

Circular No. ID 05/19

1 April 2019

To Chief Executives
All PPF Scheme Members

Dear Sir/Madam

**DEPOSIT INSURANCE AND POLICY OWNER'S PROTECTION SCHEMES ("DI-PPF") –
(a) COMMENCEMENT OF DI-PPF (AMENDMENT) ACT 2018;
(b) ISSUANCE OF DI-PPF (POLICY OWNERS' PROTECTION) (MAXIMUM
COMPENSATION) REGULATIONS 2019;
(c) AMENDMENTS TO NOTICE DIPOP-N02 (POLICY OWNERS' PROTECTION
SCHEME RETURNS)**

The DI-PPF (Amendment) Act 2018 ("the Act") was passed in Parliament on 9 July 2018 and received the President's assent on 2 August 2018. The Minister-in-charge of the Monetary Authority of Singapore ("MAS") has approved the Commencement Notification and MAS has commenced operation of the DI-PPF (Amendment) Act 2018 today.

2 The Act would provide flexibility for MAS to introduce maximum compensation caps on a per policy basis, for personal motor cover of S\$50,000 and personal property (structure and contents) cover of S\$300,000. Without the imposition of such caps, the compensation payout may expose the Policy Owner's Protection General Fund to very large claims which might translate into higher premium rates for consumers. In line with this intent, MAS has issued the DI-PPF (Policy Owner's Protection) (Maximum Compensation) Regulations 2019 ("PPF Regs 2019") which come into effect today. The caps were consulted in the MAS consultation paper on the Review of the Policy Owner's Protection Scheme on 18 April 2017 and have been publicly communicated.

3 In addition, MAS has highlighted in its consultation paper on the Review of Policy Owner's Protection Scheme on 18 April 2017, that Singapore Deposit Insurance Corporation ("SDIC") will need to assess the amount of protected liabilities of a PPF Scheme member expeditiously whenever a PPF compensation payout is triggered.

4 To enhance SDIC's efficacy, MAS has amended Notice DIPOP-N02 such that a PPF Scheme member, in completing and submitting the prescribed returns to MAS, consents to MAS sharing the information in the returns, with SDIC. Pursuant to section 80 of the DI-PPF Act, such information would be kept confidential by SDIC and can only be disclosed under certain circumstances.

5 PPF Scheme members are required to lodge the revised returns for the upcoming submission due by 30 April 2019 and thereafter.

6 If you have any further queries, please contact your company's liaison officer in MAS. Thank you.

Yours sincerely,

(sent via MASNET)

DANIEL WANG
EXECUTIVE DIRECTOR
INSURANCE DEPARTMENT