

No. S 49

**INSURANCE ORDER, 2006
(S 48/06)**

INSURANCE REGULATIONS, 2006

ARRANGEMENT OF REGULATIONS

Regulation

PART I

PRELIMINARY

1. Citation and commencement.

PART II

REGISTRATION AND FEES

2. Documents and information required for registration.
3. Registration and annual fees.
4. Insurance agent's fees.
5. Insurance broker's fees.
6. Adjusters' fees.
7. Inspection fee.

PART III

FINANCIAL AND OTHER REQUIREMENTS

8. Surplus of assets over liabilities.
9. Deposit with Authority.
10. Margins of solvency.
11. Minimum paid-up share capital.

12. Professional indemnity insurance.

PART IV

VALUATION OF ASSETS

13. Application of this Part.
14. Immovable property.
15. Government securities.
16. Unit trusts and equity shares.
17. Corporate bonds and bills of exchange.
18. Loans.
19. Cash, deposits and negotiable certificates of deposits.
20. Outstanding premiums and agents' balances.
21. Deposits withheld by cedents and other recoverables.
22. Investment income due or accrued and other receivables.
23. Motor vehicles and computer equipment.
24. Valuation of assets.

PART V

ASSETS OF BRUNEI DARUSSALAM INSURANCE FUND

25. Definitions of this Part.
26. Application of this Part.
27. Investment limits.
28. Counterparty exposure limits.
29. Liquid assets.

PART VI

DETERMINATION OF LIABILITIES

30. Determination of liabilities.
31. Withdrawal from insurance fund in respect of life policy removed from register of Brunei Darussalam policies.
32. Minimum surrender.
33. References to statutory valuation of life policies.

PART VII

MISCELLANEOUS

34. Withdrawals from fund upon removal of life policy from register.
35. Assumption of risk.

MINIMUM CRITERIA OF A "FIT AND PROPER PERSON"

36. Minimum criteria of a "fit and proper person".
37. Criteria for managing director or director of registered insurer.
38. Criteria for a chief executive or principal officer of registered insurer.
39. Discretion of the Authority.

SCHEDULE – INVESTMENT LIMITS

INSURANCE ORDER, 2006
(S 48/06)

INSURANCE REGULATIONS, 2006

In exercise of the power conferred by subsection (1) of section 89 of the Insurance Order, 2006, the Minister of Finance, with the approval of His Majesty the Sultan and Yang Di-Pertuan, hereby makes the following Regulations —

PART I

PRELIMINARY

Citation and commencement.

1. These Regulations may be cited as the Insurance Regulations, 2006 and shall commence on the same date as the Insurance Order, 2006.

PART II

REGISTRATION AND FEES

Documents and information required for registration.

2. For the purposes of section 9 of the Order, the prescribed documents and information to be furnished in respect of an application for registration are —

- (a) the name of the applicant company;
- (b) its place of incorporation;
- (c) if incorporated outside Brunei Darussalam, the address of its principal place of business in Brunei Darussalam;
- (d) a copy of the company's memorandum and articles of association;
- (e) the amount of the company's paid-up share capital;
- (f) the names of the company's directors and, for each director, the address of the director's principal place of business;
- (g) the name and registered address of any shareholder of the company holding 5 per cent or more of the company's paid up share capital;

(h) the number of the company's employees and the proportion of those who are citizens of Brunei Darussalam;

(i) a copy of the company's audited accounts for each of the last 5 years for which these are available;

(j) whether the application is for registration in respect of life business or general business of insurance;

(k) in the case of a company incorporated outside Brunei Darussalam, confirmation from the appropriate authority in its home jurisdiction that it is authorised in that jurisdiction to carry on the type of insurance business for which registration is sought and complies with all relevant regulatory requirements in respect of such business within that jurisdiction;

(l) a business plan describing the company's intended strategy for the following 5 years in respect of the insurance business for which registration is sought; and

(m) any other related documents.

