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Asia Pacific Regulatory Landscape and Issues in Bancassurance

2024 Edition

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1 Who is the main regulator with oversight of bancassurance matters?

General overview of bancassurance











 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
The National Financial Regulatory Administration (NFRA).	Insurance Authority (IA), and Hong Kong Monetary Authority (HKMA).	The Financial Services Authority or Otoritas Jasa Keuangan (OJK).	The Financial Services Agency (FSA).	Bank Negara Malaysia (BNM).	The Insurance Commission and the Bangko Sentral ng Pilipinas (BSP or the Philippine Central Bank).	The Monetary Authority of Singapore (MAS).	The Financial Supervisory Commission (FSC).	The Office of Insurance Commission (OIC) and Bank of Thailand (BOT).	The Insurance Supervisory Authority of the Ministry of Finance (the MOF) in relation to insurers; and State Bank of Vietnam (SBV) in relation to banks.

4 The publication reflects the position as of 14 June 2024. Specific advice should be obtained in this evolving and complex area.



2 Is bancassurance a popular mode of distribution?
What types of bancassurance partnership arrangements are available?











General overview of bancassurance

 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
Yes.	Yes.	Yes.	Yes.	Yes.	Yes.	Yes.	Yes.	Yes.	Yes.
Bancassurance partnerships are generally divided into the exclusive and non-exclusive arrangements.	Bancassurance partnerships are generally divided into the exclusive and non-exclusive arrangements.	Over the past several years bancassurance has become a marketing trend for life and other insurance companies. Most life insurance companies try to expand their business by entering into bancassurance partnership agreements with major banks in Indonesia – and bancassurance partnership has become a significant value to insurance companies. Based on OJK Circular Letter No. 31/SEOJK.05/2022 on the Distribution Channel of Insurance Products in Cooperation with Banks (Bancassurance) (Circular 31), there are three types of business models for bancassurance cooperation: a) Product reference; b) Distribution cooperation; and c) Integrated products between a bank and insurance products (bundled products).	Bancassurance partnerships are generally divided into agent arrangements or intermediary arrangements.	Bancassurance partnerships are generally divided into the following arrangements: a) Exclusive arrangements; b) Preferred partner arrangements; and c) Conventional arrangements (i.e., bank will distribute the insurance products of insurer without preferential treatment).	Bancassurance partnerships are generally divided into the following arrangements: a) Exclusive arrangements; and b) Conventional arrangements (i.e., bank will distribute the insurance products of insurer without preferential treatment).	Bancassurance partnerships are generally divided into the following arrangements: a) Exclusive arrangements; b) Preferred partner arrangements; and c) Conventional/open architecture arrangements (i.e., bank will distribute the insurance products of insurer without preferential treatment).	Bancassurance partnerships are generally divided into the following arrangements: a) Exclusive arrangements; and b) Conventional arrangements (i.e., bank will distribute the insurance products of insurer without preferential treatment).	Bancassurance partnerships are generally divided into the following arrangements: a) Exclusive arrangements; b) Preferred partner arrangements; and c) Conventional arrangements (i.e., bank will distribute the insurance products of insurer without preferential treatment).	Bancassurance partnerships are generally divided into the exclusive and non-exclusive arrangements (the default requirement is that a credit institution or a foreign bank branch in Vietnam may not concurrently act as an insurance agent to other insurers without a written consent of the insurer that it is currently the agent to).













3 What are the main parameters in negotiating a distribution agreement?

General overview of bancassurance

 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
The salient terms are: a) Exclusivity; b) Term and renewal; c) Products to be distributed; d) Commission standards and methods of payment; e) Documentation and publicity materials management; f) Customer account and identity information verification g) Customer data confidentiality and protection; and h) Crisis response and customer complaint handling mechanism.	The salient terms are: a) Exclusivity/loss of exclusivity; b) Term and renewal; c) Product competitiveness d) Product development arrangements; e) Remuneration – upfront/access fees, commissions, various allowances and bonuses, clawback mechanism (if any); f) The ownership and use of the bank's customer data; g) Steering committee/ working committee; h) Branding/IP rights; and i) Non-solicitation/non-competition.	The salient terms are as follows: a) Exclusivity; b) Fees, commissions and terms of payment; c) Nature of distribution (business model) of insurance products; d) Period of agreement, renewal and termination; e) Governance (e.g., steering committee, working committee); f) Risk allocation; and g) Limitations on rights and obligations of each party.	The salient terms are: a) Remuneration; b) Products; c) Term and renewal; and d) Risk allocation.	The salient terms typically relate to: a) Exclusivity; b) Term and renewal; c) Products to be distributed; d) Product development arrangements; e) Fees, commissions and other remuneration, and timing for such payments; f) Rights and obligations of each party; and g) Ownership and use of the bank's customer data.	The salient terms are: a) Exclusivity; b) Term and renewal; c) Presentation and sale of products; d) Remuneration; e) Risk allocation; f) Grievance mechanism; g) Consumer protection requirements; and h) Limited role of bank employees.	The salient terms are: a) Exclusivity; b) Type of bancassurance partnership; c) Term and renewal; d) Products and products development; e) Commission, incentives and timing for such payment; f) Distribution methodology and operating procedures; and g) The mining of the bank's customer data.	For joint promotion activities by and between banks, securities firms, insurance companies, insurance agents/brokers, the Insurance Association of Taiwan promulgated (1) a tripartite model agreement, the Template Agreement for Banks, Securities Firms, Insurance Companies, Insurance Agents and Insurance Brokers Conducting Joint Promotion of other Business; and (2) a bilateral agreement between an insurance company and a bank which has obtained an approval from the FSC to concurrently engage in either the insurance agency or brokerage business. Such model agreements have been reviewed and recognized by the FSC. Though not mandatory, such agreement is usually adopted when the parties conduct bancassurance business in Taiwan. The salient terms are: a) Products; b) Presentation and sale of products	The salient terms are: a) Exclusivity; b) Term and renewal; c) Products to be distributed; d) Customer segments; e) In-scope distribution channels and bank's entities; f) Duties of insurer and bank; g) Fees and payment term; and h) The mining of the bank's customer data.	The salient terms are: a) Exclusivity; b) Term and termination of the agreement; c) Products to be distributed; d) Commissions and other payments; e) Confidentiality; f) Data privacy and data provision between the parties for the bank's customer data; and g) The insurer's training for the bank's sale staff.

6 The publication reflects the position as of 14 June 2024. Specific advice should be obtained in this evolving and complex area.













 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
							<ul style="list-style-type: none"> c) Fees, commissions, and remuneration, and timing for such payment; d) Consumer protection requirements; e) Rights and obligations of each party; f) Period of agreement, renewal and termination; and g) ownership and use of the bank's customer data. 		



4

Are insurance companies and banks required to hold any specific license (whether to be obtained on an ad hoc or ongoing basis) in order to enter into the distribution agreements to provide bancassurance services and products?











