



NOTICE NO. TIU/N-6/2017/10

**NOTICE ON THE APPLICATION FOR APPROVAL OF KEY RESPONSIBLE PERSONS
AND KEY PERSONS IN CONTROL FUNCTIONS IN INSURANCE AND TAKAFUL**

1. INTRODUCTION

- 1.1. This Notice is issued pursuant to Section 88 of the Insurance Order, 2006 and section 90 of the Takaful Order, 2008 (“the Orders”) to determine the conditions for an application for approval by the Authority with respect to the key responsible persons and key persons in control functions in registered insurance companies and takaful operators (hereinafter referred to as “insurers”). This Notice must be read with the guidance found in “*Guidelines on Fit and Proper Criteria for Key Responsible Persons and Key Persons in Control Functions in Insurance and Takaful*” [Guideline No: TIU/G-1/2017/6] (hereinafter referred to as “Guideline No: TIU/G-1/2017/6)
- 1.2. AMBD requires all Key Responsible Persons and Key Persons in Control Functions to be and remain suitable to fulfil their respective roles. AMBD requires that in order to be suitable to fulfil their roles, Key Responsible Persons and Key Persons in Control Functions must possess adequate competence and integrity. Further, all significant owners possess the necessary financial soundness and integrity.
- 1.3. This Notice shall also be read together with:-
 - 1.3.1. section 41 and 42 of the Insurance Order, 2006 (for Insurance companies) or section 42 and 43 of the Takaful Order, 2008 (for Takaful operators);
 - 1.3.2. the *Notice on Corporate Governance for Insurance Companies and Takaful Operators* (TIU/N-3/2017/7) issued on 11 August 2017; and
 - 1.3.3. any other relevant notices, directives or guidelines, which the Authority have issued or may issue from time to time.
- 1.4. This Notice shall take immediate effect.

2. DEFINITION

For the purpose of this Notice:

- 2.1. “Control functions” includes oversight functions where Senior Management has delegated some of its responsibilities for providing oversight of operational

management including the Internal Audit, Risk Management, Compliance and Actuarial Functions;

- 2.2. “Key Responsible Person” means a person whose activity is regulated by the Authority under the Orders, and refers to senior persons that are accountable or responsible for the management and oversight of the insurers of which they may hold controlled functions in executive positions which include:
 - 2.2.1. Controllers of insurers incorporated in Brunei Darussalam, brokers or adjusters as defined under Part II of the First Schedule of each of the Orders;
 - 2.2.2. Member of Board of Directors of insurers, brokers or adjusters incorporated in Brunei Darussalam;
 - 2.2.3. Chief Executive Officer or Managing Director of insurers incorporated in Brunei Darussalam, brokers or adjusters; and
 - 2.2.4. Principal Officer of insurers, brokers or adjusters incorporated outside Brunei Darussalam.
- 2.3. “Insurer” means a registered insurance company under Insurance Order, 2006 and/or registered takaful operator under Takaful Order, 2008;
- 2.4. “Key Persons in Control Function” means a person principally accountable or responsible, whether solely or jointly with other persons, for monitoring the appropriateness, adequacy and effectiveness of the insurer’s internal controls, risk management and compliance systems and processes, and includes:
 - 2.4.1. Chief Internal Auditor;
 - 2.4.2. Head of Risk Management;
 - 2.4.3. Head of Compliance;
 - 2.4.4. Chief Financial Officer; and
 - 2.4.5. Appointed Actuary.

3. **APPLICATION**

- 3.1. Insurers must obtain approval from the Authority before a Key Responsible Person or a Key Person in Control Function is formally appointed by submitting:-
 - 3.1.1. A duly completed Application Form (**ANNEX 1**) with supporting documents, if any;
 - 3.1.2. A notice in writing stating that the person it proposed to appoint fulfils the criteria of a “fit and proper person”; and

- 3.1.3. Where necessary, the Authority may interview the applicant.
- 3.2. The onus is on the applicant to establish that he or she is a fit and proper person and to disclose true information as required.
- 3.3. When assessing an application for the appointment of a Key Responsible Person the Authority may, in addition to the fit and proper criteria set out in Guideline No: TIU/G-1/2017/6, or any other legislative requirements, consider other factors that may be relevant, such as:
- 3.3.1. whether the Key Responsible Person has a good standing in the profession or formal qualifications; and
- 3.3.2. whether the applicant has been convicted to any offence relating to fraud, breach of trust or dishonesty, or any other criminal offence.
- 3.4. In the case of insurers incorporated outside Brunei Darussalam, the Authority may engage with the particular home supervisor to take into account any information that may be available.
- 3.5. Insurers shall notify the Authority within 30 days should a Key Responsible Person be transferred to another function within the insurer, or resign, be suspended or dismissed. Should the Key Responsible Person wish to undertake another function, whether within the same insurer or in another insurer, a new application shall be resubmitted.
- 3.6. Insurers shall have appropriate recruitment policies, adequate internal control systems and internal suitability assessments that would reasonably ensure that the persons employed meet the fit and proper criteria throughout the duration of the appointment. For example, on an annual basis or when there are changes in the circumstances of the individuals, the Authority may require the insurer to certify that it has conducted such assessments to confirm that the person continues to meet the fit and proper requirements.
- 3.7. The latest version of the form in **ANNEX 1** is displayed at the Authority's website at www.ambd.gov.bn.

MANAGING DIRECTOR
AUTORITI MONETARI BRUNEI DARUSSALAM

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