Registration and annual fees.

3. (1) A registered insurer shall pay to the Authority the following fees —

(a) for registration in respect of life business, a fee of \$20,000;

(b) for registration in respect of general business, a fee of \$20,000.

(2) A registered insurer shall pay to the Authority the following fees on or before 1st. January of each year —

(a) for carrying on life business, a fee of \$10,000;

(b) for carrying on general business, a fee of \$10,000;

(c) for opening a branch office, a fee of \$3,000;

(d) for opening of a counter, a fee of \$1,000.

(3) Where a registered insurer becomes registered in respect of life business or general business forms of business after 1st. January in any year, that insurer shall pay to the Authority, in addition to the fee payable under sub-regulation (1), one-twelfth of the fee which will become payable under sub-regulation (2) on or before 1st. January in the following year for each remaining calendar month in that year.

Insurance agent's fees.

4. The fee payable to the Authority in respect of registration to any person under section 48 of the Order to act or hold himself out as —

(a) a corporate agent is \$2,000;

(b) an individual agent is \$300.

Insurance broker's fees.

5. The fees payable to the Authority in respect of registration to any person under section 53 of the Order —

(a) to act or hold himself out as an insurance broker is \$5,000;

(b) for opening a branch office is \$2,000.

Adjusters' fees.

6. The fees payable to the Authority in respect of registration to any person under section 56 of the Order —

(a) to act or hold himself out as an adjuster is \$2,000;

(b) for opening a branch office is \$1,000.

Inspection fee.

7. The fee payable to the Authority by a person for inspection of or inspection and copying of any document pursuant to subsection (2) of section 63 of the Order is \$5.00 in respect of each document inspected on each occasion of inspection together with such reasonable charge as may be levied in respect of any photocopy then requested by and supplied to that person.

PART III

FINANCIAL AND OTHER REQUIREMENTS

Surplus of assets over liabilities.

8. For the purposes of paragraph (b) of subsection (2) of section 5 and paragraph (b) of subsection (1) of section 10 of the Order, an insurer shall have a surplus of assets over liabilities of not less than 20 per cent.

Deposit with Authority.

9. (1) For the purposes of subsection (1) of section 16 of the Order, the amount to be deposited by an insurer with the Authority shall be as follows —

(a) in respect of an insurer carrying on life insurance business, the minimum deposit shall be \$1,000,000; and

(b) in respect of an insurer carrying on general insurance business, the minimum deposit shall be \$1,000,000.

(2) In addition, in respect of an insurer carrying on general insurance business, the minimum deposit from the year after registration shall be subject to 40 per cent of its premium income net of payment on account of reinsurance in excess of an amount to be prescribed by the Minister.

(3) If in a subsequent year, there is a decrease in the net premium income of the insurer, it shall be refunded the difference between 40 per cent of its premium income in that year and that of the previous year.

(4) Any refund as referred to at sub-regulation (3) will be subject to the insurer having satisfied the requirement of the Order relating to the pledging of assets to the appropriate insurance fund as well as satisfying the solvency requirement.

Margins of solvency.

10. (1) For the purposes of paragraph (a) of subsection (1) of section 21 of the Order, the fund margin of solvency of an insurance fund, to be maintained by the insurer at all times during an accounting period, is prescribed as follows —

(a) in the case of an insurance fund established in respect of general business, not less than 20 per cent of net premium income of the fund in the last accounting period;

(b) in the case of an insurance fund established in respect of life business, not less than 20 per cent of net premium income of the fund in the last accounting period.

(2) For the purposes of paragraph (a) of sub-regulation (1), assets representing the surplus of the assets over the liabilities of any insurer may be counted towards meeting the fund margin of solvency, provided that those assets —

(a) are maintained in Brunei Darussalam, Singapore or Malaysia;

(b) are valued in accordance with Part IV; and

(c) cannot be used for any purpose other than to meet the fund's liabilities.

