

**Notice No : MAS 120**  
**Issue Date : 30 January 2004**

**Last revised on 30 October 2015\***

## **DISCLOSURE AND ADVISORY PROCESS REQUIREMENTS FOR ACCIDENT AND HEALTH INSURANCE PRODUCTS**

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### **Introduction**

1. This Notice is issued pursuant to sections 35P, 35TA and 64(2) of the Insurance Act (Cap. 142) [“the Act”] and comprises both mandatory requirements and best practice standards on the disclosure of information and provision of advice to policy owners for accident and health policies and life policies that provide accident and health benefits.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

2. This Notice applies to —
- (a) any direct insurer licensed under the Act;
  - (b) any licensed financial adviser or exempt financial adviser which provides any financial advisory service in respect of life policies;
  - (c) any representative of a licensed financial adviser or an exempt financial adviser who provides any financial advisory service in respect of life policies;
  - (d) any direct insurance broker or exempt direct insurance broker;
  - (e) any person acting for a direct insurance broker or an exempt direct insurance broker;
  - (f) any insurance agent operating under written agreement pursuant to section 35M; or
  - (g) any insurance agent who is not required to comply with section 35M

when he or it provides advice or arranges contracts of insurance or both, in respect of accident and health policies and life policies that provides accident and health benefits but does not apply where —

- (i) such policies are in respect of reinsurance of liabilities under insurance policies; and
- (ii) such policies provide that the accident and health benefits are paid out only if the insured becomes totally and permanently disabled, as defined under that policy.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

3. This Notice sets out the following in two parts:

(a) Part I — Mandatory Requirements

- (i) Division 1: General requirements for accident and health policies
- (ii) Division 1A: Disclosure requirements for accident and health policies;
- (iii) Division 2: Disclosure requirements for life policies that contain accident and health benefits;
- (iv) Division 3: Additional disclosure requirements for direct insurers;
- (v) Division 4: Requirements on provision of advice relating to accident and health policies;
- (vi) Division 5: Requirements on provision of advice relating to life policies that contain accident and health benefits;
- (vii) Division 6: Offences relating to this Part;

(b) Part II — Non-mandatory Best Practice Standards.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

4. This Notice shall come into effect on 1 April 2004.

**Definition**

5. For the purpose of this Notice:

“accident and health insurance intermediary (hereinafter referred to as A&H insurance intermediary)” means—

- (a) a direct insurer;
- (b) a licensed financial adviser;
- (c) an exempt financial adviser;
- (d) a direct insurance broker; or
- (e) an exempt direct insurance broker,

who provides advice on or arranges contracts of insurance or both, in respect of accident and health policies and life policies that provides accident and health benefits as an insurance intermediary;

“accident and health insurance representative (hereinafter referred to as A&H insurance representative) ” means a person who is—

- (a) employed by or who acts as an insurance agent for, a direct insurer;
- (b) employed by or who acts for, a direct insurance broker or an exempt direct insurance broker; or
- (c) employed by or who acts as a representative of, a licensed financial adviser or exempt financial adviser,

and provides advice on or arranges contracts of insurance or both, in respect of accident and health policies and life policies that provides accident and health benefits as an insurance intermediary, but does not include a person who is an A&H insurance intermediary;

“additional private insurance coverage” has the same meaning as in regulation 2 of the MediShield Life Scheme (Private Medical Insurance Scheme) Regulations;

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

“Central Provident Fund Board” means the Central Provident Fund Board constituted under section 3 of the Central Provident Fund Act (Cap.36);

“ElderShield policy” means a policy purchased under the ElderShield Scheme as defined in regulation 2 of the Central Provident Fund (Withdrawals for ElderShield Scheme) Regulations;

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

“ElderShield Supplement policy” means a policy purchased under the ElderShield Supplement Scheme as defined under regulation 2 of the Central Provident Fund (Withdrawals for ElderShield Scheme) Regulations;

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

“exempt direct insurance broker” means a person exempt from registering as a direct insurance broker under section 35ZN(1)(a) to (ea) of the Act who has notified the Authority, in such manner as may be prescribed under section 64(1), of his commencement of insurance broking business;

“health policy” means an accident and health policy that is not a personal accident policy;

“individual medical expense policy” means an accident and health policy, other than an integrated shield plan and a non-integrated shield plan—

- (a) where the policy owner is an individual; and

- (b) the main purpose of the policy is to reimburse an insured for the medical costs incurred by him in seeking inpatient medical treatment;

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

“integrated shield plan” has the same meaning as in regulation 2 of the MediShield Life Scheme (Private Medical Insurance Scheme) Regulations;

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

“insured” includes an intending insured;

“medisave account” has the same meaning as section 2 of the MediShield Life Scheme Act 2015 (No. 4 of 2015);

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

“Medisave-approved policy” means any ElderShield policy, ElderShield Supplement policy, integrated shield plan or non-integrated shield plan;

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

“MediShield Life Component” has the same meaning as regulation 2 of the MediShield Life Scheme (Private Medical Insurance Scheme) Regulations;

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

“MediShield Life Scheme” means the Scheme established under section 3 of the MediShield Life Scheme Act 2015 (No. 4 of 2015);

