



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Insurance and Takaful Aggregation Business Registration Procedure and Requirements

Exposure Draft

Applicable to:

1. Persons intending to become registered insurance and takaful aggregators
2. Registered insurance and takaful aggregators

Issued on: 18 June 2019

BNM/RH/ED 032-4

This exposure draft sets out the proposed requirements and guidance for the registration of a person intending to carry on insurance and takaful aggregation business and the obligations to be observed by a registered insurance and takaful aggregator at all times.

Bank Negara Malaysia (Bank) invites written feedback on the proposals in this exposure draft, including suggestions on areas to be clarified and alternative proposals that the Bank should consider. The written feedback should be supported with clear rationale, accompanying evidence or illustrations as appropriate to facilitate an effective review of this exposure draft.

Responses must be submitted by 19 July 2019 to-

Pengarah

Jabatan Pembangunan Insurans

Bank Negara Malaysia

Jalan Dato' Onn

50480 Kuala Lumpur

Email: aggregator@bnm.gov.my

Electronic submission is encouraged. Submissions received may be made public unless confidentiality is specifically requested for the whole or part of the submission.

In the course of preparing your feedback, you may direct any queries to the following officers:

- a. See Wei Jie (03-26988044 ext. 7380)
- b. Dr. Radin Ariff Taquiddin Radin Amir (03-26988044 ext. 8046)

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PART A OVERVIEW

1. Introduction

- 1.1. Insurance and takaful aggregation business will be regulated by the Bank as a new category of registered business under the Financial Services Act 2013 (FSA). Once this new category of registered business comes into effect, insurance and takaful aggregators approved by the Bank under the Financial Technology Regulatory Sandbox and persons intending to become a registered insurance and takaful aggregator will be required to be registered under the FSA to carry on insurance and takaful aggregation business.
- 1.2. This policy document sets out the requirements for the registration of a person intending to carry on insurance and takaful aggregation business and the obligations to be observed by a registered insurance and takaful aggregator at all times.

Question 1

What would be the main challenges and reasons for the respective challenges for an insurance and takaful aggregator to comply with this exposure draft?

2. Applicability

- 2.1. This policy document is applicable to
 - (a) a person intending to become a registered insurance and takaful aggregator; and
 - (b) a registered insurance and takaful aggregator under section 18(1) of the Financial Services Act 2013 (FSA).

3. Legal provisions

- 3.1. The requirements in this policy document are specified pursuant to sections 18(2), 123(1) and 143(2) of the FSA.
- 3.2. The guidance in this policy document is issued pursuant to section 266 of the FSA.

4. Effective date

- 4.1. This policy document comes into effect on [date of publication of final policy document].

5. Interpretation

- 5.1. The terms and expressions used in this policy document shall have the same meanings assigned to them in the FSA and the Islamic Financial Services Act 2013 (IFSA), unless otherwise defined in this policy document.

5.2. For the purpose of this policy document–

“S” denotes a standard, an obligation, a requirement, specification, direction, condition and any interpretative, supplemental and transitional provisions that must be complied with. Non-compliance may result in enforcement actions;

“G” denotes guidance which may consist of statements or information intended to promote common understanding and advice or recommendation that are encouraged to be adopted;

“insurance and takaful aggregation business” means the business of providing services through any electronic means that:

- (a) sources, aggregates and compares insurance or takaful products of more than one licensed person; and
- (b) makes referrals to any such licensed person in respect of the procurement of such insurance or takaful products; or
- (c) arranges the procurement of such insurance or takaful products through such electronic means¹;

“licensed person” means a licensed insurer under the FSA and a licensed takaful operator under the IFSA;

“Order” means the requirements and documents or information prescribed by the Bank pursuant to section 17(1)(a) of the FSA²;

“recommendation” means an activity which -

- (a) involves the provision of a qualitative judgement, evaluation or opinion on the merits of an insurance or takaful product; and
- (b) is intended to influence a person to take a specific action with respect to one or more insurance or takaful product.

6. Related legal instruments and policy documents

6.1. This policy document must be read together with other relevant legal instruments and policy documents that have been issued by the Bank, in particular the Order and Management of Customer Information and Permitted Disclosure.

