



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Professionalism of Insurance and Takaful Agents

Applicable to:

1. Licensed insurers
2. Licensed takaful operators

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PART A OVERVIEW

1 Introduction

- 1.1 Licensed insurers and takaful operators' (ITOs) agents remain as the key distribution channel for insurance and takaful products. For many financial consumers (customers), agents play a critical role in providing sound advice and recommendations to help customers in choosing suitable products as well as in ensuring timely claims submission. In view of this, agents must behave professionally and with integrity in all their dealings with customers.
- 1.2 The requirements in this policy document are intended to:
- (a) require ITOs to ensure that their agents are competent, qualified and act professionally in the best interest of customers at all times; and
 - (b) improve public confidence in the integrity of ITOs' agency workforce as a trusted and reliable channel for distribution of insurance and takaful products.
- 1.3 Towards this end, the policy document serves to enhance the professionalism of individual agents and further strengthen safeguards in place to ensure a consistent delivery of improved customer outcomes through the ITOs' agency channel.
- 1.4 This policy document sets out the requirements that ITOs shall comply with in relation to the recruitment of their agents. This includes requirements relating to the agents' minimum qualifications, fit and proper criteria, due diligence processes, Continuous Professional Development (CPD) of agents and corrective actions that must be taken by the ITOs in the event of misconduct by agents.

2 Applicability

- 2.1 This policy document is applicable to all ITOs (excluding licensed reinsurers and retakaful operators) and their existing and new agents (either working on individual basis or under Agency Leader Corporation or Corporate Agency or any other arrangements¹) who are involved in the distribution of insurance or takaful products to customers.

3 Legal provisions

- 3.1 The requirements in this policy document are specified pursuant to sections 123(1) and 143 of Financial Services Act 2013 (FSA) and sections 135(1) and 155 of Islamic Financial Services Act 2013 (IFSA).
- 3.2 The guidance in this policy document is issued pursuant to section 266 of the FSA and section 277 of the IFSA.

¹ Excluding approved financial advisers/Islamic financial advisers, approved insurance/takaful brokers and bancassurance/bancatakaful arrangements.

4 Effective date

4.1 This policy document comes into effect on 1 January 2024.

5 Interpretation

5.1 The terms and expressions used in this policy document shall have the same meanings assigned to them in the FSA and IFSA, as the case may be, unless otherwise defined in this policy document.

5.2 For the purpose of this policy document:

“**S**” denotes a standard, an obligation, a requirement, specification, direction, condition and any interpretative, supplemental and transitional provisions that must be complied with. Non-compliance may result in enforcement action;

“**G**” denotes guidance which may consist of statements or information intended to promote common understanding and advice or recommendations that are encouraged to be adopted;

“**agent**” refers to, except stated otherwise, any natural person (including a natural person working under Agency Leader Corporation or Corporate Agency or any other arrangements) who solicits or obtains a proposal on behalf of an ITO, negotiates a contract of insurance or a contract of takaful on behalf of an ITO or does any other act on behalf of an ITO in relation to the issuance, renewal or continuance of an insurance policy or takaful certificate, but excludes the sales staff of licensed banks, licensed Islamic banks, and prescribed institutions²;

“**Board**” means the Board of Directors of an ITO, including a committee of the Board where the responsibilities of the Board set out in this policy document have been delegated to such a committee;

“**Multi-Level Marketing (MLM)-based distribution arrangement**” includes-

- (a) the sale of insurance or takaful products directly or indirectly by any person who is not an agent registered with an ITO, acting for or on behalf of a party involved in MLM;
- (b) the efforts of any person who is not an agent registered with an ITO acting for or on behalf of a party involved in MLM, who seeks or encourages other persons to purchase or obtain benefits of any insurance or takaful products of an ITO; or
- (c) a member-get-member mode of marketing where the member who recruits a new member(s) is paid or given some form of benefit or commission, whether directly or indirectly, by a party involved in MLM.

“**senior agent**”, refers to an appointed agent who has obtained the Module 2 qualifications as specified in paragraph 9.13, or, has been exempted from Module 2 qualifications in accordance with paragraphs 9.14 and 9.16;

² Refers to prescribed institutions under the Development Financial Institutions Act 2002.