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

“Medisave Withdrawal Limits” means the respective withdrawal limits specified in regulation 5(1) of the MediShield Life Scheme (Private Medical Insurance Scheme) Regulations;

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

“non-integrated shield plan” has the same meaning as in regulation 2 of the MediShield Life Scheme (Private Medical Insurance Scheme) Regulations;

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

“personal accident policy” means an accident and health policy where accident and health benefits are paid out only—

- (a) in the event of an injury to, or disability of, the insured as a result of accident;

(b) on the death by accident of the insured; or

(c) on the occurrence of a combination of (a) and (b);

“policy owner” includes an intending policy owner;

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

“representative” has the same meaning as in section 2 of the Financial Advisers Act (Cap 110) [“the FA Act”];

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

“switching” includes terminating a policy and replacing it with another policy, and “switch” shall be construed accordingly;

“upgrading” means varying the terms of an existing policy or terminating an existing policy to purchase a new policy with the same insurer for the purpose of having better benefits than that under the existing policy, and “upgrade” shall be construed accordingly.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

6. The expressions used in this Notice shall, except where expressly defined in this Notice or where the context otherwise requires, have the same respective meanings as in the Act.

### **Sections 35P and 35TA**

7. For the purposes of section 35P(1)(d) and (2)(e) of the Act, an A&H intermediary shall also disclose the material information set out in paragraphs 12 to 18, 20 to 22, and 27(a) to (d).

8. For the purposes of section 35TA of the Act, the standards to be maintained by an insurance intermediary in the conduct of business relating to disclosure and advisory process include those set out in paragraphs 19, 23 to 25, 27(e), 30, 34 to 46, and 48.

### **Representative of A&H Insurance Intermediary**

9. Unless otherwise specified, an A&H insurance intermediary shall ensure that all its A&H insurance representatives comply with any mandatory requirement imposed on an A&H insurance intermediary in this Notice when the A&H insurance representatives are acting on behalf of the A&H insurance intermediary.

### **Application to Direct Insurers**

10. Unless otherwise specified, this Notice applies to a direct insurer, when it provides advice or arranges contracts of insurance in respect of accident and health policies underwritten by it, as if it were an A&H insurance intermediary.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

## **Part I – Mandatory Requirements**

### *Division 1: General Requirements for Accident and Health Policies*

10A. No direct insurer shall use the word “Shield” in the name, description or title of any accident and health policy issued by it unless that policy is a Medisave-approved policy.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

10B. Notwithstanding paragraph 10A, a direct insurer may, prior to 1 November 2017, continue to use the word “Shield” in the name, description or title of any accident and health policy issued by it prior to 1 November 2015.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

### *Division 1A: Disclosure Requirements for Accident and Health Policies*

11. This Division sets out the minimum standard on disclosure to policy owners by A&H insurance intermediaries in relation to accident and health policies that are mandatory.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

#### *General information about the A&H insurance intermediary and status of an A&H insurance representative*

12. An A&H insurance intermediary shall disclose to the policy owner in writing its business name under which it conducts its insurance business, its business address and its telephone number.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

13. An A&H insurance representative shall disclose the following to the policy owner in writing:

- (a) his name;
- (b) the A&H insurance intermediary (or intermediaries) for which he acts.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

14. Where there is a change to such information referred to in paragraphs 12 and 13, an A&H insurance intermediary or an A&H insurance representative, as the case may be, shall inform a policy owner, in writing, of any change to such information in the next dealing right after the change, with the policy owner.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

*Remuneration of the A&H insurance intermediary*

15. An A&H insurance intermediary shall disclose in writing to a policy owner all remuneration, including any commission, fee and other benefit, that it has received or will be receiving for providing advice on, or arranging insurance contracts or both, in respect of any accident and health policy.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

*Conflict of Interest*

16. An A&H insurance intermediary shall disclose, in writing, to its policy owners any actual or potential conflict of interest arising from any connection to or association with any insurer, including any material information or facts that may compromise its objectivity in advice provided by the A&H insurance intermediary.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

*Disclosure when Providing Advice*

17. When dealing with a policy owner who is an individual in respect of any accident and health insurance policy, an A&H insurance intermediary shall disclose the following information to the policy owner:

(a) Nature and objective of the policy

The A&H insurance intermediary shall disclose and explain to the policy owner the nature and objective of the policy, including:

- (i) whether the policy is a health policy or a personal accident policy; and
- (ii) whether the policy seeks to reimburse health services costs incurred by the insured, provide continuous income during disability or sickness, provide lump sum benefits on the occurrence of specified events, or a combination of these.

(b) Details of the insurer

In addition to disclosing to the policy owner the insurer underwriting the policy and its relationship with that insurer required under section 35P(1)(a) and (b) of the Act, an A&H insurance intermediary shall disclose to the policy owner the business address of the insurer.

(c) Contractual rights and obligations

The A&H insurance intermediary shall disclose and explain to the policy owner—

- (i) the party against which the policy owner may take action to enforce his rights with respect to the policy he has purchased;

- (ii) that he is responsible for the accuracy and completeness of the information given to the insurer when applying for the policy and when making a claim under the policy;
- (iii) that any mis-statement or non-disclosure of material facts may affect the validity of the policy; and
- (iv) the amount of, frequency with which, and period over which, payment is to be made in respect of the policy, including whether the premium rate is guaranteed or non-guaranteed.

