

INSURANCE ACT
(CHAPTER 142)

INSURANCE
(LLOYD'S ASIA SCHEME) (AMENDMENT)
REGULATIONS 2004

In exercise of the powers conferred by sections 35B and 35L 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 (Lloyd's Asia Scheme) (Amendment) Regulations 2004 and shall come into operation on 1st January 2005.

Amendment of regulation 2

2. Regulation 2 of the Insurance (Lloyd's Asia Scheme) Regulations (Rg 9, 2004 Ed.) (referred to in these Regulations as the principal Regulations) is amended —

(a) by inserting, immediately after the definition of “accounting period”, the following definition:

“ “Accounting Standards” has the same meaning as in section 4 (1) of the Companies Act (Cap. 50);”;

(b) by inserting, immediately after the definition of “Chain of Security”, the following definition:

“ “collective investment scheme” has the same meaning as in section 2 (1) of the Securities and Futures Act (Cap. 289);”;

(c) by inserting, immediately after the definition of “Council of Lloyd's”, the following definitions:

“ “counterparty” means any person who is under a financial obligation to the Service Company, as an agent of a syndicate, in respect of the business of the syndicate written by the Service Company;

“debt security” includes any debenture, bond or note;
“electronic record” has the same meaning as in section 2
of the Electronic Transactions Act (Cap. 88);
“equity security” includes any stock, share, depository
receipt or unit in a collective investment scheme;”;

(d) by deleting the words “Lloyd’s Underwriting Agents
Byelaw (No. 4 of 1984)” in paragraph (a) of the definition
of “managing agent” and substituting the words “Lloyd’s
Underwriting Byelaw (No. 2 of 2003)”;

(e) by inserting, immediately after the words “Lloyd’s Substitute
Agents Byelaw (No. 20 of 1983)” in paragraph (b) of the
definition of “managing agent”, the words “or the Lloyd’s
Underwriting Byelaw (No. 2 of 2003)”;

(f) by inserting, immediately after the definition of “New
Central Fund”, the following definition:

“ “permitted trust outgoings” means —

(a) in relation to an insurance fund for Singapore
policies established under regulation 11 (1) (a),
Permitted Singapore Policies Trust Outgoings,
as defined in the Lloyd’s Asia (Singapore
Policies) Instrument made by the Council of
Lloyd’s on 13th February 2002; and

(b) in relation to an insurance fund for offshore
policies established under regulation 11 (1) (b),
Permitted Offshore Policies Trust Outgoings,
as defined in the Lloyd’s Asia (Offshore
Policies) Instrument made by the Council of
Lloyd’s on 13th February 2002;”;

(g) by inserting, immediately after the definition of “premiums
trust fund”, the following definitions:

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

“reinsurance recoverables” means any amount that
a Service Company is entitled to recover on behalf
of a syndicate, but has yet to recover, from its

reinsurance counterparty in respect of claims that have been paid by the Service Company on behalf of the syndicate;”;

- (h) by inserting, immediately after the definition of “Service Company”, the following definition:

““subsidiary” has the same meaning as in section 5 of the Companies Act (Cap. 50);”;

- (i) by inserting, immediately after the definition of “syndicate”, the following definition:

““unit”, in relation to a collective investment scheme, has the same meaning as in section 2 (1) of the Securities and Futures Act (Cap. 289);”;

- (j) by deleting the full-stop at the end of the definition of “valid claim” and substituting a semi-colon, and by inserting immediately thereafter the following definition:

““valuation date” means the date on which the assets and liabilities of the business of a syndicate written by a Service Company are valued.”.

Amendment of regulation 5

3. Regulation 5 of the principal Regulations is amended by deleting paragraph (2).

Amendment of regulation 6

4. Regulation 6 (3) of the principal Regulations is amended —

- (a) by inserting, immediately after the words “furnish the Authority” in sub-paragraph (a), the words “in writing”;
- (b) by deleting the words “other particulars” in sub-paragraph (a) and substituting the words “other information”; and
- (c) by deleting sub-paragraph (b) and substituting the following sub-paragraph:

“(b) register the applicant on the date of expiry of the period of 30 days commencing on the day immediately following the day on which the particulars and information referred to in sub-paragraph (a) were furnished to the Authority pursuant to the last request made by the Authority

under that sub-paragraph, unless the Authority objects to the registration before that date of expiry.”.

New regulation 6A

5. The principal Regulations are amended by inserting, immediately after regulation 6, the following regulation:

“Duty of Service Company

6A.—(1) No Service Company shall, without the approval of the Authority —

- (a) enter into any contract of insurance on behalf of the members of any syndicate;
- (b) cause or permit any amendment or alteration of its memorandum or articles of association;
- (c) cause or permit any reduction of its paid-up capital;
- (d) cause or permit any significant change in its ownership; or
- (e) participate in any pool business other than pools formed by the Singapore insurance industry to cover special risks.

(2) No Service Company shall write any insurance business, unless it has reason to believe that suitable arrangements for the reinsurance of the business written in Singapore are in place at all times and that the reinsurers are of good security.

(3) Every Service Company shall at all times maintain a surplus of assets over liabilities of not less than \$150,000.

(4) Every Service Company shall immediately inform the Authority if —

- (a) it is or is likely to be unable to maintain a surplus of assets over liabilities of \$150,000 or to meet its obligations as they fall due;
- (b) it becomes aware that any of the arrangements referred to in paragraph (2) has been, is being or is likely to be rendered inadequate or ineffective; or

- (c) for any accounting period, the permitted trust outgoings of any insurance fund established by it under regulation 11 exceed the premium receipts of that insurance fund.”.

Deletion and substitution of regulation 7

6. Regulation 7 of the principal Regulations is deleted and the following regulation substituted therefor:

“Officers of Service Company

7.—(1) A Service Company shall —

- (a) appoint as its chief executive officer an individual who shall be resident in Singapore; and
- (b) appoint in Singapore at least one underwriter who has at least 6 years (or any shorter period as the Authority may allow) experience in underwriting any specialised risk of a type set out in the First Schedule.

(2) No Service Company shall appoint any person as its chief executive officer or a director unless the Service Company satisfies the Authority that the person is a fit and proper person to be so appointed and has obtained the approval of the Authority.

(3) Where a Service Company has obtained the approval of the Authority to appoint a person as its chief executive officer or director under this regulation, the person may be re-appointed as chief executive officer or director, as the case may be, of the Service Company immediately upon the expiry of the earlier term without the approval of the Authority.

