

**Application for Approved Insurance Broker and/or Takaful Broker**  
**Frequently Asked Questions (FAQs)**

**Introduction**

The FAQs are intended to provide clarification to applicants on the requirements to carry on insurance and/or takaful broking business under the Financial Services Act 2013 (FSA)/ Islamic Financial Services Act 2013 (IFSA) [collectively known as the Act], including the standards and guidelines applicable for the conduct of such business. The FAQs will be updated from time to time.

Bank Negara Malaysia (the Bank) has updated the list of FAQs below. For ease of reference, all recently added questions are indicated as '**New**'.

No.	Questions	Answers
1.	How and when can an application be submitted to Bank Negara Malaysia (the Bank) to carry on insurance and/or takaful broking business under the Act?	<p><b>(i) For new approval</b></p> <ul style="list-style-type: none"> <li>• A new applicant is required to complete and submit the application form available in the Bank's website and submit all supporting documents (listed in the checklist of the application form CMC/NEWITB/2020) either in months of <b>February or August</b> annually.</li> <li>• Any application received in any other month will be processed in the next processing period (for e.g., an application received in the month of March 2022 will be processed in August 2022 while an application received in October 2022 will be processed in February 2023).</li> </ul> <p><b>(ii) For renewal of approval</b></p> <ul style="list-style-type: none"> <li>• Existing approved insurance and/or takaful brokers are required to complete and submit the application form available in the Bank's website and submit all supporting documents (listed in the checklist of application form CMC/RENEWITB/2020), <b>two (2) months</b> prior to expiry of approval period.</li> </ul> <p><i>Note: Applications which are incomplete and without the required documentation/information will NOT be processed and will be returned to the applicant.</i></p>
2.	Are there any fees incurred to apply to carry on insurance and/or takaful broking business?	<ul style="list-style-type: none"> <li>• The Bank does not charge any fees for processing the application.</li> <li>• However, an annual fee will be imposed as follows:               <ul style="list-style-type: none"> <li>(i) RM2,000 payable by an approved insurance broker;</li> <li>(ii) RM250 payable by an approved takaful broker; and</li> <li>(iii) RM2,250 payable by an approved insurance broker and takaful broker.</li> </ul> </li> </ul>
3.	How long will it take for my application to be approved?	<ul style="list-style-type: none"> <li>• It would usually take 30 working days from the date the Bank receives the application form and complete documents/information.</li> <li>• Applications which are incomplete and without the required documents/information will NOT be processed and will be returned to the applicant.</li> </ul>

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4.	Can the application form and supporting documents be submitted online/via email?	<p>Currently, the Bank only accepts hardcopy submissions addressed to:</p> <p>Director Consumer and Market Conduct Department Central Bank of Malaysia Jalan Dato' Onn 50480 Kuala Lumpur</p>
5.	<b>New:</b> Can a third party such as legal advisers and consultants, submit an application or enquire further on the application procedure on behalf of the applicant?	<p>No. As a matter of policy, the Bank prefers to deal directly with the applicant concerned when providing specific guidance or requesting for additional clarifications relevant to the application received. This ensures improved transparency and more robust governance of the assessment process.</p>
6.	How long is the approval period granted to carry on insurance and/or takaful broking business?	<p>i. For new and subsequent approvals that meet the approval criteria specified in the response below (Q7), the Bank will usually grant approval for a one-year period.</p> <p>ii. However, the Bank may grant a longer (up to 3 years) or shorter (less than 1 year) approval period based on the following considerations:</p> <ul style="list-style-type: none"> <li>a) company's profitability (3 years average profit before tax);</li> <li>b) business growth (3 years average commissioned earned);</li> <li>c) financial strength (3 years average shareholders fund and shareholder's ability to provide adequate financial support);</li> <li>d) robustness of internal process and procedures;</li> <li>e) compliance with regulatory requirements;</li> <li>f) number of valid complaints that the Bank received against the company; and</li> <li>g) Other relevant considerations.</li> </ul>
7.	What are the criteria considered in assessing the application to carry on insurance and/or takaful broking business under the Act?	<p>In assessing an application, the Bank will take into consideration the factors as stated in Part 1 of Schedule 5 of the Act, in particular, the ability of the applicant to:</p> <ul style="list-style-type: none"> <li>i. fill industry gaps and meet the demands of specialised/niche risks;</li> <li>ii. contributions towards enhancing efficiency or modernisation of the local insurance broking industry;</li> <li>iii. introduce technological advancement or innovative solutions that can enhance value-added services or improve consumer outcomes (e.g. integrated processes for faster and more efficient insurance renewals, top-ups and claims services to the clients); and</li> <li>iv. benefit the Malaysian insurance or takaful industry as a whole.</li> </ul>
8.	What are the minimum capital funds for insurance and/or takaful broker?	<p>An insurance and/or takaful broker (ITB) must have minimum capital funds unimpaired by losses of RM1,000,000 at all times.</p>