(d) Benefits of the policy

The A&H insurance intermediary shall disclose and explain to the policy owner the benefits of the policy, including—

- (i) the conditions under which payment of policy moneys are made;
- (ii) the conditions under which payment of policy moneys will not be made;
- (iii) the amount and timing of the payment of policy moneys;
- (iv) whether the payment of policy moneys are guaranteed or non-guaranteed; and
- (v) any lien on the policy.

(e) Risks of the policy

The A&H insurance intermediary shall disclose and explain to the policy owner the risks to be borne by the insured or policy owner in the purchase of the policy, including:

- (i) whether the insurer may alter the terms of contract, and if so, what are the terms that may be altered and under what conditions would alterations be allowed; and
- (ii) whether the insurer may decline to renew the policy or unilaterally terminate the policy.

(f) Provision on free-look period of the policy

The A&H insurance intermediary shall disclose and explain to the policy owner, where applicable —

- (i) the time frame for the policy owner to reconsider his purchase of an accident and health policy (“free-look provision”); and
- (ii) the terms and procedures for exercising the policy owner’s rights under the free-look provision.



(g) Claim or termination

The A&H insurance intermediary shall disclose and explain to the policy owner the procedures for, and restrictions on, a claim under his accident and health policy and the procedures and charges for, and restrictions on, the termination of the policy.

(h) Warnings, exclusions and disclaimers

The A&H insurance intermediary shall disclose and explain to the policy owner all warnings, exclusions and disclaimers in relation to the product it has recommended to the policy owner.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

18. Where a benefit illustration or a product summary in respect of the accident and health policy prepared by the insurer or the A&H insurance intermediary is given to the policy owner, the A&H insurance intermediary shall furnish the policy owner with, and explain to the policy owner the content of any such benefit illustration or product summary.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

19. Where the A&H insurance intermediary prepares a benefit illustration or a product summary for a policy owner, it shall be prepared according to industry standards, if any, set for insurers.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

20. In the case of a personal accident policy, the A&H insurance intermediary shall ensure that the policy owner is aware that policy moneys shall be paid as a result of accident only.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

21. When dealing with a person who is, or would be the policy owner of a group policy, in respect of any accident and health policy, an A&H insurance intermediary shall disclose the following information to the insured:

- (a) information described in paragraph 17;
- (b) duration of coverage; and
- (c) whether premium paid under the policy qualifies for any special tax treatment, and if so, the nature of such incentive.

22. For a group policy, where any person insured under the policy is liable to pay any premium (whether in monetary form or otherwise), the A&H insurance intermediary shall disclose to every person in the group information as if it is dealing with them individually.

*Marketing Material*

23. An A&H insurance representative shall only use marketing materials which —

- (a) with respect to an integrated shield plan, is approved by the insurer issuing the policy; and
- (b) with respect to an accident and health policy, is approved by the A&H insurance intermediary for which an A&H insurance representative acts for.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

*Telemarketing and Direct Marketing*

24. Where an A&H insurance intermediary engages in any marketing of accident and health policies which are not Medisave-approved policies over the telephone in a manner that is designed to solicit and close a sale, it shall—

- (a) where no advice is provided, communicate to the call recipient a warning that—
  - (i) the call recipient may wish to seek advice from an A&H insurance intermediary before making a commitment to purchase the policy; and
  - (ii) in the event that the call recipient chooses not to seek advice from an A&H insurance intermediary, he should consider whether the policy in question is suitable for him; and
- (b) maintain a record of all conversations made over the phone sufficient for the purpose of conducting audit checks where necessary.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

24A. An A&H insurance intermediary shall not close a sale of any Medisave-approved policy over the telephone where it has engaged in the marketing of the Medisave-approved policy over the telephone. Where an A&H insurance intermediary engages in the marketing of any Medisave-approved policy over the telephone in a manner that is designed to solicit a sale, it shall—

- (a) communicate clearly to the call recipient that it is calling only to provide information and not to advise the call recipient on the Medisave-approved policy or sell that policy over the telephone;
- (b) follow the script approved by the insurer issuing the policy, in providing any information relating to the policy; and
- (c) maintain a record of all conversations made over the phone sufficient for the purpose of conducting audit checks where necessary.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

25. Where an A&H insurance intermediary engages in the marketing of accident and health policies using direct response advertising communications through any medium, including mail, print, TV, radio and electronic media, that is designed to solicit and close a sale, it shall include, in all its marketing materials, a prominent warning that—

- (a) the policy owner may wish to seek advice from an A&H insurance intermediary before purchasing the policy;
- (b) in the event that the policy owner chooses not to seek advice from an A&H insurance intermediary, he should consider whether the type of policy in question is suitable for him; and
- (c) in the event that the policy owner decides that the policy is not suitable after purchasing the policy, he may terminate the policy in accordance with the free-look provision, if any, and the insurer may recover from the policy owner any expense incurred by the insurer in underwriting the policy.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

*Division 2: Disclosure Requirements for Life Policies that Contain Accident and Health Benefits*

