

No. S 000 –

INSURANCE ACT
(CHAPTER 142)
INSURANCE (PROTECTION AND INDEMNITY CLUBS)
REGULATIONS 2002

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In exercise of the powers conferred by sections 18, 52(1) and 64 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 (Protection and Indemnity Clubs) Regulations 2002 and shall come into operation on 1st October 2002.

Definitions

2. In these Regulations —

“Protection and Indemnity Club” means an insurer registered under section 8 of the Act as a direct insurer to carry on general class of insurance business who is permitted under his licence to underwrite only protection and indemnity risks;

“protection and indemnity insurance” means insurance in respect of third party liabilities and expenses arising from owning, or operating, ships as principals.

PART II

EXEMPTIONS

Exemption in respect of insurance funds

3.—(1) Subject to paragraph 2, sections 17(17) and 20 of the Act shall not apply to any Protection and Indemnity Club.

(2) Paragraph (1) shall only apply if the Protection and Indemnity Club maintains such accounts and records of the insurance funds as the Authority may specify.

Exemption from actuarial certification of liabilities

4. Section 37 of the Act shall not apply to any Protection and Indemnity Club.

Exemption in respect of Policy Owners’ Protection Fund

5. Section 46 of the Act shall not apply to —

(a) any Protection and Indemnity Club; and

(b) any policy owner or other person who has been or may be prejudiced in consequence of the inability of any Protection and Indemnity Club to meet its liability under insurance policies issued by it.

Exemption from Insurance Regulations

6. Regulations 3, 18, 18A, 19 and 20A of the Insurance Regulations (Rg 1) shall not apply to a Protection and Indemnity Club.

PART III

MISCELLANEOUS

Solvency margins

7. For the purposes of section 18 of the Act, a Protection and Indemnity Club shall maintain at all times —

- (a) in respect of an insurance fund established under section 17 of the Act that relates to Singapore policies, a margin of solvency of —
 - (i) \$1 million;
 - (ii) 20% of the net premium income of the fund in the preceding accounting period; or
 - (iii) 20% of the loss reserves of the fund as at the end of the preceding accounting period,whichever is the highest; and
- (b) in respect of an insurance fund established under section 17 of the Act that relates to offshore policies, an amount of assets in the fund the value of which is not less than the amount of the liabilities of that fund.

Returns to be lodged

8.—(1) A Protection and Indemnity Club shall submit Forms 1 and 2 in the Schedule in respect of each financial year.

(2) Notwithstanding regulation 10 of the Insurance (Accounts and Statements) Regulations (Rg 2), a Protection and Indemnity Club shall lodge with the Authority —

- (a) Forms 1 and 2 in the Schedule within 4 months from the end of each financial year; and
- (b) such returns of audited accounts and statements as required to be lodged under the Insurance (Accounts and Statements) Regulations within 6 months after the date to which the returns relate.

Policy Year Ended		Row No.	Calls Made/Refunded in Financial Year	Anticipated Future Calls/Refunds	Reinsurance Premiums Paid/Payable in Financial Year	Outstanding Net Claims Reserve b/f (including IBNR)	Net Payments Made in Financial Year	Outstanding Net Claims Reserve c/f (including IBNR)	Gross Payments Made in Financial Year	Estimate of Gross Payments Remaining on Reported Claims	Estimate of Gross Payments for IBNR Claims
Month	Year										
		8	1	2	3	4	5	6	7	8	9
		9									
Prior years		10									
Total (1 to 11)		11									

Premiums in respect of:

Fixed Premium Business: \$ SIF \$ OIF

INSURANCE ACT
(CHAPTER 142)

INSURANCE (PROTECTION AND INDEMNITY
CLUBS) REGULATIONS

Regulation 8

FORM 2

STATEMENT ON ADEQUACY OF LOSS RESERVES FOR
ACCOUNTING PERIOD ENDED _____

To the best of my knowledge and belief, I, Principal Officer of _____, do state that the amount of loss reserves as shown in the books of accounts of the company/branch* and in Form 1 : Fund Balance-Sheet are adequate to meet all ultimate claim payouts under each insurance fund established in accordance with section 17 (1) of the Insurance Act (Cap 142).

The loss reserves referred to in this Statement include provisions set up for claims reported but not yet determined, claims incurred but not yet reported, i.e., IBNR claims and all expenses associated with the settlement of such claims. In attesting to the adequacy of loss reserves, I have satisfied myself that —

- (a) the company/branch* has in place proper systems and records to properly assess the loss reserves set up in the books of accounts;
- (b) the loss reserves have been estimated using a proper and consistent method based on properly collated claims statistics. Particular attention has been paid to 'long-tail' business and large or catastrophic losses;
- (c) the loss reserves have been set up using a conservative approach in order to ensure that the loss reserves maintained will be adequate to meet all claim liabilities; and
- (d) the reinsurance arrangements of the company/branch* have been examined and the impact arising from any of the reinsurance arrangements being rendered inadequate or ineffective has been taken into account in determining the amount of loss reserves; except*

Name and signature of Principal Officer : _____

Date : _____

* Delete whichever is inapplicable.

Made this 11th day of September 2002.

KOH YONG GUAN
Managing Director,
Monetary Authority of
Singapore.

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