¹ An amendment to Schedule 1 of the FSA is expected to be effected to set out the scope of insurance and takaful aggregation business.

² The Bank will prescribe the requirements and documents or information applicable to a person intending to, or who carries on insurance and takaful aggregation business, pursuant to section 17(1)(a) of the FSA by an order published in the Gazette.

PART B REGISTRATION PROCEDURES, FEES AND NOTIFICATION REQUIREMENTS

7. Registration procedure

- 7.1. Section 17(1) of the FSA (read together with the Order) provides that a person intending to carry on an insurance and takaful aggregation business is required to:
- (a) fulfil the requirements, as set out in Box 1 below;
 - (b) submit documents and information as set out in Box 2 below; and
 - (c) notify the Bank in writing of the commencement date of its business.

Box 1: The requirements are as follows:

1. A registered insurance and takaful aggregator must be a company incorporated under the Companies Act 2016.
2. The shareholder, director or any person concerned with the management must not have been convicted of an offence under the FSA, the IFSA, the repealed Insurance Act 1996 or Takaful Act 1984, laws relating to finance or the financial sector or an offence involving fraud or dishonesty under any other written law.
3. The shareholder, director or chief executive officer has not been involved in the operation or management of a registered person whose registration has been deregistered by the Bank, an approved person whose approval has been revoked by the Bank or a licensed person whose license has been revoked by the Minister of Finance.
4. The shareholder, director and chief executive officer must not be licensed person or director or chief executive officer of a licensed person.

Box 2: The list of documents and information is as follows:

1. A certified true copy of its memorandum and articles of association or other constituent documents under which it is incorporated.
2. A certified true copy of its certificate of incorporation or notice of registration.
3. A certified true copy of its latest audited financial statements for a company already in operation.
4. Information on return on allotment of shares, as follows:
 - (a) Form 24 (return on allotment of shares) under the Companies Act 1965 for allotment of shares or changes made before 31 January 2017, if any; or
 - (b) a copy of the particulars submitted for allotment of shares or any changes made to it after 31 January 2017 under section 78 of the Companies Act 2016.
5. Information on particulars of directors, as follows:
 - (a) Form 29 (particulars of directors) under the Companies Act 1965 for a company incorporated before 31 January 2017, if any; or
 - (b) a copy of information submitted under section 58 of the Companies Act 2016.
6. A statutory declaration that the applicant has met all requirements specified in Box 1.
7. The following information and supporting documents on the company and its business:
 - (a) the name, place and date of its establishment;
 - (b) the names, addresses and identity card or passport numbers of all its directors and chief executive officer;
 - (c) the names, addresses and identity card or passport numbers or registration number, as the case may be, of its substantial shareholders within the meaning of section 136 of the Companies Act 2016; and
 - (d) the names, addresses and registration number of its related corporations as defined in section 2 of the Companies Act 2016.

- S** 7.2. A registered insurance and takaful aggregator must comply with the requirements as set out in Box 2 above at all times.

- S** 7.3. For the purposes of registration under section 17(1) of the FSA, a person intending to carry on an insurance and takaful aggregation business must submit a duly completed Registration Form in Appendix 1 together with the documents listed in Box 2 (required documents) to the Bank at least **14 days** before the commencement date of its insurance and takaful aggregation business.
- S** 7.4. The completed registration form and the required documents must be submitted to-
- Pengarah
Jabatan Konsumer dan Amalan Pasaran
Bank Negara Malaysia
Jalan Dato' Onn
50480 Kuala Lumpur
- 7.5. The Bank will provide a written confirmation that the Bank has received the Registration Form with the required documents within 14 days from the receipt of the completed Registration Form and required documents.
- 7.6. Pursuant to section 27(2) of the FSA, the list of registered insurance and takaful aggregators and the effective dates of their registration will be published on the Bank's website and will be updated as and when there are changes to this list.
- 7.7. A person who has not fulfilled the requirements stated in paragraphs 7.1 and 7.3 will not be registered to carry on insurance and takaful aggregation business and the person will be accordingly informed of this in writing by the Bank. In such circumstances, as provided under section 28 of the FSA, the person must not hold himself out to be a registered person carrying on insurance and takaful aggregation business.