26. Any A&H insurance intermediary who is a licensed financial adviser or an exempt financial adviser and any A&H insurance representative who is a representative of such a licensed financial adviser or an exempt financial adviser, providing any financial advisory service in respect of life policies is to comply with the disclosure requirements set out in the FA Act.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

27. In addition to those requirements, an A&H insurance intermediaries or an A&H insurance representative shall comply with the following paragraphs of this Notice (with the necessary modifications) when it provides advice to or arrange contracts of insurance or both, in respect of life policies that contain accident and health benefits:

- (a) paragraph 17(a), (c)(iv), (d)(i), (d)(ii), (e), (f), (g) and (h);
- (b) paragraph 20;
- (c) paragraph 21(b) and (c);
- (d) paragraph 22; and
- (e) paragraph 24.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

*Division 3: Additional Disclosure Requirements for Direct Insurers*

28. When a direct insurer prepares a benefit illustration or a product summary for policies that it underwrites, it shall be prepared according to industry standards, if any.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

28A. For every integrated shield plan or non-integrated shield plan which a direct insurer issues, where the direct insurer provides the policy owner with any of the following documents, it shall disclose the following information in the respective documents:

- (a) the information specified in Part A-1 of Appendix A in any product summary that the insurer issues for the policy;
- (b) the information specified in Part A-2 of Appendix A in any proposal form that the insurer issues for the policy;
- (c) the information specified in Part A-3 of Appendix A, in any acceptance letter that the insurer issues for the policy;
- (d) the information specified in Part A-4 of Appendix A, in any conditional letter of offer that the insurer issues for the policy;
- (e) the information specified in Part A-5 of Appendix A, in any premium notification letter that the insurer issues for the policy;
- (f) the information specified in Part A-6 of Appendix A, in any termination letter that the insurer issues for the policy; and
- (g) the information specified in Part A-7 of Appendix A, in any claims settlement letter that the insurer issues for the policy.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

29. Where the accident and health policy for a policy owner who is an individual provides that the insurer may vary, amend, or add to the terms of the contract of insurance in the duration of the contract, the direct insurer shall:

- (a) disclose the existing terms of the contract;
- (b) disclose and explain the new terms of the contract;
- (c) disclose and explain the manner in which the policy owner may accept the new terms or the circumstances under which the policy owner will be deemed to have accepted the new terms; and
- (d) furnish the information under (a), (b), and (c) to the policy owner in writing at least 30 days before the variation, amendment or addition takes effect.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

*Division 4: Requirements on Provision of Advice Relating to Accident and Health Policies*

30. No A&H insurance intermediary shall provide any advice with respect to any health insurance policy to a person who may reasonably be expected to rely on the advice if the A&H insurance intermediary does not have a reasonable basis for providing the advice to the person.

31. For the purposes of paragraph 30, an A&H insurance intermediary does not have a reasonable basis for providing an advice to a person unless —

- (a) he has, for the purposes of ascertaining that the advice is appropriate, having regard to the information possessed by him concerning the objectives, financial situation and particular needs of the person, given such consideration to, and conducted such investigation of, the subject-matter of the advice as is reasonable in all the circumstances; and
- (b) the advice is based on the consideration and investigation referred to in sub-paragraph (a).

32. In this Division, a reference to the provision of advice is a reference to the provision of advice either expressly or by implication and the expression “providing advice” shall be construed accordingly.

33. This Division shall not apply --

- (a) in circumstances where no recommendation is made or where only factual information is provided with respect to any health policy; or
- (b) to any advice provided in respect of any ElderShield policy.

34. An A&H insurance intermediary that is involved in providing advice on health policies to policy owners shall comply with the requirements set out in this Division in relation to the following aspects:

- (a) “Know-Your-Client”;
- (b) needs analysis; and
- (c) documentation and record keeping.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

*“Know-Your-Client”*

35. In order for an A&H insurance intermediary to provide an advice to an individual that takes into account a policy owner’s investment objectives, financial situation and particular needs, the A&H insurance intermediary shall collect and document the following information from the policy owner:

- (a) the objectives of the policy owner, including—
  - (i) the event, or events, which financial impact the insured is seeking protection from; and
  - (ii) the nature of benefits payment that the policy owner is seeking, whether it is a lump sum payment or in periodical payments, and whether it relates to cost actually incurred by the policy owner or insured; and
  - (iii) the class of hospital ward that the insured is seeking to stay in;
- (b) the employment status of the policy owner;
- (c) the financial situation of the policy owner, including assets, liabilities, cash flow and income;
- (d) the source and amount of the policy owner's regular income;
- (e) the financial commitments of the policy owner;
- (f) any existing health policy of the insured, including any policy moneys arising from any insurance scheme established and maintained by the Central Provident Fund Board;
- (g) any medical conditions that the insured may have; and
- (h) for any recommendation made in respect of a health policy that intends to include the policy owner's dependants as the insureds, the information listed in (a) to (e) for such dependants.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

36. In order for an A&H insurance intermediary to provide advice in relation to a group insurance policy that takes into account a policy owner's investment objectives, financial situation and particular needs, the A&H insurance intermediary shall collect and document the following information from the policy owner:

- (a) the objectives of the policy owner, including
  - (i) the financial impact of any event for which the policy owner is seeking protection for members of the group;
  - (ii) the mode of policy moneys payment that the insured is seeking, whether it is a lump sum payment or in periodical payments, and whether it relates to cost actually incurred by the policy owner or insured; and
  - (iii) the class of hospital ward that the insured is seeking to stay in.
- (b) the size and composition of the group, including a breakdown by gender, age, income, occupation;

- (c) the claims history of the group; and
- (d) any medical conditions that members of the group may have.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

37. An A&H insurance intermediary shall highlight the following in writing to its policy owner:

- (a) the information provided by the policy owner will be the basis on which the advice will be made; and
- (b) any inaccurate or incomplete information provided by the policy owner may affect the suitability of the advice.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

#### *Needs Analysis*

38. An A&H insurance intermediary shall analyse the information provided by the policy owner and identify the type of policy that is suitable for the insured based on the information obtained from the policy owner.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

39. Where the A&H insurance intermediary is unable to identify a suitable policy, it shall inform the policy owner accordingly.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

40. An A&H insurance intermediary shall explain to its policy owner the basis for its advice. The basis on which the A&H insurance intermediary is providing the advice to the policy owner shall be documented.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

41. Where a policy owner does not want to:

- (a) provide any information requested by the A&H insurance intermediary in accordance with paragraph 35 or 36; or
- (b) accept the advice of the A&H insurance intermediary and chooses to purchase another health policy which is not advised by the A&H insurance intermediary,

the A&H insurance intermediary may proceed with the policy owner's request, but it shall document the decision of the policy owner and inform the policy owner that it is the policy owner's responsibility to ensure the suitability of the type of policy selected.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

42. Where a policy owner chooses not to receive any advice from an A&H insurance intermediary, the A&H insurance intermediary shall properly document the policy owner's decision.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

*Documentation and Record Keeping*

43. An A&H insurance intermediary shall furnish to its policy owner a document containing the following when providing an advice in respect of a health policy to the policy owner—

- (a) a summary of the information gathered by the A&H insurance intermediary pursuant to paragraph 35 or 36; and
- (b) any advice provided to the policy owner by the A&H insurance intermediary and the basis for the advice,

and, where applicable, a statement that the policy owner does not want to—

- (i) provide any information requested by the A&H insurance intermediary in accordance with paragraph 35 or 36;
- (ii) accept the advice of the A&H insurance intermediary and has chosen to purchase another health policy which is not that advised by the A&H insurance intermediary ; or
- (iii) receive any advice from the A&H insurance intermediary,

before the policy owner signs on the application form for the purchase of a health policy or gives his consent for the withdrawal or surrender of a health policy.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

*Switching of Accident and Health Insurance Policies*

44. An A&H insurance intermediary shall not provide advice to a policy owner who is an individual to switch from one accident and health policy (referred to as “original policy”) to another accident and health policy (referred to as “replacement policy”) in a manner that would be detrimental to the insured. In considering whether a switch is detrimental, the Authority shall have regard to a number of factors, including—

- (a) whether the policy owner suffers any penalty for terminating the original policy;
- (b) whether the policy owner will incur any transaction cost without gaining any real benefit from such a switch;
- (c) whether the replacement policy confers a lower level of benefit at a higher cost or same cost to the insured, or the same level of benefit at a higher cost; and



- (d) whether the replacement policy is less suitable for the insured.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

45. An A&H insurance intermediary that provides an advice to a policy owner to switch from one accident and health policy to another shall comply with the requirements in relation to provision of advice set out in this Division.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

46. An A&H insurance intermediary shall disclose, in writing, to a policy owner

- 
- (a) any fee or charge the policy owner would have to bear; and
- (b) the changes in level of benefits,

if he were to switch from one accident and health policy to another, in order to ensure that the policy owner is able to make an informed decision on whether to switch.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

*Division 5: Requirements on Provision of Advice Relating to Life Policies that Contain Accident and Health Benefits*

47. Any A&H insurance intermediary who is a licensed financial adviser or an exempt financial adviser and any A&H insurance representative who is a representative of such a licensed financial adviser or an exempt financial adviser, providing any financial advisory service in respect of life policies is to comply with requirements relating to recommendations and provision of advice set out in the FA Act and Notices issued thereunder.

48. In addition to these requirements, an A&H insurance intermediary or A&H insurance representative shall comply (with necessary modifications) with paragraphs 35(a), (f), (g), (h), 36 and 43 of this Notice when it provides advice in respect of life policies that contain accident and health benefits.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

*Division 6: Offences relating to this Part*

49. [Deleted by MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

50. [Deleted by MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

51. Any person who fails to comply with any requirement under any paragraph of this Notice (other than those set out in paragraphs 49 and 50) shall be guilty of an offence punishable under section 55(2) of the Act.

## **Part II – Non-mandatory Best Practice Standards**

### Information Disclosure and Provision of Advice

52. The best practice standards which an A&H insurance intermediary is expected to meet in all product information disclosures and information (including marketing materials) given to policy owners are as follows.

