

Notice No. : MAS 124
Issue Date : 1 April 2013

PUBLIC DISCLOSURE REQUIREMENTS

Introduction

1 This Notice is issued pursuant to section 64(2) of the Insurance Act (Cap. 142) (“the Act”) and comprises both mandatory requirements and guidelines on public disclosure requirements.

2 This Notice shall apply to all registered insurers, except for captive insurers, marine mutual insurers and run-off insurers.

3 The Notice sets out requirements for an insurer to disclose relevant, comprehensive and adequate information on a timely basis in order to give a clear view of its business activities, performance and financial position. This is expected to enhance the understanding of a person reading the information, of the risks to which an insurer is exposed and the manner in which those risks are managed. This Notice will require an insurer to disclose quantitative and qualitative information on its profile, governance and controls, financial position, technical performance and the risks to which it is subject.

4 This Notice sets out the following in two parts:
(a) Part I – Mandatory requirements on public disclosure; and
(b) Part II – Guidelines on public disclosure.

Definition

5 For the purposes of this Notice:

“Accounting Standards” has the same meaning as in section 4(1) of the Companies Act (Cap. 50);

“marine mutual insurer” has the same meaning as in regulation 2 of the Insurance (General Provisions and Exemptions for Marine Mutual Insurers) Regulations 2007 (G.N. No. S 746/2007); and

“run-off insurer” means an insurer which has stopped accepting new business, including policy renewals, and its activities are confined to honouring all obligations under insurance policies issued and paying off all outstanding and future lawful claims.

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.

Part I – Mandatory requirements on public disclosure

7– (1) A registered insurer shall make the disclosures required under paragraphs 8, 9, 11 and 12 for either –

- (a) each accounting period, within 6 months from the last day of that accounting period; or
- (b) each financial year, within 6 months from the last day of that financial year.

(2) Where a registered insurer changes its period for disclosure from accounting period to financial year, the registered insurer shall make –

- (a) the disclosures required under paragraphs 8, 9, 11 and 12 for the financial year beginning on a date that is less than 1 year after the last day of the accounting period in respect of which the disclosures under paragraph (1)(a) had last been made; and
- (b) the disclosures required under paragraphs 8, 9, 11 and 12 for the financial year immediately preceding the financial year referred to in paragraph (2)(a),

within 6 months from the last day of the financial year referred to in paragraph (2)(a).

(3) Where a registered insurer changes its period for disclosure from financial year to accounting period, the registered insurer shall make –

- (a) the disclosures required under paragraphs 8, 9, 11 and 12 for the accounting period beginning on a date that is less than 1 year after the last day of the financial year in respect of which the disclosures under paragraph (1)(b) had last been made; and
- (b) the disclosures required under paragraphs 8, 9, 11 and 12 for the accounting period immediately preceding the accounting period referred to in paragraph (3)(a),

within 6 months from the last day of the accounting period referred to in paragraph (3)(a).

8 A registered insurer shall disclose information under paragraph 9 which is useful, timely, comprehensive, meaningful and reliable for decision making by the person reading the information. Where appropriate, a registered insurer shall provide information which is comparable to that provided by other insurers operating in the same market and consistent over time so as to enable the person reading the information to discern relevant trends.

9 A registered insurer shall disclose:

- (a) information about its company profile, including the nature of its business, a general description of its key products, the external environment in which it operates, its objectives and its strategies in place to achieve these objectives;
- (b) key features of its corporate governance framework and management controls, including information on the implementation of the framework and controls;
- (c) quantitative and qualitative information about its enterprise risk management framework including its asset-liability management (“ALM”) for its entire business and, where appropriate, at a segmented level as appropriate to the business of the insurer. The registered insurer shall disclose the methodology and key assumptions employed in the measurement of assets and liabilities for ALM purposes, and any capital or provisions held as a consequence of a mismatch between assets and liabilities;