“**senior management**” refers to the Chief Executive Officer and senior officers as defined in FSA and IFSA, of an ITO.

6 Related legal instruments and policy documents

- 6.1 This policy document must be read together with other relevant legal instruments and policy documents that have been issued by Bank Negara Malaysia (the Bank), including any amendments or reissuance thereafter, in particular:
- (a) Policy Document on Fair Treatment of Financial Consumers (FTFC) issued on 6 November 2019;
 - (b) Policy Document on Employee Screening issued on 9 March 2018; and
 - (c) Policy Document on Prohibited Business Conduct issued on 15 July 2016.

7 Policy documents superseded

- 7.1 This policy document supersedes the *Specification Letters on Referred Listing on Agents* issued on 8 July 2020 and 28 December 2021.

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PART B POLICY REQUIREMENTS

8 Oversight, accountability, management and control of risk related to appointment of agents

- S** 8.1 The Board of an ITO shall:
- (a) oversee the formulation and implementation of the ITO's internal governance and control frameworks (including internal structures, policies and processes) on the appointment of agents, to ensure compliance with the Bank's requirements;
 - (b) periodically review the appropriateness and effectiveness of the implementation of the ITO's internal governance and control frameworks referred above; and
 - (c) promote, together with the senior management, a sound corporate culture among the ITO's agency force, which reinforces ethical, prudent and professional behavior that accords due consideration to customers' best interest.
- S** 8.2 The senior management of an ITO is responsible for establishing and implementing effective internal governance and control framework (including internal structures, policies and processes) on the appointment, movement and termination of agents acting on behalf of the ITO, including in the following areas:
- (a) a robust due diligence process, as specified in paragraphs 9.1 to 9.6, for the appointment and termination of agents, internal disciplinary procedures, as well as risk tolerance levels that need to be established when considering the appointment of former agents with past disciplinary issues;
 - (b) an effective monitoring mechanism for the movement of agents from one ITO to another ITO or termination of agents to ensure databases of agents registered with the ITOs, which are maintained by the ITOs are comprehensive and are up-to-date to facilitate the due diligence process as specified in paragraph 8.2(a);
 - (c) the ITO's compliance with the Bank's requirements, including the obligation to ensure that only agents who meet fit and proper criteria at all times in accordance with the Bank's requirements are appointed as the ITO's agent or remain in the ITO's agency force;
 - (d) a code of ethics that articulates the minimum standards of professional conduct by agents of the ITO in their dealings with customers. Such code of ethics must include the requirements for agents to:
 - i. take into consideration the specific risks, needs and affordability of customers when making product recommendations or providing advice on insurance/takaful coverage including customers' existing insurance/takaful coverage, if any; and
 - ii. provide assistance on claims and maintain contact with customers for the purpose of ensuring the continuity of services throughout the policy/takaful certificate tenure;
 - (e) sufficient and timely reporting or escalation of pertinent issues by the ITO relating to serious and recurring misconduct by agents, such as breach of

- trust and misappropriation of insurance premiums/takaful contributions, to its Board; and
- (f) clearly defined processes and authorities within the ITO which are empowered to make decision on any exceptions to such approved policies and procedures.

- S** 8.3 An ITO shall ensure its internal audit function performs periodic review on the adequacy, sufficiency and effectiveness of the implementation of the policies and procedures specified in paragraph 8.2.