(3) Separate accounts shall be kept for the assets referred to in sub-regulation (2) and the Authority may direct that the whole or a specified proportion of those assets be held by an approved trustee.

(4) Assets in the separate account may be withdrawn with the approval of the Authority if they are no longer needed to meet the fund solvency margin requirements, but only after a valuation of the assets and liabilities of the fund is carried out.

(5) For the purposes of paragraph *(b)* of subsection (1) of section 21 of the Order, the margin of solvency to be maintained by an insurer at all times is prescribed as 20 per cent of assets over liabilities.

(6) The assets representing the fund margins of solvency required in sub-regulation (1) may be taken into account in calculating the margins of solvency for the purposes of sub-regulation (5).

Minimum paid-up share capital.

11. (1) For the purposes of paragraph *(b)* of subsection (2) of section 21 of the Order, the paid-up share capital of an insurer having share capital unimpaired by losses, shall be —

(a) in the case of an insurer carrying on life business, an amount of not less than \$8,000,000; and

(b) in the case of an insurer carrying on general business, an amount of not less than \$8,000,000.

(2) An insurer established or incorporated outside Brunei Darussalam who does not have a share capital, shall maintain in Brunei Darussalam, a surplus of assets over liabilities of an amount not less than the requirement for the minimum amount of paid-up share capital of an insurer incorporated in Brunei Darussalam.

(3) For the purposes of section 56 of the Order, the minimum paid-up share capital of an insurance broker shall be \$200,000.

(4) For the purposes of section 56 of the Order, the minimum paid-up share capital of an adjuster shall be \$100,000.

Professional indemnity insurance.

12. For the purposes of section 53 of the Order, the minimum limit of indemnity to be covered under a professional indemnity insurance for a person who intends to be registered as an insurance broker shall be an amount not less than \$1,000,000 under which the deductible allowed shall be \$10,000.

PART IV

VALUATION OF ASSETS

Application of this Part.

13. (1) The assets of any insurance fund established under section 20 of the Order and the assets of any registered insurer for the purposes of section 21 of the Order shall be valued in accordance with this Part.

(2) In determining the surplus of any insurance fund established in respect of Brunei Darussalam policies, only Brunei Darussalam Insurance Fund Assets as defined in Part V shall be taken into account.

Immovable property.

14. (1) The value of any immovable property of an insurer (other than immovable property held by the insurer as security for a debt) shall, where the amount representing such value has been put into account for the first time or where a change is made reflecting an increase in the relevant amount stated or shown in a previous account, be not greater than the amount which, after deduction of the reasonable expenses of sale, would be realised if the immovable property were sold at a price equal to the most recent proper valuation of immovable property which has been provided to the insurer and any such immovable property of which there is no proper valuation shall be left out of account for the purpose of these Regulations.

(2) Any revaluation has to be approved by the Authority.

(3) In these Regulations —

"proper valuation" means, in relation to any immovable property, a valuation made by a qualified valuer not more than 3 years before the relevant date which determined the amount which would be realised at the time of valuation on an open market sale of that immovable property free from any mortgage or charge;

"qualified valuer" means a person so recognised as a valuer in Brunei Darussalam or elsewhere by the Authority.

Government securities.

15. The value of securities issued by a government or a public authority of that government shall, at the election of the insurer, be —

(a) their amortised values; or

(b) the aggregate cost or the aggregate of the nominal value of the securities, whichever is the lower.

Unit trusts and equity shares.

16. (1) The value of unit trusts and quoted equity shares shall be —

(a) an amount not exceeding the aggregate of the cost of the unit trusts and shares; or

(b) the aggregate of the market value of the unit trusts and shares, whichever is the lower.

(2) Shares that have been suspended by any stock exchange from trading in excess of 10 consecutive trading days at the date for which the value is to be determined shall be given zero value.

(3) The value of unquoted equity shares shall be an amount not exceeding the net asset valuation basis.