8. Fees

- S** 8.1. Further to section 26(1) of the FSA, a fee of RM650 is payable by a registered insurance and takaful aggregator³, to the Bank as follows:
- (a) within **seven days** from the date of the confirmation in writing under paragraph 7.5; and
 - (b) thereafter, the full fees of **RM650 must be paid before 15 December of every year**.
- S** 8.2. Payment of the fee must be made through commercial or Islamic banks via RENTAS (Real Time Electronic Transfer of Funds and Securities) by crediting the account of **Akauntan Negara Malaysia** (Account Number: **1554095430**), Bank Negara Malaysia (TRN: **ANT01**) and by stating the name of the registered insurance and takaful aggregator and "**Fee**" under payment details. Once payment is made, a copy of the credit advice must be provided to the Bank for confirmation of the payment.

³ Regulations will be made pursuant to section 260 of the FSA to specify the amount of fee payable.

9. Notification requirements

- S** 9.1. A registered insurance and takaful aggregator must notify the Bank in writing within 14 days, of any changes to its—
- (a) shareholder, director or chief executive officer;
 - (b) web address; or
 - (c) office address.

PART C BUSINESS CONDUCT REQUIREMENTS

10. General disclosure requirements

- S** 10.1. A registered insurance and takaful aggregator must disclose adequate information to facilitate consumers' understanding of its status, role and nature of business.
- S** 10.2. The disclosure made by the registered insurance and takaful aggregator pursuant to paragraph 10.1 must be prominent and include, at a minimum—
- (a) details of the company and contact information;
 - (b) a statement that it is registered under the Financial Services Act 2013 to carry on insurance and takaful aggregation business and regulated by Bank Negara Malaysia;
 - (c) description of its role in the distribution of the insurance and takaful products and the factors that consumers must be aware of when using its services to compare and purchase insurance or takaful products;
 - (d) the names of the licensed persons that it sources the insurance or takaful products from;
 - (e) the number of insurance or takaful products and licensed persons which will be compared for each type of policy or takaful certificate;
 - (f) details on the market coverage or the proportion of licensed persons covered in its listing for all product lines; and
 - (g) information on the type of remuneration it receives for the services provided, which includes the type of commercial relationship and arrangements with licensed persons.
- G** 10.3. For purposes of paragraph 10.2, the disclosure can be made in the form of Frequently Asked Questions (FAQ).
- S** 10.4. For purposes of paragraph 10.2(c), a registered insurance and takaful aggregator must clearly inform consumers on the following:
- (a) it is not allowed to provide recommendation to consumers in respect of any insurance or takaful products;
 - (b) consumers should undertake their own initiative to make comparisons on various sites to ensure comprehensive coverage of assessment;
 - (c) consumers should utilise the suitability assessment tools provided; and
 - (d) consumers are advised to engage a suitable financial intermediary such as an approved financial adviser or an insurance agent for product advice or recommendation before making any purchase of insurance or takaful products, if deemed necessary.

- S** 10.5. For a registered insurance and takaful aggregator that arranges the procurement of insurance or takaful products, the registered insurance and takaful aggregator must require prior acknowledgement from consumers that they are aware of the information as listed in paragraph 10.4(a) to (d).
- S** 10.6. A registered insurance and takaful aggregator must not make statements or act in a manner that could lead to false or misleading representations of the insurance or takaful products and extent of services provided.
- S** 10.7. A registered insurance and takaful aggregator must ensure that any advertisements it publishes are clearly and prominently labelled as advertisements.

11. Product scope

- G** 11.1. While a registered insurance and takaful aggregator is allowed to distribute any insurance or takaful products offered by a licensed person, it should assess and ensure the suitability of the products to be offered. In doing so, the registered insurance and takaful aggregator should carefully evaluate—
- (a) whether the insurance or takaful product's features, design and structure can be easily understood by consumers without assistance or recommendation;
 - (b) whether the insurance or takaful product's exclusions, terms and conditions are sufficiently unambiguous and easily explained and understood through disclosures to consumers; and
 - (c) whether the costs of mispurchase of insurance or takaful products by consumers are likely to be low.

