

**Issuance & Effective Dates**

Item	Date
Issuance Date	29 August 2025
Effective Date	1 January 2026
Paragraph 11.2 Effective	1 January 2027

**Introduction**

This Policy Document (PD) sets out the essential requirements for insurance and takaful brokers (ITBs) to ensure fair, prudent, and professional business practices, building trust and confidence with financial consumers.

**Key Highlights:**

Highlight	Details
1. Capital Funds	Minimum capital and board oversight
2. Professional Indemnity (PI)	Maintain PI coverage
3. Roles & Responsibilities	Responsibilities of the board, senior management, brokers, and auditors
4. Business Conduct	Provisions of services and products
5. Handling of Customers' Monies	Ensure proper handling of customer funds
6. Brokerage/Fee Sharing Limits	Fee sharing and introducer limits
7. Other Permitted Business Activities	Additional services allowed with BNM conditions
8. Enhanced Professionalism & Qualification Requirements	CPD and qualification requirements
9. BNM License Renewal	Renewal requirements
10. BNM Approval Letter	Approval letter restrictions

**1. Capital Funds**

- The **minimum capital** for brokers is **RM1,000,000**, including shares, reserves, profits, and losses. Loans to related parties are excluded. Must comply at all times, or risk penalties and inability to renew the license.
- **Board Responsibilities:**
  - Ensure capital is adequate for the broker's business volume, nature, and risks.
  - Conduct regular reviews to assess if the capital remains sufficient based on risks.

**2. Professional Indemnity (PI)**

- Brokers must maintain **PI insurance or takaful** with a minimum coverage of **RM1,000,000** (net of deductibles) for each claim, at all times.

3. Roles & Responsibilities
<b>Board of Directors</b>
<ul style="list-style-type: none"> <li>• <b>Minimum:</b> The Board must have at least <b>3 directors</b>, with the size based on the broker's business and risk.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Independent Director (para 11.2):</b> At least <b>1 independent director</b> must be on the Board at all times, effective from <b>1 Jan 2027</b>.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Takaful Broker:</b> The Board must include at least <b>1 member</b> who is familiar with relevant <b>Shariah principles</b>.</li> </ul>
<b>Senior Management</b>
<ul style="list-style-type: none"> <li>• The broker must appoint a <b>CEO</b> who: <ul style="list-style-type: none"> <li>○ <b>Resides in Malaysia</b> as their principal place of residence.</li> <li>○ <b>Devotes full professional time</b> to the service of the approved broker.</li> <li>○ <b>Senior Management</b> must ensure appropriate controls are in place to manage and monitor risks (e.g., staff conduct, succession planning, handling of customers' monies, and reconciliation with insurers).</li> </ul> </li> </ul>
<b>Approved Brokers</b>
<b>Brokers</b> that carrying on takaful business must ensure their business follows Shariah principles, based on the size and nature of operations.
The broker should:
<ul style="list-style-type: none"> <li>• <b>Conduct regular checks</b> for compliance with Shariah rules.</li> <li>• Obtain <b>annual confirmation</b> from Shariah advisors that the business remains Shariah-compliant.</li> </ul>
<b>Auditor</b>
<ul style="list-style-type: none"> <li>• An auditor who has previously audited the broker can only return as the engagement partner after <b>5 years</b> from their last audit.</li> </ul>

4. Business Conduct
<ol style="list-style-type: none"> <li><b>1. First-time customers:</b> Offer at least <b>3 suitable product options</b> and recommend the best one.</li> </ol>
<ol style="list-style-type: none"> <li><b>2. Renewal customers:</b> This is <b>not required</b> for renewals, unless the customer asks.</li> </ol>
<ol style="list-style-type: none"> <li><b>3. If options are limited:</b> Explain why, get the customer's agreement, and only recommend what is best for the customer.</li> </ol>

5. Handling of Customers' Monies
<ul style="list-style-type: none"> <li>• Payments received in a conventional bank must be transferred to an Islamic bank within <b>3 working days</b>.</li> </ul>
<ul style="list-style-type: none"> <li>• Payments to licensed insurers or takaful operators must be sent within <b>7 working days</b> from the receipt of premium.</li> </ul>
<ul style="list-style-type: none"> <li>• To resolve unreconciled balances, brokers must ensure documents and payments are accurate, check insurer statements promptly, report differences within <b>14 days</b>, and work with insurers to clear outstanding items.</li> </ul>

