

1. Labuan FSA is introducing the Guidelines on Labuan Life Insurance and Family Takaful Broker to establish a clear and structured regulatory framework for entities undertaking life insurance and family takaful brokerage activity and to provide clarity on the scope of business activities that may be undertaken pursuant to the third limb of Section 101 of the Labuan Financial Services and Securities Act 2010 (LFSSA), particularly in relation to financial analysis and advisory functions carried out under the employment of, or on behalf of, a Labuan life insurance broker.
2. This Exposure Draft sets out Labuan FSA's regulatory requirements on the establishment, operations and ongoing obligations of Labuan life insurance and family takaful brokers in Labuan IBFC. It aims to provide greater clarity and ensure that broking activities are conducted in a sound, transparent and professional manner, in line with regulatory expectations and best practices, while supporting the orderly development of the sector.
3. In this regard, Labuan FSA welcomes and values feedback on the requirements of the exposure draft. The comments or inputs may encompass suggestions, recommendations and alternatives, which should be supported with clear rationale, practicality and relevance for Labuan FSA's consideration. Feedback shall be submitted electronically to Labuan FSA using the response template by **30 April 2026** to bpu@labuanfsa.gov.my.
4. Should you require any clarification on the exposure draft, please contact the following officers:
 - (i) Ms. Caesy Francis
(caesy@labuanfsa.gov.my) (03-8873 2133)
 - (ii) Ms. Khairunnisa Abdul Karim
(khairunnisa@labuanfsa.gov.my) (03-8873 2016)
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GUIDELINES ON LABUAN LIFE INSURANCE AND FAMILY TAKAFUL BROKER

1.0 Introduction

- 1.1 Life insurance and family takaful brokers play an important role in facilitating access to life insurance and family takaful products by linking insurers with policyholders and providing professional advisory services. In view of this, it is crucial that clear guidance is in place to promote appropriate and responsible conduct of life insurance and family takaful brokerage activities.
- 1.2 The Guidelines outlines the regulatory requirements governing the business of a Labuan insurance broker and a Labuan takaful broker in the Labuan International Business and Financial Centre (Labuan IBFC) and provide clarity on the scope of permissible activities in line with market developments and international best practices to ensure that such activities are conducted in an orderly and professional manner.
- 1.3 For the purpose of the Guidelines, a Labuan insurance broker and a Labuan takaful broker shall be collectively referred to as a “**Labuan life broker**”, unless otherwise specified.

2.0 Applicability

- 2.1 The Guidelines is applicable to any person licensed by Labuan Financial Services Authority (Labuan FSA), including new applications, to carry on business as:
 - (a) a Labuan insurance broker pursuant to Section 101 of Labuan Financial Services and Securities Act 2010 (LFSSA); and/or
 - (b) a Labuan takaful broker pursuant to Section 76 of Labuan Islamic Financial Services and Securities Act 2010 (LIFSSA).

3.0 Legal Provision

- 3.1. The Guidelines is issued pursuant to Section 4A of the Labuan Financial Services Authority Act 1996 (LFSA) to clarify the provision of Part VII of LFSSA and Part VII of LIFSSA.

- 3.2. Any person who fails to comply with the Guidelines may be subject to an administrative penal and/or other enforcement actions under section 36B and 26G of the LFSAA.
- 3.3. The Guidelines should be read together with the requirements of the relevant Guidelines and Circulars including those listed under **Appendix I**.

4.0 Effective Date

- 4.1 The Guidelines shall come into effect immediately and will remain effective and applicable unless amended or revoked. The Guidelines would supersede the *Revised Supplementary Guidelines on Standards of Certification for Labuan Financial Advisors under the Employment of Labuan Life Insurance Broking Companies* dated 29 August 2023.
- 4.2 All approvals granted by Labuan FSA relating to Labuan brokers before the effective date of this Guidelines shall remain valid unless revoked and are subjected to the new requirements of this Guidelines upon its effective date.