Question 2

Please describe any products that are deemed suitable to be distributed by a registered insurance and takaful aggregator, but may contradict the factors of evaluation in paragraph 11.1, including the reasons and justifications.

Question 3

Please suggest any other factors of evaluation which may be relevant for the purpose of paragraph 11.1.

12. Product disclosure requirements

- S** 12.1. A registered insurance and takaful aggregator must provide adequate information on the insurance or takaful products specified in paragraph 12.2 and present them in a manner that will facilitate consumers in making a comparison and make informed decisions.
- S** 12.2. For the purpose of paragraph 12.1, the insurance or takaful product information must, at a minimum, include the following:
- (a) identity of the licensed person that underwrites the product;

- (b) details of the insurance or takaful cover and benefits;
 - (c) any significant or unusual restrictions and exclusions;
 - (d) any significant conditions or obligations which the consumers must meet;
 - (e) the period of insurance or takaful cover;
 - (f) the frequency or term of premium or takaful contribution payment;
 - (g) the premium or takaful contribution; and
 - (h) any fees and charges consumers should expect to pay, including commissions and fees payable to the registered insurance and takaful aggregator.
- S** 12.3. In respect of insurance or takaful product disclosure, a registered insurance and takaful aggregator must ensure that the insurance or takaful product information are-
- (a) accurate, not misleading, complete and true at all times;
 - (b) solely based on the information furnished by a licensed person;
 - (c) presented in plain language, avoiding industry jargon and unnecessary technical terms to facilitate consumers' understanding of the insurance or takaful product; and
 - (d) presented in a standardised form for all insurance or takaful products to facilitate ease of visual comparison.
- S** 12.4. For the avoidance of doubt, paragraph 12.3 is also applicable to product information sourced from public domain such as from a licensed person's electronic platform.
- S** 12.5. A registered insurance and takaful aggregator must make the following documentation easily accessible to consumers at all times:
- (a) licensed person's sales and marketing materials;
 - (b) insurance or takaful product disclosure sheet;
 - (c) frequently asked questions on insurance or takaful product;
 - (d) claims guides and, where applicable, nomination guides;
 - (e) terms and conditions of the policy or takaful certificate and
 - (f) claims, nominations and other relevant forms.

13. Transparent and impartial conduct

- S** 13.1. A registered insurance and takaful aggregator must ensure transparent and impartial presentation of insurance or takaful products to avoid systematic bias that can lead to consumers making suboptimal choices.
- G** 13.2. Examples of circumstances that may breach paragraph 13.1 are, if a registered insurance and takaful aggregator-
- (a) arrange certain insurance and products on the top of the page against its default arrangement (i.e. price or alphabetical order);
 - (b) manipulate its sorting, filtering or scoring algorithm to promote products from certain licensed persons; and
 - (c) making suggestive statements or labels that may mislead consumers to purchase certain insurance or takaful product over another, such as "You may wish to consider product A as most of our customers purchase product A."

- S** 13.3. A registered insurance and takaful aggregator must not enter into any exclusive arrangement with a licensed person which would limit or prevent -
- (a) any other licensed person from offering any type of insurance or takaful products using the registered insurance and takaful aggregator's services; or
 - (b) the registered insurance and takaful aggregator from offering any type of insurance or takaful products from other licensed persons.
- S** 13.4. A registered insurance and takaful aggregator who assigns a score to each insurance or takaful product as part of its comparison features must:
- (a) compute the score solely based on objective criteria and without bias; and
 - (b) provide meaningful disclosure on the methodology deployed in computing the scores.
- S** 13.5. If a registered insurance and takaful aggregator chooses to filter or disclose selected insurance or takaful product quotes available based on a consumer's specific requirements, the criteria used to select those insurance or takaful products must be adequately disclosed.

