

Circular No. ID 04/09

17 March 2009

To Principal Officers
Direct Insurers and Reinsurers

Dear Sir/Madam

GUIDELINES ON IMPLEMENTATION OF INSURANCE FUND CONCEPT

In order to secure an adequate level of asset protection for insurance policyholders, the Insurance Act ("IA") requires registered insurers in Singapore to set up a separate fund for each class of insurance business and ensure that all receipts and disbursements are properly attributed to the relevant fund.

2 The IA currently does not prescribe the specific measures that are necessary for the establishment of the insurance funds and the segregation of their assets ("the fund concept"). To facilitate effective and consistent implementation of the fund concept and for better transparency, MAS has issued guidelines on the implementation of the insurance fund concept, which amongst others, clarify the baseline operational requirements that insurers should meet.

3 The guidelines have been developed following an industry consultation in July 2007. MAS' responses to feedback received and the finalised guidelines are enclosed. A copy of the guidelines will also be posted on the MAS website.

4 Please contact your company's liaison officer in MAS should you require further clarification.

Yours sincerely

[sent via MASNet]

LOW KWOK MUN
EXECUTIVE DIRECTOR
INSURANCE SUPERVISION DEPARTMENT

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cc Life Insurance Association
General Insurance Association
Singapore Reinsurers' Association