RESPONSE TO FEEDBACK RECEIVED – CONSULTATION PAPER ON REVIEW OF POLICY OWNERS' PROTECTION FUND

1 INTRODUCTION

1.1 On 15 December 2005, MAS released a consultation paper inviting comments on the review of Policy Owners' Protection Fund ("PPF"). More specifically, the consultation paper sought to obtain feedback on issues relating to membership, scope of coverage, level of coverage, continuity of insurance coverage, funding method and size of levies of the PPF scheme.

1.2 The consultation period closed on 27 January 2006. Various parties commented on the consultation paper and MAS would like to thank all respondents for their contributions. The respondents are listed in **Appendix A**.

1.3 We have carefully considered the comments received and incorporated the relevant feedback into the review of PPF. Comments that are of wider interest, together with MAS' responses, are set out below.

2 MEMBERSHIP

2.1 Participation of insurers with equivalent coverage from other jurisdictions

2.1.1 One respondent sought comments on how the PPF in Singapore would relate to the existing regulation in its home jurisdiction which provides similar coverage for its policy owners worldwide.

MAS' Response

2.1.2 All direct life and general insurers, except specialist[1] and captive insurers, will be covered under the PPF scheme and membership will be compulsory. In cases where the insurer is a participant of an equivalent scheme in its home jurisdiction that provides equivalent coverage for its policy owners in Singapore, an exemption could be granted to exclude the insurer's policy owners from the coverage of the Singapore

[1] Specialist insurers refer to the protection and indemnity clubs, financial guarantee insurers and credit insurers as prescribed by MAS.

PPF. However, this would be contingent on the insurer providing sufficient evidence to the MAS that the equivalent scheme would accord policy owners in Singapore protection at least equivalent to that provided by the PPF scheme in Singapore.

2.2 Treatment of New Entrants

2.2.1 One respondent commented that there will be inequity if a new insurer joining the PPF scheme midway or after the build-up of the fund to its targeted size is not made to contribute to the fund an amount equivalent to that contributed by other insurers which became members on inception of the fund.

MAS' Response

2.2.2 We agree that there should be an equitable method of computing the contributions by new insurers admitted after the build-up of the fund to its targeted size. We will consider this issue in the second phase of the PPF review.

2.3 Inclusion of Run-off Insurers in life insurance PPF Scheme

2.3.1 One respondent sought clarification on whether direct life insurers on run-off would be excluded from the PPF scheme.

MAS' Response

2.3.2 The existing policies written by the run-off life insurer are still exposed to the risk of default by the insurer and as such, they should be covered in the life insurance PPF scheme. This is also consistent with the approach proposed for the run-off general insurers in the consultation paper and similarly, a reduced flat levy would be imposed based on the protected liabilities of the run-off life insurer.

3 SCOPE OF COVERAGE – LIFE INSURANCE

3.1 Exclusion of offshore policies

3.1.1 One respondent suggested excluding offshore policies from the life insurance PPF coverage as they may dilute the fund in the event of a default.

MAS' Response

3.1.2 Under the current definition of offshore life policies[2] in the Insurance Act, offshore policies could belong to Singapore citizens, residents or non-residents, depending on the address provided at the inception of the policy, not the nationality of the policy owner. However, there could have been changes in the residency status of a person during the term of the policy, and it would be administratively cumbersome to require insurers to ascertain this on an on-going basis to determine if the policy owner is covered under the PPF scheme.

3.1.3 Also, exemptions had been granted to most of the life insurers so that they do not have to maintain a separate fund due to the small amount of offshore policies. Instead, these policies would be classified as Singapore policies and it is administratively cumbersome to try and make a distinction between the Singapore and offshore policies within the Singapore Insurance Fund. Furthermore, given that the amount of offshore policies is not large, it will not significantly dilute the fund. As such, for simplicity and ease of administration, we will maintain the original proposal of covering both Singapore and offshore policies under the life insurance PPF scheme.

3.2 Limiting the coverage of Life Insurance PPF Scheme

3.2.1 One respondent suggested that the life insurance PPF scheme should be limited only to lines of business where there are insufficient assets to back the liabilities due to the nature or the duration of the guaranteed benefits. For example, non-participating single premium products with fully guaranteed benefits backed by matching assets should be excluded by the life insurance PPF scheme.

