the Territory and having the object of transacting and / or engaging in insurance / reinsurance business within the Territory.
- iii. "Funds" means the monies of the Association obtained through levies on members and the interest income derived from such monies.

- iv. "Member" means a Company admitted to membership in accordance with the provisions of Article 7.
 - v. "Insurance Act" means the Offshore Insurance Act, 1990 as amended from time to time.
- B. Any other term appearing in these Articles to which a meaning is prescribed in any written laws for the time being in force in the Territory relating to insurance shall bear the meaning prescribed in that law or laws.
- C. In this Constitution the singular shall include the plural and vice-versa.

6. OBJECTIVES OF THE ASSOCIATION

The objectives for which the Association is established are:

- A. To obtain and represent the views of the membership and to represent these views to the Labuan Offshore Financial Services Authority (LOFSA).
- B. To promote and represent the interests of the membership by only means and methods consistent with the laws of the International Offshore Financial Centre of the Federal Territory of Labuan.
- C. To take note of all events, statements and expressions of opinion affecting the membership to advise it thereon and to represent its interests by expression of views thereon on its behalf.
- D. To work in conjunction with any legal body or any chamber or committee or commission appointed or to be appointed for the consideration, framing, amendment or alteration of any law relating to insurance.

7. MEMBERSHIP

- A. Membership shall be open to all Companies in the Territory which are registered or licensed under the Offshore Insurance Act 1990 to transact insurance business.
- B.
 - i. Membership shall be by application. The application shall be tabled at a Management Committee Meeting and shall be approved for registration.
 - ii. Companies whose names have been entered in the Register of Members shall so remain registered until they cease to be a member in accordance with these Articles.
- C. Membership of the Association shall be by Company. Members shall notify the Secretary of the Association, in writing of the name of their representative and or his alternate who is authorized to attend Meetings and act on their behalf. Such representatives or alternates shall be from the Senior Management of the members.

8. OBLIGATION OF MEMBERS

- A. Membership of the Association requires prompt payment of all levies and membership fees. Any Member defaulting to pay such levies or membership fee within one calendar month from receipt of notification of such levies or membership fee shall be sent further written demand for payment. If the amount due is not paid within one further calendar month from the date of such notice the Management Committee may announce such Member as defaulter and take such further action as it deems fit.
- B. Levies may be called by the Management Committee from time to time and such fees shall be approved at a General Meeting.
- C. The Membership fee of the Association shall be RM2,500.

9. MANAGEMENT COMMITTEE

- A.
 - i. The Management of the Association shall be vested in a Management Committee which consist of 7 (seven) individuals save and except in situations as described in paragraphs (vi) and (vii) below all of whom shall be elected by ballot at the Annual General Meeting from the nominated representatives of Member Companies.
 - ii. The Management Committee shall comprise of the following:-
 - a. a chairman
 - b. a Deputy Chairman; and
 - c. 5 (five) Committee Members
 - iii. The Chairman and Deputy Chairman shall be elected at the Annual General Meeting from the membership.
 - iv. The Chairman and Deputy Chairman of the Management Committee shall be the Chairman and Deputy Chairman of the Association respectively and one of them shall be the Public Officer of the Association for purposes of Section 9 (c) of the Societies Act, 1966, Malaysia, provided that the name of such person shall be declared to the Registrar of Societies and registered by him as the Public Officer of the Association for that purpose.
 - v. The members of the Management Committee shall hold office until the date of the next Annual General Meeting and shall be eligible for re-election.
 - vi. Should the office of the Chairman fall vacant at any time between two Annual General Meetings, the Deputy Chairman shall be the new Chairman and he shall hold office until the date of next Annual General Meeting but he shall be eligible for re-election.
 - vii. Should the office of the Deputy Chairman fall vacant at any time between two Annual General Meetings, the Management Committee shall elect a new Deputy Chairman from amongst its remaining members and he shall hold office until the date of the

next Annual General Meeting and he shall be eligible for re-election.

- viii. Individuals on the Management Committee who have ceased employment with a member company to which they were attached at the time of election of the Management Committee, shall cease to be members of the Management Committee from the date of their cessation of employment with the members.

B.

- i. The Management Committee shall elect members of the Management Committee as a Treasurer and a Secretary and may delegate to them such responsibilities and power in relation to their respective positions in the Association.
- ii. The Management Committee shall have power to appoint solicitors and professional advisers as well as persons in other capacities.

C. The quorum of the Management Committee Meetings shall be two third's (2/3's) the number of the Committee in office and a decision of the Management Committee shall be carried by a simple majority of members present. The Chairman shall have the casting vote.

