

**DEPOSIT INSURANCE AND POLICY OWNERS'
PROTECTION SCHEMES ACT 2011**

(ACT 15 OF 2011)

**DEPOSIT INSURANCE AND POLICY OWNERS'
PROTECTION SCHEMES (POLICY OWNERS' PROTECTION
SCHEME) REGULATIONS 2011**

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THE SCHEDULE

In exercise of the powers conferred by sections 37, 38, 51 and 64 of the Deposit Insurance and Policy Owners' Protection Schemes Act 2011, the Monetary Authority of Singapore hereby makes the following Regulations:

Citation and commencement

1.—(1) These Regulations may be cited as the Deposit Insurance and Policy Owners' Protection Schemes (Policy Owners' Protection Scheme) Regulations 2011 and shall, with the exception of regulation 11, come into operation on 20th July 2011.

(2) Regulation 11 shall come into operation on 1st January 2012.

Definitions

2. In these Regulations, unless the context otherwise requires —

"approved agent bank" means a bank appointed by the Central Provident Fund Board under regulation 11(1) of the Central Provident Fund (Investment Schemes) Regulations (Cap. 36, Rg 9);

"ordinary account" means an account maintained under section 13(1)(a) of the Central Provident Fund Act (Cap. 36); and

"special account" means an account maintained under section 13(1)(c) of the Central Provident Fund Act.

Premium year

3.—(1) Subject to paragraph (2), for the purposes of section 37(4) of the Act, the premium year in respect of the levies payable by PPF Scheme members is the period beginning on 1st April of any year and ending on 31st March of the following year.

(2) Where the effective date appointed under section 46(5) of the Act is after 1st April 2011, the first premium year for the purposes of section 37(4) of the Act shall be the period beginning on the effective date and ending on 31st March of the following year.

Determination of levy rates

4.—(1) For the purposes of determining the levy rates applicable to PPF Scheme members for any premium year, all PPF Scheme members shall be classified into the categories specified in the first column of the Schedule.

(2) The levy rates applicable to each category of PPF Scheme members carrying on life business and general business are specified in the second and third columns of the Schedule, respectively.

Computation of levy

5.—(1) Subject to regulation 6(1), the Authority shall calculate the amount of levy payable by a PPF Scheme member for any premium year as —

- (a) in respect of insured policies covered under the PPF Life Fund, the product of the levy rate applicable to the PPF Scheme member and the aggregate protected liabilities of the PPF Scheme member for the insured policies as at 31st December of the preceding calendar year; and
- (b) in respect of insured policies covered under the PPF General Fund —
 - (i) in the case where the PPF Scheme member is not taking in any new insurance business or not renewing any existing insurance policy, the product of the levy rate applicable to the PPF Scheme member and the aggregate protected liabilities of the PPF Scheme member for the insured policies as at 31st December of the preceding calendar year; and
 - (ii) in all other cases, the product of the levy rate applicable to the PPF Scheme member and the gross premium income in respect of the insured policies of the PPF Scheme member in the preceding calendar year ending 31st December.

(2) Subject to regulation 6(2), where —

- (a) a relevant insurer becomes a PPF Scheme member during the course of a premium year; or
- (b) an exemption from the requirement to be a PPF Scheme member granted to a relevant insurer pursuant to section 32 of the Act is withdrawn during the course of a premium year, the Authority shall impose on that insurer a levy on a pro-rata basis according to the number of months, or any part thereof, remaining for that premium year.

(3) For the purposes of calculating the levy of a relevant insurer referred to in paragraph (2), the Authority shall apply the following:

- (a) in respect of insured policies covered under the PPF Life Fund, the aggregate protected liabilities of the PPF Scheme member for the insured policies as at the date on which the insurer becomes a PPF Scheme member; and
- (b) in respect of insured policies covered under the PPF General Fund —
 - (i) in the case where the PPF Scheme member is not taking in any new insurance business or not renewing any existing insurance policy, the aggregate protected liabilities of the PPF Scheme member for the insured policies as at the date on which the insurer becomes a PPF Scheme member; and
 - (ii) in all other cases, the gross premium income written from 1st January of the calendar year until the date on which the insurer becomes a PPF Scheme member.

