



Our Reference :

7201/PO/87/MOS/SS/KEJ/TKS

1 December 2015

To Chief Executive Officers of Life Insurers

Tuan,

**Removal of Limits on Management Expenses of Licensed Life Insurers –
Specification pursuant to Section 47 of the Financial Services Act 2013**

In the Life Insurance and Family Takaful Framework (Framework) issued on 23 November 2015, the Bank had informed that the operating cost control (OCC) limits currently set out in the Guidelines to Control Operating Costs of Life Insurance Business (BNM/RH/GL 003-12) (OCC Guidelines) would be gradually removed. The removal of these limits are to give licensed life insurers greater flexibility to manage their operating expenses to promote product innovation while consumers' interests will continue to be protected through safeguards that will preserve the value of their policies. It was also informed in the Framework that the first set of OCC limits to be removed would be those on the management expenses of licensed life insurers set out in the OCC Guidelines.

2. Hence, pursuant to section 47 of the Financial Services Act 2013, the Bank hereby specifies that the OCC limits on management expenses set out in paragraphs 8.1(a), (b) and (c) of Part IV of the OCC Guidelines are disapplied to licensed life insurers with effect from 1 December 2015. Licensed life insurers will no longer be bound by these OCC limits from 1 December 2015.

3. This specification shall be read and construed as an integral part of the OCC Guidelines until otherwise specified, and any reference to the OCC Guidelines shall include a reference to this specification.

Sekian, harap maklum.

Yang benar,

(Aznan Abdul Aziz)

Pengarah

Jabatan Pembangunan Sektor Kewangan