(4) In this regulation, “chief executive officer”, in relation to the Service Company, means any person by whatever name called, employed by the Service Company to be directly responsible for the conduct of the Service Company’s duties and functions in Singapore.”.

Amendment of regulation 11

7. Regulation 11 of the principal Regulations is amended by deleting paragraph (7).

Amendment of regulation 13

8. Regulation 13 of the principal Regulations is amended —

(a) by deleting paragraphs (1) and (2) and substituting the following paragraphs:

“(1) Every Service Company shall prepare, for each syndicate for which it acts as an agent or, where it acts as an agent for more than one syndicate, those syndicates on a consolidated basis with the approval of the Authority —

(a) for each accounting period and subject to such modifications or variations as may be agreed to by the Authority, the statements of accounts and other statements for each insurance fund established and maintained under regulation 11 (1) in Forms 1, 2 and 3 in the Fifth Schedule;

(b) for each accounting period and subject to such modifications or variations as may be agreed to by the Authority, the statements of accounts for each insurance fund established and maintained under regulation 11 (1) in Form 3 (excluding the Notes) in the Fifth Schedule; and

(c) for each quarter and subject to such modifications or variations as may be agreed to by the Authority, the statements of accounts for each insurance fund established and maintained under regulation 11 (1) in Forms 1, 2 and 3 (excluding the Notes and Annexes) in the Fifth Schedule.

(2) Every Service Company shall have the accounts of each insurance fund audited for each accounting period for which statements of accounts and other statements are prepared in accordance with paragraph (1) (a), and may exclude the Annexes to such statements from the audit.

(2A) In any document which a Service Company is required to prepare in accordance with these Regulations in relation to a syndicate, the value or amount given for an asset or a liability relating to the business of the syndicate written by the Service Company shall be the value or amount of that asset or liability, as the case may be, as determined in accordance with regulations 13A to 13M.”;

- (b) by deleting the words “the directors” in paragraph (3) and substituting the words “2 directors”;
- (c) by deleting the words “Form 1” in paragraph (4) and substituting the words “Form 4”; and
- (d) by deleting the words “Forms 2 and 3” in paragraph (5) and substituting the words “Forms 5 and 6”.

New Parts IIIA and IIIB

9. The principal Regulations are amended by inserting, immediately after regulation 13, the following Parts:

“PART IIIA

VALUATION OF ASSETS

Application of this Part

13A. This Part applies to the valuation of any asset of an insurance fund established and maintained under regulation 11 (1).

Valuation of assets

13B.—(1) Unless otherwise specified in this Part, a Service Company shall value an asset of an insurance fund in accordance with the Accounting Standards.

(2) The following items shall not be treated as assets of an insurance fund:

- (a) assets comprised in the deposit made and maintained by the administrator under regulation 16; and
- (b) intangible assets, including the goodwill of the syndicate to which the insurance fund relates.

Equity securities

13C.—(1) A Service Company shall value an equity security as follows:

- (a) where it is listed on a securities exchange, at its market value; or
- (b) where it is not listed on any securities exchange, at its net realisable value.

(2) In determining the net realisable value of an equity security which is not listed on a securities exchange, the Service Company shall take into account —

- (a) the amount of consideration it would receive by selling the equity security; and
- (b) the net tangible asset value of the equity security.

Debt securities

13D.—(1) A Service Company shall value a debt security as follows:

- (a) where it is listed on any securities exchange, at its market value; or
- (b) where it is not listed on any securities exchange, at its net realisable value.

(2) In determining the net realisable value of a debt security that is not listed on a securities exchange, the Service Company shall take into account —

- (a) the prevailing interest rate;
- (b) the likelihood of default by the issuer; and
- (c) the cash flows that are expected to arise from the debt security.

Land and buildings

13E.—(1) A Service Company shall value any land or building at its estimated market value.

(2) In estimating the market value of any land or building, the Service Company shall take into account —

- (a) the last available valuation report made by a qualified property valuer;
- (b) the prevailing market for the land or building; and
- (c) any damage or improvement affecting the land or building from the date of the last available valuation report.

(3) A Service Company shall obtain a new valuation from a qualified property valuer —

- (a) when the value of the land or building has been substantially impaired by any event; and

(b) in any event, at least once every 3 years.

Loans

13F. A Service Company shall value loans made to other persons by aggregating the principal amounts outstanding under all loans less any provision for doubtful debts.

Cash and deposits

13G.—(1) A Service Company shall value any cash or deposit with a financial institution, other than a negotiable certificate of deposit, at the nominal amount of such cash or deposit after deducting any amount deemed uncollectible from the financial institution.

(2) A Service Company shall value a negotiable certificate of deposit at its market value.

Outstanding premiums and agents' balances

13H. A Service Company shall value the outstanding premiums and agents' balances by aggregating the principal amounts outstanding after deducting any provision for doubtful debts.

Deposits withheld by cedants

13I. A Service Company shall value deposits withheld by cedants by aggregating the amounts of deposits outstanding after deducting any amount deemed uncollectible from the cedant.

Reinsurance recoverables

13J. A Service Company shall value reinsurance recoverables by aggregating the amounts of reinsurance recoverables outstanding after deducting any provision for doubtful debts.

PART IIIB

VALUATION OF LIABILITIES

Application of this Part

13K. This Part applies to the valuation of any liability of an insurance fund established and maintained under regulation 11 (1).

Valuation of liabilities

13L.—(1) Unless otherwise specified in this Part, a Service Company shall value any liability of an insurance fund in accordance with the Accounting Standards and sound actuarial principles.

(2) The Authority may, by notice in writing to a Service Company, specify the bases, methodologies and other details of a technical nature to be complied with in relation to the determination of liabilities in respect of a policy and in respect of an insurance fund.

Valuation of liabilities of general business

13M.—(1) A Service Company shall calculate the liabilities in respect of policies of an insurance fund established and maintained under regulation 11 (1) for the general business written by the Service Company as the sum of —

(a) premium liabilities, which shall be an amount 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 paragraph (5); 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 Service Company, including any expense expected to be incurred in settling those claims; and

(ii) any provision for any adverse deviation from the expected experience.

(2) In determining the unexpired risk reserves referred to in paragraph (1) (a) (ii) and claim liabilities referred to in paragraph (1) (b), a Service Company shall —

(a) calculate the amount of unexpired risk reserves and claim liabilities as the amount net of reinsurance ceded —

(i) by making separate estimates of the gross claim liabilities and recoveries from the reinsurance counterparty; and

(ii) by taking into account the likelihood of default by the reinsurance counterparty; and

(b) take into account any non-reinsurance recovery such as salvage and subrogation.