General overview of bancassurance

 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
Yes, banks are required to have the side-line insurance agency license issued by the regulator.	Yes, banks must be registered with the IA as licensed insurance agency and the bank staff who are responsible for selling insurance must be registered as licensed technical representatives (agent).	Yes. An insurance company must obtain approval for each specific bancassurance activity from the OJK, and a bank must report the bancassurance activity to the OJK.	Yes, the bank serving as an insurance agent shall be registered with the competent regional financial bureau to carry on insurance solicitation in Japan.	Yes, insurance companies and banks must be licensed under the Malaysian Financial Services Act 2013 (FSA) or Islamic Financial Services Act (IFSA) to carry on insurance/takaful business or banking/Islamic banking business (as the case may be) in Malaysia.	Yes. Insurance companies must have a certificate of authority from the Insurance Commission while banks must have an authority to cross-sell from the BSP.	Yes, insurance companies and the banks must be respectively licensed (or exempted from licensing) under the Insurance Act 1966 of Singapore, the Banking Act 1970 of Singapore and the Financial Advisers Act 2001 of Singapore to carry on insurance business and the booking of general insurance policies, banking business or the marketing/arrangement of life policies (as the case may be) in Singapore. Representatives or personnel of the banks or insurance companies carrying out such activity must also be appropriately registered (see Question 22 below).	Yes, either a bank or an insurance company must comply with the requirements and apply to the FSC for approval before conducting bancassurance business. There is a regulatory requirement that when a bank or an insurance company first enter into bancassurance arrangements, it shall get approval from the FSC. After the first approval being acquired, a bank can deal with any other insurance companies or an insurance company can deal with any other banks without further approval unless the FSC suspends their bancassurance business (due to their violation of laws or regulations).	Banks are required to hold an insurance brokerage license to carry on insurance brokerage business. Insurance companies must be licensed under the Life Insurance Act or the Non-life Insurance Act.	Yes, insurance companies must be licensed, and for life and health insurance products, the products must be approved by the Ministry of Finance. Insurance agency operation of banks must be approved by the State Bank of Vietnam.













5 Are there any legal or regulatory restrictions on the insurance company or the bank providing exclusivity to the other party?

General overview of bancassurance

 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
<p>There is no regulatory restriction for an insurer to appoint a bank as its exclusive distributor or the term/duration of the appointment. In addition, the regulator requires that in general, each bank branch should only have bancassurance arrangement with no more than three insurance companies, unless the local branch of the regulator approves otherwise.</p>	<p>There is generally no regulatory restriction for an insurer to appoint a bank as its exclusive distributor or on the term/duration of the appointment.</p>	<p>Applicable law does not prohibit banks and insurers from entering into an exclusive bancassurance arrangement, except for the distribution of insurance products that are related to bank products (e.g., an insurance over collateral for a loan from the bank).</p> <p>In practice, banks often seek to avoid the use of the word "exclusive" and refer to a "preferred" or "strategic" relationship instead. In such partnership, banks agree to use their best efforts to (i) offer the insurance partner's products to the banks' customers and (ii) maximize the sale of the insurance partner's products. This is partially driven by commercial reasons and partially by anti-trust concerns - given past inquiries made by the Business Competition Supervisory Commission (the "KPPU") to various banks on their exclusive arrangements with insurance service providers. KPPU may consider that the exclusivity in a bancassurance arrangement between</p>	<p>There is no regulatory restriction for the insurance company or the bank to provide exclusivity, although it may be prudent to undertake a competition analysis as set forth in the answer to Question 10.</p>	<p>There is no regulatory restriction for an insurer to appoint a bank as its exclusive distributor, although there may be limitations on the part of the banks to offer exclusivity. To the extent that an exclusive arrangement is possible, the length of the exclusivity is a matter of negotiation between the parties. However, note that a long-term exclusive agreement could potentially amount to an infringement of the Malaysian Competition Act unless the parties fall within the prescribed safe harbour or if the parties can rely on the efficiency argument.</p>	<p>We are not aware of any regulatory restriction against an insurance company or a bank providing exclusivity to the other party. To the extent that an exclusive arrangement is possible, the length of the exclusivity is a matter of negotiation or contractual agreement between the parties. Such agreement may be upheld for as long as the agreed duration of the exclusivity agreement is reasonably necessary to protect the interests of the parties and does not unduly restrict trade or competition.</p>	<p>Exclusivity, and its term or duration, is a matter of negotiation between the parties. Parties must also be aware of competition law considerations.</p>	<p>There is no regulatory restriction for an insurance company or a bank to provide exclusivity to the other party. The length of the exclusivity is a matter of negotiation between the parties.</p>	<p>Currently, there is no regulatory restriction on the bank providing exclusivity or preferential treatment to the insurer. The length of the exclusivity and the terms of preferential treatment is a matter of negotiation between the parties.</p>	<p>There is no legal restriction for an insurer to appoint a bank as its exclusive distributor or the term/duration of the appointment. However, a bank may not concurrently act as agent for other insurers unless it is approved by the insurer of which such bank is an existing agent. To the extent that an exclusive arrangement is possible, the length of the exclusivity is a matter of negotiation between the parties.</p>

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 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
		a major bank having a large number of customers may result in unfair competition.							



6 Assuming full exclusivity is not possible for legal or regulatory reasons, would the bank be able to grant the insurance company preferential treatment? If yes, under what conditions?

General overview of bancassurance











 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
Yes, and the form of the preferential treatment is a matter of negotiation.	Yes, and the form of the preferential treatment is a matter of negotiation.	Yes, the form of the preferential treatment is a matter of negotiation. Please also see our Response to Question 5.	Yes, preferential treatment is permissible. The form of the preferential treatment is a matter of negotiation.	Yes, preferential treatment is common in instances where a bank resists an exclusive arrangement. The form of the preferential treatment is a matter of negotiation.	Yes, preferential treatment may be possible. The form of the preferential treatment is a matter of negotiation or contractual agreement.	Yes, preferential treatment, or preferred partner arrangement, is common in instances where a bank resists an exclusive arrangement. The form of the preferential treatment is a matter of negotiation.	There is no regulatory restriction for an insurance company or a bank to provide exclusivity to the other party Yes, and the form of the preferential treatment is a matter of negotiation.	Exclusivity arrangement is not prohibited. Where a bank resists an exclusive arrangement, parties commonly agree on preferential arrangements. The form and terms of the preferential treatment is a matter of negotiation.	Yes, and the form of the preferential treatment is a matter of negotiation.

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7 What type of engagement (if any) with the regulators would be legally required in connection with the negotiation/entering into of the distribution agreements?

General overview of bancassurance

 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
No regulatory approval or notification is needed for negotiation and entering into a contract other than approval for side-line agency license before commencing any activities in relation to agency business.	Generally speaking, no regulatory approval is necessary. In practice, the insurer will notify the IA and the bank will notify the HKMA.	There is no regulatory approval or notification needed just for entering into a negotiation. Insurance companies, however, must obtain approval from the OJK before entering into a bancassurance arrangement.	No regulatory approval is necessary.	No regulatory approval is necessary but insurance companies are required to notify BNM of the bancassurance arrangement prior to the commencement date.	The bank must obtain approval from the Monetary Board of the BSP before it may engage in bancassurance. It must submit an application letter along with various documentary requirements prior to engaging in bancassurance. Insurance companies must submit annual summary reports and other regulatory reportorial requirements to the Insurance Commission.	No regulatory approval is necessary but a bank which intends to arrange any contract of insurance in respect of life and non-life policies (other than a contract of reinsurance) in the course of its bancassurance activities is obliged to notify the MAS of the commencement of such business.	There is a regulatory requirement that when a bank or an insurance company first enters into bancassurance arrangements, it shall obtain approval from the FSC. After the first approval being acquired, a bank can deal with any other insurance companies or an insurance company can deal with any other banks without any further approval unless the FSC suspends their bancassurance business (due to their violation of laws or regulations).	No regulatory approval is required.	Periodical (quarterly) reporting is required to the MOF (for insurers) and to the SBV (for banks). No specific approval is required under the law.