14. Prohibition in providing recommendation

- S** 14.1. A registered insurance and takaful aggregator must not provide a recommendation to consumers in respect of any insurance or takaful products.
- G** 14.2. In assessing whether an activity constitutes a recommendation as defined in paragraph 5.2, the following factors may be considered -
- (a) whether the registered insurance or takaful operator holds itself out as providing a recommendation to a consumer;
 - (b) whether factual information is presented to the consumer in a biased manner; and
 - (c) whether factual information is tailored to the specific circumstances or requirements of a consumer.

Question 4

Please describe any activity that may fall within the definition of "recommendation" (as defined in paragraph 5.2) which should not be prohibited for a registered insurance and takaful aggregator, including the reasons and justifications.

- G** 14.3. Examples of a recommendation include -
- (a) if a registered insurance and takaful aggregator makes the following statements, in any manner:
 - (i) "You need an insurance coverage of RM800,000. Since you already have an existing coverage of RM500,000, I recommend you to buy a term life insurance with a cover of RM300,000."
 - (ii) "Product A is better than product B."
 - (iii) "Product A is more suitable for you than product B."

- (b) if a registered insurance and takaful aggregator generates only a shortlist of insurance or takaful products deemed suitable for a customer based on the personal details provided by the customer instead of generating a full list of insurance or takaful products the customer is eligible to purchase and make a claim.

15. Product suitability

- S** 15.1. A registered insurance and takaful aggregator must inform consumers on factors to consider in choosing a product that is suitable for their needs and circumstances.
- G** 15.2. For purposes of paragraph 15.1, the factors can be made available to consumers in the form of FAQ.

Life insurance/ or family takaful products

- S** 15.3. A registered insurance and takaful aggregator must inform consumers on the differences between pure protection products and other types of life insurance or family takaful products.
- S** 15.4. A registered insurance and takaful aggregator must ensure that suitability assessment tools are made available for consumers to conduct self-assessments of product suitability against their individual profiles, which includes, at a minimum, the following:
 - (a) a needs-analysis calculator to estimate the amount of insurance or takaful cover needed; and
 - (b) a financial budget calculator to gauge the affordability of premiums or takaful contributions payable based on current income, expenditure and financial obligation.
- S** 15.5. A registered insurance and takaful aggregator must direct consumers' attention to the suitability assessment tools referred to in paragraph 15.4 prior to or during the purchase process.
- S** 15.6. A registered insurance and takaful aggregator must take reasonable steps to conduct regular validation and reviews of the effectiveness of the suitability assessment tools and make amendments where necessary.
- S** 15.7. A registered insurance and takaful aggregator must inform the consumer of his right to return the life policy or family takaful certificate within 15 days of the delivery of the policy or takaful certificate.

Motor insurance or takaful products

- S** 15.8. A registered insurance and takaful aggregator must inform consumers on the differences between comprehensive, third party fire and theft, third party and Act cover of motor insurance or takaful products.
- S** 15.9. A registered insurance and takaful aggregator must inform consumers during the pre-contractual stage or renewal of motor insurance or takaful cover of the following:

- (a) the present market value of the motor vehicle;
- (b) the importance of insuring the motor vehicle at the appropriate market value; and
- (c) the effect of over-insurance or takaful and under-insurance or takaful when a claim is made.

- S** 15.10. In determining the present market value of a motor vehicle under paragraph 15.9(a), the registered insurance and takaful aggregator must refer to the ISM Automobile Business Intelligence System (ISM-ABI system) or any other credible vehicle valuation database.
- S** 15.11. A registered insurance and takaful aggregator must provide the present market value to consumers without additional charges.

16. Consumer assistance and redress mechanism

- S** 16.1. A registered insurance and takaful aggregator must provide adequate information on avenues available for consumers to file complaints and make enquiries, including details about—
- (a) licensed persons' complaint or customer service unit;
 - (b) Bank Negara Malaysia LINK and BNMTELELINK for any enquiries or complaints which the registered insurance and takaful aggregator and licensed person fails to resolve; and
 - (c) the Ombudsman for Financial Services (OFS) as the alternative channel to resolve disputes between licensed persons and consumers.
- S** 16.2. A registered insurance and takaful aggregator must establish its internal complaints and enquiries handling procedures to preserve integrity, quality and efficiency of services.
- G** 16.3. Consumer support services should be provided in various forms, such as through live chat features, a consumer service hotline or email query facilities.

