

# **RESPONSE TO FEEDBACK RECEIVED - CONSULTATION PAPER ON THE PROPOSED CHANGES TO REGULATORY REQUIREMENTS FOR MARINE MUTUALS**

## **1 INTRODUCTION**

1.1 On 20 April 2007, MAS issued a consultation paper inviting comments on the proposed changes to the regulatory requirements for marine mutuals.

1.2 The consultation period closed on 30 June 2007. MAS would like to thank all respondents for their contributions. The list of respondents is in Appendix A.

1.3 We have considered the comments received and will incorporate the relevant feedback into the final regulatory framework. Comments that are of wider interest, together with MAS' responses, are set out below.

## **2 PROPOSED CHANGES TO THE REGULATORY REQUIREMENTS**

### **2.1 Minimum Paid-Up Capital**

2.1.1 A respondent suggested that guarantees from members can be allowed in place of paid up capital, for marine mutuals.

#### MAS' Response

2.1.2 MAS does not consider guarantees from members of a company to be a form of capital for the purpose of meeting regulatory requirements. This is consistent with the definition of capital adopted for the banking and securities sectors as well.

### **2.2 Fund Solvency Requirements**

2.2.1 Two respondents suggested solvency requirements should be waived for branches of marine mutuals, because these have already been imposed at a consolidated level by the home regulator, for example by assimilating the

regulatory regime in Singapore to the European Union's ("EU") legislation, and providing for Freedom of Establishment for "foreign insurers" in accordance with a standardised and relatively streamlined application process.

MAS' Response

2.2.2 As the host regulator, MAS is responsible for ensuring that the operations of the Singapore branch are sound and that the interests of its insureds are protected. While countries within the EU have mutual recognition agreements, such that for an EU-incorporated insurer, the insureds of its branches or subsidiaries in the EU will be treated equally, this protection is not extended to the branch in Singapore.

**2.3 Submission of Statutory Returns**

2.3.1 A respondent proposed that the periods for all annual returns that are to be submitted to MAS be aligned with the marine mutuals' financial years. The respondent also proposed that the requirement to submit annual unaudited returns be removed.

2.3.2 A respondent also suggested that all returns should be compiled in the reporting or operating currency of the marine mutual.

MAS' Response

2.3.3 Marine mutuals are already given a special concession to submit all annual audited returns based on their respective financial years.

2.3.4 However, certain unaudited returns have to be submitted based on a common period, and submissions must be denominated in Singapore dollar. This is to facilitate MAS' supervision of the insurance industry as a whole, and for the collation of industry statistics.

## **Appendix A**

### **List of Respondents to the Consultation Paper on the Proposed Changes to Regulatory Requirements for Marine Mutuals**

1. Assuranceforeningen SKULD (Gjensidig)
2. The Standard Steamship Owners' Protection and Indemnity Association (Asia) Limited
3. Thomas Miller & Co Ltd.
4. International Group of P&I Clubs