



MALAYSIAN ASSOCIATION OF RISK & INSURANCE MANAGEMENT

# MARIM INTERNATIONAL CONFERENCE 2023 UNCOVERING NEW FRONTIERS IN RISK & RESILIENCE

11 & 12 September 2023 The Waterfront Hotel, Kuching



PLATINUM SPONSOR



GOLD SPONSORS



SILVER SPONSORS





MALAYSIAN ASSOCIATION OF RISK &  
INSURANCE MANAGEMENT

# MARIM INTERNATIONAL CONFERENCE 2023

## UNCOVERING NEW FRONTIERS IN RISK & RESILIENCE

11 & 12 September 2023    The Waterfront Hotel, Kuching



### Parallel 1: Insurance & Data Privacy

# A Case For Captive: Hear It From The Experts



**Idzuddin Zakaria**  
General Manager  
Etiqua Offshore  
Insurance (L) Ltd



**Abie Pua**  
Principal Officer  
Howden PCC (L)  
Bhd.





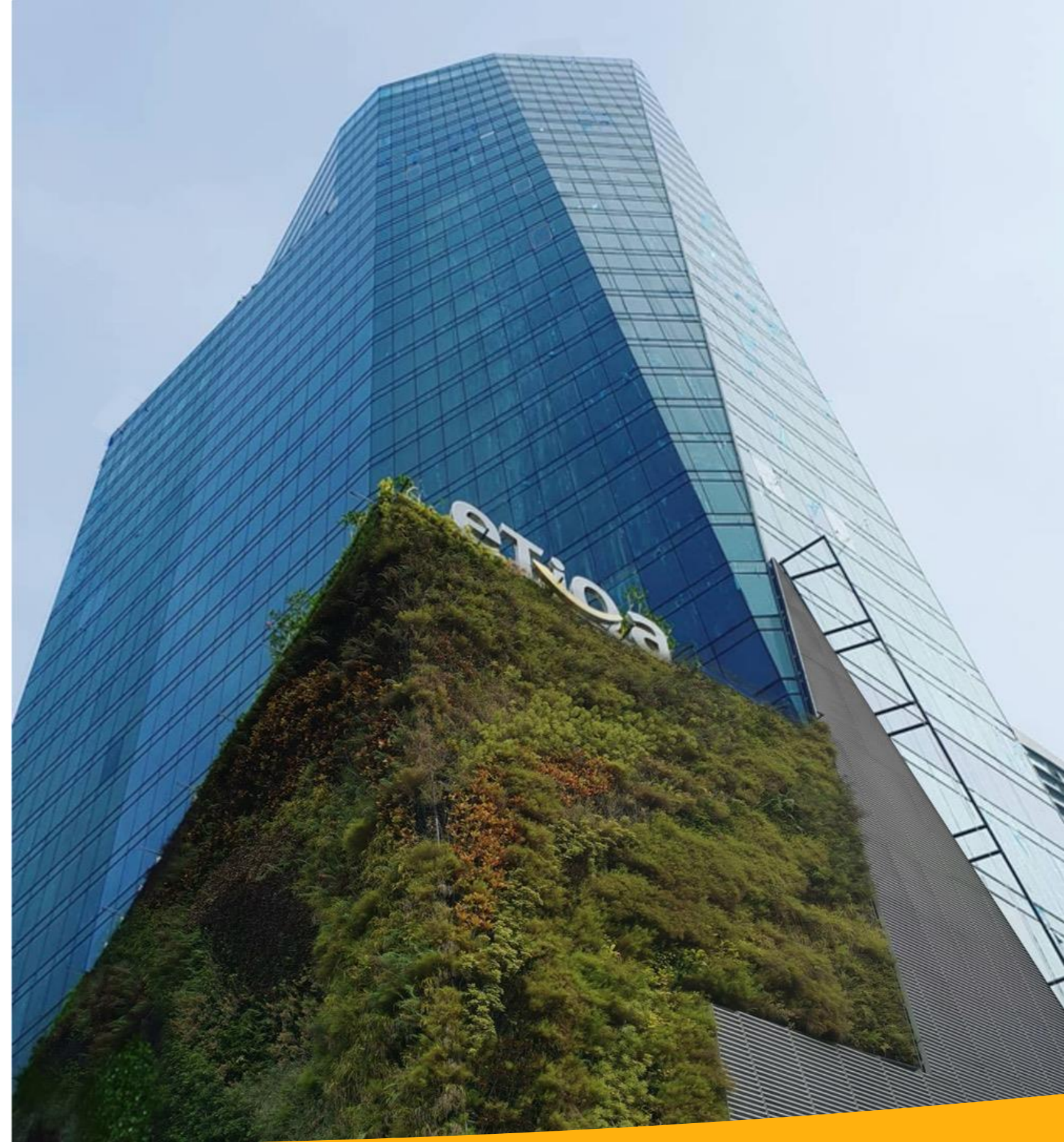


# Introduction to Captive

Idzuddin Zakaria

Etiqa Offshore Insurance (L) Ltd.


September 2023





## Adapting Changes

- Business priorities and complexities in new era
- Deeper understanding of risk
- Risk management does not age
- **Insurance** remain an integral component of risk transfer
- Cost and Alternative risk financing
- Safety net to future aspirations

A photograph of a person rock climbing a steep, grey rock face. The climber is positioned on the left side of the frame, with a rope extending upwards. The background is a clear blue sky.

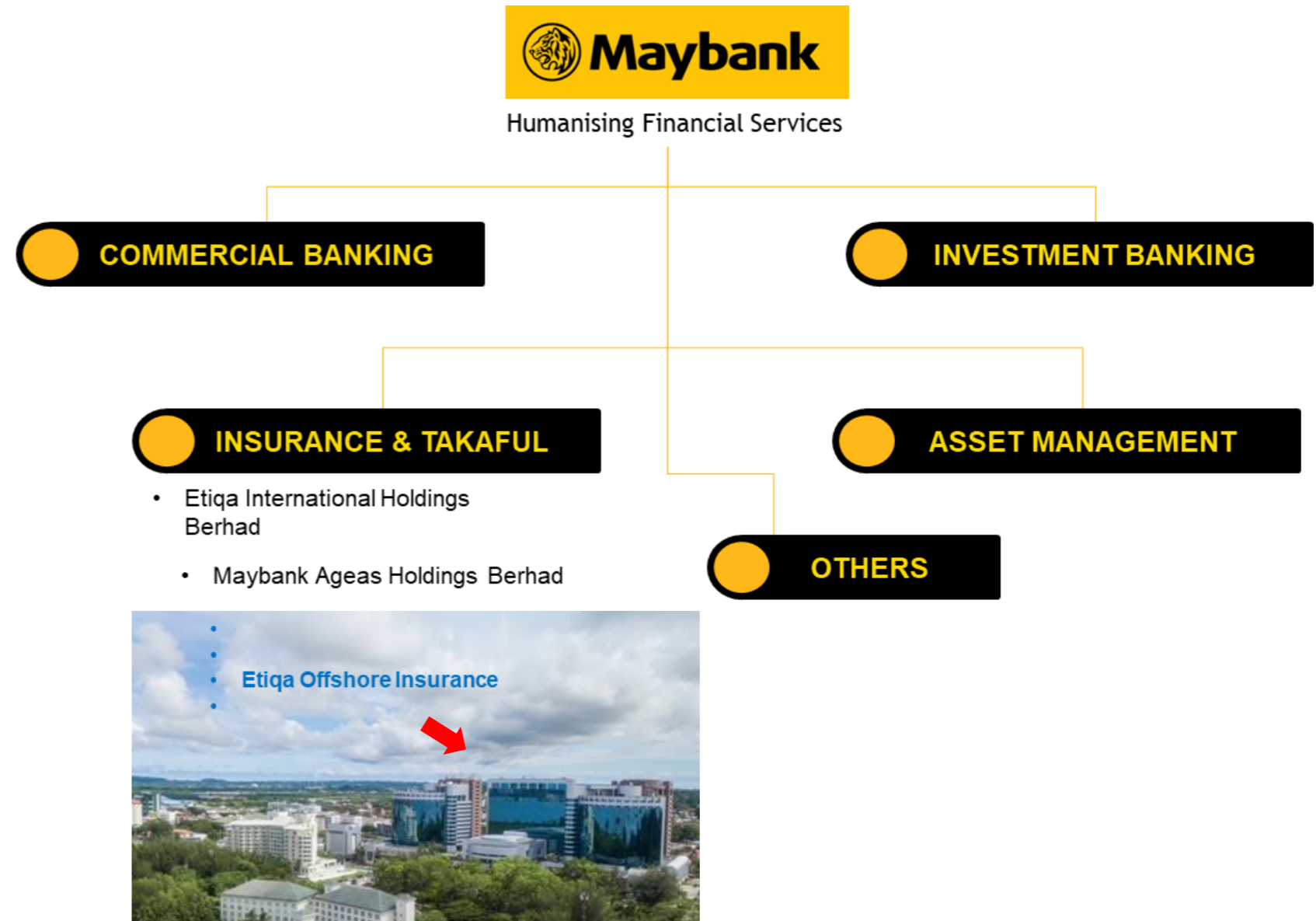
*“Life does not gets better by chance, it gets better by change.”*