- (a) Information disclosed to policy owners in any advertisement or publicity material in any media should be presented in plain language, and in a manner that is easy for the policy owner to understand.
- (b) Jargon or technical terms used should be clearly explained to policy owners.
- (c) Information disclosed to policy owners should not be limited to seeking compliance with requirements the Act and this Notice, but should accord with industry best practices. In addition, the information provided should be sufficient to help policy owners make an informed decision.
- (d) Warning and important information such as the nature and objective of the product, risks of the product, fees and charges, and contractual rights and obligations of policy owners and the insurer, should be prominently presented and clearly explained.
- (e) Information disclosed to policy owners should not be ambiguous in language or presentation.
- (f) Information relating to accident and health insurance products should be disclosed in an objective and unbiased manner.
- (g) Where an opinion is expressed, there should be a reasonable basis for expressing the opinion and it should be unambiguously stated that it is a statement of opinion.
- (h) Documents to be given to policy owners should be kept up-to-date.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

53. Where an A&H insurance intermediary provides an advice on or arranges contracts of insurance in respect of accident and health policy, it is expected to comply with any industry standard and/or guideline on needs-based sales process.

### Monitoring of switching for long-term accident and health policies

54. To facilitate the monitoring of switching for long-term accident and health policies that may be detrimental to an insured's interests by an A&H insurance representative, the A&H insurance intermediary should ensure that the policy owner declares in writing whether he had been advised by the A&H insurance representative to switch policy. For the avoidance of doubt, such a declaration should also be made in the following situations:

- (a) the switch is to another accident and health policy with different accident and health benefits as the policy that was terminated; and
- (b) the policy that was terminated was purchased from another A&H insurance intermediary.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

55. If the policy owner declares that he had been advised by an A&H insurance representative to switch, the A&H insurance intermediary should ensure that the policy owner makes a declaration on –

- (a) whether the representative has drawn his attention to the costs and possible disadvantages associated with the switch; and
- (b) whether he wishes to proceed with the switch notwithstanding that the fees, charges or disadvantages that may arise from the switch could outweigh any potential benefits.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

56. Where the policy owner declares that the A&H insurance representative has recommended a switch, the A&H insurance intermediary should ensure that the supervisor of the A&H insurance representative reviews the switching recommendation, and indicates in writing, whether he agrees with the recommendation made and if not, the actions that have been taken to rectify the situation. In considering whether a switch is appropriate, the supervisor should take into account the factors stated in paragraph 44.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

57. An A&H insurance intermediary should institute controls, processes and procedures to effectively monitor and track the switching of long-term accident and health plans, including but not limited to the following –

- (a) tracking the volume of switches so as to identify any A&H insurance representatives with an unusually high volume of switching transactions;
- (b) putting in place procedures to ensure that each switch recommended by an A&H insurance representative is reviewed by a supervisor from the A&H insurance intermediary for appropriateness; and
- (c) implementing procedures and controls to identify any unusual trends in switching transactions.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

58. Where an A&H insurance intermediary detects a switch that is not declared by the policy owner, the A&H insurance intermediary should ensure that the supervisor of the A&H insurance representative reviews the switch and indicates in

writing whether he agrees with the recommendation made, if any, and if not, the actions that have been taken to rectify the situation. In considering whether a recommended switch is appropriate, the supervisor should take into account the factors stated in paragraph 44.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

59. An A&H insurance intermediary should ensure that the back-end controls, processes and procedures implemented are commensurate with the A&H insurance intermediary's nature of business and risks.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

**APPENDIX A: Information to be included in the respective documents for integrated shield plans and non-integrated shield plans**

**A-1: Information to be disclosed in the product summary**

**Comparison of Benefits**

1. The insurer shall –
  - (a) disclose that an integrated shield plan comprises a MediShield Life Component and the additional private insurance coverage;
  - (b) disclose that the final payout, in the event of hospitalisation or medical treatment, will comprise both the MediShield Life Component payout and the integrated shield plan payout, where applicable; and
  - (c) provide a comparison of the benefits provided by the MediShield Life Scheme and the integrated shield plan.

**Breakdown of standard premium rates**

2. The insurer shall provide a breakdown of the premiums payable for all age bands on the basis that the insured does not have any pre-existing condition at the time that the product summary is prepared in respect of --
  - (a) a citizen or permanent resident of Singapore insured under an integrated shield plan; and
  - (b) a foreigner insured under a non-integrated shield plan.

The insurer shall also include information on the applicable Medisave Withdrawal Limits and cash outlay. Where the plan is an integrated shield plan, the insurer shall ensure that the breakdown of premiums payable shows separately the premiums payable for the MediShield Life Component and the additional private insurance coverage.

**Risks and limitations of switching or upgrading**

3. The insurer shall highlight the risks and limitations of—
  - (a) switching the integrated shield plan issued by the insurer to that issued by another insurer; and
  - (b) upgrading the integrated shield plan.

**Option to downgrade an existing integrated shield plan**

4. The insurer shall highlight that, where the policy owner has concerns on affordability, the policy owner has the option to switch to another integrated shield plan with a lower coverage but more affordable plan or, terminate his integrated shield plan. Where the insured is a citizen or permanent resident of Singapore, the insurer shall inform the policy owner that the insured will continue to be covered by the MediShield Life Scheme, even if the policy owner terminates the insured's existing integrated shield plan.

