

GUIDELINES ON INSURANCE BROKER

1. Application

Application for a licence to carry out the business of a Labuan insurance broker can be made to:

Director General
Labuan Financial Services Authority (Labuan FSA)
Level 17, Main Office Tower
Financial Park Complex
Jalan Merdeka
87000 Federal Territory Labuan
Malaysia

Telephone : 087-591200
Fax : 087-453442 / 413328
Email : business_management@labuanfsa.gov.my

2. Eligibility

- a) A Labuan company or a foreign Labuan company established or registered under the Labuan Companies Act 1990 (LCA); and
- b) Any institutions licensed under the Insurance Act 1996 and Takaful Act 1984.

3. Licensing Requirement

- a) The applicant company must have a professional indemnity insurance coverage of a minimum of RM2.5 million or its equivalent in any foreign currency;
- b) The person in control or director or principal officer of the applicant company must be a fit and proper person;
- c) The applicant company to submit a business plan for the first three years of its operation; and

- d) The applicant company to also submit where applicable audited annual accounts for the three years immediately preceding the application.

4. Capital Structure

- a) The applicant company must have a minimum paid-up capital unimpaired by losses of RM300,000 or a net working fund of at least RM300,000; and
- b) The working fund is to be maintained in an account with a bank in Labuan.

5. Fees

The applicant company must pay an annual licence fee of RM 20,000 on or before every 15th day of January.

6. Operations

a) **Physical presence**

- The applicant company must maintain a registered office in Labuan and have at least one resident director or secretary, who must be the trust officer of a trust company.

b) **Approved activities**

- Direct insurance business: The applicant company may broke direct insurance business (except direct Malaysian risks) with any insurance companies irrespective of whether they are licensed under Labuan Financial Services and Securities Act 2010 (LFSSA) or not.
- Life insurance: The applicant company may broke life insurance policy for high net worth Malaysian with life insurance companies licensed under LFSSA.
- Reinsurance business: The applicant company may broke reinsurance of direct Malaysian risks transacted in Malaysian ringgit.

c) **Restriction of business**

The applicant company is prohibited from dealing with residents (except for high net-worth individuals, reinsurance and others as defined by Labuan FSA from time to time) and broke for direct Malaysian risks.

d) **Auditor**

The applicant company shall appoint an auditor.

e) **Information**

The applicant company must notify Labuan FSA of any amendments or alteration to any information furnished to Labuan FSA during the application.

7. Business Ethics

The applicant company to undertake the following:

- a) It must conduct its business with due diligence and sound insurance principles, maintain adequate and proper records and books of accounts and indicate clearly its names and licence number on its letterhead, stationery and other documents;
- b) It must obtain approval of Labuan FSA for any change of business plan; and
- c) It must make known to its clients the names and domiciles of insurers whose insurance products the applicant company is “selling” or intends to “sell”.

8. Reporting Requirement

The applicant company is to submit to Labuan FSA within 6 months after the close of each financial year, 4 copies of its audited annual balance sheet and profit and loss account.

Labuan Financial Services Authority

4 June 1996

1 September 2001 (amended)

18 December 2015 (Updated)