



RESPONSE TO FEEDBACK RECEIVED – CONSULTATION PAPER ON INSURANCE RESOLUTION

1 Introduction

1.1 In December 2009, the Monetary Authority of Singapore (“MAS”) conducted a consultation on the review of MAS’ powers relating to the resolution of insurers, in particular, strengthening our ability to secure continuity in insurance coverage, particularly for life policies.

1.2 The consultation period closed on 29 January 2010. Various parties commented on the consultation paper and MAS would like to thank all respondents for their contributions. The respondents are listed in Annex 1.

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

2 Proposed Powers for MAS

2.1 Two respondents opined that the powers proposed seem to go beyond the role of a regulator, and that MAS should not be directly involved in the liquidation process of an insurer. One respondent proposed that MAS should only have the power to appoint a third party to run the insurer, instead of powers to take control of an insurer. The same respondent also asked MAS to clarify if the new powers would apply to foreign branches in Singapore.

MAS’ Response

2.2 It is important that MAS has the powers to act expeditiously in dealing with a failing or failed insurer that is registered in Singapore (including branches) to protect policy owners and maintain the stability of the financial system. In developing our proposals, we had also looked at the resolution powers of some established jurisdictions that would allow us to discharge our duties effectively. While MAS would have powers to take control of an insurer, MAS may, in practice, appoint a third party to manage the affairs of the insurer.

This third party would be acting on behalf of MAS, given that the accountability and responsibility of such an action should lie with MAS.

MONETARY AUTHORITY OF SINGAPORE
17 AUGUST 2010

**RESPONDENTS TO THE CONSULTATION PAPER
ON INSURANCE RESOLUTION**

- (1) Life Insurance Association¹
- (2) Mr John Tan

¹ The Life Insurance Association submitted comments on behalf of 2 insurers, namely, Zurich International Life and Royal Skandia.