

CONSULTATION PAPER

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**Regulations For
Authorised Reinsurers
And Approved Insurers
And Insurance Brokers**

MAS

Monetary Authority of Singapore

INTRODUCTION

1. Insurance, and in particular, reinsurance business, often involve trans-national or cross-border transactions. When a service is provided on a cross-border basis to Singapore, the service provider is located in and providing that service from a foreign territory to persons in Singapore, that is, the service provider does not have a physical presence in Singapore. Currently, under the Insurance Act (Chapter 142), only the cross-border supply of reinsurance to Singapore is allowed. The cross-border supply of other types of insurance business is prohibited.

2. Against an increasingly volatile operating environment and the lack of a global regulatory system for reinsurers, the Monetary Authority of Singapore ("MAS") has decided to introduce an authorisation framework for the cross-border supply of reinsurance to Singapore. The enactment of the framework was provided for in the Insurance (Amendment) Bill 2003, which MAS issued for consultation in May 2003. MAS is now releasing the draft regulations setting out the specific provisions of the framework for consultation. Under the authorisation framework, overseas reinsurers who are currently providing reinsurance to Singapore on a cross-border basis will be able to continue to do so, subject to obtaining authorisation. Overseas reinsurers who are currently not providing reinsurance to Singapore on a cross-border basis, but who would like to do so in the future, will also have to be authorised.

3. At the same time, MAS will be introducing an approval framework for the cross-border supply of marine, aviation and transit (MAT) insurance, direct broking of MAT insurance and reinsurance broking to Singapore. Unlike the authorisation framework for reinsurers, the approval framework is fully encapsulated in regulations. Under the approval framework, overseas insurers and insurance brokers who wish to provide cross-border supply of MAT insurance, direct broking of MAT insurance and reinsurance broking to Singapore will have to obtain the requisite approval. However, only insurers and insurance brokers which are licensed under the laws of the countries specified in the Schedules to the regulations may apply for approval. Currently, only the United States of America (USA) is designated in the Schedules as Singapore has committed to allow the cross-border supply of the corresponding three insurance services to Singapore under its Free Trade Agreement (FTA) with USA.

4. Both the authorisation and approval frameworks, which will come into effect on 1 January 2004, adopt a de minimus approach to the oversight of authorised reinsurers, and approved MAT insurers, MAT insurance brokers and reinsurance

brokers, respectively. The frameworks set out the minimum requirements for authorised or approved players in each sector, taking into account the inherent nature of cross-border supply, that is, the absence of physical presence in Singapore. For an overseas insurer or broker to obtain authorisation or approval, it must comply with the basic requirements for authorisation or approval spelt out in the relevant regulations. Further, in assessing an application for authorisation or approval, MAS takes into consideration broad criteria such as the capitalisation level, financial soundness and track record, credit rating (where applicable) and ranking of the applicant. Unlike registered insurers and insurance brokers under the Insurance Act, authorised reinsurers, and approved insurers and insurance brokers are subject to limited oversight by the MAS. Further, in their dealings with customers in Singapore, all authorised reinsurers and approved insurers and insurance brokers are required to disclose their authorised or approved status.

5. This document addresses the issues raised in relation to the authorisation framework during the feedback on the Insurance (Amendment) Bill 2003. It also invites comments on the proposed regulations for authorised reinsurers, and approved MAT insurers, MAT insurance brokers and reinsurance brokers.

ACTIVITIES ALLOWED IN SINGAPORE

6. Authorised reinsurers, and approved insurers and insurance brokers will not be allowed to conduct the full range of activities in Singapore that registered insurers and insurance brokers are allowed to do. The main activities allowed are solicitation and collection of premiums.

7. All authorised reinsurers, and approved insurers and insurance brokers will be allowed to solicit business from persons in Singapore. Authorised reinsurers will be able to solicit business in two ways. They may solicit business from outside Singapore, for instance, by issuing or placing advertisements targeted at persons in Singapore, directly from their place of establishment. The employees of authorised reinsurers may also come to Singapore to solicit business on behalf of their companies. Approved MAT insurers and approved insurance brokers, on the other hand, will only be allowed to solicit business from outside Singapore.

8. In addition to solicitation, all authorised reinsurers, and approved insurers and insurance brokers will be allowed to collect or receive insurance premiums in Singapore.

AUTHORISATION FRAMEWORK FOR REINSURERS AND APPROVAL FRAMEWORK FOR MAT INSURERS

9. This section addresses the issues raised in feedback on the IA Bill 2003 and seeks comments on the proposed regulations for authorised reinsurers and approved MAT insurers. The regulations are as follows:

- Insurance (Authorised Reinsurers) Regulations 2003 (**Annex 1**); and
- Insurance (Approved Marine, Aviation and Transit Insurers) Regulations 2003 (**Annex 2**).

Responses to Feedback on the Bill

10. In respect of the authorisation framework, most of the respondents sought clarification on what cross-border supply would constitute and what the intent of the framework was. MAS thanks all respondents for their feedback. Some of the comments received and our responses are highlighted below:

(i) What is the scope of the authorisation framework for reinsurers?

MAS' Response: The framework applies to any overseas insurer who would like to provide reinsurance on a cross-border basis to insurers registered in Singapore. It covers any insurer acting on a cross-border basis, as a reinsurer or retrocessionaire in a reinsurance transaction, regardless of whether the transaction is on a facultative or treaty basis. Such an insurer shall submit an application to the Authority to operate under the "authorised reinsurer" status.

The framework will apply to reinsurance transactions made on or after the commencement date of the Bill. It will not apply retrospectively to transactions entered into before the commencement date.

(ii) How will my existing and future reinsurance arrangements be affected?

MAS' Response: The framework for authorised reinsurers does not prohibit registered insurers from placing their risks with reinsurers who are neither registered nor authorised. Registered insurers have been, and will continue to be, free to seek reinsurance coverage from whomever they desire. Consequently, registered insurers

do not have to re-plan their reinsurance programs if they do not wish to when the authorisation framework comes into force.

Nonetheless, if a registered insurer is approached by an overseas reinsurer, it may want to check if that overseas reinsurer has been duly authorised by the Authority to provide reinsurance on a cross-border basis to Singapore in respect of the class of business concerned. Such an overseas reinsurer who is not duly authorised will have committed an offence under the Act. The list of authorised reinsurers will be available on the MAS website.

(iii) What are the accounting and capital treatments for reinsurance ceded to authorised reinsurers under the Risk-based Capital (RBC) framework?

MAS' Response: With the introduction of the authorisation framework, insurers registered in Singapore will be dealing with three types of reinsurers, namely the registered reinsurers, the authorised reinsurers, and reinsurers who do not fall within the purview of the Authority. The treatment for each type of reinsurers under the RBC framework is commensurate with the different levels of oversight that the Authority has over each of them.

Currently, registered insurers generally cannot claim credit for reinsurance ceded to unregistered reinsurers in the determination of unearned premium reserves. Under the RBC framework, however, partial recognition of the reinsurance ceded will be allowed for transactions with authorised reinsurers.

The RBC framework requires insurers to set aside capital for credit risks undertaken. This generally relates to the credit rating of the counter party. In particular, for reinsurance recoverables, the capital that insurers need to set aside increases correspondingly as the recoverables are due from registered reinsurers, authorised reinsurers and reinsurers who are not under the purview of the Authority. Such treatment is consistent with the level of oversight that the Authority has over the various categories of reinsurers. Full details of the accounting and capital treatment can be found under the RBC framework.

Key Provisions of Authorisation and Approval Frameworks

11. The main provisions of the proposed frameworks include the maintenance of reinsurance or insurance deposit, disclosure to persons in Singapore and filing of annual returns.

(i) Maintenance of reinsurance or insurance deposit

Authorised reinsurers and approved MAT insurers will be required to maintain a reinsurance and insurance deposit with MAS respectively. The amount of deposit will depend on the volume of business written or liabilities incurred in respect of cross-border business written from Singapore. The minimum deposit is S\$5 million, 30% of gross premiums written in the previous financial year or 30% of gross liabilities incurred as at the end of the previous financial year, whichever is higher.

The deposit may be in the form of a fixed deposit with a licensed bank in Singapore, a bank covenant or other assets approved by MAS. Where the deposit is in the form of a fixed deposit, the deposit must be in the name of MAS. Where a bank covenant is used, it must be in a form approved by the MAS and comply with any requirements the MAS may impose as its lodgement and withdrawal.

(ii) Disclosure to persons in Singapore

Authorised reinsurers and approved MAT insurers will be required to make certain disclosures in their dealings with persons in Singapore. They are required to disclose their authorised or approved status, the type of insurance business for which they are authorised or approved and the level of oversight they are subject to by the MAS, among others.

(iii) Filing of annual returns

Authorised reinsurers and approved MAT insurers will be required to file annual returns with the MAS in the prescribed form and within specified deadlines.

APPROVAL FRAMEWORK FOR MAT INSURANCE BROKERS AND REINSURANCE BROKERS

12. The proposed framework for approved MAT insurance brokers and reinsurance brokers is contained in the Insurance (Approved Marine, Aviation and Transit Insurance Brokers and Approved Reinsurance Brokers) Regulations 2003 (**Annex 3**).

Key Provisions of the Framework

13. The main provisions of the proposed regulations are highlighted below.

(i) Professional indemnity insurance

Approved MAT insurance brokers and reinsurance brokers are required to have in force a professional indemnity insurance policy of at least S\$1m.

(ii) Insurance broking premium account

Where an approved MAT insurance broker or reinsurance broker collects or receives insurance premiums in Singapore, it will be required to establish and maintain a separate account, to be designated as an Insurance Broking Premium Account (IBPA), with a bank licensed in Singapore. Rules on the maintenance of the IBPA are prescribed in the draft regulations.

(iii) Negotiation and placement of risk

Approved MAT insurance brokers shall only negotiate and place business with approved MAT insurers or registered insurers. Under the approval granted to MAT insurance brokers licensed in the United States of America, they will be permitted to place business with licensed insurers in the United States of America.

(iv) Disclosure to persons in Singapore

Approved MAT insurance brokers and reinsurance brokers will be required to make the following disclosures in their dealings with persons in Singapore - their approved status, the type of insurance business for which they are approved and the requirements for which approved insurance brokers have to comply with. They are also required to disclose the name of the insurer, their relationship with the insurer, and the premium charged by the insurer.

(v) Filing of returns

Approved MAT insurance brokers and reinsurance brokers will be required to file an annual return on their placement of business with the MAS.

MAS seeks your views on the proposed regulations for authorised reinsurers, approved MAT insurers, approved MAT insurance brokers and approved reinsurance brokers.

REQUEST FOR COMMENTS

14. MAS invites interested parties to forward their views and comments on the proposed regulations. Written comments should be submitted to:

Insurance Supervision Department
Monetary Authority of Singapore
10 Shenton Way
MAS Building
Singapore 079117

Email: authcon@mas.gov.sg
Fax: (65) 6229-9694

MAS requests that all comments and feedback be submitted by 17 Nov 2003.

15. Please note that all submissions received may be made public unless confidentiality is specifically requested for whole or part of the submission.

DISCLAIMER: This version of the Regulations is in draft form and subject to change. It is also subject to review by the Attorney-General's Chambers.

No. S 000 –

**INSURANCE ACT
(CHAPTER 142)**

**INSURANCE (AUTHORISED REINSURERS) REGULATIONS
2003**

ARRANGEMENT OF REGULATIONS

Regulation

1. Citation and commencement
 2. Definitions
 3. Requirements before authorisation
 4. Reinsurance deposit
 5. Disclosure by authorised insurer
 6. Requirements as to statements of capital
 7. Arrangements affecting control of insurers
 8. Returns and audit
 9. Submission and signatures of returns, reports and statements
 10. Power to require returns under regulation 8 to be rectified
 11. Inspection of documents lodged by insurer
 12. Annual fee
 13. Saving for validity of policies
- First Schedule

In exercise of the powers conferred by sections 8A, 12A, 14A, 36(1) 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 (Authorised Reinsurers) Regulations 2003 and shall come into operation on [date].

