



Republic of the Union of Myanmar
Ministry of Planning, Finance and Industry
Insurance Business Regulatory Board
Nay Pyi Taw

Directive No 2/ 2020

11th Waxing of Tabaung, 1381 ME

(4th March, 2020)

Bancassurance Directive

1. In exercise of the power conferred under sub-section (b) of section 38 of the Insurance Business Law, the Insurance Business Regulatory Board (IBRB) issues this directive for Bancassurance.
2. In this directive, financial institution means bank or microfinance institution.

Distribution models of bancassurance

3. The distribution models of bancassurance shall be as follows:
 - (a) Referral: Financial institutions may refer its customers to an insurer.
 - (b) Direct sale: Board member, manager, or employees of financial institution may solicit, negotiate, and consult to customers for purchasing the policy from insurers.
4. For Referral and direct sale, bank shall have the permission from Central Bank of Myanmar and microfinance institutions shall have the permission from the Microfinance Business Supervisory Committee to act as the Corporate Insurance Agent.
5. The financial institution shall have a Corporate Insurance Agent License issued by the Insurance Business Regulatory Board (IBRB).
6. The financial institution applying for a corporate insurance agent license shall have at least three licensed insurance agents in its board of directors or management team.
7. The financial institution shall have an agency agreement with the insurer.

8. The financial institution applying for a corporate life insurance agent may make agency agreements with maximum two life insurers and for a corporate general insurance agent may make agency agreements with maximum three general insurers.

Management of Insurance Agents in Financial Institution

9. Insurance agents in financial institution shall be managed as follows:

- (a) Rights and obligations as well as necessary terms and conditions shall be included in an agency agreement between an insurer and financial institution;
- (b) An insurer shall supervise the financial institution operating as a corporate agent in its referral, solicitation, negotiation, or selling of insurance, in accordance with the corporate governance, professional insurance skills and experience in line with the agency agreement;
- (c) An insurer and financial institution shall supervise the individual agent in its referral, solicitation, negotiation, or selling of insurance, in accordance with the professional insurance skills and experience in line with the agency agreement;
- (d) An insurer shall strengthen the specialised training of the insurance agents at financial institutions, as well as enhance professional ethics and quality of insurance agents, and supervise the insurance agents not to do any misleading activities against the obligation of good faith;
- (e) Myanmar Insurance Association (MIA) shall develop a standardised form of an agency agreement. IBRB shall approve such standardised form; and
- (f) The financial institution licensed as a corporate insurance agent shall maintain a list of its appointed individual agents and submit it to Financial Regulatory Department (FRD).

Prohibitions

10. The financial institution shall not negotiate for a policy or contract of insurance to extend credit to any particular person or business as a necessary condition.
11. Nothing in this paragraph (10) prohibits a person from informing a borrower that insurance is required in order to have a loan or credit.
12. An individual or business has a right to choose their insurer or agent when negotiating loans or other business transaction. A creditor or lender shall inform the insured or borrower of this right.

Taking Action

13. Any bank or microfinance institution licensed as corporate insurance agent that contravenes the provisions of sections 10, 11 and 12 of this directive shall be taken action in line with the Financial Institution Law or Microfinance Business Law and with the Insurance Business Law as well.

Confidentiality of Insurance Information

14. A financial institution shall:

- (a) Use the separate documents for a credit guarantee insurance, credit transaction and insurance services;
- (b) Maintain the separate and distinct records relating to insurance transactions, including the complaint information from the insured and make such record available to the FRD for review upon request any time;
- (c) Not acquire the insurance information from a borrower in connection with the extension of credit. An individual insurance agent from the financial institution shall not use such information for soliciting, offering or selling insurance to the insured or borrower; and
- (d) An insurance agent affiliated with the insured or borrower may use the insurance information to solicit or offer insurance, if the insured or borrower consents in writing for the use of such information.

15. The Agent Directive (Directive No. 1/2020) issued by IBRB on 4-3-2020 shall effect on this Bancassurance Directive.

(Maung Maung Win)
Chairman

Letter No. FRD/IBRB (033/2020)

Dated: 4th March, 2020

Disseminations

- Ministry of Planning, Finance and Industry
- Central Bank of Myanmar
- Members of IBRB
- Local Insurers
- Foreigner Insurers
- J.V. Insurers
- Myanmar Insurance Association
- Myanmar Banks Association
- Myanmar Microfinance Association

By Order;

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(Zaw Naing)

Secretary