9 Appointment of agents

Due diligence process

- S** 9.1 An ITO shall undertake the necessary due diligence process prior to appointing its agents to ensure that only qualified individuals who meet the fit and proper criteria as per paragraph 10 are appointed as agents. The due diligence process shall at minimum include:
- (a) screening of a candidate being considered for the appointment as an agent by the ITO. In this regard, the ITO is required to obtain written consent from the candidate which authorises –
 - i. the ITO to make an inquiry into the candidate's current and previous employment (including with other ITOs) and any appointment of the candidate as agents by other ITOs for the past seven (7) years; and
 - ii. all of the candidate's current and former employers (including ITOs) and principals (in relation to the candidate who is or has been an agent of an ITO) in the past seven (7) years to disclose his/her employment history or history as an agent;
 - (b) conducting reference checks of current and former employers (including ITOs) and principals (in respect of agents) of the candidate in the past seven (7) years, including any internal disciplinary proceeding he/she has been or is being subject to, using the template in the **Appendix** of this policy document;
 - (c) reviewing the candidate's previous employment and appointment references. In this regard, the ITO is required to check with the respective industry association of ITOs for details of any other ITOs that had previously appointed the candidate or are currently represented by the candidate; and
 - (d) obtaining a declaration by the candidate that he/she does not have any existing or potential conflicts that may raise concerns regarding his/her ability to meet the fit and proper criteria such as previous convictions for offences described under paragraph 10.4(a). The existing or potential conflicts include circumstances where any of the candidate's immediate family members are/were agents of, employed by the ITO or other ITOs with a record of disciplinary proceedings, or members of senior management or directors of any ITOs.
- S** 9.2 Upon receiving a request for a reference made pursuant to paragraph 9.1(b), an ITO shall provide the hiring ITO a reference for the candidate in writing,

using the template in the **Appendix** of this policy document, within 15 working days from the date of the request.

- G** 9.3 If the hiring ITO does not receive the reference requested after 15 working days from the date of its request, the hiring ITO may proceed with its assessment on the candidate's fitness and propriety based on the policies and procedures established pursuant to paragraph 8.2(a).
- S** 9.4 Notwithstanding paragraph 9.3, if the previous employers/ITOs submit the information at any time after 15 working days from the date of the request, the hiring ITO shall re-assess the candidate pursuant to paragraph 10.1 based on the information received.
- S** 9.5 For the preparation of the references, an ITO shall comply with the requirements as specified in paragraph 12 of the Policy Document on Employee Screening.
- S** 9.6 An ITO shall maintain complete records³ of all supporting documents and information referred to in conducting the screening of new agents.

Minimum entry requirements

- S** 9.7 An ITO shall ensure its appointed agents meet the following criteria:
 - (a) at least 18 years of age;
 - (b) passed the relevant entry qualification for agents i.e. the Pre-contract Examination for Insurance Agent (PCE) for insurance agents and Takaful Basic Examination (TBE) for takaful agents. Insurance agents who solicit investment-linked products must also pass Certificate Examination in Investment-linked Life Insurance (CEILLI); and
 - (c) fit and proper criteria as specified in paragraph 10 of this policy document.

Registration of agents

- S** 9.8 An ITO shall ensure all its appointed agents are registered with the relevant industry association i.e. Life Insurance Association of Malaysia (LIAM), General Insurance Association of Malaysia (PIAM) or Malaysian Takaful Association (MTA) (collectively referred to as industry associations) prior to soliciting business for the ITO and that such appointed agents are provided with an identification document (e.g. authorisation card/certificate of registration) to enable customers to identify the agents who are authorised to represent the ITO. The ITOs must ensure that the identification document shall include information on the validity period of the agents' appointment.
- S** 9.9 An ITO shall maintain an up-to-date register containing the list of all its appointed agents and update the relevant industry associations, as and when there are:
 - (a) new agents appointed;

³ All records must be maintained for a minimum of seven (7) years, in line with the provision on disposal of old records in the Companies Act 2016.

- (b) changes in appointed agents' status to 'active' or 'inactive', as well as changes in appointed agents' address or contact details; or
- (c) exit, expiry or ending of appointed agents' tenure with the ITO and the reasons for such exit, expiry or ending i.e. due to termination, resignation, retirement, death or total permanent disability.

For avoidance of doubt, the ITO shall update its register within five (5) working days from the final decision or notification of change in circumstances as listed above.

Number of principals per agent

- S** 9.10 An ITO shall take reasonable measures to ensure that at the time of appointment and during the term of appointment with the ITO, its appointed agents (including agents which are not natural persons) do not represent more than the maximum number of ITOs that can be represented by an agent at any one time, as follows⁴:
 - (a) one (1) licensed life insurer;
 - (b) one (1) licensed family takaful operator;
 - (c) two (2) licensed general insurers; and
 - (d) two (2) licensed general takaful operators.