(4) Subject to regulation 6(3), where the PPF Scheme member is a relevant insurer registered to carry on insurance business under the Insurance Act (Cap. 142) immediately before the effective date, the Authority shall impose on the PPF Scheme member a levy for the first premium year on a pro-rata basis according to the number of months, or any part thereof, comprised in that first premium year.

(5) For the purposes of calculating the levy of a PPF Scheme member referred to in paragraph (4), the Authority shall apply the following:

- (a) in respect of insured policies covered under the PPF Life Fund, the aggregate protected liabilities of the PPF Scheme member for the insured policies as at 31st December of the preceding calendar year; and
- (b) in respect of insured policies covered under the PPF General Fund —
 - (i) in the case where the PPF Scheme member is not taking in any new insurance business or not renewing any existing insurance policy, the aggregate protected liabilities of the PPF Scheme member for the insured policies as at 31st December of the preceding calendar year; and
 - (ii) in all other cases, the gross premium income in respect of the insured policies of the PPF Scheme member in the preceding calendar year ending 31st December.

Minimum levy

6.—(1) Subject to paragraphs (2) and (3), for any premium year, a PPF Scheme member shall pay a minimum levy of \$2,500 in respect of insured policies covered under the PPF Life Fund and \$2,500 in respect of insured policies covered under the PPF General Fund.

(2) In the case where —

- (a) a relevant insurer becomes a PPF Scheme member during the course of a premium year; or
- (b) an exemption from the requirement to be a PPF Scheme member granted to a relevant insurer pursuant to section 32 of the Act is withdrawn during the course of a premium year,

the minimum levy that the relevant insurer shall pay in respect of the PPF Life Fund and the PPF General Fund each, respectively, shall be pro-rated according to the number of months, or any part thereof, remaining for that premium year.

(3) Where a PPF Scheme member is a relevant insurer registered to carry on insurance business under the Insurance Act (Cap. 142) immediately before the effective date, the minimum levy that the PPF Scheme member shall pay in respect of each of the PPF Life Fund and the PPF General Fund for the first premium year shall be pro-rated according to the number of months, or any part thereof, comprised in the first premium year.

Size of PPF Life Fund and PPF General Fund

7.—(1) The target fund size of the PPF Life Fund is 0.61% of the aggregate protected liabilities in respect of insured policies covered under the PPF Life Fund.

(2) The target fund size of the PPF General Fund is 1.51% of the gross premium income in respect of insured policies covered under the PPF General Fund.

(3) Without prejudice to any other factors that may be relevant in the determination of any variation to the levy rates, where the PPF Life Fund or PPF General Fund achieves or exceeds the target fund size specified in paragraph (1) or (2), as the case may be, the Authority and the Agency may conduct a joint review of the levy rates.

Payment of compensation from PPF Life Fund or PPF General Fund

8.—(1) Where an insured policy owner is entitled to compensation in respect of an insured policy issued by a failed PPF Scheme member under the CPFIS, the Agency shall pay such compensation to —

(a) in a case where the premiums of the insured policy were paid using money in the ordinary account of the insured policy owner, an approved agent bank; or

(b) in a case where the premiums of the insured policy were paid using money in the special account of the insured policy owner, the Central Provident Fund Board.

(2) For the purposes of paragraph (1) —

(a) where an approved agent bank receives compensation under paragraph (1)(a), it shall handle the compensation in accordance with the Central Provident Fund (Investment Schemes) Regulations (Cap. 36, Rg 9) as if it is money payable to the insured policy owner for the maturity or surrender of an insured policy purchased or maintained by the insured policy owner under regulation 16 of the Central Provident Fund (Investment Schemes) Regulations; and

(b) where the Central Provident Fund Board receives compensation under paragraph (1)(b), it shall handle the compensation in accordance with the Central Provident Fund (Investment Schemes) Regulations as if it is money payable to the insured policy owner for the maturity or surrender of an insured policy purchased or maintained by the insured policy owner under regulation 31 of the Central Provident Fund (Investment Schemes) Regulations.