D.

- i. The Management Committee shall meet as often as may be necessary but not less than once in six (6) months for the dispatch of business and for carrying out the objectives of the Association.
- ii. Notice of Management Committee Meeting shall be given not less than 14 (fourteen) days prior to the date of meeting. In matters of extreme urgency the Chairman may convene a Meeting with 7 (seven) days Notice.
- iii. The copies of the full minutes of all Committee Meetings shall be provided to the membership.

E. The members of the Management Committee shall not appoint alternates to attend Meetings nor to represent them in any manner for whatsoever purpose relating to the Association's interest at Meetings or when representing the Association.

F. The members of the Management Committee shall not pursue the interests of their own members companies nor their own personal interest at Meetings or when representing the Association.

10. FUNCTIONS OF THE MANAGEMENT COMMITTEE

A. The Management Committee shall pursue the Objectives of the Association specified in Clause 6 above.

B. The Management Committee shall also:-

- i. organize and supervise the day-to-day activities of the Association and to make decisions on matters affecting its running within the general policy laid down by the General Meetings.

- ii. supervise the collection of levies for the administration of the Association.
- iii. incur such expenditures necessary as specified in clause 16.

11. DUTIES OF OFFICE BEARERS

- A. The Chairman shall preside at all general meetings and all meetings of the Management Committee and shall be responsible for the proper conduct of all such meetings. He shall have the casting vote and shall sign the minutes of such meetings at the time they are approved.
- B. The Deputy Chairman shall deputise for the Chairman during the latter's absence.
- C. The Secretary shall conduct the business of the Association in accordance with the rules of the Association and shall carry out the instructions of the General Meeting and the Management Committee. He shall attend all meetings and record the proceedings. He shall keep and maintain a register of members.
- D. The Treasurer shall be responsible for the finance and accounts of the Association. He shall keep accounts of all financial transactions and be responsible for their correctness. He shall prepare a statement of account as at the end of each financial period for submission for approval at the Annual General Meeting.

12. GENERAL MEETINGS

- A. Types of Meetings :-
 - i. Annual General Meetings of the Association shall be held not later than 30th June in each calendar year, to consider the annual report of the Management Committee, to approve the annual accounts, to elect the Chairman, the Deputy Chairman and the members of the Management Committee, to appoint the auditors and to consider any other business of which due notice in writing has been given at least 28 (twenty eight) days before the date of the Annual General Meeting.
 - ii. Special General Meetings of the Association may be convened by the Management Committee when thought desirable or upon the written request of not less than one half of the total membership of the Objectives of the Association defined in Clause 6. Clause 12 C and D shall also apply to a special General Meeting.

B. Locations of Meetings:-

General Meetings of the Association shall be held in the Federal Territory of Labuan.

C. Notice of Meetings:-

Except as otherwise provided herein notice of any Meeting shall be sent to all members entitled to be present, not less than 14 (fourteen) days before the date for which it is called and shall specify the time and place and purpose of the Meeting. In case of urgency, the Management Committee may call a Special General Meeting at not less than 7 (seven) days notice. In the case of Annual General Meeting copies of annual audited accounts of the Association of the previous year shall be sent to all members together with the notice of meeting.

D. Quorum:-

A quorum for the General Meeting shall be 50 (fifty) percent of the Members of the Association.

E. Conduct of Meetings:-

The Chairman of the Management Committee for the time being shall be Chairman of off General Meetings. In the absence of the Chairman of the Management Committee at any General Meetings, the Deputy Chairman of the Management Committee shall act as Chairman for the purpose of that meeting.

F. Minutes of Meetings:-

Minutes of all Meetings of the Association shall be circulated to the membership.

13. VOTES AT GENERAL MEETINGS

A.

- i. Except at otherwise provided in this Constitution, the resolutions at every General Meeting shall be carried by the voted of the majority to those Members present.

- ii. Voting shall be by show of hands unless the Chairman otherwise directs or a ballot is requested or is required in accordance with the provisions of these Articles.

14. RECORDS OF MEETINGS

Names of Members represented at all Meetings of the Association together with those of the Representatives of such Members attending shall be recorded in the Minutes thereof.

15. RESOLUTIONS BINDING

The decision of the Association taken at a General Meeting shall be binding upon all Members.

