

2021

EOIL Digest

June 2021 |

**OPENING ADDRESS BY
PRINCIPAL OFFICER**



**UPDATES FROM LABUAN
IMMIGRATION ON WORK PERMIT
APPLICATION**



**PHASE ONE OF NATIONAL RECOVERY PLAN
MAINTAINED UNTIL THREE KEY THRESHOLD
VALUE INDICATORS ARE ACHIEVED**



**LIFE INSURANCE INDUSTRY RECORDED
SLIGHTLY LOWER NEW BUSINESS TOTAL
PREMIUMS IN 2020**



**SUSTAINABILITY: HOW COULD RISING
SEA LEVELS IMPACT THE US' FLOOD
INSURANCE PROGRAM?**



**GENERAL INSURERS SEEK MORE
COMPREHENSIVE MOTOR VEHICLE THEFT
DATA**



Opening address by Principal Officer



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Greetings!

Welcome to the inaugural issue of EOIL Updates, Etiqa Offshore Insurance (L) Limited's ("EOIL") very own quarterly newsletter which aims to provide readers with the latest news and information on Labuan Financial Services Authority ("Labuan FSA), highlights on EOIL's sustainability efforts, as well as updates on Labuan's Insurance Industry.

Amidst the challenging Covid-19 business environment, EOIL continues to deliver its services to its Clients and maintain its excellent relationship with the Labuan FSA and industry players, to ensure it remains connected to the market. Our hearts are with those who have been affected by this pandemic and we join you in hoping that this unprecedented situation will end with a happy note soon.

We are proud to share EOIL Updates with our clients, associates and friends of the industry, and hope that you will find it useful. Do let us know your feedback on how we can further improve the newsletter in the future issues. Until our next edition, stay safe and stay healthy everyone!

Update on Work Permit Application from Labuan Immigration



Spanning across 12 acres, Financial Park Complex is the largest integrated commercial landmark in the Federal Territory of Labuan

Amidst the COVID-19 pandemic, the Immigration Department of Labuan has revised the Work Permit Application process to ensure that it is aligned with the Standard Operation Procedure (“**SOP**”) concerning the Movement Control Order (“**MCO**”). The changes to the Work Permit Application process include submission of additional documentation such as Annex 17 (Quarantine Release Form), Company License and Incorporation Letter.

In view of that, we advise all applicants to be fully aware of the documents that are required for the process, whether it involves Self Application and/or Dependent Application.

The approval process by Labuan Financial Services Authority (“**Labuan FSA**”) upon submission of full documentation may take not more than 2 weeks. Upon approval, the Expatriate is required to be physically present in Labuan for endorsement of work permit by Immigration Department of Labuan.

Following the recent spike in COVID-19 cases, Labuan has again been placed under the Enhanced Movement Control Order (“**EMCO**”) starting from 26th May 2021 until 24th June 2021. Some parts will undergo partial lockdown starting from 15th June 2021 until 28th June 2021. Non-Labuan Residents who wish to travel to Labuan will have to take the RT-PCR COVID-19 test 3 days prior to entering Labuan. Upon arrival, they will be required to undergo 14 days hotel quarantine at their own expense.

Phase One of National Recovery Plan maintained until three key threshold value indicators are achieved



Barbed wired is seen around the lockdown area.

Photo by: Malay Mail, 12 June 2021

The Ministry of Defense has issued a press release on 27 June 2021 to maintain Phase One of the Movement Control Order (“MCO”) under National Recovery Plan until the three key threshold value indicators are achieved.

The three threshold value indicators are number of daily Covid-19 cases dropping to below 4,000; the rate of bed usage in intensive care unit (“ICU”) at a moderate level; and 10% of the population has received two doses of the vaccine jabs.

The Standard Operation Procedure (“SOP”) of the MCO 3.0 is still applicable for the Phase One of National Recovery Plan, where all social and economic activities are not allowed to operate, except for essential sectors listed in the positive list issued by National Security Council (“MKN”)

Ending of Enhance Movement Control Order in Five Sub-zones in Labuan Federal Territory

The government had previously implemented the Enhanced Movement Control Order (“EMCO”) in five subzones in Labuan Federal Territory which was scheduled to end on 28 June 2021.

During the period, Ministry of Health (“MOH”) has conducted 8,682 screening tests and 1,632 were tested positive for COVID-19.

MOH saw that there was a declining trend in cases and no more test samples were waiting for the results.

After conducting a risk assessment with various agencies in MCO technical committee and with the advice of MOH, the government agreed to end EMCO in five subzones of Labuan on 28 June 2021, 11:59 pm as scheduled.

Life Insurance Industry Recorded Slightly Lower New Business Total Premiums In 2020 — LIAM



Source: The Edge Markets

The life insurance industry recorded a slight decline of 3.2% in new business total premiums to RM11.4 billion last year, from RM11.8 billion in 2019, the Life Insurance Association of Malaysia (LIAM) said.

According to LIAM, the industry's overall new business sum assured also fell by 7.2% to RM437.2 billion in that period from RM471.3 billion in 2019. LIAM said the traditional policies' new business sum assured improved by 7.2% to RM23 billion in 2020.

In contrast, the new business sum assured for investment-linked policies fell 21% and group policies registered a dip of 2.2%. "Investment-linked insurance which is greatly affected is an insurance plan which has more unique features and requires face-to-face interaction by agents to explain these features and ascertain its suitability" She said.

Meanwhile, LIAM chief executive officer (CEO) Mark O'Dell said the pandemic had resulted in companies becoming more explorative and innovative in enhancing their value propositions by developing plans that suit the needs of customers.

