



**PIAM**

**PERSATUAN INSURANS AM MALAYSIA**

General Insurance Association of Malaysia

**GENERAL INSURANCE AGENTS  
REGISTRATION REGULATIONS**

# **REGULATIONS TO PROVIDE FOR THE REGISTRATION AND REGULATION OF GENERAL INSURANCE AGENTS (GIARR)**

## **PREAMBLE**

Whereas the Persatuan Insurans Am Malaysia (hereinafter referred to as "the Association") is desirous of formulating regulations defining the method of recruitment and supervision of intermediaries by its member companies with a view to regulate monitor and control their professional conduct work and activities and thereby create a cadre of dedicated and disciplined intermediaries with high professional standards and in exercise of the powers vested in it by Article 6B(i) and (ii) of its Constitution and in furtherance of the objectives outlined in Article 6A(viii) thereof and after consultations with Bank Negara Malaysia hereby makes the following regulations.

### **1. Short Title and Commencement**

- i) These Regulations may be cited as the General Insurance Agents Registration and Regulations ("GIARR").
- ii) These Regulations shall come into force on such date as the Association shall so decide.

### **2. Application of GIARR**

These Regulations shall apply to all intermediaries appointed by insurance companies to obtain general insurance business.

### **3. Definition and Interpretation**

- i) Unless otherwise defined or unless the context or subject matter otherwise requires the same words used in the GIARR shall have the same meanings as defined in the Inter-Company Agreement on General Insurance Business made between and amongst the members of the Association on the 24th day of April 1992.
- ii) For the purposes of these Regulations, a Corporate Agency means any body corporate formed or incorporated or existing within Malaysia and includes:-
  - a) a company incorporated under the Companies Act, 1965;
  - b) a sole-proprietor/partnership of persons carrying on business collectively as a firm;
  - c) any society, club or organisation whether registered under the Societies Act, 1966 or otherwise;

- d) any society registered under any written law relating to cooperative societies;
- e) any public authority or any instrumentality or agency of the Government of Malaysia or of any State.

#### 4. **Enforcement of the GIARR**

The implementation and enforcement of the GIARR shall be vested in the Board who recommend to the Management Committee the appointment of a Registrar and such other person(s) to assist in the administration of the same.

#### 5. **General Insurance Agent's Registrar**

- i) For the purpose of administration of the GIARR the Management Committee shall appoint a General Insurance Agent's Registrar (hereinafter referred to as 'the Registrar'). The Registrar may be an individual a firm or a company.
- ii) The Registrar shall cause a Register (hereinafter referred to as 'the Register') to be kept containing the names addresses and such other particulars as may be prescribed by the Board of all persons registered pursuant to the GIARR.
- iii) The Registrar shall be responsible for the maintenance and custody of the Register which shall be open for the inspection of any member upon its giving to the Registrar reasonable notice in writing of such information.
- iv) The Registrar shall also perform such other duties in connection with the Register as may be prescribed by the Board from time to time.

#### 6. **Application for Registration**

- i) Any person who wishes to be registered under these Regulations shall apply to the Registrar for registration.
- ii) An application for registration shall be made in the specific form and may be varied from time to time by the Board and shall be accompanied by such documents particulars and fee as may be prescribed by the Board from time to time. Such application shall be approved and countersigned by the general insurance company which such applicant desires or purports to represent.
- iii) Where a person has complied with the provisions of Regulation 6 (ii) above and has paid the prescribed fee he shall subject to the provisions of these Regulations be registered by the Board in the Register.
- iv) A person shall not engage in any agency operations or transactions until he has been issued with a Certificate of Registration by the Board.

- v) 1. The Registrar shall grant an immediate "Provisional Registration" from the date of the application for a period not exceeding three (3) months subject to the following conditions:-
- a) Provisional Registration shall only apply in the following instances:-
    - i) where the agent is presently operating for one Principal and a second Principal is appointing this agent.
    - ii) where there is a change of Principal.
  - b) applications for registration of a second Principal or a change of Principal must be submitted to PIAM by the new Principal upon agreeing to accept such agents concerned in the usual manner i.e. all documentations required for a change of Principal or inclusion as a second Principal must be complied per the normal procedures for registration of agents.
  - c) the new Principal is required to submit together with the usual application a Declaration to the Association as per the format attached in Appendix 1.
2. Principals are, therefore, permitted to immediately transact business with the agents once the declaration has been duly executed by the Chief Executive Officer.
3. It would be the responsibility of the Principal to ensure that the agents who are the subject matter of such declaration by the Chief Executive Officer are registered within the 3 months period from the date of the declaration.
4. The "Provisional Registration" must be immediately withdrawn upon a notice from the Registrar that the application for registration has been rejected or is superseded by the formal approval of the registration by the Registrar.
- vi) Notwithstanding any regulation to the contrary, the Board may put in place such online agency registration system as determined by the Board from time to time for the purposes of facilitating the application for registration and renewal for registration of Agents.
7. **Written Examination**
- i) (a) Every applicant to be registered in addition to the requirements mentioned in these Regulations shall have first obtained a Certificate of Proficiency in General Insurance (CPGI) or a Pre-Contract Examination for Insurance Agents (PCEIA) from the Malaysian Insurance Institute unless such applicant already holds one or more of the qualifications stated in Appendix II hereto.

- (b) With effect from the 1<sup>st</sup> day of April 2003, all new applicants for registration under these Regulations shall, in addition to the qualification referred to in Regulation 7(i)(a), possess as a minimum, the SPM/MCE qualification or equivalent.
- ii) The Board may in appropriate cases exempt any applicant from the requirement to obtain the Certificate of Proficiency in General Insurance (CPGI) or the Pre-Contract Examination for Insurance Agents (PCEIA) referred to in Regulation 7(i) above either unconditionally or on such conditions as the Board deems fit and may at any time add to or delete from or otherwise amend Appendix II hereto.
- iii) Nothing herein shall preclude the Board in its absolute discretion from withdrawing or revoking the exemption granted under Regulation 7(ii) hereof. In such event the Board shall issue a notice by circular to all members of the Association of such withdrawal or revocation.

