

Circular No. ID 01/20

13 January 2020

Chief Executives
All Direct Insurers and Lloyd's Service Companies

Dear Sir/Madam

RESTRICTION AS TO RECEIPT AND PAYMENT OF VOLUME-BASED REMUNERATION

Section 35ZH of the Insurance Act (Cap. 142) ("the Act"), read with section 35ZN(2) of the Act, prohibits:

- (a) registered and exempt direct insurance brokers from receiving, and
- (b) insurers from paying registered and exempt direct insurance brokers,

any remuneration that is based solely on:

- i) the number of insurance contracts arranged or effected;
- ii) the total amount of premiums paid or payable under such contracts; or
- iii) the total amount of sums insured under such contracts.

(collectively referred to as "volume-based remuneration").

2 It has come to the Monetary Authority of Singapore ("the Authority")'s attention that some insurers have been giving volume-based remuneration to exempt direct insurance brokers or directly to their broking staff without the knowledge of their firms. These insurers have since confirmed to the Authority that they have ceased such payments.

3 The Authority takes a serious view of failures to comply with regulatory requirements. We would like to remind all insurers, as well as all registered and exempt direct insurance brokers, that any person who fails to comply with section 35ZH of the Act is liable on conviction, to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 12 months or to both¹.

Yours faithfully

[sent via MASNET]

DANIEL WANG
EXECUTIVE DIRECTOR
INSURANCE DEPARTMENT

¹ Please refer to section 35ZH(3) of the Act.