

Response to feedback received

Universal Life Business

Introduction

This document contains the Bank Negara Malaysia (the Bank)'s responses to the industry's feedback received during the consultative period on the review of the Universal Life (UL) Business exposure draft.

The Bank received written responses from 11 respondents during the consultation period.

Bank Negara Malaysia
23 December 2019

Effective date and transitional arrangements

- 1. Propose to defer effective date for 6 months to 1 year due to competing resources with implementation of Investment-linked Business requirements**

Taking into account comments and challenges highlighted by licensed insurers, the effective date has been revised to 1 January 2021. A licensed insurer that intends to offer universal life products must ensure that the requirements in the UL Business policy document are complied with.

Prior to 1 January 2021, a licensed insurer is expected to take the necessary measures to prepare for full implementation, including enhancements to its system and processes.

Management of sustainability cover

- 2. Propose to disapply the sustainability test requirements, including disclosure of the outcomes of the sustainability test, for products with a no-lapse guarantee.**

[Paragraph 9]

The Bank agrees with the proposal and has amended the requirements and conditions in paragraphs 9.2 and 9.3 in the UL Business policy document.

Maintenance of insurance fund

- 3. Propose not to separate universal life insurance policies in different insurance fund(s) due to the small size of universal life business at this juncture.**

[Paragraph 16]

Taking into account the comments and challenges highlighted by the licensed insurers, the Bank has amended the requirements to allow, at minimum, notional segregation of assets and liabilities of the UL business within the insurance fund.