17. Data protection

- S** 17.1. A registered insurance and takaful aggregator must have in place and implement a strict privacy policy which complies with the policy document on Management of Customer Information and Permitted Disclosure.
- S** 17.2. A registered insurance and takaful aggregator must inform consumers of any information on the consumers that it intends to share with the licensed person prior to the sharing of such information.

18. Management of conflict of interest

- S** 18.1. A registered insurance and takaful aggregator must have in place written policy and procedures to identify and manage any conflict of interest between the registered insurance and takaful aggregator and any person from adversely affecting the interest of consumers.

- S** 18.2. A registered insurance and takaful aggregator must be able to clearly demonstrate effective conflict of interest management in relation to its remuneration arrangement, to preserve the integrity of its services and welfare of its customers. This includes but not limited to, those based on the volume or value of referrals or sales of insurance or takaful product sourced from a licensed person.
- S** 18.3. A registered insurance and takaful aggregator must explicitly disclose any conflict of interest which may adversely affect the interest of consumers, to help consumers make an informed decision on whether or not to engage the services of the registered insurance and takaful aggregator.
- G** 18.4. In relation to paragraph 18.1, a registered insurance and takaful aggregator should establish, implement and maintain the policy and procedures to address conflicts of interest. The policy and procedure should include the following:
- (a) identification of conflict of interest;
 - (b) management and disclosure of the identified conflict of interest; and
 - (c) proper recording, updating and documentation of conflict of interest.
- G** 18.5. In relation to paragraph 18.1, a registered insurance and takaful aggregator should periodically assess and review the policy and procedure to address any deficiencies and ensure its continued relevance.
- G** 18.6. In relation to paragraph 18.3, example of conflicts of interest include situation where a registered insurance and takaful aggregator is-
- (a) remunerated by a licensed person based on volume or value of referrals or sales of insurance or takaful product sourced from the licensed person; and
 - (b) owned by shareholders who also have interest in shares in a licensed person.

Question 5

As a registered insurance and takaful aggregator is typically remunerated based on volume or value of referrals or sales, there is an inherent incentive for it to focus on selling products from licensed persons who offer higher remuneration.

What should an insurance and takaful aggregator do to manage its conflict of interest effectively, especially in relation to incentive conflict of interest?

19. Information technology and security

- S** 19.1. A registered insurance and takaful aggregator must-
- (a) undertake secure coding practices as well as intelligence-led system penetration testing for prevention against hacking and malware attacks, where-
 - (i) the penetration testing must be conducted on the internal and external network infrastructure, as well as critical application systems including web, mobile and all external-facing applications;
 - (ii) the penetration testing must reflect extreme but plausible cyberattack scenarios based on emerging and evolving threat landscapes;

- (iii) a suitably accredited penetration testers and service providers are to be engaged to perform the penetration testing;
 - (iv) penetration testing results must be timely escalated to senior management for oversight and governance over the findings and remediation progress, and;
 - (v) all lapses identified during the penetration test are to be rectified prior to deployment.
 - (b) establish and deploy a robust cryptography policy to protect information as well as promote adoption of strong and consistent cryptographic controls that underpin a highly resilient digital security of technology systems;
 - (c) ensure technology systems and infrastructure, including critical systems outsourced to or hosted by third party service providers, are adequately protected against all types of Distributed Denial-of-Service (DDoS) attacks including volumetric, protocol and application layer;
 - (d) subscribe to DDoS mitigation services, which include automatic 'clean pipe' services to filter and divert any potential malicious traffic away from the network bandwidth;
 - (e) implement mechanism to mitigate against domain name system (DNS) based layer attacks;
 - (f) implement timely detection mechanism of cybersecurity events through continuous surveillance and monitoring;
 - (g) implement effective disaster recovery arrangement and backup capability for the critical IT systems and infrastructure to ensure continuous availability.
- G** 19.2. In addition to the requirements in paragraph 19.1, a registered insurance and takaful aggregator should also have in place measures to-
 - (a) ensure mobile applications to run only on the supported version of operating system and enforce the application to operate on secured version of operating system which have not been compromised, jailbroken or rooted *i.e.* the security patches are up-to-date;
 - (b) enforce effective data protection and restrict the applications from storing data in "clear text";
 - (c) deploy latest industry-tested and accepted encryption techniques;
 - (d) deploy network security protection such as firewalls, intrusion prevention system and anti-advanced persistent threat (APT) tools for protection against cyber-attacks; and
 - (e) ensure the security of system access and network linkage with any parties are safeguarded by firewalls, use of latest version of encryption standards and adoption industry-standard payment protocols.
- S** 19.3. A registered insurance and takaful aggregator which arranges the procurement of insurance or takaful products from a licensed person must-
 - (a) put in place effective login method for potential consumers that have agreed to purchase and pay for their preferred product directly via the registered insurance and takaful aggregators;
 - (b) implement multi-factor authentication (MFA) which is proportionate to the level of risk of the transaction;
 - (c) ensure that the MFA solution used to authenticate payment transactions are adequately secured, which includes the following:

- (i) binding of the MFA solution to the customer's account;
 - (ii) activation of MFA must be subject to verification by ITA; and
 - (iii) timely notification to customers of any activation and changes of MFA solution via customer's verified communication channel.
 - (d) set transaction limits to manage payment transaction fraud risk;
 - (e) put in place enhanced fraud mitigation measures including consumer awareness programs for managing prevalent threats e.g. phishing and identity theft by implementing controls to authenticate and monitor all financial transactions. These controls at a minimum must be able to mitigate man-in-the-middle attacks, transaction fraud, phishing and compromise of application systems and information;
 - (f) notify consumer of any payment transactions and incorporate details such as name of payee company, transaction amount, date and time; and
 - (g) engage only a registered operator of a payment system or an approved operator of a payment system.
- G** 19.4. In addition to the requirements in paragraph 19.3(e), a registered insurance and takaful aggregator should also deploy automated fraud detection system which has the capability to conduct heuristic behavioural analysis.
- S** 19.5. A registered insurance and takaful aggregator must fully understand the inherent risk of adopting cloud services. A risk assessment needs to be conducted prior to cloud adoption, which considers the inherent architecture of cloud services which rely on sharing of resources and services across multiple tenants over the Internet. This risk assessment must include consideration of the following:
- (a) sophistication of the deployment model;
 - (b) migration of existing system to cloud infrastructure;
 - (c) location of cloud infrastructure;
 - (d) multi-tenancy or data co-mingling;
 - (e) vendor lock-in, application portability or interoperability;
 - (f) ability to customise security configurations of the cloud infrastructure to ensure high level of data and technology system protection;
 - (g) exposure to cyber-attacks via cloud service providers;
 - (h) exit strategy including data removal and deletion;
 - (i) demarcation of responsibilities, limitations and liability of the service provider; and
 - (j) compliance with any regulatory requirements issued by the Bank and international standards on cloud computing.

20. Submission of statistics

- S** 20.1. A registered insurance and takaful aggregator must submit to the Bank the following statistics in the format specified in Appendix 2 Form A, on a quarterly basis:
- (a) the number of complaints it received with breakdown by types of complaints; and
 - (b) the number of unique site visits.
- S** 20.2. A registered insurance and takaful aggregator which makes referrals in respect of any insurance or takaful products for a licensed person must submit to the

Bank the following statistics in the format specified in Appendix 2 Form B, on a quarterly basis:

- (a) the number of insurance or takaful referrals;
- (b) the number of insurance or takaful referrals which resulted in the purchase of insurance or takaful products; and
- (c) the total insurance or takaful gross premiums or takaful contributions from the referrals which resulted in the purchase of insurance or takaful products.

S 20.3. A registered insurance and takaful aggregator which arranges the procurement of insurance or takaful products from a licensed person must submit to the Bank the following statistics in the format specified in Appendix 2 Form C, on a quarterly basis:


- (a) the number of insurance policies or takaful certificates purchased; and
- (b) the total insurance gross premiums or takaful gross contributions purchased.

Question 6

What would be the challenges, if any, to comply with the information technology and security requirements in paragraph 19 and statistical data submission requirements in paragraph 20?