# About Etiqa Offshore Insurance (L) Ltd



1. Licensed Insurance Manager and Captive Underwriting Manager since 1991.
2. Subsidiary of Maybank Ageas Holdings
3. Sister Company to Etiqa General Takaful, Etiqa General Insurance, Etiqa Family Takaful, Etiqa Life as well as other Etiqa operation in Singapore, Indonesia, Philippines, Cambodia
4. Staff force of 15 employees based in Labuan + 1 in Kuala Lumpur
5. Annual placed premium approximately U\$732 million



# Management Services



- **Integrated Management & Administration Services for Insurance and Captive company**





# Basic Understanding of Captive

## What is Captive Insurance

- Private insurance company owned by Parent Co.
- A mini insurance institution
- Insure own business risks only
- Integral part of Risk Management

## Type of Captives

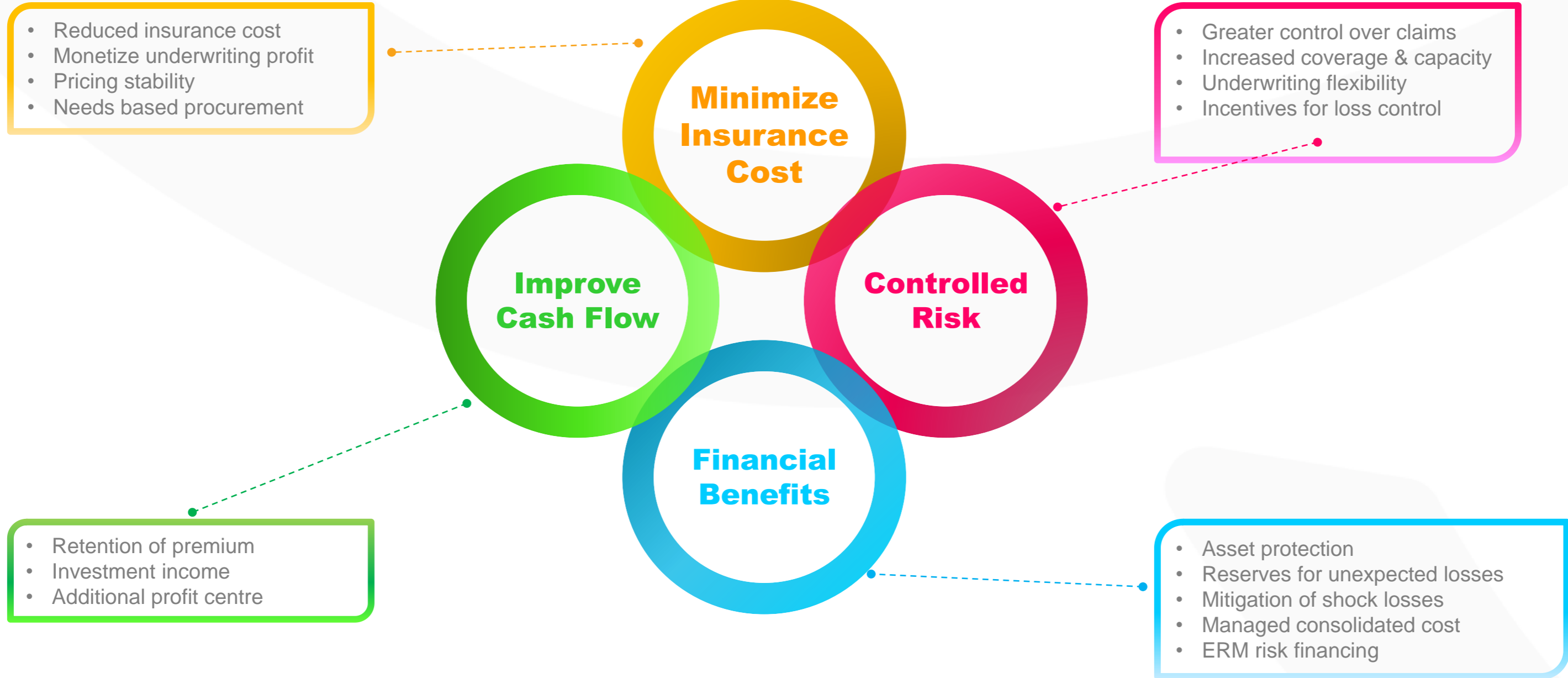
- Pure Captive
- Protected Cell Captives
- Rent-a-captive
- Group/ Association Captives

## Benefits of Captives

- Enhance asset protection
- Reduce/ stabilize your cost of insurance (total cost of risk)
- **Provide access to reinsurance market**
- **Coverage for niche product/ associated risk**
- Premiums are tax deductible to Parent Co.
- Premiums are tax free for the Captive
- Build's wealth through investments



# Drivers to Captive Insurance





# Basic Understanding of Captive

## Who is it for?

- Financially stable companies with good loss ratio and risk management
- Ideally premium range USD 500k or more (economic threshold)

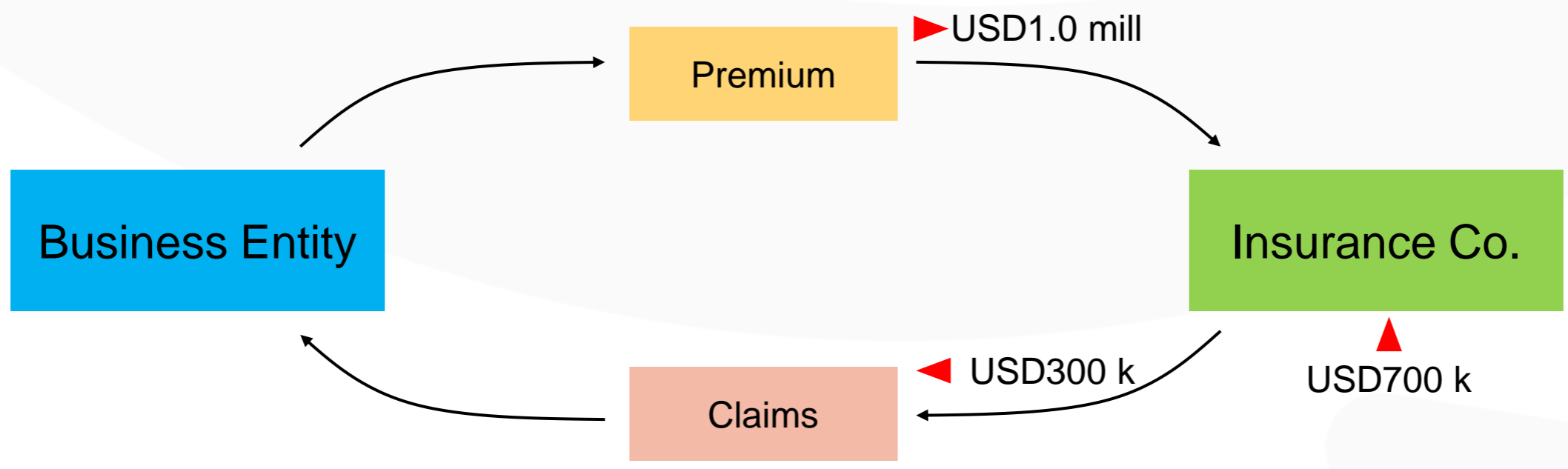
## What Captive is Not

- Not for 3<sup>rd</sup> party risk
- Catastrophic Risk Exposure
- Does not replace traditional insurance
- Only for large companies
- Short term premium savings