Corporate bonds and bills of exchange.

17. (1) The value of quoted corporate bonds, including convertible bonds, shall be an amount not exceeding the aggregate book value of the bonds or the aggregate of the market value of the bonds, whichever is the lower.

(2) Bonds that have been suspended by any stock exchange from trading in excess of 10 consecutive trading days at the date for which the value is to be determined shall be given zero value.

(3) The value of unquoted corporate bonds shall be an amount not exceeding the book value of the bonds.

(4) For the purpose of determining the book value of a bond, other than convertible bonds, the premium or discount on purchase of the bond in relation to

its par value may be amortised over the remaining term of the bond to its maturity.

(5) The value of bills of exchange accepted or endorsed by banks licensed under the Banking Act (Chapter 95), the Islamic Banking Act (Chapter 168) or any other financial institution approved by the Authority shall not exceed its cost.

Loans.

18. (1) The value of secured loans shall be an amount not exceeding —

(a) the principal amount outstanding; or

(b) in the first year in which the secured loans are granted, 70 per cent of the net realisable value of the collateral and in subsequent years, 90 per cent of the net realisable value of the collateral,

whichever is the lower.

(2) Notwithstanding sub-regulation (1), the value of residential loans shall be an amount not exceeding the principal amount outstanding or the net realisable value of the collateral, whichever is the lower.

(3) Notwithstanding sub-regulation (1), the value of policy loans shall be an amount not exceeding the principal amount outstanding or the cash value of the policy, whichever is the lower.

(4) Notwithstanding sub-regulation (1), the value of loans guaranteed by a bank licensed under the Banking Act (Chapter 95), the Islamic Banking Act (Chapter 168) or any other financial institution approved by the Authority, shall be an amount not exceeding the principal amount outstanding.

Cash, deposits and negotiable certificates of deposits.

19. (1) The value of cash and deposits with financial institutions other than negotiable certificates of deposits shall be an amount not exceeding the aggregate of the nominal amount of the holdings.

(2) The value of negotiable certificates of deposits shall be an amount not exceeding the aggregate of the market value or the aggregate of the nominal amount, whichever is the lower.

Outstanding premiums and agents' balances.

20. (1) The value of the aggregate of outstanding premiums and agents' balances due from policy owners, insurance agents or insurance brokers shall be an amount not greater than the principal amount outstanding after deducting any provision for doubtful debts.

(2) Notwithstanding sub-regulation (1), an insurer shall provide all balances which are outstanding for more than 6 months from the inception date of the policy as doubtful debts.

Deposits withheld by cedents and other recoverables.

21. (1) The value of deposits withheld by ceding insurers shall be an amount not exceeding the aggregate of the amount outstanding after deducting any amount deemed to be uncollectable.

(2) The value of net claims recoverable from reinsurers shall be an amount not exceeding the aggregate of the amount outstanding after deducting any amount deemed to be uncollectable.

(3) The amount of any income tax recoverable shall not include any amount which is likely to be disallowed by the tax authorities.

(4) Notwithstanding sub-regulations (1) and (2), an insurer shall provide all balances which are outstanding for more than 6 months from the inception date of the policy as doubtful debts.

Investment income due or accrued and other receivables.

22. (1) The value of investment income due or accrued shall not include any amount outstanding for more than one year.

(2) The value of any accounts receivable arising from the sale of investments shall be an amount not greater than the principal amount outstanding.

(3) Notwithstanding sub-regulations (1) and (2), an insurer shall provide all balances which are outstanding for more than 6 months from the inception date of the policy as doubtful debts.

Motor vehicles and computer equipment.

23. The value of any computer equipment, office machinery, furniture and motor vehicles of an insurer —

(a) in the financial year of the company in which it is purchased, shall not be greater than three-quarters of the cost thereof to the insurer;

(b) in the first financial year thereafter, shall not be greater than one-half of that cost;

(c) in the second financial year thereafter, shall be not greater than one-quarter of that cost; and

(d) in any subsequent financial year, shall be left out of accounts for the purposes for which these Regulations apply.

