



Effective Date: 28 January 2021

NOTICE FOR INSURANCE COMPANIES AND TAKAFUL OPERATORS

NOTICE NO. TIU/N-1/2021/17

**NOTICE ON ROLES AND RESPONSIBILITIES OF INSURANCE COMPANIES AND TAKAFUL OPERATORS
ON INSURANCE/TAKAFUL AGENTS**



1. INTRODUCTION

- 1.1. This Notice is issued pursuant to Section 88 of the Insurance Order (“IO”) and Section 90 of the Takaful Order, 2008 (“TO”) to set out the roles and responsibilities of insurance companies and takaful operators in registering and monitoring the conduct of their general insurance/takaful agents and life insurance/family takaful agents.
- 1.2. This Notice shall be read in conjunction with the following:
 - 1.2.1. Section 48, IO and Section 49, TO;
 - 1.2.2. Conditions of Registration for General Insurance Agents and General Takaful Agents;
 - 1.2.3. Conditions of Registration for Life Insurance Agents and Family Takaful Agents;
 - 1.2.4. Guidelines on Fit and Proper Criteria for Key Responsible Persons and Key Persons in Control Functions in Insurance and Takaful [Guidelines No. TIU/G-1/2017/6];
 - 1.2.5. Guidelines on Insurance Fraud Risk Management in Insurance and Takaful [Guidelines No. TIU/G-4/2018/9];
 - 1.2.6. Notice on Market Conduct [Notice No. FCIU/N2/2017/1]; and
 - 1.2.7. Any other notices, directives, circulars and other guidelines, which Brunei Darussalam Central Bank (“the Authority”) may issue from time to time.
- 1.3. This Notice shall take effect immediately.

2. DEFINITIONS

- 2.1 For the purpose of this Notice:
 - 2.1.1 “agents” means a person duly registered under section 48 of the IO and/or section 49 of the TO;
 - 2.1.2 “applicant” means an applicant for registration as a general insurance/takaful agent and/or a life insurance/family takaful agent;
 - 2.1.3 “BITA” means Brunei Insurance and Takaful Association;
 - 2.1.4 “corporate agent” means the following:
 - (a) a company incorporated or registered in Brunei Darussalam under the Companies Act [Chapter 39]; or



[b] a co-operative society registered with the Registrar of Co-operative Societies Act [Chapter 84].

- 2.1.5 “corporate nominee” means a nominee who is carrying agent business through a corporate agent;
- 2.1.6 “co-operative society” means a society registered with the Registrar of Societies;
- 2.1.7 “Individual agent” means the following:
- [a] a sole proprietorship registered under the Business Names Act [Chapter 92] who carries on general insurance and/or general takaful agent business; and/or
 - [b] a person who carries on life business as a life insurance agent or family takaful agent.
- 2.1.8 “Insurance policy” means a policy of general insurance or general takaful issued by a registered insurance company or takaful operator;
- 2.1.9 “insurer” means a registered insurance company under the IO and a registered takaful operator under the TO, unless it is otherwise specified; and
- 2.1.10 “principal” means a registered insurance company under the IO and takaful operator under the TO whom an insurance agent is representing.

3. INSURANCE/TAKAFUL AGENTS APPLICATION FOR REGISTRATION

- 3.1 An insurer shall only consider application to carry on general insurance/takaful and/or life insurance/family takaful agent business provided that the insurer shall be satisfied that an applicant meets the following criteria:
- 3.1.1 where the applicant intends to be an individual agent:
- [a] he is at least twenty-one [21] years of age;
 - [b] he is a citizen or permanent resident of Brunei Darussalam; or
 - i. a foreign spouse of citizen or permanent resident of Brunei Darussalam [for life insurance/family takaful agents only];
 - [c] he is registered as a sole proprietorship under the Business Names Act [Chapter 92] [for general insurance/takaful agents only].
- 3.1.2 where the applicant intends to be a corporate agent:
- a] It is a company incorporated or registered under the Companies Act [Chapter



39); or

- b) It is a co-operative society registered under the Co-operative Societies Act [Chapter 84]; and
- c) the shareholder(s) of the company/ members of a co-operative society is/are citizen/s or permanent residents of Brunei Darussalam.