(3) Subject to paragraph (1) —

(a) in the case where an insured policy owner or a beneficiary or both are entitled to compensation in respect of an insured policy which is covered under the PPF General Fund and provides third party benefits, the Agency shall pay such compensation directly to the insured policy owner or the beneficiary or both or into their respective accounts opened with a bank licensed under the Banking Act (Cap. 19), as the case may be; and

(b) subject to sub-paragraph (a), in a case where an insured policy owner is entitled to compensation in respect of an insured policy covered under the PPF General Fund or the PPF Life Fund, the Agency shall pay such compensation directly to the insured policy owner or into an account opened with a bank licensed under the Banking Act in his name.

Operational preparedness for payment of compensation

9.—(1) Every PPF Scheme member shall at all times have the capability to furnish to the Agency, in a secure manner, within such period and in such form and manner as may be specified by the Agency in the Rules, information which is requested for by the Agency for the purposes of making payment of compensation to insured policy owners or beneficiaries or both.

(2) Every PPF Scheme member shall —

(a) participate in any periodic exercise conducted by the Agency for the purpose of assessing whether the PPF Scheme member is sufficiently prepared in the event that the Authority determines that compensation is to be paid out of the PPF Life Fund or PPF General Fund to insured policy owners or beneficiaries or both; and

(b) achieve the level of preparedness required by the Agency of all PPF Scheme members as may be specified in the Rules.

(3) Any PPF Scheme member which contravenes paragraph (1) or (2) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$125,000 and, in the case of a continuing offence, to a further fine of \$12,500 for every day or part thereof during which the offence continues after conviction.

(4) In this regulation, "in a secure manner", in relation to any information, means that when dealing with the information, the PPF Scheme member shall comply with such requirements as may be specified in the Rules.

Register of insured policies

10.—(1) Every PPF Scheme member shall maintain at all times, a register of all its products which are insured policies (referred to in this regulation as the Register), in such form and manner as may be specified in the Rules.

(2) Every PPF Scheme member shall, within 10 days after 1st April of each year, submit to the Agency a hardcopy of the Register updated to 1st April of that year and an annex, in such form as may be specified in the Rules, setting out the product codes of each product, which is an insured policy, in the Register (referred to in this regulation as the Annex).

(3) Every PPF Scheme member shall notify the Agency of any change to the Register or Annex within 10 days after such change.

(4) Every PPF Scheme member shall, upon reasonable request, make available to any person a copy of the Register (last submitted to the Agency, together with any notification of change since that submission where such change has not been incorporated into the Register) for inspection, at every place of business of the PPF Scheme member where insured policies are offered.

(5) Any PPF Scheme member which contravenes paragraph (1), (2), (3) or (4) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$125,000 and, in the case of a continuing offence, to a further fine of \$12,500 for every day or part thereof during which the offence continues after conviction.

Disclosure requirements for insured policies

11.—(1) Every PPF Scheme member shall, in respect of every insured policy that it issues or offers, state clearly that the insured policy is covered under the PPF Scheme up to the limits prescribed in the Act in the marketing materials and the policy documents, whether in electronic, print or other form.

(2) Where the statement required under paragraph (1) is in written form, the statement shall be clear and legible.

(3) Any PPF Scheme member which contravenes paragraph (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$125,000 and, in the case of a continuing offence, to a further fine of \$12,500 for every day or part thereof during which the offence continues after conviction.

THE SCHEDULE

Regulation 4

LEVY RATES APPLICABLE TO PPF SCHEME MEMBERS

<i>First column</i> <i>Category of PPF Scheme members</i>	<i>Second column</i> <i>Levy rate applicable for life business</i>	<i>Third column</i> <i>Levy rate applicable for general business</i>
A PPF Scheme member which has a supervisory risk rating of —		
(a) low	0.028%	0.106%
(b) medium low	0.033%	0.121%
(c) medium high	0.049%	0.181%
(d) high	0.142%	0.529%

Made this 20th day of July 2011.

RAVI MENON
Managing Director,
Monetary Authority of Singapore.