

**CONSTITUTION OF THE
PERSATUAN INSURAN ANTARABANGSA LABUAN
(THE LABUAN INTERNATIONAL INSURANCE ASSOCIATION (THE LIIA))
PPM-008-15-25051998**

1. INTERPRETATION

1.1. In these rules:

"Assessor" means a person designated by the Council to consider appeals against a decision of a panel of the Disciplinary Committee.

"Association" means Persatuan Insuran Antarabangsa Labuan or The Labuan International Insurance Association.

"Company" means a Labuan company or a foreign Labuan company, within the meaning given to those terms by the LFSSA and the LIFSSA.

"Council" means the council of the Association provided for in rule 7.

"Disciplinary Committee" means the committee appointed by the Council pursuant to rule 11.1.

"Funds" means monies of the Association obtained through membership fees, levies on Members, fines imposed on Members and the interest income derived from such monies.

"Insurance Products and Services" means:

- (a) a contract of insurance and/or reinsurance;
- (b) a takāful and/or retakāful arrangement;
- (c) a service or product in any way connected with "life insurance business" and/or "family takāful business" within the meaning given to those terms by section 101(1) of the LFSSA and section 76(1) of the LIFSSA respectively.

"Investigator" means a person designated by the Council in accordance with rule 10.1(a).

"LFSSA" means the Labuan Financial Services and Securities Act 2010 as may be amended from time to time.

"LIFSSA" means the Labuan Islamic Financial Services and Securities Act 2010 as may be amended from time to time.

"Member" means a Company holding a valid and subsisting licence granted under Part VII of the LFSSA or the LIFSSA and admitted to membership of the Association in accordance with these rules.

"Secretariat" means the secretariat of the Association provided for in rule 3.

"Territory" means the Federal Territory of Labuan.

- 1.2. Any other term appearing in these rules to which a meaning is prescribed in any applicable law, regulatory requirement or standard in the Territory shall bear the meaning prescribed in that law, regulatory requirement or standard.
- 1.3. The singular shall include the plural and vice-versa and the masculine shall include the feminine and vice versa.

2. REGISTERED OFFICE/PLACE OF MEETING

The registered office of the Association shall be at Level 16(A), Main Office Tower, Financial Park Complex Labuan, 87000 Labuan F.T., Malaysia or at such other place as may be decided by the Council from time to time.

3. SECRETARIAT

A Secretariat of the Association shall be established. The Secretariat shall be located at the premises of a firm appointed by the Council. The Secretariat shall be paid a fee commensurate with the duties undertaken and such fee shall be fixed by the Council.

4. OBJECTIVES OF THE ASSOCIATION

The objectives for which the Association is established are:

- 4.1. To obtain and represent the views of Members and to represent those views to the Labuan Financial Services Authority;
- 4.2. To promote and represent the interests of Members by means and methods consistent with the laws of the Territory;
- 4.3. To disseminate to Members information pertaining to events, statements and expressions of opinion affecting their interests and to represent the interests of Members by the expression of views on their behalf;
- 4.4. To work in conjunction with anybody 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 Products and Services.
- 4.5. To facilitate, organize, and administer training/educational needs for the benefit of the LIIA Members.

5. MEMBERSHIP

- 5.1. Membership shall be open to any Company holding a valid and subsisting licence granted under Part VII of the LFSSA or the LIFSSA.
- 5.2. Membership shall be by application tabled for consideration at a meeting of the Council and subject to approval by the Council.

- 5.3. The Secretariat of the Association shall keep and maintain a register of Members.
- 5.4. 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 rules.
- 5.5. Membership of the Association shall be through a Company. Members shall notify the Secretary of the Association in writing of the name of their representative and/or alternate who is authorised to attend meetings on their behalf. Such representative or alternate shall be either a director of the Company or employed by the Company in a senior management position. These nominations shall be entered in a register and until revoked by the Member, all actions or representations or omissions of the representative shall be deemed to be actions, representations, and omissions of the Member.
- 5.6. The membership fees of the Association shall be RM 2,500.00 per annum or any other amount as may be agreed upon by Members at an Annual General Meeting and shall be effective from the date of approval of the Registrar of Societies.
- 5.7. Membership may be reinstated:
- (a) by application tabled for consideration at a meeting of the Council;
 - (b) by payment of a reinstatement fee of RM 1,000 and any unpaid subscriptions, levies or fines up to and inclusive of the date of cessation as a Member and reinstatement as Member.

6. OBLIGATIONS OF MEMBERS

- 6.1. Membership of the Association requires prompt payment of all membership fees, levies and fines.
- 6.2. Any Member failing to pay the membership fee, levies or fines within one calendar month from receipt of notification of the amount due shall be sent a further written demand for payment. If the amount due is not paid within one further calendar month from the date of the written demand for payment, the Council may announce such Member as being in default and shall take such further action as it deems fit, including the action contemplated by rule 15.3. The Labuan Financial Services Authority will also be informed.
- 6.3. Levies may be called by the Council from time to time and such fees shall be approved at a General Meeting.
- 6.4. The Membership fee is to be paid in full by 31st January of each year by all Members and for prospective members upon submission of the application for membership.

