



CLARIFICATION NOTE FOR GUIDELINES ON VALUATION BASIS FOR LIABILITIES OF LABUAN GENERAL INSURANCE BUSINESS AND GUIDELINES ON VALUATION BASIS FOR LIABILITIES OF LABUAN GENERAL TAKAFUL BUSINESS

1.0 Purpose

- 1.1 This Clarification Note is issued to clarify on the computation of the Unearned Premium Reserves (UPR) and Unearned Contribution Reserves (UCR) as provided under paragraph 12.3 of the *Guidelines on Valuation Basis for Liabilities of Labuan General Insurance Business* and paragraph 18.3 of the *Guidelines on Valuation Basis for Liabilities of Labuan General Takaful Business*, respectively.
- 1.2 This Clarification Note shall be read together with the Guidelines and to be considered as part of the same. All other policy requirements in the Guidelines remain unchanged.

2.0 Clarification on the Computation of UPR and UCR

- 2.1 For the purpose of UPR and UCR computation, the reduction allowed in respect of reinsurance or retakaful cessions **shall also include those cessions to (re)insurers or (re)takaful operators which are licensed by Bank Negara Malaysia (BNM).**
- 2.2 In summary, a Labuan (re)insurer or (re)takaful operator which cedes out its risks to (re)insurers or (re)takaful operators which are licensed by Labuan FSA or BNM may reduce its UPR or UCR by the corresponding reinsurance or retakaful cessions.

Labuan Financial Services Authority

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