

CONSULTATION PAPER

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Review of Framework for Nomination of Beneficiaries

MAS

Monetary Authority of Singapore

PREFACE

1 Presently, there are no provisions in the Insurance Act to govern the nomination of beneficiaries to the proceeds from insurance policies. However, a nomination by the policyholder of his spouse and/or children on his life insurance policy will be governed by section 73 of the Conveyancing and Law of Property Act (CLPA) which automatically creates a statutory trust in favour of the nominees. Some insurers and policyholders have expressed concern over the apparent ambiguities in the application and effect of section 73 of the CLPA. MAS is therefore proposing to amend the Insurance Act to bring under its purview the issue of nomination of beneficiaries to the proceeds from insurance policies. Section 73 of the CLPA will consequently be repealed.

2 The proposed framework will:

- i. deal with both revocable and irrevocable nominations;
- ii. govern disbursement of proceeds from insurance policies;
- iii. set out the rules on family financial protection, estate planning and use of Central Provident Fund monies in relation to purchase of insurance policies; and
- iv. clarify the legal standing of nominations vis-à-vis wills and other legal instruments.

3 The new provisions in the Insurance Act will be based on the principles of flexibility and clarity. They will apply to all life and personal accident insurance policies purchased after the new provisions come into force. Owners of life and personal accident insurance policies incepted prior to the enactment of the new provisions will only be allowed to make nominations under the new framework if their policies have no existing encumbrances that prevent new nominations from being made.

4 MAS invites interested parties to submit their views and comments on the recommendations set forth in this consultation paper. Electronic submission is encouraged. Written comments should be submitted to:

Insurance Supervision Department
Monetary Authority of Singapore
10 Shenton Way
MAS Building
Singapore 079117
Fax: (65) 6229 9694
Email: nobreview@mas.gov.sg

MAS would like to request that all comments and feedback reach us by 18 January 2006.

5 Please note all submissions received may be made public unless confidentiality is specifically requested for all or part of the submission.

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1. INTRODUCTION

CURRENT SITUATION

1.1 Presently, there are no provisions in the Insurance Act to govern the nomination of beneficiaries to the proceeds from insurance policies. However, when a policyholder nominates his spouse and/or children as beneficiaries to his life insurance policy, the nomination is governed by section 73 of the Conveyancing and Law of Property Act ("CLPA")¹. Under section 73 of the CLPA, a statutory trust is automatically created in favour of the said beneficiaries.

1.2 The rationale which underlies section 73 of the CLPA is to accord family financial protection to the beneficiaries of the policyholder through the creation of a statutory trust. The proceeds from his life insurance policy will generally² be protected from his creditors and will remain the entitlement of his beneficiaries. Hence, by making a nomination under section 73 of the CLPA, the policyholder may ensure that the policy proceeds would be available to his beneficiaries to tide over potential periods of financial hardship in the event of his death.

1.3 However, the creation of a statutory trust also means that the policyholder is not generally allowed to deal with the policy without the consent of all the beneficiaries. Examples in which the policyholder may deal with the policy include him taking up a policy loan, converting the policy to a paid-up policy with a lower sum assured, and changing the named beneficiaries.

1.4 In recent years, there has been an increasing awareness amongst policyholders in Singapore of the need for long term financial planning. Additionally, policyholders desire greater flexibility with regard to the disbursement of their insurance policy proceeds. The present nominations framework under section 73 of the CLPA has caused concern to those who wish to alter their beneficiaries as a result of changed family circumstances. Under the current framework, they are generally unable to do so once a

¹ Other countries, such as Canada and Malaysia, have provisions in their insurance legislation for nomination of beneficiaries, including nominations similar to those made under Section 73 of the CLPA. In the UK, nominations of spouse and/or children are governed by the Married Women's Property Act.

² No protection would be offered in certain situations, e.g. in cases where it can be proven that the policyholder has bought the insurance policy with the intention to defraud his creditors.

nomination has been made under section 73 of the CLPA, unless they obtain the consent of all the beneficiaries. In other words, nominations made under section 73 of the CLPA are generally irrevocable. The concept of irrevocable nominations is further explained in section 4 of this paper.