7. THE COUNCIL

- 7.1. Management of the Association shall be vested in a Council consisting of representatives of a minimum of seven (7) and not more than nineteen (19) Members, who shall be known as the office-bearers of the Association.
- 7.2. Office-bearers of the Association shall be elected once in every two years by the Members at the Annual General Meeting and, subject to these rules, hold office for two years.
- 7.3. The Council shall consist of:
 - (a) a Chairman;
 - (b) a Deputy Chairman;
 - (c) a Secretary;
 - (d) a Treasurer; and
 - (e) three (3) but not more than fifteen (15) representatives of Members.
- 7.4. The Chairman or Deputy Chairman shall be declared to the Registrar of Societies and registered as the Public Officer of the Association for the purposes of section 9(c) of the Societies Act 1966.
- 7.5. No person may hold the office of Chairman for more than two consecutive terms or for a tenure of eight years in aggregate. Subject to these prohibitions, any person who has held the office of Chairman for more than two consecutive terms:
 - (a) is not barred from being an office-bearer of the Association;
 - (b) is eligible for re-election as Chairman two years after he most recently ceased to be Chairman.
- 7.6. Subject to rule 7.5, should the office of Chairman fall vacant at any time between two Annual General Meetings, the Deputy Chairman shall become the new Chairman and shall hold office until the date of the next Annual General Meeting, but he shall be eligible for re-election. If, at the time the office of Chairman falls vacant pursuant to this rule 7.6, the Deputy Chairman had most recently held the office of Chairman for two consecutive terms, the Council shall, subject to rule 7.5, elect a new Chairman from amongst the office-bearers of the Association and he shall hold office until the date of the next Annual General Meeting, but he shall be eligible for re-election.
- 7.7. Should the office of Deputy Chairman fall vacant at any time between two Annual General Meetings, the Council shall elect a new Deputy Chairman from amongst the office-bearers of the Association and he shall hold office until the

date of the next Annual General Meeting, but he shall be eligible for re-election.

- 7.8. A representative of a Member shall cease to be an office-bearer of the Association if:
- (a) he ceases to be a director or employee of the Member he is representing;
 - (b) he resigns on giving notice of not less than one (1) month;
 - (c) the Company he represents ceases to be a Member or ceases to hold a valid and subsisting licence granted under Part VII of the LFSSA or the LIFSSA;
 - (d) any General Meeting of the Association resolves that he shall cease to be an office-bearer of the Association;
 - (e) he is absent from three (3) consecutive meetings of the Council without the approval of the Chairman.
- 7.9. Candidates for election to the Council must be proposed and seconded by two Members and every candidate for election shall consent in writing to his nomination. The list of candidates for election shall be closed twenty-one (21) days before the date of the Annual General Meeting at which the election of candidates takes place.
- 7.10. The Council shall have the power to co-opt any Member's representative to fill any vacancy amongst the office-bearers of the Association. Subject always to rule 7.14, the Council shall continue to perform its functions notwithstanding that any vacancy amongst the office-bearers of the Association has arisen.
- 7.11. Office-bearers of the Association so co-opted shall retire automatically prior to the Annual General Meeting next following their co- option. The Council shall also have the power to terminate the tenure of office of any co-opted office-bearer of the Association.
- 7.12. The Council shall have power to appoint solicitors and professional advisers as well as persons in other capacities.
- 7.13. The Council may from time to time, from amongst the office-bearers of the Association or from representatives of other Members, form such committees as it may deem necessary or expedient and may delegate to them such powers and duties of the Council as the Council may determine. Committees shall conduct their business in accordance with directions of the Council.
- 7.14. The quorum for meetings of the Council shall be fifty (50) percent of the number of office-bearers of the Association and a decision of the Council shall be carried by a simple majority of office-bearers of the Association present. The Chairman shall have a casting vote.

