

Notice No : **MAS 101**
Issue Date : **28 August 2004**

This Notice replaces MAS 101 dated 3 January 2000.

MAINTENANCE OF INSURANCE FUNDS

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.
2.
 - (a) With effect from 28 August 2004, MAS Notice 101 on “Maintenance of Insurance Funds” dated 3 January 2000 shall be cancelled and this Notice shall come into force.
 - (b) This Notice shall not apply to any registered insurer which carried on insurance business immediately before 23 August 2004 for the period from 23 August 2004 to 31 December 2004.
 - (c) The insurer referred to in sub-paragraph (b) shall continue to comply with MAS Notice 101 dated 3 January 2000 in force immediately before 28 August 2004 during –
 - (i) the period referred to in sub-paragraph (b); and
 - (ii) the period from the day immediately following the end of the period referred to in sub-paragraph (b) to the day on which the registered insurer lodges the statements of account and other statements required under the Insurance (Accounts and Statements) Regulations (Rg 2) in force immediately before 23 August 2004 in respect of the accounting period beginning 1 January 2004 and ending on 31 December 2004 (both days inclusive),

for the purpose of enabling the insurer to comply with regulation 18(2) of the Insurance (Accounts and Statements) Regulations 2004 (G.N. No. S 494/2004) in respect of the preparation and lodgment of the statements of account and other statements required to be lodged under the Insurance (Accounts and Statements) Regulations.
 - (d) Notwithstanding sub-paragraphs (b) and (c), where a registered insurer has made an election under regulation 24(3) of the Insurance (Valuation and Capital) Regulations (G.N. No. S 498/2004) (“the Regulations”) –
 - (i) sub-paragraph (b) shall not apply to the insurer from the date the election is made; and

- (ii) sub-paragraph (c) shall continue to apply to the insurer.

Definitions

- 3. For the purpose of this Notice, “insurance fund” means, in relation to an insurer, an insurance fund established and maintained by that insurer pursuant to section 17 of the Act.
- 4. Any expression used in this Notice shall, except where expressly defined in this Notice or where the context otherwise requires, have the same meaning as in the Act.

Insurance Funds

- 5. An insurer writing or intending to write a small or insignificant portfolio of offshore business may apply to the Authority for exemption from the requirement to establish and maintain an insurance fund under section 17(1) of the Act for offshore policies.
- 6. An insurer shall ensure that common expenses in relation to the shareholders fund and all insurance funds are properly apportioned among such funds.
- 7. If any payment is made out of one fund on behalf of another fund, the insurer should effect settlement of such payment as between the two funds within three months from the date of payment.
- 8. An insurer shall ensure that its records and accounts are kept in a manner that allows assets belonging to each insurance fund to be readily accountable and identifiable at all times. An insurer shall ensure that there shall be no uncertainty as to the assets comprised in each insurance fund.

Switching of Assets between Funds

- 9. An insurer shall not effect any switching of assets between insurance funds unless necessary. All switching of assets shall be subject to paragraphs 10 to 12 below.
- 10. For any switching of any asset being land or buildings between insurance funds, an insurer shall obtain the prior approval of the Authority. The Authority may grant such approval, subject to such conditions or restrictions as it thinks fit.
- 11. As and when there is any switching of any asset (whether moveable property, immoveable property or otherwise) between insurance funds of an insurer, the insurer shall within 21 days from the date of such switching notify the Authority in writing as to the types of assets switched, the funds involved, the basis of determining the prices, the amounts transferred, the transaction costs (if any) and the underlying reasons for the switches.

12. An insurer shall ensure that valuation of assets for the purpose of effecting any switching of assets between insurance funds shall be carried out in accordance with Part IV of the Regulations. In the case of a direct insurer registered to carry on life business, such insurer shall ensure that its appointed actuary (as defined in the Insurance (Actuaries) Regulations 2004 (G.N. No. S 495/2004)) shall certify all such transactions do not adversely affect the interests of the policyholders.