

Notice No: MAS 106
Issue Date: 18 April 2013

Last revised on: 24 September 2021

APPOINTMENT OF DIRECTOR, CHAIRMAN, MEMBER OF NOMINATING COMMITTEE, AND KEY EXECUTIVE PERSON FOR INSURERS

Introduction

1. This Notice is issued pursuant to section 64(2) of the Insurance Act (Cap. 142) (“the Act”) and applies to all licensed insurers. It comprises both mandatory requirements (Part I) and guidelines (Part II).
- 1A. Paragraphs 7 to 9B of this Notice shall not apply to captive insurers.

Definition

2. In this Notice,

“Fit and Proper Guidelines” means the Guidelines on Fit and Proper Criteria [Guideline No: FSG-G01] issued by the Authority;

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

“key executive person” means a person holding any of the following appointments:

- (a) chief executive;
- (b) deputy chief executive;
- (c) chief financial officer of a Tier 1 insurer;
- (d) chief risk officer of a Tier 1 insurer;
- (e) appointed actuary; or
- (f) certifying actuary;

“MASNET” means MAS Network;

“nominating committee” has the same meaning as in regulation 3(1) of the Insurance (Corporate Governance) Regulations 2013;

“Tier 1 insurer” has the same meaning as in regulation 4 of the Insurance (Corporate Governance) Regulations 2013.

[MAS Notice 106 (Amendment) 2021]

3. Any reference to a board of directors shall, in the case of a licensed insurer incorporated outside of Singapore, mean all members of the senior management, collectively, of the insurer's head office with oversight responsibilities for the insurer's Singapore operations.
4. The expressions used in this Notice, except where expressly defined in this Notice or where the context otherwise requires, have the same meanings as in the Act.

Part I – Mandatory Requirements

Approval of Director, Chairman, Member of Nominating Committee and Key Executive Person

5. When obtaining the approval of the Authority for the appointment of any director, chairman, member of nominating committee (in the case of a Tier 1 insurer) or key executive person, a licensed insurer shall submit electronically via MASNET to the Authority the particulars of the person proposed to be appointed in the “Application Form for Appointment of Director, Chairman, Member of Nominating Committee and Key Executive Person” (“Application Form”), which is appended to this Notice in Appendix A, at least one month before the proposed date of appointment.

[MAS Notice 106 (Amendment) 2021]

6. Pursuant to regulation 6(2)(b) of the Insurance (General Provisions and Exemptions for Captive Insurers) Regulations 2018, when informing the Authority of the appointment of any new director or the change in the appointment of any existing director, the captive insurer shall also submit to the Authority a copy of the appointed director's curriculum vitae, using the Application Form in Appendix A.

[MAS Notice 106 (Amendment) 2021]

Assessment of Proposed Arrangements after Approval of Appointment of Director and Key Executive Person

7. A licensed insurer shall ensure that its board of directors or nominating committee makes an assessment on whether any proposed arrangement by the insurer, any of its holding companies¹, any of its directors or key executive persons would give rise to a conflict of interest with the director's or key executive person's responsibilities in the licensed insurer, or would otherwise impair the director's or key executive person's ability to discharge his duties in

¹ To avoid doubt, in this Notice, a holding company includes an ultimate holding company as defined in section 5A of the Companies Act (Cap. 50) except that any reference to “corporation” in that section shall be construed as if it did not exclude a co-operative society.

respect of the licensed insurer. Such arrangements include, but are not limited to, the following:

- (i) any proposed arrangement by the licensed insurer for the director or key executive person, in addition to his current position in the licensed insurer, to take on an executive officer position that is not a key executive person position in the insurer;
- (ii) in the case of a licensed insurer incorporated in Singapore, any proposed arrangement by a holding company for the director or key executive person, in addition to his current position in the licensed insurer, to take on a role that would result in the director or key executive person becoming a director or the equivalent of an executive officer, in the holding company or related corporations of the licensed insurer incorporated in Singapore, as the case may be;
- (iii) in the case of a licensed insurer incorporated outside Singapore, any proposed arrangement by the head office for the key executive person, in addition to his current position in the licensed insurer, to take on a role that would result in the key executive person becoming director or the equivalent of an executive officer, of the head office or related corporations of the licensed insurer incorporated outside Singapore, as the case may be;
- (iv) the director or key executive person taking on directorship in any other companies; and
- (v) a change in reporting structure of the key executive person.

[MAS Notice 106 (Amendment) 2021]

8. Deleted with effect from 27 September 2021.

9. For the purpose of paragraph 7(v), the reporting structure refers to the key executive person's reporting line -

- (i) within the licensed insurer;
- (ii) in the case of a licensed insurer incorporated in Singapore, to individuals within the insurer's holding companies or any other related corporations of the licensed insurer incorporated in Singapore, as the case may be; and
- (iii) in the case of a licensed insurer incorporated outside Singapore, to individuals within the head office or any related corporations of the licensed insurer incorporated outside Singapore, as the case may be.