- 7.15. The Council shall meet as often as may be necessary but not less than once in six (6) months for the despatch of business and for carrying out the objectives of the Association.
- 7.16. Notice of meetings of the Council shall be given not less than fourteen (14) days prior to the date of such meeting. In matters of extreme urgency the Chairman may convene a meeting of the Council by giving seven (7) days notice.
- 7.17. Copies of the full minutes of all meetings of the Council shall be provided to Members.
- 7.18. Meetings of the Council may be held anywhere in Malaysia as agreed by the Council.
- 7.19. The office-bearers of the Association shall not appoint alternates to attend meetings nor to represent them in any manner for whatsoever purpose relating to meetings of the Council or when representing the Association.
- 7.20. The office-bearers of the Association shall not pursue the interests of the Member of which they are a director or employee nor their own personal interest at meetings of the Council or when representing the Association.
- 7.21. The Council shall pursue the objectives of the Association listed in rule 4.
- 7.22. The Council shall also:-
- (a) organise and supervise the day-to-day activities of the Association and make decisions on matters affecting its running within the general policy laid down by General Meetings;
 - (b) supervise the collection of fines and levies from Members;
 - (c) subject to rule 13.4, incur expenditure which may include reimbursements for accommodation, entertainment, meals, transportation and other expenses, provided they are reasonably incurred by office-bearers of the Association or persons approved by the Council when attending functions wholly and exclusively on behalf of the Association.
- 7.23. The Chairman shall preside at all General Meetings and all meetings of the Council and shall be responsible for the proper conduct of all such meetings. He shall have a casting vote and shall sign the minutes of such meetings at the time they are approved.
- 7.24. The Deputy Chairman shall deputise for the Chairman during the Chairman's absence.
- 7.25. 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 Council. He shall attend all meetings and record the proceedings. He shall keep and maintain a register of Members.

- 7.26. 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.
- 7.27. Other office-bearers of the Association not mentioned in rules 7.23 to 7.26 may be assigned tasks by the Chairman during meetings of the Council, including to represent or head a sub-committee of the Council.
- 7.28. The Council shall have the power to:
- (a) invest and otherwise deal with the Funds and incur, subject always to rule 13.4, such expenditure as may be deemed necessary to ensure the proper functioning of the administration, excluding the purchase of land/premises without the prior approval of Members in General Meeting;
 - (b) appoint for such periods and on such terms as it may think fit, legal representatives who are admitted to practise in any jurisdiction, secretaries and professional advisers as well as persons in other capacities;
 - (c) arrange for the accommodation and secretarial and clerical work of the Association and to appoint, remove or replace any directly paid servants, including defining their functions and duties and to fix their remuneration;
 - (d) hold any movable or immovable property on behalf of the Association;
 - (e) make a complaint of misconduct pursuant to rule 9.5;
 - (f) designate an Investigator pursuant to rule 10.1 (a);
 - (g) notify the Labuan Financial Services Authority of the existence and nature of a complaint and the person(s) against whom the complaint has been made pursuant to rule 10.1 (b)
 - (h) appoint a Disciplinary Committee pursuant to rule 11.1
 - (i) determine the procedure to be followed by a panel of the Disciplinary Committee pursuant to rule 11.7;
 - (j) determine the maximum fine which can be imposed upon any Member pursuant to rule 11.10(c);
 - (k) take all necessary steps to enforce and recover fines imposed upon Members pursuant to rule 11.10(c);

- (l) convey to the Labuan Financial Services Authority an opinion of a panel of the Disciplinary Committee that any of the sanctions listed in rule 11.11 may be appropriate;
- (m) designate an Assessor;
- (n) publish and/or disclose details of the decisions of the Disciplinary Committee and the Assessor in accordance with rules 11.14 and 12.10.
- (o) impose levies for the administration of the Association (with prior approval of Members at General Meetings);
- (p) decide on such subjects or matters as are referred to them by Members and which fall within the objects and powers of the Association.
- (q) appoint such other committees or sub-Committees as may be deemed necessary and appropriate.
- (r) subject to rules 7.10 and 7.11, co-opt representatives of other Members or other interests for the purpose of dealing with particular subjects;
- (s) consult with any organization dealing with matters of common interest;
- (t) refer to a General Meeting any matter the Council may consider necessary.

8. GENERAL MEETINGS

- 8.1. The supreme authority of the Association is vested in a General Meeting of the Members.
- 8.2. An Annual General Meeting of the Association shall be held not later than 30th June in each calendar year, to consider the annual report of the Council, to approve the annual accounts, to elect the Chairman, the Deputy Chairman and the members of the Council (during election year), to appoint the auditors and to consider any other business of which due notice in writing has been given at least fourteen (14) days before the date of the Annual General Meeting.
- 8.3. Special General Meetings of the Association may be convened by the Council when thought desirable, or upon the written request of not less than one half of the total Members of the Association, to approve any business in pursuit of the objectives of the Association listed in rule 4.
- 8.4. General Meetings of the Association shall be held in the Territory.
- 8.5. Except as otherwise provided in these rules, notice of any General Meeting shall be sent to all Members entitled to be present, not less than fourteen (14) days before the date upon which the General Meeting is to take place and shall specify the time, place and purpose of the Meeting. In case of urgency,

the Council may call a Special General Meeting at not less than seven (7) days notice. In the case of an Annual General Meeting, copies of annual audited accounts of the Association for the previous year shall be sent to all Members together with the notice of meeting.