Definitions

2. – (1) In these Regulations, unless the context otherwise requires –

"claims liabilities" means the obligation, whether contractual or otherwise, to make future payments in relation to all claims incurred during the financial year (other than payments which have fallen due for payment during the financial year), whether or not they have been reported to the insurer, and shall include expenses expected to be incurred in settling these claims;

"gross liabilities incurred in respect of policies issued" means the sum of premium and claim liabilities in respect of policies issued by the insurer under these Regulations without deduction for reinsurance;

"premium liabilities" means the obligation, whether contractual or otherwise, to make future payments in relation to all claims incurred after the end of the financial year, and shall include expenses that the insurer expects to incur in administering the policies and settling the relevant claims;

"gross premiums written" means the amount of premiums written without deduction for reinsurance.

(2) Any reference to a domestic liability is a reference to any liability incurred by the authorised reinsurer as a result of carrying on the business of providing reinsurance of liabilities under insurance policies to persons in Singapore.

Requirements before authorisation

3. The Authority shall not authorise any applicant under section 8A of the Act unless the applicant has made a deposit under regulation 4.

Reinsurance deposit

4. – (1) For the purposes of section 14A of the Act and subject to paragraph (3), the reinsurance deposit to be maintained by an authorised insurer shall be an amount not less than S\$5 million or its equivalent in foreign currency (where allowed by the Authority) and shall be in the form of Singapore dollar fixed deposits with a bank licensed under the Banking Act (Cap. 19), in respect of each class of business for which it is authorised.

(2) Such deposits made by an authorised reinsurer under section 14A of the Act, shall be in the name of the Authority.

(3) Not later than 7 months after the end of each financial year, every authorised reinsurer shall make and maintain such additional deposit, if any, as is necessary to secure that the aggregate value of

the deposit referred to in paragraph (1) shall be the greater of S\$5 million, 30% of gross premiums written in respect of policies issued by the insurer under these Regulations in that financial year or 30% of gross liabilities incurred in respect of policies maintained by the insurer under these Regulations as at the end of that financial year.

(4) The Authority shall retain any deposit required to be made under paragraphs (1) and (3) until it is satisfied that the insurer has ceased to provide reinsurance of liabilities under insurance policies to persons in Singapore under these Regulations.

(5) If the Authority is satisfied that the insurer has ceased to provide reinsurance of liabilities under insurance policies to persons in Singapore under these Regulations, the Authority shall transfer to the insurer the entire deposits less such part that the Authority determines should be kept available for purpose of meeting claims against the insurer in respect of policies issued by the insurer under these Regulations.

(6) An insurer which has made deposits under section 14A of the Act may, at any time, substitute for any assets comprised in the deposits such other assets as the Authority may specify so long as the deposits are not thereby reduced to an amount below that which is required under paragraphs (1) and (3).

(7) If the authorised reinsurer goes into liquidation or is dissolved at its place of incorporation or origin,

(a) it shall immediately notify the Authority;

(b) the Authority shall pay the balance of the deposits made under paragraphs (1) and (3), if any, to the liquidator of the authorised reinsurer after paying any debts and meeting claims against the insurer in respect of policies issued by the insurer under these Regulations;

(8) The Authority may appoint any person to perform its functions under paragraphs (4) and (7) (b).

(9) For the purposes of paragraphs 4 and (7)(b), the costs and expenses of appointing any person under paragraph (8) shall be paid in priority to any claim against the insurer, and all claims against the insurer shall rank equally between themselves.

Disclosure by authorised reinsurer

5. No authorised reinsurer shall invite any person in Singapore to make an offer or proposal to enter into a contract of reinsurance without disclosing to the person the following:

- (a) its authorisation status and the class of business for which it is authorised,
- (b) that it is supplying the reinsurance service from outside of Singapore and that it has no commercial or physical presence in Singapore; and
- (c) that it is subject to limited oversight by the Authority and required to comply with authorisation requirements and not registration requirements under the Act

Requirements as to statements of capital

6. Where a notice, advertisement or other official publication of a corporation authorised or intended to be authorised as a reinsurer under section 8A of the Act which is made to or directed at persons, in Singapore contains a statement of the corporation's authorised share capital, and does not state therewith how much of that capital has been subscribed and how much is paid up, the corporation shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000.

Arrangements affecting control of insurers

7. – (1) Every authorised reinsurer shall inform the Authority of any change in the control of the insurer prior to the change.

(2) For the purposes of this regulation, a person shall be regarded as obtaining control of an insurer if he alone or acting together with an associate or associates

- (a) acquire or hold, directly or indirectly, 50% or more of the issued share capital of the insurer; or
- (b) control, directly or indirectly, 50% or more of the voting power of the insurer.

(3) "Associate" or "associates" shall have the same meaning as in section 27 of the Act.

(4) A reference to the voting power in an insurer is a reference to the total number of votes that might be cast in the general meeting of the insurer.

Returns and audit

8. – (1) The forms mentioned in this Regulation are those set out in the First Schedule

(2) An insurer shall prepare and lodge with the Authority, for each financial year:

- (a) in respect of general business authorised, a statement, which shall be in Form 1, giving particulars as to premiums, claims and commissions;
- (b) in respect of life business authorised –
 - (i) a statement, which shall be in Form 2, giving as regards, particulars as to premiums, claims and commissions; and
 - (ii) a statement, which shall be in Form 3 , giving as regards business particulars on the issue of new policies, and movements in claims and other items during that financial year, and the business in force as at the end of that financial year;
- (c) a statement, which shall be in Form 4, on the reinsurance deposit required under regulation 4;
- (d) in respect of the insurer’s global business operations
 - (i) a balance sheet, which shall be in Form 35, as at the end of that financial year; and
 - (ii) a profit and loss statement, which shall be in Form 4-6.
- (e) information on the insurer’s external auditor, containing the particulars set in Form 7,
 - (i) for each financial year
 - (ii) if there is a change in its external auditor.

(2) The statements for any financial year referred to in paragraph (1)(a), (b), (c) and (d) shall be based on the annual audited financial statements of the insurer with respect to that period.

(3) The documents to be lodged with the Authority under this regulation for any financial year of an insurer shall be accompanied by the annual audited report of the insurer with respect to that period, including the audited financial statements and the auditor’s opinion on the financial statements.

(4) References in these Regulations to documents lodged with the Authority shall not be taken to include documents required by paragraph (3) to accompany documents so lodged.

(5) Where any report or statement referred to in paragraph (3) is in a language other than English, the copy required by that

paragraph shall be in English and shall be certified to be a true translation of the original by the translator.

(6) If the authorisation of an insurer has been withdrawn or has expired under section 12A of the Act, this regulation shall, unless the Authority otherwise directs, continue to apply in relation to the insurer in respect of matters that occurred before the withdrawal or expiry, as if his authorisation had not been withdrawn or had not expired, as the case may be.

(7) For the purposes of these Regulations, any reference to the last statutory return or statement shall be construed as referring to that last prepared or made and not superseded by the arrival of the date as at which another is to be prepared or made.

Submission and signatures of returns, reports and statements

9 – (1) Unless the Authority otherwise agrees, a document to be lodged or submitted by the insurer under regulation 8 shall be lodged or submitted by sending to the Authority the number of copies as directed by the Authority.

(2) At least one of the copies referred to in paragraph (1) shall be signed by 2 of the insurer's directors and the chief executive officer.

(3) Unless otherwise allowed by the Authority, a document to be lodged or submitted by an insurer shall be lodged or submitted within 6 months after the end of the financial year to which the document relates.

(4) The information on external auditors to be submitted under regulation 8(2)(e)(ii) shall be submitted within 2 months after the effective date of the change.

(5) A document lodged by an insurer shall be in English, and shall be printed or, with permission of the Authority, produced by other mechanical means approved by it.

Power to require returns under regulation 8 to be rectified

10. – (1) If it appears to the Authority that any document lodged in accordance with regulation 8 –

- (a) is, in any particular, unsatisfactory, incomplete, inaccurate or misleading; or
- (b) does not comply with the requirements of these Regulations,

the Authority may, by notice in writing, require such explanations as it may consider necessary to be made by or on behalf of the insurer within such time (not being less than 21 days) as is specified in the notice.

(2) The Authority may, after considering the explanations referred to in paragraph (1), or if such explanations have not been given by or on behalf of the insurer within the time specified in that paragraph, reject the document or give such directions as it may think necessary for its variation within such time (not being less than one month) as is specified in the directions.

(3) Directions given under paragraph (2) with respect to any document may require such consequential variations of any other document lodged by the insurer under regulation 8 as may be specified in the directions.

(4) Where directions are given under paragraph (2), any document to which they relate shall be deemed not to have been lodged until it is re-submitted with the variations required by the directions, but the insurer shall be deemed to have submitted the document within the time limited by regulation 9 if it is re-submitted with the required variations within the time limited by the directions.

Inspection of documents lodged by insurer

11. – (1) Any person shall have the right on the payment of the prescribed fee, at any time during working hours of the office of the Authority, to inspect at that office any document lodged by an authorised insurer to comply with regulation 8 and any document required by regulation 8 to accompany document so lodged and make a copy of the whole or any part of it.

(2) The right referred to paragraph (1) shall not extend to any document excepted from this provision by the Authority, or to documents of any other description lodged or submitted more than 10 years previously.

(3) In proceedings, a certificate signed by any person appointed by the Authority under section 50 of the Act that a document is one lodged by an authorised insurer to comply with regulation 8, or one that accompanied documents to lodged, shall be admissible as evidence of the facts certified.

Annual fee

12. Every authorised reinsurer shall pay to the Authority before 1st January of each year an annual fee of \$10,000 in respect of each class of business authorised by the Authority.

Saving for validity of policies

13. A contravention of any requirement of the Act or these Regulations does not affect the validity or enforceability of any policy.

FIRST SCHEDULE

Made this day of 2003.

KOH YONG GUAN
Managing Director,
Monetary Authority of
Singapore.

FIRST SCHEDULE
RETURNS TO BE LODGED BY AUTHORISED REINSURERS (SINGAPORE BUSINESS) (FORMS 1 TO 4)
FORM RELATING TO GENERAL BUSINESS ONLY (FORM 1)

NAME OF INSURER _____
FORM 1 - STATEMENT OF PREMIUMS, CLAIMS AND COMMISSIONS IN RESPECT OF GENERAL BUSINESS
FOR PERIOD FROM _____ TO _____

Co Code:

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Year:

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Month:

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Particulars	Row No.	Marine & aviation		Property	Casualty & others			Total
		Cargo	Hull & liability		Motor	Engineering CAR/ EAR	Liability & others	
S\$								
A. PREMIUMS								
Gross premiums	1							
Less: Reinsurance business ceded	2							
Net premiums written (1 - 2)	3							
Net premium liabilities at beginning of period	4							
Net premium liabilities at end of period	5							
Premiums earned during the period (3 + 4 - 5)	6							
B. CLAIMS								
Gross claims	7							
Less: Recoveries from reinsurance business ceded	8							
Net claims paid (7 - 8)	9							
Net claim liabilities at end of period	10							
Net claim liabilities at beginning of period	11							
Net claims incurred (9 + 10 - 11)	12							
C. DISTRIBUTION EXPENSES								
Commissions paid	13							
Reinsurance commission	14							
Net commissions incurred (13 - 14)	15							
Other distribution expenses	16							

Total distribution expenses (15 + 16)	17						
D. UNDERWRITING RESULT AFTER DISTRIBUTION EXPENSES							
Gross underwriting gain/(loss) (6 - 12 - 17)	18						

Names and signatures of:

Director

Director

Chief Executive Officer

Date: _____

Instructions for completing Form 1

1. All amounts shown in this return are to be rounded up to the nearest dollar. Negative amounts shall be reported in “()”.
2. 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.
3. Property insurance is insurance against risks of loss of or damage to, material property, excluding certain types of loss, which by law or custom are considered as failing exclusively within the scope of marine, aviation and transport insurance, motor vehicle insurance or miscellaneous accident insurance.
4. “Casualty and Others” refer to insurance covering loss or liability arising from accident or mishap, excluding 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 or marine.
5. “Gross premiums” refer 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 insurer during the period. Commissions shall not be deducted from gross premiums.
6. “Reinsurance business ceded” refers to premiums paid or payable on reinsurance ceded during the period. It includes portfolio premiums in respect of ceded business.
7. “Net premiums written” refers to the net amount of premiums after deduction of return premiums and payments in respect of reinsurance business ceded.