# Captive Business Model

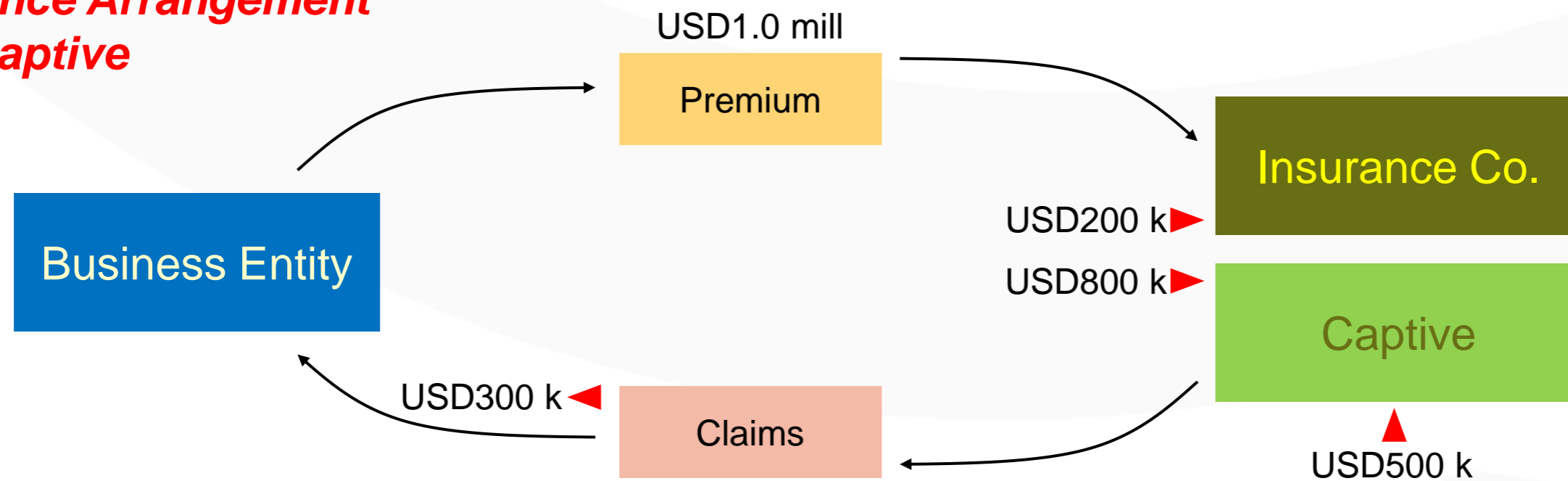
## *Traditional Insurance Arrangement*





# Captive Business Model (simulation)

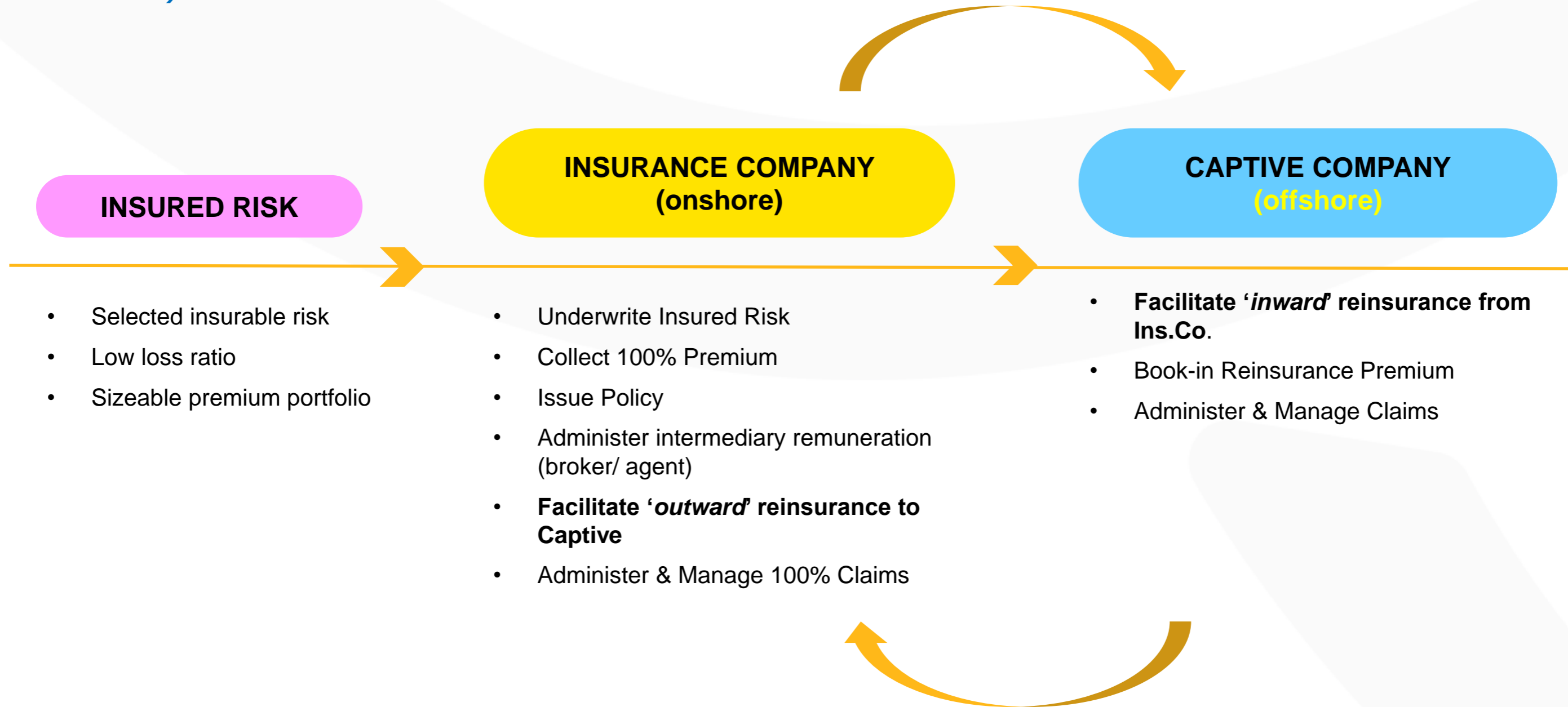
## Insurance Arrangement with Captive



- USD500 k will be kept by Captive as 'reserves' and therefore not taxable.
- Accumulated reserves to be placed into investment instrument to generate profit.

# Overview Features of Captive Operational Set Up

## INSURANCE TRANSACTION STRUCTURE (Risk Transfer)



- Selected insurable risk
- Low loss ratio
- Sizeable premium portfolio

- Underwrite Insured Risk
- Collect 100% Premium
- Issue Policy
- Administer intermediary remuneration (broker/ agent)
- **Facilitate 'outward' reinsurance to Captive**
- Administer & Manage 100% Claims

- **Facilitate 'inward' reinsurance from Ins.Co.**
- Book-in Reinsurance Premium
- Administer & Manage Claims



# Feasibility Study / Business Plan - KEY Objectives

## 1. BLUEPRINT

- i. A comprehensive business proposition consist of short and long term plans
- ii. Roadmap of business operation & implementation

## 2. DUE DILIGENCE

- i. Insured and uninsured loss analysis
- ii. Total Cost of risk analysis
- iii. Financial qualification – cost vs benefit analysis incl. stress test
- iv. Return on investments
- v. Rationalization of risk tolerance (net retention)
- vi. Domicile considerations
- vii. Peer Review

## 3. COMPLIANCE

- i. Regulatory requirement – local and captive domicile
- ii. Corporate governance
- iii. Relevant control with regards to transfer and repatriation of funds
- iv. Taxation provisions

