

Notice No : **IA/PP-N02.1**
Issue Date : **30 Jul 2004**

NON-APPLICABILITY OF EXTRA-TERRITORIALITY OF ACT – CRITERIA FOR RELATED CORPORATIONS

Introduction

1. This Notice is issued pursuant to regulation 12(b) of the Insurance (Authorised Reinsurers) Regulations 2003 (“the Regulations”).
2. Regulation 12(b)(iii) of the Regulations provides that section 56A of the Act (read with section 3 of the Act) shall not apply where a reinsurance arrangement is entered into between a registered insurer (other than a captive insurer) and its related corporation which is incorporated outside Singapore, is not a registered insurer and satisfies such criteria as the Authority may, by directions, specify. This Notice specifies the criteria to be met by such a related corporation.

Definitions

3. Any expression used in this Notice shall, except where expressly defined in this Notice or where the context otherwise requires, have the same respective meanings as in the Act and Regulations.

Criteria for Related Corporations

4. A related corporation which intends to enjoy the exemption granted under regulation 12(b) of the Regulations shall satisfy the following criteria:
 - (a) it shall be licensed, approved, registered or otherwise regulated under the law of its home country to carry on insurance business in that country;
 - (b) it shall possess a financial strength rating of at least “A” by any internationally recognised rating agency;
 - (c) it shall be well capitalised; and
 - (d) it shall have an established track record.
5. A related corporation which meets the criteria initially, but becomes unable to do so subsequently shall no longer enjoy the exemption granted under regulation 12(b) and may be required to be registered as a insurer under section 8 of the Act or authorised as a reinsurer under section 8A of the Act.
6. This Notice shall take immediate effect.