(3) Where there is no material change in —

(a) the manner in which liabilities are reinsured during the period to which the data used to determine the unexpired risk reserves and claim liabilities relates; and

(b) the manner in which liabilities are reinsured at valuation date,

a Service Company may, instead of complying with paragraph (2) (a), calculate the amount of unexpired risk reserves and claim liabilities net of reinsurance ceded using data on claim liabilities that are net of reinsurance.

(4) A Service Company shall make separate calculations of the unearned premium reserves, the unexpired risk reserves and the claim liabilities in the manner provided in paragraph (1) for each type of business described in Form 3 in the Fifth Schedule that is carried on by the Service Company.

(5) The amount of unearned premium reserves for a policy in respect of general business shall be —

- (a) subject to sub-paragraphs (b) and (c) and paragraph (6), an amount calculated on a basis not less accurate than the $\frac{1}{24}$ th method;
- (b) in the case of a Service Company which underwrites risks relating to cargo policies, an amount not less than 25% of the premiums for those policies or an amount calculated on a basis not less accurate than the $\frac{1}{24}$ th method; or
- (c) in the case of a Service Company which carries on the business of reinsurance of liabilities under insurance policies —
 - (i) an amount not less than 25% of the premiums in the case of marine and aviation policies and 40% of the premiums in other cases; or
 - (ii) an amount calculated on a basis not less accurate than the $\frac{1}{24}$ th method.

(6) The amount of unearned premium reserves for a policy in respect of general business shall be calculated —

- (a) where the $\frac{1}{24}$ th method or some other more accurate method is used, using an amount of premiums written which is reduced by the actual commissions payable; or
- (b) in any other case, using an amount of premiums written without any deduction for commissions payable therefrom.

(7) In paragraph (5) —

“marine and aviation policies” means policies of insurance —

- (a) upon goods, merchandise or property of any description transported on board vessels, aircraft or other means of conveyance, including incidental transit before and after shipment;
- (b) upon the freight of, or any other interest in or relating to vessels, aircraft or other means of conveyance;
- (c) upon vessels or aircraft, or upon machinery, tackle furniture or equipment of vessels or aircraft;

- (d) against damage arising out of or in connection with the use of vessels or aircraft, including third-party risks; or
 - (e) against risks incidental to the construction, repair or docking of vessels, including third-party risks;
- “premiums” means the amount of the premiums written in the accounting period after deducting for any premium refund and any payment in respect of reinsurance and retrocession.”.

Amendment of regulation 15

10. Regulation 15 of the principal Regulations is amended —

- (a) by deleting paragraph (1) and substituting the following paragraphs:

“(1) The administrator shall appoint a chief executive officer who shall be an individual resident in Singapore.

(1A) The administrator shall not appoint any person as its chief executive officer or a director unless the administrator satisfies the Authority that the person is a fit and proper person to be so appointed and has obtained the approval of the Authority.

(1B) Where an administrator has obtained the approval of the Authority to appoint a person as its chief executive officer or director under this regulation, the person may be re-appointed as chief executive officer or director, as the case may be, of the administrator immediately upon the expiry of the earlier term without the approval of the Authority.”;

- (b) by deleting the words “In paragraph (1)” in paragraph (2) and substituting the words “In this regulation”; and
- (c) by deleting the regulation heading and substituting the following regulation heading:

“Officers of administrator”.

Amendment of regulation 16

- 11.** Regulation 16 of the principal Regulations is amended —
- (a) by deleting the words “of a policy owner of a policy issued by a member of Lloyd’s” in paragraph (3) and substituting the words “in respect of a policy issued”; and
 - (b) by deleting the words “of a policy owner of a policy issued by a member of Lloyd’s under these Regulations” in paragraph (5).

Deletion and substitution of regulation 17

12. Regulation 17 of the principal Regulations is deleted and the following regulation substituted therefor:

“Letter of credit

17.—(1) Where any transfer of assets of an insurance fund under regulation 11 (6) shall cause the claim liabilities of the syndicate concerned in respect of the insurance fund to exceed the available balances in the insurance fund, the administrator shall, prior to such transfer, establish and furnish to the Authority or procure that the Service Company which maintains the insurance fund establishes and furnishes to the Authority a letter of credit, the value of which shall be not less than the difference between the claim liabilities and the available balances in the insurance fund.

(2) Where a letter of credit has been established and furnished to the Authority under paragraph (1) in respect of an insurance fund and any subsequent transfer of assets of the insurance fund under regulation 11 (6) shall cause the claim liabilities of the syndicate concerned in respect of the insurance fund to exceed the sum of —

- (a) the total value of all letters of credit in respect of the insurance fund which remain in force, if any; and
 - (b) the available balances in the insurance fund,
- the administrator shall, prior to such transfer —
- (i) establish and furnish to the Authority or procure that the Service Company which maintains the insurance fund establishes and furnishes to the Authority a letter of credit, the value of which shall be not less than the difference between the claim liabilities, and the aggregate

of the available balances in the insurance fund and the total value of all letters of credit referred to in sub-paragraph (a); or

- (ii) subject to paragraph (5), cancel all letters of credit referred to in sub-paragraph (a), and establish and furnish to the Authority or procure that the Service Company which maintains the insurance fund establishes and furnishes to the Authority a letter of credit, the value of which shall be not less than the difference between the claim liabilities and the available balances in the insurance fund.

(3) For the purposes of paragraphs (1) and (2), the claim liabilities of the syndicate in respect of the insurance fund, the available balances in the insurance fund and the value of any letter of credit referred to in paragraph (2) (a) shall be determined as at the end of the quarter immediately preceding the date of transfer.

(4) Where, as at the end of any quarter, the claim liabilities of any syndicate in respect of an insurance fund exceeds the sum of —

- (a) the total value of all letters of credit in respect of the insurance fund which remain in force, if any; and
- (b) the available balances in the insurance fund,

the administrator shall, within 7 weeks from the last day of that quarter —

- (i) establish and furnish to the Authority, or procure that the Service Company which maintains the insurance fund establishes and furnishes to the Authority, a letter of credit, the value of which shall be not less than the difference between the claim liabilities, and the aggregate of the available balances in the insurance fund and the total value of all letters of credit referred to in sub-paragraph (a);
- (ii) increase, or procure that the Service Company increases, the available balances in the insurance fund by an amount not less than the difference between the claim liabilities, and the aggregate of such available balances and the total value of all letters of credit referred to in sub-paragraph (a); or

(iii) subject to paragraph (5), cancel all letters of credit referred to in sub-paragraph (a), and establish and furnish to the Authority, or procure that the Service Company which maintains the insurance fund establishes and furnishes to the Authority, a letter of credit, the value of which shall be not less than the difference between the claim liabilities and the available balances in the insurance fund.

