

Notice No : **MAS 101**
Issue Date : **21 October 2011**

This Notice replaces MAS 101 dated 28 August 2004.

Last revised on 5 March 2020

MAINTENANCE OF INSURANCE FUNDS

Introduction

1. This Notice is issued pursuant to section 17 of the Insurance Act (Cap. 142) (“the Act”) and applies to all licensed insurers.

[MAS Notice 101 (Amendment) 2020]

Definitions

2. For the purpose of this Notice,

“insurance fund” in relation to an insurer, means an insurance fund established and maintained by that insurer pursuant to section 17 of the Act;

“insured policy”, “PPF General Fund,” “PPF Life Fund”, “PPF Scheme member”, have the same respective meanings as in the Deposit Insurance and Policy Owners’ Protection Schemes Act (Cap. 77B).

[MAS Notice 101 (Amendment) 2020]

3. Any expression used in this Notice shall, except where expressly defined in this Notice or where the context requires, have the same meaning as in the Act.

Insurance Funds

4. A licensed 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.

[MAS Notice 101 (Amendment) 2020]

5. A licensed insurer shall ensure that common expenses in relation to the shareholders fund and all insurance funds are properly apportioned among such funds.

[MAS Notice 101 (Amendment) 2020]

6. If any payment is made out of one fund on behalf of another fund, the licensed insurer should effect settlement of such payment as between the two funds within three months from the date of payment.

[MAS Notice 101 (Amendment) 2020]

7. A licensed 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. There should be no uncertainty as to the assets comprised in each insurance fund.

[MAS Notice 101 (Amendment) 2020]

Policy Owners' Protection Fund ("PPF") Levy

8. *[Deleted by MAS Notice 101(Amendment) 2020]*

9. For the purposes of section 17(5) of the Act and subject to paragraph 10, a licensed insurer may include the levy that it is required to pay under section 37 of the Deposit Insurance and Policy Owners' Protection Schemes Act ("PPF levy") as an expense which is properly attributable to the business to which the insurance fund relates.

[MAS Notice 101 (Amendment) 2020]

10. Where the licensed insurer includes the PPF levy as an expense under section 17(5), the licensed insurer shall include an amount not exceeding the product of the average of the levy rate applicable to the Medium High and Medium Low specified in the Schedule to the Deposit Insurance and Policy Owners' Protection Schemes (Policy Owners' Protection Scheme) Regulations 2011 and—

- (a) the aggregate protected liabilities of a PPF Scheme member as at 31st December of the preceding year, in respect of--
- (i) insured policies covered under the PPF Life Fund; or
 - (ii) insured policies covered under the PPF General Fund where the PPF Scheme member is not taking in any new insurance business or renewing any existing insurance policy; or

- (b) subject to sub-paragraph (a)(ii), the gross premium income of a PPF Scheme member in the preceding year ending 31st December, in respect of insured policies covered under the PPF General Fund.

[MAS Notice 101 (Amendment) 2020]

Switching of Assets between Funds

11. A licensed insurer shall not effect any switching of assets between insurance funds unless necessary. Where a licensed insurer switches assets between insurance funds, paragraphs 12 to 14 below shall apply.

[MAS Notice 101 (Amendment) 2020]

12. When switching of land or buildings between insurance funds, a licensed 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.

[MAS Notice 101 (Amendment) 2020]

13. A licensed insurer, shall, within 21 days from the date of any switching of any assets (whether movable property, immovable property or otherwise) 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 switch.

[MAS Notice 101 (Amendment) 2020]

14. For the purpose of effecting any switching of assets between insurance funds, a licensed insurer shall value the assets to be switched in accordance with Part IV of the Insurance (Valuation and Capital) Regulations 2004 (G.N. No. S 498/2004) (“Regulations”) and MAS Notice 133 on Notice on Valuation and Capital Framework for Insurers. In the case of a direct insurer licensed to carry on life business, such insurer shall ensure that the actuary appointed by the insurer under section 31 of the Act certifies that all such transactions do not adversely affect the interests of the policy owners.

[MAS Notice 101 (Amendment) 2020]

Notes on History of Amendments

1. MAS Notice 101 (Amendment) 2020 with effect from 31 March 2020.