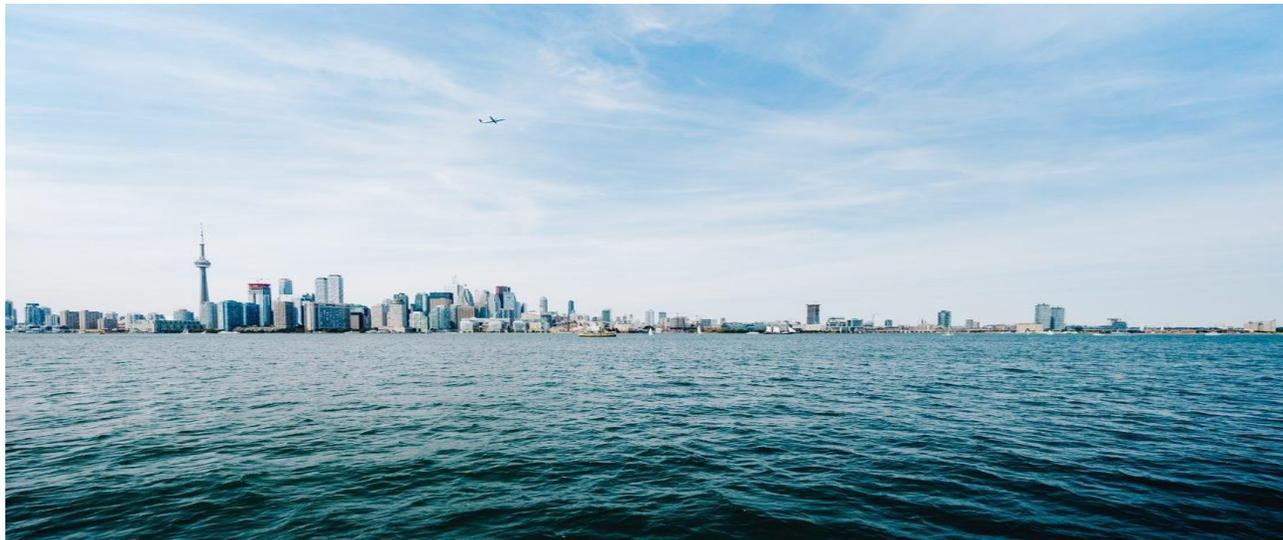
On the outlook, LIAM said barring unforeseen circumstances, the industry expects a high single-digit growth this year.

"The industry is very positive on its performance in the coming months with the recovery path for the people and Malaysian economy following the rolling out of the National Covid-19 Immunisation Programme," it said.

"A number of insurers introduced new plans with low premiums via the direct channel platform" he said.

"Indeed, policyholders' discontinuing their insurance coverage in 2020 was the lowest (sic) in the last five years despite the pandemic," he added.

How Could Rising Sea Levels Impact The US' Flood Insurance Programme?



Source: Society for Risk Analysis

Insurance policy premiums from the National Flood Insurance Programme (NFIP) allow policyholders to maintain a lower, grandfathered rate even when the risk escalates. But as coastal flooding increases due to rising sea level and more intense storms, new research published in the journal *Risk Analysis* suggests this grandfathered policy could lead to big losses for the NFIP.

A team of experts led by Carolyn Kousky, executive director of the University of Pennsylvania's Wharton Risk Management and Decision Processes Center, studied the effect of sea-level rise on a New York City neighbourhood to illustrate how grandfathered rates could impact both policyholder premiums and program revenue for the NFIP over the next 30 years. Their results project losses to the NFIP as flood risk grows in the coming decades.

To prevent this outcome, Kousky and her colleagues suggest that grandfathering be replaced with a gradual phase-in of risk-based flood insurance prices.

Kousky and her colleagues suggest that NFIP grandfathering be replaced with a gradual phase-in of risk-based insurance prices whenever a flood risk map update indicates heightened risk.

However, if grandfathering is eliminated and premium prices grow as flood risk increases, insurance could become cost-prohibitive for some families. To preserve risk-based pricing but assist families in need, Kousky and her colleagues suggest a needs-based approach to assist low- and middle-income families with their flood insurance costs and the expenses associated with investing in loss-reduction measures.

General Insurers Seek More Comprehensive Motor Vehicle Theft Data



Source: Asia Insurance Review

The Insurance Council of Australia (ICA) has said that it aims to collect a more comprehensive range of motor vehicle theft data.

“ICA has established relationships with state and territory law enforcement agencies and will work closely with these agencies to support the identification and enforcement of motor vehicle crime, including insurance fraud and theft,” according to a report on *insuranceNEWS.com.au*.

She said, “The insurance industry currently shares details on motor vehicle crime and these changes will enable us to target more than motor vehicle theft data, better informing industry and stakeholders of the areas to target in insurance-related issues.”

National Motor Vehicle Theft Reduction Council

The range of data the ICA plans to collect goes beyond the remit of the National Motor Vehicle Theft Reduction Council (NMVTRC), from which the general insurers' association is withdrawing funding.

ICA has decided not to renew its A\$1.125m (\$871,000) annual funding agreement which expires on 30 June. The NMVTRC will consequently cease operations on 30 September. The Council was formed in 1999 to push reforms aimed at reducing vehicle thefts across Australia.

NMVTRC CEO Geoff Hughes told *insuranceNEWS.com.au* that insurers have invested A\$25m in the scheme since 1999, and theft numbers have fallen 60%. “The ICA’s withdrawal fundamentally impacts the public-private partnership model on which the NMVTRC was founded,” he said.

Until 30 September, the NMVTRC will focus on the completion of some key projects including publishing a full analysis of crime data for the fiscal year ending 30 June 2021, and finding an “appropriate custodian” for 20 years of national vehicle crime data.

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