<b>6. Brokerage/Fee Sharing Limits</b>	
<b>Fee Sharing and Introducer</b>	
<ul style="list-style-type: none"> <li>• <b>13.21:</b> Where a foreign broker secures a customer residing overseas through an introduction made by an approved broker, the approved broker shall endeavour to secure a brokerage of not less than 30% of the direct brokerage, subject to prevailing laws in the country which the foreign broker operates in, as the case may be.</li> </ul>	
<ul style="list-style-type: none"> <li>• <b>13.22:</b> Where a customer is secured with the assistance of a foreign broker who provides technical assistance or related services in securing and servicing the customer, the approved broker shall endeavour to retain a minimum 70% of the brokerage. In relation to specialised risks, the approved broker may retain any other percentage no less than 50% of the brokerage, provided such percentage is approved by the Board.</li> </ul>	
<ul style="list-style-type: none"> <li>• <b>13.23:</b> The following persons shall not qualify as an approved broker's business introducer:               <ol style="list-style-type: none"> <li>a) an approved broker's own employees or directors, unless the agreement on brokerage/fee sharing forms part and parcel of the remuneration package of such employee or director and was duly approved by the Board;</li> <li>b) immediate family members, domestic workers and agents of an approved broker's own employees or directors. These shall include employee's or director's spouses, children and parents;</li> <li>c) in respect of an approved broker's customer, the customer's own employees or directors including their immediate family members as specified under paragraph 13.23(b); and</li> <li>d) any company where any person as specified above has controlling interest, unless expressly approved by the Board of the approved broker's customer.</li> </ol> </li> </ul>	
<ul style="list-style-type: none"> <li>• <b>13.24:</b> Where a Malaysian customer is secured through the introduction or assistance of an approved broker's associate broker located overseas, or any other foreign broker, the approved broker shall retain a minimum of 70% of all direct brokerage/fee on the customer introduced.</li> </ul>	
<ul style="list-style-type: none"> <li>• <b>13.25:</b> In relation to business introducers, the minimum brokerage/fee that an approved broker retains for itself shall not be less than 70% of the total direct brokerage/fee on the specific customer introduced.</li> </ul>	
<b>Timeline</b>	<b>Applicable requirements</b>
Effective from 1 January 2027 onwards	Minimum brokerage specified in paragraphs 13.22, 13.24 and 13.25 is reduced to 50%.
Effective from 1 January 2028 onwards	Minimum brokerage as specified in paragraphs 13.21, 13.22, 13.24 and 13.25 is reduced to 25%.

<b>7. Other Permitted Business Activities</b>	
<ul style="list-style-type: none"> <li>• Approved brokers may offer additional services such as <b>risk consulting, claims advisory, employee benefits consulting, and private retirement schemes distribution.</b></li> </ul>	
<ul style="list-style-type: none"> <li>• Must meet BNM requirements (<b>capacity, governance, PI coverage, no conflicts, data protection, regulatory compliance</b>).</li> </ul>	
<ul style="list-style-type: none"> <li>• <b>Notify BNM 2 weeks before starting.</b></li> </ul>	
<ul style="list-style-type: none"> <li>• Any activity <b>not listed</b> requires <b>BNM approval</b> first.</li> </ul>	

8. Enhanced Professionalism & Qualification Requirements	
Category	Details
General Requirement	Brokers may only employ staff who are <b>fit and proper</b> and meet the required qualifications (per 15.2 / 15.3).
Qualification Summary and BSC	Staff must have relevant insurance/takaful qualifications (e.g., <b>BCCITB or diploma</b> ) and maintain BSC for performance.
Life Insurance Broking Staff	Must have <b>Registered Financial Consultant (RFC)</b> by MFPC or <b>Certified Financial Planner (CFP)</b> by FPAM, with knowledge in Financial Planning, Risk Management, Insurance, and Investment.
Family Takaful Broking Staff	Must have <b>Shariah Registered Financial Planner (SRFP)</b> (MFPC) or <b>Islamic Financial Planner (IBFIM &amp; FPAM)</b> qualifications with knowledge in Islamic Financial Planning, Risk Management, Takaful, & Shariah Investment.
CPD Requirements	<b>20 CPD hours</b> per calendar year. Extra CPD hours <b>cannot be carried forward</b> .

9. BNM License Renewal
<ul style="list-style-type: none"> <li>• <b>Submit 2 months prior</b> to the renewal deadline.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Renewal Criteria:</b> Includes <b>quantitative</b> (profitability, financial resilience) and <b>qualitative</b> (compliance, account aging) factors.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Standardized Renewal Period:</b> All licenses renewed in December. BNM may request additional info or conduct audits <b>during</b> the renewal period.</li> </ul>

10. BNM Approval Letter
<ul style="list-style-type: none"> <li>• Brokers are <b>not allowed</b> to share the approval letter with external parties to prevent scams. External parties can view or search for the approval details on the BNM website.</li> </ul>