



CIRCULAR ON FRAUD PREVENTION MEASURES FOR LABUAN INSURERS AND INSURANCE- RELATED COMPANIES

- 1.0 This circular serves as a reminder to all insurers and insurance-related companies to undertake continuous review of their business practices in addressing fraud risk. The objective of the review is to enhance or expand the internal controls so as to deter the occurrence of fraud incidence within the insurers and insurance-related companies (collectively referred to as “insurance licensees”); or fraudulent conduct committed by third parties in dealing with the insurance licensees.
- 2.0 Insurance licensees, in particular brokers and reinsurers are advised to review their practices, at the minimum, in the following areas as part of their 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 the clients the authorised officers and the authority for acceptance of risks. This is to enhance transparency and ensure genuine dealings with third parties;
 - (c) Notify the clients or advertise resignation/retrenchment of authorised person;
 - (d) Adopt proper procedures and prudent in making payments. The collection of cheques by individual should not be allowed and payee’s name is to be verified by an authorised officer; and
 - (e) Notify Labuan FSA on cancellation of work permit for foreign employees.

- 3.0 All principal officers of relevant insurance licensees are to ensure that internal controls of the companies be enhanced, and the above preventive measures are adopted and implemented immediately.
- 4.0 Labuan FSA would conduct regular inspection on insurance licensees to ensure that these measures are implemented on ongoing basis.

Labuan Financial Services Authority

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