1.5 Anecdotal evidence also suggests that most policyholders would still like to make nominations in respect of their insurance policies, and would appreciate greater choice and guidance on the matter.

NEED FOR REVIEW

1.6 MAS recognises that there is a need to accord greater flexibility and clarity to policyholders in respect of how their insurance policy proceeds are to be disbursed. As such, a new nominations framework is proposed to be incorporated into the Insurance Act. The key recommendations of this framework are set forth in this paper. A summary of the recommendations is also provided in Annex 1.

1.7 Correspondingly, section 73 of the CLPA will be repealed to avoid possible repetition or conflict. In addition, section 61 of the Insurance Act, which stipulates the manner in which insurance claims are to be paid out, will be amended to reflect that proper claimants³ will only receive payouts in the event that the policyholder had not nominated a beneficiary. Section 61 of the Insurance Act will nonetheless continue to govern the payment of claims from insurance policies where no nominations have been made.

2. AIMS OF PROPOSED FRAMEWORK

2.1 The aims of the proposed nominations framework are:

- (i) ***To provide policyholders greater choice and flexibility in determining the manner in which the proceeds from their insurance policies are to be disbursed***

To achieve this, the proposed framework endeavours to give policyholders

³ Proper claimants are defined in the Insurance Act as the “widower, widow, parent, child, brother, sister, nephew or niece of the deceased”.

the choice of making nominations revocable such that a statutory trust will not be created, even in instances where the spouse and/or children are named as beneficiaries. In this way, policyholders will be able to retain full rights and control over their insurance policies if they so wish.

(ii) *To accord adequate financial protection to the named beneficiaries*

The proposed framework seeks to preserve, as far as possible, the principle behind section 73 of the CLPA of conferring benefits for the purposes of family financial protection. Thus, apart from revocable nominations, policyholders will also be offered the option of making irrevocable nominations, which in effect are similar to nominations made under the current section 73 of the CLPA.

(iii) *To offer greater clarity and certainty in respect of nominations of beneficiaries to insurance policy proceeds*

This would be achieved through requiring policyholders to deliberately exercise the choice to make a revocable nomination or an irrevocable nomination. In this way, policyholders would be encouraged to understand the implications inherent in each option before they make their choices.

3. SCOPE OF PROPOSED FRAMEWORK

3.1 The proposed framework will **apply to all policyholders and all insurers**. Under the proposed framework, policyholders can only make nominations to proceeds from non-indemnity insurance policies. These will be **life and personal accident insurance policies**, which are designed primarily for the financial protection of the policyholder's beneficiaries.

3.2 Conversely, indemnity policies, such as those providing hospital and surgical benefits, will be excluded from the proposed framework because such policies compensate the policyholder for specific losses during his lifetime and are solely for his benefit. Furthermore, the payouts from such policies are typically commensurate with the actual losses incurred, such as hospitalisation fees. After the policy proceeds are used to

pay for such losses, there is usually little or no residual value left to pass on to the beneficiaries. As such, the concept of nomination is not relevant in these cases.

3.3 Finally, **the proposed framework will apply to policies incepted before and after the framework comes into force, but new nominations made to policies which were incepted before the framework comes into force will be recognised under the framework only if the policies have no existing encumbrances.** This is explained in greater detail in section 6 of this paper.

4. CHOICES AVAILABLE TO POLICYHOLDERS

4.1 Under the proposed framework, a policyholder can decide whether or not to nominate beneficiaries to the proceeds from his insurance policies. Should he decide to nominate, he will then have a further choice between revocable and irrevocable nominations. The decision to nominate can be exercised at any time during the policy coverage period, provided that it is legally possible to do so⁴.

REVOCABLE NOMINATIONS

Who will be eligible as beneficiaries?

4.2 All legal persons (individuals, unincorporated associations or corporations) can be nominated as beneficiaries. This includes the policyholder's spouse and/or children.