5.0 Interpretation

- 5.1 For the purpose of the Guidelines:
- (a) **Client Advising** refers to the activity that would involve giving advice or recommendation to a public person. This shall apply to any appointed or designated representative of a licensed Labuan insurance broking company including but not limited to financial advisor or financial consultant that has any direct contact with a prospect or client of the company shall be deemed “client advising” where the person is providing, discussing or presenting advice and/or recommendations of services and/or product to members of the public on behalf of the firm, whether such advice and/or recommendations are generic, specific or centered upon a class of products and whether such is communicated verbally, electronically or in written form;
- (b) **Client Facing** refers to the activity would involve promoting the services of the life insurance broking company in a generic manner. This shall apply to any appointed or designated representative of a licensed Labuan insurance broking company including but not limited to business development manager or coordinator of a licensed Labuan insurance broking company that has direct contact with a prospect or client of the company where they are promoting or offering the services of the

company members of the public but the promotion or offer is generic and not product specific or centered on a class of products.

6.0 Eligibility

- 6.1 An applicant for a licence to carry on business as a Labuan insurance broker and/or a Labuan takaful broker shall have the following:
- (a) possess expertise and have good track records in managing and/or undertaking life insurance or family takaful broking business or its related activities, including sufficient number of experiences¹.
 - (b) an adequate financial resources to meet and maintain the minimum paid-up capital requirement, taking into account the nature, scale, complexity and diversity of the business and the risks to which the applicant is likely to be exposed.
 - (c) a credible and viable business plan that sets out the approach to implement the proposed strategic business objectives or operations. Its management and operational structure should be adequate for the intended business plan. Where the applicant is part of a group, Labuan FSA may assess the management and operational structure of the group, or related corporation, to ensure that Labuan FSA can effectively oversee the applicant if approval is granted.

7.0 Permissible Activities

- 7.1 Pursuant to Section 101 of the LFSSA or Section 76 of LIFSSA, a Labuan insurance broker or a Labuan takaful broker means a person who is licensed to:
- (a) arrange Labuan insurance business or for Labuan takaful business on behalf of prospective or existing policy owners;
 - (b) arrange Labuan reinsurance business on behalf of any insurer seeking reinsurance or for Labuan retakaful business on behalf of any takaful operator seeking retakaful; or
 - (c) analyse the financial circumstances of another person and provides a plan to meet that other person's financial needs and objectives, whether or not a fee is charged in relation thereto.

¹ Typically, Labuan FSA would expect the applicant to have at least three years of experience in insurance broking business or its related activities. Notwithstanding this, all applicants would be assessed holistically based on their own merits of the application.

- 7.2 For the avoidance of doubt, a Labuan life broker shall only carry on life insurance business and family takaful business under paragraphs 7.1(a) and 7.1(b).
- 7.3 In addition, a Labuan life broker may carry on the following business activities under paragraph 7.1(c), while under the employment of, or on behalf of, a Labuan Life Broker:
- (a) Provision of advice or planning in respect of life insurance or family takaful products carried out under the employment of, or on behalf of, a Labuan life broker.
 - (b) Provision of advice or planning and recommending the use of an electronic platform that functions in the same way as a Labuan investment-linked life insurance product but with no insurance element, provided that such platforms and related arrangements are subject to regulatory oversight to a standard equivalent to that of international life insurance products in a recognised jurisdiction², as illustrated in **Appendix II**.
 - (c) Provision of a written suitability report³ in respect of a person's circumstances, whether or not a fee is charged in relation thereto.
 - (d) Provision of advice or planning in respect of retirement and overseas pension management. This may include the wealth management of client accounts, within the scope⁴ of the Labuan life broker's licence, where such accounts form part of a client's overseas pension arrangements. Further details are explained in **Appendix III**.
 - (e) Provision of referrals to professional service providers, as incidental to the services referred to Paragraph 7.3 (a) to (d) as offered by the Labuan life broker, including but not limited to tax advisory and planning, estate and succession planning, will writing and testamentary services, mortgage and property financing, legal advisory services, accounting and audit services, corporate and business advisory, trust services, company secretary services.

² A recognised jurisdiction means a jurisdiction where the regulatory framework is equivalent to, or more stringent than, that of Labuan IBFC.

³ A suitability report is a written document prepared by a Labuan life broker, or a financial advisor acting on behalf of a Labuan life broker, following a personal recommendation to a client. The purpose of the report is to demonstrate that the recommendation is appropriate for the client's circumstances.