3.1.3 where a corporate nominee is appointed:

- a) he is at least twenty-one [21] years of age;
- b) he is a citizen or permanent resident of Brunei Darussalam, or a foreign spouse of a citizen or permanent resident of Brunei Darussalam;
- c) he is the principal officer or such other officer of the corporate agent; and
- d) he is engaged full time either in the principal office or at branch(es) of the corporate agent;

3.1.4 where the applicant is a co-operative, the insurer shall require, for the purpose of separating agency business with other co-operative business(s):

- a) maintenance of a separate bank account for agency business; and
- b) appoint a dedicated person with relevant qualifications to solely handle the accounts of the insurance/takaful agent business.

3.2 An insurer shall only consider re-application to carry on general or life agency business after appropriate cooling-off period agreed by the Authority and BITA for those agents who cease to be a agent on their own accord r who have been terminated, otherwise other than for fraud.

4. ROLES AND RESPONSIBILITIES OF INSURERS[ABT1.1] IN RELATION TO THEIR AGENTS

- 4.1 An insurer shall establish and maintain an effective agency management system to manage the activities of its insurance agents upon registration. In particular, the insurer shall have in place a credit control policy for insurance agents at the time of application and renewal of registration. The credit control policy shall include criteria for assessing the creditworthiness of agents and applicants applying for registration as individual and corporate agents, the credit period and the procedures for reporting agents who have breached the credit period to the Authority.
- 4.2 As part of the agency management system, the insurer shall also be responsible for conducting thorough investigations into any alleged misconduct of any of its insurance agents, corporate nominees as well as employees of the agent, and taking necessary disciplinary actions against such agents. Investigations include conducting interview and perform additional audit investigation on the alleged misconduct to gather and verify the alleged misconduct of the

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agents, corporate nominees and also employees of the agent. The insurer shall also notify the Authority of the conduct of investigations, any outcomes and actions.

- 4.3 The insurer shall also maintain a register containing the names, serial number, addresses, business transactions, corporate nominees' details, employees' details, complaints data and such other particulars as may be required by the Authority for its agents.
- 4.4 The insurer shall have procedures to assess the integrity of their agents which include at a minimum pre-employment check, employment history, any criminal convictions, or pending legal proceedings.
- 4.5 The insurer shall consider the ability of their agents to comply with the requirements under the Companies Act [Cap 39] or the Co-operative Societies Act [Chapter 84], if applicable in order to enhance the professionalism and prudent conduct of corporate agents.
- 4.6 The insurer shall have procedures in place to properly monitor the activities of their insurance agents, including measures to ensure that all obligations assumed and liabilities incurred by the insurance agent are properly fulfilled, whether actual or contingent and howsoever arising, in relation to the arrangement of contracts of insurance by that insurance agent. This includes any appropriate segregation of duties between the insurer and the insurance agent.
- 4.7 The insurer shall provide proper training to insurance agents and its corporate nominees to ensure that they understand and complies with the Brunei laws that are relevant to the arrangement of contracts of insurance by that insurance agent.

5. PROVISIONS REPEALED

- 5.1 The following guidelines are hereby repealed:
 - i) Guidelines No. ITS/G-1/2014 on registration of general insurance agents;
 - ii) Guidelines No. ITS/G-2/2014 on registration of general takaful agents; and
 - iii) Guidelines No. TIU/G-2/2018/7 on registration of life insurance agents and family takaful agents.

**MANAGING DIRECTOR
BRUNEI DARUSSALAM CENTRAL BANK**

Issue Date: 14 Jamadilakhir 1442H / 28 January 2021M