

INSURANCE ACT
(CHAPTER 142)

INSURANCE
(GENERAL PROVISIONS)
REGULATIONS 2003

ARRANGEMENT OF REGULATIONS

Regulation

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In exercise of the powers conferred by sections 11, 39, 48 (1), 52 (1), 56A (3), 61 and 64 of the Insurance Act, the Monetary Authority of Singapore hereby makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Insurance (General Provisions) Regulations 2003 and shall come into operation on 1st January 2004.

Definitions

- 2.** In these Regulations, unless the context otherwise requires —
- “Offshore Insurance Fund” means any insurance fund established and maintained in respect of offshore policies under the Act;
- “Singapore Insurance Fund” means any insurance fund established and maintained in respect of Singapore policies under the Act.

Annual fees for insurers

3.—(1) Except as provided in paragraph (4), a registered insurer (other than a captive insurer or Protection and Indemnity Club), shall pay to the Authority the following annual fees:

- (a) for carrying on life business, other than life reinsurance business —
 - (i) in the case of an insurer with total assets not exceeding \$2 billion, a fee of \$75,000; and
 - (ii) in the case of an insurer with total assets exceeding \$2 billion, a fee of \$120,000;
- (b) for carrying on general business, other than general reinsurance business —
 - (i) in the case of an insurer with gross premiums not exceeding \$100 million, a fee of \$60,000; and
 - (ii) in the case of an insurer with gross premiums exceeding \$100 million, a fee of \$80,000;
- (c) for carrying on life reinsurance business —
 - (i) in the case of a reinsurer with gross premiums not exceeding \$100 million, a fee of \$30,000; and
 - (ii) in the case of a reinsurer with gross premiums exceeding \$100 million, a fee of \$40,000;
- (d) for carrying on general reinsurance business —
 - (i) in the case of a reinsurer with gross premiums not exceeding \$100 million, a fee of \$30,000; and
 - (ii) in the case of a reinsurer with gross premiums exceeding \$100 million, a fee of \$40,000; and
- (e) for carrying on any combination of the insurance business referred to in sub-paragraphs (a) to (d), the aggregate of the respective fees.

(2) A captive insurer shall pay to the Authority an annual fee of \$5,000.

(3) A Protection and Indemnity Club shall pay to the Authority an annual fee of \$50,000.

(4) A registered insurer (other than a captive insurer or Protection and Indemnity Club) which —

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- (a) has not previously carried on the relevant type of insurance business in Singapore referred to in paragraph (1); or
 - (b) has carried on the relevant type of insurance business referred to in paragraph (1) for less than one accounting period,

and has not lodged the relevant statements relating to total assets or gross premiums under section 36 of the Act shall pay to the Authority the following fees:

- (i) for carrying on life business (other than life reinsurance business), a fee of \$75,000;
- (ii) for carrying on general business (other than general reinsurance business), a fee of \$60,000;
- (iii) for carrying on life reinsurance business, a fee of \$30,000;
- (iv) for carrying on general reinsurance business, a fee of \$30,000; and
- (v) for carrying on any combination of the insurance business referred to in sub-paragraphs (i) to (iv), the aggregate of the respective fees.

(5) Except as provided in paragraph (6), the fees payable under paragraphs (1) to (4) shall be paid to the Authority on or before 1st January of each year.

(6) Where an insurer has not previously carried on insurance business in Singapore, or has not previously carried on the relevant type of insurance business in Singapore, the fees payable under paragraphs (1) to (4) shall be paid to the Authority before —

- (a) the insurer commences carrying on insurance business in Singapore; or
- (b) the insurer commences carrying on the relevant type of insurance business in Singapore,

as the case may be.

(7) For the purposes of paragraph (1), the total assets or gross premiums of any registered insurer shall include the total assets or gross premiums, as the case may be, of any other registered insurer (other than a captive insurer or Protection and Indemnity Club) which insurance business had been totally acquired by the first-mentioned registered insurer before 1st January of the year for which the fees are to be paid.

(8) Where a registered insurer enters into an agreement to purchase the whole of the insurance business of one or more other registered insurers (referred to in this regulation as the potential constituent insurer), but the agreement is only to take effect on or after 1st January of the next year, the registered insurer may, before the date that the agreement is to take effect, apply to the Authority for an exemption of part of the fees to be paid by the registered insurer and the potential constituent insurers under paragraph (1).

(9) Where, upon an application under paragraph (8), the Authority agrees to exempt part of the fees to be paid by the registered insurer and the potential constituent insurers under paragraph (1), the fees payable to the Authority by the registered insurer and the potential constituent insurers shall be in accordance with the following formulae:

(a) fees payable by the registered insurer —

$$\frac{A}{C} \times D; \text{ and}$$

(b) fees payable by the constituent potential insurer —

$$\frac{B}{C} \times D;$$

where A is the total assets or total premiums, as the case may be, of the registered insurer;

B is the total assets or total premiums, as the case may be, of the potential constituent insurer;

C is the total assets or total premiums, as the case may be, of the registered insurer and all the potential constituent insurers; and

D is the fee payable under paragraph (1) based on the combined total assets or gross premiums, as the case may be, of the registered insurer and all the potential constituent insurers.

