

INSURANCE ACT  
(CHAPTER 142)

INSURANCE  
(GENERAL PROVISIONS AND EXEMPTIONS  
FOR CAPTIVE INSURERS)  
REGULATIONS 2004

ARRANGEMENT OF REGULATIONS

PART I

PRELIMINARY

Regulation

1. Citation and commencement
2. Definitions

PART II

FINANCIAL REQUIREMENT BEFORE  
REGISTRATION, FUND SOLVENCY REQUIREMENT  
AND CAPITAL ADEQUACY REQUIREMENT

3. Paid-up capital requirement
4. Exemption in respect of Insurance (Valuation and Capital) Regulations 2004
5. Fund solvency requirement
6. Capital adequacy requirement

PART III

ACCOUNTS AND STATEMENTS

7. Exemption from Insurance (Accounts and Statements) Regulations 2004
8. Forms
9. Returns to be lodged by captive insurers
10. Annual returns to be lodged by captive insurers
11. Quarterly and other returns to be lodged by captive insurers
12. Returns on actuarial investigation of life business
13. Provisions as to returns lodged
14. Valuation of assets and liabilities

Regulation

15. Lodgment and signature of returns
16. Audit and auditor's report
17. Returns in electronic form
18. Deadlines for lodgment of returns
19. Information on external auditor

PART IV

EXEMPTIONS

20. Exemptions from sections 14 and 37 (1) (b) of Act
21. Exemption from section 31 (1) (b) of Act
22. Exemption from section 46 of Act

PART V

MISCELLANEOUS

23. Revocation
  24. Savings and transitional provisions
- 

In exercise of the powers conferred by sections 9, 18, 36, 37 (1), 52 (1) and 64 (1) of the Insurance Act, the Monetary Authority of Singapore hereby makes the following Regulations:

PART I

PRELIMINARY

**Citation and commencement**

1. These Regulations may be cited as the Insurance (General Provisions and Exemptions for Captive Insurers) Regulations 2004 and shall come into operation on 1st January 2005.

**Definitions**

2. In these Regulations, unless the context otherwise requires —  
“electronic record” has the same meaning as in section 2 of the Electronic Transactions Act (Cap. 88);

“participating fund” means an insurance fund established and maintained under section 17 (2) of the Act which comprises wholly or partly of participating policies;

“policy liabilities”, in relation to an insurance fund, means liabilities in respect of policies for which the insurance fund is established and maintained under section 17 of the Act;

“quarter” means any period of 3 months beginning on 1st January, 1st April, 1st July or 1st October of any year;

“valuation date” means the date on which the assets and liabilities of a captive insurer are valued.

## PART II

### FINANCIAL REQUIREMENT BEFORE REGISTRATION, FUND SOLVENCY REQUIREMENT AND CAPITAL ADEQUACY REQUIREMENT

#### **Paid-up capital requirement**

3. For the purposes of section 9 (1) (c) of the Act, the Authority shall not register an applicant as a captive insurer under section 8 of the Act unless the applicant has a paid-up ordinary share capital (or its equivalent recognised by the Authority as applicable to the applicant under the laws of the country or territory in which the applicant is incorporated, formed or established) of not less than \$400,000.

#### **Exemption in respect of Insurance (Valuation and Capital) Regulations 2004**

4. A captive insurer shall be exempt from regulation 4 of the Insurance (Valuation and Capital) Regulations 2004 (G.N. No. S 498/2004).

#### **Fund solvency requirement**

5.—(1) For the purposes of section 18 (1) (a) of the Act, the fund solvency requirement in respect of an insurance fund established and maintained by a captive insurer under the Act shall at all times be such that —

(a) in the case of an insurance fund for general business that relates to Singapore policies, the surplus of assets over

liabilities of the fund, less its contingent liabilities, is not less than the GSIF amount;

- (b) in the case of an insurance fund for general business that relates to offshore policies, the amount of assets in the fund, less its contingent liabilities, is not less than the amount of the liabilities of the fund; and
- (c) in the case of an insurance fund for life business, the amount of assets in the fund, less its contingent liabilities, is not less than the amount of the liabilities of the fund.

(2) In this regulation and regulation 6, “GSIF amount”, in relation to an insurance fund, means the highest of the following amounts:

- (a) \$400,000;
- (b) 20% of net premiums written of the fund in the preceding financial year; or
- (c) 20% of the claim liabilities of the fund as at the end of the preceding financial year.

### **Capital adequacy requirement**

6. For the purposes of section 18 (1) (b) of the Act, the capital adequacy requirement of a captive insurer shall at all times be such that the shareholders’ equity and surplus, less the contingent liabilities of the insurer, is not less than the sum of —

- (a) \$400,000; and
- (b) the GSIF amount.

