



CLARIFICATION NOTE FOR GUIDELINES ON CAPTIVE INSURANCE BUSINESS IN LABUAN INTERNATIONAL BUSINESS AND FINANCIAL CENTRE

1.0 Preamble

1.1 This Clarification Note is issued to provide clarity on the type of risks that a Labuan captive may underwrite under the Guidelines on Captive Insurance Business in Labuan International Business and Financial Centre dated 28 October 2010.

2.0 Clarification on the Types of Risks

2.1 This Clarification Note affirms that a Labuan captive can underwrite the insurable risks of the (re)insured which may comprise its own group or related parties that is further defined as follows:

- (i) entity(ies) to which the Labuan captives belongs to;
- (ii) entity(ies) associated to the entity(ies) to which the Labuan captives belongs to;
- (iii) members of association(s) to which the Labuan captives belongs to; or
- (iv) any other person in respect of whom the Labuan captive is authorised by Labuan FSA to provide (re)insurance.

2.2 In relation to rental captives formed either as master rent-a-captive or protected cell company, regardless of whether related or non-related, the insurable risks to be (re)insured by the rental captives should also be in accordance with the abovementioned definition.

2.3 For avoidance of doubt, under Paragraph 2.1(i) of this Clarification Note, it shall be read together with the definition of "related companies" under the Labuan Companies Act 1990.

Labuan Financial Services Authority
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