- S** 9.11 An ITO shall take reasonable steps to monitor the conduct of its agents to:
 - (a) ensure compliance with paragraph 9.10;
 - (b) ensure its agents do not collude and establish a company, platform or any other arrangements etc. to sell products from various ITOs; and
 - (c) detect acts of collusion or attempts to serve as a proxy for other suspended or terminated agents for purpose of parking of business⁵. This includes formal or informal arrangements, such as receiving an introducer fee or other forms of incentive sharing arrangements, including with agents of other ITOs or suspended or terminated agents, when soliciting business.

- G** 9.12 In relation to paragraph 9.11, an ITO may consider conducting random or periodic surveillance on their agents' social media activities, mystery shopping or welcome calls to customers to verify the identity of the agent who provided advice and recommendation for the insurance/takaful product purchased by the customers.

Additional qualification requirements for life insurance and family takaful agents

- S** 9.13 In addition to the entry qualification in paragraph 9.7(b), an ITO shall ensure that its appointed agents pass the relevant examinations for the modules specified in the table below if the appointed agents intend to be involved in the

⁴ For the avoidance of doubt, POS Malaysia shall be exempted from complying with the requirement on number of principals per agent as specified in paragraph 9.10.

⁵ This refers to the practice of an agent, who usually an agency leader or an influential agent registering a policy/takaful certificate under the name of another agent.

related activities, in particular, the distribution of life insurance or family takaful products, as the case may be:

Qualifications	Mandatory Areas of Knowledge
For life insurance agents:	
(a) Module 2 of Registered Financial Planner (RFP) offered by the Malaysian Financial Planning Council (MFPC); or	1. Risk management; and 2. Insurance planning.
(b) Module 2 of Certified Financial Planner (CFP) offered by the Financial Planning Association of Malaysia (FPAM); or	
(c) Fellow Certified Life Practitioner (FCLP) offered by the National Association of Malaysian Life Insurance and Family Takaful Advisors (NAMLIFA).	Completion of all modules of FCLP
For family takaful agents:	
(a) Module 2 of Shariah Registered Financial Planner offered by the MFPC; or	1. Risk management; and 2. Takaful planning.
(b) Module 2 of Islamic Financial Planner (IFP) offered by the FPAM.	

- S 9.14** Notwithstanding paragraph 9.13, an ITO shall exempt its appointed agents from passing the relevant examinations for any of the qualifications specified in the table above if the appointed agents have obtained other qualifications that are recognised by MFPC or FPAM to be equivalent to Module 2 of RFP/CFP or Shariah RFP/IFP, as the case may be.
- S 9.15** An ITO shall ensure that its appointed agents obtain the additional qualification stipulated in paragraph 9.13 within the following timeframe:
- within one (1) year of appointment** for all appointed agents who are fresh entrants to the life insurance and/or family takaful industries; and
 - within two (2) years from the effective date of this policy document** for appointed agents with less than ten (10) cumulative years of experience as a life insurance and/or family takaful agent, subject to the exception specified in paragraph 9.16.
- S 9.16** For avoidance of doubt, the following categories of appointed agents are exempted from the requirements under paragraph 9.13:
- agents with at least ten (10) years of cumulative experience (based on the anniversary of the date they are first registered with an ITO) in the life insurance and/or family takaful industries as at 1 January 2024; or
 - agents with five (5) years or more of cumulative experience (based on the anniversary date they are first registered with an ITO) in the life insurance

and/or family takaful industries as at 1 January 2024 **and** are in the category of 'normal' or 'outperformer' for their 2023 Balanced Scorecard performance.