(5) Any letter of credit required to be furnished to the Authority under paragraph (2) (ii) or (4) (iii) shall be so furnished before any letter of credit referred to in paragraph (2) (a) or (4) (a), as the case may be, is cancelled.

(6) The Authority may call on any letter of credit furnished under paragraph (1), (2) or (4) in respect of a syndicate to satisfy any valid claim in respect of a policy issued under these Regulations, by a Service Company on behalf of that syndicate, which remains unpaid 30 days after the issue of a notice by the Authority under paragraph (7).

(7) Before calling on a letter of credit furnished under paragraph (1), (2) or (4), the Authority shall give the administrator notice in writing of its intention to do so and identify in the notice the letter of credit which is intended to be called upon and the valid claim in respect of which the letter of credit is intended to be applied.

(8) In this regulation, unless the context otherwise requires —

“available balances”, in relation to an insurance fund, means the aggregate amount of cash and deposits in the insurance fund which is not repatriated for the year of account and which is available to meet the claim liabilities of the syndicate concerned;

“letter of credit” means an irrevocable standby letter of credit issued in favour of the Authority by a bank licensed under the Banking Act (Cap. 19) in such form as the Authority may require;

“year of account” means the year to which a risk is allocated and to which all premiums and claims in respect of that risk are attributed, as determined by the calendar year in which the risk is written.”.

Amendment of regulation 21

13. Regulation 21 of the principal Regulations is amended —

(a) by deleting sub-paragraph (a) of paragraph (1) and substituting the following sub-paragraph:

“(a) lodge with the Authority, in accordance with this regulation and regulations 25 and 26, such statements of accounts and other documents provided by each Service Company under regulation 13 (6) (a);”;

(b) by deleting the words “referred to in paragraph (1) to be furnished” in paragraph (2) and substituting the words “other than those referred to in paragraph (1) (a) to be furnished in such form and manner and”.

Deletion and substitution of regulations 25 and 26

14. Regulations 25 and 26 of the principal Regulations are deleted and the following regulations substituted therefor:

“Lodgment and signature of returns

25.—(1) Any document to be lodged by the administrator under regulation 21 (1) (a) shall be lodged —

(a) in the case of any document referred to in regulation 13 (1) (a), (4) or (5), by sending to the Authority the original and 2 copies of the document; and

(b) in the case of any document referred to in regulation 13 (1), in the form of an electronic record with the Authority through such electronic facility, and in such form and manner, as may be specified by the Authority.

(2) A document to be lodged by the administrator under regulation 21 (1) (a) —

(a) shall be in the English language;

(b) shall, in the circumstances set out in paragraph (1) (a), be printed or, with the permission of the Authority, produced by other mechanical means approved by it; and

(c) shall state any monetary amount referred to in Singapore dollars (unless otherwise specified in the relevant form) and the basis of conversion of any other currency into Singapore dollars.

(3) Where, by these Regulations, a document is required to be signed by or on behalf of the chief executive officer of a Service Company, it shall, if not signed by that officer, be signed by an officer of the Service Company who is for the time being notified to the Authority as having authority for the purposes of these Regulations to sign in place of the chief executive officer.

Deadlines for lodgment of returns

26. Unless otherwise allowed by the Authority —

- (a) any document to be lodged in accordance with regulation 25 (1) (a) shall be lodged with the Authority within 14 weeks from the last day of the period to which the document relates; and
- (b) any document to be lodged in accordance with regulation 25 (1) (b) shall be lodged with the Authority within 3 weeks from the last day of the period to which the document relates.”.

Amendment of First Schedule

15. The First Schedule to the principal Regulations is amended by inserting, immediately after the word “operating” in item (23) in the second column against the class of business “Aviation” in the first column, the words “or otherwise”.

Deletion and substitution of Fifth Schedule

16. The Fifth Schedule to the principal Regulations is deleted and the following Schedule substituted therefor:

“FIFTH SCHEDULE

Regulations 13 (1), (4) and
(5) and 13M (4)

INSURANCE ACT
(CHAPTER 142)

INSURANCE
(LLOYD’S ASIA SCHEME)
REGULATIONS

NAME OF SERVICE COMPANY _____

FORM 1 — FUND BALANCE SHEET AS AT _____

SINGAPORE INSURANCE FUND General <input type="checkbox"/>	OFFSHORE INSURANCE FUND General <input type="checkbox"/>
(Tick (✓) one only)	

Co Code
□□□□□

Year
□□□□

Month
□□

Description	Annex	Row No.	Amount
ASSETS			
Equity securities		1	
Debt securities		2	
Land and buildings		3	
Loans		4	
Cash and deposits		5	
Other invested assets		6	
Investment income due or accrued		7	
Outstanding premiums and agents’ balances	1A	8	
Deposits withheld by cedants		9	
Reinsurance recoverables (on paid claims)	1B	10	
Income tax recoverables		11	
Fixed assets		12	
Balances due from other insurance funds/shareholders fund/corporations related to the syndicate or Service Company	1C	13	
Other assets	1D	14	
Total Assets (1 to 14)		15	

FIFTH SCHEDULE — *continued*

Description	Annex	Row No.	Amount
LIABILITIES			
Policy liabilities		16	
Other liabilities:			
Outstanding claims		17	
Annuities due and unpaid		18	
Reinsurance deposits		19	
Amounts owing to insurers		20	
Bank loans and overdrafts		21	
Balances due to other insurance funds/shareholders fund/corporations related to the syndicate or Service Company	1E	22	
Others	1F	23	
Total Liabilities (16 to 23)		24	
SURPLUS (15–24)	1G	25	

Names and signatures of: _____
Director
Director
Chief Executive Officer

Date: _____

FIFTH SCHEDULE — *continued*

ANNEX 1A

AGEING OF OUTSTANDING PREMIUMS AND
AGENTS' BALANCES OF SERVICE COMPANY

AS AT _____

Description	Row No.	Direct Business			Amount
		Agents	Brokers	Others	
In respect of direct business					
Bad debts written off during the year	1				
Ageing of outstanding premiums and agents' balances:					
<u>Outstanding period</u>					
Up to 3 months	2				
Above 3 months but not exceeding 6 months	3				
Above 6 months but not exceeding 12 months	4				
Above 12 months	5				
Gross total (2 to 5)	6				
Provision for doubtful debts	7				
Total outstanding premiums and agents' balances in respect of direct business (6–7)	8				
In respect of reinsurance business					
Bad debts written off during the year	9				
Ageing of outstanding premiums and agents' balances:					
<u>Outstanding period</u>					
Up to 6 months	10				
Above 6 months but not exceeding 12 months	11				
Above 12 months but not exceeding 24 months	12				
Above 24 months	13				
Gross total (10 to 13)	14				
Provision for doubtful debts	15				
Total outstanding premiums and agents' balances in respect of reinsurance business (14–15)	16				
Total (8+16) = Row 8 of Form 1	17				

Note: For direct insurance business, outstanding period starts from date of commencement of cover.