## **PART III**

### **ACCOUNTS AND STATEMENTS**

#### **Exemption from Insurance (Accounts and Statements) Regulations 2004**

7. Except as otherwise provided in this Part, a captive insurer shall be exempt from the Insurance (Accounts and Statements) Regulations 2004 (G.N. No. S 494/2004).

#### **Forms**

8.—(1) The forms mentioned in these Regulations are those set out in the First Schedule to the Insurance (Accounts and Statements) Regulations 2004.

(2) Where any provision of the Act or these Regulations provides for the lodgment of a document with the Authority, that document shall be lodged with the Authority in the relevant form.

(3) A form prescribed by these Regulations shall be completed in accordance with such directions as may be specified in the form or by the Authority.

### **Returns to be lodged by captive insurers**

**9.** For the purposes of section 36 (1) of the Act, a captive insurer shall lodge statements of accounts and other statements in accordance with regulations 10 and 11.

### **Annual returns to be lodged by captive insurers**

**10.**—(1) A captive insurer registered to carry on general business shall lodge for each accounting period, for each insurance fund established and maintained under the Act in respect of its general business —

- (a) a fund balance sheet in Form 1 (excluding Annexes 1F (a), 1F (b), 1F (c), 1G, 1K, 1 (i) and 1 (ii)), as at the end of that accounting period;
- (b) a fund profit and loss account in Form 2 (excluding Annexes 2A, 2B, 2C (a), 2C (b), 2E, 2G, 2H and 2J); and
- (c) subject to regulation 13 (4), a statement in Form 6, giving as regards policies belonging to that class of business particulars of premiums, claims, underwriting results and operating results during that accounting period.

(2) A captive insurer registered to carry on life business shall lodge for each accounting period, for each insurance fund established and maintained under the Act in respect of its life business —

- (a) a fund balance sheet in Form 1 (excluding Annexes 1F (a), 1F (b), 1F (c), 1G, 1 (i) and 1 (ii)), as at the end of that accounting period;
- (b) a fund profit and loss account in Form 2 (excluding Annexes 2B, 2C (b) and 2E); and
- (c) separate statements in Form 3 for all policies issued to individuals and in Form 4 for all policies issued to groups of individuals, giving as regards policies belonging to each type of life business particulars of —

- (i) the issue of new policies;
- (ii) the termination of policies and the transfers of policies to or from the register of Singapore policies or offshore policies, as the case may be, during that accounting period; and
- (iii) the business in force as at the end of that accounting period.

(3) A captive insurer incorporated in Singapore shall lodge for each accounting period, in respect of the insurer's global operations —

- (a) a balance sheet in Form 8, as at the end of that accounting period; and
- (b) a profit and loss account in Form 9.

(4) A captive insurer incorporated outside Singapore shall lodge for each financial year, in respect of the insurer's global business operations, a statement in Form 10 of the financial position of the insurer as at the end of that financial year.

(5) In this regulation and regulation 12, "accounting period" means the financial year of a captive insurer.

### **Quarterly and other returns to be lodged by captive insurers**

**11.—**(1) A captive insurer registered to carry on general business shall lodge —

- (a) for each quarter, for each insurance fund established and maintained under the Act in respect of its general business —
  - (i) a fund balance sheet in Form 1 (excluding the Annexes and Notes), as at the end of that quarter; and
  - (ii) subject to regulation 13 (4), a statement in Form 6 (excluding Items C to G and the Notes), giving as regards policies belonging to that class of business particulars of premiums, claims, underwriting results and operating results during that quarter; and
- (b) for each accounting period, for each insurance fund established and maintained under the Act in respect of its general business, subject to regulation 13 (4), a statement in Form 6 (excluding Items C to G and the Notes), giving as regards policies belonging to that class of business particulars of premiums, claims, underwriting results and operating results during that accounting period.

(2) A captive insurer registered to carry on life business shall lodge for each quarter, for each insurance fund established and maintained under the Act in respect of its life business —

- (a) a fund balance sheet in Form 1 (excluding the Annexes and Notes), as at the end of that quarter; and
- (b) separate statements in Form 3 for all policies issued to individuals and in Form 4 for all policies issued to groups of individuals, giving as regards policies belonging to each type of life business particulars of —
  - (i) the issue of new policies;
  - (ii) the termination of policies and the transfers of policies to or from the register of Singapore policies or offshore policies, as the case may be, during that quarter; and
  - (iii) the business in force as at the end of that quarter.

(3) In the case of a captive insurer incorporated in Singapore, the insurer shall, in addition to the relevant forms set out in paragraphs (1) and (2), lodge for each accounting period in respect of its global business operations a balance sheet in Form 8 (excluding the Annex and Note) as at the end of that accounting period.

(4) Section 36 (3) of the Act shall not apply to a captive insurer in respect of any statement of account lodged under this regulation.