#### **8. Disclosure and Restriction of Other Interest(s)**

- i) An applicant for registration as an Agent under these Regulations or a registered agent having any other business interest(s) shall declare in writing to the Board all such other business interest(s) and notwithstanding the provisions herein contained, the Board shall have the absolute power to determine whether or not such other business interest(s) may be continued and if so the condition (if any) on which and the period for which they may be continued.
- ii) An Agent shall not be an employee or a director of or a shareholder or debenture holder in or have any interest in any other company or firm which is formed for the purpose of transacting or is in fact engaged in transacting any form of insurance business including insurance broking and loss adjusting without the prior written approval of the Board PROVIDED that the prohibition herein contained shall not apply where the shares of that other company are listed on the Kuala Lumpur Stock Exchange.
- iii) A Corporate Agency shall not employ or engage any person who is an employee or director of or a shareholder or debenture holder in or has any interest in another Corporate Agency without the prior written approval of the Board PROVIDED that the prohibition herein contained in employing or engaging a shareholder or debenture holder or holder of any interest shall not apply where the shares of that other Corporate Agency are listed on the Kuala Lumpur Stock Exchange.
- iv) An employee or director or shareholder or debenture holder of or in a Corporate Agency or any other person having an interest in a Corporate Agency shall not:-
  - (a) be a director or shareholder or a debenture holder of or in another Corporate Agency; or
  - (b) have any interest in any other company or firm which is formed for the purpose of transacting or is in fact engaged in transacting any form of insurance business including insurance broking and loss adjusting, without

the prior written approval of the Board PROVIDED that the prohibition herein contained shall not apply where the shares of that other Corporate Agency or other company (as the case may be) are listed on the Kuala Lumpur Stock Exchange.

- v) A Corporate Agency shall not employ or engage any person who is an employee or director or a shareholder or a debenture holder or who has an interest in another company or firm which said company or firm is or has been formed for the purpose of transacting or is in fact engaged in transacting any form of insurance business including insurance broking and loss adjusting without the prior written approval of the Board PROVIDED that the prohibition herein contained in employing or engaging a shareholder or debenture holder or holder of any interest shall not apply where the shares of that other company are listed on the Kuala Lumpur Stock Exchange.
- vi) An employee or director or shareholder or debenture holder of or in a Corporate Agency or any other person having an interest in a Corporate Agency shall not have any interest in any other company or firm which is formed for the purpose of carrying on business as a Call Center and rendering its Call Center services to general insurance companies.

9. **Cancellation or Suspension of Registration or Refusal to Register by the Board**

- i) If any person applying for registration or already registered in the Register:
  - (a) is found to be of unsound mind;
  - (b) has been convicted of criminal misappropriation, criminal breach of trust, cheating or abscondment or forgery or abetment of or attempt to commit any such offence;
  - (c) has been convicted of fraud dishonesty or misrepresentation against any member or against any person having official dealings with any member;
  - (d) has been declared a bankrupt or insolvent;
  - (e) has outstanding premium debts or other financial obligations with another insurer with whom he previously had an agency agreement;
  - (f) has had his registration terminated in accordance with Regulation 19(iv) hereof;
  - (g) is subject to the restrictions stipulated in Regulation 8 hereof at the material time.

His registration shall be refused or be liable to be cancelled without notice whereupon the Board shall forthwith initiate steps to terminate his agency with the

member and a notice issued by the Board to the member in this respect shall be binding on such member.

- ii) The Board may cancel a Certificate of Registration and direct the removal from the Register of the name of any person registered if it comes to the knowledge of the Board that:
  - (a) the person has obtained registration by a fraudulent or incorrect statement; or
  - (b) there is no subsisting agency agreement with any general insurance company or companies he purports to represent.
- iii) Where the Board intends to cancel the Certificate of Registration of any person and to remove his name from the Register the Board shall except under circumstances cited in Regulation 9(i)(a) (b) and (c) above give fourteen (14) days' prior notice to the person concerned to appear before the Board or to give any evidence or explanation.

PROVIDED that if the person concerned does not appear for the hearing without reason acceptable to the Board, the Board may without hearing forthwith cancel the Certificate of Registration and remove the name from the Register.

- iv) The Registrar shall notify the general insurance company which such person represents when the name of that person has been removed from the Register.
- v) If any person whose Certificate of Registration has been cancelled under these Regulations, is on inquiry or otherwise subsequently exonerated by a competent authority/appellate authority of the charges for which his Certificate of Registration was cancelled and makes application in such manner and pays such fee as may be prescribed, the Board may direct that the name of that person be re-entered in the Register and that a new Certificate of Registration be issued.
- vi) The Board may order suspension of the Certificate of Registration of an Agent whose conduct is under investigation by the Board.

**9A. Enforcement of Cash-Before-Cover (CBC) Regulations on Motor Insurance**

- i) Notwithstanding anything to the contrary in these Regulations, the Board shall comply forthwith and take all necessary steps to give effect to any direction issued by Bank Negara Malaysia in relation to any Agent including any requirement by Bank Negara Malaysia for the suspension or cancellation of a Certificate or Registration issued to an Agent.
- ii) The requirement of Regulations 9(iii), 19, 20 and 21 of these Regulations shall not apply in relation to the matters covered by this sub-regulation including the exercise of the powers of the Board conferred by this sub-regulation.

10. **Certificate of Registration**

- i) Where a person has been registered in the Register the Board shall issue to him a Certificate of Registration indicating the company or companies which he represents.
- ii) A Certificate of Registration issued hereunder shall be valid (unless earlier cancelled) for a period of two years. The Board shall determine the commencement of the two-year terms of Certificates of Registration to be issued.
- iii) A person registered under the provisions of these Regulations shall be referred to as a "Registered General Insurance Agent".
- iv)
  - a) A Registered Agent shall at all times display his Certificate of Registration at his place of business;
  - b) Where a Registered Agent has more than one place of business or proposes to have more than one place of business, he shall register each such place of business (hereinafter referred to as "the branch office") with the Association in the requisite form. In such circumstances, the Registered Agent is also to inform the Association of his principal place of business;
  - c) Upon registration of each branch office, the Registrar is to issue a Certificate of Registration for the branch office which is to be co-related with the original certificate of registration of the Registered Agent;
  - d) The Certificate of Registration for each branch office is to be displayed at the branch office;
  - e) A Registered Agent shall at all times ensure that each branch office has:-
    - i) proper office premises to transact general insurance business;
    - ii) a valid licence obtained from the local authorities/municipality to operate such business;
    - iii) a proper signboard on display indicating the name of the Registered Agent and the company or companies that it represents. Each letter in the name of the agency appearing on the signboard is to be at least twice the size (both in length and breadth) of each letter of the name/s of the company or companies it represents. In addition, the words "agents for" is to precede the name of the companies or companies which the Agent represents;
    - iv) at least one (1) qualified staff who is a holder of a Certificate of Proficiency in General Insurance (called the Designated Person-In-Charge) stationed at the branch office to attend to the daily transactions of general insurance business at the branch office;