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8

Would the insurance company and/or the bank be required to submit the distribution agreements (and any ancillary documents) to the regulators as part of any notification/approval process? If yes, do the regulators require any specific terms to be included in the distribution agreements?

General overview of bancassurance

 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
No statutory or regulatory requirement to submit the agreement(s). Having said that, the regulator requires some specific terms to be included in the distribution agreement. Please see the reply for Q3 in this guidance.	No statutory or regulatory requirement to submit the agreement(s).	Yes. In obtaining an approval of the bancassurance partnership from the OJK, the insurance company must submit an application along with documents, including: <ul style="list-style-type: none"> a) A draft bancassurance agreement (parties must place their initials in the draft); b) A copy of approval of the insurance products; c) A sample of the brochure, marketing media, or an application letter which includes information on the commission payable to the bank; d) Description of insurance product that will be sold; and e) Procedure under the insurance policy closing and premium payment. The regulation also prescribes the minimum content of a	No statutory or regulatory requirement to submit the agreement(s).	No statutory or regulatory requirement to submit the agreement(s) although the practice and convention in the manner in which the insurer liaises with BNM could dictate the supporting documents that it would provide to BNM as part of the notification described in Question 7 above.	The BSP requires banks to keep various documents for examination as part of the BSP's exercise of its regulatory powers over the bank. These documents include the contract between the insurance company and the bank. However, the contract between the insurance company and the bank need not be submitted to the BSP prior to approval. The pre-approval application letter to the BSP must contain an explanation of the relationship (i.e., how the bank and the insurance company are related under a common financial conglomerate) between the insurance company and the bank as well as a description of the products and justification for entering into a bancassurance arrangement. The bancassurance arrangement or agreement must be reviewed and approved by the Insurance	No, unless the MAS requests for it.	Only when a bank or an insurance company first enters into a bancassurance arrangement, it shall submit the agreement and other required documents to the FSC as part of the approval process. After obtaining the first approval for the bancassurance business, a bank or an insurance company can engage in bancassurance business with other parties without submitting any distribution agreements to the FSC (unless the FSC suspends the bancassurance business due to their violation of laws or regulations).	No requirement to submit the agreement.	No, there are no specific legal requirements for the insurance company or the bank to submit the distribution agreements (and any ancillary documents) to the regulators. The law requires distribution agreements (as insurance agency agreements) to contain certain key provisions. However, there are no specific requirements for the details of each provision.













 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
		bancassurance agreement.			Commission. Any amendment must likewise be submitted for prior approval.				



9 If the distribution agreements are submitted, would the regulators review/provide comments and require that the agreements be modified?

General overview of bancassurance











 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
In practice, it is uncommon that regulator will comment on the terms, although the regulators have an extensive regulatory power to do so.	In practice, it is uncommon that regulator will comment on the terms, unless there are compliance issues.	The OJK, in its sole discretion, can ask for the agreement to be amended with a view to ensuring compliance with the regulation. Consequently, it is important to maintain close communication with the OJK whilst negotiating a bancassurance agreement.	Not applicable.	BNM has broad powers as a regulator and has the right to direct an insurer to modify, amend, supplement or unwind a distribution agreement/arrangement, to be in line with legal requirements, or as it deems appropriate.	The Insurance Commission has broad powers as regulator, and may require amendments to be made to distribution agreements (as appropriate).	Not applicable.	There is a tripartite model agreement and a bilateral model agreement as mentioned in Question 3 above for joint promotion activities (i.e., bancassurance business) by and between banks, securities firms, insurance companies, insurance agents and insurance brokers. If the model agreement is adopted, the FSC usually does not require the agreement to be modified before granting the first approval for the bancassurance business.	Not applicable.	In practice, it is uncommon that regulator will comment on the terms, although the regulators have an extensive regulatory power to do so. If the distribution agreement is requested to be submitted to the regulators, it is likely that the regulators would only provide comments to the provisions that they find contrary to the law.



10

Would any antitrust/competition analysis have to be conducted with respect to the insurance company and/or the bank prior to entering into the distribution agreements?











General overview of bancassurance

 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
There is no requirement under the Insurance Law or Anti Monopoly Law to make antitrust or competition analysis related to the bancassurance agreement. However it would be prudent to do so if a dominant position or unfair competition is likely to be created.	The Competition Ordinance applies to all agreements, not just agreements between competing businesses. It may be prudent to undertake a competition analysis given that the broad application of, and significant penalties for breach under, the Competition Ordinance in Hong Kong.	There is no regulatory requirement under the Insurance Law or Anti Monopoly Law to make antitrust or competition analysis related to the bancassurance agreement. However, given the reasons set out in Response to Question 5 above, it is advisable for the parties before embarking into an exclusive arrangement to ensure that the terms and conditions can be justified economically, would not result in any anticompetitive impact to the affected market, and the exclusivity period should be assessed to ensure that it would not be deemed as foreclosing the market or depriving consumers of choice.	It may be prudent to undertake a competition analysis given the broad application of, and significant penalties for breach under, the Antimonopoly Act in Japan.	It would be prudent to undertake a competition analysis given the broad application of, and significant penalties for breach under, the Malaysian Competition Act.	The Philippine Constitution, the Revised Penal Code, and the Philippine Competition Act prohibit monopolies and combinations in restraint of trade. In this context, it would be prudent to undertake a competition analysis to ensure that the distribution agreement is valid in light of these prohibitions.	It would be prudent to undertake a competition analysis given the broad application of, and significant penalties for breach under, the Competition Act 2004 of Singapore.	It would be prudent to undertake a competition analysis given the broad application of, and significant penalties for breach under, Taiwan's Fair Trade Act (FTA).	It may be prudent to undertake a competition analysis given the broad application of, and significant penalties for breach under, the Trade Competition Act in Thailand.	It would be prudent to undertake a competition law review to make sure that there will be no potential risk of violation.