MAS' Response

3.2.2 MAS notes that the benefits of traditional life insurance policies, unlike investment-linked policies, are not directly tied to the value of the assets backing them. Also, while the value of assets may be matched to the value of the liabilities for certain lines of business under normal circumstances, there is no guarantee that the value of the assets would not subsequently fall because of various reasons. This could result in the insurer being unable to fulfil its contractual obligations to the policy owners and

[2] Offshore life policy refers to any life policy issued in the course of the insurer's business in Singapore whereby the policy owner's address is not, or was not, an address in Singapore at the date of issue of the policy.

thereby leading to the failure of the insurer. Also, there are many other factors, such as counterparty default risk, that may cause the failure of the insurer.

3.2.3 It should also be noted that the assets of the insurance funds are not tied specifically to any product or policy. Instead, the assets would be used to back all existing policy liabilities of that fund. There is no guarantee that when an insurer fails, the assets used to back a certain portfolio of liabilities would still be ear-marked for that purpose. This is because the assets of that insurance fund would have to be split evenly among all liabilities of the insurance fund. Therefore, we will maintain the original proposal to cover guaranteed benefits for all life insurance policies, regardless of whether the policy liabilities are matched with assets of equivalent value.

3.3 Coverage of Inward Reinsurance portfolio

3.3.1 One respondent asked if the direct life insurers' inward reinsurance[3] portfolio would attract PPF levy, or be excluded from the PPF scheme like the professional reinsurers.

<u>*MAS' Response*</u>

3.3.2 Inward reinsurance business written by the direct insurers could be from insurers in Singapore or overseas. For insurers in Singapore, their insurance portfolios would already be covered by the PPF scheme. If the reinsurance business came from overseas, the policies would belong to insurers overseas. As such, it would not be equitable to insurers in Singapore to provide coverage for them as well. Therefore, the inward reinsurance business written by direct insurers, both life and general, would be excluded from the PPF scheme.

3.4 Clarification on Guaranteed Benefits

3.4.1 The consultation paper proposed that the life insurance PPF scheme would continue to protect all life policies' guaranteed benefits. A number of respondents sought clarifications on the definition of guaranteed benefits, especially in the context of participating policies and investment-linked policies.

[3] Inward reinsurance refers to reinsurance business written by the direct insurer.

MAS' Response

3.4.2 The guaranteed benefits in the consultation paper refers to the benefits that have been guaranteed in the policy contract by the insurer either at the outset or during the course of the policy.

3.4.3 For non-participating policies, all the benefits will be considered as guaranteed, and would hence fall within the scope of the life insurance PPF scheme coverage[4].

3.4.4 For participating policies, the life insurance PPF scheme will include bonuses that have been declared and vested in the policies as these would have been payable to the policy holder if there was a claim, surrender or maturity at that point in time.

3.4.5 In the case of investment-linked policies, any form of guarantees in the benefits such as capital guarantees or guaranteed death benefits provided by the insurer will be classified as guaranteed benefits and hence, included in the life insurance PPF scheme. Please refer to **Appendix B** for more examples on the differences between guaranteed and non-guaranteed benefits.

4 SCOPE OF COVERAGE – GENERAL INSURANCE

4.1 Limiting the coverage of general insurance PPF Scheme

4.1.1 In the consultation paper, we had proposed to continue the coverage of the liabilities arising from compulsory motor third party bodily injury and workmen's compensation liability insurance as well as selected personal lines of insurance. One respondent felt that the general insurance PPF scheme should not be expanded to cover selected personal lines of insurance.

4.1.2 The respondent was of the view that the inclusion of non-compulsory insurance would neither promote consumer discipline nor dispel the impression of a implicit government guarantee. Furthermore, it was pointed out that the ultimate beneficiaries of foreign domestic maid and personal property insurance are usually not the policyholder, but some government agency or financial institution.

[4]The amount of benefit covered by the life insurance PPF scheme will be subject to the limits and absolute cap proposed in the consultation paper.

4.1.3 It was also highlighted that not all mandated lines of business are included and the respondent assumed that this was because the other mandated lines would not cause wide-spread disruption to society or the economy in the event of the failure of an insurer.

<u>MAS' Response</u>

4.1.4 We had considered the costs and benefits of expanding the general insurance PPF scheme to cover other personal lines of insurance. We proposed to include personal lines in the coverage of the PPF scheme as individuals are generally less able than corporates in assessing the financial soundness of the insurers when selecting insurers. The few personal lines selected for inclusion in the PPF scheme as presented in the consultation paper are those that are widely purchased by the public in Singapore.

