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SUBJECT: NEW REINSURANCE LICENCE FOR LABUAN
(MALYASIA)
ACTION POINTS: None
DEADLINE: Immediate

International are pleased to announce that following discussions with the regulatory authorities in the Malaysian territory of Labuan, Lloyd's have been issued with a licence to transact all classes of Malaysian reinsurance, subject to the risks being underwritten in Labuan.

Labuan is a Malaysian island territory, which benefits from a government programme to establish it as the Malaysian offshore financial centre. Reinsurers licensed in Labuan receive priority cessions over international markets for all Malaysian reinsurance not placed domestically. Under the new Lloyd's arrangements, and with immediate effect, underwriters who become authorised to accept business from Labuan will be given the opportunity to underwrite this previously unavailable business.

In addition, by becoming a recognised reinsurer, domestic Malaysian insurers will be permitted to take a credit in their solvency calculations for any reinsurance placed via Lloyd's in Labuan. This will provide Lloyd's underwriters with a considerably improved position over their non-licensed competitors.

Underwriters wishing to write Malaysian reinsurance in Labuan will be required to establish a service company in Labuan. However, the regulator has agreed to adapt the existing solvency and capitalisation rules in Labuan, to reflect Lloyd's unique structure and security arrangements.

As a result of new licensed status, representatives of the Labuan regulator will be visiting Lloyd's on 14th October. International Department will be hosting a breakfast briefing, at which underwriters will be given the opportunity to learn more about Labuan and meet with the Labuanese officials, to discuss the business opportunities offered by the new Lloyd's arrangements.

Any underwriter wishing to know more about this briefing, or to take advantage of this new licence should contact Paul Griffiths in the International Department (ext. 6524) to discover how they can optimise their position as a Malaysian reinsurer.

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