⁴ Where the provision of wealth management services involves any regulated capital market activity, the Labuan life broker shall obtain the relevant licence separately.

8.0 Professional Certification and Development Program

- 8.1 The Professional Certification and Development Program (Program) is applicable to the appointed representative of a Labuan broker carrying on activities under Paragraph 7.1(c) of the Guidelines.
- 8.2 The primary objectives of the Program are as follows:
- (a) To institute professional standards of conduct and an appropriate code of ethics;
 - (b) To establish a sustainable professional learning program able to meet multi-national products and fulfil diverse client needs;
 - (c) To rationalise international qualifications under a harmonised international matrix; and
 - (d) To raise the profile of both new and existing Labuan financial advisors, which would result in enhanced consumer confidence, transparency, expertise, and valued services provided to the clients of the Labuan life broking companies.
- 8.3 The Program would focus on technical proficiencies, via examination and training, as well as maintaining professionalism through continuous professional development and recognized code of ethics. The certification standards designed for the financial advisors as per **Appendix IV**.
- 8.4 All Labuan life brokers are required to employ only financial advisors and/or business development managers/coordinators that have acceptable qualifications as per the Program or equivalent credits to provide client advising or client facing activities, respectively, for and on behalf of their companies. The phases of the Program are stipulated in **Appendix V**.
- 8.5 Additionally, the entry level qualification and Induction Course will also be applicable to individuals that are promoting the services of the company in a generic manner.
- 8.6 The Program will not be applicable to persons appointed by the company such as Personal Assistant, Clerks, Office Administrator whose duties are solely administrative in function and nature and does not involve the promotion or advice or recommendation of services or products to the general public.

9.0 Operational Requirements

- 9.1 Have and maintain paid-up capital or working funds of at least RM300,000 or its equivalent in any foreign currency at all times. Labuan FSA may exercise its discretion to require additional capital to commensurate with the business operations of the Labuan life broker.
- 9.2 Obtain a professional indemnity insurance policy with a coverage of not less than RM2.5 million or its equivalent or its equivalent in any foreign currency or such other amount or denomination as may be specified by the Labuan FSA and remain indemnified under such policy throughout its operation in Labuan.
- 9.3 Maintain an operational office in Labuan. The operational office should be used for business purposes only and must be appropriately furnished with office equipment.
- 9.4 Ensure that the persons in control, directors and officers⁵ meet the fit and proper person requirements as specified in the *Guidelines on Fit and Proper Requirements* issued by Labuan FSA at all times.
- 9.5 Ensure compliance with the *Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001* and the *Guidelines on Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions for Labuan Key Reporting Institutions (AML/CFT/CPF and TFS for Labuan KRIs)* including any AML/CFT policy documents applicable to Labuan broker.
- 9.6 Maintain adequate and proper records and books of accounts in Labuan that will sufficiently explain its transaction and financial position as required by the *Directive on Accounts and Record-Keeping Requirement for Labuan Entities* issued by Labuan FSA. Its name and company number must be clearly indicated on its letterhead, stationery, and other documents.
- 9.7 Appoint a Labuan approved auditor⁶ to carry out an annual audit of its accounts in respect of the business operations pursuant to LFSSA and LIFSSA that is fit and proper.
- 9.8 Obtain prior approval from Labuan FSA on the following matters:
- (i) Change of ten per centum (10%) or more of the shareholding⁷;

⁵ Including financial advisors and business development managers

⁶ Refer to the list of approved auditors available on Labuan FSA's website.

⁷ For branch set-ups, only notification to Labuan FSA is required for the change of shareholding structure and appointment of its board of directors

- (ii) Appointment and change of its directors and principal officer;
- (iii) Establishment of any office or subsidiary outside Labuan; and
- (iv) Change of name.

9.9 Notify Labuan FSA within seven (7) working days pertaining to the following matters:

- (i) Change of place of business or office in or outside of Labuan;
- (ii) Change of its constituent documents including the initial business plan;
- (iii) Change of its financial year end⁸; and
- (iv) Resignation of directors or principal officer.