4.1.5 We also note that while claims from the foreign domestic maid and personal property insurance would be paid by the insurance company to a government agency or financial institution, in the event that the insurer fails, the policy owner would have to bear the full cost of the claim if PPF did not provide coverage to pay the amount of outstanding claims on behalf of the individual policy owner. Also, in the case of foreign domestic maid insurance, there are other benefits that would provide personal accident or medical expenses coverage for the insured, costs of which would have to be fully borne by the policy owner if there were no coverage.

4.1.6 In view of the above, we will retain the proposal that the general insurance PPF scheme covers :

(i) Motor third party liability injury insurance;
(ii) Workmen's Compensation Act liability insurance;
(iii) Personal Motor insurance;
(iv) Individual and Group Accident & Health insurance;
(v) Personal property (structure and contents) insurance; and
(vi) Foreign Domestic Maid insurance

In addition, we are proposing to include Personal Travel Insurance in the coverage of the general insurance PPF scheme, recognising its growing importance as a form of protection against potential financial losses that could be incurred by the individual traveller and his family.

4.1.7 We had also considered the different mandatory lines of insurance as required under the different legislations and noted that the other mandatory lines, such as the Professional Indemnity for Lawyers and the Third Party Liability for Power Craft, were not widely purchased by members of the public in Singapore. As such, we had only included the motor third party bodily injury liability and workmen's compensation insurance as the only two mandatory lines to be covered by the general insurance PPF scheme.

4.2 Interaction of General Insurance PPF Scheme with the Motor Insurance Bureau

4.2.1 One respondent sought clarification on the interaction of PPF with the Motor Insurance Bureau ("MIB"), which also provides coverage for motor accident claims involving vehicles without insurance coverage.

MAS' Response

4.2.2 We understand that the mandate of MIB is to make compassionate payments to persons or dependants of persons killed or injured by untraced or uninsured drivers of motor vehicles. It is also possible that MIB would cover claims against insurers that have become insolvent.

4.2.3 The possible overlap in coverage between the two agencies have been noted and will be reviewed taking into account the roles and functions of MIB and the PPF agency as well as the options for policyholder protection in the event of an insurer failure. We will work with MIB to resolve this issue.

5 LEVEL OF COVERAGE

5.1 Joint ownership of policies

5.1.1 It was proposed in the consultation paper that an aggregate cap would be imposed on the aggregate sum assured and surrender value of all life policies owned by the policy owner and issued by the same insurer. One respondent sought clarification on the treatment of policies that are jointly owned by more than one policy owner.

MAS' Response

5.1.2 We propose that for policies jointly owned by more than one owner, the amount of benefits for each policy be divided equally among each of the policy owners.

6 METHOD OF FUNDING

6.1 Relevance of Pre-Funding of PPF

6.1.1 One respondent questioned the relevance of a pre-funded PPF given that the newly implemented Risk-Based Capital ("RBC") framework would have already taken into account most of the risks faced by insurers. As such, the new framework should be able to provide sufficient safeguards against the risks of insolvency, thereby weakening the grounds for a pre-funded PPF.

MAS' Response

6.1.2 The RBC framework seeks to make capital maintenance more sensitive to the risks that insurance companies face. It seeks to minimise the risk of insolvency by providing an adequate capital buffer against potential losses, but does not fully mitigate all risks of insolvency, including insurance risks and operational risks.

6.1.3 The PPF scheme, on the other hand, will provide compensation to policy owners in the event of default of an insurance company that may result in financial distress to the individual policy owners and have an impact on society and the economy.

6.1.4 Adopting a pre-funding model for the PPF scheme is the most equitable as the failed insurer would have contributed to the fund prior to failure. Having a pre-funded PPF would also enhance the credibility of the scheme as well as expedite payout in the event of default of an insurance company. As such, we will maintain the original proposal to introduce pre-funding for the PPF scheme.

7 LEVIES

7.1 Charging PPF Levies to Insurance Funds

7.1.1 The consultation paper proposed that PPF levies would be allowed to be charged to the insurance funds, subject to a limit of 1% of gross premium income attributable to each fund, or the average annual levy charged to the life or general insurance industry for the year, whichever is lower.

