

Notice No: MAS 106
Issue Date: 2 Apr 2013

This Notice replaces MAS 106 issued on 30 April 2008.

APPOINTMENT OF DIRECTORS AND KEY EXECUTIVE PERSONS

Introduction

1. This Notice is issued pursuant to section 64(2) of the Insurance Act (Cap. 142) (“the Act”) and applies to all registered insurers. It comprises both mandatory requirements (Part I) and guidelines (Part II).

Definition

2. For the purposes of this Notice,

“Appointed actuary” means the actuary appointed by a direct life insurer for the purpose of section 31(2) of the Act;

“Certifying actuary” means the actuary approved by the Authority under section 37(2) of the Act, and excludes any appointed actuary appointed by a registered insurer;

“Direct composite insurer” means a direct insurer registered to carry on both life business and general business under the Act;

“Direct general insurer” means a direct insurer registered to carry on general business under the Act;

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

“Fit and Proper Guidelines” means the Guidelines on Fit and Proper Criteria issued by the Authority on 7 September 2007, as amended from time to time;

“Key executive person” means –

- (a) a principal officer appointed by a registered insurer under section 31(1)(a) of the Act;
- (b) a chief financial officer of a Tier 1 insurer;
- (c) a chief risk officer of a Tier 1 insurer;
- (d) an appointed actuary; or
- (e) a certifying actuary;

“Overseas (Branch) Operations” means the income and outgoings of the operations of all branches of the insurer located outside Singapore; and

“Tier 1 insurer” means an insurer which is established or incorporated in Singapore and in the case of —

- (a) a direct life insurer, has total assets of at least \$5 billion or its equivalent in any foreign currency;
 - (b) a direct general insurer or a reinsurer, has gross premiums of at least \$500 million or its equivalent in any foreign currency in its insurance funds and Overseas (Branch) Operations; and
 - (c) a direct composite insurer, the insurer satisfies the requirements of sub-paragraph (a) in respect of its total assets or sub-paragraph (b) in respect of gross premiums for its general business.
3. Any reference to a board of directors shall, in the case of a registered 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 shall, except where expressly defined in this Notice or where the context otherwise requires, have the same respective meanings as in the Act.

Part I – Mandatory Requirements

Approval of Directors and Key Executive Persons

5. When obtaining the approval of the Authority for the appointment of any director or key executive person, a registered insurer shall submit to the Authority the particulars of the person proposed to be appointed in the form set out in Appendix A no later than one month before the proposed date of appointment.
6. A captive insurer, whilst exempted¹ from the requirement to obtain the Authority’s approval for the appointment of directors, shall inform the Authority of any appointments or resignations of their directors within 30 days of the occurrence of such appointments or resignations. When informing the Authority of the appointment of a director, the captive insurer shall also submit to the Authority a copy of the appointed director’s curriculum vitae, using the form set out in Appendix A.

Notification to the Authority after Approval of Appointment

7. A registered insurer shall ensure that its board of directors makes an assessment on whether any proposed arrangement by the insurer, the parent company, the director or the key executive person would give rise to any conflict of interest, or hamper the director or key executive person from

¹ This refers to the exemption under regulation 21 of Insurance (General Provisions and Exemptions for Captive Insurers) Regulations 2004

discharging his statutory duties in respect of the registered insurer. Such arrangements include:

- (i) any proposed arrangement by the insurer for the director or key executive person, in addition to his current position in the registered 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 locally incorporated insurer which is a subsidiary of another company (referred to as “parent company”) any proposed arrangement by the parent company for the director or key executive person, in addition to his current position in the registered 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 parent company or related corporations, as the case may be;
 - (iii) in the case of an insurer incorporated outside Singapore, any proposed arrangement by the head office for the key executive person, in addition to his current position in the registered 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, 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.
8. The registered insurer shall notify the Authority, at least one month before the proposed arrangement, or such shorter period that the Authority may specify in writing, using the form set out in Appendix B of:
- (i) the proposed arrangement and the reason for the decision; and
 - (ii) where the assessment of the board is that there could be a conflict of interest or that the director or key executive persons could be hampered in discharging his statutory duties, the assessment and the measures that the insurer has put into place, or proposes to put into place to mitigate the risks arising from such proposed arrangements.
9. For the purpose of paragraph 7(v), the reporting structure refers to the key executive person’s reporting line -
- (i) within the registered insurer;
 - (ii) in the case of a registered insurer incorporated in Singapore, to individuals within the parent company or any other related corporation, as the case may be; and
 - (iii) in the case of a registered insurer incorporated outside Singapore, to individuals within the head office or any related corporation as the case may be.

Part II - Guidelines

Fit and Proper Policy

10. Every registered insurer should have in place a policy approved by the board of directors to ascertain that its director or key executive persons are fit and proper to fulfill their respective roles and responsibilities.
11. The Authority expects such a policy to take into account the Fit and Proper Guidelines.
12. The registered insurer should ensure that its board of directors identifies and reviews all proposed appointees for the appointment of directors and key executive persons to assess that these candidates are fit and proper for the role of a director or key executive person.
13. The fit and proper policy should cover the recruitment policies, internal control systems and procedures put in place by the registered insurer to 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 fit and proper policy should also give due regard to the different types of responsibilities required or expected of different appointments and designations.
14. The board of directors should review the adequacy of the registered insurer's fit and proper policy at least once a year to ensure its relevance.

Compliance with Guidelines

15. The standards set out in this Part II are not mandatory in that failure by a registered 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.

Effective Date

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