

Financial Services

Policy documents issued by Bank Negara Malaysia

Bank Negara Malaysia has issued the following policy documents on 29 February 2024:

- (A) [*Medical and Health Insurance/Takaful Business*](#), which sets out its revised requirements and guidance to licensed insurers and licensed takaful operators carrying the medical and health insurance/takaful business.

The policy document:

- comes into effect on 1 June 2024 save for (i) paragraphs 9.4(a) and (b) which will come into effect on 1 September 2024; and (ii) paragraphs 12.2 and 13.5 which will come into effect on 1 January 2025.
 - supersedes:
 - i. The Product Disclosure Sheet samples in Paragraph F of Appendix II under Schedule III and Paragraph F of Appendix II under Schedule IV of Guidelines on Product Transparency and Disclosure issued on 31 May 2013;
 - ii. *Guidelines on Medical and Health Insurance Business (Revised)* issued on 26 August 2005;
 - iii. *Guidelines on Medical and Health Takaful Business* issued on 17 September 2007; and
 - iv. *Specification letter relating to Medical and Health Insurance/Takaful Repricing and Risk-pooling* dated 6 January 2022.
- (B) [*Financial Technology Regulatory Sandbox Framework*](#), which enhances the policy document which was issued on 18 October 2016. The enhancements introduced are to ensure proportionate regulatory facilitation and

Legal Updates

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improve the operational efficiency of the existing sandbox procedures through the:

- i. simplification of the sandbox's Stage 1 (eligibility) assessment criteria to ensure that the rigour of assessment is proportional and better aligned with the development cycle of new innovations; and
- ii. introduction of risk-proportionate accelerated track under the sandbox, which is referred to as the "Green Lane". The Green Lane is meant to facilitate faster testing of innovative solutions by granting regulatory flexibility to financial institutions with a strong track record in risk management, governance and compliance capabilities.

Methodology Paper on Climate Risk Stress Testing

On 29 February 2024, Bank Negara Malaysia issued the [Methodology Paper on Climate Risk Stress Testing](#) which aims to provide financial institutions with hands-on experience in quantifying climate risk, refine their existing risk management strategies and explore new stress testing approaches that are relevant for assessing climate-related risks.

Product Transparency and Disclosure Exposure Draft

An [exposure draft on product transparency and disclosure](#) was issued by Bank Negara Malaysia on 29 February 2024, seeking for public feedback by **29 March 2024**.

Pursuant to the exposure draft:

- it is meant to set out new and enhanced disclosure requirements to ensure financial consumers are provided with relevant, timely, reliable and comparable information that enable them to select financial products that best meet their financial circumstances and needs.
- when it comes into effect, it will supersede among others, the *Guidelines on Product Transparency and Disclosure* issued on 31 May 2013.

CONTACT US FOR FURTHER INFORMATION REGARDING FINANCIAL SERVICES MATTERS.

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