- G** 9.17 For the purpose of meeting the CPD requirement as specified in paragraph 12.1, an ITO may allow its appointed agents to fulfil 15 CPD hours when attending classes for the relevant examinations specified in paragraph 9.13.
- S** 9.18 An ITO shall suspend its appointed agents from making any further sales in the event the appointed agents fail to obtain the additional qualification within the timeframe as specified in paragraph 9.15. The suspension shall remain in effect until the appointed agents obtain the additional qualification. An ITO shall also ensure appropriate arrangements are in place to supervise and monitor the suspended agents' conduct in servicing customers (i.e. existing policyholders or takaful participants).
- G** 9.19 Notwithstanding paragraph 9.18, in the event newly appointed agents fail to obtain the additional qualification within one (1) year of appointment as specified in paragraph 9.15(a), the newly appointed agents are allowed to continue sourcing for new business under the supervision of a senior agent and service existing clients for one (1) more year. For example, an agent who was newly appointed on 1 January 2024, and who has failed to obtain the additional qualification by 31 December 2024, is allowed to continue sourcing for new business under the supervision of a senior agent and service existing clients while continuing to sit for the M2 examination from 1 January 2025 up to 31 December 2025.
- S** 9.20 For avoidance of doubt, if the newly appointed agent in the example in paragraph 9.19 still fails to obtain such additional qualification by 31 December 2025, this agent must be suspended from sourcing for new business from 1 January 2026 until this agent has successfully obtained the additional qualification.
- G** 9.21 In relation to paragraphs 9.18 and 9.20, suspended agents may continue to service their existing customers, including prospective customers who the suspended agents have provided product recommendation. During this period, these agents remain as servicing agents and would continue to receive commissions.

10 Fit and proper criteria

- S** 10.1 An ITO shall ensure that any person appointed to be its agent has been assessed to have met all the fit and proper criteria specified in paragraph 10, at the point of his/her appointment and at all times thereafter.
- S** 10.2 The ITO's assessment on its appointed agent's compliance with the fit and proper criteria shall be conducted both prior to an agent's appointment and at regular intervals or whenever the ITO becomes aware of any information that may compromise the appointed agent's fitness and propriety.

- S 10.3** In relation to paragraph 10.2, an ITO shall ensure that the fit and proper assessments are supported by relevant documents and information in relation to the person being assessed. Where an ITO places significant reliance on information that is obtained from the person being assessed, and that information is material to the determination of the person's fitness and propriety, the ITO shall take reasonable steps to verify the information from independent sources such as checking with the respective industry associations to ascertain whether the person has had any history of misconduct when appointed as an agent of other ITOs and where necessary, verifying the information using original documents provided by the person.

Criteria 1: Probity, personal integrity and reputation

- S 10.4** An ITO's assessment of a candidate to be appointed as its agent and existing agents in terms of probity, personal integrity and reputation shall include, but are not limited to, the following considerations:
- (a) the person has not been convicted of and/or through the ITO's domestic inquiry process or otherwise found to have committed:
 - i. criminal acts or criminal breach of trust, including misappropriation of clients' monies; or
 - ii. offences under section 28, 29 or 124 of the FSA or section 25, 26 or 136 of the IFSA and paragraph 11 of Schedule 9 of FSA or IFSA;
 - (b) the person has not contravened any requirements or provision of law designed to protect members of the public against financial loss due to dishonesty, incompetence or malpractice;
 - (c) the person has not contravened any requirements or standards of any regulatory body, professional body, Government/State Government or their agencies;
 - (d) the person has not been dismissed, terminated or resigned from employment, a position of trust, fiduciary appointment or similar position due to dishonest conduct or questions on his integrity;
 - (e) the person has not engaged in any business practices which are deceitful, oppressive or otherwise improper (whether unlawful or not), or which otherwise reflect discredit on his professional conduct or his reputation; and
 - (f) the person has no previous record of unfair or dishonest acts in his dealings with customers, employer(s), auditors and regulatory authorities. This includes the use of or serving as proxies in selling, offering or marketing of insurance or takaful products as specified in paragraph 9.11.

Criteria 2: Competency and capability

- S 10.5** An ITO's assessment of competency and capability of a candidate as its agent or existing agents shall include, but are not limited to, the following considerations:
- (a) the person has the appropriate qualifications, training, skills, practical experience and commitment to effectively fulfill the role and responsibilities of an agent; and
 - (b) the person has satisfactory past performance or expertise relevant to the nature of the business being conducted.

Criteria 3: Financial integrity

- S 10.6** An ITO's assessment of a candidate as its agent or existing agents' financial integrity shall include, but are not limited to, the following considerations:
- (a) the person has been and will be able to fulfill his/her financial obligations as and when they fall due; and
 - (b) the person has not been the subject of a judgment debt which has not been satisfied either in whole or in part.