PROVIDED that where the Designated Person-In-Charge leaves the employment and/or services of the Agent, the Agent shall obtain another Designated Person-In-Charge within 30 days from the date of resignation of the Designated Person-In-Charge from the agency.

- v) A Registered Agent shall represent only the company named in the Certificate of Registration and may not represent any other company. In the event that the Registered Agent no longer represents any company the Registered Agent must immediately notify the Board of such event and apply for the issuance of a new certificate in respect of his new Principal.

#### 11. **Biennial Certificates**

- i) The Certificate of Registration issued under Regulation 10 hereof shall be deemed to be the biennial certificate for a two-year term.
- ii) Any Registered Agent who desires to be retained in the Register after the date on which the Certificate of Registration is due to expire shall not later than sixty (60) days before such expiry make an application to be retained. The said application and the payment of the prescribed fee for the same shall be made pursuant to such procedures as established by the Board from time to time.
- iii) Upon the application and payment as aforesaid the Board shall, if satisfied that the Registered Agent has a continuing agency with the member and the Registered Agent is in compliance with the requirements of Regulation 15 (iii), cause the Registrar to issue a certificate (to be styled Biennial Certificate) authorizing him to be recognized as a registered general insurance agent during the ensuing two years in respect of which the same is issued.
- iv) The Biennial Certificates shall be valid for the duration specified thereon unless cancelled in the manner provided and as prescribed in these Regulations.
- v) Subject to approval by the Board, a registered Agent who has failed to apply for a Biennial Certificate in the manner and within the period laid down in these Regulations may on making an application in such form and on payment of such additional fee as may be prescribed be granted a Biennial Certificate for the remaining period of the two-year term if the application is made at any time during the two years ensuing the expiry of the last Certificate issued.
- vi) The name of any general insurance agent who was previously in the Register and who fails to obtain a Biennial Certificate for the relevant period shall be removed from the Register.
- vii) All undertakings given by the Registered Agent at the time of his application to register as a Registered Agent shall continue to apply so long as the Registered Agent is registered in the Register.

**12. Presumptions as to Register**

- i) The entry of a person's name on the Register shall be prima facie evidence that the person described therein is registered and authorized to engage in general insurance agency business under these Regulations for the relevant company for that two-year term or such part remaining thereof.
- ii) The absence of any name from the Register shall be prima facie evidence that the person is not authorized to engage in general insurance agency business under these Regulations for such company.

**13. Notification of Changes**

- i) An Agent shall notify the Registrar in writing whenever there has been any change in his name or address or when he commences or ceases to represent any general insurance company. Such notification shall be made within one (1) month of such change and this notification may be made through his Principal.
- ii) Notwithstanding the foregoing provision a member shall notify the Registrar in writing within fourteen (14) days of any change in the name or address of its Agent or when its Agent ceases to represent it.

**14. Correction or Alteration of General Insurance Agents' Register**

- i) The Registrar shall from time to time amend insert or remove from the Register any relevant particulars which comes to his knowledge regarding the name and address of any person registered as an Agent therein or concerning the general insurance company such Agent represents.
- ii) The Board may direct the Registrar to remove from the Register the name of an Agent who:
  - (a) is deceased; or
  - (b) has his address in Malaysia where he cannot be traced.
- iii) The Board may cause to be published in any manner as it reasonably deems fit any correction alteration or deletion to the Register.

**15. Functions of an Agent**

- i) Every Agent shall solicit and procure new general insurance business in terms of his appointment as Agent and shall endeavour to conserve the business already secured.
- ii) In procuring new general insurance business an Agent shall:

- (a) take into consideration the needs of the proposers for general insurance and their capacity to pay premiums;
  - (b) make all reasonable enquiries in regard to the risks and to bring to the notice of his Principal any circumstances which may adversely affect the risk to be underwritten;
  - (c) take all reasonable steps to ensure that the necessary proposal forms are fully and accurately completed by each proposer of insurance.
- iii)
- (a) With a view to instilling a higher level of professionalism and commitment amongst Agents, every registered general insurance agent shall ensure that he procures sufficient general insurance business (be it new general insurance business or renewals of existing policies) which results in the actual receipt of gross premiums totalling at least **RM50,000** (“the Minimum Maintenance Requirement”) **from 1 July 2015**.
  - (b) the Minimum Maintenance Requirement shall be achieved during either the first or second years of the two (2) year period of validity of the Certificate of Registration. For the purposes of achieving the Minimum Maintenance Requirement, the Registered Agent shall not be entitled to take the cumulative amount of the gross premiums as actually received during the validity period of the Certificate of Registration;
  - (c) the Minimum Maintenance Requirement shall apply to all Registered Agents as follows:-
    - (i) for new agents registered from 1 July 15, the gross premiums totalling at least RM20,000 will apply in the first two years\* of becoming an agent and the gross premiums totalling at least RM50,000 will apply after the third year\* of becoming an agent (\*based on the date the agent is first registered).
    - (ii) for existing registered agents, the Minimum Maintenance Requirement of RM50,000 will apply following the next renewal of the agency i.e. after the 2 years reprieve period is given upon the agents’ renewal from 1 July 2015.
  - (d) any Registered general insurance agent who fails to meet the Minimum Maintenance Requirements shall not be entitled to renew his Certificate of Registration or apply for registration as an Agent for a period of twelve (12) months.
- iv) Every registered general insurance agent shall with a view to conserving the business already secured endeavour to maintain contact with all persons who have become policyholders through him and shall render all reasonable assistance to

the claimants in filing claim forms and generally in complying with the requirements laid down in relation to settlement of claims.