APPENDICES

Appendix 1: Registration Form

		<h2 style="text-align: center;">Registration Form</h2> <h3 style="text-align: center;">to Carry on Insurance and Takaful Aggregation Business</h3>										
1.	Name of company											
2.	Date of incorporation											
3.	Principal place of business	<ul style="list-style-type: none"> • Address: • Telephone Number: • Fax Number: • Email Address: 										
4.	Authorised capital											
5.	Paid-up capital											
6.	Listing of shareholders	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;">Name of shareholders</th> <th style="width: 20%;">% Shareholding</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> </tbody> </table>		Name of shareholders	% Shareholding							
Name of shareholders	% Shareholding											
7.	Listing of directors	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Name</th> <th style="width: 33%;">Designation</th> <th style="width: 34%;">Shareholders represented (if applicable)</th> </tr> </thead> <tbody> <tr> <td> </td> <td> <ul style="list-style-type: none"> - Chairman - Executive - Non-executive - Independent </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>		Name	Designation	Shareholders represented (if applicable)		<ul style="list-style-type: none"> - Chairman - Executive - Non-executive - Independent 				
Name	Designation	Shareholders represented (if applicable)										
	<ul style="list-style-type: none"> - Chairman - Executive - Non-executive - Independent 											
8.	Name of partner insurers/takaful operators and the products	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Name</th> <th style="width: 40%;">Products</th> </tr> </thead> <tbody> <tr> <td>1. </td> <td> </td> </tr> <tr> <td>2. </td> <td> </td> </tr> <tr> <td>3. </td> <td> </td> </tr> </tbody> </table>		Name	Products	1.		2.		3.		
Name	Products											
1.												
2.												
3.												
9.	Name of external auditor and engagement partner											
10.	Date of proposed commencement of the insurance and takaful aggregation business											
11.	Contact details of senior officers for purpose of correspondence	<ul style="list-style-type: none"> • Name: • Designation: • Telephone Number: • Email Address: 										

12. Declaration:

On behalf of _____, I _____ (I/C or passport no.: _____), (Designation: Chief Executive Officer / Managing Director), declare that all the information submitted in this form is true, correct and complete.

The company has met all the requirements as specified under Part 1 and Part 2 of Schedule 2, of the Order.

I understand that if I furnish any information which is false, inaccurate, misleading or contains material errors or omissions, the company, will not be registered.

AND I MAKE THIS SOLEMN DECLARATION CONSCIENTIOUSLY BELIEVING THE SAME TO BE TRUE, AND BY VIRTUE OF THE PROVISIONS OF THE STATUTORY DECLARATIONS ACT 1960.

SUBSCRIBED AND SOLEMNLY DECLARED BY THE ABOVENAMED

AT _____
 IN THE STATE OF _____
 THIS DAY OF _____ 20_____

Before me:

(Signature _____ of _____ Sessions _____ Court _____ Judge,
 Magistrate or Commissioner for Oaths)

Appendix 2

Form A – Statistics on number of visits and complaints

(a) Number of unique site visits	
(b) Total number of complaints	
a. Marketing and sales ¹	
b. Personal data protection ²	
c. Customer related services ³	
d. Others	

1 example: misleading information published, misrepresentation by staff (i.e. through live chat or phone call)

2 example: loss or misuse of customer information

3 example: delay in providing confirmation of purchase, unprofessional behaviour of staff (i.e. through live chat or phone call)

Form B – Statistics on referrals and purchases

Types of Product	[Type of Product]		[Type of Product]	
	Insurance	Takaful	Insurance	Takaful
(a) Number of insurance/takaful referrals				
(b) Number of insurance/takaful referrals which resulted in the purchase of insurance or takaful products				
(c) Total insurance/takaful gross premiums/contributions from the referrals which resulted in the purchase of insurance or takaful products				

Form C – Statistics on purchases

Types of Product	[Type of Product]		[Type of Product]	
	Insurance	Takaful	Insurance	Takaful
(a) Number of insurance policies/takaful certificates purchased				
(b) Total insurance/takaful gross premiums/contributions purchased				