Valuation of assets.

24. (1) Any assets for which no provision is made in this Part shall be valued in accordance with internationally accepted accounting principles.

(2) If, in the circumstances of a particular case, it appears that the value of any asset is of a lesser value than that determined in accordance with this Part, that lesser value shall be the value of the asset.

(3) Notwithstanding the provisions of these Regulations, the Authority may assign such other value to any asset or type of assets as the Authority considers fit or require that any asset or type of assets be left out of account.

(4) Assets of any insurance fund established by an insurer under the Order shall not include —

(a) assets comprised in the deposit made by the insurer under section 16 of the Order;

(b) any amounts on account of goodwill; and

(c) the benefit of development expenditure or similar items not realisable apart from the business or part thereof.

PART V

ASSETS OF BRUNEI DARUSSALAM INSURANCE FUND

Definitions of this Part.

25. For the purposes of this Part —

"approved financial institutions" means commercial banks, finance companies and merchant banks approved by the Authority;

"Brunei Darussalam Insurance Fund" means any insurance fund established in respect of Brunei Darussalam policies under subsection (1) of section 20 of the Order;

"Brunei Darussalam Insurance Fund Assets" shall be the aggregate of all assets for which valuation bases are specified in regulations 13 to 24 and any other asset which the Authority may allow;

"liquid assets" shall consist of securities of the Government and public authorities of Brunei Darussalam, cash and deposits in Brunei Darussalam dollars in approved financial institutions, and bills of exchange in Brunei Darussalam dollars accepted or endorsed by banks licensed under the Banking Act (Chapter 95), the Islamic Banking Act (Chapter 168) or any other financial institution approved by the Authority which arise from *bona fide* commercial transactions and which are payable within 3 months;

"office buildings" means buildings owned by the insurer and used as the headquarters for its operations in Brunei Darussalam and which the insurer occupies at least one-third of the office space;

"overseas assets" means loans to and securities issued by non-residents, deposits and property held overseas;

"property shares" means shares that are classified by a recognised stock exchange as property shares and, in the case of unquoted shares, means shares of any company whose investment in property constitutes not less than 50 per cent of its total assets;

"written premiums" means gross premiums during the accounting period in respect of Brunei Darussalam policies issued, and reinsurances accepted, which are entered in an insurer's register of Brunei Darussalam policies, reduced by return premiums and premiums in respect of reinsurances on Brunei Darussalam policies ceded during the accounting period to a registered insurer.

Application of this Part.

26. (1) In determining the Brunei Darussalam Insurance Fund Assets of a Brunei Darussalam Insurance Fund, only the classes of assets specified in regulations 13 to 24 and any other asset which the Authority may allow shall be taken into account.

(2) Such assets shall be valued as prescribed in Part IV and the extent to which such assets may be taken into account (referred to in this Part as admitted value) shall be determined as specified in regulations 21 and 22.

(3) The total admitted value of the Brunei Darussalam Insurance Fund Assets shall be compared against the liabilities of the Fund for the purposes of —

(a) determining the surplus of the Fund under subsections (4), (5) and (6) of sections 20 and paragraph *(a)* of subsection (4) of section 21 of the Order;

(b) any return to which section 59 of the Order applies; and

(c) any investigation made pursuant to the requirements of section 60 of the Order.

(4) In respect of life business, the investment limits specified in the Schedule shall be applied to the total life business of a Brunei Darussalam Insurance Fund.

Investment limits.

27. (1) For the purposes of regulation 26, the extent to which the Brunei Darussalam Insurance Fund Assets shall be taken into account shall be subject to the investment limits specified in the Schedule.

(2) To determine whether the investment limits specified in the Schedule have been complied with, the assets shall be valued as prescribed in Part IV.