- v) Nothing contained in these Regulations, however, shall be deemed to confer any authority on a registered general insurance agent to perform any function(s) pertaining to loss survey or loss adjustment or settling or approving of any insurance claims.

## **16. Conduct of an Agent**

- i) An Agent shall in his conduct be guided by the General Insurance Business Code of Practice for All Intermediaries Other than Registered Insurance Brokers included as Appendix III to these Regulations. A declaration of observance of the Code is to be signed by the Agent.

Notwithstanding the guide included in the aforesaid Code of Practice, an Agent shall not in the course of his engaging in the agency business with a member do the following:-

- (a) make or issue or cause to be made or issue any written or oral statement misrepresenting or making misleading unfair or biased comparison regarding the terms conditions or benefits in any policy; or
  - (b) prevent the person effecting insurance from stating material facts to the general insurance company or induce the person not to state them; or
  - (c) induce the person effecting insurance to make a misrepresentation to the general insurance company in regard to material facts.
- ii) A registered general insurance agent may at any time represent not more than two (2) general insurance companies.
  - iii) An Agent shall not engage any person to solicit for general insurance on his behalf and shall not pay to such person any commission or any other compensation in respect thereof.

PROVIDED that this prohibition shall not prevent any Corporate Agency engaging full-time employees for the purpose of soliciting general insurance on behalf of the Corporate Agency.

- iv) An Agent shall comply in all material respects with the terms and conditions of the Inter-Company Agreement on General Insurance Business made between and amongst the members of the Association on the 24<sup>th</sup> day of April 1992 (as amended and as may be amended from time to time) and all rules, regulations and guidelines issued thereunder in so far as any of the same:-
  - (a) requires such agent to conduct himself in any manner as may be required.

- (b) requires the principal of such agent to ensure that such agent conducts himself in any manner as may be required.
- v) An Agent who acts in contravention of any of the aforesaid provisions shall have or be deemed to have committed an offence against these Regulations.
- vi) Premiums or Monies Collected on Behalf of Principal
  - (a) An Agent shall remit direct to his Principal or remit/deposit into a bank account designated by the Principal in the name of the Principal all premiums and/or monies collected on behalf of his Principal.
  - (b)(1) An Agent shall ensure that in the case of:-
    - (aa) "Cash-Before-Cover" motor policies, all premiums must be collected in full before the commencement of the assumption of risk and remitted to his Principal within (7) working days from the date of collection or inception of the policy, whichever is earlier;
    - (bb) "Cash-Before-Cover" for individual personal accident and individual travel insurance, all premiums must be collected in full before the commencement of the assumption of risk and remitted to his Principal within fifteen (15) calendar days from the date of receipt of the premium or inception of the policy, whichever is earlier;
    - (cc) in other classes of business with the exception of Marine Cargo, Marine Hull, Bonds, Contractors' All Risks and Erection All Risks policies, the Agent may offer credit to his client for a maximum period of sixty (60) days from the date of inception of the policy and on such terms as are approved by his Principal in writing. All premiums collected by the Agent must be remitted to the Principal within fifteen (15) calendar days from the date of collection.
  - (2) Pursuant to the Revised Guidelines on CBC Requirements issued by Persatuan Insurans Am Malaysia under Members' Circular No. 187 of 2008 dated 15<sup>th</sup> September 2008 ("**Guidelines on CBC Requirements**") each Insurer is required to :-
    - (aa) monitor compliance by their respective Agents of the requirements on Cash-Before-Cover (motor) policies ("**CBC Requirements**");
    - (bb) monitor compliance with the CBC Requirements of the Insurer's Agents on a quarterly basis ("**Reporting Quarters**") in respect of each period of two (2) calendar years ("**Period**"). The first of such two(2) calendar year period shall commence from 1<sup>st</sup> July 2005 and expire on 31<sup>st</sup> December 2006. The monitoring of compliance with the CBC Requirements shall start afresh for each Period;

- (cc) submit a report to the Board within fourteen (14) days of each Reporting Quarter (“**Report**”) on any non-compliance with the CBC Requirements of the Insurer’s Agents;
  - (dd) notify the Board of a Suspension Event in relation to any of its Agents. This notification is to be in writing (“Notification of Suspension Event”) and is to be issued to the Board not later than fourteen (14) days after the expiry of the Reporting Quarter when the Suspension Event took place;
  - (ee) suspend the relevant Agent, upon a Suspension Event, from conducting any CBC business for a period of six (6) months (“**the Suspension**”) with the Suspension to commence fourteen (14) days from the date of issue of the Notification of Suspension Event;
  - (ff) immediately shut down the computer access by the relevant Agent, upon a Suspension Event, from conducting any CBC business.
- (3) A Suspension Event for the purposes of the Guidelines on CBC Requirements and for these Regulations is:-
- (aa) where an Agent has one (1) Principal, when the Agent is not in compliance with the CBC Requirements for any three(3) Reporting Quarters (whether consecutive Reporting Quarters or otherwise) within the Period;
  - (bb) where the Agent has two (2) Principals, when the Agent is not in compliance with the CBC Requirements for any 3 Reporting Quarters (whether consecutive Reporting Quarters or otherwise) within the Period for one or both Principals.
- (4) The Board shall notify and require all the other Principal(s) of the Agent who has committed the Suspension Event to effect the Suspension within fourteen (14) days from the date of issue of the notification by the Board.
- (5) Where an Agent has been Suspended, the Agent concerned is not allowed to appoint a new Principal (if Agent has 1 Principal only) and/or change Principal during the period the Agent is Suspended.
- (6) Upon expiry of the Suspension and where based on a Report the relevant Agent is again in breach of the CBC Requirements for any subsequent Reporting Quarter with any one Principal, the Board shall cancel the Certificate of Registration issued to the Agent. The cancellation of the Certificate of Registrations shall be final and binding upon the Agent. The Agent shall be barred from conducting any general insurance business for a period of twelve (12) months.

- (7) The Reports and the Notification of Suspension Event issued pursuant to the Guidelines on CBC Requirements shall be treated as final and conclusive by the Board.
- (8) The requirements of Regulations 9(iii), 19, 20 and 21 of these Regulations shall not apply in relation to the matters covered by this Regulation including the exercise of the powers of the Board conferred by this Regulation. The terms as defined in the Guidelines on the CBC Requirements shall apply for the purposes of these Regulations.