**A-2: Information to be disclosed in the proposal form**

**Monies in medisave account**

5. The insurer shall ensure that the policy owner declares, before he purchases any integrated shield plan issued by the insurer, that he has received advice from his A&H insurance representative to consider the policy owner's long-term financial commitment to pay the premiums for an integrated shield plan and, that the policy owner should have sufficient monies in his medisave account or sufficient means to pay the MediShield Life Scheme premiums on an ongoing basis.

**Risks and limitations of switching or upgrading**

6. Where the policy owner has indicated to the insurer that he intends to switch or upgrade the policy owner's existing integrated shield plan, the insurer shall ensure that the policy owner declares that the policy owner's A&H insurance representative has highlighted to the policy owner the risks and limitations of —

- (a) switching the integrated shield plan issued by the insurer to that issued by another insurer; or
- (b) upgrading the integrated shield plan.

**A-3: Information to be disclosed in the acceptance letter**

**Risks and limitations of switching or upgrading**

7. Where the policy owner has indicated to the insurer that he intends to switch or upgrade the policy owner's existing integrated shield plan, the insurer shall highlight to the policy owner the risks and limitations of—

- (a) switching the integrated shield plan issued by the insurer to that issued by another insurer; or
- (b) upgrading the integrated shield plan.

**Start of policy coverage**

8. Where the inception date of the policy is after the issuance of the acceptance letter, the insurer shall state that –

- (a) the policy commences on the inception date of the policy and not on the date of the acceptance letter;
- (b) the policy inception date will be reflected in the policy schedule, which will be sent to the policy owner after the issuance of the policy; and
- (c) where the inception date of the policy is dependent on the successful deduction of monies from the policy owner’s medisave account, the insurer shall also state that the policy schedule will be sent to the policy owner upon the successful deduction of monies from the policy owner’s medisave account.

**A-4: Information to be disclosed in the conditional letter of offer**  
**Breakdown of premiums payable for insured**

9. The insurer shall, in respect of any integrated shield plan--

- (a) provide a breakdown of the premiums payable for the MediShield Life Component and the additional private insurance coverage;
- (b) a further breakdown of the premiums payable for the MediShield Life Component to reflect any applicable government subsidy, any premium rebate and any additional premiums for serious pre-existing conditions;
- (c) provide a further breakdown of the premiums for additional private insurance coverage to reflect any rebates or any loading imposed by the insurer; and
- (d) indicate the respective amounts payable from the policy owner’s medisave account and cash outlay, where applicable.

10. The insurer shall, in respect of any non-integrated shield plan, provide a breakdown of the premiums payable to reflect any rebates or any loading imposed by the insurer. The insurer shall indicate the respective amounts payable from the policy owner’s medisave account and cash outlay, where applicable.

**Medisave Withdrawal Limits**

11. The insurer shall provide information on the Medisave Withdrawal Limits applicable for –

- (a) the MediShield Life Component of an integrated shield plan;
- (b) the additional private insurance coverage of an integrated shield plan, in the case where the insured is a citizen or permanent resident of Singapore; or
- (c) the non-integrated shield plan, in the case where the insured is a foreigner.

**Risk-loading factor and standard premium rates**

12. Where an insurer offers a policy which provides benefits for any medical conditions that would otherwise be excluded, for additional premiums, the insurer shall indicate the risk-loading factor to be applied to the premiums on the basis that the policy owner does not have any pre-existing condition.

13. The insurer shall provide a breakdown of the premiums payable for all age bands on the basis that the policy owner does not have any pre-existing condition at the time that the product summary is prepared in respect of –

- (a) a citizen or permanent resident of Singapore insured under an integrated shield plan; and
- (b) a foreigner insured under a non-integrated shield plan.

The insurer shall also include information on the applicable Medisave Withdrawal Limits and cash outlay. Where the plan is an integrated shield plan, the insurer shall ensure that the breakdown of premiums payable shows separately the premiums payable for the MediShield Life Component and the additional private insurance coverage.



**Risks and limitations of switching or upgrading**

14. Where the policy owner has indicated to the insurer that he intends to switch or upgrade the policy owner's existing integrated shield plan, the insurer shall highlight to the policy owner the risks and limitations of—

- (a) switching the integrated shield plan issued by the insurer to that issued by another insurer; or
- (b) upgrading the integrated shield plan.

**MediShield Life coverage**

15. Where the insured is a citizen or permanent resident of Singapore, the insurer shall disclose that –

- (a) the integrated shield plan comprises a MediShield Life Component; and
- (b) if the policy owner does not purchase the integrated shield plan, the MediShield Life Scheme will continue to provide lifetime cover to the insured, without excluding any existing medical condition.

**Start of policy coverage**

16. Where the inception date of the policy is after the issuance of the acceptance letter, the insurer shall state that –

- (a) the policy commences on the inception date of the policy and not on the date of the acceptance letter;
- (b) the policy inception date will be reflected in the policy schedule, which will be sent to the policy owner after the issuance of the policy; and
- (c) where the inception date of the policy is dependent on the successful deduction of monies from the policy owner's medisave account, the insurer shall also state that the policy schedule will be sent to the policy owner upon the successful deduction of monies from the policy owner's medisave account.