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9.	What is the minimum qualification requirement to become an ITB?	<p>All employees involved with broking work must be qualified with atleast one of the qualifications mentioned below:</p> <ul style="list-style-type: none"> <li>• Fellow/Associate of the Chartered Insurance Institute</li> <li>• Fellow/Associate/Diploma of the Australian Insurance Institute</li> <li>• Fellow/Associate/Diploma of the Malaysian Insurance Institute (MII)</li> <li>• Fellow/Associate of the Insurance Institute of America</li> <li>• Fellow/Associate of the Insurance Institute of Canada</li> <li>• Fellow/Associate of the Life Management Institute</li> <li>• Diploma/Degree in Insurance/Actuarial Science qualifications from higher learning Institutions (accredited by National Accreditation Board)</li> <li>• Chartered Property &amp; Casualty Underwriter (UK/USA)</li> <li>• Diploma/Degree in Business Studies or Risk Management – Major in Insurance from higher learning institutions (accredited by National Accreditation Board)</li> <li>• Basic/Intermediate Certificate Course in Insurance Broking from MII</li> <li>• American Institute for Chartered Property and Casualty Underwriter</li> <li>• Diploma in Insurance Broking from Australian and New Zealand Institute of Insurance and Finance (ANZIIF)</li> <li>• Registered Financial Planner by Malaysian Financial Planning Council (MFPC)</li> <li>• Certified Financial Planner certified by Financial Planning Association Malaysia (FPAM)</li> <li>• Basic Certificate in Takaful Broking from Islamic Banking and Finance Institute Malaysia</li> <li>• Other qualifications as may be approved by the Bank</li> </ul> <p><b>OR</b></p> <p>Have relevant experience in the insurance/takaful broking industry for at least five consecutive years prior to 2006.</p>
10.	Can an ITB conduct any other business, other than approved broking business?	<ul style="list-style-type: none"> <li>• Eligible ITB may carry on the following additional activities pursuant to section 14 of the FSA and section 15 of the IFSA, subject to aprior written approval of the Bank: <ul style="list-style-type: none"> <li>(i) risk consulting and management not relating to broking business;</li> <li>(ii) claims advisory and management services on behalf of policyholders;</li> <li>(iii) employee benefits consulting and management;</li> <li>(iv) captive consulting and management; and</li> <li>(v) distribution of private retirement schemes (PRS).</li> </ul> </li> <li>• To ensure that brokers remain focused on the approved broking business, the annual revenue earned from the above activities will be subject to a maximum cap of 20% of total revenue in the previous financial year.</li> </ul>

No.	Questions	Answers
11.	What are the requirements for appointment of a chief executive officer (CEO) and directors of an ITB?	<p><b>(i) For CEO and Directors</b></p> <ul style="list-style-type: none"> <li>• Must satisfy the 'fit and proper' criteria as specified in the policy document on <i>Fit and Proper Criteria for Approved Persons</i>.</li> <li>• Must not be a tied insurance/takaful agent or under the employment of an insurer or a takaful operator.</li> </ul> <p><b>(ii) For CEO</b></p> <ul style="list-style-type: none"> <li>• CEO should have the related qualification and experience in the financial industry.</li> <li>• CEO must be employed on a full-time basis and reside in Malaysia. <i>(A CEO currently employed by another company must provide a 'Letter of Undertaking' that he/she will resign upon approval of the application)</i></li> </ul> <p><b>(iii) For Board of Directors</b> The Board shall comprise:</p> <ul style="list-style-type: none"> <li>• a minimum of <b>five directors</b> that reflects the nature of its fiduciary responsibilities and scale of its operations; and</li> <li>• include an appropriate mix of individuals with relevant knowledge and experience to be able to effectively provide oversight on the business.</li> </ul>
12.	<b>New:</b> What is the procedure for a share transfer/acquisition?	<ul style="list-style-type: none"> <li>• For acquisition of shares that will <b>not</b> result in a change of control*, the ITB shall notify the Bank of the changes in the shareholding structure within 7 days after the transfer has been affected.</li> <li>• For acquisition of shares that will result in a change of control, prior written approval from the Bank is required as provided under section 97(2) of FSA or section 109(2) of the IFSA. Please refer to the Policy Document on Shareholder Suitability - Notification and Application Procedures (PD on Shareholder Suitability) for more details on the information and documentation required.</li> <li>• If the share acquisition involves a foreigner/non-Malaysian, the information submitted to the Bank must also include a strong proposal on Best Interest of Malaysia (BIOM), as provided under para 7.1(e) of the PD on Shareholder Suitability.</li> </ul> <p><i>* The ITB needs to establish whether the changes in shareholding structure will result in a change in 'control'. Please refer to the relevant definition of 'control' in Section 2(3) of the FSA/IFSA for details (e.g. we consider a shareholder is in 'control' if he owns more than 50% of the company's equity interest, has power to elect/vote directors to sit on the Board, has influence in the company's decision making).</i></p>
13.	Who can we contact should we have any further queries regarding our application?	Please email your queries to <a href="mailto:conductpolicy@bnm.gov.my">conductpolicy@bnm.gov.my</a> .