11 What are the competition law considerations that might impact the term (e.g., duration) of a distribution agreement?

General overview of bancassurance











 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
There is no official guideline on this point.	The Competition Ordinance prohibits agreements that have the object or effect of preventing, restricting or distorting competition in Hong Kong. Certain provisions of a bancassurance agreement may raise issues under the Competition Ordinance and therefore should be reviewed on an agreement-by-agreement basis (for example, exclusivity, territorial or customer restrictions, non-competes). Factors relevant to this analysis will be: (i) the market positions of the parties; (ii) whether similar restrictions exist in other agreements in the market; and (iii) the extent to which the agreements are efficiency enhancing (e.g., because they guarantee or encourage investments by one or more parties to the agreement).	The Business Competition Supervisory Commission (a state agency established to examine allegations relating to the Anti-Monopoly Law) (KPPU) may consider that the exclusivity arrangement in a bancassurance arrangement between a major bank with a large numbers of customers can create unfair competition and market closure and that these practices are violations of the Anti-Monopoly Law. This is all a matter of fact and it would be prudent to undertake a competition analysis and for the issue to be considered in identifying a bank and dealt with in negotiations.	Various terms and conditions would be considered, especially exclusivity, amount of compensation and amount of insurance products to be offered, as well as market shares of the parties, business justification for entering into the agreements and the general market circumstances such as the level of concentration in the market for the relevant products or services.	The Malaysian Competition Commission has not, to date, issued any guidelines specific to distribution agreements in the context of a bancassurance arrangement. However, as noted above, under the general principles of the Malaysian Competition Act, a long-term exclusive agreement could amount to an infringement unless the parties fall within the prescribed safe harbour or if the parties can rely on the efficiency argument.	The Revised Penal Code and the Philippine Competition Act of 2014 prohibit combinations in restraint of trade. However, Philippine case law indicates that agreements providing for exclusivity may be valid for as long as the restriction on trade is reasonably necessary to protect the interests of the parties and such restrictions are only partial or limited in place or duration.	None in particular. The concern is in determining whether the distribution agreement has any anti-competitive object or effect, and if any exclusions apply.	Article 20 (5) of the FTA prohibits any enterprise from restricting its counterparts' business activity improperly by means of the requirements of business engagement, which is likely to lessen competition or to impede fair competition. "Restrictions" pursuant to the Enforcement Rules of the FTA, refers to the circumstances under which an enterprise engages in restrictive activity in regards to tie-ins, exclusive dealing, territory, customers, use, or otherwise. Nevertheless, please note that the restrictions are not per se illegal. It is only the "improper" restriction that is prohibited by the FTA.	The duration of the term depend on various commercial considerations such as exclusivity and fees. Competition law concerns may need to be considered as the Thai competition law regime matures.	Insurance regulations prohibit the below anti-competition activities, and therefore should be considered in reviewing a distribution agreement: <ul style="list-style-type: none"> Establish collusion among insurance companies; Illegally intervene in the selection of insurance companies; Provide untruthful information; Fight for customers by obstructing employees or customers of other insurance companies; Conduct illegal sales promotions; and Conduct other illegal acts in cooperation, competition and bidding.













12

Under applicable laws and regulations, would the insurance company be allowed to use customer information (consisting of certain personal and demographic data) possessed by the bank to: (a) develop new products and refine marketing strategies, among others; (b) conduct its own telemarketing or direct mail activities; and (c) cross-sell products?

General overview of bancassurance

 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
<p>No, unless the bank obtains the customers' consent when the bank discloses customer information to the insurance company for the purpose as set forth above.</p>	<p>Yes from the regulatory perspective, provided that the requisite notification is given at the time of data collection and (in case of use of data for direct marketing) prescribed consent is obtained.</p> <p>However, the use of customer data by the insurer is also a commercial matter to be negotiated between the bank and the insurer</p>	<p>Based on data privacy, insurance and banking regulations, both the bank and insurance company are obliged to maintain confidentiality of customers' data. A bank is only allowed to provide personal information of its customers to the insurance company if the bank has obtained written approval from the customers (specific purpose consents are required). Subject to consent from the customers, there is no prohibition for an insurance company using customer information for its business.</p> <p>The level of access needed to customer data depends on the agreed business model. For example, in a referral model, the insurers typically do not get extensive access to the bank's customer data, since in such case the banks would refer the customers to the insurers.</p>	<p>No, unless the bank obtains the customers' consent when the bank discloses customer information to the insurance company for the purpose as set forth above.</p>	<p>Yes, provided the bank has obtained the necessary consent of the customers and the sharing of information with the insurance company is within the scope of the consent granted by the customers.</p> <p>Insurers would also be subject to obligations of confidentiality and customer data protection imposed under law and by BNM when processing such customer information.</p>	<p>It depends on the purpose/s for the processing of personal information that was declared to the data subject. Customer information may be processed only in ways compatible with such specified and legitimate purposes declared to the data subject.</p> <p>Hence, if the insurance company wants to use customer information to:</p> <ul style="list-style-type: none"> a) Develop new products, refine marketing strategies, etc.; b) Conduct its own telemarketing or direct mail activities; and c) Cross-sell products, the insurance company should confirm that (i) the customer was informed by the bank that his personal information will be processed by a third party (i.e., the 	<p>Any customer information possessed by the bank is subject to banking secrecy provisions under the Banking Act, and such disclosure may only be made if one of the exemptions to banking secrecy applies or the information is processed such that it is not referable to a customer or group of customers. Further, the collection, use and disclosure of personal data will under the Personal Data Protection Act 2012 of Singapore (PDPA) require the consent or deemed consent of the individual concerned, unless an exemption applies. Unless consent has been obtained or there is an applicable exemption, the insurance company will not be allowed to use customer information other than for the original purpose for which the insurance company received the information.</p>	<p>Yes, although care will have to be taken by the bank in sanitizing the customer information before it is provided to the insurer. According to the Personal Data Protection Act of Taiwan (PDPA), when collecting the personal data from an individual customer, a bank must inform such customer of the specific purpose of data collection (e.g., to be further shared with the insurers, telemarketing cross-selling) and obtain his/her written consent in the form prescribed by the PDPA.</p>	<p>Yes, although care will have to be taken by the bank in sanitizing the customer information before it is extended to the insurer. Observance of Thailand's data privacy law, the Personal Data Protection Act 2018 (PDPA), is required for all handling of personal data.</p>	<p>Yes, provided that the bank has to obtain consent from relevant customers.</p>













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		<p>Please also see our Response to Question 14.</p>			<p>insurance company) in this manner and other details of the processing before personal data is shared or at the next practical opportunity, and (ii) the customer consented to such processing or use of his personal information, unless another legal basis for processing is present.</p>	<p>The PDPA has also established a Do Not Call Registry, and introduced obligations and restrictions that apply in relation to persons sending specified messages (in the form of voice calls, text or fax messages) to Singapore telephone numbers.</p>			



13

Are there any laws or regulations limiting or prohibiting the dissemination of customer information without the customers' consent? Are customers allowed to waive any of these limitations or prohibitions?











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 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
Yes, the Personal Information Protection Law requires that the individual consents of the customers be obtained when dealing with personal information other than several stipulated situations under the Personal Information Protection Law. There is no regulation on customers waiving the right of consent.	Yes, the Personal Data (Privacy) Ordinance requires that customers' notification be given at the time of data collection and (in case of use of data for direct marketing) prescribed consent be obtained.	Yes. Please see response to Question 12.	Yes, the Act on the Protection of Personal Information prohibits the dissemination of customer information without the customers' consent. Also the regulations under the Insurance Business Act and the relevant guidelines of the FSA are applicable to the sharing of customer information. Yes, customers can provide comprehensive consent when they disclose their personal information.	Yes, the bank is subject to the secrecy provisions under the FSA, as well as the provisions of the Personal Data Protection Act (PDPA). The bank may also be subject to contractual confidentiality restriction. Appropriate consent should therefore be obtained from customers, and where relevant, notifications should be issued to customers.	Yes, the Data Privacy Act of 2012 (Republic Act No. 10173) imposes penalties of imprisonment and fine for unauthorized disclosure of personal information. Yes, customers may waive these limitations or prohibitions by providing their consent to such disclosure. In the absence of the customer's consent, processing (including disclosure) of customer information may be allowed only when another legal basis for processing personal information or sensitive personal information, as the case may be is present. Philippine bank secrecy laws also prohibit a bank from disclosing customer information. However, as in the Data Privacy Act, a customer may waive such prohibition.	Yes, the PDPA prohibits the dissemination of customer information without the customers' consent. Appropriate consent should be obtained from customers, and where relevant, notifications should be issued to customers. The banking secrecy provisions under the Banking Act 1970 also provide an exception to allow disclosure where the customer's prior written consent is obtained.	Yes, the PDPA prohibits the dissemination of customer information without the customers' consent. Appropriate consent should be obtained from customers, and where relevant, notifications should be issued to customers.	Yes. Thailand adopts data privacy law in 2018 under the Personal Data Protection Act (PDPA). Dissemination of customer information (to the extent such information includes personal data) requires consent from the customers unless an exception applies.	Yes. Decree No. 13/2023/ND-CP of the Government on personal data protection prohibit the dissemination of customer information without the customer's consent. Customers may provide consent to the banks to disclose their information to insurers and have the right to withdraw such consent.