- (d) quantitative and qualitative information on all its reasonably foreseeable and relevant material insurance risk exposures, and the management of such risk exposures, including:
 - (i) its objectives and policies, models and techniques for the management of insurance risk exposures and underwriting process controls;
 - (ii) the nature, scale and complexity of risks arising from insurance contracts;
 - (iii) the use of reinsurance or other forms of risk transfer;
 - (iv) an understanding of the interaction between capital adequacy and risk; and
 - (v) a description of risk concentrations¹;
- (e) quantitative and qualitative information about the determination of technical provisions, including future cash flow assumptions, the rationale for the choice of discount rates, and a description of methodology used to determine technical provisions (e.g. risk adjustment methodology) which shall be presented in appropriate segments;
- (f) quantitative and qualitative information about capital adequacy to enable the reader to evaluate the registered insurer's objectives, policies and processes for managing capital and to assess its capital adequacy. The registered insurer shall disclose its generic solvency requirements as imposed by legislation or otherwise directed by the Authority², the capital available to cover regulatory capital requirements, and information on any internal model used to determine capital resources and requirements;
- (g) quantitative and qualitative information about its financial instruments and other investments by class, including:
 - (i) investment objectives;
 - (ii) policies and processes;
 - (iii) values, assumptions and methods used for general purpose financial reporting and solvency purposes, as well as an explanation of the differences (where applicable); and
 - (iv) information concerning the level of sensitivity to market variables associated with the disclosed amounts; and
- (h) quantitative and qualitative information on financial performance in total and at a segmented level, including quantitative source of earnings analysis, claims statistics (including claims development), pricing adequacy, information on returns on investment assets and components of such returns.

10 Where any disclosure which relates to activities conducted at the group³ level or at the head office level (as the case may be) has been made at the group level or head office level

¹ This may include the following information, where relevant:

- (a) the geographical concentration of insurance risks or premiums;
- (b) the economic sectoral concentration of insurance risk; and
- (c) the risk concentration inherent in the reinsurance arrangement such as the number of reinsurers, the percentage of premiums ceded to each reinsurer and the credit risk concentration of reinsurance assets.

² Except for solvency requirements that are specified to be confidential or that the Authority has directed to be kept confidential.

³ Group refers to the ultimate holding company, its subsidiaries and any other company or entity treated as part of the ultimate holding company's group of companies according to the Accounting Standards.

(as the case may be), a registered insurer, may cross-refer to those disclosures made at the group level or head office level (as the case may be).

11 A registered insurer is required to prepare audited financial statements on an annual basis under the requirements of either the Insurance (Accounts and Statements) Regulations 2004 (G.N. No. S 494/2004) or the Companies Act (Cap. 50). These audited financial statements are publicly available both on the website of the Authority and from the Accounting and Corporate Regulatory Authority (“ACRA”). Where a registered insurer has not made the disclosures required under paragraph 9 in:

- (a) its annual returns lodged under regulations 4 and 8 of the Insurance (Accounts and Statements) Regulations 2004 and published by the Authority on its website; or
- (b) any document lodged with ACRA and made publicly available by ACRA, the insurer shall make the requisite disclosures on its official website⁴. A registered insurer should provide in a single location on its official website all links or references to the disclosures required under paragraph 9.

12 Where any information required for disclosure under paragraph 9 is deemed by a registered insurer to be either proprietary or confidential in nature and the disclosure of such information would seriously prejudice the interest of the insurer, the insurer need only disclose general information about the subject matter of the requirement.

Part II – Guidelines on public disclosure

13 A registered insurer should take into account its nature, scale and complexity when determining the extent of information to be disclosed. Key accounting methodologies and assumptions used in the preparation of the information should be clearly explained. Where any changes are made to the methods and assumptions, a registered insurer should disclose the nature and reason for such changes, and their effects, where material. Where appropriate, the registered insurer should present the information to facilitate the identification of patterns of development over time, including the provision of comparative or corresponding figures from previous periods.

Effective Date and Transitional Provisions

14 Subject to paragraph 15, this Notice shall take immediate effect.

15 A registered insurer shall comply with this Notice in respect of all accounting periods or financial years (as the case may be) beginning on or after 1 January 2013.

⁴ A registered insurer may, where applicable, choose to leverage on its Group’s existing website to make the requisite disclosures under this Notice so long as it is clear that these disclosures relate to the Singapore operations rather than the Group as a whole, and shall not be required to create a separate official website for its Singapore operations for the purposes of this Notice.