11 Treatment of agents that fail fit and proper criteria

- S 11.1** In the event an ITO's agent fails to meet any of the fit and proper criteria in paragraph 10 above, an ITO shall determine the appropriate actions including disciplinary actions to be taken against the agent, based on the established policies and procedures established by the ITO pursuant to the requirement in paragraph 8.2. For an agent who has been found to have committed offences specified in paragraph 10.4(a)(i) and (ii) through the ITO's domestic inquiry process or otherwise, the ITO shall lodge a police report of such fact before informing the respective industry association as required under paragraph 11.2. The ITO shall maintain proper records of any internal inquiry, investigation, disciplinary proceedings or any other proceedings or action undertaken by the ITO.
- S 11.2** Within ten (10) working days of determining the appropriate actions to be taken against the agent who fails to satisfy the fit and proper criteria under paragraph 10, an ITO is required to inform the respective industry association of the pertinent information as described in paragraph 11.3. Similarly, an ITO shall inform the respective industry association regarding any agents who have ceased to be the ITO's agent but had engaged in such misconduct before the agent's cessation as the ITO's appointed agent. Such information on the agent's conduct shall be retained by the ITO in its database for future reference⁶.
- S 11.3** An ITO is required to submit the relevant information including the following information to the relevant industry association(s) in the event the obligations under paragraphs 11.1 and 11.2 are triggered:
- (a) name and contact details of the ITO submitting the information;
 - (b) date of the submission of information;
 - (c) name and identification number of the agent;
 - (d) description of the agent's misconduct and the manner in which the agent has failed to meet fit and proper criteria;
 - (e) date of initiation and conclusion of ITO's internal inquiry, investigation, disciplinary proceedings or any other proceedings or action; and
 - (f) brief description of disciplinary action or any other action taken against the agent.

⁶ All records must be maintained for a minimum of seven (7) years, in line with the provision on disposal of old records in the Companies Act 2016.

- S 11.4** In the event of an appeal by the agent in relation to any actions taken by an ITO due to the agent's failure to meet the fit and proper criteria, the ITO shall inform the respective industry association of any changes in its decision, within five (5) working days after the decision has been made by the ITO. Any changes in the ITO's decision shall be supported by appropriate justifications.
- S 11.5** An ITO shall communicate:
- to the affected agent, the outcome of its internal inquiry, investigation, disciplinary proceedings or any other proceedings or action; and
 - to the policyholders or takaful participants, on the cessation of the affected agent's services.
- S 11.6** An ITO shall ensure the policyholders or takaful participants previously served by the affected agent that have resigned or been terminated or suspended as the case may be, continue to be served, either by another appointed agent or directly by the ITO⁷.

12 Continuous Professional Development and training

- S 12.1** An ITO shall ensure that its appointed agents attend courses or training to achieve the minimum required CPD hours in each calendar year. The minimum CPD hours required for each type of agent is as follows:

	Life insurance/family takaful agents	General insurance/ takaful agents
CPD hours		
a) Newly appointed agents who are fresh entrants to the insurance/takaful industries are required to complete:	20 hours training within the first six (6) months of appointment	12 hours training within the first six (6) months of appointment
b) Existing agents with more than one (1) year of experience in the insurance/takaful industries (including agents who are reappointed by another ITO), are required to complete:	30 CPD hours, comprising: <ul style="list-style-type: none"> • Technical training; and • Non-technical training 	20 CPD hours, comprising: <ul style="list-style-type: none"> • Technical training; and • Non-technical training

- S 12.2** An ITO shall adhere to the following conditions relating to CPD hours:

⁷ For affected policies which no longer serviced by an agent, an ITO is required to contact the affected customers and provide the options for customers to either be assigned to another agent or to deal directly with the ITO.