What is a revocable nomination?

4.3 By making a revocable nomination, the policyholder will be free to change, add or remove beneficiaries without the beneficiaries' consent. He will also be able to deal with the policy in any way he chooses, again without needing the agreement of the beneficiaries. In essence, **the policyholder will remain the owner of the policy and will retain full rights and control over it.**

⁴ The policy in question must not already be subject to encumbrances which may render the nominations unenforceable. For instance, once an irrevocable nomination is made on a policy, a revocable nomination cannot be subsequently made on the same policy without first revoking the irrevocable nomination; this will require the consent of all the beneficiaries. This is further explained in section 6 of this paper.

4.4 Revocable nominations hence offer the benefit of maximum flexibility to the policyholder. The policyholder will be able to reserve the policy proceeds for his own use should illness or disability befall him. At the same time, making a revocable nomination also helps to ensure that beneficiaries will be able to receive the policy proceeds more quickly in the event of the policyholder's death.

How will proceeds from the insurance policy be disbursed?

4.5 **For a revocably nominated policy, all proceeds paid out during the lifetime of the policyholder will go to him. Policy proceeds paid out after his death will go to the beneficiaries whom he has named.**

4.6 Arising from this, it is important to note that there is a possibility that beneficiaries would not receive any policy proceeds upon the policyholder's death. To illustrate, if the policyholder purchased a policy with a Critical Illness acceleration rider and was subsequently diagnosed with cancer, the insurance company would pay out the full sum assured to the policyholder upon confirmation of the diagnosis. Under such circumstances, there would be no benefits left under the insurance policy to be paid to the beneficiaries upon the policyholder's death.

IRREVOCABLE NOMINATIONS

Who will be eligible as beneficiaries?

4.7 Only the policyholder's spouse and/or children can be nominated as beneficiaries.

What is an irrevocable nomination?

4.8 When a policyholder makes an irrevocable nomination of beneficiaries to the proceeds from his insurance policy, **a statutory trust over the insurance policy is created in favour of the beneficiaries.**

4.9 This has three important implications. Firstly, ownership of the insurance policy will be transferred to the beneficiaries and the policyholder will lose his rights and control over the policy. Secondly, financial protection will be accorded to the beneficiaries in the sense that the policy proceeds will generally be protected from the policyholder's

creditors in the event of his bankruptcy. Thirdly, the policy proceeds may be disaggregated for the purposes of estate planning.

(i) Ownership of the policy will be transferred to the beneficiaries

4.10 When an irrevocable nomination is made, the policyholder has, in essence, **transferred the ownership of the insurance policy to the named beneficiaries, and he will no longer have any rights or control over the policy.** Thus, he will not be allowed to deal with the policy in any way without the beneficiaries' consent. He will also not be allowed to change, add or remove beneficiaries without their consent.

4.11 Once a statutory trust is established, the policyholder will be considered the trustee of the policy, unless explicit arrangements are made to name additional or replacement trustees. As trustee, the policyholder is under a duty to act in the best interests of the beneficiaries.

4.12 In fact, the making of an irrevocable nomination will have the same effect as nominating under the current section 73 of the CLPA. The only difference is that under the proposed framework, the policyholder will be required to make a deliberate and explicit decision to make an irrevocable nomination, and hence cause a statutory trust to be established over his policy.

4.13 Currently, the creation of a statutory trust is automatic under section 73 of the CLPA once the policyholder nominates his spouse and/or children as beneficiaries to the proceeds from his insurance policy, regardless of whether he intends to create a statutory trust or not. As the creation of a statutory trust will result in the policyholder no longer having any rights or control over the policy, it is important that an irrevocable nomination be made consciously so as to reduce the likelihood of the policyholder making an irrevocable nomination without being aware of the implications. This will be done through the use of three distinct nomination forms, as explained in section 7 of this paper.