8. "Gross claims" refers to claims paid, including portfolio losses and medical and legal expenses incurred directly in settlement of claims paid during the period, net of recoveries from salvages. It includes changes in outstanding claims. Outstanding claims refer to claims which have been approved by the company for payment but not yet paid, and include expenses associated with the settlement of such claims.

9. "Recoveries from reinsurance business ceded" refers to reinsurance recoveries received or receivable from reinsurance in respect of claims paid including portfolio losses, during the period.

10. "Net claim liabilities" include provisions set up for claims reported but not yet determined, claims incurred but not reported (IBNR), claims incurred but not enough reported (IBNER), as well as all expenses associated with settlement of such claims. Net claim liabilities should be reported net of any recoveries received or receivable from reinsurance.

11. "Distribution expenses" include all direct costs such as commissions and bonuses, and all indirect costs of benefits and services provided by the insurer in the distribution of its products. It shall include reinsurance commissions.

FIRST SCHEDULE
RETURNS TO BE LODGED BY AUTHORISED REINSURERS
(SINGAPORE BUSINESS) (FORMS 1 TO 4)
FORMS RELATING TO LIFE BUSINESS ONLY (FORMS 2 TO 3)

NAME OF INSURER _____
FORM 2 - STATEMENT OF PREMIUMS, CLAIMS AND COMMISSIONS IN RESPECT
OF
LIFE BUSINESS
FOR PERIOD FROM _____ **TO** _____

Co Code:
Year:
Month:

Particulars	Row No.	S\$
Premium revenue	1	
Less: Outward reinsurance premiums	2	
Net premiums (1 - 2)	3	
Gross claims	4	
Less: Reinsurance recoveries	5	
Net claims (4 - 5)	6	
Net policy liabilities at end of period	7	
Net policy liabilities at beginning of period	8	
Increase (decrease) in policy liabilities (7 - 8)	9	
Commissions	10	
Reinsurance commission	11	
Other distribution expenses	12	
Total distribution expenses (10 + 11 + 12)	13	

Names and signatures of:

 Director

 Director

 Chief Executive Officer

Date: _____

Instructions for completing Form 2

- All amounts shown in this return are to be rounded up to the nearest dollar. Negative amounts shall be reported in “()”.
- “Premium revenue” 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 insurer during the period. Commissions shall not be deducted from

gross premiums.

3. "Outward reinsurance premiums" refer to premiums paid or payable on reinsurance ceded during the period. It includes portfolio premiums in respect of ceded business.

4. "Net premiums" refer to the net amount of premiums after deduction of return premiums and payments in respect of reinsurance business ceded.

5. "Distribution expenses" include all direct costs such as commissions and bonuses, and all indirect costs of benefits and services provided by the insurer in the distribution of its products. It shall include reinsurance commissions.

FIRST SCHEDULE
RETURNS TO BE LODGED BY AUTHORISED REINSURERS
(SINGAPORE BUSINESS) (FORMS 1 TO 4)
FORMS RELATING TO LIFE BUSINESS ONLY (FORMS 2 AND 3)

NAME OF INSURER _____

FORM 3 - STATEMENT OF LIFE REINSURANCE POLICIES
FOR PERIOD FROM _____ TO _____

Co Code: Year: Month:

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Particulars	Row No.	Sum insured	Premiums	
			Single	Other
A. New Business				
Life (Risk premium)	1			
Life (Coinsurance)	2			
Accident and health	3			
Disability income	4			
Portfolio cover	5			
Financial reinsurance	6			
Other reinsurance	7			
Total (1 to 7)	8			
Annuities only	9			
B. Net Movements				
Life (Risk premium)				
Claims	10			
Others	11			
Life (Coinsurance)				
Claims	12			
Others	13			
Accident and health				
Claims	14			
Others	15			
Disability income				
Claims	16			
Others	17			
Portfolio cover				
Claims	18			
Others	19			
Financial reinsurance				
Claims	20			
Others	21			
Other reinsurance				
Claims	22			
Others	23			
Total (10 to 23)	24			
Annuities only				
Claims	25			
Others	26			

C. Business in force				
Life (Risk premium)	27			
Life (Coinsurance)	28			
Accident and health	29			
Disability income	30			
Portfolio cover	31			
Financial reinsurance	32			
Other reinsurance	33			
Total (27 to 34)	34			
Annuities only	35			

Names and signatures of:_____

Director_____

Director_____

Chief Executive Officer**Date:** _____**Instructions for completing Form 3:**

1. All amounts shown in this return are to be rounded up to the nearest dollar. Negative amounts shall be reported in “()”.
2. Items in this return shall be shown after deduction of amounts in respect of retrocession on the coinsurance method of liabilities of the reinsurer.
3. Items for premiums (except for single premiums) and in the case of annuities, items for amounts insured shall be the amounts payable per year. Items for premiums shall include extra premiums in respect of higher risks experienced by the insured.
4. Reinsurance shall be classified according to type i.e. life insurance, accident, health, etc as long as the reinsurance treaty permits. However, where the business is bundled, it shall be classified according to the primary exposure. For example, a bundled reinsurance policy with health reinsurance as the primary exposure shall be classified as health reinsurance even if it includes some element of term insurance.
5. “New Business” refers to business that enters the books of the reinsurer for the first time. For example, “new business” for group business refers to new groups, but not new members of an existing group.
6. “Sum Insured” shall not be applicable to reinsurance contracts that do not have a definite amount of claims payment, e.g. accident claims that depend on the nature of the injury and hospitalisation claims that depend on the nature of surgery and the length of hospitalisation. “Sum Insured” shall also not apply to “Financial Reinsurance”.
7. “Sum Insured” for “Disability Income” shall be the yearly benefit payable in case of a claim.
8. “Sum Insured” for plans with acceleration riders shall be the sum assured of the basic policy only.
9. “Single Premium” shall refer to the premium for covering periods in excess of one year. Hence, single premiums paid in respect of insurance contracts of less than one year e.g. travel insurance shall be classified as “Other Premiums”.

10. "Life (Coinsurance)" refers to reinsurance business on life and dread disease basic/rider policies reinsured based on the ceding company's office premiums, with the payment of a reinsurance commission and with the reinsurer being liable for its share of the reserves.

11. "Portfolio Cover" shall include Catastrophic, Excess of Loss, Stop Loss and other non-proportional portfolio reinsurance covers. "Sum Insured" in this case shall be the maximum possible liability for the year.

FIRST SCHEDULE
RETURNS TO BE LODGED BY AUTHORISED REINSURERS (SINGAPORE BUSINESS)
(FORMS 1 TO 4)
FORM RELATING TO REINSURANCE DEPOSIT REQUIREMENT (FORM 4)

NAME OF INSURER _____
FORM 4 - REINSURANCE DEPOSIT REQUIREMENT IN RESPECT OF LIFE/ GENERAL* BUSINESS
AS AT _____

Co Code: Year: Month:

Particulars	Row No.	Original Currency	S\$	Amount of reinsurance deposit in S\$
Gross premiums written	1			
Gross premium liabilities	2			
Gross claim liabilities	3			
Gross liabilities in respect of policies issued (2 + 3)	4			
REINSURANCE DEPOSIT REQUIRED	5			

Additional disclosure:

(i) Exchange rate used (S\$/ original currency)

Names and signatures of:

 Director

 Director

 Chief Executive Officer

Date: _____

Instructions for completing Form 4

1. Amount of reinsurance deposit in S\$ is computed as 30% of gross premiums written, gross premium liabilities, gross claim liabilities or gross liabilities in respect of policies issued, as the case may be.

2. Reinsurance deposit required is determined in accordance with the Insurance (Authorised Reinsurers) Regulations 2003.

FIRST SCHEDULE
RETURNS TO BE LODGED BY INSURERS (GLOBAL BUSINESS) (FORMS 5 TO 6)

NAME OF INSURER _____
FORM 5 - BALANCE-SHEET IN RESPECT OF GLOBAL OPERATIONS AS AT _____

Description	Row No.	Original currency	S\$
ASSETS			
Equity shares	1		
Debt securities	2		
Loans	3		
Cash and deposits	4		
Other invested assets	5		
Investment income due or accrued	6		
Outstanding premiums and agents' balances	7		
Deposits withheld by cedants	8		
Reinsurance recoverables	9		
Income tax recoverables	10		
Intra-group balances	11		
Land and buildings	12		
Fixed assets	13		
Others	14		
Total Assets (1 to 14)	15		
LIABILITIES			
Life policy liabilities	16		
General policy liabilities:			
- Premium liabilities	17		
- Claim liabilities	18		
Outstanding claims	19		
Annuities due and unpaid	20		
Amounts owing to insurers	21		
Reinsurance deposits	22		
Bank loans and overdrafts	23		
Intra-group balances	24		
Others	25		
Total Liabilities (16 to 25)	26		
NET ASSETS (15 - 26)	27		
SHAREHOLDERS' EQUITY			
Paid-up capital	28		
Share premium reserves	29		
Other reserves	30		
Unappropriated profits	31		
TOTAL SHAREHOLDERS' EQUITY (28 to 31)	32		

Additional disclosure:

(i) Exchange rate used (S\$/ original currency)

Names and signatures of:

 Director

 Director

 Chief Executive Officer

Date: _____

Instructions for completing Form 5

1. All amounts shown in this return are to be rounded up to the nearest dollar. Negative amounts shall be reported in “()”.
2. This return shall not be consolidated with operations of subsidiary and associate companies but shall include the operations of branches of the insurer.
3. “Equity securities” includes any stock, share, depository receipt and unit in a collective investment scheme.
4. “Debt security” include any debenture stock, bond and note.
5. “Loans” should be reported after net of provisions.
6. “Reinsurance recoverables” refer to claims recoverable from reinsurers, including claims recoverable from related, associate or affiliate companies.
7. “Land and buildings” include properties acquired through foreclosures and in settlement of debts.
8. Premium liabilities and claim liabilities should be reported net of reinsurance.
9. “Outstanding claims” refer to claims which have been approved by the company for payment but not yet paid. It includes expenses associated with the settlement of such claims. For life business, the amount also includes claims which have not been approved but the quantum for which is fixed.
10. “Amounts owing to insurers” refer to claims owing by the insurer to ceding companies and premiums owing to reinsurers, including premiums or claims payable to related, associate or affiliate companies.
11. “Intra-group balances” refer to amounts owing by or to the insurer to or from related, associate or affiliate companies, excluding balances relating to insurance transactions such as premiums and claims receivable or payable and reinsurance recoverables.