14 Are there any other prohibitions or limitations resulting from applicable privacy laws relating to the sharing of customer information for purposes of marketing and distribution of insurance products?

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T	Prescribed consent must be obtained from the customers.	<p>A bank's customer database is subject to privacy laws and OJK regulations. The rule of thumb is, any transfer of customer data is subject to the customer's written approval.</p> <p>A bank's customer database is subject to privacy laws and OJK regulations. The rule of thumb is, any transfer of customer data is subject to the customer's written approval.</p> <p>In the context of bancassurance, banks would usually give a warranty that they have secured the relevant customers' written approval before transferring or disclosing customer data to the insurers. It is also commonly agreed by banks and insurers that:</p> <ul style="list-style-type: none"> All banks' customer data submitted to or obtained by insurers, relating from any policy issued under the bancassurance agreement will only be used in accordance 	None.	None.	If consent is the basis for processing, the customer's right to withdraw his or her consent is absolute.	Common-law duty of confidentiality may apply.	Under the PDPA and the relevant regulations promulgated by the FSC, a customer can ask the bank or the insurance company at any time to remove him/her from the marketing or cross-selling list even after giving his/her written consent to the data collection and use.	Please see response to Question 13.	Please see response to Question 12 and Question 13.

21 The publication reflects the position as of 14 June 2024. Specific advice should be obtained in this evolving and complex area.













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		with the bancassurance agreement provisions <ul style="list-style-type: none"> ▪ The insurer is prohibited from using the data of any bank customer obtained in relation to the bancassurance agreement to cross-sell any other products which are not specified under the agreed distribution channel to any bank customers, unless consented by the bank 							



15

Are there any prohibitions or limitations in respect of compensation arrangements for bancassurance transactions (up-front/staggered payments, commission payments, bonus payment schemes)?











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 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
<p>Yes, there are some limitations in this regard. Generally, the commission fees shall be agreed under the distribution agreement, which shall not exceed the cap stated in the actuarial report submitted to the regulator together the policy terms. No any other fees other than commission fees, no matter in whatever name or through whatever way could be paid to the banks in line with related regulations.</p>	<p>The remuneration must be appropriate, and should not provide misaligned incentives for the bank to engage in mis-selling, aggressive selling, fraudulent acts or money laundering activities.</p> <p>There should not be any indemnity or advance commissions.</p> <p>Clawback mechanism should be put in place to fully recover all commission paid in proven fraud/money laundering/mis-selling</p>	<p>There is no prohibition on agreeing up-front/staggered payments to be paid by insurance companies to banks for their platform. For life insurance companies, fees and compensation payment can be agreed between the parties.</p> <p>For certain general insurance products (e.g., property and motor insurance products), acquisition costs are capped.</p>	<p>Yes, the insurance company is required to set the appropriate amount of the compensation in the distribution agreement in terms of ensuring the soundness in management of the insurance company and the fairness of the insurance solicitation by the bank under the relevant guideline.</p>	<p>Yes.</p> <p>There are restrictions relating to the payments and amounts that can be paid by an insurer. Notably, commission rates are regulated and access/upfront fees must be fully borne by the insurers' shareholders' fund.</p>	<p>Generally, compensation arrangements are subject to contractual agreement. Please note, however, that, under the Amended Insurance Code (Republic Act 10607), an insurance company may not pay commission to any person or entity not licensed as an insurance broker or insurance agent in the Philippines. Thus, a bank may not be paid commission from the sale of insurance products.</p>	<p>Yes, Parties should consider the rules in place concerning commission payments for regular premium life policies paid by manufacturers to banks. In addition, insurers are generally prohibited from providing volume-based remuneration to insurance brokers.</p>	<p>Yes, there are restrictions on the payments and amounts that an insurer can pay, and the restrictions may vary according to the type of product. The Taiwan Insurance regulator will check the feasibility and reasonableness of payments made by an insurer to a bank under bancassurance transactions on a case-by-case basis.</p> <p>Moreover, since each insurer will provide its estimation of the remuneration and fee structure in the product filing materials (e.g., the range of commission rates, and the loading cap), the compensation arrangements for bancassurance transactions should align with those stated in the product filing materials. For example, the aggregate of commission payments, bonus payments, and the permissible operation fees paid to the bank by the insurer must not exceed the loading cap stated in the product filing materials. Otherwise,</p>	<p>Compensation arrangements are subject to the restrictions under Thai insurance law, including a prohibition on advance payment and payment. Commission rates are also regulated.</p>	<p>Yes, there are certain limitations. In respect of commissions, commission rate must be subject to maximum limits set out by the MOF for each type of product.</p> <p>In respect of other expenditures for banks (as insurance agents):</p> <ul style="list-style-type: none"> ▪ For non-life insurers, there is a restriction that total expenditure for agent rewards and agent support must not exceed 50% of insurance commissions of all non-life insurance policies or 100% of insurance commissions of all health insurance policies implemented in a fiscal year. ▪ For life insurers: <ul style="list-style-type: none"> ▪ Total expenditure for agent rewards and agent support must not exceed



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							a re-filing will be necessary.		20% insurance actually collected commissions of all insurance policies having up to one year term; or 30% of the first year's actually collected insurance commissions of all insurance policies having more than one year term, which are implemented in a fiscal year. <ul style="list-style-type: none"> ▪ In case of renewed insurance policies with the term of more than one year, total expenditure for agent rewards and agent support in each fiscal year must not exceed 7% of actually collected insurance commissions of all insurance













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									<p>policies renewed in such fiscal year.</p> <p>If a life insurer is making payments for agent rewards and agent support and other benefits under previous regulations which have exceeded the total relevant new caps above, such life insurer must review and set up plans to reduce the ratios for payments of agent rewards and agent support for each fiscal year and complete such plans before 31 December 2025.</p>



16 What are the sanctions for non-compliance with the prohibitions or limitations in respect of compensation arrangements?











