



NOTICE NO. TIU/N-5/2020/16

NOTICE ON PRODUCT APPROVAL FOR INSURANCE COMPANIES

1. **INTRODUCTION**

- 1.1. This Notice is issued pursuant to section 88 of the Insurance Order, 2006 (“the Order”) to streamline the product approval application process for insurance companies (hereinafter referred to as “insurers”) and promote sound risk management practices in the oversight of products.
- 1.2. This Notice shall also be read in conjunction with the following:
 - 1.2.1. Section 18(1) of the Order;
 - 1.2.2. Notice on Corporate Governance for Insurance Companies and Takaful Operators [Notice No. TIU/N-3/2017/7];
 - 1.2.3. Guidelines on Risk Management and Internal Controls for Insurance Companies and Takaful Operators [Guidelines No. TIU/G-3/2018/8];
 - 1.2.4. Notice on Application for Approval of Outsourcing Arrangement for Insurance Companies and Takaful Operators [Notice No. TIU/N-1/2019/11];
 - 1.2.5. Guidelines on Outsourcing Arrangement for Insurance Companies and Takaful Operators [Guideline No. TIU/G-1/2019/10];
 - 1.2.6. Guidelines on Product Transparency and Disclosure for Insurance Companies [Guidelines No. FCI/G5/2019/1]; and
 - 1.2.7. any other notices, directives or guidelines, which the Authority may issue from time to time.
- 1.3. This Notice shall take immediate effect.

2. **DEFINITIONS**

- 2.1. For the purpose of this Notice:
 - 2.1.1. “affiliate”, in relation to an entity, means any corporation that controls, is controlled by, or is in under common control with, an insurer;

- 2.1.2. "Board" means the Board of Directors of the insurer;
- 2.1.3. "existing product" means any insurance product that has already been offered in Brunei Darussalam;
- 2.1.4. "group" refers to the insurer's Head Office or parent insurer, subsidiaries, affiliates, and any entity (including their subsidiaries, affiliates and special purpose entities) that the insurer exerts control over or that exerts control over the insurer;
- 2.1.5. "key responsible person" means a person whose activity is regulated by the Authority under the Order and for the purposes of this Notice refers to the following:
- (a) Chief Executive Director or Managing Director of insurer incorporated in Brunei Darussalam; and
 - (b) Principal Officer of insurers incorporated outside Brunei Darussalam.
- 2.1.6. "insurer" means a registered insurance company under Insurance Order, 2006;
- 2.1.7. "new product" means a product comprising of:
- (i) an insurance product that has never been introduced or used by an insurer before in Brunei Darussalam; or
 - (ii) a combination of two or more existing insurance products, or variation to an existing insurance product being offered by an insurer in Brunei Darussalam, that results in a material change to the structure, features or risk profile of the existing product;
- 2.1.8. "product(s)" means insurance products and services developed, offered or marketed by an insurer, including those marketed by other financial institutions;
- 2.1.9. "special purpose entity" means a subsidiary company either having asset/liability structure and legal status that makes its obligations secure from the parent, and is created to fulfil specific or temporary objectives mainly to isolate from financial risk; and
- 2.1.10. "subsidiary" shall have the same meaning as subsidiary company defined under section 126 of the Companies Act, Cap 39.

3. EXEMPTION MADE UNDER SECTION 73 OF THE ORDER REGARDING THE REQUIREMENT IN RESPECT OF INSURANCE PRODUCTS AND POLICIES

- 3.1. Pursuant to section 73 of the Order, the Authority hereby exempts any insurer from the requirements of section 18 of the Order provided that the product falls under the following categories:
- 3.1.1. the product being launched does not constitute a new product;
- 3.1.2. the product being launched is not the following products:
- (a) a life annuity;
 - (b) investment-linked insurance; and
- 3.1.3. where the features of the product being launched are already present in existing products offered by the insurer in the Brunei Darussalam market.
- 3.2. An insurer shall notify the Authority in writing of any product launched by the insurer that meets the exemption criteria under paragraph 3.1 above. Notice shall be given to the Authority within 14 working days after the official launch date of the product. The notification shall be submitted using the Product Documentation Submission in **Appendix 1** and be accompanied by product documents as may be applicable. Any reference to the Product Documentation Submission form shall be construed as reference to the current version of **Appendix 1** which is displayed on the Authority's website at www.ambd.gov.bn.
- 3.3. Paragraph 3.1 shall not apply in respect of any product with any feature that is being offered in the Brunei Darussalam market for the first time and section 18 of the Order shall continue to apply.
- 3.4. When in doubt, the insurer may check with the Authority on whether any proposed product requires such written approval.
- 3.5. The Authority may issue a directive to withdraw the product from the market if it is in the Authority's opinion that the product does not fall under paragraph 3.1.

4. APPROVAL FOR NEW PRODUCTS

- 4.1. For any product that falls under paragraph 3.3, an insurer shall submit an application for approval to the Authority. The application shall be submitted using the Product Documentation Submission form in **Appendix 1** and accompanied by product documents as may be applicable.

- 4.2. Upon the receipt of a completed application, the Authority shall within a period of one month or such extended time as the Authority shall decide to approve or reject the application subject to complexity of the product.
- 4.3. Prior to offering a new product, the insurer shall ensure the following:
- 4.3.1. the insurer has the capacity to adequately manage and control the risks associated with the new product, including the financial capacity to support existing and new product lines; and
- 4.3.2. the insurer shall not knowingly offer a new product (including its variations) that has been prohibited in other countries in circumstances which could potentially give rise to similar public concerns in Brunei Darussalam.
- 4.4. All product documentation submitted to the Authority shall include a declaration by the key responsible persons as required in **Appendix 1**.

5. REPORTING REQUIREMENTS

- 5.1. An insurer shall submit information on policies and procedures for managing product risks and ensuring fair treatment to policyholders upon request by the Authority.

The insurer shall maintain proper documentation of all relevant internal analyses conducted and information used in the product development and approval processes. These shall be made available to the Authority for inspection upon its request.

MANAGING DIRECTOR

AUTORITI MONETARI BRUNEI DARUSSALAM

Issue date: 21 Muharram 1442 / 9 September 2020