FIRST SCHEDULE
RETURNS TO BE LODGED BY INSURERS (GLOBAL BUSINESS) (FORMS 5 TO 6)

NAME OF INSURER _____
FORM 6 - PROFIT & LOSS STATEMENT IN RESPECT GLOBAL OPERATIONS
FOR PERIOD FROM _____ **TO** _____

Description	Row No.	Original currency	S\$
Premium revenue	1		
Less: Outward reinsurance premiums	2		
Net premiums (1 - 2)	3		
Investment income	4		
Less: Investment expenses	5		
Net investment income (4 - 5)	6		
Other income	7		
Total income (3 + 6 + 7)	8		
Gross claims	9		
Less: Reinsurance recoveries	10		
Net claims (9 - 10)	11		
Increase (decrease) in policy liabilities	12		
Distribution expenses	13		
Management expenses	14		
Provision for doubtful debts / bad debts written off on receivables	15		
Tax	16		
Other expenses	17		
Total Expenses (11 to 17)	18		
Net income (8 - 18)	19		
Unappropriated profit (loss) brought forward from previous period	20		
Transfer to reserves	21		
Dividends paid	22		
Other adjustments	23		
Unappropriated profit (loss) at end of period (19 + 20 - 21 - 22 - 23)	24		

Additional disclosures:

(i) Exchange rate used (S\$/original currency)

(ii) Statistics for general business

(Amount in original currency)

- (a) Earned premiums
(b) Incurred losses
(c) Commission expenses
(d) Management expenses
(e) Underwriting result (a - b - c - d)
(f) Net investment income
(g) Operating result (e - f)

(% based on original currency)

- (h) Combined ratio
(i) Technical reserves/ net premiums
(j) Shareholders' equity to net premiums

(k) Shareholders' equity to loss reserves

Names and signatures of:_____
Director_____
Director_____
Chief Executive Officer**Date:** _____***Instructions for completing Form 6***

1. All amounts shown in this return are to be rounded up to the nearest dollar. Negative amounts shall be reported in "()".
2. "Premium revenue" refers to total gross premiums received or receivable including portfolio premiums, after deduction of return premiums, premium discounts, recognized in the insurer's books during the period, where applicable. Commissions should not be deducted from gross premiums.
3. "Outward reinsurance premiums" refer to premiums paid or payable on reinsurance ceded during the period. It includes portfolio premiums in respect of ceded business
4. "Net premiums" refer to the net amount of premiums after deduction of return premiums and payments in respect of reinsurance business ceded.
5. For general business, "Gross claims" refer to claims paid, including portfolio losses and medical and legal expenses incurred directly in settlement of claims paid during the period, net of recoveries from salvages. It includes changes in outstanding claims. Outstanding claims are claims which have been approved by the company for payment but not yet paid, and include expenses associated with the settlement of such claims.
6. "Reinsurance recoveries" refer to reinsurance recoveries received or receivable from reinsurance in respect of claims paid including portfolio losses, during the period.
7. In respect of general business, "Increase (decrease) in net policy liabilities" includes any increase or decrease in premium liabilities and claim liabilities. Claim liabilities include provisions set up for claims reported but not yet determined, claims incurred but not yet reported (IBNR), claims incurred but not enough reported (IBNER) and all expenses associated with the settlement of such claims.
8. "Distribution expenses" include all direct costs such as commissions and bonuses, and all indirect costs of benefits and services provided by the insurer in the distribution of the its products. It shall include reinsurance commissions.
9. "Management expenses" include items such as staff salaries and expenses, office rent, repairs and maintenance and other expenses incurred for the general management of the company.
10. "Provision for doubtful debts" refers to increase (decrease) in provisions for doubtful debt on receivables (e.g. reinsurance recoveries and outstanding premiums and agents balances), excluding loans. It shall include bad debts written off on receivables.

SECOND SCHEDULE
FORM 7 - INFORMATION ON EXTERNAL AUDITORS

The following information on an insurer's external auditors is required:

1. Name of audit firm
2. Date of appointment
3. Name and qualification of audit team leader
4. Number of members in the audit team

DISCLAIMER: This version of the Regulations is in draft form and subject to change. It is also subject to review by the Attorney-General's Chambers.

No. S 000 –

INSURANCE ACT
(CHAPTER 142)

INSURANCE (APPROVED MARINE, AVIATION AND TRANSIT
INSURERS) REGULATIONS 2003

ARRANGEMENT OF REGULATIONS

Regulation

1. Citation and commencement
 2. Definitions
 3. Exemption from section 3 of the Act for approved MAT insurer
 4. Holding out as approved MAT insurer
 5. Approval by Authority
 6. Requirements before approval
 7. Conditions of approval
 8. Withdrawal of approval
 9. Effects of withdrawal of approval
 10. Duty to maintain insurance deposits
 11. Form of deposits
 12. Maintenance of assets in Singapore
 13. Custody of assets
 14. Control of form of proposals, policies and brochures
 15. Disclosure by approved MAT insurer
 16. Requirements as to statements of capital
 17. Arrangements affecting control of insurers
 18. Returns and audit
 19. Submission and signatures of returns, reports and statements
 20. Power to require returns under regulation 18 to be rectified
 21. Additional provisions as to returns under regulation 18
 22. General obligation to furnish information
 23. Transfer of business
 24. Annual Fee
 25. Exemptions
 26. Saving for validity of policies
- First Schedule
Second Schedule

In exercise of the powers conferred by sections 52, 56A(3) and 64(1) 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 (Approved Marine, Aviation and Transit Insurers) Regulations 2003 and shall come into operation on [date].

Definitions

2. (1) In these Regulations, unless the context otherwise requires -
- “approved marine, aviation and transit insurer (hereinafter referred to as “approved MAT insurer”) means an insurer which is for the time being approved under regulation 5.
 - "claims liabilities" means the obligation, whether contractual or otherwise, to make future payments in relation to all claims incurred during the financial year (other than payments which have fallen due for payment during the financial year), whether or not they have been reported to the insurer, and shall include expenses expected to be incurred in settling these claims;
 - “designated country” means a country specified in the First Schedule;
 - “gross liabilities incurred in respect of policies issued” means the sum of premium and claim liabilities in respect of policies issued by the insurer under these Regulations without deduction for reinsurance;
 - “marine, aviation and transit insurance (hereinafter referred to as MAT insurance)” means insurance of risks comprising maritime shipping and commercial aviation and space launching and freight (including satellites), with such insurance to cover any or all of the following: the goods being transported, the vehicle transporting the goods and any liability arising therefrom, and goods in international transit;
 - “premium liabilities” means the obligation, whether contractual or otherwise, to make future payments in relation to all claims incurred after the end of the financial year, and shall include

expenses that the insurer expects to incur in administering the policies and settling the relevant claims;

“gross premiums written” means the amount of premiums written without deduction for reinsurance.

(2) Any reference to a domestic liability is a reference to any liability incurred by the approved MAT insurer as a result of carrying on the business of providing MAT insurance under insurance policies to persons in Singapore

Exemption from section 3 of the Act for approved MAT insurers

3. – (1) Any person who is licensed, registered, approved or otherwise regulated under the law of any designated country to carry on the business of providing marine, aviation and transit insurance in that country (hereinafter referred to as “designated entity”) carrying on the business of providing marine, aviation and transit insurance, as principal and as an insurer, to persons in Singapore, from outside of Singapore, shall be exempt from complying with section 3 of the Act (read with section 56A) where he is approved by the Authority under regulation 5 to carry on such business.

(2) An approved MAT insurer shall not be treated as carrying on insurance business, or any class of insurance business, in Singapore as principal and as an insurer in respect of MAT policies if, apart from the collection or receipt of premiums in Singapore, he —

- (a) carries out all activities in relation to his business as an MAT insurer outside Singapore; and
- (b) does not have any commercial or physical presence in Singapore for the purpose of carrying on his business as an MAT insurer.

Holding out as approved MAT insurer

4. – (1) Where any person holds itself out to be an approved MAT insurer when it is not approved under regulation 5 —

- (a) the person shall be guilty of an offence; and
- (b) where the person is a corporation or firm, every director, manager or officer of the corporation and every partner or officer of the firm shall, unless he proves that the holding out

by the corporation or firm was made without his knowledge or consent, be guilty of an offence.

(2) Any person who contravenes paragraph (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case a continuing offence, to a further fine of \$5,000 for every day or part thereof during which the offence continues after conviction.

Approval by Authority

5. – (1) A designated entity may apply to the Authority to be approved for the purposes of these Regulations in such form and manner as the Authority may specify.

(2) The Authority may require an applicant to furnish it with such information or documents as it considers necessary in relation to the application.

(3) The Authority may approve an applicant, with or without conditions, or refuse to approve the applicant on any ground as the Authority thinks fit.

(4) The Authority shall cause notice of any approval or change in the name of an insurer approved under this regulation to be published in the *Gazette*.

Requirements before approval

6. The Authority shall not approve any applicant under regulation 5 unless the applicant has made a deposit under regulation 10.

Conditions of approval

7. – (1) The Authority may at any time add to, vary or revoke any existing conditions of approval of an insurer or impose any conditions thereto.

(2) Any approved insurer which fails to comply with any of the conditions imposed by the Authority under paragraph (1) shall be liable on conviction to a fine not exceeding \$50,000 and in the case of a continuing offence, to a further fine not exceeding \$5,000 for every day during which the offence continues after conviction.

Withdrawal of approval

8. — (1) The Authority may, at the request of the insurer or on any of the grounds set out in paragraph (2), withdraw the approval of any insurer.

(2) The grounds referred to in paragraph (1) are —

- (a) that the insurer has not commenced the business of providing MAT insurance, as principal and as an insurer, to persons in Singapore within 12 months after being approved;
- (b) that the insurer has ceased to carry on the business of providing MAT insurance to persons in Singapore;
- (c) that it appears to the Authority that the insurer has failed to satisfy an obligation to which it is subject by virtue of the Act or these Regulations;
- (d) that the insurer proposes to make, or has made, any composition or arrangement with its creditors or has gone into liquidation or has been wound up or otherwise dissolved;
- (e) that there is a change of the person having control of the insurer and
 - (i) the new person having control of the insurer is not a fit and proper person; or
 - (ii) the Authority is not satisfied as to the financial standing of the insurer after the change;
- (f) that a receiver, receiver and manager, judicial manager, or such other person having the powers and duties of a receiver, receiver and manager or judicial manager, has been appointed, whether in Singapore or elsewhere, in relation to, or in respect of any property of, the approved insurer or any of its shareholders having control of the approved insurer
- (g) that the insurer is carrying on its business in a manner likely to be detrimental to the interests of its policy owners;
- (h) that the insurer is unable to meet its obligations, whether in Singapore or elsewhere;
- (i) that the insurer has contravened any of the provisions of the Act or these Regulations or any condition imposed or any direction given by the Authority under the Act or these Regulations;

- (j) that any of the officers of the insurer holding a managerial or executive position has been convicted of any offence under the Act or these Regulations;
- (k) that the insurer has furnished false, misleading or inaccurate information, or has concealed or failed to disclose material facts in its application for approval; or
- (l) that it is in the public interest to withdraw the approval.

(3) Before withdrawing the approval of an insurer under this regulation otherwise than at the request of the insurer, the Authority shall —

- (a) give the insurer notice in writing of its intention to do so; and
- (b) in the notice referred to in subparagraph (a), call upon the insurer to show cause within such time as may be specified in the notice why its approval should not be withdrawn.

(4) If the insurer referred to in paragraph (3) —

- (a) fails to show cause within the time specified in the notice under paragraph (3) or within such extended period of time as the Authority may allow; or
- (b) fails to show sufficient cause,

the Authority shall give notice in writing to the insurer of the date on which the withdrawal of approval is to take effect.

(5) Any insurer who is aggrieved by a decision of the Authority under paragraph (1) to withdraw its approval as an insurer otherwise than at his request may, within 30 days of the decision of the Authority, appeal to the Minister in writing in accordance with Part IIIB of the Act.

(6) Notwithstanding the withdrawal of approval of an insurer under this regulation, so long as the insurer remains under any liability in respect of insurance policies belong to the class of insurance business to which the approval relates, the insurer shall take such action as it considers necessary or as may be required by the Authority to ensure that reasonable provision has been or will be made for that liability and that adequate arrangements exist or will exist for payment of premiums and claims on those policies.

Effects of withdrawal of approval

9. — (1) Where an order of withdrawal under regulation 8 becomes effective —

- (a) notice of the withdrawal shall be published in the *Gazette*; and
- (b) the insurer shall, as from the date of withdrawal, cease to provide insurance to persons in Singapore in respect of which its approval has been withdrawn under these Regulations, otherwise than by the collection or receipt of premiums on insurance policies belonging to that insurance effected before the date of withdrawal of approval and section 3 of the Act shall not apply to the insurer in respect of the collection or receipt of those premiums

(2) Subparagraph (1)(b) shall not prejudice the enforcement by any policy owner or person of any right or claim against the insurer or by the insurer of any right or claim against any policy owner or person.

