



LABUAN IBFC INSURANCE INDUSTRY

Labuan IBFC's insurance industry continues its vibrant growth in the past few years. Comprising not just reinsurers and direct insurers, Labuan IBFC also provides unique underwriting vehicles in the form of captives. Aside from conventional (re)insurance services, Labuan IBFC also offers Islamic (re)insurance, also known as (re)takaful, for those seeking Shariah-compliant protection. Other insurance-related businesses such as Insurance brokers, underwriting managers as well as insurance managers complete the supply chain by offering the needed services within the sector.

Below are insurance products available in Labuan IBFC to meet sophisticated clientele needs and expectations.

Labuan insurance business

A Labuan insurance business is defined as an insurance business that is transacted in foreign currency and includes general, life, reinsurance, Labuan takaful and retakaful windows and captive insurance.

- > **Labuan General Insurance Business**
- > **Labuan Life Insurance Business**
- > **Labuan Reinsurance Business**
- > **Labuan Takaful and Retakaful Windows**
- > **Labuan Captive Business**

Labuan insurance-related business

Applicant for a Labuan insurance-related licence may carry on business as a Labuan insurance broker, Labuan insurance manager or Labuan underwriting manager. The activities of the Labuan insurance-related business are governed by the Labuan Financial Services and Securities Act 2010.

- > **Labuan Insurance Broker**
- > **Labuan Insurance Manager**
- > **Labuan Underwriting Manager**

Labuan general takaful business

A Labuan general takaful business is defined as a takaful business that is not a family takaful business, but includes a takaful business relating to mutual financial aid and assistance to participants for losses arising from perils such as accidents, fires, floods and burglaries.

- > **Labuan Family Takaful Business**
- > **Labuan Retakaful Business**

Application for licences

Application for a licence to carry out Labuan Insurance and Insurance-related activities can be made to the Director General of Labuan FSA.

Kensington Trust Labuan Limited is a licensed trust company in Labuan and may assist you with license application, establishment and administration of your Labuan Company or branch.



Labuan IBFC tax system

- > Labuan Business Activity Tax Act 1990 (“**LBATA**”) governs the imposition, assessment and collection of tax on a Labuan business activity carried on in, from or through Labuan.
- > Labuan entities that carry on a **non-Labuan business activity** are subject to the provisions of the Malaysian Income Tax Act, 1967 (ITA).
- > “Labuan business activity” means:
 - > a Labuan trading or a Labuan non-trading activity carried on in, from or through Labuan,
 - > excluding any activity which is an offence under any written law.
- > “**Labuan trading activity**” includes banking, insurance, trading, management, licensing, shipping operations or any other activity which is not a Labuan non-trading activity. The Labuan entity shall pay 3% of net profits as per audited accounts.
- > **Labuan non-trading activity**” means an activity relating to the holding of investments in securities, stock, shares, loans, deposits or any other properties by a Labuan entity on its own behalf. Such activity is not subject to tax under LBATA.
- > Labuan companies carrying on both Labuan trading and non-trading activities will be deemed to be carrying on Labuan trading activities. Hence, it will have the same tax treatment as those undertaking Labuan trading activity mentioned above.
- > **Substance requirements under Labuan Business Activity Tax Regulations 2018:**
 - > To benefit under LBATA, the following Labuan Insurance entities will need to have four (4) minimum full time employees in Labuan and an annual operating expenditure in Labuan of RM150,000:-
 - > Labuan insurer, Labuan reinsurer, Labuan takaful operator or Labuan retakaful operator
 - > To benefit under LBATA, the following Labuan Insurance entities will need to have four (4) minimum full time employees in Labuan and an annual operating expenditure in Labuan of RM100,000:-
 - > Labuan underwriting manager or Labuan underwriting takaful manager
 - > Labuan insurance manager or Labuan takaful manager
 - > Labuan insurance broker or Labuan takaful broker
 - > Labuan captive insurer or Labuan captive takaful

Dealings with resident

All Labuan entities are allowed to conduct transactions with residents of Malaysia in Ringgit Malaysia. “Resident” here means:

- > in relation to a natural person, a citizen or permanent resident of Malaysia; or
- > in relation to any other person, a person who has established a place of business, and is operating in Malaysia.
- > and includes person who is declared to be a resident pursuant to s.43 of the Malaysian Exchange Control Act 1953.

The amount of deductions allowed in respect of payments made by Residents to Labuan entities are as follows:-

> Interest expense	67% deductible
> Lease rental	67% deductible
> General reinsurance premiums	100% deductible
> Other type of payments	3% deductible

Annual licence fees

All licensees are required to pay to Labuan FSA annual licence fees on or before 15 January of each year.

Type of Licence	Licence Fee (RM)
Captive Insurer	10,000
Master Rent-A-Captive	13,000
General Insurer	50,000
Life Insurer	50,000
Composite Insurer	100,000
Underwriting Manager	20,000
Insurance Manager	20,000
Broker	20,000



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ABOUT JTC KENSINGTON

JTC Kensington is the brand name of Kensington Trust Group, a part-owned associate of JTC, offering trust, fiduciary and corporate services and fund administration.

JTC is a publicly listed, award-winning provider of fund, corporate and private wealth services to institutional and private clients.

Founded in 1987, we have c.650 people working across our global office network and are trusted to administer assets of c.US\$100 billion.

The principle of true shared ownership is fundamental to our culture and aligns us completely with the best interests of our clients.

We value shared ownership

- > We operate around the principle that if our people have a stake in the business, they will do a better job for our clients.

We value relationships

- > We aim to work with clients who share our belief in the importance of building strong relationships over time.

We invest in our people

- > Over 70% of our employees hold a relevant professional qualification or are working towards this through our dedicated JTC Academy.

We embrace technology

- > Our market-leading systems and operating platforms are robust, powerful and flexible.



REGULATION AND TERMS OF BUSINESS

JTC Kensington is the brand name of Kensington Trust Group, a part-owned associate of JTC Group. Kensington Trust Group entities that carry on regulated business are (respectively): regulated by the Labuan Financial Services Authority, the Companies Commission of Malaysia and the Monetary Authority of Singapore.

JTC Group entities that carry on regulated business are (respectively): regulated by the British Virgin Islands Financial Services Commission; the Cayman Islands Monetary Authority; the Guernsey Financial Services Commission; the Jersey Financial Services Commission; the Commission de Surveillance du Secteur Financier and the Ordre des Experts-Comptables (Luxembourg); the Financial Services Commission (Mauritius); De Nederlandsche Bank (Netherlands); the South African Financial Sector Conduct Authority as an authorised financial services provider; chartered and regulated to provide trust services by the South Dakota Division of Banking in South Dakota (USA); a member of l'Association Romande des Intermédiaires Financiers (Switzerland); licensed by the Isle of Man Financial Services Authority and authorised and regulated by the Financial Conduct Authority (UK).

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