



LABUAN OFFSHORE FINANCIAL SERVICES AUTHORITY

APPLICATION FOR LICENCE- OFFSHORE INSURANCE AND INSURANCE-RELATED ACTIVITIES

I. Types of Licence

- (i) captive insurance;
- (ii) direct insurance - life/general/composite;
- (iii) offshore reinsurance;
- (iv) insurance manager;
- (v) underwriting manager; and
- (vi) insurance broker.

II. How to apply?

Applicant is required to submit the respective prescribe forms accordance to the type of licence applied. In general, the submission should include but not restricted to the following:-

- (a) business plans of the proposed company;
- (b) authenticated copy of the proposed Memorandum of Association and Article of Association of the applicant company;
- (c) certified extracts of the resolutions of the Board and the general meeting, if any, authorizing the applicant to apply for a licence;

- (e) a copy of the applicant's audited annual accounts for the preceding three years;
- (f) applicant's corporate profile, which includes:-
- the name, place and date of establishment of the applicant;
 - the names, addresses, qualifications and experience of the directors and officers responsible for the overall management of the affairs of the applicant; and
 - the name and address of each member who holds 10% or more of the voting shares of the applicant.
- (g) declaration by the applicant on probity of its directors and officers who are responsible for the management of the offshore insurance entity.

III. Capitalisation / working fund and solvency requirement

<i>Type of Licence</i>	<i>Minimum Paid-up capital/Net Working Funds (RM) or its equivalent in any foreign currency</i>	<i>Minimum Solvency Margin</i>
Single Owner/Multiple Owner Captive	0.3 million	RM0.3 million
Rent-A-Captive/Cell Captive or Similar Vehicle	0.5 million	RM0.5 million or 20% of net premium income of the preceding year or 3% of the actuarial valuation of liabilities for life insurance, whichever is greater.
General	7.5 million	RM7.5 million or 20% of net premium income of the preceding year, whichever

		is greater.
Life	7.5 million	RM7.5 million or 3% of the latest actuarial valuation of liabilities, whichever is greater.
Composite	10.0 million	RM7.5 million or aggregate of 20% and 3% requirements in the above general and life business, whichever is greater.
Reinsurance	10.0 million	Similar to that of direct insurance business but the minimum requirement is RM10.0 million instead of RM7.5 million.
Underwriting Manager, Insurance Manager and Broker	0.3 million	Not applicable

IV. Maintaining of Funds in Labuan

- The applicant must submit banker's certificate as evidence that the working funds are maintained in the account of the applicant with a bank in Labuan; and
- However, the applicant may apply for flexibility to pay up less than 100% of the working funds required, subject to the provision of adequate guarantee, acceptable to LOFSA for the difference in amount.

V. Management

- To establish management office in Labuan with at least one director resident in Labuan or appointed or will appoint a licensed offshore

underwriting manager in Labuan;

- Applicant for broker's licence can establish its management in Labuan or appoint an insurance manager;
- The applicant may set up a marketing office in Kuala Lumpur to facilitate meetings and business dealings with clients. The number of staff in the marketing office must balance the number of staff in the Management Office in Labuan. (not applicable to captive and insurance broker); and
- The controller, director and chief executive officer must be a fit and proper person.

VI. Annual Licence Fee

All licensees are required to pay to LOFSA annual licence fees on or before 15 January of each year :-

<i>Type of Licence</i>	<i>Licence Fee (RM)</i>
Captive Insurer	10,000
Master Rent-A-Captive	13,000
Subsidiary Rent-A-Captive	3,000
General Insurer	30,000
Life Insurer	30,000
Composite Insurer	60,000
Underwriting Manager	10,000
Insurance Manager	10,000

Broker	10,000
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VII. Reporting Requirement

- Offshore insurers are required to submit within six months after close of each financial year-end, 4 copies each of their audited annual balance sheet, profit and loss account, revenue account and, in the case of life insurance business, also an actuarial valuation report;
- A foreign offshore insurer established as a branch in Labuan is also required to submit the latest audited annual balance sheet of its parent company;
- In the case of other insurance-related entities, they are only required to submit 4 copies each of their audited annual balance sheet and profit and loss account; and
- Provide statistic and information required in relation to prudential regulation and business operation to LOFSA from time to time.

VIII. List of Offshore Insurers

Offshore insurance manager and offshore underwriting manager are required to submit within 30 days from the close of its financial year, list of all offshore insurers for whom such licensed offshore insurance manager provides administration services or licensed offshore underwriting manager provides underwriting services.

Labuan Offshore Financial Services Authority

30 August 2001 (amended)

22 March 2001 (amended)

13 December 1997