Counterparty exposure limits.

28. (1) For the purposes of regulation 26, the extent to which the Brunei Darussalam Insurance Fund Assets shall be taken into account shall be subject to the counterparty exposure limits specified in sub-regulation (2).

(2) The counterparty exposure limits mentioned in sub-regulation (1) are —

(a) where the counterparty is an approved financial institution or group of approved financial institutions related to one another, 20 per cent of the Brunei Darussalam Insurance Fund Assets;

(b) where the counterparty is a company listed on any stock exchange or group of companies related to one another, 10 per cent of the Brunei Darussalam Insurance Fund Assets; and

(c) where the counterparty is an unlisted company or group of unlisted companies related to one another, a merchant bank or a finance company, and in all other cases, 5 per cent of the Brunei Darussalam Insurance Fund Assets.

(3) The exposure to any one counterparty shall be calculated on the basis of the aggregate of the value of investments issued by the counterparty, all debts due from the counterparty (including deposits placed with the counterparty) and the value of all rights against the counterparty.

Liquid assets.

29. The assets of any insurance fund established by an insurer in respect of general business and relating to Brunei Darussalam policies shall be such that the aggregate admitted value of liquid assets shall not be less than 30 per cent of the aggregate of loss reserves and outstanding claims.

PART VI

DETERMINATION OF LIABILITIES

Determination of liabilities.

30. (1) Subject to this Part, the amount of liabilities of an insurer shall be determined in accordance with internationally accepted accounting concepts, bases and policies or other generally accepted methods appropriate for insurers.

(2) In determining the amount of liabilities under sub-regulation (1), all contingent and prospective liabilities shall be taken into account but not liabilities in respect of share capital.

(3) The amount of reserves for unearned premiums in respect of general business shall be —

(a) subject to paragraphs *(b)* and *(c)*, an amount calculated on a basis not less accurate than the one-twenty-fourth method;

(b) in the case of direct insurance business relating to cargo policies, at the election of the insurer, an amount not less than 25 per cent of the premiums for those policies or an amount calculated on a basis not less accurate than the one-twenty-fourth method; and

(c) in the case of reinsurance business, at the election of the insurer, an amount not less than 25 per cent of the premiums in the case of marine and aviation policies or 40 per cent of the premiums in other cases or an amount calculated on a basis not less accurate than the one-twenty-fourth method.

(4) For the purposes of sub-regulation (3) —

"marine and aviation policy" means a policy of insurance —

(a) upon goods, merchandise or property of any description transported on board vessels, aircraft or other means of conveyance including incidental transit before and after shipment;

(b) upon the freight of, or any other interest in or relating to vessels, aircraft or other means of conveyance;

(c) upon vessels or aircraft, or upon machinery, tackle furniture or equipment of vessels or aircraft;

(d) against damage arising out of or in connection with the use of vessel or aircraft, including third-party risks; or

(e) against risks incidental to the construction, repair or docking of vessels, including third-party risks;

"premiums" means the net amount of the premiums receivable in the accounting period after deduction of return premiums and payments in respect of reinsurances or retrocessions, except that no deduction shall be made in respect of reinsurances other than reinsurances with a registered insurer or insurer authorised under the Order and reinsurances of special risks, unless the deduction is made against a reinsurer's deposit equivalent to the reserve calculated in accordance with sub-regulation (3);

"the one-twenty-fourth method" means the method of computation which operates on the assumption of premiums accounted during each month of a year being uniformly spread over the respective month and on the assumption that all policies are for a duration of 12 months.

Withdrawal from insurance fund in respect of life policy removed from register of Brunei Darussalam policies.

31. (1) Where a policy belonging to the insurer's life business is under subsection (4) of section 19 of the Order removed from the register of Brunei Darussalam policies, the maximum amount that may be withdrawn from the insurance fund in respect of that policy shall be an amount equal to the insurer's liabilities in respect of the policy as at the date of the removal.