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When the commission fees exceed the cap as stated above or pay the banks other fees in addition to commission fees, the regulator may impose administrative penalties or other measures on banks, insurance companies and/or relevant responsible persons.	It is the duty of the controller of the insurer to ensure compliance. Failure to comply may affect the fitness and properness of the controller.	Not applicable.	The insurance company that is not in compliance with the regulation mentioned in the answer to Question 15 above may be subject to the administrative sanction by the FSA.	The sanctions are imposed by BNM and may include an order in writing requiring compliance or to remedy the breach, a monetary penalty, and/or a public or private reprimand. Please also refer to our response to Question 9.	The Amended Insurance Code imposes both a fine and imprisonment. The Insurance Commissioner may also suspend or revoke the license of the insurance company violating the prohibition.	A fine ranging from S\$50,000 to S\$100,000. Management personnel may also be implicated, and may be fined or jailed unless they prove that they exercised all such diligence to prevent the commission of the offence. In less serious cases, MAS may issue a warning or reprimand.	From the bank side, if the compensation arrangements are viewed as "a bank improperly collecting money and remuneration from the insurer or engaging in irregular transactions with the insurer," the FSC may order the bank to make corrections or impose a monetary fine of up to NTD 3 million (approximately USD 92,662). If the FSC deems the violation material, it may cancel this bank's insurance agent/broker license. From the insurer side, the FSC may hold that there is a defect in the internal control system and therefore impose a penalty, including a monetary fine of up to NTD 12 million (approximately USD 370,650). In certain cases, the FSC ordered insurers to ask the banks to repay all the payments viewed as "paid under irregular transactions	A monetary penalty is imposed.	Under Decree 98/2013, for payment of commission at a higher rate than the limit required under the law, a monetary fine from VND90 to VND100 million (approximately USD4,500 to USD5,000) may be imposed. A part of the license relating to the violation may also be ceased for two to three months. Illegal profits are required to be disgorged. Under a draft new decree on handling administrative violations (amending Decree 98/2023), a monetary fine from VND 80 million to VND 100 million may be imposed on insurance companies for failure to pay commissions or failure to comply with the law regarding the payment of commissions. No proposal on cessation of operation of insurers or return of illegal profits are provided under the draft decree. This needs to be reviewed and updated in accordance with the final version of the new Decree to be issued.



17 Would the regulators request information on compensation arrangements (for specific jurisdictions or globally)?











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Generally No.	The IA has wide power to request for the information. It may do so if there is a complaint or suspicion of non-compliance	In several cases, yes.	It is unlikely that the FSA requests information on compensation arrangements between the insurance company and the bank except where the insurance company is suspected to be in violation of the regulation mentioned in the answer to Question 15 above.	No statutory or regulatory requirement for BNM to request information on compensation arrangements. However, BNM has broad discretion to request for information on the bancassurance arrangement and as noted above, the practice and convention in the manner in which the insurer liaises with BNM could dictate the supporting documents/information that it would provide to BNM.	As part of its exercise of its regulatory powers over insurance companies transacting business in the Philippines, the Insurance Commission may request information on compensation arrangements in relation to the bancassurance agreements of insurance companies in the Philippines.	It is possible for MAS to request for information on compensation arrangements during audits, to ensure that the compensation rules are complied with.	The regulators respect the commercial arrangements between the parties and do not request information on compensation arrangements for the bancassurance business. However, during financial inspections, the FSC may request information in this respect. In some cases, the FSC requested insurers to provide the information regarding the compensation arrangements, such as the formula and even the raw data.	The OIC has broad powers and can request information on compensation arrangements involving a Thai licensed insurance entities.	Yes, the MOF might request information through periodical reporting requirements or their inspections from time to time. Life insurers are required to report to the MOF on a quarterly basis on total premiums collected, total commissions and other payments to its banks/agents. Banks are also required to report to the SBV on total amounts of these payments on a quarterly basis. Non-life insurers are required to report to the MOF on an annual basis on total agent rewards and agent support to its banks/agents.



18 Are there any restrictions in relation to the classes of insurance products which may be offered pursuant to a bancassurance arrangement?











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Generally no. However, the regulations requires that the sum of premiums of accident insurance, health insurance, term life insurance, whole life insurance, annuity insurance with term no less than 10 years, endowment insurance with term no less than 10 years and property insurance (excluding investment type insurance of property insurance company) sold by one bank as agency be less than 20% of the total premiums of its insurance agency business.	Yes, the bank must be registered for the relevant line of business before it can sell the relevant products.	No, although note that there is a delineation between insurance companies (general versus life, and sharia products need to be dealt with separately). Any insurance product sold through a bancassurance arrangement must be approved by the OJK.	No restrictions.	No, provided that the classes of insurance products to be offered pursuant to the bancassurance arrangement are in line with the scope of the insurer's licence issued under the FSA.	Yes.	No, but depending on the class of product, there may be an obligation to hold a separate license or notify the MAS (see our response to Question 7 above). Different ongoing conduct of business requirements may also apply to different classes of insurance products.	There is no specific product specifications/requirements/limitations for insurance products distributed via banks under the regulations in connection with bancassurance.	None other than the broad distinction between life insurance (for which the bank requires a life insurance brokerage business license) and non-life insurance (for which the bank requires a non-life insurance brokerage license).	None, provided that life or health insurance products must be approved by the MOF before sale under current regulations. However, in a new Draft Circular of the SBV on licensing requirement of banks, the SBV proposes that banks can act as insurance agents to distribute insurance products that are compliant with the laws, except for investment-linked product. As the Draft Circular is still in a working draft form, this question 18 will be revisited and updated after the final new Circular is issued.



19 Are there any products or product lines that the insurance company would be unable to offer to and distribute through the bank?

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None.	None, provided such products are within its license.	None provided such products are within its license.	None.	None.	None. However, variable unit linked life insurance policies may only be cross-sold inside bank premises if the insurer belongs to the same financial conglomerate.	None, but subject to compliance requirements.	None.	None.	Please see response to Question 18.



20

Would the policy forms used by the insurance company have to be approved by any regulator? Would the insurance company own the intellectual property rights relating to such policy forms?











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Insurance products should either be approved or filed with the regulator.	For investment-linked policies, product documentation has to be authorized by the Securities and Futures Commission. Further, IA's guideline has to be observed in product design and product disclosures Generally speaking, insurance companies usually will own the IP rights to such policy forms.	All insurance products sold in Indonesia (including sold using bancassurance arrangements) must be approved by the OJK. Before approving a product, the OJK will review the specifications of the product, including the insurance policy. Yes, insurance companies generally own the IP rights to such policy forms.	Yes, the contents of the insurance policy need to be examined and approved by the FSA under the Insurance Business Act. There are no specific provisions in Japanese IP laws or court cases supporting the view that the insurance company owns the IP rights to its policy forms.	No, although BNM has a right to require an insurer to lodge its proposal form with them. Yes, insurance companies own the IP rights to such policy forms.	Yes, the policy forms have to be approved by the Insurance Commission. Yes, insurance companies own the intellectual property rights to such policy forms.	New policies or policies with features that do not appear in the insurance company's existing business portfolio need to be approved by the MAS. The approval request requires submission of the policy form, proposal form, product summary and benefit illustration (among others). Yes, insurance companies own the IP rights to such policy forms.	Yes, the policy forms used by the insurance company have to be reviewed and approved by the FSC. Yes, insurance companies own the IP rights to such policy forms.	Yes, the policy forms need to be approved by the OIC. Yes, insurance companies own the IP rights to such policy forms.	For life and health products, policy forms must be reviewed and approved by the MOF before the insurers can offer and sell their products in the market. Also, life insurance policy template and terms and conditions need to be registered with the Vietnam Competition Authority in accordance with the law on consumer protection. Insurers own the IP rights to such forms.



