Asia Pacific Insurance - Malaysia

Digitalization in Insurance Guide

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# Is there any specific regulation governing the sale of insurance through online platforms?

Yes. The Central Bank of Malaysia (**BNM**) has issued the Guidelines on Internet Insurance (**Internet Insurance Guidelines**) which governs internet insurance activities specifically and the Guidelines on Management of IT Environment (GPIS 1) (**IT Environment Guidelines**) which sets out the minimum responsibilities and requirements for planning and managing, as well as establishing preventive and detective measures to mitigate the risks pertaining to IT environment. These guidelines are under review by BNM, with the view that a new policy document governing risk management in technology coming into force in 2019.

# Is the sale of insurance through mobile applications subject to the same requirements as the online sale?

Yes. However mobile applications will likely be subject to additional minimum control measures under the new policy document that may be issued by BNM in 2019.

# Set out three key regulatory requirements for the distributions of products online or through mobile applications.

The three regulatory requirements for the distribution of products online or through mobile applications are: (i) the Insurer must be licensed to carry on insurance business and provide a notification along with the prescribed supporting documents to BNM to conduct internet insurance activities; (ii) to ensure that online system, product and other risks are managed in accordance with the relevant guidelines; and (iii) to conclude the distribution and sale in accordance with requirements under the laws on advertising and electronic transactions.

# Do the current insurance regulations in your jurisdiction allow the KYC process be done online or electronically? If so, what are the key requirements?

Yes, provided the insurer has in place policies and procedures to address any specific risks associated with non-face-to-face business relationships. The insurer must establish appropriate measures for the identification and verification of customer's identity that shall be as effective as that for face-to-face customer and implement monitoring and reporting mechanisms to identify potential money laundering or terrorism financing activities.

# Do the insurance regulations permit insurance policies/contracts to be concluded through digital means? For example, through a “click-through” or “e-signature”, without any wet signature.

Yes, but the e-signature must meet all requirements set out under the Electronic Commerce Act 2006.

# Is there any specific regulation governing the advertising of insurance products through online platforms or the use of aggregators?

No. Advertising of insurance products through online platform is subject to the same regulation as advertising through other means.

# Are there any customer service requirements if the insurers sell their products online?

Yes. Insurers must establish a centralized platform for lodging a complaint and to assist customer in pursuit of redress or resolution of a complaint. Insurer must establish a dedicated single point of contact such as a complaint or customer service unit for referring customer complaints, which may be in the form of e-mail or other online platforms.

# If an obligation is imposed on insurers to allow customers to amend or update their policies online, are there any specific regulatory requirements governing that process?

There is no such obligation imposed yet.

# Are insurers required to apply for specific insurance licenses in order to conduct online sales?

No. But licensed insurers are required to provide a notification along with the prescribed supporting documents to BNM prior to conducting online insurance sales.

# In order to conduct online sales, are insurance intermediaries required to apply for any specific insurance licenses?

No. Insurance agents may conduct online sales provided that the insurer they are an agent for has satisfied the BNM notification requirements in respect of internet insurance activities. Insurance brokers may conduct online sales under their existing approval under the FSA.

# Are there specific requirements on the commission rates paid to insurance intermediaries for online sales? Please specify if these rates are different from the rates applicable in the case of insurance sale through other means.

No. There is no difference on the commission rates paid between online sales and other means.

# Where the insurers do not engage in online insurance sales themselves, but engage intermediaries to do so, would the insurers be deemed as offering or selling insurance products online?

Yes. The offering and selling of insurance products online through insurance agents, who act on behalf of insurers, would likely be regarded as the sale of insurance by the insurer.

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