(3) If the approval of an insurer has been withdrawn or has expired, regulations 12 and 18 shall, unless the Authority otherwise directs, continue to apply in relation to the insurer in respect of matters that occurred before the withdrawal or expiry as if his approval had not been withdrawn or had not expired, as the case may be.

Duty to maintain insurance deposits

10. – (1) Every approved MAT insurer shall make and maintain an insurance deposit of a value not less than S\$5 million or its equivalent in foreign currency (where allowed by the Authority) in the form of Singapore dollar fixed deposits with a bank licensed under the Banking Act (Cap. 19), in respect of the MAT insurance business for which it is approved.

(2) Deposits made by an approved MAT insurer under paragraph (1) shall be in the name of the Authority.

(3) Not later than 7 months after the end of each financial year, every approved MAT insurer shall make and maintain with the Authority such additional deposit, if any, as is necessary to secure that the aggregate value of the deposit referred to in paragraph (1) shall be the greater of S\$5 million, 30% of gross premiums written in respect of policies issued by the insurer under these Regulations in that financial year or 30% of gross liabilities incurred in respect of policies

maintained by the insurer under these Regulations as at the end of that financial year.

(4) The Authority shall retain any deposit required to be made under paragraphs (1) and (3) until it is satisfied that the insurer has ceased to provide MAT insurance to persons in Singapore under these Regulations.

(5) If the Authority is satisfied that the insurer has ceased to provide MAT insurance to persons in Singapore under these Regulations, the Authority shall transfer to the insurer the entire deposits less such part that the Authority determines should be kept available for purpose of meeting claims against the insurer in respect of policies issued by the insurer under these Regulations.

(6) All income accruing in respect of the deposits made under paragraphs (1) and (3) shall be payable to the insurer making the deposit.

(7) An insurer which has made deposits under this regulation may, at any time, substitute for any assets comprised in the deposits such other assets as the Authority may specify so long as the deposits are not thereby reduced to an amount below that which is required under paragraphs (1) and (3).

(8) If the approved MAT insurer goes into liquidation or is dissolved at its place of incorporation or origin:

(a) it shall immediately notify the Authority;

(b) the Authority may pay the balance of the deposits made under paragraphs (1) and (3) , if any, to the liquidator of the approved MAT insurer after paying any debts and meeting claims against the insurer in respect of policies issued by the insurer under these Regulations;

(9) The Authority may appoint any person to perform its functions under paragraphs (5) and (8)(b).

(10) For the purposes of paragraphs 5 and (8)(b), the costs and expenses of appointing any person under paragraph (9) shall be paid in priority to any claim against the insurer, and all claims against the insurer shall rank equally between themselves. .

Form of deposits

11. – (1) If, in the case of any insurer, a bank licensed under any written law for the time being in force relating to banking in Singapore

makes with the Authority an agreement in a form approved by the Authority whereby —

- (a) the bank covenants to deposit with the Authority a specified sum in cash on account of the insurer's deposits under regulation 10, and
- (b) the covenant complies with any requirement the Authority sees fit to impose as to the circumstances in which that sum is to be deposited,

then, for the purposes of these Regulations, the insurer shall be treated as having made the deposit under that regulation and the sum so covenanted for shall be recoverable notwithstanding that no consideration is furnished on the agreement.

(2) Any sum deposited by a bank in pursuance of an agreement made under paragraph (1) shall be dealt with under or for the purposes of these Regulations as if it were a sum deposited by the insurer under regulation 10.

Maintenance of assets in Singapore

12. – (1) Where the Authority is satisfied that there exists a ground on which the Authority would be empowered by regulation 8 to withdraw the approval of an insurer, the Authority may require that assets of the insurer of a value which at any time is equal to the whole or a specified proportion of the amount of its domestic liabilities shall be maintained in Singapore.

(2) The Authority may direct that, for the purposes of any requirement under this regulation, assets of a specified class or description shall or shall not be treated as assets maintained in Singapore.

(3) The Authority may direct that, for the purposes of any requirement under this regulation, the domestic liabilities of an approved MAT insurer, or such liabilities of any class or description, shall be taken to be the net liabilities after deducting any part of them which is reinsured.

(4) A requirement imposed under this regulation may be framed so as to come into effect immediately after the day on which it is imposed or so as to come into effect after the expiration of a specified period or such longer period as the Authority may allow.

(5) Subject to paragraph (6), in computing the amount of any liabilities for the purposes of this regulation, all contingent and prospective liabilities shall be taken into account but not liabilities in respect of share capital.

(6) For the purposes of this regulation, the Authority may by notice in writing specify the basis on which the value of any assets and the amount of any liabilities shall be determined.

Custody of assets

13. – (1) The Authority may, in the case of an approved MAT insurer on which a requirement has been imposed under regulation 12, impose an additional requirement that the whole or a specified proportion of the assets to which the requirement under that regulation applies shall be held by a person approved by the Authority for the purposes of the requirement under this regulation as trustee for the insurer.

(2) Regulation 12(4) shall apply to any requirement under this regulation.

(3) Assets of an approved MAT insurer held by a person as trustee for the insurer shall be taken to be held by him in compliance with a requirement imposed under this regulation if, and only if —

- (a) they are assets in whose case the insurer has given him written notice that they are to be held by him in compliance with such a requirement; or
- (b) they are assets into which assets in whose case the insurer has given him such written notice have, by any transaction or series of transactions, been transposed by him on the instructions of the insurer.

(4) No assets held by a person as trustee for an approved MAT insurer in compliance with a requirement imposed under this regulation shall, so long as the requirement is in force, be released except with the consent of the Authority.

(5) If a mortgage or charge is created by an approved MAT insurer at a time when there is in force a requirement imposed on the insurer by virtue of this regulation, being a mortgage or charge conferring a security on any assets which are held by a person as trustee for the insurer in compliance with the requirement, the mortgage or charge shall, to the extent that it confers such a security, be void against the liquidator and any creditor of the insurer.

Control of form of proposals, policies and brochures

14. – (1) The Authority may, by notice in writing, require an approved MAT insurer to submit to it —

- (a) the forms of proposal and policy for the time being in use by the insurer in respect of the business approved under these Regulations ; and
- (b) any brochure which is for the time being in use by the insurer for describing the terms or conditions of, or the benefits to be or likely to be derived from, policies.

(2) Where the whole or part of any such form or brochure required under paragraph (1) is not in English, there shall be submitted with it a translation in English.

(3) Unless it is otherwise provided, a requirement under this regulation shall apply to all such forms and brochures coming into use after the making of the requirement and before the Authority notifies the insurer that the requirement is withdrawn.

(4) If it appears to the Authority, after affording the insurer an opportunity to make representations orally or in writing, that any such form or brochure —

- (a) contravenes any of the provisions of these Regulations; or
- (b) is in any respect likely to mislead,

the Authority may, by notice in writing, direct the insurer to discontinue the use of the form or brochure in Singapore either immediately or from a date specified in the notice.

(5) No approved MAT insurer shall use, in the course of providing the insurance business so approved to persons in Singapore, a form of proposal which does not have prominently displayed therein a warning that if a proposer does not fully and faithfully give the facts as he knows them or ought to know them, he may receive nothing from the policy.

(6) For each occasion on which any approved MAT insurer uses a copy of a form or brochure in contravention of paragraph (4) or (5), the insurer shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$12,500.

(7) In this regulation, “brochure” includes any leaflet, circular or similar advertising matter, whether printed or not.

Disclosure by approved MAT insurer

15. No approved MAT insurer shall invite any person in Singapore to make an offer or proposal to enter into a contract of insurance without disclosing to the person the following:

- (a) its approved status, that it is providing the insurance service from outside of Singapore and that it has no commercial or physical presence in Singapore;
- (b) that it is subject to limited oversight by the Authority and required to comply with approval requirements and not registration requirements under the Act

Requirements as to statements of capital

16. Where a notice, advertisement or other official publication of a corporation approved or intended to be approved as an insurer under these Regulations contains a statement of the corporation's authorised share capital, and does not state therewith how much of that capital has been subscribed and how much is paid up, the corporation shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000.

Arrangements affecting control of insurers

17. – (1) Every approved MAT insurer shall inform the Authority of any change in the control of the insurer prior to the change.

(2) For the purposes of this regulation, a person shall be regarded as obtaining control of an insurer if he alone or acting together with an associate or associates

- (a) acquire or hold, directly or indirectly, 50% or more of the issued share capital of the insurer; or
- (b) control, directly or indirectly, 50% or more of the voting power of the insurer.

(3) “Associate” or “associates” shall have the same meaning as in section 27 of the Act.

(4) A reference to the voting power in an insurer is a reference to the total number of votes that might be cast in the general meeting of the insurer.

Returns and audit

18. – (1) The forms mentioned in this Regulation are those set out in the Second Schedule.

(2) An MAT insurer shall prepare and lodge with the Authority for each financial year

- (a) in respect of MAT insurance business approved, a statement, which shall be in Form 1, giving particulars as to premiums, claims and commissions
- (b) a statement which shall be in Form 2 on the insurance deposit required under regulation 10,;
- (c) in respect of the insurer's global business operations –
 - (i) a balance sheet, which shall be in Form 3, as at the end of that financial year; and
 - (ii) a profit and loss statement, which shall be in Form 4.

(3) There shall be lodged by an insurer information on its external auditor, containing the particulars set in Form 5,

- (a) for each financial year referred to in paragraph (2); and
- (b) if there is a change in its external auditor.

(4) The statements for any financial year referred to in paragraph (2) shall be based on the annual audited financial statements of the insurer with respect to that period.

(5) The documents to be lodged with the Authority under this regulation for any financial year of an insurer shall be accompanied by the annual audited report of the insurer with respect to that period, including the audited financial statements and the auditor's opinion on the financial statements.

(6) References in these Regulations to documents lodged with the Authority shall not be taken to include documents required by paragraph (5) to accompany documents so lodged.

(7) Where any report or statement referred to in paragraph (6) is in a language other than English, the copy required by that paragraph shall be in English and shall be certified to be a true translation of the original by the translator.

(8) For the purposes of these Regulations, any reference to the last statutory return or statement shall be construed as referring to that last

prepared or made and not superseded by the arrival of the date as at which another is to be prepared or made.

Submission and signatures of returns, reports and statements

19 – (1) Unless the Authority otherwise agrees, a document to be lodged or submitted by the insurer under regulation 18 shall be lodged or submitted by sending to the Authority the number of copies as directed by the Authority.

(2) At least one of the copies referred to in paragraph (1) shall be signed by 2 of the insurer’s directors and the chief executive officer.

(3) Unless otherwise allowed by the Authority, a document to be lodged or submitted by an insurer shall be lodged or submitted within 6 months after the end of the financial year to which the document relates.

(4) The information on external auditors to be submitted under regulation 19(3)(b) shall be submitted within 2 months after the effective date of the change.

(5) A document lodged by an insurer shall be in English, and shall be printed or, with permission of the Authority, produced by other mechanical means approved by it.

(6) Any person who contravenes regulation 18 or 19 shall be guilty of an offence and shall on liable on conviction to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part thereof during which the offence continues under conviction.

Power to require returns under regulation 18 to be rectified

20. – (1) If it appears to the Authority that any document lodged in accordance with regulation 18 –

(a) is, in any particular, unsatisfactory, incomplete, inaccurate or misleading; or

(b) does not comply with the requirements of these Regulations,

the Authority may, by notice in writing, require such explanations as it may consider necessary to be made by or on behalf of the insurer within such time (not being less than 21 days) as is specified in the notice.

(2) The Authority may, after considering the explanations referred to in paragraph (1), or if such explanations have not been given by or on behalf of the insurer within the time specified in that paragraph, reject the document or give such directions as it may think necessary for its variation within such time (not being less than one month) as is specified in the directions.