**16A. Continuing Professional Development (CPD) Requirement of a Registered General Insurance Agent**

A registered general insurance agent shall comply with the Continuing Professional Development (CPD) requirements as specified in Appendix IV of these Regulations.

**17. Corporate Nominees**

- i) A Corporate Agency shall be represented by a nominee or nominees who shall be known as Corporate Nominee(s).
- ii) The appointment of a Corporate Nominee or Nominees by a Corporate Agency shall be subject to the approval of the Board. A Corporate Agency must satisfy the Board that a person intended to be appointed as a Corporate Nominee has at least the following qualifications:-
  - (a) is the Principal Officer of that Corporate Agency or such other Officer as may be approved by the Board in writing;
  - (b) he is engaged full time in the principal office of the Corporate Agency; and
  - (c) he is a person of good character and high business integrity.
- iii) All the provisions and regulations herein relating to the conduct function and restrictions on individual agents shall apply mutatis mutandis to Corporate Nominees.
- iv) Where a Corporate Nominee leaves the employment of the Agency, the Agency is required to replace the Corporate Nominee within 30 days from the date of resignation of the Corporate Nominee from the Agency.

**18. Contravention of GIARR**

- i) Where the Board has reason to believe that an Agent has acted in contravention of these Regulations, the Board may issue orders to the Agent concerned for any or all of the following:-
  - (a) the presentation of the written statements, illustrations or other material used by him in the course of soliciting for general insurance business;
  - (b) the submission of a statement or report under oath concerning the matter(s) alleged against him;
  - (c) allowing access during normal working hours to a duly authorized inspector/s appointed by the Board to inspect the agent's books, documents and other materials and to make any extracts necessary from those records.
- ii) An Agent who fails to comply with an order of the Board under Regulation 18(i) above shall be deemed to have committed an offence under these Regulations. For the purpose of this Regulation, an agent shall be deemed to have failed to comply with an order of the Board if he has not complied with it fourteen (14) days after receipt of a written notice from the Board.

**19. Inquiries into Complaints**

- i) If any Agent including any person applying for registration or already registered in the Register is alleged in terms of a written complaint received by the Board to be guilty of an offence under these Regulations or of any conduct unworthy or unbecoming of a professional insurance agent, the Board may institute an inquiry into the said complaint or allegation.
- ii) If the Board is satisfied that a case has been established for instituting an inquiry into the complaint or allegation, the Board may forthwith order suspension of the current Certificate of Registration issued to the Registered Agent concerned and if the Agent is exempted from registration, require the Agent to suspend all or such part of the Agent's general insurance business as determined by the Board.
- iii) The Board shall be free to decide the manner mode process and time of the proposed inquiry including the examination of witnesses if any. Upon such inquiry the person against whom such offence or misconduct is alleged shall be entitled to appear before the Board and be heard personally.
- iv) If after due inquiry the Board finds a registered general insurance agent or any person applying for registration guilty of the alleged offence or misconduct the Board shall cancel the Certificate of Registration of the person concerned or refuse to register him, as the case may be.



PROVIDED however that if the Board feels the conduct was not such as to warrant deregistration it may suspend the Certificate of Registration or impose a fine or both and/or reprimand in areas deserving censure.

PROVIDED FURTHER that where the Board finds the person guilty of the offence of not being in compliance with Appendix IV to these Regulations, the penalty as specified in Appendix IV to these Regulations shall apply.

- v) If after due inquiry the Board finds that an Agent exempted from registration is guilty of the alleged offence or misconduct the Board shall suspend all of the Agent's general insurance business.

PROVIDED however that if the Board feels the conduct was not such as to warrant a suspension of all the Agent's general insurance business, the Board may suspend such part of the Agent's general insurance business as determined by the Board or impose a fine or both and/or reprimand in areas deserving censure.

## 20. Appeals

- i) Any person who has been found guilty in accordance with Regulation 19 (iv) or (v) above or whose registration has been cancelled or whose application for registration has been rejected by the Board in the circumstances cited in Regulation 9(i) or 9(ii) or above shall have a right of appeal to the relevant appellate authority which under these Regulations shall be the Management Committee.
- ii) The person submitting an appeal shall do so in his own name.
- iii) The appeal shall be in writing addressed to the Management Committee and shall not contain any disrespectful or improper language and shall be complete in itself.
- iv) The appeal shall be submitted through the Board.
- v) No appeal under this Regulation shall be entertained unless it is submitted within a period of three (3) months from the date on which the intending appellant receives a copy of the Order appealed against.

PROVIDED that the Management Committee may decide to entertain the appeal after the expiry of the said period if it is satisfied that the intending appellant had sufficient cause for not submitting the appeal in time.

- vi) The Board shall within a period of three (3) months from the date of receipt of appeal transmit to the Management Committee the appeal together with its comments and all relevant records.

**21. Consideration of Appeal**

- i) Where an appeal has been received under these Regulations the Management Committee shall consider all circumstances of the case and make such order(s) as it deems fit after the appellant has been given a reasonable opportunity of representing his case either in person or by written submissions.
- ii) All appeals shall be disposed of as expeditiously as possible and in any event not later than six (6) months from the date of receipt of the appeal by the Management Committee.

**22. Powers of the Board to Make Rules**

- i) Subject to the provisions of these Regulations the Board may make any rules to carry out the objectives and purposes of these Regulations.
- ii) In particular and without prejudice to the generality of the foregoing powers such rules may inter alia prescribe:
  - (a) the procedure to be adopted at meetings of the Board;
  - (b) the duties of the Registrar;
  - (c) the form of the Register and the manner in which it shall be kept;
  - (d) the fees to be paid in respect of applications for registration re-registration or late registration under these Regulations; qualifications to be obtained under Regulation 7 and Certificates of Registration issued under Regulation 10;
  - (e) the form and manner in which applications for registration shall be made;
  - (f) the procedure to be adopted at inquiries before the Board;
  - (g) the contents of any forms or other documents required for carrying out the purposes of these Regulations;
  - (h) the appointment and payment of legal advisers, inspectors, etc.
- iii) Rules made by the Board under this Regulation shall be subject to the approval of the Management Committee. When approved such rules shall be published by circular to members and shall take effect from the date of such publication.