(ii) Financial protection will be provided to the beneficiaries

4.14 By virtue of the statutory trust arising from the irrevocable nomination, the proceeds from an irrevocably nominated insurance policy will belong to the beneficiaries and not the policyholder. Thus, if the policyholder is declared bankrupt and a payout from his insurance policy occurs, the policy proceeds would generally be protected from his

creditors and will remain the entitlement of his beneficiaries. In this way, the policyholder's beneficiaries would be provided with some essential financial protection.

(iii) Policy proceeds may be disaggregated for estate planning purposes

4.15 Section 23(2) of the Estate Duty Act ("EDA") states that "any property so passing, in which the deceased never had an interest, shall not be aggregated with any other property, but shall be an estate by itself, and the estate duty shall be levied at the proper graduated rate on the principal value thereof." This means that any property in which the deceased never had an interest will be treated as a second, separate estate. Consequently, this separate estate may fall into a different tax bracket than would be the case if it were aggregated with the rest of the deceased's estate.

4.16 In general, for the deceased policyholder to be deemed as never to have had an interest in the policy proceeds paid out upon his death, the insurance policy would need to have been irrevocably nominated from inception. This is because the creation of a statutory trust will cause the policyholder to lose all rights and control over the insurance policy at the outset.

4.17 To summarise, if used appropriately, an irrevocable nomination can confer the dual benefits of family financial protection and estate planning. Nonetheless, it also means that all rights and control over the insurance policy will belong to the beneficiaries and not the policyholder. Therefore, the new framework will require a policyholder to make a conscious and deliberate decision to have his insurance policy irrevocably nominated to ensure that he is aware of the implications before exercising his options.

How will proceeds from the insurance policy be disbursed?

4.18 As explained previously, an irrevocable nomination causes a statutory trust to be created over the insurance policy in favour of the beneficiaries. The policyholder will then be deemed to have relinquished all rights and control over the insurance policy, including the proceeds. For this reason, **all proceeds from an irrevocably nominated insurance policy, whether payable during the policyholder's lifetime or upon his death, will belong to the beneficiaries.** This is the same as the current legal position under section 73 of the CLPA.

5. CENTRAL PROVIDENT FUND INVESTMENT SCHEME POLICIES

5.1 Any insurance policy purchased in whole or in part with Central Provident Fund (“CPF”) monies will be considered a Central Provident Fund Investment Scheme (“CPFIS”) insurance policy. Policyholders will **only be allowed to make revocable nominations for CPFIS insurance policies; irrevocable nominations will not be allowed.**

5.2 As long as a policyholder is alive and does not qualify for withdrawal of CPF savings, proceeds from insurance policies purchased under CPFIS have to be refunded to the policyholder’s CPF account to form part of his retirement savings. However, proceeds from irrevocably nominated policies will belong to the beneficiaries and not the policyholder due to the creation of a statutory trust. This runs contrary to the purpose for which CPF monies are intended – the member’s retirement. As such, irrevocable nominations to CPFIS insurance policies are not be allowed and will continue to be disallowed when the proposed nominations framework comes into effect.

5.3 Policyholders will, however, be allowed to make revocable nominations in respect of their CPFIS insurance policies.

5.4 As explained in paragraph 4.5, for revocable nominations, all policy proceeds paid out while the policyholder is alive will go to him. Policy proceeds paid out after his death will go to the beneficiaries whom he has named.

5.5 In the case of a revocably nominated CPFIS policy, proceeds paid out when the policyholder is alive will be returned to his CPF account if the policyholder is not yet eligible for CPF withdrawal. Only upon reaching withdrawal age can the policyholder take these monies out of his CPF account for his use.

5.6 Death benefits will, however, be paid to the beneficiaries who are named by the policyholder in his insurance policy, regardless of whether the policyholder has reached CPF withdrawal age or not at the time of his passing away. In other words, the death benefits will not form part of the assets in the policyholder’s CPF account to be distributed according to his CPF nomination.

6. EXISTING POLICIES AND/OR NOMINATIONS

6.1 The proposed framework will apply to all life and personal accident insurance policies incepted after the new provisions in the Insurance Act come into force.