In respect of reinsurance business, outstanding period commences from the date premiums are accrued in the books of the Service Company.

FIFTH SCHEDULE — *continued*

ANNEX 1B

STATEMENT OF REINSURANCE RECOVERABLES
AS AT _____

Description	Row No.	Amount
Reinsurance recoveries on unpaid claims	1	
Reinsurance recoverables written off during the year	2	
Ageing of reinsurance recoverables (on paid claims):		
<u>Outstanding period</u>		
Up to 1 year	3	
Above 1 year but not exceeding 2 years	4	
Above 2 years	5	
Total (3 to 5)	6	
Provision for doubtful reinsurance recoverables	7	
Total (6–7) = Row 10 of Form 1	8	

ANNEX 1C

BALANCES DUE FROM OTHER INSURANCE FUNDS/
SHAREHOLDERS FUND/CORPORATIONS RELATED TO
THE SYNDICATE OR SERVICE COMPANY AS AT _____

Description	Row No.	Amount
Balance due from shareholders fund	1	
Balance due from overseas branches/corporations related to the syndicate or Service Company	2	
Balance due from other insurance funds established and maintained under the Regulations	3	
Total (1 to 3) = Row 13 of Form 1	4	

FIFTH SCHEDULE — *continued*

ANNEX 1D

BREAKDOWN OF OTHER ASSETS AS AT _____

Description	Row No.	Amount
Total = Row 14 of Form 1		

ANNEX 1E

BALANCES DUE TO OTHER INSURANCE FUNDS/
SHAREHOLDERS FUND/CORPORATIONS RELATED TO
THE SYNDICATE OR SERVICE COMPANY AS AT _____

Description	Row No.	Amount
Balance due to shareholders fund	1	
Balance due to corporations related to the syndicate or Service Company	2	
Balance due to other insurance funds established and maintained under the Regulations	3	
Total (1 to 3) = Row 22 of Form 1	4	

ANNEX 1F

BREAKDOWN OF OTHERS AS AT _____

Description	Row No.	Amount
Total = Row 23 of Form 1		

FIFTH SCHEDULE — *continued*

ANNEX 1G

SURPLUS AS AT _____

Description	Row No.	Amount
Surplus at beginning of period	1	
Net income	2	
Transfer to premiums trust funds/from syndicate in respect of the syndicate's business written by the Service Company	3	
Surplus at End of Period (1 to 3) = Row 25 of Form 1	4	

ANNEX 1 (i)

INFORMATION IN RESPECT OF REDUCTION IN
UNEARNED PREMIUM RESERVES DUE TO REINSURANCE CEDED
TO REINSURERS IN RESPECT OF GENERAL BUSINESS AS AT

Description	Row No.	Amount
Registered insurer/foreign insurer under the foreign insurer scheme	1	
Authorised reinsurer/corporation related to the syndicate or Service Company	2	
Unregistered reinsurer	3	
Total (1 to 3)	4	

Notes to Form 1

The following shall be stated as Notes to this Form:

Note 1 The aggregate amounts of loans to and amounts due from —

- (a) directors as defined in the Companies Act (Cap. 50); and
- (b) employees of the Service Company.

Aggregate amounts shall be shown separately for directors and employees.

Note 2 Description and amount of the following items:

- (a) intangible assets (which shall be valued in accordance with regulations 13B and 13L of the Insurance (Lloyd's Asia Scheme) Regulations (Rg 9); and
- (b) contingent assets and liabilities.

FIFTH SCHEDULE — *continued*

Note 3 Description of any changes in accounting policies and methodologies in the valuation of assets and liabilities and the quantification of their effects.

Note 4 Description of any prior adjustment and correction for errors and reasons for the adjustment and correction.

Instructions for completion of Form 1, Notes, Annexes 1A to 1G and Annex 1 (i)

1. All amounts shown in this form are to be rounded up to the nearest dollar. Negative amounts shall be preceded by “-”.

2. Notes, Annexes 1A to 1G and Annex 1(i) shall be completed separately for each insurance fund established and maintained under the Regulations. For any Note or Annex where there are no entries, a “Nil” Note or Annex shall be submitted. A note or an Annex which is not applicable need not be submitted.

3. “Land and buildings” includes properties acquired through foreclosures and in settlement of debts.

4. “Loans” shall be reported net of provisions.

5. “Outstanding premiums and agents’ balances” refers to net premiums payable to or paid into, an insurance fund established and maintained under the Regulations. For direct business, “agents’ balances” shall be net of the premium refund to insured and the commissions payable to agents or brokers. It shall be determined on an agent-by-agent or broker-by-broker basis, as the case may be. Outstanding premiums due from insureds shall only be offset by claims and premium refund (if any) payable to the insured on an insured-by-insured basis.

6. “Reinsurance recoverables (on paid claims)” means any amount that a Service Company is entitled to recover, but has yet to recover, from its reinsurance counterparty in respect of claims that have been paid by the Service Company; and includes any amount that a Service Company is entitled to recover, but has yet to recover, and premiums owing to any person carrying on reinsurance business shall be set off on an individual account basis.

7. “Reinsurance recoveries on unpaid claims” refers to such recoveries on claim liabilities, outstanding claims and claims in the course of payment.

8. “Other liabilities”, in relation to an insurance fund established and maintained under the Regulations, shall be the amount representing the sum of —

- (a) Outstanding claims;
- (b) Reinsurance deposits;
- (c) Amounts owing to other insurers;

FIFTH SCHEDULE — *continued*

- (d) Bank loans and overdrafts;
- (e) Inter-fund balances and intra-group balances (due to); and
- (f) “Others”, which shall be the liabilities other than the items described in sub-paragraphs (a) to (e) above, for example special reserves.