**23. Amendment to Regulations**

The Management Committee may by a two-third majority of the Management Committee members in meeting make any amendments to these Regulations.

24. **Miscellaneous**

- i) Unless otherwise specified herein all notices or any other communication to or upon any party shall be deemed to have been given in the case of notices by letter two (2) working days after the same is sent by pre-paid registered post, in the case of notices given by cable one (1) day after the cable was despatched or in the case of notices by telex immediately after transmission thereof. All notices or other communication shall be in writing, and shall be addressed to the last-known address of the addressee.
- ii) Time wherever mentioned shall be of the essence.

**Appendix 1**

(THIS FORM MUST BE SUBMITTED IN DUPLICATE)  
DECLARATION BY NEW PRINCIPAL  
(FOR INCLUSION AS SECOND PRINCIPAL/  
CHANGE OF PRINCIPAL)

1. I hereby declare that we \_\_\_\_\_  
(to insert name of company)  
have appointed the following agent/agency to transact general insurance  
business on behalf of the company.

Name of Agent/Agency : \_\_\_\_\_

Corporate Nominee : \_\_\_\_\_

I/C No : \_\_\_\_\_

Address of Agent/Agency : \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

2. The letter of appointment for inclusion as second Principal/release letter by the previous Insurer for Change of Principal in respect of the above agency is attached for verification by PIAM.
3. We hereby agree that the “Provisional Registration” of the above agency would be effective from the date of declaration and shall be effective for a period not exceeding three (3) months from the date hereof except in the event of receipt of a notice from the Registrar that the formal application for registration has been rejected.

Name of Chief Executive Officer : \_\_\_\_\_

Signature of Chief Executive Officer : \_\_\_\_\_

Date of Declaration : \_\_\_\_\_

## **APPENDIX II**

### **LIST OF QUALIFICATIONS FOR EXEMPTION UNDER REGULATION 7**

1. Associate Malaysian Insurance Institute (AMII)
2. Diploma of the Malaysian Insurance Institute
3. Associate Australian Insurance Institute (AAII)
4. Associate Chartered Insurance Institute (ACII)
5. Foundation Course in General Insurance  
(Malaysian Insurance Institute)
6. Compact General Insurance Agents Course  
(Malaysian Insurance Institute)
7. Intermediate Course in General Insurance  
(Malaysian Insurance Institute)
8. Insurance Executive Development (IRD)
9. Institut Teknologi MARA (ITM) Course in Insurance
10. Universiti Kebangsaan Malaysia (UKM) Course in Insurance
11. Universiti Malaya (UM) Course in Insurance
12. General Insurance Training Course for Agents  
(Malaysian Insurance Institute)
13. Intensive Course for General Insurance Agents  
(Malaysian Insurance Institute)
14. First Course in General Insurance  
(Malaysian Insurance Institute)
15. Certificate of 3rd General Insurance Training  
Course for Agents (Institut Teknologi MARA)

16. Diploma in Life/General Insurance  
(Australian Insurance Institute)
17. Chartered Insurance Institute Certificate of Proficiency  
(London School of Insurance)
18. Associate Insurance Institute of Canada (AIIC)
19. Diploma in Business Studies - Major in Insurance  
(Institut Teknologi MARA)
20. Certificate of Insurance  
(Bombay College of Insurance)
21. General Course in Insurance (28/4/80 to 6/6/80)  
(Chartered Insurance Institute College of Insurance,  
United Kingdom)
22. Kursus Pengurusan Risiko dan Insuran  
(Universiti Malaya)
23. Basic Course in General Insurance  
(Swiss Insurance Training Centre, Zurich)
24. Certificate in General Insurance Examination  
(Singapore Insurance Institute)
25. Diploma In Actuarial Science in MARA
26. Degree of Master of Science by University of Connecticut

### **APPENDIX III**

#### **PERSATUAN INSURANS AM MALAYSIA (General Insurance Association of Malaysia)**

#### **GENERAL INSURANCE BUSINESS - CODE OF PRACTICE FOR ALL INTERMEDIARIES OTHER THAN REGISTERED INSURANCE BROKERS**

This Code applies to general business as defined in the Financial Services Act 2013 including any modification or re-enactment thereof, but does not apply to reinsurance business. Members of the Association undertake to enforce this Code and to use their best endeavours to ensure that all those involved in selling their policies observe its provisions.

It shall be an overriding obligation of an intermediary at all times to conduct business with the utmost good faith and integrity.

In the case of complaints from policyholders (either direct or indirect, for example through the PIAM Info Center, Consumer Associations or Agency Board), the insurance company concerned shall require an intermediary to co-operate so that the facts can be established. An intermediary shall inform the policyholder complaining that he can take his problem direct to the insurance company concerned.

#### **A. GENERAL SALES PRINCIPLES**

1. The intermediary shall:-
  - i) where appropriate, make a prior appointment to call. Unsolicited or unarranged calls shall be made at an hour likely to be suitable to the prospective policyholder;
  - ii) when he makes contact with the prospective policyholder, identify himself and explain as soon as possible that the arrangements he wishes to discuss could include insurance. He shall make it known that he is an agent of one or two company/ies, for whose conduct the company/ies accepts responsibility;
  - iii) ensure as far as possible that the policy proposed is suitable to the needs and resources of the prospective policyholder;
  - iv) give advice only on those insurance matters in which he is knowledgeable and seek or recommend other specialist advice when necessary; and
  - v) treat all information supplied by the prospective policyholder as completely confidential to himself and to the company or companies to which the business is being offered.

2. The intermediary shall not:-

- i) inform the prospective policyholder that his name has been given by another person; unless he is prepared to disclose that person's name if requested to do so by the prospective policyholder and has that person's consent to make that disclosure;
- ii) make inaccurate or unfair criticisms of any insurer; or
- iii) make comparisons with other types of policy unless he makes clear the differing characteristics of each policy; or
- iv) prevent the prospective policyholder from stating material facts to the insurance company or induce the person not to state them; or
- v) induce the prospective policyholder to make a misrepresentation to the insurance company in regard to material facts.