(2) The said liabilities shall be valued on the basis adopted for the last statutory valuation relating to the insurer's life business (or, if there has been no such valuation, on the minimum basis in the case of a life policy and on a basis approved by the Authority in other cases) and shall be valued as for a statutory valuation.

Minimum surrender.

32. An insurer shall not issue a long term insurance policy unless there is incorporated in that policy a table indicating the minimum cash surrender value of that policy or contains provisions enabling the exercise options in lieu of forfeiture of the policy.

References to statutory valuation of life policies.

33. (1) Any reference in these Regulations to a statutory valuation of an insurer's liabilities shall be read as a reference to a valuation made for the purposes of section 60 of the Order.

(2) Where by these Regulations the liabilities of an insurer in respect of a Brunei Darussalam policy belonging to the insurer's life business are required to be valued on a specified basis as for a statutory valuation, the liabilities shall be valued on that basis with the like deduction (if any) for any reinsurance of those liabilities as would be made on a statutory valuation.

(3) For the purpose of sub-regulation (2), the total deduction that may be made against a reinsurer's deposit in respect of the reinsurances secured thereby shall (if the case requires) be apportioned rateably between those reinsurances according to the value of the liabilities reinsured.

PART VII

MISCELLANEOUS

Withdrawals from fund upon removal of life policy from register.

34. For the purposes of subsection (7) of section 20 of the Order, the maximum amount which may be withdrawn from an insurance fund in respect of that policy shall be an amount equal to the insurer's liabilities in respect of the policy as at the date of the removal.

Assumption of risk.

35. (1) Pursuant to subsection (3) of section 31 of the Order, subsections (1) and (2) of that section concerning the assumption of risk by an insurer shall apply in respect of any general business.

(2) The form of guarantee required by paragraph (a) of subsection (1) of section 31 of the Order, where the premium payable has not been received by the insurer and a deposit in the prescribed form has not been made, is an irrevocable bank guarantee from an insurance agent or insurance broker guaranteeing payment by the end of the month following the month in which the policy is issued, failing which a demand is made on the bank guarantee.

(3) The form of deposit required by paragraph (b) of subsection (1) of section 31 of the Order (where the premium payable has neither been received nor guaranteed in accordance with sub-regulation (2)) is an amount of at least 50 per cent of the premium, with the balance being secured for payment within 30 days of the date of the issue of the policy.

(4) For the purposes of subsection (5) of section 31, the period for depositing with, or despatching by post to, the insurer the premium collected is one calendar month.

MINIMUM CRITERIA OF A "FIT AND PROPER PERSON"

Minimum criteria of a "fit and proper person".

36. (1) Pursuant to section 41 of the Order, an insurer or a controller of an insurer, in determining whether a person is a "fit and proper person" to hold the position of a managing director, director, chief executive or principal officer, regard shall be made to —

(a) his probity, competence and soundness of judgment for fulfilling the responsibilities of that position;

(b) the diligence with which he is fulfilling or likely to fulfill those responsibilities; and

(c) whether the interests of policy owners, potential policy owners, named beneficiaries and creditors, as the case may be, are likely to be, in any way threatened by his holding that position.

(2) Notwithstanding sub-regulation (1), a registered insurer, shall also have regard to the criteria under regulations 37 and 38 in determining whether a person is "fit and proper person".