21 Are there any prohibitions or limitations in respect of co-branding between the bank and the insurance company?

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Yes. The regulation requires that insurance related advertising documents and contracts be clearly different from those used in banking business, not use the wording similar to "the insurance product is co-launched with banks and not use the name, logo and brand of the banks.	No, there is no specific regulatory prohibitions or limitations, but the regulators always have the power to raise requisitions or concerns if co-branding creates market confusion.	Indonesia does not recognize a brand partnership between two insurance companies (or more) or between an insurance company and a bank. Under the Indonesian Insurance Law an insurance product must be issued by an insurance company and this product must be registered under the name of the insurance company. The Indonesian Insurance Law prohibits an insurance product from being registered under the name of two insurance companies.	None.	No, there is no specific regulatory prohibitions or limitations on co-branding.	Under the General Banking Law (Republic Act 8791), a bank may not directly engage in insurance business in the Philippines. A bank must also ensure that promotional materials clearly indicate the relationship between the insurance company and the bank. Such materials must not create the impression that the insurance product is the product of the bank whose premises are used for bancassurance.	No, there is no specific regulatory prohibition or limitations on co-branding provided that the bank does not assume any risk or undertake any liability under the relevant policies and provided that it is not false, misleading or deceptive. MAS will be introducing new rules (not yet implemented) to require prior approval to be obtained for any use of a locally-owned insurer's name, logo or trade mark by a person other than the insurer.	A co-branding insurance product is not allowed under Taiwanese law as a bank may not directly engage in the insurance business save for in the insurance agency or brokerage business that has been approved by the FSC. When the bank personnel sell insurance products, they shall ensure customers can distinguish the sale of insurance products from the bank's business and present relevant insurance solicitor licenses to customers.	No, there is no specific regulatory prohibitions or limitations in respect of co-branding.	None, except for a general requirement that the conclusion/execution of insurance policies (between a life insurer and its customers) and the conclusion of other contracts (between a bank as the insurer's agent and its customers) must be separated and that each of the insurer and the bank must independently take responsibility for their own products and services. In addition, banks are prohibited from linking the sale of non-compulsory insurance products with the provision of their banking products and services in any manners.



22

Would the bank personnel be required to hold any specific license in order to distribute the insurance products? Are there any reasons why bank personnel may be prohibited from distributing insurance products?











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 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
<p>The insurance products sales personnel of the bank shall be registered for their qualification of selling insurance products.</p> <p>One of the following situations, the bank personnel cannot distribute the insurance products:</p> <p>(1) Being sentenced to criminal punishment for corruption, bribery, conversion of property or misappropriating property, or disrupting the order of the social market economy, but it is not more than 5 years from the date of expiration of execution;</p> <p>(2) being prohibited from entering the financial industry within a certain period of time as decided by the financial regulator, but such period has not expired;</p> <p>(3) identified as the target of joint punishment by relevant government for gross breach of trust and according punished in the insurance industry, or there are other record for gross breach of trust.</p>	<p>Bank personnel has to be licensed by the IA as licensed technical representatives (agent) before they can sell insurance. Bank personnel who is not licensed cannot carry out any selling activities.</p>	<p>If the sales staff is employed by the bank, they must be trained and qualified to sell the product and obtain agent certification.</p>	<p>It is not customary for the sales personnel employed by the insurance company to carry on bancassurance services at the bank's branches except when the sales personnel of the insurance company is seconded to the bank to engage in bancassurance services.</p>	<p>No specific licence is required by bank personnel, however there are training, examination, qualification, continuous professional development (CPD) and code of conduct requirements that are applicable.</p> <p>Further, the bank would generally exercise care regarding level of access to its customer data, and to ensure continued compliance with the FSA, PDPA and any contractual confidentiality obligations.</p>	<p>The presentation and sale of the insurance products may only be done within a designated area within the bank premises that is clearly distinguishable as a separate entity from the bank.</p>	<p>Bank personnel who distribute or advise on life policies have to be notified to MAS as appointed representatives of the bank. Among other things, these personnel have to take and pass certain examinations.</p>	<p>Under the bancassurance regulations of Taiwan, the sales personnel for bancassurance can only be employed by the bank, not the insurance company.</p>	<p>Any personnel who would sell insurance need to hold an insurance brokerage license.</p>	<p>Bank personnel selling insurance products must have the same qualifications as individual agents, including having an insurance agent certificate and attending relevant insurance training program.</p> <p>The banks must ensure that (i) each of its branches providing insurance agency service have at least three (3) staff members, who are qualified to sell relevant insurance products, and (ii) each of its transaction offices have at least one (1) staff, who are qualified to sell relevant insurance products.</p>













23 If the sales person is employed by the bank: (a) is the insurance company required to have oversight or provide special training; and (b) are there applicable laws and regulations allowing the insurance company to compensate the bank for the service provided by its sales personnel?

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<p>a) There is no statutory requirement for training or oversight responsibility by the insurer. However, it is common for the insurer to provide training to the bank personnel.</p> <p>b) By the insurer. However, it is common for the insurer to provide training to the bank personnel.</p> <p>c) The only fee which the insurer need to pay and the bank can receive is commission fees. No other fees can be paid to the bank legally for the agency service provided by the banks.</p>	<p>The key person in the intermediary management function of the insurance company is responsible for monitoring of the compliance with the Insurance Ordinance (Cap 41) by insurance intermediaries. Thus, in practice, it is common for the insurer to provide training to the bank personnel.</p> <p>a) There is no statutory requirement as to how insurers should compensate the bank. It is more a commercial matter. However, please see Q15 on the guideline on remuneration.</p>	<p>a) The bank personnel must be trained and qualified to sell the product and must obtain agent certification. The regulations related to bancassurance do not stipulate whether providing training to the bank employees who sell the insurance products is an obligation of the bank or the insurance company or whether training expenses must be paid by the insurance company. In practice this arrangement is agreed between the parties under the bancassurance agreement.</p> <p>b) No, the bank would be compensated based on the consideration set out within the distribution agreement.</p>	<p>a) Yes, the insurance company is required to monitor and oversee the circumstance of the insurance solicitation made by the bank under the relevant guideline.</p> <p>b) There are no specific restrictions on such compensation arrangement. Where bancassurance services are provided by the sales personnel employed by the bank, which is a popular mode of bancassurance in Japan, compensating the bank personnel will not be applicable. On the other hand, where bancassurance services are provided by the bank sales personnel who is a seconded from the</p>	<p>a) Yes, insurers are required to ensure that bank personnel satisfy the requirements discussed in Question 22 above; therefore It is common for the insurer to provide training to the bank personnel. No, the bank would be compensated based on the consideration set out within the distribution agreement.</p> <p>b) No, the bank would be compensated based on the consideration set out within the distribution agreement.</p>	<p>A bank may not employ sales personnel to sell insurance products. Bank personnel may not sell or solicit insurance contracts and may only:</p> <p>a) Refer bank clients to representatives of the insurance company; and</p> <p>b) Make a preliminary presentation of the insurance product to bank clients, provided they have undergone training from the insurance company.</p> <p>With regard to item (b), the Insurance Commissioner may require bank employees to obtain a license to act as insurance agent for said activity.</p> <p>Bank employees may receive referral incentives from the insurance company.</p>	<p>a) There is no statutory requirement for training or oversight responsibility by the insurer. However, it is common for the insurer to provide training to the bank personnel.</p> <p>b) This is contractual. The bank would be compensated based on the consideration set out within the distribution agreement.</p>	<p>a) For the banks without approval from the FSC to engage in either the insurance agency or brokerage business, the bank personnel need to be registered under the insurance agent or the insurance broker. Such insurance agent or broker shall provide periodic training programs to those personnel. The bank is also required to ensure those personnel complete the training programs. For banks with approval from the FSC to engage in either the insurance agency or brokerage business, such banks bear the training or oversight responsibility.</p>	<p>a) There is no statutory requirement for training or oversight responsibility by the insurer. However, it is common for the insurer to provide training to the bank personnel (mostly for obtaining the insurance brokerage licenses). The insurance company may compensate the bank through commission and bonus (within the relevant statutory cap) and other compensation (for non-brokerage work performed by the bank for the insurer), and the bank may use such compensation to pay its sales personnel.</p>	<p>a) Yes, the insurance company must provide training and issue insurance agency certificates to the sales personnel. Insurance company may compensate the bank in the forms of commission, sale bonus and agent supporting amount, and the bank may use such compensation to pay its sales personnel.</p> <p>b) Insurance company may compensate the bank in the forms of commission, sale bonus and agent supporting amount, and the bank may use such compensation to pay its sales personnel.</p>













 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
			<p>insurance company, it would be a matter of negotiation whether the salary of such seconded employee is paid by the insurance company or the bank.</p>				<p>b) The insurance company cannot compensate the bank for bancassurance sales staff expenses (e.g., payroll, labor insurance). However, the company may pay the bank a higher commission or a sales bonus as an alternative, provided the total payments are still within the loading cap stated in the insurer's product filing materials.</p>		



24 If the sales person is employed by the insurance company, are there any restrictions on their access to the bank's branches?