#### **B. EXPLANATION OF THE CONTRACT**

The intermediary shall:-

- i) identify the insurance company;
- ii) explain all the essential provisions of the cover afforded by the policy or policies, which he is recommending, so as to ensure as far as possible that the prospective policyholder understands what he is buying;
- iii) draw attention to any restrictions and exclusions applying to the policy;
- iv) if necessary, obtain from the insurance company specialist advice in relation to items (ii) and (iii) above; and
- v) not impose any charge in addition to the premium required by the insurance company without disclosing the amount and purpose of such charge.

#### **C. DISCLOSURE OF UNDERWRITING INFORMATION**

The intermediary shall, in obtaining the completion of the proposal form or any other material:-

- i) take all reasonable steps to ensure that the necessary proposal forms are fully and accurately completed by each prospective policyholder;



- ii) avoid influencing the prospective policyholder and make it clear that all the answers or statements are the latter's own responsibility;
- iii) ensure that the consequences of non-disclosure and inaccuracies are pointed out to the prospective policyholder by drawing his attention to the relevant statement in the proposal form and by explaining them himself to the prospective policyholder; and
- iv) make all reasonable enquiries in regard to the risks and to bring to the notice of his Principal any circumstances which may adversely affect the risk to be underwritten.

#### **D. ACCOUNTS AND FINANCIAL ASPECTS**

The intermediary shall, if authorised to collect monies in accordance with the terms of his agency appointment:-

- i) keep a proper account of all financial transactions with a prospective policyholder which involve the transmission of money in respect of insurance (including any monies due to the policyholder on endorsements or discounts allowed by the insurance company on the policy).
- ii) acknowledge receipt (which, unless the intermediary has been otherwise authorised by the insurance company, shall be on his own behalf) of all money received in connection with an insurance policy and shall distinguish the premium from any other payment included in the money; and
- iii) remit any such monies so collected in strict conformity with his agency appointment.

#### **E. DOCUMENTATION**

The intermediary shall not withhold from the policyholder any written evidence or documentation relating to the contract of insurance (including any endorsements or discounts or monies due to the policyholder thereon that are allowed by the insurance company).

#### **F. EXISTING POLICYHOLDERS**

The intermediary shall:-

- i) abide by the principles set out in this Code to the extent that they are relevant to his dealings with existing policyholders;

- ii) with a view to conserving the business already secured, endeavour to maintain contact with all persons who have become policyholders through him and shall render all reasonable assistance to the claimants in filing claims forms and generally in complying with the requirement laid down in relation to settlement of claims.

**G. CLAIMS**

- i) If the policyholder advises the intermediary of an incident which might give rise to a claim, the intermediary shall inform the insurance company without delay, and in any event within three (3) working days, and thereafter give prompt advice to the policyholder of the insurance company's requirements concerning the claim, including the provision as soon as possible of information required to establish the nature and extent of the loss. Information received from the policyholder shall be passed to the insurance company without delay.
- ii) Nothing contained in this Code, however, shall be deemed to confer any authority on an intermediary to perform functions pertaining to loss survey or loss adjustment or settling or approving of any insurance claims.

## APPENDIX IV

### **GUIDELINES ON CONTINUING PROFESSIONAL DEVELOPMENT PROGRAM FOR GENERAL INSURANCE AGENTS**

#### **Preamble**

The dynamic and fast changing environment in the financial services industry in general, and the insurance industry in particular, are the impetus behind the growing demand for a professional and ethical general insurance agency force. The spirit of this issue is also reflected in recommendations No. 4.19 and No. 4.20 in the Financial Sector Master Plan (FSMP).

Towards this end, the Continuing Professional Development (CPD) Program For General Insurance Agents will be implemented **with effect from January 1, 2005**. All the practitioners in the general insurance agency force must comply with the training hours and related requirements stipulated in the Guidelines.

It must be noted that only basic and minimum requirements are stated in the CPD Program. Agents are strongly encouraged to better educate themselves and pursue higher and more advanced training programme according to their own training and development needs.

#### **Objectives**

The objective of the CPD Program is to raise the standard of competency and professionalism of the general insurance agency force. The CPD will serve as a guide as to what training programme the agency force should pursue in order to stay updated and continuously upgraded, keeping the agency force abreast of the latest development and demands of the financial services industry.

The 4 Sections in the CPD Program are detailed as follows :-

#### **Section 1**

This section spell out the minimum CPD training hours for the general insurance agents.

- i) All existing registered general insurance agents as at 31<sup>st</sup> December 2004 are required to complete the 20 CPD training hours annually from 2005 onwards.
- ii) New agents registered on or after 1<sup>st</sup> January 2005 are required to complete the 20 CPD training hours from the following calendar year the agent was first registered.

#### **Section 2**

The minimum training hours scheduled above are guidelines on the number of CPD training hours the general insurance agent needs to comply. The agency force can earn the credit points either through attendance of the programme or its assessment (such as assignment, evaluation test, examination etc.)

Individual companies, however, shall identify the training initiatives according to their own unique business focus and marketing strategy. The training initiatives must be skills and knowledge based programme. Pure motivational programme are not encouraged.

The rules and regulations governing the credit hours and accreditation would be categorized into two :-

- Structured

Attendance of training programmes as per the syllabus and scope outlined/detailed for the general insurance agent in this document.

- Unstructured

By attending other programmes not listed in the scope outlined and by following the proposed methods:-

- i) Attending conventions and programmes recognized and approved by individual companies;
- ii) Attending classes and courses recognized and approved by individual companies;
- iii) Going through self study/self learning programmes recognized and approved by individual companies;
- iv) Teaching in courses and programmes recognized and approved by individual companies;
- v) Speaking in conventions/seminars recognized and approved by individual companies.

Breakdown of the 20 CPD training hours awarded for the various structured and unstructured courses will be as follows:-

- |                            |   |                           |
|----------------------------|---|---------------------------|
| i) Technical Training      | - | minimum of 60% (12 hours) |
| ii) Non-Technical Training | - | maximum of 40% (8 hours)  |

(Note: The above breakdown of the technical and non-technical training hours serve as a guide only)

Companies may vary the percentage of hours for either the Technical and Non-Technical training based on the agents' training and development needs of individual companies, but the 20 CPD training hours must be complied).