- 8.6. A quorum for a General Meeting shall be fifty (50) percent of the Members of the Association.
- 8.7. The Chairman of the Council for the time being shall be Chairman of all General Meetings. In the absence of the Chairman of the Council at any General Meeting, the Deputy Chairman of the Council shall act as Chairman for the purpose of that meeting.
- 8.8. Minutes of all General Meetings of the Association shall be circulated to Members.
- 8.9. Except as otherwise provided in these rules, resolutions at every General Meeting shall be carried by a simple majority of the votes of those Members present. 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 rules.
- 8.10. 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 of such meeting.
- 8.11. A decision of the Association taken at a General Meeting shall be binding upon all Members.

9. COMPLAINTS OF MISCONDUCT

- 9.1. This section of the Association's rules is aimed at the protection of policyholders and the good reputation of the Association and its Members through enforcement of measures to maintain confidence in the quality and integrity of advice, services and products provided by Members.
- 9.2. Complaints of misconduct are subject to initial screening undertaken by an Investigator, who may refer a complaint to a disciplinary panel for more detailed consideration. The procedural aspects of a disciplinary panel's activities are susceptible to limited review by an assessor, as is the reasonableness of the disciplinary panel's decision.
- 9.3. The Council, Investigator, Disciplinary Committees and its panel members, parties, representatives, experts, witnesses and Assessor shall keep confidential all matters relating to a complaint of misconduct except where disclosure is necessary for purposes of implementation and enforcement or to the extent that disclosure may be required of a party by legal duty, to protect or pursue a legal right or to challenge an award in bona fide legal proceedings before a state court or other judicial authority. In this rule, "matters relating to a complaint" means the existence of a complaint, the existence of a disciplinary process relating to that complaint, evidence and other materials in the

disciplinary process contemplated by these rules and all documents produced by the parties, but excludes any matter that is otherwise in the public domain.

9.4. Neither the Council, any Investigator, the Disciplinary Committee or members of its panels or the Assessor shall be liable to any party for any act or omission related to any disciplinary process contemplated by these rules.

9.5. A complaint of misconduct against:

(a) A Member;

(b) any person whose conduct in relation to Insurance Products and Services is regulated, directly or indirectly, by the laws of the Territory, may be made by the Council, a member or any other person.

9.6. For the purposes of these rules, misconduct shall be limited to activities which are or were regulated, directly or indirectly, by the laws of the Territory at the time they are alleged to have taken place, and shall include:

(a) the making of a statement, or dissemination of information, that is false or misleading in an important respect and is likely to induce:

(i) other persons to enter into, subscribe to or deal with Insurance Products and Services;

(ii) the sale or purchase by other persons of Insurance Products and Services.

(b) fraudulently inducing persons to enter into Insurance Products and Services.

(c) inducing or attempting to induce another person to enter into, subscribe to or deal with Insurance Products and Services by:

(i) making or publishing any statement, promise or forecast that he knows or ought reasonably to have known to be misleading, false or deceptive;

(ii) any dishonest concealment of material facts;

(iii) the reckless making or publishing of any statement, promise or forecast that is misleading, false or deceptive; or

(iv) recording or storing in, or by means of, any mechanical, electronic or other device information that he knows to be false or misleading in an important respect.

(d) the:

(i) employment of any device, scheme or artifice to defraud;

- (ii) engagement in any act, practice or course of business which operates as a fraud or deception, or is likely to operate as a fraud or deception, upon any person;
 - (iii) making of any statement known to be false in an important respect; or
 - (iv) omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, directly or indirectly, in connection with the subscription to, purchase or sale of Insurance Products and Services.
- (e) an actual or alleged failure to objectively discharge, in the interests of the Member of which he is a director or officer, a duty or responsibility arising from his position or function as a fiduciary in relation to that Company.
- (f) any failure on the part of a director or officer of a Member to ensure that the Company's related party transactions are undertaken on an arm's length basis and/or to comply with the requirements of the Labuan Financial Services Authority concerning related party transactions.
- (g) any failure on the part of a director or officer of a Member to disclose to that Company a conflict of interest.
- (h) an actual or alleged failure by a person whose activities giving rise to a complaint are or were regulated, directly or indirectly, by the laws of the Territory, to:
- (i) act with integrity in carrying out his functions;
 - (ii) act with due skill, care and diligence in carrying out his functions;
 - (iii) observe proper standards of market conduct in carrying out his functions;
 - (iv) deal with the Labuan Financial Services Authority or the Council and other regulators in an open and cooperative way;
 - (v) disclose appropriately any information of which the Labuan Financial Services Authority, the Council or another regulator would reasonably expect notice;
 - (vi) take reasonable steps to ensure that the business of the Member for which he is responsible is organised so that it can be controlled effectively;
 - (vii) exercise due skill, care and diligence in managing the business of the Member for which he is responsible; or

- (viii) take reasonable steps to ensure that the business of the Member for which he is responsible in his accountable function complies with applicable regulatory requirements and standards in the Territory.