9.10 A Labuan life broker carries on business as a Labuan takaful broker shall obtain the necessary approval from Labuan FSA, ensure compliance with Shariah principles at all times and shall establish an Internal Shariah Advisory Board to ensure that its operations do not involve any element which is not in compliance with Shariah principles.

9.11 Comply with applicable laws, rules and regulations relevant to the Labuan broking business, including relevant guidelines issued by Labuan FSA, regulatory requirements of the jurisdictions where the Labuan broker is authorised to operate in as well as the Malaysian Foreign Exchange Administration rules, where applicable, at all times. In this regard, the Labuan broker is expected to obtain the necessary approvals from the authorities in the markets it intends to operate in including promotional activities prior to commencing its business in those respective markets and shall provide a copy of the said approval to Labuan FSA, where relevant.

10.0 Reporting Requirement

10.1 A Labuan broker is required to submit to Labuan FSA the following:

- (a) audited financial statements via Supervisory Intelligent System (SIS) within six (6) months after the closure of each financial year; and
- (b) statistics and information as Labuan FSA may require from time to time.

⁸ Notification shall be made via Supervisory Intelligence System

11.0 Annual Fee

- 11.1 The annual fee payable is as specified under the *Labuan Financial Services and Securities (Amendment) Regulations 2022*, or such amended or revised regulations as may be prescribed or advised by the Authority from time to time.
- 11.2 The subsequent payment of annual licence fee is payable by 15 January of each year.

12.0 Application Requirements

- 12.1 Submit a duly completed application form with the relevant supporting documents as stipulated in the *Form LIB – Labuan Insurance Related Business*, downloadable at www.labuanfsa.gov.my under the category of “licence application form” together with a processing fee as prescribed under the *Labuan Financial Services Authority (Processing and Approval Fees) (Labuan Financial Institutions) (Amendment) Order 2022* or such amended or revised regulations as may be prescribed or advised by the Authority from time to time. The applicant may also opt for fast-track processing with additional fee⁹.
- 12.2 Additionally, applicants must submit a soft copy in Portable Document Format (PDF) of the completed application form and supporting documents together with the official receipt issued by Labuan FSA on the payment of processing fee.
- 12.3 Labuan FSA may require from the applicant such other information or documents for the purpose of determining the merits of the application.

13.0 Submission of Application and Enquiries

- 13.1 The application and notification shall be addressed to:

Director General
Labuan Financial Services Authority
17th Floor, Main Office Tower
Financial Park Complex, Jalan Merdeka
87000 Federal Territory of Labuan, Malaysia.

(Attention to: Head of Authorisation and Licensing Unit)

⁹ Subject to the Authority’s acceptance of fast-track application.

13.2 Any enquiries or clarification may be directed at the following contact details:

Telephone no. : 03-8873 2000

E-mail : bpu@labuanfsa.gov.my (Guidelines)
bplicensing@labuanfsa.gov.my (Application & Notification)