7.1.2 Whilst supportive of the proposal to allow PPF levies to be paid out of the insurance funds, some respondents questioned the need for the limit. They were of the view that given the regulatory requirements in place for insurers to maintain the solvency of each insurance fund at all times, as long as the payment of the PPF levy does not impair the fund's solvency, there is no reason to impose limits on the amount that can be charged to the insurance funds. In addition, they also highlighted that the limit of 1% of gross premium income seems arbitrary and penalises companies with large in-force policies but relatively small premium incomes.

MAS' Response

7.1.3 Imposition of a limit on the amount that can be charged to the insurance funds is necessary to ensure that policy owners would not be penalised for the weaknesses in the insurer's internal controls by having to bear higher PPF levies. This would also provide the right incentive for insurers to manage their operations more prudently so that their shareholders' funds do not have to shoulder the cost of the PPF levy.

7.1.4 However, we agree with the respondents that the limit of 1% of gross premium income does not take into account the different circumstances of insurers, in particular, it unfairly penalises an insurer that has a large amount of in-force policies but small premium income.

7.1.5 Therefore, we propose that the limit be set as the simple average of the annual risk-based levies for the "Medium Low" and "Medium High" supervisory rating categories. For example, the average industry levy cap would be 0.0275%[5] of protected liabilities for the life insurance PPF scheme. Such a limit will be consistent

[5] Average of the life insurance PPF levy for a "Medium Low" supervisory risk rating category (0.020%) and "Medium High" category (0.035%). Please note that the risk-based levy structure may be subject to review in the future.

with the objective of encouraging insurers to manage their operations prudently so as to improve their supervisory ratings.

7.1.6 The table below summarizes the proposed changes.

Original Proposal in Consultation Paper	***Revised Proposal***
• PPF levies can be charged to the insurance funds, subject to the cap of 1% of gross premium income attributable to each fund and the average annual levy charged to the life or general insurance industry for the year, whichever is lower.	• PPF levies can be charged to the insurance funds, subject to a limit.
• Average annual levy is equivalent to the annual risk-based levy for the “Medium Low” supervisory risk rating category.	• The limit is determined as the simple average of the annual risk-based levies for the “Medium Low” and “Medium High” supervisory risk rating categories.

7.2 Understanding of Supervisory Rating Methodology

7.2.1 A number of respondents were concerned about the subjectivity of the risk-based levies, and have sought to understand the methodology, factors and criteria used by MAS in determining the supervisory rating of the insurers. One respondent queried on the frequency that the supervisory rating would be reviewed and further questioned if it would be responsive enough to the changing risk profiles of the insurers. Another respondent asked if the rating would factor in capital tied up in the overseas head office of branches registered in Singapore.

7.2.2 Some respondents also enquired if MAS would communicate the supervisory rating to the insurers and provide the necessary guidance to enable insurers to take steps to improve the rating. One respondent cautioned against the disclosure of supervisory rating to the public as it could lead to certain insurers being perceived as high risk and thus leading to a run on that insurer.

<u>MAS' Response</u>:

7.2.3 We have developed the Common Risk Assessment Framework and Techniques ("CRAFT") to assess the risks of a financial institution and its internal controls and risk management. The CRAFT supervisory rating takes into account many factors, including the financial support from and oversight by head offices and parent companies of insurance branches and subsidiaries operating here respectively. CRAFT is designed to be sufficiently flexible to cater to the different nature, scope, complexity and risk profile of the different financial institutions. We are also strengthening our internal quality assurance activities for risk-based supervision of financial institutions so as to further improve the quality and consistency in the implementation of MAS' risk-based supervision, which would reduce the amount of subjectivity involved in the assessment.

7.2.4 We will be sharing more information about MAS' risk-based supervision, including CRAFT, in the near future. This is to help the industry better understand MAS' supervisory approach. At the same time, we will also be sharing the supervisory rating and key assessments leading to such rating with individual financial institutions so that they are able to appreciate their ratings, be aware of the areas of weaknesses and take steps to improve their ratings. These ratings are only provided to the respective financial institution as part of the confidential dealings between the financial institution and MAS, and are not available to the public.