[MAS Notice 106 (Amendment) 2021]

Notification to the Authority of any Proposed Arrangement concerning a Key Executive Person

9AA. Subject to paragraph 9AAC, a licensed insurer shall notify the Authority of any proposed arrangement relating to a key executive person referred to in paragraph 7, at least one month before the date on which the proposed arrangement is to take effect, using the form “Notification of Changes in Roles and Responsibilities/ Reporting Structure of Key Executive Persons to the Authority”, which is appended in Appendix B. The licensed insurer shall notify the Authority in writing of the following:

- (i) proposed arrangement and the reason for the decision to make the proposed arrangement; and
- (ii) the assessment in paragraph 7 including, in the case where the board of directors or nominating committee has assessed that there would be a conflict of interest or impairment, the measures that the insurer proposes to put in place, or has put in place, to mitigate such conflict or impairment, as the case may be.

[MAS Notice 106 (Amendment) 2021]

9AAB. A licensed insurer must put in place policies and procedures to ensure that it informs the Authority of the proposed arrangement at least one month before the date that the proposed arrangement is to take effect.

[MAS Notice 106 (Amendment) 2021]

9AAC. Notwithstanding paragraph 9AAB, where it is not possible for a licensed insurer to be aware of the proposed arrangement at least one month before the arrangement is to take effect, the licensed insurer shall inform the Authority of the proposed arrangement as soon as practicable.

[MAS Notice 106 (Amendment) 2021]

Notification to the Authority and assessment of outstanding engagements accepted by Appointed Actuary and Certifying Actuary

9A. The licensed insurer shall ensure that its board of directors or nominating committee make an assessment, at least annually, on whether any engagement accepted by the appointed actuary or certifying actuary (whether for consideration or otherwise) to carry out any duty or function that is equivalent to any duty or function of an appointed actuary or certifying actuary for any other insurer carrying on insurance business in Singapore or elsewhere, being an engagement which remains outstanding as at the end of the accounting period of the licensed insurer, would result in a conflict of interest, or would impair his ability to discharge his duties as the licensed insurer’s appointed actuary or certifying actuary.

[MAS Notice 106 (Amendment) 2021]

- 9B. For the purposes of regulation 12(2) of the Insurance (Actuaries) Regulations 2013 and paragraph 9A of this Notice, the licensed insurer shall submit the form in Appendix C to the Authority, no later than 31st March of each calendar year.

Part II - Guidelines

Fit and Proper Policy

10. Every licensed insurer should have in place a policy, which is approved by the board of directors, to ascertain that its directors and key executive persons are fit and proper to fulfill their respective roles and responsibilities (“fit and proper policy”).

[MAS Notice 106 (Amendment) 2021]

11. The Authority expects the fit and proper policy to take into account the fit and proper criteria set out in the Fit and Proper Guidelines.

[MAS Notice 106 (Amendment) 2021]

12. The licensed insurer should ensure that its board of directors identifies and reviews all proposed candidates for the positions of directors and key executive persons, so as to assess that these proposed candidates are fit and proper for the position of a director or key executive person.

[MAS Notice 106 (Amendment) 2021]

13. The licensed insurer should ensure that the fit and proper policy covers the recruitment policies, internal control systems and procedures put in place by the licensed insurer. The licensed insurer should ensure that these policies, systems and procedures should reasonably ensure that the directors and key executive persons meet the fit and proper criteria in the Fit and Proper Guidelines, not just at the time of appointment but on a continuing basis as well. The licensed insurer should ensure that the fit and proper policy should also give due regard to the different types of responsibilities required or expected of different appointments and designations.

[MAS Notice 106 (Amendment) 2021]

14. The licensed insurer should ensure that its board of directors reviews the adequacy of the licensed insurer’s fit and proper policy at least once a year to ensure its relevance.

[MAS Notice 106 (Amendment) 2021]

Compliance with Guidelines

15. The standards set out in Part II of this Notice are not mandatory in that failure by a licensed insurer to comply with any of the standards shall not of itself render the insurer to be in breach of this Notice. However, the Authority expects insurers to observe the standards set forth in this Part II of this Notice.

[MAS Notice 106 (Amendment) 2021]

Effective Date

16. The Notice shall take effect immediately. MAS Notice 106 dated 30 April 2008 is cancelled.

*Notes on History of Amendments

1. MAS Notice 106 (Amendment) 2021 with effect from 27 September 2021.