16. FUNDS AND FINANCE

- A. The Funds of the Association shall only be invested in current or interest-bearing deposit accounts at the appointed authorized Bankers of the Association in Malaysia.
- B. The Management Committee shall nominate its committee members empowered to sign cheques provided that each cheque shall be signed by at least 2 (two) of the nominated persons.
- C. Proper accounts shall be kept by the Treasurer. He may hold a petty cash not exceeding RM1000 at any one time. All money in excess of this sum shall within 7 (seven) days of receipt be deposited in a bank approved by the Management Committee. The bank account shall be in the name of the Association.
- D. No expenditure exceeding RM 5000 at any one time shall be incurred without the prior sanction of the Management Committee and no expenditure exceeding RM 50,000 in any one month shall be incurred without the prior sanction of a General meeting. Expenditure of less than RM 2,000 at any one time may be approved by the Chairman together with the Treasurer.
- E. The financial year of the Association shall end on 31st March.

17. AUDIT

- A. One or more persons shall be appointed at the Annual General Meeting as Honorary Auditor(s). He/They shall hold office for one year.
- B. The Auditor(s) shall be required to audit the accounts of the Association and to prepare a report for the General Meeting. He/They may also be required by the Chairman to audit the accounts of the Association for any period within his/their tenure of office at any date and to make report to the Management Committee.

18. CESSATION OF MEMBERSHIP

- 1. Companies whose names have been entered in the Register of Members shall so remain registered until they notify the Secretary of the Association in writing that they wish to cease to be members of the Association.
- 2. Any member who has been deregistered as a Company in accordance with the provisions of the Offshore Insurance Act 1990 automatically ceases to be a Member, and the Member's name shall thereupon be struck off the Register of Members.
- 3. A member who shall cease to be a member shall notwithstanding its cessation as a Member, be liable to pay:-
 - i. any levies called for by the Association up to and inclusive of the date of his cessation as a member, and
 - ii. any levies called subsequently which relate to expenditure incurred prior to its cessation as a member.

19. UNAUTHORISED COMMUNICATIONS

Only the Chairman and his absence the Deputy Chairman may make statements representing the views of the Association to any outside body. In the event of statements being made by any member on behalf of the Association other than by the Chairman or in his absence, the Deputy Chairman, such communication should be dealt with by the Management Committee by appropriate action at a General Meeting of the membership.

20. INDEMNIFICATION OF OFFICERS

The Management Committee, while acting as a Body or the members of the Committee individually in the performance of their duties as such and the Secretary at all times shall not be indemnified out of the funds or assets of the Association against the consequence of the performance of any act, deed matter or thing done or omitted to be done by the aforesaid Management Committee, or the members of the Committee or the Secretary in respect of in connection with the business of the Association.

21. PROHIBITIONS

- A. The Association shall not engage in any commercial or business activity.
- B. The Association shall not hold nor own any investments save as provided for in Clause 16A.
- C. The Association shall not be involved in any gaming activity or hold any lottery, whether confined to its Members or not, in the name of the Association or its Committees.
- D. Neither the Association nor its Management Committee shall be involved in any political activity nor allow the Association's funds to be used for any political activity or purposes.
- E. The Association shall not attempt to engage in any Trade Union activity as defined in the relevant legislation applicable to Trade Unions in the "Territory".
- F. The Association is not allowed to have any affiliation or connection outside Malaysia without prior approval of the membership at General Meeting and the prior written approval of the Registrar of Societies.
- G. The Association shall not allow its funds to be used for charitable purposes or for sponsorship or other form of donations or for any form of external promotional activities including advertising.
- H. Neither the Association nor its Management Committee shall at any time knowingly or unknowingly cause any provision of the Societies Act 1966 to be contravened.

22. INTERPRETATIONS OF RULES

Between General Meetings, the Management Committee shall interpret the rules of the Association and when necessary, determine any point on which the rules are silent.

23. DISSOLUTION

If any Special General Meeting a resolution for the dissolution of the Association shall be passed by a majority of three fourths of the members of the Association, the Management Committee shall thereupon, or at such future date as shall be specified in such resolution, proceed to wind up the Association. The assets of the Association after all liabilities have been paid shall be distributed to members equally. Notice of dissolution shall be given within 14 (fourteen)) days of the dissolution to the Registrar of Societies.

24. AMENDMENT OF CONSTITUTION

- A. These Articles may not be added to, repealed or amended by resolution at any General Meeting unless there is a quorum of 50 (fifty) per cent of the Members entitled to be present and unless the Resolution is carried by a majority of three-fourths of the Members present and voting at the meeting.
- B. These amendments shall take effect from the date of their approval by the Registrar of Societies.