

Action Plans

Unlike setting up an insurance business in a regular location, Labuan is an entirely different prospect. So, thoroughly understanding the requirements is crucial, particularly to establish an insurance and reinsurance company. In the final part of this series, we will delve a little deeper into the action plans to ensure you have everything in place to successfully begin your operations in the Labuan International and Business Financial Centre (Labuan IBFC).

Head Office Documentation

Firstly, a set of documents consisting your company's group corporate shareholding structure, (including the applicant) and, certified true copies of the certificate of incorporation and certificate of license granted by relevant authorities in your home country must be ready for submission.

This should be accompanied by a letter of awareness or approval from authorities in your home country which includes:

- ➔ A statement of no objection towards the establishment of a subsidiary or branch in Labuan
- ➔ Confirmation that the applicant's shareholder or head office is in good financial standing
- ➔ An agreement to co-operate in the supervision of the proposed subsidiary or branch in Labuan in terms of Insurance Core Principles issued by the International Association of Insurance Supervisors or other applicable regulatory standards

Compulsory inclusions are certified true copies of the board resolution or minutes of the general meeting that indicates approval of your set up and, memorandum and articles of association,

audited financial statements or annual reports for three years and a letter of guarantee or undertaking.

Consolidating your head office documentation requires the addition of frameworks on the Know-Your-Customers' policy and compliance to the Anti-Money Laundering and Anti-Terrorism Financing Act together with your proposed organisation chart. To conclude this part, you are required to issue a declaration asserting true and correct information submitted.

Branch Registration

Now that the head office verification is complete, we move on to the defining aspect of your insurance and reinsurance - registering your branch in Labuan. Upon approval of your license application by the Labuan Financial Services Authority (Labuan FSA), your appointed Trust Company will officially begin the branch registration process.

To facilitate this, the following certified true copies are required:

- ➔ Certificate of Incorporation of the Company
- ➔ Memorandum and Articles of Association of the Company
- ➔ List of Directors and Secretary.

For Directors and Secretaries, the list must be drawn out with the following headings and sequence:

- ➔ Name of Director/Secretary
- ➔ Address of each director/Secretary

- Nationality of each Director/Secretary
- Passport number of each Director/Secretary
- Date of appointment of each Director/Secretary

The Memorandum of Appointment of an agent of a foreign Labuan Company and an affidavit that verifies its execution is essential together with the company's authorised and paid-up capital. The appointment of a Labuan registered and approved auditor for your branch must be done within 90 days from the date of your branch registration.

With all this in place, the registration of your insurance and reinsurance company can be done in just a day, after which you progress towards opening an account with a Labuan FSA licensed bank. Then next step is to transfer the minimum working funds before executing the Management Services Agreement with the appointed underwriting manager.

License Issuance

A lot has been mentioned about license applications and approvals. However, to obtain the latter, a number of key documents are needed to facilitate the issuance of a licence certificate. It begins with a certified copy of the certificate of registration under the Labuan Companies Act 1990 and a certificate of evidence that the agreed working funds are deposited with a bank in Labuan, to kickstart operations.

Next up is the Management Services Agreement (MSA) that was signed between your company and the appointed insurance management firm such as Brighton Management Limited. And yes, a license fee of RM 50,000 is payable to Labuan FSA. If you have secured a co-located office, a further fee of RM 10,000 for this facility is required.

The license certificate process will conclude with the addition of a letter of undertaking from your company and your membership certificate from the Labuan International Insurance Association. Upon registering your company as a branch in Labuan, it's expected to take approximately 8 to 10

weeks for the aforementioned documents to be prepared, subject to the opening of your company's bank account.