9. “Outstanding claims” refers to claims which have been approved by the Service Company for payment but not yet paid and includes expenses associated with the settlement of such claims but does not include such claims that are already included in policy liabilities.

10. “Amounts owing to insurers” refers to claims owing by the Service Company to ceding companies and premiums owing to any person carrying on reinsurance business. Premiums and claims owing to and owing by the Service Company shall be set off on an individual account basis.

11. “Direct Business — Others” includes business from direct clients, direct marketing and other distribution channels.

FIFTH SCHEDULE — *continued*

INSURANCE ACT
(CHAPTER 142)

INSURANCE
(LLOYD'S ASIA SCHEME)
REGULATIONS

NAME OF SERVICE COMPANY _____

FORM 2 — FUND PROFIT-AND-LOSS ACCOUNT
FROM _____ TO _____

SINGAPORE INSURANCE FUND General <input type="checkbox"/>	OFFSHORE INSURANCE FUND General <input type="checkbox"/>
(Tick (✓) one only)	

Co Code

--	--	--	--	--

Year

--	--	--	--

Month

--	--

Description	Annex	Row No.	Amount
Gross premiums		1	
Less: Outward reinsurance premiums	2A	2	
Investment revenue	2B	3	
Less: Investment expenses		4	
Other income	2C	5	
Total Income (1 to 5)		6	
Gross claims settled		7	
Less: Reinsurance recoveries		8	
Management expenses	2D	9	
Distribution expenses		10	
Increase (decrease) in net policy liabilities		11	
Provision for doubtful debts/bad debts written off on receivables		12	
Taxation expenses		13	
Other expenses	2E	14	
Total Outgo (7 to 14)		15	
NET INCOME (6–15)		16	

Names and signatures of: _____
Director
Director
Chief Executive Officer

Date: _____

FIFTH SCHEDULE — *continued*

ANNEX 2A

OUTWARD REINSURANCE PREMIUMS
FROM _____ TO _____

Description	Row No.	Amount
Registered insurer/foreign insurer under the foreign insurer scheme	1	
Authorised reinsurer/corporation related to the syndicate or Service Company	2	
Unregistered reinsurer	3	
Total (1 to 3) = Row 2 of Form 2	4	

ANNEX 2B

INVESTMENT REVENUE
FROM _____ TO _____

Description	Row No.	Investment Revenue			Amount
		Interest/ Dividend/ Rental Income	Realised Gains (Losses)/ Write-backs (Write-offs)	Unrealised Changes From Last Reported Value	
Equity securities	1				
Debt securities	2				
Land and Buildings	3				
Loans	4				
Cash and deposits	5				
Other invested assets	6				
Total (1 to 6) = Row 3 of Form 2	7				

FIFTH SCHEDULE — *continued*

ANNEX 2C

BREAKDOWN OF OTHER INCOME
FROM _____ TO _____

Description	Row No.	Amount
Total = Row 5 of Form 2		

ANNEX 2D

MANAGEMENT EXPENSES
FROM _____ TO _____

Description	Row No.	Amount
Staff salaries & expenses	1	
Office rent	2	
Parent company expenses	3	
Directors' fees	4	
Audit fees	5	
Managing agent's fees	6	
Repairs and maintenance	7	
Public utilities	8	
Printing, stationery and periodicals	9	
Postage, telephone and telex charges	10	
Computer charges	11	
Hire of office equipments	12	
Licence and association fees	13	
Advertising and subscriptions	14	
Entertainment	15	
Travelling expenses	16	
Total = Row 9 of Form 2		

FIFTH SCHEDULE — *continued*

ANNEX 2E

BREAKDOWN OF OTHER EXPENSES
FROM _____ TO _____

Description	Row No.	Amount
Total = Row 14 of Form 2		

Instructions for completion of Form 2 and Annexes 2A to 2E

1. All amounts shown in this Form are to be rounded up to the nearest dollar. Negative amounts shall be preceded by “-”.

2. Annexes 2A to 2E shall be completed in full separately for each insurance fund established and maintained under the Regulations. For any Annex where there are no entries, a “Nil” Annex shall be submitted.

3. “Gross premiums” refers to gross premiums received or receivable including portfolio premiums, after deduction of discounts and return premiums, which have been entered into the books of the Service Company during the period. Commissions shall not be deducted from gross premiums.

4. “Outward reinsurance premiums” refers to premiums paid or payable on reinsurance ceded during the period and includes portfolio premiums in respect of ceded business.

5. “Investment revenue” refers to the following:
 (a) interest, rental and dividend income earned;
 (b) realised gains (losses) and write-backs (write-offs);
 (c) unrealised changes from last reported value,
 on the investment portfolio comprising equity securities, debt securities, land and buildings, loans, cash and deposits and other invested assets.

6. “Rental income” includes imputed rental on owner-occupied premises used for the Service Company’s business. Owner-occupied premises are premises owned by the Service Company and which are used for the Service Company’s business.

FIFTH SCHEDULE — *continued*

7. “Realised gains (losses)” refers to the amount realised on sale of investments, land and buildings after deducting expenses incurred. Losses on sale of assets shall only be netted off within the same category of assets. It includes gains/losses due to exchange rate fluctuations and foreign currency translations.

8. “Write-backs (write-offs)” refers to any bad loan written off or written back.

9. “Unrealised changes from last reported value” refers to changes in market value, changes in estimated market value, changes in net realisable value or changes in provisions where applicable, from the amount reported in Form 1 as at the end of the previous period.

10. “Investment expenses” includes expenses incurred in earning interest, dividend and rents, expenses incurred in the management and sale of the investments, property maintenance costs or expenses, and property tax.

11. “Gross claims settled” refers to gross claims paid, including portfolio losses, (increase) decrease in outstanding claims during the period, medical and legal expenses incurred directly in the settlement of claims paid in the period, net of recoveries from salvages and subrogation, where applicable. Outstanding claims refers to such claims as described in paragraph 9 of the Instructions for completion of Form 1, Annexes 1A to 1G and Annex 1 (i).

12. “Reinsurance recoveries” refers to reinsurance recoveries received or receivable from reinsurance in respect of claims paid including portfolio losses, during the period.

13. “Staff salaries and expenses” includes —

- (a) salaries, bonuses and allowances;
- (b) directors’ expenses;
- (c) contribution to the Central Provident Fund, pensions and gratuities;
- (d) medical fees;
- (e) training;
- (f) skills development levy; and
- (g) fringe benefits.