**A-5: Information to be disclosed in the premium notification letter**

**MediShield Life coverage**

17. Where the insured is a citizen or permanent resident of Singapore, the insurer shall disclose that –

- (a) the integrated shield plan comprises a MediShield Life Component; and .
- (b) if the policy owner does not purchase the integrated shield plan, the MediShield Life Scheme will continue to provide lifetime cover to the insured, without excluding any existing medical conditions.

**Option to downgrade an existing integrated shield plan**

18. The insurer shall highlight that, where the policy owner has concerns on affordability, the policy owner has the option to switch to another integrated shield plan with a lower coverage but more affordable plan or, terminate his integrated shield plan. Where the insured is a citizen or permanent resident of Singapore, the insurer shall inform the policy owner that the insured will continue to be covered by the MediShield Life Scheme, even if the policy owner terminates the insured's existing integrated shield plan.

**List of policies due for renewal**

19. The premium notification letter shall include a list of the policies issued by the insurer that are purchased by the policy owner, at least one month before the date of renewal of each policy. The insurer shall, in respect of any integrated shield plan –

- (a) provide a breakdown of the premiums payable for the MediShield Life Component and the additional private insurance coverage;
- (b) provide a further breakdown of the premiums payable for the MediShield Life Component to reflect any applicable government subsidy;
- (c) indicate where there are exclusions imposed on the insured in the policy; and
- (d) indicate the respective amounts payable from the policy owner's medisave account and cash outlay, where applicable.

The insurer shall, in respect of any non-integrated shield plan –

- (a) indicate where there are exclusions imposed on the insured in the policy; and
- (b) indicate the respective amounts payable from the policy owner's medisave account and cash outlay, where applicable.

**Breakdown of premiums payable for insured**

20. The insurer shall, in respect of any integrated shield plan--
- (a) provide a breakdown of the premiums payable for the MediShield Life Component and the additional private insurance coverage;
  - (b) a further breakdown of the premiums payable for the MediShield Life Component to reflect any applicable government subsidy, any premium rebate and any additional premiums for serious pre-existing conditions;
  - (c) provide a further breakdown of the premiums for additional private insurance coverage to reflect any rebates or any loading imposed by the insurer; and
  - (d) indicate the respective amounts payable from the policy owner's medisave account and cash outlay, where applicable.
21. The insurer shall, in respect of any non-integrated shield plan, provide a breakdown of the premiums payable to reflect any rebates or any loading imposed by the insurer. The insurer shall indicate the respective amounts payable from the policy owner's medisave account and cash outlay, where applicable.

**Medisave Withdrawal Limits**

22. The insurer shall provide information on the Medisave Withdrawal Limits applicable for-
- (a) the MediShield Life Component of an integrated shield plan;
  - (b) the additional private insurance coverage of an integrated shield plan, in the case where the insured is a citizen or permanent resident of Singapore; or
  - (c) the non-integrated shield plan, in the case where the insured is a foreigner.

**Breakdown of standard premium rates**

23. The insurer shall provide a breakdown of the premiums payable for all age bands on the basis that the policy owner does not have any pre-existing condition at the time that the product summary is prepared in respect of –
- (c) a citizen or permanent resident of Singapore insured under an integrated shield plan; and

- (b) a foreigner insured under a non-integrated shield plan.

The insurer shall also include information on the applicable Medisave Withdrawal Limits and cash outlay. Where the plan is an integrated shield plan, the insurer shall ensure that the breakdown of premiums payable shows separately the premiums payable for the MediShield Life Component and the additional private insurance coverage.

#### **A-6: Information to be disclosed in the termination letter**

##### **Risks and limitations of switching or upgrading**

24. The insurer shall highlight the risks and limitations of—
- (a) switching the integrated shield plan issued by the insurer to that issued by another insurer; or
  - (b) upgrading the integrated shield plan.

##### **MediShield Life coverage**

25. Where the insured is a citizen or permanent resident of Singapore and is not terminating this policy in order to switch to another integrated shield plan, the insurer shall inform the policy owner that the insured will continue to be covered by the MediShield Life Scheme, without excluding any existing medical condition, even if the policy owner terminates the insured's existing integrated shield plan.

##### **Reinstatement period**

26. For cases where a policy owner terminates a policy with the intention to switch, the insurer shall highlight to the policy owner that the policy owner may reinstate the policy within 30 days of the date of notice of termination without the need for the insured to provide a health declaration.

#### **A-7: Information to be disclosed in the claims settlement letter**

##### **Breakdown of claims paid out**

27. In the event of a claims payment, the insurer shall provide the policy owner with a breakdown of the claims to be paid out under each of the following, where applicable –
- (a) the MediShield Life Component;
  - (b) the additional private insurance coverage; and

- (c) integrated shield plan rider, if any.

[MAS Notice 120 (Amendment) 2015, with effect from 1 November 2015]

**\*Endnotes of History of Amendments**

MAS Notice 120 (Amendment) 2015, dated 30 October 2015 with effect from 1 November 2015, except paragraphs 2(z) and 4 which are effective from 30 June 2016.