

No. S 746

**INSURANCE ACT
(CHAPTER 142)**

**INSURANCE
(GENERAL PROVISIONS AND
EXEMPTIONS FOR MARINE MUTUAL INSURERS)
REGULATIONS 2007**

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In exercise of the powers conferred by sections 9, 18, 36, 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 Marine Mutual Insurers) Regulations 2007 and shall come into operation on 1st January 2008.

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);
 - “GSIF amount”, in relation to an insurance fund that relates to Singapore policies, 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 claim liabilities of the fund as at the end of the preceding financial year;

“marine adventure” has the same meaning as in section 3 (2) of the Marine Insurance Act (Cap. 387);

“marine mutual insurance business” means the business of providing the insurance of liabilities under insurance policies on the basis of mutual insurance —

- (a) upon goods, merchandise or property of any description transported on board vessel, including incidental transit before and after shipment;
- (b) upon the freight of, or any other interest in or relating to, vessels;
- (c) upon vessels, or upon machinery, tackle furniture or equipment of vessels;
- (d) against damage arising out of or in connection with the use of vessels, including third-party risks;
- (e) against risks incidental to the construction, repair or docking of vessels, including third-party risks; or
- (f) against such other risks as the Authority considers to be connected with or incidental to marine adventures or any of the matters referred to in paragraphs (a) to (e);

“marine mutual insurer” means an insurer registered under section 8 of the Act as a direct insurer to carry on general business and which is permitted to carry on marine mutual insurance business only;

“mutual insurance” has the same meaning as in section 85 (1) of the Marine Insurance Act;

“valuation date” means the date on which the assets and liabilities of a marine mutual 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 marine mutual insurer 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 \$5 million.

Fund solvency requirement

4. 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 marine mutual insurer under the Act shall at all times be such that —

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

Capital adequacy requirement

5. For the purposes of section 18 (1) (b) of the Act, the capital adequacy requirement of a marine mutual 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 \$400,000 and the GSIF amount.

Exemptions in respect of Insurance (Valuation and Capital) Regulations 2004

6. A marine mutual insurer shall be exempt from regulations 3 and 4 of the Insurance (Valuation and Capital) Regulations 2004 (G.N. No. S 498/2004).

PART III
ACCOUNTS AND STATEMENTS

Exemptions in respect of Insurance (Accounts and Statements) Regulations 2004

7. A marine mutual insurer shall be exempt from the following requirements in the Insurance (Accounts and Statements) Regulations 2004 (G.N. No. S 494/2004):

- (a) the requirement, under regulation 4 (2) (a) of those Regulations, to lodge Annexes 1A, 1B, 1C, 1D, 1E, 1F (a), 1F (b), 1F (c), 1F (d), 1G, 1H, 1I, 1J, 1K, 1L, 1M, 1N, 1 (i), 1 (ii) and 1 (iii) to Form 1 in the First Schedule to those Regulations;
- (b) the requirement, under regulation 4 (2) (b) of those Regulations, to lodge Annexes 2A, 2B, 2C, 2C (a), 2C (b), 2E, 2G, 2H and 2J to Form 2 in the First Schedule to those Regulations; and
- (c) the requirements under regulations 5 (1) (a), (b) (ii), (c) and (5), 8 and 10 of those Regulations.

Forms

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

(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.

Balance sheet in respect of global business operations

9. A marine mutual insurer incorporated in Singapore shall, in addition to the relevant forms in regulation 5 (1) (b) (i) of the Insurance (Accounts and Statements) Regulations 2004, lodge with the Authority for each accounting period in respect of its global

business operations a balance sheet in Form 8 in the First Schedule to those Regulations, excluding the Annex and Note, as at the end of that accounting period.

Additional returns

10. In addition to the returns to be lodged under section 36 of the Act and prescribed in the Insurance (Accounts and Statements) Regulations 2004 (G.N. No. S 494/2004), every marine mutual insurer shall lodge with the Authority, for each financial year —

- (a) an analysis of calls, premiums and claims, which shall be in Form 1 in the Schedule; and
- (b) a statement on the adequacy of claim liabilities in respect of the financial year, which shall be in Form 2 in the Schedule.

Provisions as to returns lodged

11.—(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) and (3) of the Act shall not apply to any document lodged by a marine mutual insurer under sections 36 and 37 of the Act or any document required by sections 36 (13) and 37 (9) of the Act to accompany the document so lodged.

(3) Any reference to an accounting period in regulation 4 of the Insurance (Accounts and Statements) Regulations 2004 shall, in relation to a marine mutual insurer, be construed as a reference to the financial year of the marine mutual insurer.

Valuation of assets and liabilities

12.—(1) In any document which a marine mutual insurer is required to prepare in accordance with these Regulations or the Insurance (Accounts and Statements) Regulations 2004, the value or amount given for an asset or a liability of the marine mutual 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 marine mutual insurer shall be exempt from regulation 19 (1) of the Insurance (Valuation and Capital) Regulations 2004 (G.N. No. S 498/2004).

(3) A marine mutual 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 marine mutual 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) 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 of 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) For the purposes of paragraph (3) (a) (i), a marine mutual insurer shall, in determining the amount of unearned premium reserves of an insurance fund, treat every insurance policy it issues as a marine and aviation policy.

(5) Any reference to regulation 19 (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 marine mutual insurer, shall be construed as a reference to paragraph (3) (a) (ii) or (3) (b), respectively.

Lodgment and signature of additional returns

13.—(1) Any document to be lodged by a marine mutual insurer under regulation 10 shall be lodged by sending to the Authority one original copy of the document.

(2) The original copy of the document lodged by a marine mutual insurer under regulation 10 (b) shall bear the signature of the principal officer of the marine mutual insurer.