14. “Office rent” includes imputed rental expenses on owner-occupied premises used for the Service Company’s business.

FIFTH SCHEDULE — *continued*

15. “Parent company expenses” refers to charges from the parent for services rendered to the Singapore operations.

16. “Managing agent’s fees” refers to fees paid to those agents appointed by a Service Company to both underwrite and manage a portfolio of business.

17. “Distribution expenses” includes all direct costs such as commissions and bonuses, and all indirect costs of benefits and services provided by the Service Company in the distribution of the its products.

18. “Other cash payments” includes all payments made to the salesperson, including sales incentives and cash incentives, but does not include basic commissions and overrides, production and other bonuses.

19. “Cost of Benefits & Services” includes all non-monetary benefits given, and services provided to the salesperson, for example, loans, sales convention, insurance cover, office accommodation and equipment, general stationery.

20. In respect of general business, “Increase (decrease) in net policy liabilities” refers to the sum of increase (decrease) in premium liabilities and increase (decrease) in claim liabilities.

21. “Provision for doubtful debts/bad debts written off on receivables” refers to increase (decrease) in provision for doubtful debt on receivables (for example, reinsurance recoveries and outstanding premiums and agents balances), bad debts written off receivables and excludes loans.

22. “Taxation expenses” refers to (increase) decrease in provision for tax.

23. “Other expenses” includes depreciation on fixed assets.

FIFTH SCHEDULE — *continued*

OFFSHORE INSURANCE FUND

Description	Row No.	Marine and Aviation		Property	Casualty and Others	Total
		Cargo	Hull and Liability			
A. PREMIUMS						
Gross premiums						
Direct business	1					
Reinsurance business accepted —						
In Singapore	2					
From other ASEAN countries	3					
From other countries	4					
Total (2 to 4)	5					
Reinsurance business ceded —						
In Singapore	6					
To other ASEAN countries	7					
To other countries	8					
Total (6 to 8)	9					
Net premiums written (1+5-9)	10					
Premium liabilities at beginning of period	11					
Premium liabilities at end of period	12					
Premiums earned during the period (10+11-12)	13					

FIFTH SCHEDULE — *continued*

Description	Row No.	Marine and Aviation		Property	Casualty and Others	Total
		Cargo	Hull and Liability			
B. CLAIMS						
Gross claims settled						
Direct business	14					
Reinsurance business accepted —						
In Singapore	15					
From other ASEAN countries	16					
From other countries	17					
Total (15 to 17)	18					
Recoveries from reinsurance business ceded —						
In Singapore	19					
To other ASEAN countries	20					
To other countries	21					
Total (19 to 21)	22					
Net claims settled (14+18–22)	23					
Claim liabilities at end of period	24					
Claim liabilities at beginning of period	25					
Net claims incurred (23+24–25)	26					
C. MANAGEMENT EXPENSES						
Management Expenses	27					

FIFTH SCHEDULE — *continued*

Description	Row No.	Marine and Aviation		Property	Casualty and Others	Total
		Cargo	Hull and Liability			
D. DISTRIBUTION EXPENSES						
Commissions	28					
Reinsurance commissions	29					
Net commissions incurred (28–29)	30					
Other distribution expenses	31					
E. UNDERWRITING RESULTS						
Underwriting gain/(loss) (13–26–27–30–31)	32					
F. INVESTMENT INCOME	33					
G. OPERATING RESULT (32+33)	34					

Names and Signatures of: _____
Director
Director
Chief Executive Officer

Date: _____

FIFTH SCHEDULE — *continued*

Notes to Form 3

The following shall be stated as Notes to this Form:

Note 1 Items in this Form may be allocated according to reasonable bases used by the Service Company which is acceptable to its external auditor. The bases used shall be stated as a Note to this Form.

Note 2 Particulars on reinsurances of special risks other than reinsurances of liabilities under a marine and aviation policy.

Instructions for completion of Form 3 and Notes

1. All amounts shown in this Form are to be rounded up to the nearest dollar. Negative amounts shall be preceded by “-”.

2. Notes shall be completed in full separately for each insurance fund established and maintained under the Regulations. For any note where there are no entries, a “Nil” Note shall be submitted.

3. Reinsurers are not required to provide a breakdown of the miscellaneous line of business for the Singapore Insurance Fund but should report such items under “Others” in the “Miscellaneous” category.

4. For the purpose of risk classification, where separate figures for each class of business are not available, as in a combined policy covering several classes of risks, the premiums may be shown under the predominant class of risk.

5. For annual policies issued in respect of direct risks, a Service Company shall recognise premium income in full when the risks commence.

6. In respect of the Offshore Insurance Fund, “Casualty and Others” refers to insurance covering loss or liability arising from accident or mishap, including employer’s liability insurance, workmen’s compensation insurance, public liability insurance, motor vehicle insurance, plate glass insurance, burglary and theft insurance, fidelity guarantee, bond and credit insurance, personal accident and health insurance where written by Service Companies, and other substantially similar kinds of insurance, but does not include certain types of loss which by law or custom are considered as falling exclusively within the scope of other types of insurance such as property insurance or marine insurance. Property insurance means insurance against risks of loss of, or damage to, material property, excluding certain types of loss which by law or custom are considered as falling exclusively within the scope of marine, aviation and transport insurance, motor vehicle insurance or miscellaneous accident insurance.

FIFTH SCHEDULE — *continued*

7. “Gross premiums” refers to gross premiums received or receivable including portfolio premiums, after deduction of discounts and return premiums, which have been entered into the books of the Service Company in relation to the syndicate’s business written by the Service Company during the period. Commissions shall not be deducted from gross premiums.

8. “Reinsurance business ceded” refers to premiums paid or payable on reinsurance ceded during the period. It includes portfolio premiums in respect of ceded business.

9. “Net premiums written” refers to the net amount of premiums after deduction of return premiums and payments in respect of reinsurance business ceded.

10. “Gross claims settled” refers to gross claims paid, including portfolio losses, (increase) decrease in outstanding claims during the period, medical and legal expenses incurred directly in settlement of claims paid in the period, net of recoveries from salvages and subrogation, where applicable. Outstanding claims refers to such claims as described in paragraph 9 of the Instructions for completion of Form 1, Annexes 1A to 1G and Annex 1 (i).

11. “Recoveries from reinsurance business ceded” refers to reinsurance recoveries received or receivable from reinsurance in respect of claims settled including portfolio losses, during the period.