### MAKING THE RIGHT DECISION

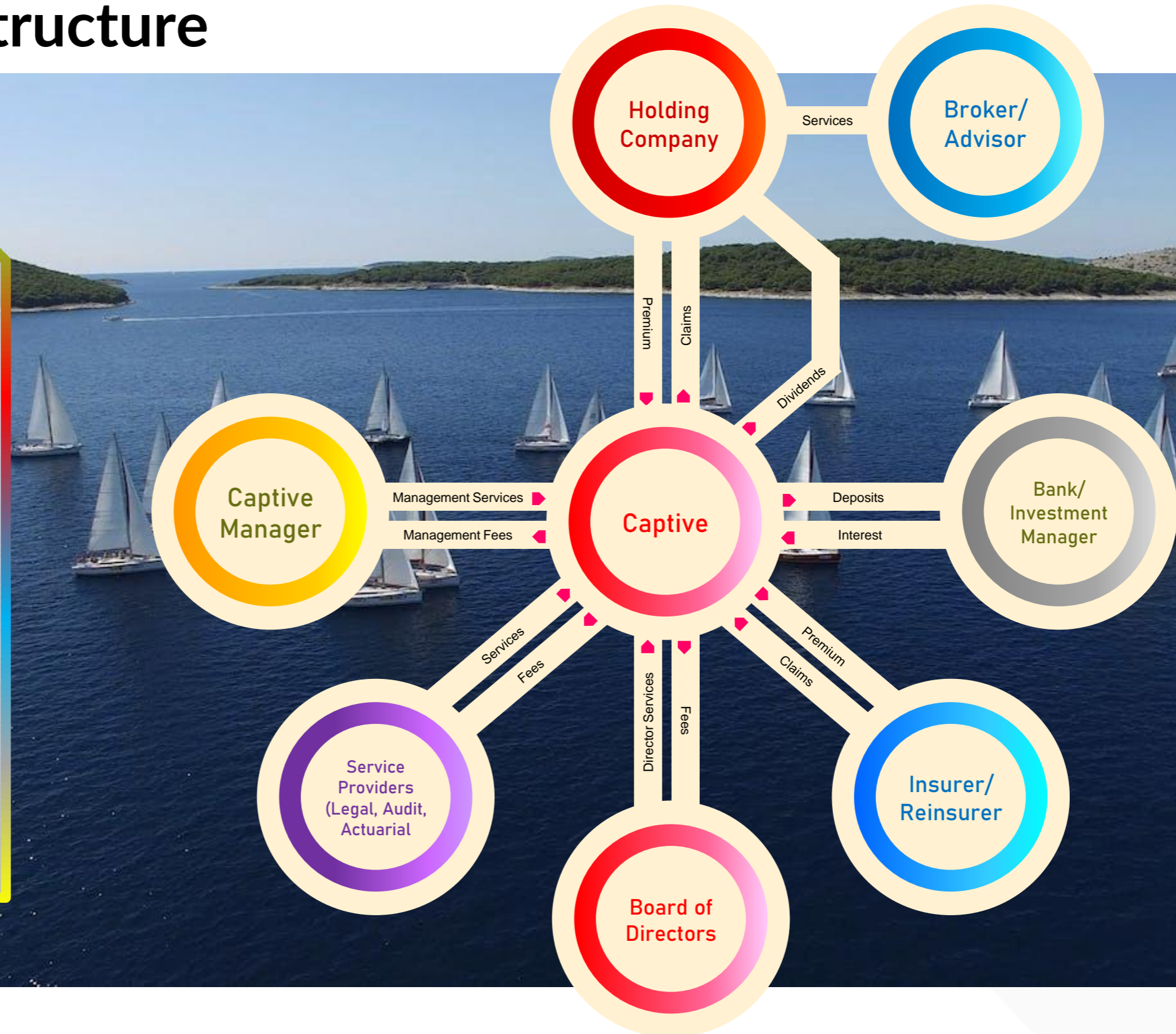
Feasibility study is the most critical step in deciding whether Captive will be the best solution for a company's risk financing and risk management objectives.

It will provide both the qualitative and quantitative assessment of such option and provide clarity to the various objectives it was designed to achieve.

# Captive Operation - Structure

## Functions

- Legal Counsel
- Investment
- Human Capital
- Auditor/ Compliance/ Tax
- Statutory Reporting
- Finance & Accounting
- Book Keeping
- Treasury
- Insurance & Reinsurance placement
- Policy Issuance
- Claims Management





# Steps to Develop a Captive

- **Feasibility Study – Profitability and Solvency**
- **Choosing a Domicile**
- **Process of Approval**

- Identifies risk to be insured by captive
- Strategy to build reserves (increase retentions or capital)
- Cost to operate & financial projection
- Offshore jurisdictions
- Legislative practice and preference
- Location
- Application for license
- Outsourced services providers (Managers/ Trust Co./ Brokers/ Actuary/ etc)
- Business Plan

# Labuan as Captive Domicile

- **Legislation**
- **Regulators**
- **Capital Requirement**

- Governed under **Labuan Financial Services and Securities Act 2010 (LFSSA)**.
- **Labuan Financial Services Authority (Labuan FSA)**, established in 1996 is the central regulatory, supervisory and enforcement authority
- The Tax framework comes under the **Labuan Business Activity Tax Act 1990 (LBATA)**.
- Paid-up capital amounting to an equivalent of RM300,000 / RM500,000 in any currency.



# Conclusion



- **Captive is a Risk Management tool/ vehicle**
- **There are various types of Captive to choose from to suit Parent Co. business.**
- **Comprehensive Feasibility Study is key to a successful Captive**
- **Captive is a long term enterprise.**

Thank you





MALAYSIAN ASSOCIATION OF RISK &  
INSURANCE MANAGEMENT

# MARIM INTERNATIONAL CONFERENCE 2023

## UNCOVERING NEW FRONTIERS IN RISK & RESILIENCE

11 & 12 September 2023 The Waterfront Hotel, Kuching



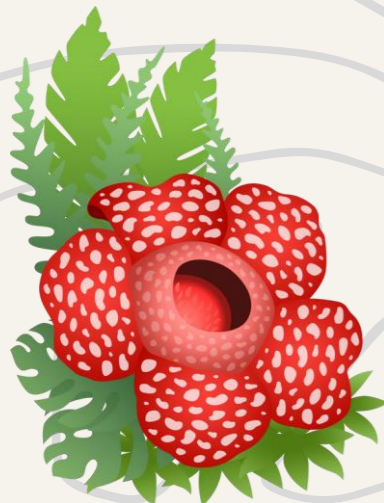
Parallel 1: Insurance & Data Privacy

# Data Breaches & Privacy Violations: Managing the Impossible Possibly

Dr. Azura Shamsuddin  
Head of Data Privacy  
Maxis Bhd



Join us at  
[slido.com](https://www.slido.com) for Q&A  
and surveys





# **PERSONAL DATA BREACHES AND PRIVACY VIOLATIONS: MANAGING THE IMPOSSIBLE POSSIBLY**

By Dr. Azura Shamsuddin  
PhD, MBA, LLB (Hon), CIPM, CIPP/E





# **PERSONAL DATA BREACHES IN MALAYSIA**

# PERSONAL DATA BREACHES IN MALAYSIA 2021 - 2022



**487M Users WW**

Mobile No for sale on a hacing community forum



**ipay88**

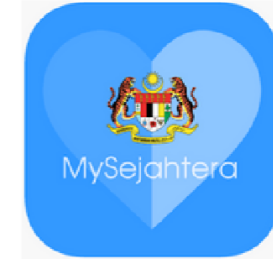
**Customers' Card Data**

Statement issued 2 months after incident



**5M passengers & employees**

personal data  
Ransomware attack



**3M Vaccine recipients**

Breach "Super Admin" account -  
unlawful access & discloses



**2.6M Users from Malaysia & Singapore**

Sale of Account Information  
for USD1K



**Malindo air**  
(now rebranded as  
"Batik Air")

**45M customers**

Email, DOB, addresses, phone &  
passport no



**E-PAYSLIP**  
**1M Civil Servant**

Payslip hacked



**380K Customers**

Names, DOB, e-mail address,  
hashed password, home address,  
mobile numbers

Source: "Major Data Breaches in Malaysia in the past 24 months" reported in The Malay Mail on 31st Dec 2022



# **PERSONAL DATA BREACHES AROUND THE GLOBE**



# BIGGEST PERSONAL DATA BREACHES ROUND THE GLOBE



**CAM4**

**10.88B RECORDS**

SENSITIVE PERSONAL DATA EG  
SEXUAL ORIENTATION, CHAT  
TRANSCRIPTS, PASSWORD HASHES  
& PAYMENT LOGS



**yahoo!**

**3B USER ACCOUNTS**

SECURITY QUESTIONS  
& ANSWERS  
WERE COMPROMISED



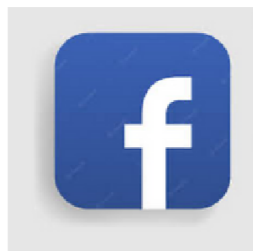
**1.1B USERS**

NAMES, ID NUMBERS, PHONE  
NUMBERS, ADDRESSES,  
CRIMINAL RECORDS



**700M USERS**

EMAIL ADDRESS, NAME, PHONE  
NUMBERS, GEOLOCATION RECORD, LI  
USERNAME & PROFILE URLS,  
PERSONAL & PROFESSIONAL  
EXPERIENCE, GENDERS, ETC



**533M USERS**

RECORDS DETAILING COMMENTS,  
LIKES, REACTIONS, ACCOUNT  
NAMES, FB IDS, ETC



**330M USERS**

USER PASSWORDS



**200M PERSONAL**

**RECORDS**

CREDIT CARDS & SOCIAL  
SECURITY NUMBERS



**EQUIFAX®**

**148M**

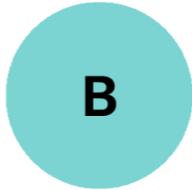
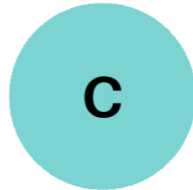
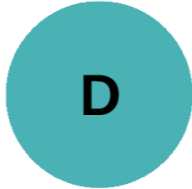

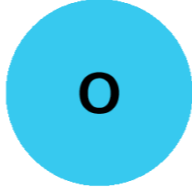


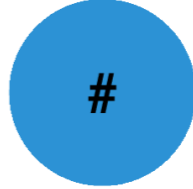
NAMES, PHONE NO, DATES OF  
BIRTH, , SOCIAL SECURITY  
NUMBERS, DRIVER'S LICENSE  
NUMBERS, CREDIT CARD INFO

Source: [upguard.com/blog/biggest-data-breaches](https://upguard.com/blog/biggest-data-breaches)