(3) The original copy of any document referred to in paragraph (1) 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.

Additional returns in electronic form

14.—(1) A marine mutual insurer shall complete and lodge each document required to be lodged under regulations 9 and 10 (a) 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 marine mutual 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

15.—(1) Notwithstanding regulation 15 of the Insurance (Accounts and Statements) Regulations 2004 (G.N. No. S 494/2004) —

(a) any document to be lodged in accordance with regulation 11 of those Regulations by a marine mutual insurer shall be lodged with the Authority within 6 months from the last day of the period to which the document relates;

(b) a document to be lodged under regulation 5 (1) (b) (i) of those Regulations and in accordance with regulation 13 of those

Regulations by a marine mutual insurer shall be lodged with the Authority within 3 weeks from the last day of the period to which the document relates; and

- (c) any other document to be lodged in accordance with regulation 13 of those Regulations by a marine mutual insurer shall be lodged with the Authority within 6 months from the last day of the period to which the document relates.

(2) Any document to be lodged in accordance with regulation 13 shall be lodged with the Authority within 6 months from the last day of the period to which the document relates.

(3) Any document to be lodged in accordance with regulation 14 shall be lodged with the Authority —

- (a) in the case of a document to be lodged under regulation 9, within 3 weeks from the last day of the period to which the document relates; and
- (b) in the case of a document to be lodged under regulation 10 (a), within 6 months from the last day of the period to which the document relates.

PART IV

GENERAL EXEMPTIONS

Exemption from deposit

16. Section 14 of the Act shall not apply to any marine mutual insurer.

Exemption in respect of insurance funds

17.—(1) Subject to paragraph (2), sections 17 (16) and 20 of the Act shall not apply to any marine mutual insurer.

(2) Paragraph (1) shall only apply if the marine mutual insurer maintains such accounts and records of the insurance funds established and maintained by it under the Act as the Authority may specify.

Exemption from actuarial certification of liabilities

18. Section 37 of the Act shall not apply to any marine mutual insurer.

Exemption in respect of Policy Owners' Protection Fund

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

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

PART V

MISCELLANEOUS

Revocation

20. The Insurance (General Provisions and Exemptions for Protection and Indemnity Clubs) Regulations 2004 (G.N. No. S 804/2004) are revoked.

Savings and transitional provisions

21.—(1) Any insurer which, immediately before 1st January 2008, is a Protection and Indemnity Club within the meaning of the revoked Insurance (General Provisions and Exemptions for Protection and Indemnity Clubs) Regulations 2004 shall, from that date, be deemed to be a marine mutual insurer for the purposes of these Regulations until such time the insurer ceases to be a registered insurer or to be permitted to carry on marine mutual insurance business by the Authority.

(2) Where —

- (a) immediately before 1st January 2008, any insurer registered under section 8 of the Act as a direct insurer to carry on general business is providing marine mutual insurance; and
- (b) the Authority is of the opinion that the insurer should be treated as a marine mutual insurer for the purposes of these Regulations and has, before 1st January 2008, so notified the insurer in writing,

that insurer shall, from that date, be deemed to be a marine mutual insurer for the purposes of these Regulations.

(3) For the avoidance of doubt, nothing in these Regulations shall affect any condition to which the registration of an insurer, deemed

to be a marine mutual insurer under paragraph (1) or (2), is subject immediately before 1st January 2008.

(4) Notwithstanding these Regulations, an insurer deemed to be a marine mutual insurer under paragraph (1) or (2) may continue to comply with the revoked Insurance (General Provisions and Exemptions for Protection and Indemnity Clubs) Regulations 2004 (G.N. No. S 804/2004) in force immediately before 1st January 2008 for a period of 6 months after that date, in which event the revoked Regulations shall apply to the insurer during that period as if these Regulations were not made.

(5) Where an insurer referred to in paragraph (4) elects to cease complying with the revoked Insurance (General Provisions and Exemptions for Protection and Indemnity Clubs) Regulations 2004 at any time before the expiry of the period referred to in that paragraph, the insurer shall give the Authority notice in writing of the date the election is made no later than 14 days after that date and paragraph (4) shall not apply to the insurer from that date.

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		1	2	3	4	5	6	7	8	9
		4									
		5									
		6									
		7									
		8									
		9									
Prior years		10									
Total (1 to 10)		11									

*Delete whichever is inapplicable.

Premiums in respect of:

SIF

OIF

Fixed Premium Business: \$ _____ \$ _____

INSURANCE ACT
(CHAPTER 142)

INSURANCE
(GENERAL PROVISIONS AND EXEMPTIONS FOR
MARINE MUTUAL INSURERS)
REGULATIONS

FORM 2

STATEMENT ON ADEQUACY OF CLAIM LIABILITIES FOR
FINANCIAL YEAR ENDED _____

To the best of my knowledge and belief, I, Principal Officer of _____, do state that the amounts of claim liabilities 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 claim liabilities referred to in this Statement include the expected future payments in relation to all claims incurred prior to the valuation date (other than payments which have fallen due for payment before the valuation date), whether or not they have been reported to the company/branch*, including any expense expected to be incurred in settling those claims and any provision for any adverse deviation from the expected experience. In attesting to the adequacy of claim liabilities, I have satisfied myself that —

- (a) the company/branch* has in place proper systems and records to properly assess the claim liabilities set up in the books of accounts;
- (b) the claim liabilities 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 claim liabilities have been set up using a conservative approach in order to ensure that the claim liabilities maintained will be adequate to meet all ultimate claim payouts; 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 claim liabilities; except*

Name and signature of Principal Officer: _____

Date: _____

*Delete whichever is inapplicable.

Made this 27th day of December 2007.

HENG SWEE KEAT
Managing Director,
Monetary Authority of Singapore.

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