(3) Without prejudice to the generality of sub-regulation (1), regard may be had to the previous business conduct and activities of the person in question and in particular, to any evidence that he —

(a) has been compounded or convicted, or as managing director, director, chief executive or principal officer, of a registered insurer or a controller of a registered insurer, has caused to be compounded or convicted, of an offence under the Order, the Companies Act (Chapter 39), the Banking Act (Chapter 95) or the Finance Companies Act (Chapter 89), which is punishable with, as the case may be —

(i) imprisonment for one year or more, whether by itself, or in lieu of, or in addition to, a fine; or

(ii) a fine of \$50,000 or more;

(b) has been compounded or convicted, or as managing director, director, chief executive or principal officer, of a registered insurer or a controller of a registered insurer has caused it to be compounded or convicted, of an offence under the Banking Act (Chapter 95) which is punishable with, as the case may be —

(i) imprisonment of 6 months or more, whether by itself, or in lieu of, or in addition to, a fine; or

(ii) a fine of \$10,000 or more;

(c) has engaged in any business practices appearing to the Authority to be deceitful, oppressive or otherwise improper, whether unlawful or not, or which otherwise reflect discredit on his method of conducting business; or

(d) has engaged in, or been associated with, any other business practices, or otherwise conducted himself in such a way, as to case doubt on his competence and soundness of judgment.

Criteria for managing director or director of registered insurer.

37. A person who is, or is to be, a managing director or director of a registered insurer, —

(a) shall have educational qualifications and experience which will enable him to effectively perform his duties;

(b) shall not have acted in a manner which may cast doubt on his fitness to hold the position of a director;

(c) shall have agreed to attend, or have attended, at least 75 per cent of the registered insurer's board of directors meetings in a year unless his absence is with the approval of the Authority; and

(d) shall not have been a party to any action or decision of the board or management of the registered insurer, which is detrimental to the interests of the registered insurer and its policy owners.

Criteria for a chief executive or principal officer of registered insurer.

38. A person who is, or is to be, a chief executive or principal officer of registered insurer —

(a) shall have educational qualifications and experience which will enable him to satisfactorily discharge his responsibilities;

(b) shall not have held a position of responsibility in the management of any company which has been convicted of an offence under any written law during his tenure of office unless he proves that such offence was committed without his knowledge or consent and he was not in a position to prevent the offence;

(c) shall not have held a position of responsibility in the management of any company which during his tenure of office —

(i) has defaulted in payment of any judgment sum against it;

(ii) has suspended payment or has compounded with its creditors; or

(iii) has had a receiver or manager appointed in respect of its property;

(d) shall be available for full-time employment, and shall not carry on any other business or vocation, except as a non-executive director or shareholder of another company;

(e) shall not be engaged actively in any political activity;

(f) shall not cause a conflict of interest situation with that of the registered insurer, either by himself or his wife, husband, father, mother, son and daughter;

(g) shall not have acted in a manner which may cast doubt on his fitness to hold the position of chief executive or principal officer, or acted in blatant disregard for proper professional conduct, especially in dealings with policy owners, potential policy owners and named beneficiaries; and

(h) shall not have been a party to any action or decision of the management of the registered insurer which is detrimental to the interests of the registered insurer, and its policy owners.

Discretion of the Authority.

39. The Authority shall have full discretion to determine whether a person has complied with this Part.

SCHEDULE

INVESTMENT LIMITS
(regulation 27(1))

<i>Description</i>	<i>Per cent of Brunei Darussalam Insurance Fund Assets</i>
1. The combined total of investment in fully paid-up common shares of a company with a rating by a reputable international credit rating agency rated AAA, AA, A to not less than B.	40%
2. Quoted shares in any one company as indicated in item (1) not more than	15%
3. Units in any one unit trust	10%
4. Debentures - fully secured	25%
5. Immovable property – total investment	25%

It is recommended that the total value of approved foreign denominated assets of each insurance fund which are recognised by the reputable international credit rating agency be limited to 20 per cent.

For the purpose of the above-mentioned investment limits, "insurance fund" means a Life Insurance Fund, ^{or} a General Business Insurance Fund ~~or both.~~

s 55/07

Made this 4th. day of Safar, 1427 Hijriah corresponding to the 4th. day of March, 2006.

DATO PADUKA AWANG HAJI ALI BIN APONG
Permanent Secretary,
Ministry of Finance,
Brunei Darussalam.