12. “Net claims incurred” refers to net claims settled plus the increase (decrease) in claim liabilities during the period.

FIFTH SCHEDULE — *continued*

INSURANCE ACT
(CHAPTER 142)

INSURANCE
(LLOYD'S ASIA SCHEME)
REGULATIONS

FORM 4

CERTIFICATE ON THE ACCOUNTS OF THE GENERAL BUSINESS
OF _____

FOR THE ACCOUNTING PERIOD ENDED _____

We, the undersigned, hereby certify that in our belief the assets and liabilities set forth in the balance sheet are fully of the values stated in the balance sheet; Form 1 has been completed in accordance with the bases set out in the Regulations; and that in the relevant accounting period, no part of the assets and liabilities of the Insurance Fund(s) maintained under the Foreign Insurer Schemes of the Insurance Act has been dealt with in contravention of regulations made for the purposes of section 35L (a) or (b) of the Act; except

Director

Director

Chief Executive Officer

Date: _____

FIFTH SCHEDULE — *continued*

INSURANCE ACT
(CHAPTER 142)

INSURANCE
(LLOYD'S ASIA SCHEME)
REGULATIONS

FORM 5

REPORT OF THE AUDITOR APPOINTED TO
AUDIT THE ACCOUNTS OF THE GENERAL BUSINESS
OF _____

1. We have audited the attached balance sheets as at _____, profit-and-loss accounts and other statutory returns (Forms 1, 2 and 3, including their Notes but excluding their Annexes), for the accounting period _____. These statements of accounts and other statements are the responsibility of the Service Company's directors. Our responsibility is to express an opinion on these statements of accounts and other statements based on our audit.

2. We conducted our audit in accordance with the Singapore Standards on Auditing to the extent that they are relevant to the audit. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements of accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statements of accounts. An audit also includes assessing the accounting principles, evaluating the presentation of the overall statements of accounts and the Service Company's internal control systems used in the preparation of the statements of accounts and other statements. We believe that our audit provides a reasonable basis for our opinion.

3. In our opinion and to the best of our knowledge, based on the information and explanations provided to us —

- (a) the balance sheets, profit-and-loss accounts and other statutory returns (Forms 1, 2 and 3, including their Notes but excluding their Annexes) have been prepared in accordance with the provisions of the Insurance Act and the regulations made thereunder;
- (b) the balance sheets present a fair reflection of the financial position of the business of the syndicate(s) for which the Service Company acts and for which the Insurance Fund(s) is/are valued as prescribed under Parts IIIA and IIIB of the Insurance (Lloyd's Asia Scheme) Regulations (Rg 9);

FIFTH SCHEDULE — *continued*

4. As far as can be ascertained from our audit, in our opinion —
- (a) no part of the assets and liabilities of the Insurance Fund(s) maintained under the Foreign Insurer Schemes of the Insurance Act has been dealt with in contravention of regulations made for the purposes of section 35L (a) or (b) of the Act; and
 - (b) the syndicate(s) has/have estimated its/their loss reserves for the operations in Singapore, including those for claims incurred but not reported (IBNR), using a proper and consistent method of estimation which is based on properly collated claims statistics; except

Certified Public Accountants, Singapore

Date: _____

FIFTH SCHEDULE — *continued*

INSURANCE ACT
(CHAPTER 142)

INSURANCE
(LLOYD'S ASIA SCHEME)
REGULATIONS

FORM 6

The Chief Executive Officer

Date:

Name of Service Company:

Dear Sir

AUDITOR'S SUPPLEMENTARY REPORT

We have audited the balance sheets, profit-and-loss accounts and other statutory returns (Forms 1, 2 and 3, including their Notes but excluding their Annexes), and evaluated the internal control systems of _____ as at _____ and for the accounting period _____.

1. Our audit was carried out in accordance with the requirements of regulation 13 (1) (b) of the Insurance (Lloyd's Asia Scheme) Regulations (Rg 9) for the purpose of expressing our opinion on the accounts drawn up in accordance with the provisions of the Insurance Act. Our audit was necessarily conducted on a test basis and included such samples as we deemed appropriate. In this connection, we have reviewed the accounting system and system of internal controls used in the preparation of the statements of accounts and other statements in operation in the Service Company.

2. Based on our audit, we have no comments on the following (except for those matters stated in the Appendix):

- (a) The books of the Service Company in respect of business of the syndicate(s) under the Insurance (Lloyd's Asia Scheme) Regulations have been properly kept and recorded fairly the affairs and transactions in respect of that business;
- (b) All necessary and proper apportionments have been made in the balance sheet, profit-and-loss account and other statutory returns, and have been made in an equitable manner;
- (c) No documents of title to insurance fund assets have been held in contravention of section 20 (1) of the Insurance Act;

FIFTH SCHEDULE — *continued*

- (d) In such circumstances and to such extent as prescribed, (i) the assets of any insurance fund maintained under the Insurance (Lloyd's Asia Scheme) Regulations (Rg 9) have been invested in such manner and maintained in such places as prescribed, and (ii) the nature of the assets is appropriate in relation to the currency in which the liabilities relating to the business of the syndicate(s) for which the Service Company acts are or may be required to be met;
- (e) The accounting and internal control systems used in the preparation of statements of accounts and other statements;
- (f) Other areas of material weakness in the operations of the Service Company;
- (g) Implementation of directions and recommendations made by the Authority during the year in respect of internal control systems used in the preparation of the statements of accounts and other statements; and
- (h) Implementation of our previous year's audit recommendations.

3. During the course of our audit (except for those matters stated in the Appendix), nothing came to our notice that caused us to believe that —

- (a) known bad debts of a material amount had not been written off or fully provided for;
- (b) adequate provision had not been made for known material doubtful debts and for any material diminution in value of other assets;
- (c) there was any non-compliance with the Insurance Act and regulations, licensing conditions, notices and directions issued by the Authority and other relevant laws;
- (d) the Service Company has not followed up on recommendations made by the Authority during the year;
- (e) there are conflicts of interests involving management or staff in areas such as underwriting, claims settlement and investment resulting or which may result in any person receiving an undue benefit or advantage at the expense of the policy owner.

FIFTH SCHEDULE — *continued*

Appendix

Auditor's Findings	Auditor's Recommendations	Service Company's Comments

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Made this 23rd day of December 2004.

KOH YONG GUAN
Managing Director,
Monetary Authority of Singapore.

[ID 05.1 V.31; AG/LEG/SL/142/2002/1 Vol. 6]