### **Returns on actuarial investigation of life business**

**12.**—(1) For the purposes of section 36 (1) of the Act, a captive insurer registered to carry on life business shall lodge for each accounting period —

- (a) in respect of the actuarial investigation under section 37 (1) of the Act of its life business, and separately for each insurance fund established and maintained under the Act —
  - (i) a statement in Form 14, giving an abstract of valuation results in respect of its life business; and
  - (ii) a statement in Form 16, giving an analysis of experience of the insurance fund;
- (b) in respect of the actuarial investigation under section 37 (1) of the Act of participating fund allocations to policies and to the surplus account in accordance with section 17 (6) of the Act —

- (i) a statement in Form 18, giving particulars of participating fund allocations; and
  - (ii) an actuary's certificate in Form 19, which shall state the actuary's opinion on the allocations to participating policies and to the surplus account; and
- (c) an actuary's report on the actuarial investigation under section 37 (1) of the Act of policy liabilities relating to its life business, which shall be signed by the actuary.

(2) For the purposes of section 37 (1) of the Act, a captive insurer registered to carry on life business shall lodge for each accounting period, in respect of the actuarial investigation of policy liabilities relating to its life business —

- (a) an abstract of the actuary's report on policy liabilities relating to its life business, which shall include the matters specified in paragraph 1 of the Second Schedule to the Insurance (Accounts and Statements) Regulations 2004 (G.N. No. S 494/2004); and
- (b) an actuary's certificate in Form 17, which shall —
  - (i) state the actuary's opinion on policy liabilities relating to the life business of the insurer; and
  - (ii) certify that the valuation was done in accordance with any applicable requirement stipulated under the Act or a direction issued under the Act.

### **Provisions as to returns lodged**

**13.—**(1) All monetary amounts referred to in any document required to be lodged under these Regulations shall be in Singapore dollars unless otherwise specified in the relevant form, and the basis of conversion of any other currency into Singapore dollars shall be stated in each such document.

(2) Section 39 (1) of the Act, to the extent that it requires the insurer to send to any member or policy owner any document lodged under regulation 11, any actuary's report lodged under regulation 12 (1) (c) and any auditor's supplementary report lodged under regulation 16 (b), shall not apply in relation to any captive insurer.

(3) Section 39 (3) of the Act shall not apply to any document lodged by a captive insurer under sections 36 and 37 of the Act or any

document required by sections 36 (13) and 37 (9) to accompany the document so lodged.

(4) A captive insurer may omit, from any statement in Form 6 required to be lodged under these Regulations, a breakdown of the miscellaneous line of business for the Singapore Insurance Fund if, and only if, the insurer completes the “Sub-total” column under the “Miscellaneous” category.

### **Valuation of assets and liabilities**

**14.—**(1) In any document which a captive insurer is required to prepare in accordance with these Regulations, the value or amount given for an asset or a liability of the insurer shall be the value or amount of that asset or liability, as the case may be, as determined in accordance with paragraph (3), any applicable regulation under the Insurance (Valuation and Capital) Regulations 2004 (G.N. No. S 498/2004) and any direction issued under the Act.

(2) A captive insurer shall be exempt from regulation 19 (1) of the Insurance (Valuation and Capital) Regulations 2004.

(3) A captive insurer shall calculate the liabilities in respect of policies of an insurance fund established and maintained under section 17 of the Act for the general business of the insurer as the sum of —

(a) premium liabilities, which shall be an amount of not less than —

(i) the unearned premium reserves of the fund calculated as the aggregate of unearned premium reserves for each policy of the fund determined in the manner provided in regulation 19 (5) and (6) of the Insurance (Valuation and Capital) Regulations 2004; or

(ii) the unexpired risk reserves, calculated as the sum of —

(A) the value of the expected future payments arising from future events insured under policies in force as at the valuation date, including any expense expected to be incurred in administering the policies and settling relevant claims; and

- (B) any provision for any adverse deviation from the expected experience,
- whichever is the higher; and
- (b) claim liabilities, which shall be an amount not less than the sum of —
- (i) the value of the expected future payments in relation to all claims incurred prior to the valuation date (other than payments which have fallen due for payment on or before the valuation date), whether or not they have been reported to the insurer, including any expense expected to be incurred in settling those claims; and
  - (ii) any provision for any adverse deviation from the expected experience.

(4) Any reference to regulation 19 (1), (1) (a) (ii) or (1) (b) in regulation 19 (2) and (4) of the Insurance (Valuation and Capital) Regulations 2004 (G.N. No. S 498/2004), in relation to any captive insurer, shall be construed as a reference to paragraph (3), (3) (a) (ii) or (3) (b), respectively.

### **Lodgment and signature of returns**

**15.—**(1) Any document to be lodged by a captive insurer under regulation 10, 12 or 16 shall be lodged by sending to the Authority —

- (a) in the case of an actuary's report lodged under regulation 12 (1) (c), the original copy of the document; or
- (b) in any other case, the original and one copy of the document.