# Common Causes of Personal Data Breaches

It is important to take steps to protect your organization from data breaches to avoid:

- financial losses in paying fines
- reputational damages
- customer churn
- damages to the Data Subjects
- jail term of the BOD, CEO and/or other officers of the companies

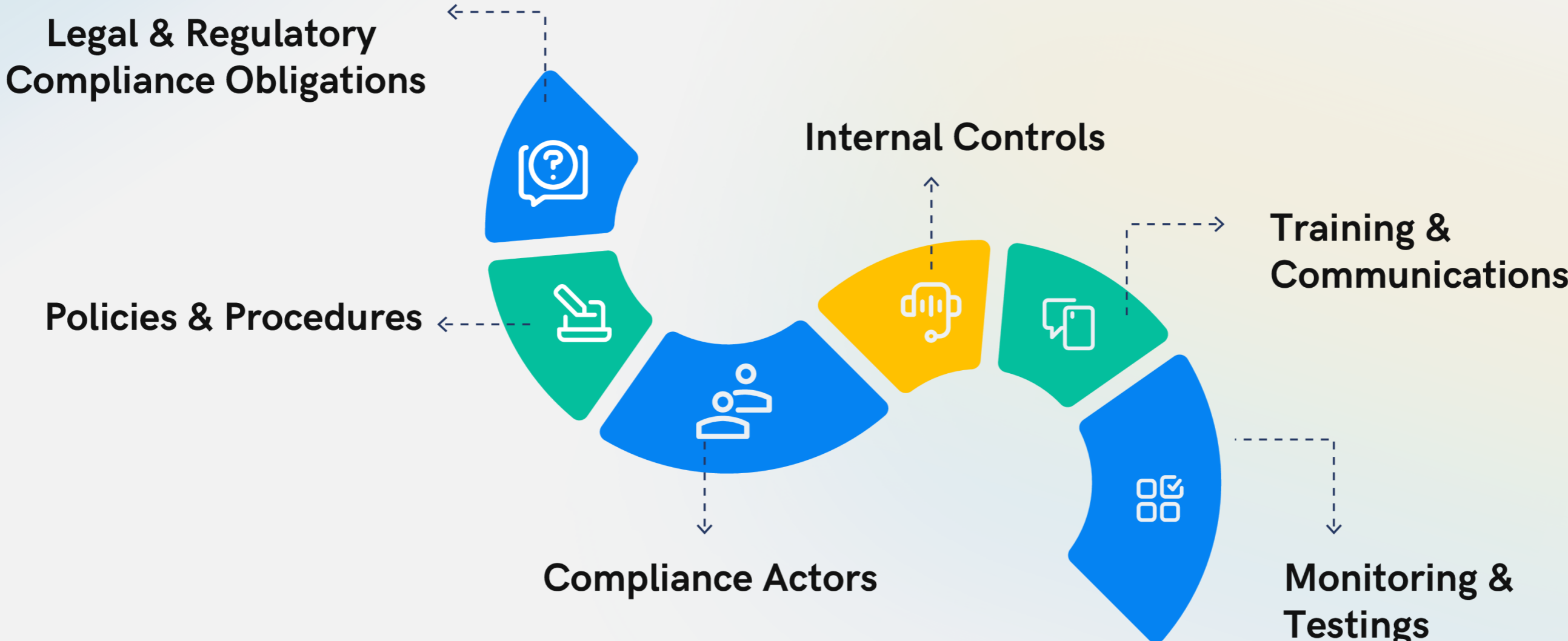
 <b>B</b> Weak & stolen passwords	 <b>C</b> Insider threats
 <b>D</b> Unpatched software	 <b>M</b> Physical security breaches
 <b>O</b> Malware	 <b>Q</b> Denial-of-service attacks
 <b>U</b> Social Engineering	 <b>#</b> Cloud misconfigurations



# GOVERNANCE, RISK & COMPLIANCE FRAMEWORK



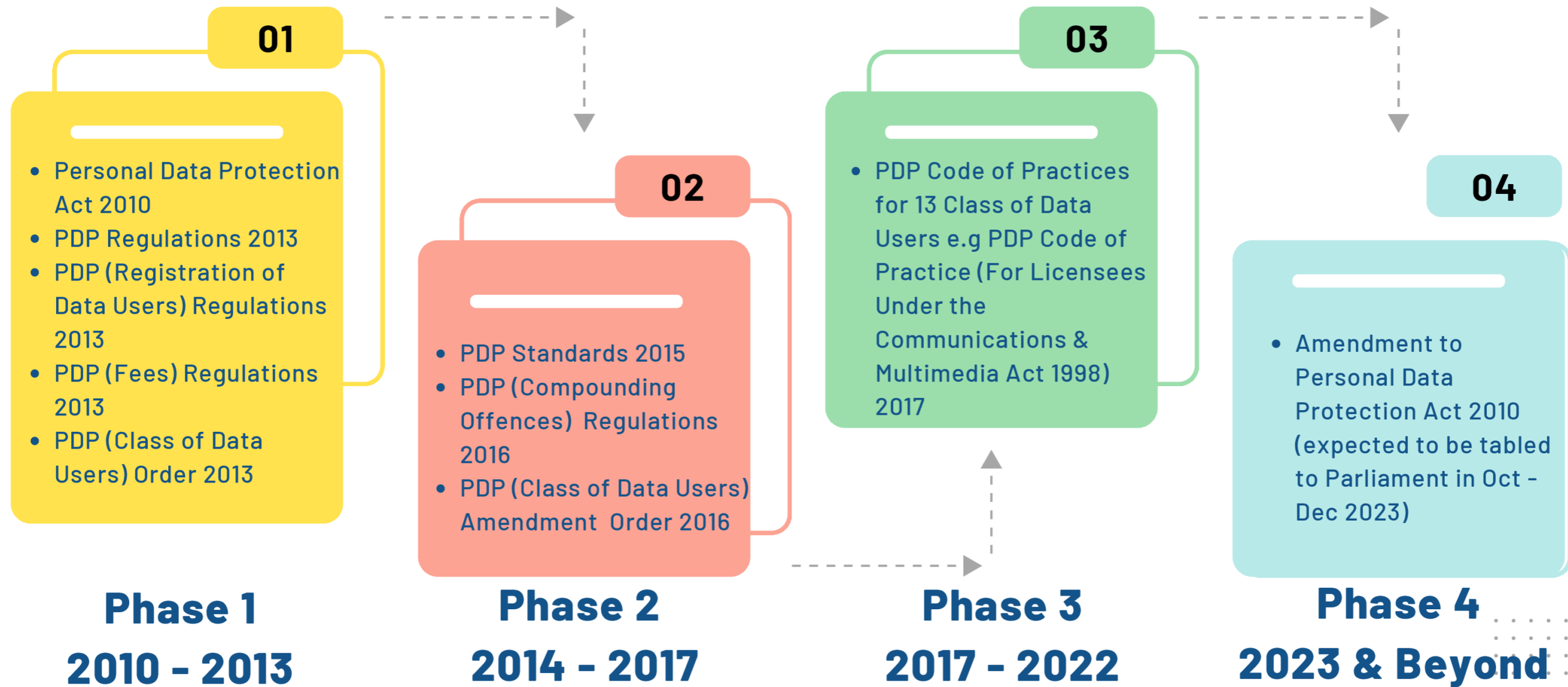
# TYPICAL JOURNEY OF DATA PRIVACY & PROTECTION PROGRAMME





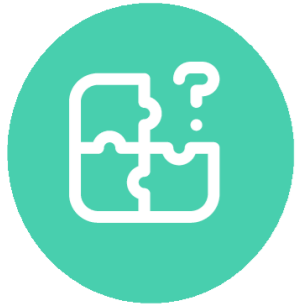
# KNOWING YOUR COMPLIANCE OBLIGATIONS

# EVOLUTION OF PERSONAL DATA PROTECTION LAWS IN MALAYSIA





# PDPA NON-COMPLIANCE PITFALLS



## Section 5(2)

Failure to adhere to 7 PDP Principles

Fines: Up to RM300,000; and/or Jail Term: 2 years



## Section 29

Failure to comply to the relevant PDP Code of Practice for that Class of Data Users

Fines: RM100,000; and/or Jail term: 1 year



## Section 40(3)

Processing Sensitive Personal Data without explicit consent from the Data Subject & for valid purpose

Fines: < RM200,000; and/or Jail Term: < 2 years



## Section 16(4)

Processing Personal Data without a Certificate of Registration as a Data User

Fines: RM500,000; and/or Jail Term: 3 years



## Section 37(4)

Refusal by Data User to amend/update Data Subject's Personal Data

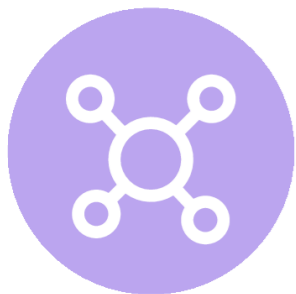
Fines: RM100,000; and/or Jail term: 1 year