(3) Directions given under paragraph (2) with respect to any document may require such consequential variations of any other document lodged by the insurer under regulation 18 as may be specified in the directions.

(4) Where directions are given under paragraph (2), any document to which they relate shall be deemed not to have been lodged until it is re-submitted with the variations required by the directions, but the insurer shall be deemed to have submitted the document within the time limited by regulation 19 if it is re-submitted with the required variations within the time limited by the directions.

Additional provisions as to returns under regulation 18

21. – (1) Any member or policy owner of an approved MAT insurer shall have a right, on applying to the insurer, to be sent by the insurer at an address supplied by him copies of the documents lodged or submitted by the insurer to comply with regulation 18, and to have the copies despatched not later than 30 days after the insurer receives the application.

(2) The right referred to in paragraph (1) shall not extend to any document excepted from this provision by the Authority or a document of any other description except the last lodged or submitted of that description.

(3) Any person shall have the right on the payment of the prescribed fee, at any time during working hours of the office of the Authority, to inspect at that office any document lodged by an approved MAT insurer to comply with regulation 18 and any document required by regulation 18 to accompany document so lodged and make a copy of the whole or any part of it.

(4) The right referred to paragraph (3) shall not extend to any document excepted from this provision by the Authority, or to documents of any other description lodged or submitted more than 10 years previously.

(5) In proceedings, a certificate signed by any person appointed by the Authority under section 50 of the Act that a document is one lodged by an approved MAT insurer to comply with regulation 18, or one that accompanied documents to lodged, shall be admissible as evidence of the facts certified.

General obligation to furnish information

22. – (1) The Authority may, by notice in writing, require any approved MAT insurer to furnish it with information about any matter related to any insurance business in respect of which it is approved, if, in the opinion of the Authority, it requires that information for the discharge of its functions under the Act or these Regulations.

(2) Any person who signs any document lodged with the Authority under regulation 17 or furnishes the Authority with any information under or for the purposes of any other provision of these Regulations, shall use due care to secure that the document or information is not false in any material particular; and if he does not use due care in this behalf and the document or information is false in a material particular, he shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000.

Transfer of business

23 The Authority may issue such directions, by notice in writing, to an approved MAT insurer as it may consider necessary on the manner and form of the transfer of the whole or part of the insurance business written by that approved MAT insurer under these Regulations.

Annual Fee

24. (1) Every approved MAT insurer shall pay to the Authority before 1st January of each year an annual fee of \$20,000

(2) The Authority may exempt wholly or in part any approved MAT insurer from the payment of the annual fees specified in this regulation.

Exemptions

25. – (1) Notwithstanding section 5(1) of the Act, an approved MAT insurer shall not be prohibited from using the word “insurance” or any of its derivatives in any language or any other word in any bill head, letter paper, notice, advertisement or in any other manner in the conduct of any MAT insurance business in respect of which that insurer is approved under these Regulations.

(2) Section 56A(2) of the Act shall not apply to any person who carries on marine, aviation and transit insurance business outside Singapore, other than as or through an insurance intermediary, provided the person is an approved MAT insurer under regulation 5.

Saving for validity of policies

26. A contravention of any requirement of the Act or these Regulations does not affect the validity or enforceability of any policy.

FIRST SCHEDULE

Reg 2

1. The United States of America.

SECOND SCHEDULE

Made this day of 2003.

KOH YONG GUAN
Managing Director,
Monetary Authority of Singapore.

SECOND SCHEDULE
RETURNS TO BE LODGED BY APPROVED MAT INSURERS (SINGAPORE BUSINESS) (FORMS 1 TO 2)

NAME OF INSURER _____
FORM 1 - STATEMENT OF PREMIUMS, CLAIMS AND COMMISSIONS IN RESPECT OF MAT BUSINESS
FOR PERIOD FROM _____ TO _____

Co Code:

Year:

Month:

S\$

Particulars	Row No.	Marine		Aviation		Total
		Cargo	Hull & liability	Cargo	Hull & liability	
A. PREMIUMS						
Gross premiums	1					
Less: Reinsurance business ceded	2					
Net premiums written (1 - 2)	3					
Net premium liabilities at beginning of period	4					
Net premium liabilities at end of period	5					
Premiums earned during the period (3 + 4 - 5)	6					
B. CLAIMS						
Gross claims	7					
Less: Recoveries from reinsurance business ceded	8					
Net claims paid (7 - 8)	9					
Net claim liabilities at end of period	10					
Net claim liabilities at beginning of period	11					
Net claims incurred (9 + 10 - 11)	12					
C. DISTRIBUTION EXPENSES						
Commissions paid	13					
Reinsurance commission	14					
Net commissions incurred (13 - 14)	15					

Other distribution expenses	16				
Total distribution expenses (15 + 16)	17				
D. UNDERWRITING RESULT AFTER DISTRIBUTION EXPENSES					
Gross underwriting gain/(loss) (6 - 12 - 17)	18				

Names and signatures of:

Director

Director

Chief Executive Officer

Date: _____

Instructions for completing Form 1

1. All amounts shown in this return are to be rounded up to the nearest dollar. Negative amounts shall be reported in “()”.
2. 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.
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 insurer during the period. Commissions shall not be deducted from gross premiums.
4. “Reinsurance business ceded” refers to premiums paid or payable on reinsurance ceded during the period. It includes portfolio premiums in respect of ceded business.
5. “Net premiums written” refers to the net amount of premiums after deduction of return premiums and payments in respect of reinsurance business ceded.
6. “Gross claims” refers to claims paid, including portfolio losses and medical and legal expenses incurred directly in settlement of claims paid during the period, net of recoveries from salvages. It includes changes in outstanding claims. Outstanding claims refer to claims which have been approved by the company for payment but not yet paid, and include expenses associated with the settlement of such claims.
7. “Recoveries from reinsurance business ceded” refers to reinsurance recoveries received or receivable from reinsurance in respect of claims paid including portfolio losses, during the period.

8. "Net claim liabilities" includes provisions set up for claims reported but not yet determined, claims incurred but not reported (IBNR), claims incurred but not enough reported (IBNER), as well as all expenses associated with settlement of such claims. Net claim liabilities should be reported net of any recoveries received or receivable from reinsurance.

9. "Distribution expenses" includes all direct costs such as commissions and bonuses, and all indirect costs of benefits and services provided by the insurer in the distribution of its products. It shall include any reinsurance commissions.

SECOND SCHEDULE
RETURNS TO BE LODGED BY APPROVED MAT INSURERS (SINGAPORE BUSINESS)
(FORMS 1 TO 2)
FORM RELATING TO INSURANCE DEPOSIT REQUIREMENT (FORM 2)

NAME OF INSURER _____
FORM 2 - INSURANCE DEPOSIT REQUIREMENT IN RESPECT OF MAT BUSINESS
AS AT _____

Co Code: Year: Month:

Particulars	Row No.	Original Currency	S\$	Amount of insurance deposit in S\$
Gross premiums written	1			
Gross premium liabilities	2			
Gross claim liabilities	3			
Gross liabilities in respect of policies issued (2 + 3)	4			
INSURANCE DEPOSIT REQUIRED	5			

Additional disclosure:

(i) Exchange rate used (S\$/ original currency)

Names and signatures of:

Director

Director

Chief Executive Officer

Date: _____

Instructions for completing Form 2

1. Amount of reinsurance deposit in S\$ is computed as 30% of gross premiums written, gross premium liabilities, gross claim liabilities or gross liabilities in respect of policies issued, as the case may be.

2. Reinsurance deposit required is determined in accordance with the Insurance (Approved Marine, Aviation and Transit Insurers) Regulations 2003.

SECOND SCHEDULE
RETURNS TO BE LODGED BY APPROVED MAT INSURERS (GLOBAL BUSINESS) (FORMS 3 TO 4)

NAME OF INSURER _____
FORM 3 - BALANCE-SHEET IN RESPECT OF GLOBAL OPERATIONS AS AT _____

Description	Row No.	Original currency	S\$
ASSETS			
Equity shares	1		
Debt securities	2		
Loans	3		
Cash and deposits	4		
Other invested assets	5		
Investment income due or accrued	6		
Outstanding premiums and agents' balances	7		
Deposits withheld by cedants	8		
Reinsurance recoverables	9		
Income tax recoverables	10		
Intra-group balances	11		
Land and buildings	12		
Fixed assets	13		
Others	14		
Total Assets (1 to 14)	15		
LIABILITIES			
Life policy liabilities	16		
General policy liabilities:			
- Premium liabilities	17		
- Claim liabilities	18		
Outstanding claims	19		
Annuities due and unpaid	20		
Amounts owing to insurers	21		
Reinsurance deposits	22		
Bank loans and overdrafts	23		
Intra-group balances	24		
Others	25		
Total Liabilities (16 to 25)	26		
NET ASSETS (15 - 26)	27		
SHAREHOLDERS' EQUITY			
Paid-up capital	28		
Share premium reserves	29		
Other reserves	30		
Unappropriated profits	31		
TOTAL SHAREHOLDERS' EQUITY (28 to 31)	32		

Additional disclosure:

(i) Exchange rate used (S\$/ original currency)

Names and signatures of:

Director

Director

Chief Executive Officer

Date: _____

Instructions for completing Form 3

1. All amounts shown in this return are to be rounded up to the nearest dollar. Negative amounts shall be reported in “()”.
2. This return shall not be consolidated with operations of subsidiary and associate companies but shall include the operations of branches of the insurer.
3. “Equity securities” includes any stock, share, depository receipt and unit in a collective investment scheme.
4. “Debt security” includes any debenture stock, bond and note.
5. “Loans” should be reported after net of provisions.
6. “Reinsurance recoverables” refers to claims recoverable from reinsurers, including claims recoverable from related, associate or affiliate companies.
7. “Land and buildings” includes properties acquired through foreclosures and in settlement of debts.
8. Premium liabilities and claim liabilities should be reported net of reinsurance.
9. “Outstanding claims” refers to claims which have been approved by the company for payment but not yet paid. It includes expenses associated with the settlement of such claims. For life business, the amount also includes claims which have not been approved but the quantum for which is fixed.
10. “Amounts owing to insurers” refers to claims owing by the insurer to ceding companies and premiums owing to reinsurers, including premiums or claims payable to related, associate or affiliate companies.
11. “Intra-group balances” refers to amounts owing by or to the insurer to or from related, associate or affiliate companies, excluding balances relating to insurance transactions such as premiums and claims receivable or payable and reinsurance recoverables.