General overview of bancassurance

 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
Yes. The bank shall not allow the personnel from the insurer to sell the insurance products in business premises of the banks.	Clearance would need to be obtained from the HKMA, but in practice it would be difficult.	No - there are no regulatory restrictions on their access to bank branches; however, banks would usually be cautious about granting such staff access to customer data	It is not customary for the sales personnel employed by the insurance company to carry on bancassurance services at the bank's branches except when the sales personnel of the insurance company is seconded to the bank to engage in bancassurance services.	No specific restriction on access to bank's branches. However, the bank would generally exercise care regarding level of access to its customer data, and to ensure continued compliance with the FSA, PDPA and any contractual confidentiality obligations.	The presentation and sale of the insurance products may only be done within a designated area within the bank premises that is clearly distinguishable as a separate entity from the bank.	The bank would generally exercise care regarding the level of access to its customer data to preserve confidentiality and banking secrecy.	Under the bancassurance regulations of Taiwan, the sales personnel for bancassurance can only be employed by the bank, not the insurance company.	Sales personnel are generally employed by the bank, with holding an insurance brokerage license.	No. However, the bank would generally exercise care regarding the level of access to its customer data. In addition, the sales people are usually employed by the bank rather than the insurer. Vietnamese law prohibits insurers from paying commissions to their employees as sales people.



25 Are banks allowed to lease space to insurance companies marketing products in bank branches?

General overview of bancassurance











 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
<p>Not a common practice in China.</p> <p>According to the regulation, the banks shall not allow insurance company personnel and other non-commercial bank employees to engage in insurance sales related activities on the business premises of the banks.</p>	<p>Clearance would need to be obtained from the HKMA, but in practice it would be difficult. Also it is not a common practice in Hong Kong.</p>	<p>Yes. There is no restriction for banks to lease space to insurance companies.</p> <p>In practice the bank will provide some space to insurance companies to distribute its products.</p> <p>If the insurance companies were to lease some space in the bank's premises, it must show:</p> <ul style="list-style-type: none"> ▪ The name of the insurance companies in the table/room that is used by the insurance companies; and ▪ The insurance companies personnel must keep using his/her identity card of insurance companies. 	<p>It is not customary that bank leases spaces to insurance company to market insurance products in the bank's branches because the sales personnel of the insurance company usually does not carry on bancassurance services at the bank's branches (see the response to Question 24 above). For your information, if the insurance company is to establish its sales office at the premises of others (including the bank), such insurance company needs to implement appropriate measures to avoid misunderstanding by customers, to protect customer information and to prevent crimes under the relevant guideline.</p>	<p>Yes. Banks are allowed to lease space to insurance companies, although it is not a common practice in Malaysia.</p>	<p>The bank may lease space to insurance companies as part of its distribution/bancassurance agreement with such insurance companies.</p>	<p>This may be subject to regulatory notifications or approvals, and subject thereto banks are allowed to lease space to insurance companies, provided there are adequate safeguards in segregating information and maintaining confidentiality and banking secrecy.</p>	<p>No. Under the bancassurance regulations of Taiwan, the sales personnel for bancassurance can only be employed by the bank, not the insurance company. According to the regulations, the space where those sales personnel market insurance products must be segregated from the bank counters.</p>	<p>Yes. Banks are allowed to lease space to insurance companies.</p>	<p>If the bank is an insurance agent of the insurer and the parties enter into a distribution agreement (as an insurance agency contract), the bank must provide some space without additional fees to the insurance companies to distribute its products which are separate from the area where the bank staff members sell/provide banking products/services.</p> <p>If the bank leases space to the insurance company by way of entering into a lease agreement, this may be difficult because it will require the bank to register for a leasing business as one of its lines of business.</p>



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Are there any investment requirements (e.g., minimum stake to be held by the insurance company in its distribution partner) or any other similar legal or regulatory obligations that may affect the insurance company's ability to enter into the distribution agreements?

General overview of bancassurance











 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
None.	None.	None.	None.	None.	Under the regulations of the BSP and Insurance Commission, the bank and the insurance company must belong to the same financial conglomerate before bancassurance activities may be allowed. Further, BSP regulations provide that the insurance company must have been disclosed and reported as part of the group structure of the bank. The financial conglomerate rule does not apply if the bancassurance will only involve simple traditional insurance products.	None.	None.	None.	None.



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Are there any recent (or pending) developments in laws and regulations that may be relevant to the negotiation and/or the entering into of the distribution agreements (or the provision of services by the insurance company and/or the bank pursuant thereto)?

General overview of bancassurance











 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
None.	None.	None.	None.	<p>BNM has recently revised the Bancassurance/ Bancatakaful Policy Document and Operating Cost Controls for General Insurance and Takaful Business Policy Document on standards and guidelines applicable to bancassurance arrangements and remuneration of bancassurance partners of general insurers in Malaysia.</p> <p>The current Personal Data Protection Act 2010 is also being reviewed, with an aim to be amended in 2024.</p>	<p>The Insurance Commission and issued Circular Letter No. 2016-40 dated July 25, 2016 and Circular Letter No. 2016-53 containing additional rules on bancassurance supplementing Circular Letter No. 2015-20 or the implementing rules and regulations of bancassurance.</p>	None.	<p>Yes.</p> <p>The FSC issued rulings on 18 March 2022 which impose requirements ad restrictions on what and how the insurers can pay to the distribution channels (i.e., the insurance agencies, insurance brokers, and the banks) for any telemarketing cooperation.</p> <p>Based on the recent regulatory sanctions imposed by the FSC and our understanding of the market, these rulings are not just for telemarketing. They also show the FSC's general position on all payments made between banks and insurers, including those paid under bancassurance transactions. Accordingly, these must be factored in when negotiating or entering any distribution agreement.</p>	None.	<p>Yes. The SBV has recently released a draft new Circular on licensing requirement of banks, under which the SBV proposes that banks can act as insurance agents to distribute insurance products that are compliant with the laws, except for investment-linked product. However, this provision of the Draft Circular is still in a working draft form, which may be subject to change and therefore, the response to this question 18 will be need to be revisited and updated after the final new Circular is issued.</p>



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Are there any other issues that may affect the insurance company's ability to enter into the distribution agreements and provide bancassurance services on an ongoing basis to the bank?

General overview of bancassurance

 China	 Hong Kong	 Indonesia	 Japan	 Malaysia	 Philippines	 Singapore	 Taiwan	 Thailand	 Vietnam
None.	None.	None.	None.	None.	None.	None.	None.	None.	None.

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