Labuan Financial Services Authority

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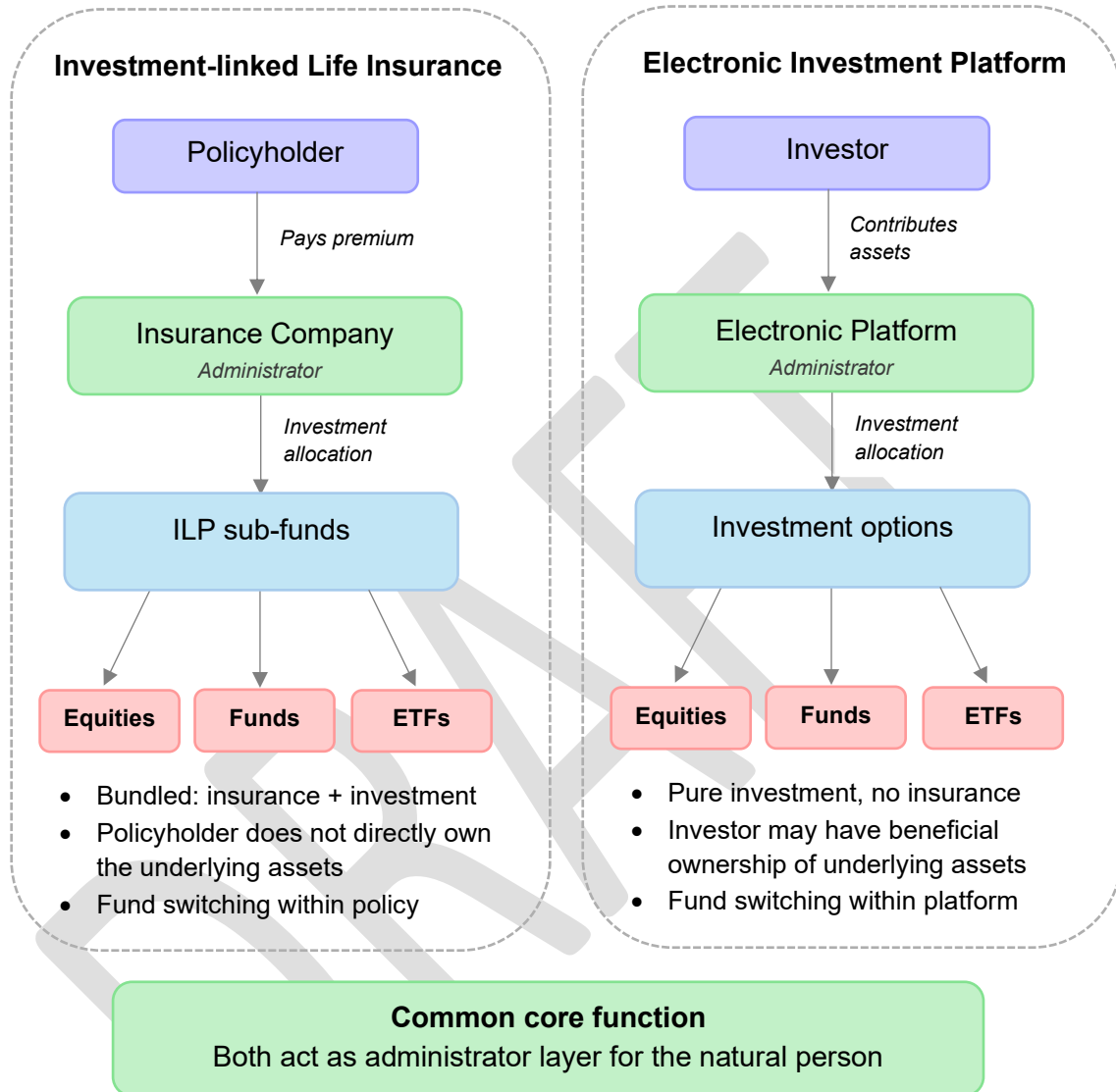
List of Relevant Guidelines, Circulars and Directives

The following are the list of Guidelines/Circulars/Directives that are applicable to Labuan life broker:

1. Guidelines on Fit and Proper Person Requirements
2. Guidelines on Digital Governance Framework
3. Guiding Principles on Business Continuity Management
4. Guidelines on the Conduct and Roles of Labuan Insurance and Takaful Brokers
5. Guidelines on Technology and Cyber Risk Management for Labuan Banking and Insurance Business
6. Guidelines on External Service Arrangements for Labuan Financial Institutions
7. Guidelines on Minimum Requirements for Management Office of Labuan Insurance and Insurance-Related Companies
8. Guidelines on Minimum Audit Standards for Internal Auditors of Labuan Insurance and Insurance-Related Companies
9. Prudential Framework of Corporate Governance for Labuan Insurance and Insurance-Related Companies
10. Guidelines on Market Conduct for Labuan Insurance and Insurance-Related Companies
11. Guidelines on the Treatment of Client Monies for Labuan Insurance and Takaful Brokers
12. Guidelines on Permissible Life Insurance Business with High-Net Worth Malaysian Individuals
13. Circular on Fraud Prevention Measures for Labuan Insurers and Insurance-Related Companies
14. Circular on Re-Assessment of the Appointment of Principal Officer for Labuan Insurance and Insurance Related Entities
15. Circular on Submission of Regulatory Applications and Reports via Supervisory Intelligence System (SIS) Platform
16. Circular on Payment of Fees and Other Chargeable Activities in United States Dollar (USD) Denomination
17. Circular on Submission of Compliance Report and Anti-Money Laundering Counter Financing of Terrorism (AML/CFT) Independent Audit Report to Labuan FSA
18. Directive on Financial Reporting Standards for Labuan Financial Institutions
19. Circular on Financial Reporting Standards for Labuan Financial Institutions
20. Circular on Reminder on Accuracy and Timely Submission of Statistical Returns
21. Guidelines on Compliance Function for Labuan Financial Institutions
22. Directive on Accounts and Record-Keeping Requirement for Labuan Entities