SECOND SCHEDULE
RETURNS TO BE LODGED BY APPROVED MAT INSURERS (GLOBAL BUSINESS) (FORMS 3 TO 4)

NAME OF INSURER _____
FORM 4- PROFIT & LOSS STATEMENT IN RESPECT GLOBAL OPERATIONS
FOR PERIOD FROM _____ **TO** _____

Description	Row No.	Original currency	S\$
Premium revenue	1		
Less: Outward reinsurance premiums	2		
Net premiums (1 - 2)	3		
Investment income	4		
Less: Investment expenses	5		
Net investment income (4 - 5)	6		
Other income	7		
Total income (3 + 6 + 7)	8		
Gross claims	9		
Less: Reinsurance recoveries	10		
Net claims (9 - 10)	11		
Increase (decrease) in policy liabilities	12		
Distribution expenses	13		
Management expenses	14		
Provision for doubtful debts / bad debts written off on receivables	15		
Tax	16		
Other expenses	17		
Total Expenses (11 to 17)	18		
Net income (8 - 18)	19		
Unappropriated profit (loss) brought forward from previous period	20		
Transfer to reserves	21		
Dividends paid	22		
Other adjustments	23		
Unappropriated profit (loss) at end of period (19 + 20 - 21 - 22 - 23)	24		

Additional disclosures:

(i) Exchange rate used (S\$/original currency)

(ii) Statistics for general business

(Amount in original currency)

- (a) Earned premiums
- (b) Incurred losses
- (c) Commission expenses
- (d) Management expenses
- (e) Underwriting result (a - b - c - d)
- (f) Net investment income
- (g) Operating result (e - f)

(% based on original currency)

- (h) Combined ratio
- (i) Technical reserves/ net premiums
- (j) Shareholders' equity to net premiums
- (k) Shareholders' equity to loss reserves

Names and signatures of:

Director

Director

Chief Executive Officer

Date: _____

Instructions for completing Form 4

1. All amounts shown in this return are to be rounded up to the nearest dollar. Negative amounts shall be reported in “()”.
2. “Premium revenue” refers to total gross premiums received or receivable including portfolio premiums, after deduction of return premiums, premium discounts, recognized in the insurer’s books during the period, where applicable. Commissions should not be deducted from gross premiums.
3. “Outward reinsurance premiums” refers to premiums paid or payable on reinsurance ceded during the period. It includes portfolio premiums in respect of ceded business
4. “Net premiums” refers to the net amount of premiums after deduction of return premiums and payments in respect of reinsurance business ceded.
5. For general business, “Gross claims” refers to claims paid, including portfolio losses and medical and legal expenses incurred directly in settlement of claims paid during the period, net of recoveries from salvages. It includes changes in outstanding claims. Outstanding claims are claims which have been approved by the company for payment but not yet paid, and include expenses associated with the settlement of such claims.
6. “Reinsurance recoveries” refers to reinsurance recoveries received or receivable from reinsurance in respect of claims paid including portfolio losses, during the period.
7. In respect of general business, “Increase (decrease) in net policy liabilities” includes increase or decrease in premium liabilities and claim liabilities. Claim liabilities include provisions set up for claims reported but not yet determined, claims incurred but not yet reported (IBNR), claims incurred but not enough reported (IBNER) and all expenses associated with the settlement of such claims.
8. “Distribution expenses” includes all direct costs such as commissions and bonuses, and all indirect costs of benefits and services provided by the insurer in the distribution of the its products. It shall include reinsurance commissions.
9. “Management expenses” includes items such as staff salaries and expenses, office rent, repairs and maintenance and other expenses incurred for the general management of the company.
10. “Provision for doubtful debts” refers to increase (decrease) in provisions for doubtful debt on receivables (e.g. reinsurance recoveries and outstanding premiums and agents balances), excluding loans. It shall include bad debts written off on receivables.

SECOND SCHEDULE
FORM 5 - INFORMATION ON EXTERNAL AUDITORS

The following information on an insurer's external auditors is required:

1. Name of audit firm
2. Date of appointment
3. Name and qualification of audit team leader
4. Number of members in the audit team

DISCLAIMER: This version of the Regulations is in draft form and subject to change. It is also subject to review by the AttorneyGeneral's Chambers.

No. S 000 –

INSURANCE ACT
(CHAPTER 142)

INSURANCE (APPROVED MARINE, AVIATION AND
TRANSIT INSURANCE BROKERS AND APPROVED
REINSURANCE BROKERS) REGULATIONS 2003

ARRANGEMENT OF REGULATIONS

PART I

PRELIMINARY

Regulation

1. Short title and commencement
2. Definition

PART II

APPROVAL OF INSURANCE BROKERS

3. Exemption from section 35W of the Act
4. Approval of insurance brokers
5. Approval requirements
6. Conditions of approval
7. Annual fees for approval
8. Withdrawal of approval

PART III

CONDUCT OF APPROVED INSURANCE BROKING
BUSINESS

9. Disclosure by approved insurance broker
10. Representation by approved insurance broker
11. Control of written communication used by broker
12. Obligation to furnish information to Authority
13. Duty to maintain net asset value
14. Insurance broking premium accounts
15. Negotiation and placement of risks
16. Arrangements affecting control of approved insurance brokers
17. Holding out as approved insurance broker

PART IV
RETURNS

18. Annual returns and audits

PART V
MISCELLANEOUS

19. Power of Authority to issue directions

20. Exemption

21. Saving for validity of policies

First Schedule

Second Schedule

In exercise of the powers conferred by sections 52 and 64 of the Insurance Act, the Monetary Authority of Singapore hereby makes the following Regulations:

PART 1

PRELIMINARY

Citation and commencement

1. These Regulations may be cited as the Insurance (Approved Marine, Aviation and Transit Insurance Brokers and Approved Reinsurance Brokers) Regulations 2003 and shall come into operation on [date].

Definitions

2. In these Regulations, unless the context otherwise requires -
- “approved general reinsurance broker” means a person who is for the time being approved under regulation 4 in respect of reinsurance of liabilities under insurance policies relating to general business;
- “authorised general reinsurer” means a person who is authorised under section 8A of the Insurance Act to carry on general business;
- “authorised life reinsurer” means a person who is authorised under section 8A of the Insurance Act to carry on life business;

- “approved insurance broker” means a person who is for the time being approved under regulation 4;
- “approved life reinsurance broker” means a person who is for the time being approved under regulation 4 in respect of reinsurance of liabilities under insurance policies relating to life business;
- “approved marine, aviation and transit (MAT) insurer” means an insurer which is for the time being approved under regulation 5 of the Insurance (Approved Marine, Aviation and Transit Insurer) Regulations 2003;
- “approved marine, aviation and transit (MAT) insurance broker” means a person who is for the time being approved under regulation 4 in respect of marine, aviation and transit business but not any reinsurance business;
- “designated country” means a country specified in the First Schedule;
- “insurance broker” means a person who is or has been carrying on insurance business as agent for insureds or intending insureds;
- "net asset value", in relation to an entity, means the excess of the value of the assets owned by the entity over its liabilities, and
- (a) in determining the value of the assets owned by the entity, any amount on account of goodwill or of any other intangible assets shall be disregarded; and
 - (b) in determining the amount of the liabilities of the entity, all contingent or prospective liabilities shall be taken into account but not any amount on account of any liability related to the share capital of the company.

PART II

APPROVAL OF INSURANCE BROKERS

Exemption from section 35W of the Act

3 (1) Any person licensed, registered, approved or otherwise regulated under the law of any designated country to carry on business as an insurance broker (hereinafter referred to as “designated entity”), carrying on the business of providing MAT insurance, general reinsurance or life reinsurance, as insurance brokers, to persons in Singapore from outside of Singapore, shall be

exempt from complying with section 35W of the Act (read with section 56A) where it is approved by the Authority under regulation 4 to carry on such business.

(2) An approved insurance broker shall not be treated as carrying on insurance business, or any class of insurance business, in Singapore as an insurance broker in respect of MAT policies or in respect of reinsurance of liabilities under insurance policies if, apart from the collection or receipt of premiums in Singapore, he —

- (a) carries out all activities in relation to his business as an insurance broker outside Singapore; and
- (b) does not have any commercial or physical presence in Singapore for the purpose of carrying on his business as an insurance broker.

Approval of insurance brokers

4— (1) A designated entity may apply in writing to the Authority for approval under this regulation and shall furnish such information and provide such supporting documentary evidence as the Authority may require.

(2) Upon receiving an application under paragraph (1), the Authority shall consider the application and may, subject to regulation 5 -

- (a) approve the applicant with or without conditions;
- (b) refuse to approve the applicant.

(3) The Authority may approve the applicant as an approved MAT insurance broker, an approved general reinsurance broker, an approved life reinsurance broker or a combination of any of these.

(4) The Authority may impose any condition of approval which may limit or restrict the scope of the approved insurance broking business which may be carried on by an approved insurance broker under paragraph 2(a).

Approval Requirements

5. (1) —The Authority shall not approve any applicant under regulation 4 unless the applicant has in force a professional indemnity insurance policy of at least S\$1million in respect of each type of insurance broking business for which it is applying for approval.

(2) In paragraph (1), “professional indemnity insurance policy” means a contract of insurance with an insurer under which a person is indemnified in respect of the liabilities arising out of or in the course of his business as an approved insurance broker.

Conditions of approval

6. –(1) The Authority may at any time add to, vary or revoke any existing condition of approval of an approved insurance broker or impose any new condition thereto.

(2) Any insurance broker which fails to comply with any of the conditions imposed by the Authority under paragraph (1) or regulation 4(2) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 and, in the case of a continuing offence, to a further fine not exceeding \$5,000 for every day during which the offence continues after conviction.

Annual Fees for approved insurance brokers

7– (1) An approved insurance broker, if it is approved as a MAT insurance broker, general reinsurance broker or life reinsurance broker shall pay to the Authority an annual fee of \$3,000 for each type of approval.

(2) The annual fee payable by an approved insurance broker shall be paid to the Authority on or before 1st January of every year.

(3) The Authority may exempt wholly or in part any approved insurance broker from the payment of the annual fees.

Withdrawal of approval

8 – (1) The Authority may, at the request of the approved insurance broker or on any ground specified under paragraph (2), withdraw the approval of any insurance broker.

(2) The grounds referred to in paragraph (1) are —

- (a) that the insurance broker has not commenced business of providing MAT insurance, general reinsurance or life reinsurance, as insurance brokers, to persons in Singapore within 6 months after being approved;
- (b) that the insurance broker has ceased to carry on the business for which it is approved;

- (c) that, it appears to the Authority, the approved insurance broker has failed to satisfy any obligation to which it is subject by virtue of the Insurance Act and these Regulations;
- (d) that there exists a ground on which the Authority would be prohibited by regulation 5 from approving the insurance broker;
- (e) that the approved insurance broker —
 - (i) proposes to make, or has made, any composition or arrangement with its creditors;
 - (ii) has gone into liquidation; or
 - (iii) has been wound up or dissolved ;
- (f) that a receiver, receiver and manager, judicial manager, or such other person having the powers and duties of a receiver, receiver and manager or judicial manager, has been appointed, whether in Singapore or elsewhere, in relation to, or in respect of any property of, the approved insurance broker or any of its shareholders having control of the approved insurance broker;
- (g) that there is a change of the person having control of the approved insurance broker and —
 - (i) the new person having control of the approved insurance broker is not a fit and proper person; or
 - (ii) the Authority is not satisfied as to the financial standing of the approved insurance broker after the change;
- (h) that the approved insurance broker is carrying on its business in a manner likely to be detrimental to the interests of policy owners for whom it is acting as an agent;
- (i) that the approved insurance broker is unable to meet its obligations;
- (j) that the approved insurance broker has contravened any provision of the Insurance Act or these Regulations, or any condition imposed or any direction given by the Authority under the Insurance Act or these Regulations;
- (k) that any of the officers of the approved insurance broker holding a managerial or executive position has been convicted of any offence under the Insurance Act or these Regulations;

- (l) that the approved insurance broker has furnished false, misleading or inaccurate information, or has concealed or failed to disclose material facts, in its application for approval; and
 - (m) that it is in the public interest to withdraw the approval.
- (3) Before withdrawing the approval of an insurance broker under this regulation otherwise than at its request, the Authority shall —
- (a) give the approved insurance broker notice in writing of its intention to do so; and
 - (b) in the notice referred to in paragraph (a), call upon the approved insurance broker to show cause within such time as may be specified in the notice why its approval should not be cancelled.
- (4) If the approved insurance broker to whom notice has been given under paragraph (3) —
- (a) fails to show cause within the time given to it to do so or within such extended period of time as the Authority may allow; or
 - (b) fails to show sufficient cause,
- the Authority shall give notice in writing to the approved insurance broker of the date on which the withdrawal of approval is to take effect.
- (5) Any approved insurance broker which is aggrieved by a decision of the Authority under paragraph (1) to withdraw its approval as an insurance broker otherwise than at its request may, within 30 days of the decision of the Authority, appeal to the Minister in writing in accordance with Part IIIB of the Insurance Act (Chapter 142).
- (6) Notwithstanding the fact that the approval of an insurance broker has been withdrawn under this regulation, so long as the insurance broker remains under any liability to an insurer, insured or intending insured, the insurance broker shall take such action as it considers necessary or as may be required by the Authority to ensure that reasonable provision has been or will be made for that liability.
- (7) If the approval of a person as an insurance broker has been withdrawn or has expired, regulations 13 and 18 shall, unless the Authority otherwise directs, continue to apply in relation to the person in respect of matters that occurred before the withdrawal or

expiration as if its approval had not been withdrawn or had not expired, as the case may be.