## Section 43(4)

Did not comply to Data Subject's opting out of receiving Direct Marketing materials

Fines: < RM200,000; and/or Jail Term: < 2 years



## Section 18(4)

Processing Personal Data after Registration as a Data User has been cancelled

Fines: RM500,000; and/or Jail term: 3 years



## Section 38(4)

Did not stop processing Data Subject's Personal Data after consent withdrawn

Fines: < RM100,000; and/or Jail Term: < 1 year



## Section 130(7)

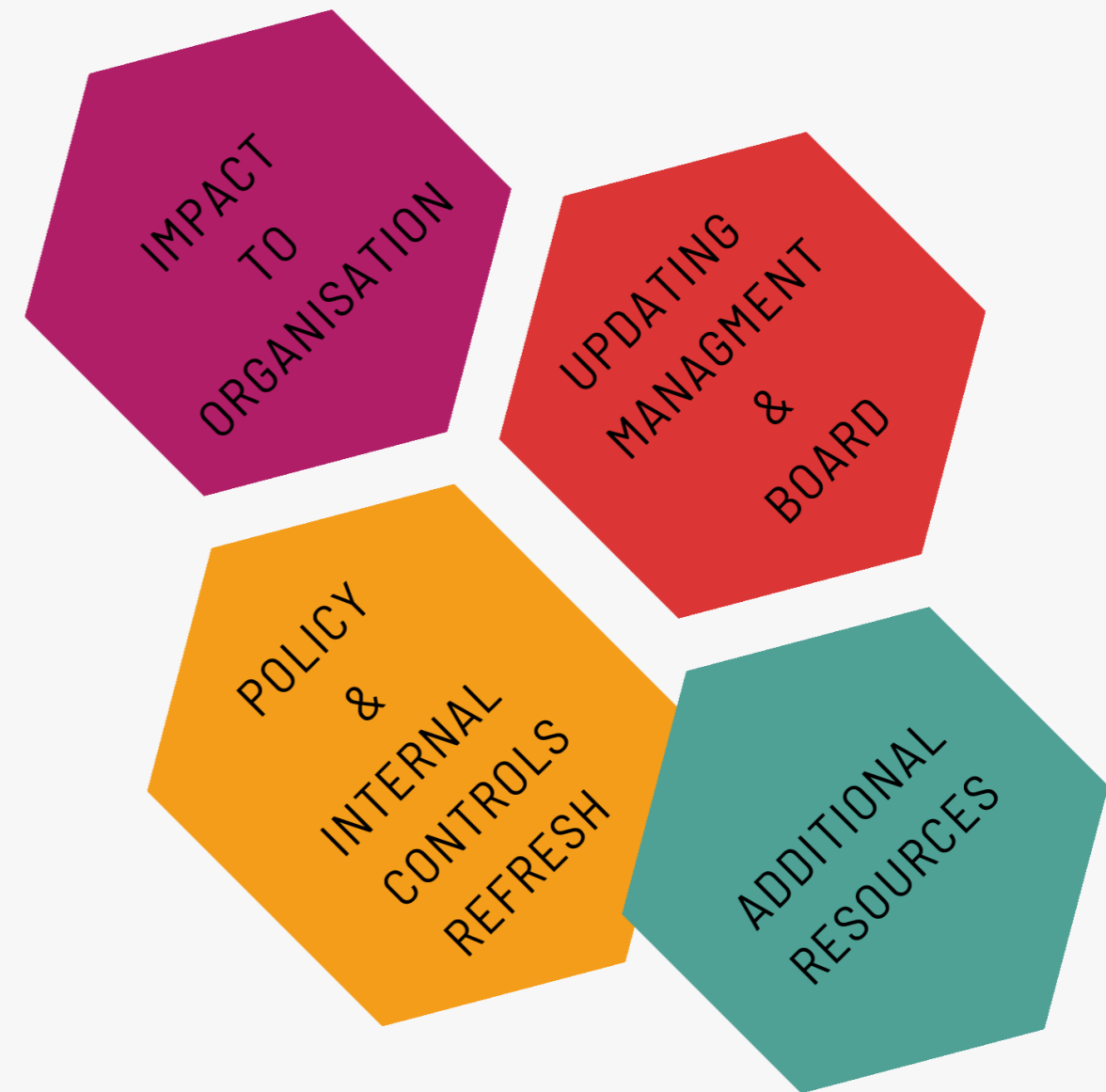
Processing Personal Data without Data Subject's consent

Fines: < RM500,000; and/or Jail Term: < 3 years

# PROPOSED AMENDMENTS TO THE PDPA

BASED ON THE "SESI LIBAT URUS BERSAMA WAKIL SEKTOR/INDUSTRI" HELD ON 25TH AUGUST 2023

- 01** Appointment of Data Protection Officer (DPO)
- 02** Extension of PDPA to Include Non-Commercial Transactions
- 03** Increase of Penalty Rate Under Section 5(2)
- 04** Data Breach Notification (DBN)



# FINES UNDER THE PROPOSED AMENDMENTS TO THE PDPA

**Section 5(2)**  
**Failure to adhere to 7 PDP Principles**  
**Fines: Up to RM300,000; and/or**  
**Jail Term: 2 years**



**01**

**ABC BERHAD**  
**PENALTY @ 5%**  
**GROSS ANNUAL REVENUE (2022) - RM542,300,000.00**  
**FINES @ 5% = RM27,115,000.00**

**02**

**ABC BERHAD**  
**PENALTY @ 10%**  
**GROSS ANNUAL REVENUE (2022) - RM542,300,000.00**  
**FINES @ 10% = RM54,230,000.00**

**03**

**XYZ SDN BHD**  
**PENALTY @ 5%**  
**GROSS ANNUAL REVENUE (2022) - RM52,000,000.00**  
**FINES @ 5% = RM2,600,000.00**

**04**

**XYZ SDN BHD**  
**PENALTY @ 10%**  
**GROSS ANNUAL REVENUE (2022) - RM52,000,000.00**  
**FINES @ 10% = RM5,200,000.00**





# **POLICIES & PROCEDURES**

# POLICIES & PROCEDURES INTERNAL & EXTERNAL

## Stakeholder Management



01

### Principal

- Code of Business Practice Policy
- Ethics & Integrity Policy
- Whistleblowing Policy



02

### Personal Data Protection Laws

- Personal Data Privacy & Protection Policy
- Data Subjects Requests Procedures
- Data Privacy Incident & Breach Management Procedures



03

### Operations

- Electronics & Non-Electronics Security Policies
- Customer Operations



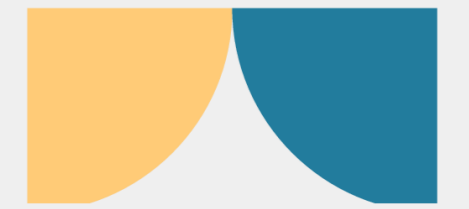
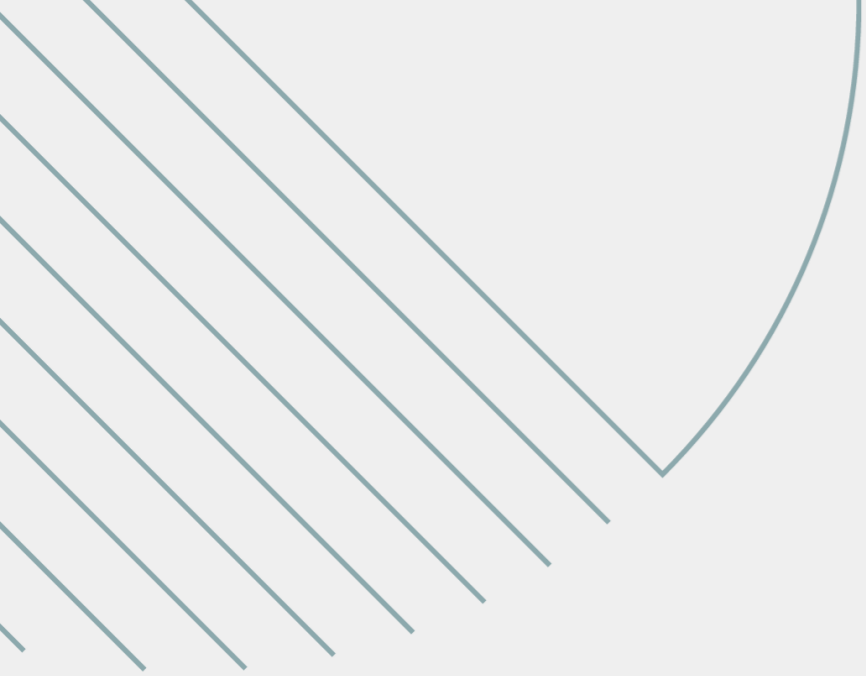
04

