



CLARIFICATION NOTE FOR GUIDELINES ON TAKAFUL AND RETAKAFUL BUSINESSES IN LABUAN INTERNATIONAL BUSINESS AND FINANCIAL CENTRE (IBFC)

1.0 Preamble

- 1.1 This Clarification Note is issued to clarify on certain requirements pertaining to the Guidelines on Takaful and Retakaful Businesses in Labuan International Business and Financial Centre (the Guidelines) issued on 15 June 2007.

2.0 Seed Capital Requirement

- 2.1 Paragraph 7.3(i) of the Guidelines specified that the seed capital requirement for the (re)takaful divisions of Labuan companies undertaking insurance and insurance-related business that are licensed under Labuan Financial Services and Securities Act 2010 (LFSSA) is at least one million ringgit or its equivalent in any foreign currency.
- 2.2 In this regard, the said **seed capital requirement shall not be applicable for (re)takaful divisions that undertake captive takaful or takaful-related business.**

3.0 (Re)takaful Division under PCC Structure

- 3.1 For a Labuan Protected Cell Company (PCC) that undertakes captive insurance business that is licensed under LFSSA and wishes to underwrite captive takaful business, **the PCC is not permitted to establish a (re)takaful division within any of its cells which undertake conventional insurance business.**
- 3.2 In such an instance, the PCC is required to set up a separate cell that is dedicated to undertake the captive takaful business.

Labuan Financial Services Authority
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