9.7. An administrative fee of USD 100 shall be payable by a complainant to the Association for each complaint of misconduct.

10. INVESTIGATION OF MISCONDUCT

10.1. Upon receipt of a complaint or (if the complaint is made by the Council) upon a resolution having been made by the Council to make a complaint, the Council shall:

- (a) designate an Investigator to investigate that complaint and make one of the findings listed in rule 10.3 in relation to it within three (3) weeks of being designated;
- (b) notify the Labuan Financial Services Authority of the existence and nature of the complaint and the person(s) against whom the complaint has been made.

10.2. The Investigator:

- (a) shall not be a member of the Council, nor of any committee of the Council, constituted under these rules and constitution or otherwise;
- (b) shall not have or be perceived to have:
 - (i) a direct interest in the subject matter of a complaint the Investigator has been designated to investigate; or
 - (ii) a relationship of any description with a Member or person named as respondent in a complaint the Investigator has been designated to investigate;
- (c) shall be a person whose effective membership of the Association or the Chartered Insurance Institute (CII) the Australian and New Zealand Institute of Insurance and Finance (ANZIIF) or any other professional body recognised by the Association has continued in good standing for an uninterrupted period of not less than 10 years;
- (d) may request from the Council further time to investigate and make findings in relation to a complaint if he reasonably considers that the three (3) week period provided for in rule 10.1(a) is insufficient, provided always that the aggregate of period(s) specified by the Council in accordance with this rule 10.2(d) shall not exceed eight (8) weeks, calculated to start from the date upon which either a complaint is first received by the Council or (if the complaint is made by the Council) the Council resolves to make a complaint.

- 10.3. The Investigator is authorised under these rules to reach one of the following findings after concluding the investigation of a complaint:
- (a) that the complaint has not been made in good faith and that the complaint shall be rejected or (if the complaint has been made by the Council) withdrawn;
 - (b) that there is no prima facie case to answer and that the complaint shall be rejected or (if the complaint has been made by the Council) withdrawn;
 - (c) that there is a prima facie case to answer but the complaint is, or appears to be, the subject of, or substantially related to, current or probable proceedings before the courts or before any other professional, regulatory or other tribunal and that the complaint shall be stayed until such proceedings have been concluded; or
 - (d) that there is a prima facie case to answer and the complaint shall be referred to the Disciplinary Committee.
- 10.4. The Investigator shall not be entitled to conclude an investigation without making one of the findings listed in rule 10.3.
- 10.5. Where the Investigator makes one of the findings listed in rules 10.3(a) or 10.3(b) (but not otherwise), the complainant(s) may appeal that finding to the Disciplinary Committee by giving written notice of appeal to the Chairman of the Disciplinary Committee, within fourteen (14) days of receipt of notification of the Investigator's finding.
- 10.6. The Investigator shall have absolute discretion over his findings. Neither the Council nor any past or present Member shall have any right of recourse or appeal against any such findings.
- 10.7. All findings by the Investigator shall be immediately binding upon the Council.
- 10.8. An Investigator shall keep under periodic review (at not more than three month intervals) whether the reason a stay imposed in accordance with rule 10.3(c) continues to apply. In the event that such Investigator resolves that a reason no longer applies or that the reason for a stay continues to apply but (in his absolute discretion) is no longer valid, he shall inform the Chairman of the Disciplinary Committee of that conclusion.

11. CONSIDERATION OF COMPLAINTS BY THE DISCIPLINARY COMMITTEE

- 11.1. The Council shall appoint and continuously maintain a Disciplinary Committee comprising representatives drawn from not less than three (3) and not more than ten (10) Members.
- 11.2. Individual members of the Disciplinary Committee shall:
- (a) sit for periods of two years or until resignation, whichever is earlier; and

- (b) be eligible for re-appointment, subject to a maximum tenure of ten years in aggregate; and
 - (c) ensure that the Disciplinary Committee has, at all times, a Chairman who shall be appointed by at least a simple majority of the individual members of the Disciplinary Committee.
- 11.3. Within five working days of the Chairman of the Disciplinary Committee receiving:
 - (a) a notice of appeal in accordance with rule 10.5;
 - (b) a finding in accordance with rule 10.3(d);
 - (c) a communication from an Investigator in accordance with rule 10.8,
 the Chairman of the Disciplinary Committee shall designate a panel comprising three individual members of the Disciplinary Committee to consider and review a complaint.
- 11.4. The panel designated in accordance with rule 11.3 shall be drawn from amongst the individual members of the Disciplinary Committee and shall comprise:
 - (a) one representative of a Member holding the same type of licence granted under Part VII of the LFSSA or the LIFSSA as the Member involved in the complaint being considered; and
 - (b) two representatives of two Members each holding a licence granted under Part VII of the LFSSA or the LIFSSA which is of a different type to the licence described in rule 11.4(a) and of a different type to each other's licence.