### Data Subjects

- Privacy Notices to Data Subjects
- Customers
  - Employees
  - Job Applicants
  - Directors
  - Individual Shareholders
  - Third Parties



# COMPLIANCE ACTORS





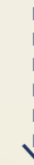
# COMPLIANCE ACTORS



1

## Board & C-Suite

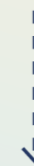
- Malaysia Corporate Code of Governance 2021
- Level of Authority



2

## PDPA Compliance Officer (Central TEAM)

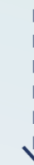
- Roles & Responsibilities (Proposed Amendments to PDPA 2010)
- Personal Data Protection Charter
- RACI



3

## Compliance Champions (Functional TEAM)

- Personal Data Protection Charter
- RACI

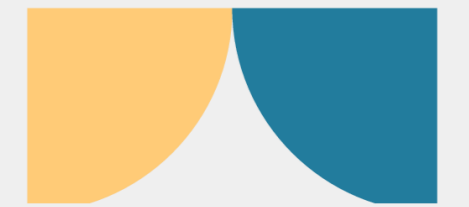


4

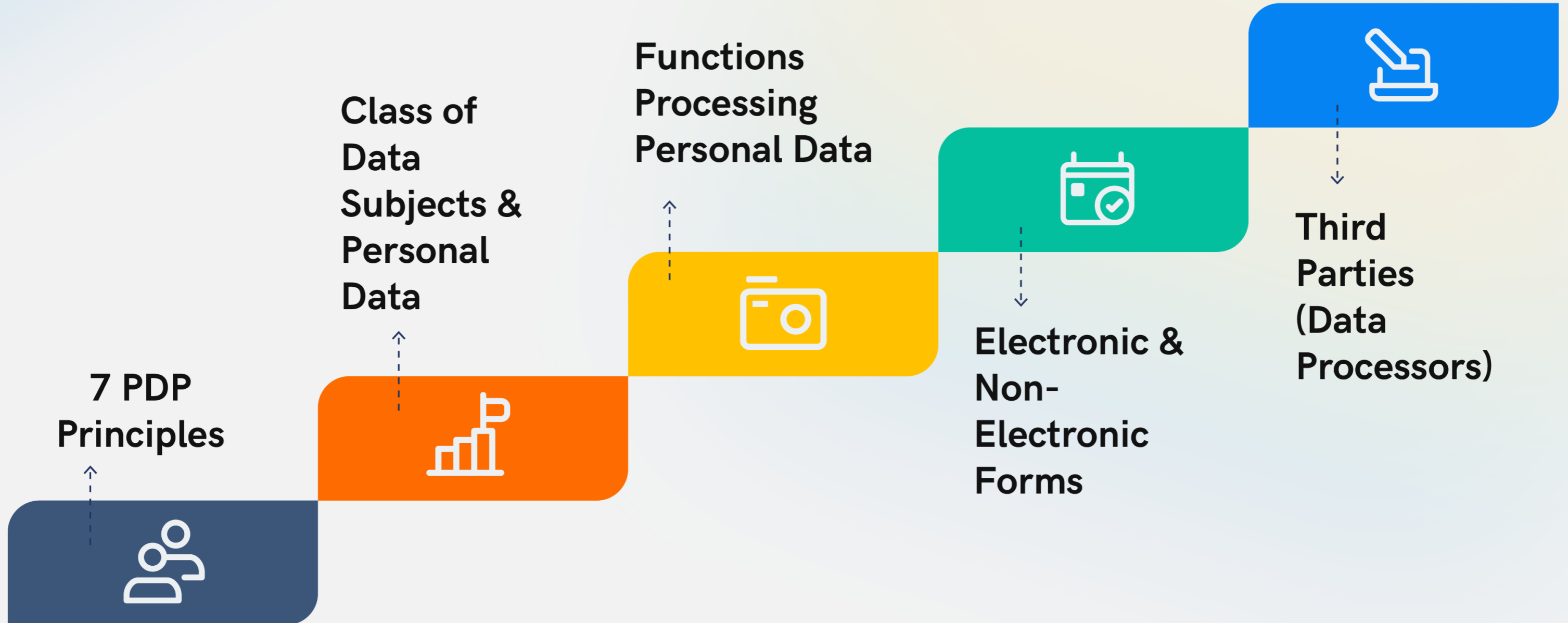
## Employees

- Code of Business Conduct
- NDA

# INTERNAL CONTROLS



# BUILDING YOUR INTERNAL CONTROLS





# TRAINING & COMMUNICATIONS



# TRAINING & COMMUNICATIONS





# MONITORING & TESTINGS

# MONITORING & TESTINGS

Continuous Journey in the Governance & Compliance Work



Data Protection  
Impact  
Assessment (DPIA)

**#01**



Continuous Training  
& Awareness  
Program

**#02**



Privacy Impact  
Maturity  
Assessment (PIMA)

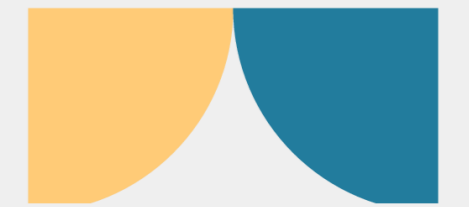
**#03**



Continuous Maintenance

**#04**

# RISK ASSESSMENT





# LIKELIHOOD & IMPACT OF PERSONAL DATA BREACHES



**Sensitivity of the Personal Data**

The more sensitive the Personal Data, the higher the Risk.

**01** \_\_\_\_\_



**Security Measures**

The more robust the security measures, the lower the risk.

**02** \_\_\_\_\_



**Sophistication of the Attackers**

The more sophisticated the attackers, the greater the risk.

**03** \_\_\_\_\_



**Value of the Personal Data**

The more valuable the Personal Data, the greater the Risk.

**04** \_\_\_\_\_



**Impact to the Individuals**

The risk of a Personal Data Breach on individuals can vary depending on the type of Personal Data that is compromised.

**05** \_\_\_\_\_

# SAMPLE PRIVACY RISK REGISTER

6:41 PM Wed 6 Sep Att\_1693994322001.xlsx - Edited

Home Insert Format Layout Formulas

Calibri 11

f(x) Financial impact greater than £[x]

Risk register key			Risk matrix (3 X 3)				
<b>Probability</b>			Probability	High	3	6	9
Score	Description	Indicators		Medium	2	4	6
3	High	Most likely Likely to occur once or twice in the next 12 months		Low	1	2	3
2	Medium	Reasonably likely Likely to occur once or twice in the next 3 years		Low	Medium	High	
1	Low	Least likely Unlikely to occur over the next 12 months An event that is not expected to happen					
<b>Impact</b>			Impact				
Score	Description	Examples					
3	High	Financial impact greater than £[x] National media attention ICO or other regulatory intervention Total or significant disruption to services Serious or long-term reputational damage					
2	Medium	Financial impact greater than £[x] Local media attention Moderate service disruption Moderate reputational damage Low level financial loss					
1	Low	Isolated complaints Minor disruption to services Minor/contained negative reputational consequences					
<b>Suggested default review intervals</b>							
Risk rating	Risk description	Frequency of review					
9	Critical	[monthly]					
6	High	[bi-monthly]					
3, 4	Medium	[quarterly]					
1, 2	Low	[bi-annually]					

Sample Privacy risk register    Blank Privacy risk register    Drafting Notes and Key