6.2 Life and personal accident insurance policies which were incepted before the enactment of the new provisions may or may not fall under the ambit of the proposed framework. **The primary consideration is whether the insurance policy in question is subject to any encumbrances, such as nominations made under section 73 of the CLPA.** Unless such encumbrances are removed, the policyholder may not validly make any nomination under the new framework.

6.3 The following section explains the three types of existing insurance policies and whether the proposed framework would apply to each. The three types are outlined below:

Type 1	Policies with no prior nominations or other encumbrances.
Type 2	Policies with nominations that fall under section 73 of the CPLA, i.e. where only the spouse and/or children were named as beneficiaries.
Type 3	Policies with nominations of unclear legal effect, e.g.: (1) The spouse and/or child were initially nominated as beneficiaries but the policyholder had reserved a right to change or revoke the nomination. (2) Another person, such as the policyholder's parent, was nominated together with the policyholder's spouse and/or children.

- **TYPE 1 – EXISTING POLICIES WITH NO PRIOR NOMINATIONS OR OTHER ENCUMBRANCES**

6.4 For Type 1 policies, it is proposed that policyholders will be allowed to make nominations under the new Insurance Act provisions.

- **TYPE 2 – EXISTING POLICIES WITH NOMINATIONS THAT FALL UNDER SECTION 73 OF THE CLPA**

6.5 Any insurance policy with a nomination that falls under section 73 of the CLPA (Type 2 policy) will have a statutory trust created over the policy in favour of the named beneficiaries. This statutory trust cannot be terminated without the express consent of the existing beneficiaries. It would not be equitable for the interests of existing

beneficiaries to be affected by the proposed framework. Hence, Type 2 policies will continue to be governed by section 73 of the CLPA.

- **TYPE 3 – EXISTING POLICIES WITH NOMINATIONS OF UNCLEAR LEGAL EFFECT**

6.6 Policyholders with Type 3 insurance policies will be allowed to make nominations under the new framework nominations only if it is legally possible to do so, i.e. if it has been ascertained that the insurance policy is not encumbered by section 73 of the CLPA or are otherwise precluded from changes. Where the policy is already encumbered, the proposed framework will only apply after the encumbrance has been removed.

6.7 To summarise, under the new IA provisions, policyholders whose policies have no prior nominations or other encumbrances (Type 1 policies) will be allowed to make nominations, either revocable or irrevocable, under the proposed framework. Those who have nominations falling under s73 of the CLPA (Type 2 policies) will not be allowed to nominate under the proposed framework unless they obtain the consent of all their beneficiaries to do so. Policyholders who have nominations which are of uncertain legal effect (Type 3 policies) will be allowed to nominate under the proposed framework only if it is legally possible to do so, i.e. if it has been ascertained that their insurance policies are not subject to other encumbrances which may render new nominations unenforceable.

6.8 Where policyholders wish to make changes to their existing nominations and are unsure whether they are able to do so, they and/or their respective insurance companies should seek legal advice to ascertain the legal effect of the nominations and to clarify whether changes are allowed.

7. IMPLEMENTATION PLANS

NOMINATION FORMS

7.1 Three distinct forms will be statutorily prescribed for use by policyholders to exercise their choices in respect of nomination of beneficiaries to their insurance policy proceeds. Nominations made using the forms will be legally binding. The forms are as follows:

- i) **Revocable Nomination Form** for the policyholder to make a revocable nomination.
- ii) **Irrevocable Nomination Form** for the policyholder to make an irrevocable nomination.
- iii) **Revocation Form** for the policyholder to revoke an existing nomination, either revocable or irrevocable, without making a new nomination.

7.2 The use of separate forms for three mutually exclusive purposes means that the policyholder will have to deliberately and consciously decide on the type of nomination he wishes to make. This will in turn encourage policyholders to make more informed decisions when nominating beneficiaries.