(For the purposes of this rule 11.4, a licence granted under Part VII of the LFSSA or the LIFSSA to carry on or transact general insurance and reinsurance and takāful and retakāful business shall be deemed to be different from a licence to carry on or transact life insurance and reinsurance or family takāful and family retakāful business.)
- 11.5. The panel designated in accordance with rule 11.3 shall not comprise a person who has, or could be perceived to have:
 - (a) a direct interest in the subject matter of a complaint to be considered by that panel; or
 - (b) a relationship of any description with a Member or person named as respondent in a complaint to be considered by that panel.
- 11.6. A panel of the Disciplinary Committee shall, in the first instance, investigate a complaint and consider, within six (6) weeks of being designated in accordance with rule 11.3, whether the complaint ought to be upheld. A panel

of the Disciplinary Committee may request from the Council further time to investigate and make findings in relation to that complaint if it reasonably considers that six (6) weeks is insufficient, provided always that the aggregate of period(s) specified by the Council in accordance with this rule 11.6 shall not exceed twelve (12) weeks calculated to start from the date upon which the panel of the Disciplinary Committee was first designated to hear the complaint.

- 11.7. Every panel of the Disciplinary Committee shall follow procedure determined by the Council from time to time. Such procedure shall be made available on the Association's website.
- 11.8. Neither the complainant(s) nor the respondent(s) shall be entitled to legal representation during any meeting with a panel of the Disciplinary Committee, nor may any such legal representative attend such meetings. A respondent Member may be represented by one or more individuals at any meeting with a panel of the Disciplinary Committee, provided always that such individuals(s) shall not have held a practising certificate (or its equivalent) as a lawyer in any jurisdiction during the six (6) months preceding the date of any meeting.
- 11.9. In the event that any complainant or respondent does not attend a meeting with a panel of the Disciplinary Committee, the panel shall be entitled to proceed regardless and to draw such inferences from the failure to attend as it sees fit.
- 11.10. A panel of the Disciplinary Committee shall decide, having investigated and reviewed a complaint, whether the complaint ought to be upheld or rejected. If the complaint is upheld the panel shall, without prejudice to the Labuan Financial Services Authority's right to take any additional action pursuant to its powers, direct that any one or more of the following sanctions be imposed:
 - (a) the respondent(s) be reprimanded;
 - (b) all or any of the privileges of membership (but not membership itself) of the Association available to the respondent(s) be withdrawn;
 - (c) the respondent(s) be fined an amount not exceeding a maximum determined from time to time by the Council.
- 11.11. Neither the Disciplinary Committee, nor any panel of the Disciplinary Committee, shall have the power to:
 - (a) suspend from membership of the Association;
 - (b) expel from membership of the Association;
 - (c) make Association membership subject to conditions;
 - (d) declare ineligible to apply for membership of the Association,

any respondent against whom a complaint is upheld. Where, however, a panel of the Disciplinary Committee considers that any of (a) to (d) may be

appropriate, it shall be entitled to convey that opinion to the Council, who may then convey it to the Labuan Financial Services Authority. No proceedings for libel or slander shall be taken or continued by a respondent against any member of the Council or the Disciplinary Committee or any panel of the Disciplinary Committee arising from the conveyance of such opinion to the Labuan Financial Services Authority.

11.12. In the event that a complaint is upheld:

- (a) the respondent(s) shall be ordered by the panel to pay all or part of any subscription arrears or other monies due to the Association; and
- (b) the Association shall bear its own costs incurred in connection with the complaint; and
- (c) the complainant(s) and respondent(s) shall each bear their own costs incurred in connection with the complaint.

11.13. A decision of a panel of the Disciplinary Committee shall:

- (a) be notified to the complainant(s) and respondent(s) in writing within three working days of issue;
- (b) constitute a decision of the Disciplinary Committee;
- (c) be immediately binding upon the respondent(s), subject to an appeal being commenced in accordance with rule 12;
- (d) be immediately binding upon the Council (except where liability for a fine is concerned), subject to an appeal being commenced in accordance with rule 12.

11.14. The Disciplinary Committee shall keep records of the proceedings of its panel(s). Where complaints are upheld but not appealed and after the fourteen (14) day period referred to in rule 12.3 has expired, the Disciplinary Committee:

- (a) shall publish details of its decision (limited to the name of the respondent, the offence alleged and the outcome and sanction (if any)) on the Association's website; and
- (b) may provide details of its decision to other regulatory authorities, consistent with the legal obligations of the Association.

12. APPEALS TO THE ASSESSOR

12.1. Both a complainant and respondent shall have a right of appeal against a decision of a panel of the Disciplinary Committee. The appeal shall be directed to a person designated by the Council to consider such appeals ("the Assessor").