7.3 Risk Based Levies

7.3.1 Several respondents disagreed with MAS' proposal on risk-based levies, and suggested alternatives such as charging a flat levy, or basing the levies on less subjective factors such as the insurers' Capital Adequacy Ratios. They felt that this would be more equitable and transparent to both the consumers and the industry.

<u>MAS' Response</u>:

7.3.2 We appreciate the concerns that the industry has raised with regards to the apparent subjectivity of the supervisory rating. Given that we are at the early stage of implementation of CRAFT, we will not rule out the possibility of imposing a flat levy on all insurers in the initial years of pre-funding as we fine-tune our supervisory rating methodology.

7.4 Clarification on Protected Liabilities

7.4.1 It was proposed in the consultation paper that the risk-based levies for the life insurance PPF scheme would be based on the protected liabilities of the insurer. A few respondents sought clarification on the definition of protected liabilities.

MAS' Response

7.4.2 Protected liabilities refer to the value of the policy liabilities[6] that would be covered by the PPF scheme. These policy liabilities will be determined in accordance with the Insurance (Valuation and Capital) Regulations 2004 and the subsequent amendments. For example, a 25-year non-participating endowment policy of sum assured $100,000 would contribute to $100,000 of policy liabilities at maturity. The protected liabilities would then be 90% of that sum, which is $90,000.

7.5 Premium income of the protected lines of business

7.5.1 It was proposed in the consultation paper that the risk-based levies for the general insurance PPF scheme would be based on the gross premium income of the protected classes of business. Several respondents asked if only the premium income related to the lines of business covered by the general insurance PPF scheme would be considered in the computation of the levy.

MAS' Response

7.5.2 In determining the amount of general insurance PPF levy, only the gross premium income of the lines of business covered by the general insurance PPF scheme will be included.

8 OTHER FEEDBACK RECEIVED

8.1 Second phase of the Review of the PPF scheme

8.1.1 A few respondents had raised questions on the structure of the PPF agency, the roles and responsibilities of the different stakeholders, the trigger of payment from

[6] Where applicable, the limits and absolute caps proposed in the consultation paper would be taken into consideration in the calculation of the protected liabilities. However, the reduction in the protected liabilities due to the absolute caps is likely to be small.

the PPF as well as the consequences should PPF be inadequate to meet the liabilities when an insurer fails.

MAS' Response

8.1.2 The consultation paper only covered issues from the first phase of the review. The second phase of the review is still in progress. The second phase of the review will focus on the implementation details of the PPF scheme, the organisation and mandate of the PPF administrator, PPF payout procedures and the different roles and responsibilities of the independent stakeholders, i.e. the liquidator, MAS and the PPF agency. We will issue another consultation paper on these issues at a later date.

8.2 Trigger of PPF

8.2.1 One respondent opined that it was not clear from the consultation paper as to what would constitute a "default" or "financial difficulties" which would trigger a payment.

MAS' Response

8.2.2 We propose that the making of a court order to wind up an insurer that is a member of the PPF scheme is a condition that must be met before policyholder payout may be made. This is a necessary but not sufficient condition for payout from PPF. Depending on the circumstances of the insurer and the method of the resolution appropriate to the particular situation of the insurer, policyholder payout may or may not be necessary. This would exclude any voluntary winding up of an insurer.

8.2.3 Details with regard to the roles and responsibilities of the different parties involved for the trigger of PPF would be spelt out in the second phase of the review.

Appendix A

List of Respondents to the Consultation Paper on the Review of Policy Owners' Protection Fund

1. General Insurance Association of Singapore
2. Life Insurance Association of Singapore
3. Maybank

Appendix B

Examples of Guaranteed Benefits

The following examples illustrate what are the guaranteed benefits covered under life insurance policy owners' protection fund (PPF). The examples are not meant to be an exhaustive list of the type of insurance products available in Singapore.

Example 1: Non-participating policy with fully guaranteed benefits

Mrs Wong bought a non-participating endowment policy 5 years ago. The policy will mature in 10 years' time, when she will receive a fully guaranteed sum of $50,000.

If Mrs Wong were to surrender her policy at any time, the amount she would receive (surrender value) would be based on a pre-determined table of guaranteed surrender value factors, depending on the policy duration.

The policy also provides death benefit of $75,000 throughout the term of the policy.

What is covered under the life insurance PPF scheme?
In the above case, all the maturity, surrender and death benefits are guaranteed, and hence would fall within the coverage of the PPF scheme.