### **CPD Training Hours – Syllabus and Scope**

The Syllabus and Scope would be applicable to the general insurance agents.

General insurance agents may earn CPD training hours by attending training programs categorized in the following areas:-

<b>Technical Subjects</b>	
i)	Property/Engineering
ii)	Liability
iii)	Marine
iv)	Healthcare/Medical
v)	Miscellaneous
vi)	Motor

<b>Non-Technical subjects</b>	
i)	<p>Sales &amp; Marketing</p> <ul style="list-style-type: none"> <li>★ Effective Selling skills</li> <li>★ Handling difficult and angry customers</li> <li>★ Negotiation Skills</li> <li>★ Art of persuasive communication</li> <li>★ Customer care programme/CRM</li> <li>★ Presentation Skills</li> </ul>
ii)	<p>Computer literacy</p> <ul style="list-style-type: none"> <li>★ Understanding computers and internet</li> <li>★ Microsoft Word</li> <li>★ Microsoft Excel</li> <li>★ Microsoft Power Point</li> </ul>
iii)	<p>People Management</p> <ul style="list-style-type: none"> <li>★ Interpersonal and mentoring skills</li> <li>★ Managing change with self and staff</li> <li>★ Managing people and teams</li> <li>★ Effective listening</li> <li>★ Effective leadership</li> </ul>

iv)	Personal Development <ul style="list-style-type: none"> <li>★ Time Management</li> <li>★ Business English</li> <li>★ Personal effectiveness</li> <li>★ Personal grooming</li> <li>★ Organization &amp; Planning</li> <li>★ Business Ethics</li> <li>★ Communication/Interaction Skills</li> </ul>
v)	General Knowledge <ul style="list-style-type: none"> <li>★ Finance for non-financial managers</li> <li>★ Project management</li> <li>★ Stress management</li> </ul>
vi)	Agency Development <ul style="list-style-type: none"> <li>★ Budget management</li> <li>★ Compliance Issues</li> <li>★ Operational Management</li> </ul>

### **Seminars / Congresses and Conferences**

- It is suggested that individual Company shall maintain the true spirit of CPD by ensuring its agency force to strike a proper balance between classroom training / e-learning and seminars/congresses/conferences attendance. CPD hours earned through attending Seminars/Congresses and Conferences should not exceed 40% of CPD hours for a particular year. This 40% of CPD hours may be divided into technical or non-technical training depending on the topics covered.

### **List of Providers**

- General Insurance Agents may earn CPD training hours by attending the Programmes/ Seminars / Congresses and Conferences by any of the providers shown below.

CPD hours will be credited for attending seminars/congresses/lectures/conferences/coaching conducted by the following list of providers or insurance companies:-

i)	Courses conducted by approved Industry Education providers like MII, CII, AII and other general insurance related bodies
ii)	MII Annual Lectures
iii)	Annual General Insurance Agency Conventions, National Achievers Congress
iv)	Company conventions and congress
v)	In-house training on new products launched by insurers
vi)	Technical Courses provided by relevant institutions e.g. by Inland Revenue Board, Actuarial Society, MIA, ACCA, ICMA, MICPA, etc.
vii)	Agents coaching by Principals

### Section 3

#### *Credit Hours and Accreditation:*

The following rules and regulations governing credit hours accreditation would apply.

<b>Actual Hours (Learning/Lecture/Training Hours) on approved programmes</b>	<b>CPD Credit Hours</b>
Full day , 8 or more actual hours per day	Eight (8) CPD credit hours
Half day , 4 actual hours	Four (4) CPD credit hours
Evening classes, i.e. after 6 p.m.	One (1) CPD credit hour for every actual hour (maximum of 4 credit hours allowed)
E-learning / Multimedia / Approved Self Learning programme	Number of CPD Credit hours awarded to be the same as that awarded to companies recognized classroom learning programme
Lectures, training and speaking	One (1) CPD credit hour for every actual hour of lecture/training or speaking hour (Maximum of eight (8) CPD credit hours allowed per day)
Dialogue/Coaching	One (1) CPD credit hour for every actual hour (Max. of 12.5% of the 40 % CPD credit hours allowed).
Achievement of professional qualification, e.g. FCII, AMII	Eight (8) CPD credit hours for each Qualification obtained

The following conditions will apply for the awarding of the credit points:-

- ★ Credit point for CPD can be earned only once for the same programme i.e. every individual can earn credit from the same programme only once per agency contract.
- ★ Credit points awarded through the 1<sup>st</sup> principal are transferable to the 2<sup>nd</sup> principal under which the agent is registered with PIAM.
- ★ Extra credit points earned in a year cannot be carried forward to the following year.

#### **Section 4**

##### **Compliance**

Individual companies shall be responsible in monitoring the compliance, to keep track and record all CPD requirements of their agents. The CPD requirements would be incorporated into the General Insurance Agents Rules and Regulations (GIARR).

With effect from year 2009, each Principal is required to enter the CPD training hours earned by their agents in the CPD Module under the OARS. This would facilitate the checking and/or tracking of the CPD hours earned by an agent with his other Principal (for agents representing 2 Principals).

The following penalties will be imposed on general insurance agents who do not meet the 20 CPD training hours requirement:-

- \* First time offence : Letter of Warning to be issued by insurer to agents concerned by 31<sup>st</sup> January of the following year.
- \* Second time offence : A 12 months suspension to be imposed on agents who do not meet the 20 CPD hours requirement. The suspension would be applicable on both Principals (for agents representing 2- Principals).

Suspension Letter to be issued by insurer to agents concerned by 31<sup>st</sup> January of the following year.



- \* Third time offence : Upon uplifting of the 12 months suspension and if the same agent fails again to meet the 20 CPD hours, the agent concerned would be terminated and barred from registration for 12 months and this shall be applicable to both Principals (for agents representing two Principals).

#### Expunging of past offences

The counting of the offences committed is cumulative on a 4-year cycle. Past offences outside the 4-year cycle will be expunged, i.e. if an agent after being served with either a letter of warning or suspension has 3 consecutive years of compliance with the 20 CPD hours, all past offence(s) would be expunged from the agent's record.



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