

**NEW INSURANCE (REMUNERATION) REGULATIONS**

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INSURANCE ACT  
(CHAPTER 142)

INSURANCE (REMUNERATION)  
REGULATIONS 2015

ARRANGEMENT OF REGULATIONS

Regulation

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In exercise of the powers conferred by section 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 (Remuneration) Regulations 2015 and shall come into operation on [date].

**Application of these Regulations**

2. These Regulations shall apply to every direct life insurer which, whether in Singapore or elsewhere –

- (a) issues any relevant life policy; and
- (b) has entered or intends to enter into an agreement or arrangement, whether oral or in writing and whether express or implied, to pay specified commissions to any relevant person or class of relevant persons.

**Definitions**

3. In these Regulations,

“accredited investor” has the same meaning as in section 4A(1)(a) of the Securities and Futures Act (Cap. 289);

“direct life insurer” means a direct insurer licensed to carry on life business under the Act;

“exempt financial adviser” means a financial adviser who is exempt under section 23(1)(a), (b), (c), (d) or (e) of the Financial Advisers Act (Cap. 110) from holding a financial adviser’s licence;

“expert investor” has the same meaning as in section 4A(1)(b) of the Securities and Futures Act;

“financial adviser” means a licensed financial adviser or an exempt financial adviser;

“institutional investor” has the same meaning as in section 4A(1)(c) of the Securities and Futures Act;

“life policy” has the same meaning as in the First Schedule to the Act, but does not include any contract of reinsurance;

“premium payment period” means the period of time over which premiums are paid or payable by the policy owner or insured, as the case may be, to the direct life insurer for a relevant life policy;

“relevant person” means –

- (a) a financial adviser;
- (b) a representative of a financial adviser; or
- (c) a supervisor of a person or class of persons referred to in sub-paragraph (b);

“relevant life policy” means a life policy which –

- (a) premiums are paid or payable on a periodic basis and each periodic payment is for a period of up to one year; and
- (b) policy owner or insured, or both, as the case may be, is a person other than an accredited investor, expert investor or institutional investor;

“specified commissions” in relation to a life policy, means any remuneration at a rate or on a variable basis, payable to or received by, a relevant person or class of relevant persons –

- (a) in respect of the provision of any of the following financial advisory services by a financial adviser or representative, or a class of financial advisers or representatives–
  - (i) advising others (other than in the manner specified in sub-paragraph (ii)), either directly or through publications or writings, and whether in electronic, print or other form, concerning any life policy;
  - (ii) advising others by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any life policy;
  - (iii) arranging of any contract of insurance in respect of life policies; and
- (b) which is directly attributable, wholly or partly, to the issuance of the life policy by an insurer;

“total specified commissions” in relation to a relevant life policy, means the total amount of specified commissions payable to a relevant person or class of relevant persons in respect of the issuance of the relevant life policy.

### **Restriction on payment of specified commissions**

4.–(1) No direct life insurer shall pay specified commissions in relation to any relevant life policy to any relevant person or class of relevant persons, unless –

- (a) the total specified commissions are payable –

- (i) over a period of at least six years from the date on which the relevant life policy is issued; or
  - (ii) over the premium payment period of the relevant life policy, whichever is the shorter (referred to in this paragraph as the relevant period);
- (b) the specified commissions payable within one year from the date on which –
- (i) the relevant life policy is issued; or
  - (ii) the premium payment period of the relevant life policy commenced, whichever is the later, do not exceed 55% of the total specified commissions; and
- (c) the specified commissions are payable at least once every year in the relevant period.
- (2) Any direct life insurer who contravenes paragraph (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$[ ], and in the case of a continuing offence, to a further fine not exceeding \$[ ] for every day or part thereof during which the offence continues after conviction.
- (3) These Regulations shall not apply to the payment of specified commissions by direct life insurers in relation to any relevant life policy which date of issue, date on which it takes effect, or date on which its cover has commenced, whichever is the latest, is before [*date from which the regulations come into operation*].
- (4) Any direct life insurer which is bound by paragraph (1) shall comply with paragraph (1) notwithstanding any other duty imposed on the direct life insurer by any rule of law, written law or contract.
- (5) Any direct life insurer shall not in carrying out any act in compliance with paragraph (1) be treated as being in breach of any such rule of law, written law or contract.

Made this [ ]<sup>th</sup> day of [ ] 2015.

RAVI MENON  
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