Example 2: Participating policy with non-guaranteed bonuses

Mr Yeo owns a 30-year participating endowment policy with a basic sum assured of $50,000. 15 years after he has taken up the policy, the total reversionary bonuses declared on his policy now amounts to $8,050. These bonuses are considered guaranteed benefits once they have been declared and added to the policy.

It has been projected that Mr Yeo will receive $74,350 at the time when the policy matures. This amount would include future non-guaranteed bonuses which have not been declared yet.

If Mr Yeo were to surrender his policy, he would receive a guaranteed surrender value of $29,050, based on the sum assured and bonuses already declared to date.

In the event of death now, the amount of death benefit payable will be the total of the basic sum assured and the bonuses already declared. In both cases of surrender and death, future non-guaranteed bonuses will increase the surrender and death benefits in future years.

What is covered under the life insurance PPF scheme?
In the above case, all the maturity, surrender and death benefits are made up of both guaranteed and non-guaranteed benefits. If Mr Yeo's insurer were to fail now, 15 years after he has taken up his policy, the following guaranteed benefits would fall within the coverage of the PPF scheme:

- Maturity benefit: $50,000 sum assured plus $8,050 reversionary bonuses declared and vested to date = $58,050
- Surrender benefit: $29,050
- Death benefit: $50,000 sum assured plus $8,050 reversionary bonuses declared and vested to date = $58,050

Example 3: Single premium investment-linked policy with no capital guarantee

Mr Tan took up an investment-linked whole life policy 2 years ago with a single premium of $100,000. The amount he will receive on surrender will depend on the bid value of the units of the investment-linked sub-funds he invested in and the total number of units he has at that time, after deducting the necessary charges.

Thus, the surrender value at anytime is tied to the performance of the underlying assets, with Mr Tan assuming fully the investment risk.

The plan also provides a small insurance coverage equivalent to 101% of the single premium investment less value of the units in event of death. Two years after taking taking up the policy, Mr Tan's units are now worth $115,000 in total.

What is covered under the life insurance PPF scheme?

In the above case, only the insurance coverage, where the value of the units does not exceed 101% of the single premium, is guaranteed, and hence would fall within the coverage of the PPF scheme. Since the value of the units exceed 101% of the single premium, there will be no insurance coverage.

None of the surrender benefits is guaranteed or covered under PPF.

Example 4: Single premium investment-linked policy with capital guarantee

Miss Lim took up an investment-linked whole life policy two years ago with a single premium of $25,000. The features are similar to the policy described in Example 3, with the exception that there is a capital guarantee benefit.

Under this benefit, the policyholder will not receive less than the initial investment.

Miss Lim's units are now worth $20,500 in total.

What is covered under the life insurance PPF scheme?

Similar to Example 3, the insurance coverage, where the value of the units does not exceed 101% of the single premium, is guaranteed and hence would fall within the coverage of the PPF scheme. Since in this case the value of the units is less than 101% of the single premium, the guaranteed benefit covered under PPF is $4,750[7].

In addition, the surrender benefit is guaranteed and hence covered under PPF to the extent that the value of the units is less than the initial investment, that is, $4,500[8].

[7] From 101% x single premium $25,000 minus $ 20,500

[8] From single premium $25,000 minus value of units $20,500

Example 5: Regular premium investment-linked policy with premium guarantee

Mr Toh took up an investment-linked whole life policy 10 years ago with a monthly premium of $200.

He has selected a sum assured of $150,000 for the plan, which will be payable on the occurrence of death or one of the 30 major illnesses, whichever is earlier. This is payable in addition to the value of the units at that time.

As in any investment-linked policy, the amount Mr Toh will receive on surrender will depend on the bid value of the units of the investment-linked sub-funds he invested and the total number of units he has at that time, after deducting the necessary charges.

In the event that there are insufficient units to meet the insurance charges and policy administration charges, the policy will typically lapse or the policyholder has to increase the premium. However, Mr Toh's policy comes with a feature that guarantees insurance coverage till age 65. That is, his policy will continue till age 65 at current level of premiums even though there are not enough units to be deducted to meet the charges.

What is covered under the life insurance PPF scheme?

The guaranteed death and critical illness benefit of $150,000 would fall within the coverage of the PPF scheme, with the period of coverage extending to age 65 at least.

None of the surrender benefits is guaranteed or covered under PPF.