7.3 The forms will allow policyholders to specify, within each type of nomination, the percentage share of the policy proceeds for each named beneficiary. The shares may differ between beneficiaries, but they must total to one hundred percent. This is to provide clarity and completeness in nomination, which will, in turn, lead to ease of payout.

7.4 Policyholders can obtain the nomination forms from their insurers and exercise their choices at any time during the policy coverage period. It is the responsibility of policyholders to inform their insurers should they subsequently wish to alter their nominations or execute other legal instruments such as wills which may override the nominations already made.

7.5 In addition, before a nomination is made, it is the responsibility of insurers, policyholders and their lawyers to check on the existence of any previous nominations or legal instruments which may impede the validity and execution of the nomination forms. Thereafter, insurance companies are required to keep and maintain records of any changes made to the nominations, and policyholders are advised to do likewise.

PRIORITY OF NOMINATIONS

7.6 There are various ways in which a policyholder may transfer the proceeds from his insurance policy to another person. These include assigning his policy proceeds, bequeathing them in a will or using the prescribed nomination forms.

7.7 The proposed nominations framework will specify the priority of nominations vis-à-vis alternative methods of transfer. Nonetheless, due to the varied circumstances faced by different policyholders, it is possible that conflicts may arise with respect to how the policyholder's assets are to be disposed of.

7.8 To illustrate, under the proposed framework, revocable nomination forms will be deemed testamentary instruments⁵, meaning that they will be recognised as legal instruments with which to disburse of the assets of the policyholder. As such, revocable nomination forms will have the same legal standing as wills. Potential conflict could thus arise in situations where the beneficiary named in a revocable nomination form and that named in a will are different. However, such cases are unlikely to be prevalent.

7.9 Irrevocable nominations are not relevant in the above example because policy proceeds from an irrevocably nominated policy will not form part of the assets governed by a will.

7.10 Where conflicts do occur, **the person named as the beneficiary of the relevant insurance policy in the latest, validly executed instrument (be it a nomination form, a will or any other instrument) will be recognised as the rightful beneficiary.** This is because the latest, validly executed instrument would be deemed to best reflect the policyholder's most current wishes. This also reinforces the aforementioned need to keep track of changes to the nominations as part of the due diligence process. Doing so would help to minimise uncertainty regarding the validity of the different instruments concerned, and would correspondingly reduce the possibility of legal conflict between beneficiaries named in different instruments.

7.11 To be considered validly executed, a nomination form must be completely filled out in the presence of two suitable witnesses, and the information it contains must be true to the best of the policyholder's belief at that point in time. Where a policyholder wishes to use a will to govern the disbursement of his insurance policy proceeds, explicit details of the policy in question must be spelt out in the will. Examples of such details include the name of the insurer, the policy number, and the amount of policy proceeds to be disbursed to the respective beneficiaries.

⁵ The nomination forms will be designed and completed according to the rules on capacity, proper execution, attestation and revocation laid out in the Wills Act.

7.12 For instance, if a policyholder makes a validly executed nomination on his insurance policy and subsequently draws up a will, the will must contain explicit details of his insurance policy as mentioned above in order for the will to override the nomination form. A will which merely states that it encompasses “all” the deceased’s property may not be deemed to include the insurance policy in question. As such, the will may not be considered legally valid in respect of the insurance policy proceeds, and the latest validly executed instrument, i.e. the nomination form, may be recognised instead.

7.13 If the policyholder has first made a will, and then makes a nomination to his insurance policy, the will would typically not contain details of the insurance policy. In this case, the nomination form, if validly executed, would be deemed to override the will in respect of the insurance policy proceeds since it is the latter of the two instruments.

PUBLIC EDUCATION

7.14 On-going consumer education will be integral to the successful implementation of the proposed nomination of beneficiaries framework. To this end, MAS will work with the Life Insurance Association of Singapore (LIA) and leverage on its existing MoneySENSE program to help consumers better understand the framework. In addition, individual insurers would be responsible for educating their own policyholders and intermediaries.