Disclaimer: The above lists are not exhaustive. In the event of any amendments to the existing guidelines, the stipulations outlined in the new/updated guidelines will prevail

Flowchart of Life Wrapper vs. Electronic Platform



Retirement and Overseas Pension Arrangements

- For the purposes of paragraph 7.3(d), "*overseas pension arrangements*" refers to pension or retirement savings schemes established in jurisdictions outside of Malaysia which a client may hold as part of their broader financial planning.
- Examples include, but are not limited to: Self-Invested Personal Pensions (SIPPs), Defined Contribution Schemes, Defined Benefit Pensions, superannuation funds, Supplementary Retirement Schemes (SRS), and equivalent schemes in other jurisdictions.
- The role of the Labuan life broker in relation to such arrangements is limited to the management of client accounts within the normal scope of the broker's licence — for example, advising on and managing the assets held within such accounts where those assets fall within the types of products the broker is already permitted to arrange. This provision does not extend to the administration of the pension scheme itself, nor does it authorise the Labuan life broker to act as a pension scheme trustee or administrator.

Certification Standards

1. All financial advisors must fulfil the requirements with regard to the Labuan Life Broker Qualification Pathway (LFPC1 – 3).

Level	Qualification	Requirement
Level 1	Entry level qualification	Labuan Financial Planning Certificate 1 (LFPC1) or equivalent of 15 credits.
Level 2	Core level qualification	Labuan Financial Planning Certificate 2 (LFPC2) or equivalent of 45 credits.
Level 3	Core level qualification	Labuan Financial Planning Certificate 3 (LFPC3) or equivalent of 70 credits.
	Continual Professional Development (CPD)	Type of courses which qualify for the CPD points will be drawn up by the Labuan International Insurance Association (LIIA), MII or CII, and shall include both relevant technical and non-technical courses.

2. In addition, all financial advisors are required to:
- (a) Become members of the MII or the CII;
 - (b) List their names on the LIIA website so as to enable potential clients to find and verify them. Any resignation of the Labuan financial advisor must be updated within seven days from the date of resignation; and
 - (c) Attend Induction Course within 12 months from the date of appointment which comprises the following subjects:
 - (i) Financial Planning
 - (ii) Malaysian Taxation
 - (iii) Anti Money Laundering
 - (iv) Ethics
 - (v) Life Insurance Products

Phases of the Program

No	Category	Phase / Timing	Requirements
1	Current financial advisors	Annually	(i) Must complete 35 hours certified CPD (ii) Must continue to be the Malaysian Insurance Institute (MII) or the Chartered Insurance Institute (CII) members
2	New financial advisors employed	Phase 1: Upon appointment	(i) Must attend LLBIC (ii) Must be certified LFPC2 (or equivalent of 45 credits) (iii) Must be MII or CII members
		Phase 2: Within 12 months of appointment	(i) Must be certified LFPC3 (or equivalent of 70 credits) (ii) Must continue to be MII or CII members
		Annually thereafter, all financial advisors	(i) Must complete 35 hours certified CPD (ii) Must continue to be MII or CII members
3	New applications for business development managers/coordinators		(i) Must have LFPC1 (or an equivalent 15 credits) (ii) Must attend LLBIC within 12 months of appointment (iii) Should these individuals upgrade themselves to become financial advisors, to comply with the standards of certification.

Note:

For complete details on the requirements of the Program for existing and new financial advisors including the modules and schedules of the examination and training, reference shall be made to the LIIA.