(2) The original document lodged by a captive insurer under paragraph (1) (b) shall bear —

- (a) in the case of any document lodged under regulation 10, the signatures of —
  - (i) 2 directors of the insurer; and
  - (ii) the principal officer of the insurer or, where one of the insurer's officers in Singapore has been notified to the Authority as having the authority to sign documents in place of the principal officer, that officer;
- (b) in the case of any document lodged under regulation 12 (1) (b) (i), the signatures of —
  - (i) 2 directors of the insurer;

- (ii) the principal officer of the insurer or, where one of the insurer's officers in Singapore has been notified to the Authority as having the authority to sign documents in place of the principal officer, that officer; and
  - (iii) the actuary; or
- (c) in the case of any document lodged under regulation 12 (1) (a), (1) (b) (ii) or (2), the signature of the actuary.

(3) The persons signing any fund balance sheet under regulation 10 shall lodge a certificate in Form 24.

(4) A document to be lodged by a captive insurer shall be in the English language, and shall be printed or, with the permission of the Authority, produced by other mechanical means approved by it.

### **Audit and auditor's report**

**16.** A captive insurer shall lodge, with any statement of account or balance sheet lodged under regulation 10 —

(a) an auditor's report in Form 25, stating the auditor's opinion; and

(b) an auditor's supplementary report in Form 26, which shall be signed by the auditor.

### **Returns in electronic form**

**17.—**(1) A captive insurer shall complete and lodge each document required to be lodged under regulations 10, 11 and 12 (other than an actuary's report or an abstract of such report to be lodged under regulation 12) in the form of an electronic record with the Authority —

(a) through such electronic facility; and

(b) in such form and manner,

as may be specified by the Authority to the captive insurer.

(2) Unless otherwise required by the Authority, all particulars to be inserted in the document in the form of an electronic record referred to in paragraph (1) shall be in the English language.

### **Deadlines for lodgment of returns**

**18.** Any document to be lodged by a captive insurer or any other person shall be lodged with the Authority —

- (a) in respect of a document to be lodged in accordance with regulation 15, within 6 months from the last day of the period to which the document relates;
- (b) in respect of a document to be lodged under regulation 10 or 12 and in accordance with regulation 17, within 6 months from the last day of the period to which the document relates; and
- (c) in respect of a document to be lodged under regulation 11 and in accordance with regulation 17, within 3 weeks from the last day of the period to which the document relates.

### **Information on external auditor**

**19.** A captive insurer shall furnish to the Authority information regarding the external auditor of the insurer, including the information specified in the Third Schedule to the Insurance (Accounts and Statements) Regulations 2004 (G.N. No. S 494/2004), together with the documents to be lodged under section 36 of the Act.

## **PART IV EXEMPTIONS**

### **Exemptions from sections 14 and 37 (1) (b) of Act**

**20.** Sections 14 and 37 (1) (b) of the Act shall not apply to any captive insurer.

### **Exemption from section 31 (1) (b) of Act**

**21.—**(1) Subject to paragraph (2), section 31 (1) (b) of the Act shall not apply to any captive insurer.

(2) Paragraph (1) shall only apply if the captive insurer —

- (a) notifies the Authority of the appointment of any new director and any change in the appointment of its existing directors as soon as practicable after the appointment or change of appointment, as the case may be; and
- (b) provides the Authority with such information relating to the appointment or change of appointment as the Authority may require.

## **Exemption from section 46 of Act**

**22.** Section 46 of the Act shall not apply to —

- (a) any captive insurer; or
- (b) any policy owner or other person who has been or may be prejudiced in consequence of the inability of any captive insurer to meet its liabilities under insurance policies issued by it.

## **PART V**

### **MISCELLANEOUS**

#### **Revocation**

**23.** The Insurance (Exemption for Captive Insurers) Regulations (Rg 7) are revoked.

#### **Savings and transitional provisions**

**24.** During the period starting from 1st January 2005 and ending with the day on which a captive insurer lodges the statements of account and other statements in accordance with the Insurance (Accounts and Statements) Regulations (Rg 2) in force immediately before 23rd August 2004 in respect of —

- (a) the accounting period beginning on 1st January 2004 and ending on 31st December 2004; and
- (b) the insurer's financial year beginning on any day between 1st January 2004 and 31st December 2004 (both days inclusive),

the Insurance Regulations (Rg 1) and the Insurance (Accounts and Statements) Regulations (Rg 2) in force immediately before 23rd August 2004, and the revoked Insurance (Exemption for Captive Insurers) Regulations (Rg 7) in force immediately before 1st January 2005, shall continue to apply to the insurer.

Made this 23rd day of December 2004.

**KOH YONG GUAN**  
*Managing Director,*  
*Monetary Authority of Singapore.*