12.2. The Assessor shall:

(a) be a senior former judge or former practising lawyer;

(b) not have or be perceived to have:

(i) a direct interest in the subject matter of an appeal the Assessor has been designated to consider; or

(ii) a relationship of any description with a Member or person named as a party in an appeal the Assessor has been designated to consider;

(c) be entitled to devise his own procedure, subject to there being a minimum requirement for one (1) face to face meeting behind closed doors to be called between the Assessor and the appellant(s);

(d) subject to being able to comply with the time limit(s) provided for in rule 12.4, be entitled to consider and decide on any number of appeals concurrently;

12.3. Notice of an appeal shall be given in writing, within fourteen (14) days of receipt of notification of the decision of a panel of the Disciplinary Committee, to the Council.

12.4. The Assessor shall, in the first instance, consider and decide on an appeal within six (6) weeks of receiving, from the Council, written notice of such appeal. The Assessor may request from the Council further time to make his finding(s) if he reasonably considers that six (6) weeks is insufficient, provided always that the aggregate of period(s) specified by the Council in accordance with this rule shall not exceed twelve (12) weeks calculated to start from the date upon which the Assessor first received the written notice of appeal.

12.5. The Assessor shall consider whether the complaint has been properly heard under these rules, whether the rules of natural justice and any relevant principles of human rights have been satisfactorily observed, and whether the panel reached a reasonable decision in all the circumstances. If new evidence is put before the Assessor and the Assessor is satisfied that such evidence could not reasonably have been made available to the panel of the Disciplinary Committee which investigated and reviewed a complaint, the Assessor may direct that the same panel of the Disciplinary Committee reconvene to hear the new evidence. Both the complainant and the respondent shall have the rights of appeal described in this rule 12 with respect to the outcome of a reconvened hearing.

12.6. If the Assessor concludes that the handling of a complaint by a panel of the Disciplinary Committee has been unsatisfactory, he may overturn the findings of such panel or remove the sanction imposed on the respondent(s) or substitute a different sanction from amongst those listed in rule 11.10.

- 12.7. The Association shall bear its own costs incurred in connection with any appeal. The parties to an appeal shall each bear their own costs incurred in connection with an appeal.
- 12.8. Decisions of the Assessor shall be notified to the complainant(s) and respondent(s) in writing within three working days of issue.
- 12.9. There shall be no appeal against a decision of the Assessor.
- 12.10. The Assessor shall keep records of his proceedings and, where any aspect of a complaint is upheld, publish details of his decisions (limited to the name of the respondent, the offence alleged and the outcome and sanction (if any)) on the Association's website. Such details may also be provided to other regulatory authorities, consistent with the legal obligations of the Association.

13. FUNDS AND FINANCE

- 13.1. The Funds shall only be invested in current or interest bearing deposit accounts at the appointed authorised Bankers of the Association in Malaysia.
- 13.2. The Council members are empowered to sign cheques provided that each cheque shall be signed by at least two (2) of the council members.
- 13.3. Proper accounts shall be kept by the Treasurer, who may hold petty cash not exceeding RM 1,000 at any one time. All money in excess of this sum shall within seven (7) days of receipt be deposited in a bank approved by the Council. The bank account shall be in the name of the Association.
- 13.4. No expenditure exceeding RM 5,000 (five thousand ringgit only) at any one time shall be incurred without the prior sanction of the Council and no expenditure exceeding RM 50,000 (fifty thousand ringgit only) in any one month shall be incurred without the prior sanction of a General Meeting. Expenditure of less than RM 5,000 (five thousand ringgit only) at any one time may be approved by the Chairman together with the Treasurer.
- 13.5. The financial year of the Association shall end on 31st December.
- 13.6. Expenditure not exceeding RM 10,000 (ten thousand ringgit only) in aggregate may be incurred on charitable purposes and sponsorship in any one financial year with the prior sanction of the Council.

14. AUDIT

- 14.1. One or more persons shall be appointed at the Annual General Meeting as Honorary Auditor(s) and shall hold office for one year.
- 14.2. 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 a report to the Council.

15. CESSATION OF MEMBERSHIP

- 15.1. A Company whose name has been entered on the register of Members shall remain registered until such time as it notifies the Secretary of the Association in writing that it wishes to cease to be a Member of the Association.
- 15.2. Any Member which ceases to be a Company shall automatically cease to be a Member. The Member's name shall be struck off the register of Members and the Labuan Financial Services Authority informed.
- 15.3. Any Member who fails to pay the membership fee levied in accordance with rule 5.6 shall cease to be a Member. The Member's name shall be struck off the register of Members and the Labuan Financial Services Authority informed.
- 15.4. A Member who shall cease to be a Member shall notwithstanding its cessation as a Member, be liable to pay:
 - (a) any levies called for by the Association up to and inclusive of the date of its cessation as a Member; and
 - (b) any levies called subsequently which relate to expenditure incurred prior to its cessation as a Member;
 - (c) any unpaid fine(s).