PART III

CONDUCT OF APPROVED INSURANCE BROKING BUSINESS

Disclosure by approved insurance broker

9. No approved insurance broker shall invite any person in Singapore to make an offer or proposal to enter into a contract of insurance without disclosing to the person all material information, including:

- (a) its business name, business address, email address and telephone number;
- (b) its approved status; that it is providing the insurance broking service from outside of Singapore and that it has no commercial or physical presence in Singapore;
- (c) that it is subject to limited oversight by the Authority; and that it is required to comply with approval requirements, and not registration requirements under the Act;
- (d) the type of insurance broking activity that it is approved to provide under these Regulations;
- (e) the name of the insurer;
- (f) his relationship with the insurer; and
- (g) the premium charged by the insurer.

Representation by approved insurance broker

10. (1) No approved insurance broker shall, with intent to deceive, make a false or misleading statement as to —

- (a) any amount that would be payable in respect of a proposed contract of insurance; or
- (b) the effect of any provision of a contract of insurance or a proposed contract of insurance.

(2) A reference in paragraph (1) to making a misleading statement includes a reference to omitting to disclose any matter that is material to a statement.

(3) No approved insurance broker shall, with intent to deceive, in relation to a proposed contract of insurance —

- (a) write on a form, being a form that is given or sent to an insurer, any matter that is material to the contract and is false or misleading in a material particular;
- (b) omit to disclose to the insurer any matter that is material to the proposed contract;
- (c) advise or induce the intending insured to write on a form, being a form that is given or sent to an insurer, any matter that is false or misleading in a material particular; or
- (d) advise or induce the intending insured to omit to disclose to the insurer any matter that is material to the proposed contract.

(4) No approved insurance broker shall, with intent to deceive, in relation to a claim under a contract of insurance —

- (a) fill up, in whole or in part, a form, being a form that is given or sent to an insurer, in such a way that the form is false or misleading in a material particular;
- (b) omit to disclose to the insurer any matter that is material to the claim;
- (c) induce the insured to fill up, in whole or in part, a form, being a form that is given or sent to the insurer, in such a way that the form is false or misleading in a material particular; or
- (d) advise or induce the insured to omit to disclose to the insurer any matter that is material to the claim.

(5) Any person who contravenes paragraph (1), (3) or (4) shall, notwithstanding that a contract of insurance does not come into being, be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000.

Control of written communication used by approved insurance broker

11 (1) The Authority may, by notice in writing, require any approved insurance broker to submit to it any written communication which is for the time being in use by the approved insurance broker for describing the terms or conditions of, or the benefits to be or likely to be derived from, policies.

(2) Where the whole or part of any written communication referred to in paragraph (1) is not in English, there shall be submitted with it a translation in English.

(3) A requirement made under paragraph (1), unless it is otherwise provided therein, shall apply to all such written communication coming into use after the making of the requirement and before the Authority notifies the approved insurance broker that the requirement is withdrawn.

(4) If it appears to the Authority that any such written communication used by an approved insurance broker contravenes these Regulations, or is in any respect likely to mislead, the Authority may (after affording the approved insurance broker an opportunity to make representations orally or in writing), by notice in writing, direct the approved insurance broker to discontinue the use in Singapore of the written communication immediately or from such date as may be specified in the notice.

(5) For each occasion on which any approved insurance broker fails to comply with a requirement under paragraph (1) or uses any written communication in contravention of paragraph (4), the approved insurance broker shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000.

(6) This regulation shall only apply to written communication which is made to or directed at persons, in Singapore.

(7) In this regulation, “written communication” includes any brochure, leaflet, circular or advertising matter, whether in electronic, print or other form.

Obligation to furnish information to Authority

12. – (1) The Authority may, by notice in writing, require any approved insurance broker to furnish it with information about any matter related to its business carried on as an approved insurance broker if, in the opinion of the Authority, it requires that information for the discharge of its functions under these Regulations.

Duty to maintain net asset value

13. Every approved insurance broker shall maintain a net asset value whereby the amount of its assets shall not be less than the amount of its liabilities.

Insurance broking premium accounts

14. (1) Subject to paragraph (2), every approved insurance broker which receives or collects any premium in Singapore shall, for the purposes of this regulation, establish and maintain a separate account with a bank licensed under the Banking Act (Cap. 19).

(2) Where the approved insurance broker is approved under regulation 4 to carry on business as more than one type of insurance broker, it shall establish and maintain separate accounts with a bank licensed under the Banking Act in respect of the carrying on of business of each type of insurance broker for which it is approved.

(3) An approved insurance broker shall pay into a bank account maintained by it under paragraph 1, all moneys received by it -

- (a) from or on behalf of an insured or intending insured for or on account of an insurer in connection with a contract of insurance or proposed contract of insurance; or
- (b) from or on behalf of an insurer for or on account of an insured or intending insured.

(4) No approved insurance broker shall withdraw moneys from a bank account maintained by it under paragraph (1) without the prior written consent of the Authority.

(5) Paragraph (4) shall not apply to any withdrawal of moneys from a bank account maintained by the approved insurance broker under paragraph (1) for –

- (a) any payment to or for a person entitled to receive payment of the moneys, including itself in so far as it is entitled to receive payment for itself;
- (b) any payment to or for an insurer in respect of amounts due to the insurer under or in relation to a contract of insurance;
- (c) any investment by way of deposits placed with any bank licensed under the Banking Act (Cap.19); or
- (d) any repayment of moneys that were paid into the account in error.

(6) An approved insurance broker shall pay moneys received from the realization of any investment made under paragraph (5)(c) into a bank account maintained by it under paragraph (1).

(7) If upon the realization of any investment made under paragraph (5)(c), the amount of moneys received in respect of the realization is less than the amount of moneys invested, the approved insurance broker shall pay into the account from which the moneys

were withdrawn for investment, an amount equal to the difference between the amount invested and the amount realized.

(8) An approved insurance broker shall pay into, or retain in, a bank account maintained by it under this regulation, any interest or other income that is received by it under the bank account or from any deposit made under paragraph (5)(c).

(9) An approved insurance broker shall designate any bank account maintained by it under paragraph (1), and any deposit placed with a bank under paragraph (5)(c) as an insurance broking premium account, with or without other words of description.

(10) A lien or claim on the moneys in any account established by any approved insurance broker under paragraph (1) or (2) shall be void unless the moneys in the account are for fees due and owing to the approved insurance broker.

(11) A charge or mortgage on the moneys in any account established by any approved insurance broker under paragraph (1) or (2) shall be void.

(12) In this regulation -

“contract of insurance” includes a contract of insurance that is subsequently cancelled;

“moneys” means any sum received by an approved insurance broker as agent for an insured or intending insured, including policy moneys, premiums and claims payments.

(13) Any person who contravenes this regulation shall be guilty of any offence and shall be liable on conviction to a fine not exceeding \$50,000.

Negotiation and placement of risk

15.- (1) No approved MAT insurance broker shall, in the course of its business as such, negotiate or place any contract of insurance with an insurer (directly or indirectly) except with an approved marine, aviation and transit insurer or registered insurer acting in the course of its business as such.

Arrangements affecting control of approved insurance brokers

16. – (1) Every approved insurance broker shall inform the Authority of any change in the control of the insurance broker prior to the change.

(2) For the purposes of this regulation, a person shall be regarded as obtaining control of an approved insurance broker if he alone or acting together with an associate or associates :

- (a) acquire or hold, directly or indirectly, 50% or more of the issued share capital of the approved insurance broker; or
- (b) control, directly or indirectly, 50% or more of the voting power in the approved insurance broker.

(3) “Associate” or “associates” shall have the same meaning as in section 27 of the Insurance Act.

(4) A reference to the voting power in an approved insurance broker is a reference to the total number of votes that might be cast in the general meeting of the approved insurance broker.

Holding out as approved insurance broker

17. (1) No person shall hold himself out to be an approved insurance broker in respect of any type of insurance broking business unless he is approved under these Regulations in respect of that type of insurance broking business.

(2) Any person who contravenes paragraph (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 and, in the case a continuing offence, to a further fine of \$5,000 for every day or part thereof during which the offence continues after conviction.

PART IV

RETURNS

Annual returns and audit

18 – (1) An approved insurance broker shall prepare and lodge with the Authority, within 6 months from the end of each financial year or within such longer period as the Authority may allow, a statement in Form 1 in the Second Schedule giving particulars as to the placement of business handled during that financial year for each type of insurance broking business in respect of which it is approved, and such statement shall be based on the annual audited financial statements of the approved insurance broker of that financial year.

(2) The statement to be lodged by an approved insurance broker under paragraph (1) shall be—

- (a) signed by -

- (i) 2 of its directors; and
 - (ii) its chief executive officer.
- (b) accompanied by a copy of the annual audited report on which the statement is based
- (3) Where the statement or any accompanying audited accounts referred to in paragraph (1) is in a language other than English, the copy required by that paragraph shall be in English and shall be certified to be a true translation of the original by the translator.
- (4) “Chief executive officer” in paragraph (2)(a) means any person by whatever name described, who is –
- (a) in the direct employment of, or acting for, or by arrangement with an approved insurance broker; and
 - (b) directly responsible for the conduct of any type of business of the approved insurance broker.

PART V

MISCELLANEOUS

Powers of Authority to issue directions

19. —(1) Where the Authority is satisfied that the affairs of any approved insurance broker are being conducted in a manner likely to be detrimental to the public interest or the interests of the policy owners or prejudicial to the interests of the approved insurance broker, the Authority may issue such directions to the approved insurance broker as it may consider necessary and, in particular, may require the approved insurance broker, as the case may be —

- (a) to take action as to the disposition or recovery of its assets;
- (b) to take any available steps for the recovery by the approved insurance broker, of sums appearing to the Authority to have been illegally or improperly paid; or
- (c) to take action to make good any default under regulations 13 or 14.

(2) The Authority may, upon representation being made to it, or on its own motion, modify or cancel any direction issued under paragraph (1) and, in so doing, may impose such conditions as it may think fit.

(3) Any approved insurance broker which contravenes any direction made under paragraph (1) shall be guilty of an offence and

shall be liable on conviction to a fine not exceeding \$50,000 and, in the case of a continuing offence, to a further fine not exceeding \$5,000 for every day during which the offence continues after conviction.

Exemption

20. Notwithstanding section 35ZM(1)(b) of the Act, an approved insurance broker shall not be prohibited from using the words “approved insurance broker” or any of its derivatives in any language, or any other word, to indicate that the insurance broker carries on business as an insurance broker; or make any representation to such effect in any bill head, letter paper, notice, advertisement or in any other manner.

Saving for validity of policies

21. A contravention of any requirement of the Act or these Regulations does not affect the validity or enforceability of any policy.

FIRST SCHEDULE

Reg 3

1. The United States of America.

SECOND SCHEDULE

Reg 18

FORM 1

NAME OF APPROVED INSURANCE BROKER _____

PLACEMENT OF BUSINESS HANDLED FOR THE FINANCIAL YEAR
_____ TO _____

I Approved MAT Insurance Broking Business	
Placement with	Premiums (S\$)
(a) Registered insurers in Singapore	
(b) Approved MAT Insurers	
(c) Other US Financial Institutions	
Total	
II Approved General Reinsurance Broking Business	
Placement with	Premiums (S\$)
(a) Registered insurers in Singapore	
(b) Authorised General Reinsurers	
(c) Others	
Total	
III Approved Life Reinsurance Broking Business	
Placement with	Premiums (S\$)
(a) Registered insurers in Singapore	
(b) Authorised Life Reinsurers	
(c) Others	
Total	

Note: "Premiums" refer to premiums received or receivable, before deduction of brokerage, during the financial year.

Names and signatures of:

Director_____
Director_____
Chief Executive Officer

Date: _____



Monetary Authority of Singapore