6:39 PM Wed 6 Sep Att\_1693994322001.xlsx - Edited

Home Insert Format Layout Formulas Data Review View

Calibri 10

f(x) Date of next action/review

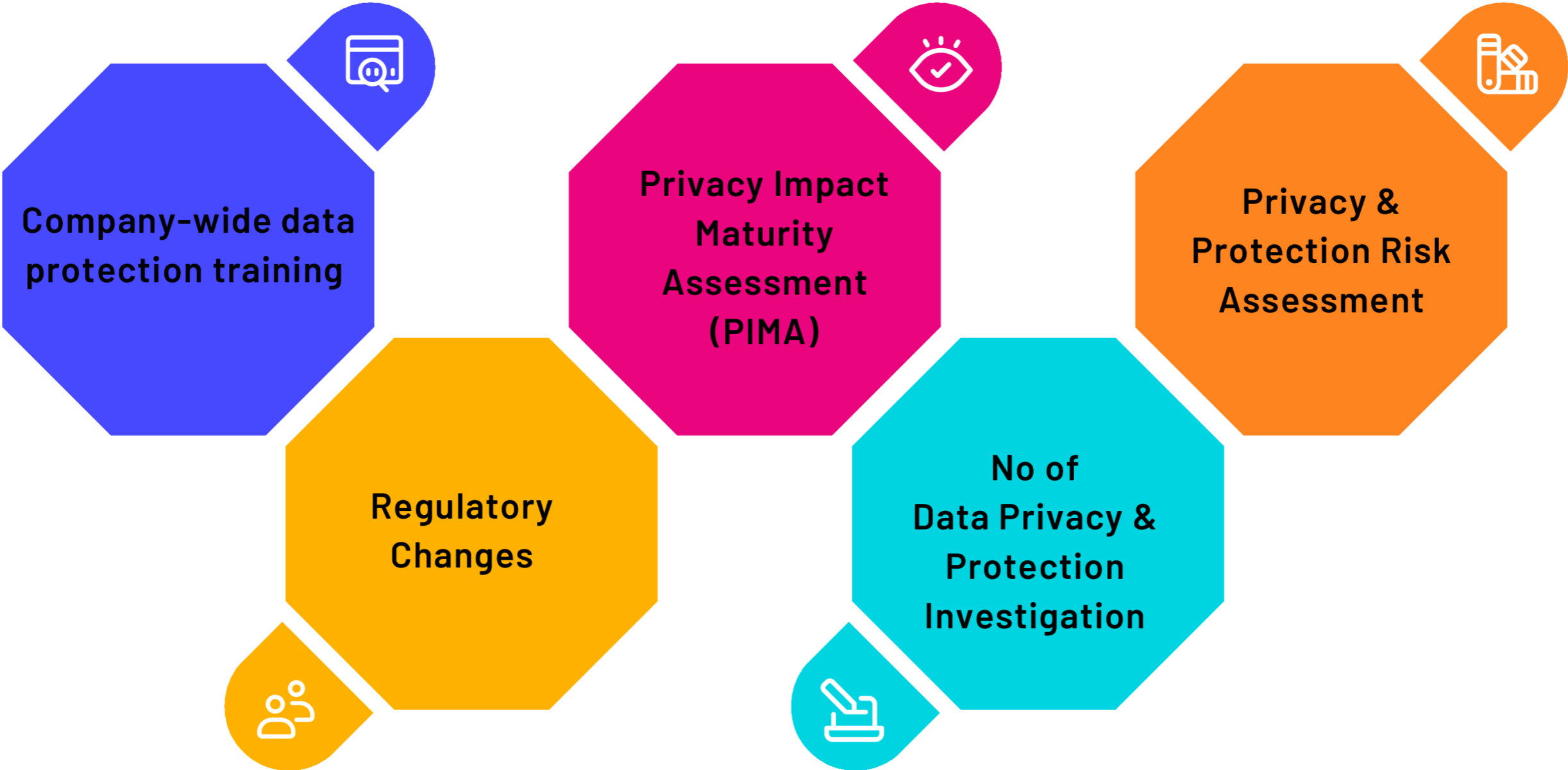
Risk description	Threat	Date added to register	Person with overall responsibility for the risk	Person with day to day responsibility for the risk	Initial risk rating score: 1-9 (probability x impact)	Current risk rating score	Target risk rating score	Initial recommendation	Current status	Date of last review	Comments	Date of next action/review
1	Delay in installing patches/updates to operating system and/or software	01.07.2022	Head of IT	IT manager	6	4	3	Review processes for installing software patches and updates	New process is for patches to be installed within 24 hours	05.07.2022	Can we review how many patches we receive per month or year on average?	01.08.2022
3	Unauthorised access to IT room, eg preventing automatic closure of the door to the IT room	06.07.2022	Head of Facilities	IT manager	6	3	3	Check door is closing properly. Ensure IT team understand need to keep the door closed	Done. Now operating spot checks	23.07.2022	Ongoing spot checks	25.08.2022
4	Poor password housekeeping	02.08.2022	Head of IT	Team leads	9	6	3	Modify system to force staff to chose more secure password and change passwords at regular intervals. Train staff in good password housekeeping	Staff trained	25.08.2022	System modifications ongoing	02.10.2022
5	Over-dependence on one person (KMF) to fix system issues	11.08.2022	Head of IT	Help desk manager	9	6	3	Identify other staff we can train	Staff identified. Now need to train them	25.08.2022	Need to ascertain how to identify key skills and knowledge of KMF	15.09.2022
6	Loss or failure of firewall	11.08.2022	Head of IT	Information security manager	6	3	3	Review existing firewalls and consider what else is available on the market	Satisfied with existing firewalls but keep under review	25.08.2022	Multiple firewall failures would have to occur for this risk to materialise	02.10.2022
7	Flood or fire	11.08.2022	Business Continuity director	Head of Facilities	9	6	3	Review existing business continuity arrangements, especially regarding back up and reinstatement of data	In process of increasing frequency of data backup to twice per day	25.08.2022	IT service continuity contract expires in early 2017, so need to review alternative suppliers	01.07.2022

Sample Privacy risk register    Blank Privacy risk register    Drafting Notes and Key    +    Sum 0

# REPORTING

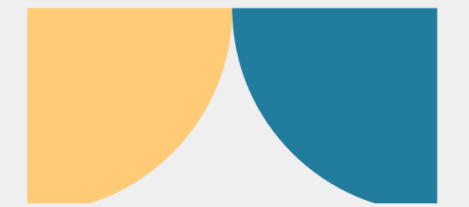


# STATUS OF DATA PROTECTION COMPLIANCE SYSTEMS





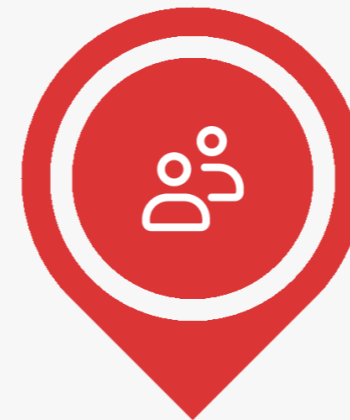
# DATA BREACH MANAGEMENT



# DATA BREACH PLAN

**#01**

**Breach Reporting  
Hotline**



**#03**

**Escalation  
Pathway**

**#02**







**Data Breach  
Investigation Team**



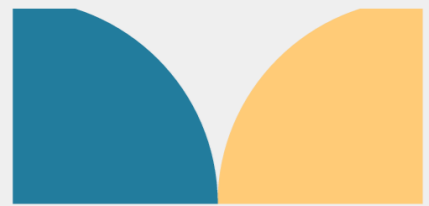
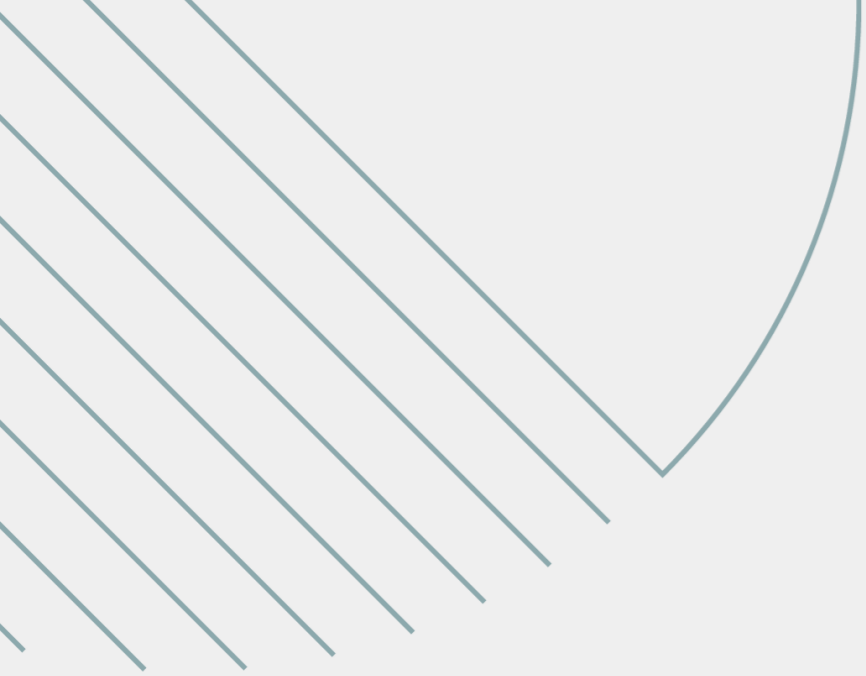
**#04**

**Test**

# WHEN PERSONAL DATA BREACH IS DISCOVERED & REPORTED TO DPO

- 01  Assemble Data Breach Plan
- 02  Preliminary Assessment
- 03  Containment & Recovery
- 04  Notify PDPC
- 05  Assess & Record
- 06  Post Mortem





# Q&A







**THANK YOU**

**DR. AZURA SHAMSUDDIN**  
**+6012-346 1641**