16. PRIVACY OF MEETINGS AND PROCEEDINGS

All meetings and proceedings thereat and all publications and circulars of the Association shall be private and confidential.

17. UNAUTHORISED COMMUNICATIONS

Only the Chairman and in 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 Council by appropriate action at a General Meeting of the membership.

18. INDEMNIFICATION OF OFFICE-BEARERS OF THE ASSOCIATION

- 18.1. The Association shall, to the extent legally permissible, indemnify each person who serves, may serve, or who has served, at any time as an office-bearer of the Association against all expenses and liabilities, including, without limitation, legal fees, judgments, fines, excise taxes, penalties and settlement payments, reasonably incurred by or imposed upon such person in connection with any threatened, pending or completed action, suit or proceeding or any alternative dispute resolution mechanism or any inquiry, hearing or investigation in which he may become involved by reason of his service in such capacity; provided that:

- (a) no indemnification shall be provided for any such person with respect to any matter as to which he shall have been finally adjudicated (after the exhaustion of any appeal) in any proceeding not to have acted in good faith in the reasonable belief that such action was in the best interests of the corporation; and
- (b) any indemnification shall be approved by a majority vote of a quorum of office-bearers of the Association who are not at that time involved (other than as witnesses) to the same action, suit or proceeding or any alternative dispute resolution mechanism or any inquiry, hearing or investigation in respect of which indemnification has been sought.

18.2. The indemnification provided under this rule 18 shall:

- (a) inure to the benefit of the heirs, executors and administrators of persons entitled to indemnification; and
- (b) be in addition to, and not exclusive of, all other rights to which any person may be entitled, including the benefit of indemnity insurance cover purchased for office-bearers of the Association at the Association's expense

18.3. No amendment or repeal of this rule 18 which adversely affects the rights of a person who is or may become entitled to indemnification shall apply to such person with respect to acts or omissions which occurred at any time prior to such amendment or repeal, unless such amendment or repeal was voted by or was made with the written consent of such person.

18.4. This rule 18 constitutes a separate contract between the Association and each person who serves, may serve, or who has served, at any time as an office-bearer of the Association.

19. PROHIBITIONS

19.1. The Association shall not:

- (a) engage in any commercial or business activity;
- (b) hold nor own any investments save as provided for in rules 7.28(a) and 13.1;
- (c) 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) attempt to engage in any trade union activity as defined in any relevant legislation applicable to trade unions in the Territory;
- (e) have any affiliation or connection outside Malaysia without prior approval of the Members at General Meeting and the prior written approval of the Registrar of Societies;
- (f) incur expenditure on charitable purposes or sponsorship other than in accordance with rule 13.6.;

(g) allow its funds to be used for donations other than in accordance with rule 13.6.;

(h) change the registered address of the Association without the prior approval of the Registrar of Societies (ROS).

19.2. Neither the Association nor its Council shall:

(a) be involved in any political activity nor allow the Association's funds to be used for any political activity or purposes;

(b) at any time knowingly or unknowingly cause any provision of the Societies Act 1966 to be contravened.

20. INTERPRETATION OF RULES

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

21. DISSOLUTION

If at any Special General Meeting a resolution for the dissolution of the Association shall be passed by at least three quarters of the Members, the Council 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 fourteen (14) days of the dissolution to the Registrar of Societies.

22. AMENDMENT OF CONSTITUTION

22.1. These rules may not be added to, repealed or amended by resolution at any General Meeting unless there is a quorum of fifty (50) per cent of the Members entitled to be present and unless the resolution is carried by a majority of three-quarters of the Members present and voting at the meeting.

22.2. Amendments to these rules shall take effect from the date of their approval by the Registrar of Societies.

23. LOGO OF THE ASSOCIATION

23.1. The logo design reflects the vision and dynamism of the Association as well as its innovative nature, with the main concept centering on the abbreviation to 'LIIA' of the full name of the Association. Every letter of the abbreviation is formed into a single concentrated shape that symbolically represents 'LIIA' as an association, with both ends 'protecting' each letter within the overall shape to reflect the protection that is synonymous with the insurance industry (also the protection and guidance from which Members benefit as members of the Association).

- 23.2. Three (3) colours are used namely - Light Blue, Dark Blue and Silvery Grey to portray as follows: Light Blue - representing 'LABUAN', an island and International Business and Financial Centre; Dark Blue – representing the dynamism and strength of international insurance that best serves LABUAN IBFC's insurance and Insurance related needs; Silvery Grey – representing the bright, innovative nature of the 'LIIA' as an association that oversees its Members so that high quality and efficiency of services are maintained.