8. CONCLUSION

8.1 With the greater array of choices available, as well as the safeguards in place to ensure that policyholders are aware of the types and consequences of the nominations they make, it is hoped that the proposed framework will provide greater clarity and flexibility regarding the nomination of beneficiaries. This would in turn help policyholders to fulfil the aims of family financial planning and offering financial protection to their beneficiaries, in a manner most suited to their preferences.

9. ANNEX 1

The Proposed Nominations Framework

1	Scope of Proposed Framework	
1.1	Policyholder can only make nominations to proceeds from non-indemnity (life and personal accident) insurance policies.	
2	Choices Available to Policyholders	
2.1	Policyholder decides whether or not to make nomination. If he decides to nominate, he has a further choice between revocable and irrevocable nominations. Nomination can be made at any time during policy coverage period.	
3	Eligibility	
	Revocable Nominations	Irrevocable Nominations
3.1	All legal persons (individuals, unincorporated associations or incorporated corporations) are eligible. This includes the policyholder's spouse and/or children.	Only policyholder's spouse and/or children are eligible.
4	Key Features of Nominations	
	Revocable Nominations	Irrevocable Nominations
4.1	No statutory trust created. Policyholder remains the owner of the policy and retains full rights and control over it.	Statutory trust created in favour of beneficiaries. Policyholder not allowed to add, remove or change beneficiaries, or deal with the policy, without the consent of all the beneficiaries.
4.2	Policy proceeds not protected from	Policy proceeds generally protected

	policyholders' creditors in the event of his bankruptcy.	from policyholder's creditors in the event of his bankruptcy.
4.3	Disaggregation of policy proceeds for purposes of calculating estate duty not allowed.	Disaggregation of policy proceeds for purposes of calculating estate duty allowed if policyholder is deemed to never have had an interest in the policy proceeds.
5	Disbursement of Policy Proceeds	
	Revocable Nominations	Irrevocable Nominations
5.1	Proceeds paid out while policyholder is alive go to policyholder.	Proceeds paid out while policyholder is alive go to beneficiaries.
5.2	Proceeds paid out after policyholder's death go to beneficiaries.	
6	CPFIS Policies	
	Revocable Nominations	Irrevocable Nominations
6.1	Can be made for CPFIS policies.	Cannot be made for CPFIS policies.
6.2	Policy proceeds paid out while policyholder is alive go back to his CPF account if he is not yet eligible for CPF withdrawal. Upon reaching withdrawal age, policyholder can take the monies out of his CPF account.	Not applicable.
6.3	Death benefits are paid to the beneficiaries who are named by policyholder in his insurance policy, regardless of whether policyholder has reached CPF withdrawal age or not at the time of his passing away.	Not applicable.

7	Existing Policies and/or Nominations
7.1	Policyholders whose insurance policies have no prior nominations or other encumbrances (Type 1) can nominate under the proposed framework.
7.2	Policyholders who have nominations which fall under section 73 of the CLPA (Type 2) are not allowed to nominate under the proposed framework unless they obtain the consent of all the beneficiaries to do so.
7.3	Policyholders who have nominations of unclear legal effect (Type 3) are not allowed to nominate under the proposed framework unless it is ascertained that their insurance policies are not subject to other encumbrances.
8	Nomination Forms
8.1	Prescribed statutory forms must be used – one for revocable nominations, another for irrevocable nominations and a third to revoke existing nominations, either revocable or irrevocable, without nominating anew.
8.2	A single insurance policy must either be revocably or irrevocably nominated; the policyholder cannot make both revocable and irrevocable nominations on the same insurance policy.
8.3	Policyholders can specify the percentage share of the policy proceeds that each beneficiary should receive. 100% of the policy proceeds must be nominated.
9	Priority of Nominations
9.1	Revocable nomination forms deemed as testamentary instruments, i.e. recognised as legal instruments with which to disburse the assets of the policyholder.
9.2	Where conflicts between different testamentary instruments arise, the person named in latest, validly executed instrument will be recognised as the rightful beneficiary.