(10) Payment of the fees under this regulation shall be made —

(a) through such electronic funds transfer system as the Authority may, from time to time, designate where payment may be effected by directing the transfer of funds electronically from the bank account of the payer to a bank account designated by the Authority; or

(b) in such other form or manner as the Authority may allow.

(11) In this regulation —

“gross premiums” means —

- (a) in relation to a direct general insurer or general reinsurer, the aggregate of the gross premiums for the Singapore Insurance Fund and the Offshore Insurance Fund specified in the statement of premiums, claims and underwriting results in Form 7 in the First Schedule to the Insurance (Accounts and Statements) Regulations (Rg 2) lodged by the insurer or reinsurer, as the case may be, in the year immediately preceding the year for which the fees are to be paid; or
- (b) in relation to a life reinsurer, the aggregate of the gross premiums for the Singapore Insurance Fund and the Offshore Insurance Fund specified in the statement of life reinsurance policies (group and individual) in Form 3A in the First Schedule to the Insurance (Accounts and Statements) Regulations lodged by the reinsurer in the year immediately preceding the year for which the fees are to be paid;

“Protection and Indemnity Club” has the same meaning as in the Insurance (Protection and Indemnity Clubs) Regulations 2002 (G.N. No. S 468/2002);

“total assets”, in relation to a direct life insurer, means the aggregate of the total assets for the Singapore Insurance Fund and the Offshore Insurance Fund specified in the fund balance-sheet in Form 1 in the First Schedule to the Insurance (Accounts and Statements) Regulations lodged by the insurer in the year immediately preceding the year for which the fees are to be paid.

Inspection fees

4. For the purpose of section 39 (3) of the Act —

- (a) the fee for the inspection of documents lodged shall be \$5 for the documents of each insurer inspected; and
- (b) the fee for making a copy of the documents lodged shall be 20 cents for each copy made of each page of the documents.

Particulars to be advertised in connection with transfer of business

5. Before an application is to be made to the High Court for confirmation of a scheme under section 47 of the Act, the notice to be published under section 48 (1) (b) of the Act shall give the following particulars in addition to stating the intention to apply to the High Court for confirmation of the scheme:

- (a) the names of the insurer who is transferring the business and the insurer to which the business is to be transferred (referred to in this regulation as the insurers) and the general nature and effect of the scheme;
- (b) the addresses at which, and the period during which, the insurers would keep copies of the scheme available for inspection in Singapore by members and policy owners of those insurers and, if they are not available for inspection by all members and policy owners, the members and policy owners for whose inspection they are available; and
- (c) the policy owners (if any) who would have copies of the scheme transmitted to them by the insurers and the policy owners (if any) who, under any direction of the High Court applied for or to be applied for, would not have copies so transmitted to them.

Non-applicability of extra-territoriality of Act

6.—(1) Section 56A (2) of the Act shall not apply in respect of any advertisement issued by or on behalf of a person carrying on insurance business outside Singapore if —

- (a) the advertisement is not made to or directed at persons in Singapore, whether electronically or otherwise;
- (b) the advertisement does not contain any information especially relevant to persons in Singapore;
- (c) the advertisement contains a prominent disclaimer referred to in paragraph (2); and
- (d) the advertisement is not referred to in, or directly accessible from, any source which is calculated to draw the attention of persons in Singapore to the advertisement.

(2) For the purposes of paragraph (1) (c), the disclaimer shall consist of a statement to the effect that the advertisement to which it relates —

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- (a) is directed at persons outside Singapore; or
 - (b) shall not be acted on by persons in Singapore.

(3) In this regulation, “advertisement” means the dissemination or conveyance of information, or invitation or solicitation by any means or in any form, including by means of —

- (a) publication in a newspaper, magazine, journal or other periodical;
- (b) display of posters or notices;
- (c) circulars, handbills, brochures, pamphlets, books or other documents;
- (d) letters addressed to individuals or bodies corporate or unincorporate;
- (e) photographs or cinematograph films; or
- (f) sound broadcasting, television, the internet or other media.

Payment of policy claims without probate

7. For the purposes of section 61 of the Act, \$150,000 is prescribed as the amount of life policy and accident and health policy moneys which may be paid without the production of any probate or letters of administration or without having been included in a schedule or certificate under section 41 (2) of the Estate Duty Act (Cap. 96).

Free look for life policies and accident and health policies

8.—(1) No registered insurer shall, in the course of carrying on insurance business in Singapore, issue a life policy or an accident and health policy with a duration of one year or more without a clause providing that the policy owner —

- (a) shall have 14 days from the date of receipt of the policy to examine the terms and conditions of the policy; and
- (b) may terminate the policy within the 14-day period referred to in sub-paragraph (a).

(2) Where a policy is terminated pursuant to a clause referred to in paragraph (1) (b) —

- (a) any sum which the policy owner has paid in connection with the policy (whether by way of premium or otherwise and whether to the insurer or his agent for the purpose of

receiving that sum) shall, subject to paragraph (3), be recoverable from the insurer by the policy owner; and

(b) any expense incurred by the insurer in underwriting the policy shall be recoverable by the insurer from the policy owner.

(3) For the purpose of paragraph (2) (a), in the case of an investment-linked policy, the insurer shall, in determining the amount that is payable to the policy owner, be entitled to make an adjustment to reflect the change in market value of the underlying assets.

Made this 22nd day of December 2003.

KOH YONG GUAN
Managing Director,
Monetary Authority of Singapore.

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