- (a) credit points for CPD can be earned only once for the same programme i.e. each agent can earn credit from the same programme only once per agency contract;
 - (b) for agents with more than one (1) principal ITO, CPD points awarded through the first principal are allowed to be combined with and recognised by other principal ITOs that the agents are registered with for the purpose of meeting CPD requirements; and
 - (c) any CPD hours including extra points earned is not allowed to be carried forward to the following year.
- S** 12.3 An ITO shall determine the composition of technical and non-technical training programmes required to be attended by its appointed agents based on the agents' development needs and the business needs of the ITO on a yearly basis.
- S** 12.4 In relation to paragraphs 12.2 and 12.3, an ITO shall adhere or refer to the respective industry association's guidance on the structure and types of CPD programmes to be attended by its appointed agents.
- S** 12.5 An ITO shall ensure its appointed agents comply with the CPD requirements by conducting the following:
- (a) reviewing and following-up on each of its appointed agents' CPD training needs on an annual basis; and
 - (b) monitoring, obtaining and retaining relevant supporting evidence that each of its appointed agents has completed minimum CPD hours required within the stipulated period in paragraph 12.1. This includes records of the CPD hours and types of training or courses attended by each of its appointed agents.
- G** 12.6 An ITO may exercise flexibility in terms of extending the periods in paragraph 12.1 for its appointed agents' compliance with remaining CPD hours on a case-to-case basis subject to valid reasons.
- S** 12.7 An ITO is required to exercise its discretion under paragraph 12.6 objectively and maintain proper records on the decisions reached together with any supporting documents. Such records shall be made available to the Bank upon request by the Bank.

13 Other requirements

Prohibition on participation in MLM

- S** 13.1 An ITO shall ensure that its staff and appointed agents (including agents which are not natural persons) do not, directly or indirectly, participate or be involved in or allow the sale of its insurance/takaful products through MLM-based distribution arrangements as described in paragraph 5.2.
- S** 13.2 An ITO shall ensure that its staff and appointed agents (including agents which are not natural persons) are aware of the prohibition on participating in MLM-based distribution arrangements and ensure compliance to this prohibition.

APPENDIX: TEMPLATE FOR REFERENCE CHECKS

In line with paragraph 9.1(a) of Bank Negara Malaysia's Policy Document on Professionalism of Insurance and Takaful Agents, the written consent of the candidate which authorizes the hiring licensed insurer/takaful operator (ITO) to make enquiries into the candidate's previous employment history and records must be attached to the reference form.

PART A BACKGROUND

(i) To be completed by the hiring ITO	
Name of ITO	
Name and Designation of Requesting Officer	
Contact Details of Requesting Officer	
Date of request	
Candidate's name	
Candidate's MyKad/passport number	

(ii) To be completed by the candidate's current/former employers/ITOs			
Name of institution			
Name and Designation of Responding Officer			
Contact Details of Responding Officer			
Date of response			
All functions held by the individual in the institution, including past functions, and the period during which the individual held the function–			
Function	From (date)	To (date)	Description of role

PART B MANDATORY INFORMATION

To be completed by the candidate's current/former employers/ITO. The responses to Questions 1 and 2 must cover the entire period the candidate was employed by the institution.

Question 1		
Has the candidate been subject to any internal disciplinary proceedings for an incident which relates to his/her conduct or integrity?	Yes	No
<p>If yes, please provide the following information (to be reported separately for each incident):</p> <ul style="list-style-type: none"> i) Date of incident; ii) Date of initiation of internal disciplinary proceedings; iii) Factual description of the incident (e.g. nature of the allegations); iv) Details of the candidate's written representation in response to an allegation, if any; v) Status of internal disciplinary proceedings– <ul style="list-style-type: none"> a. Concluded (please include decision of the proceedings); b. Ongoing; or c. Unable to proceed (please specify reason, e.g. insufficient evidence); vi) Action(s) taken, if any; and vii) Outcome of appeal, if any. 		

Question 2
<p>To your knowledge, has the candidate been found by any authority to be in breach of any legal or regulatory requirements under any written law, whether in or outside Malaysia?</p> <p>If yes, please provide the following information (to be reported separately for each incident):</p> <ul style="list-style-type: none"> i) Date of breach; ii) Factual description of the breach; iii) Date of notification by the authority; and iv) Enforcement action(s) taken, if any.

PART C ADDITIONAL INFORMATION

To be completed by the candidate's current/former employers/ITOs

Question 3

If you are aware of any additional information (positive or negative)⁸ that you consider relevant for an assessment of the candidate's conduct or integrity, please provide the information below.

⁸ For example, evidence of good behaviour or exemplary conduct by the individual, or information that the institution considers significant that may have an impact on the character assessment of the candidate.