

CONSULTATION PAPER

P017 - 2012

September 2012

Consultation on Insurance (Amendment) Bill

MAS

Monetary Authority of Singapore

PREFACE

1 The last major amendment of the Insurance Act (Cap 142) (“IA”) was in 2004. MAS is proposing amendments to the IA to take into account regulatory and market developments since then, and to align where appropriate, the regulatory framework for insurance with that of other financial activities regulated by MAS.

2 MAS had consulted the public on many of the policy proposals underlying the proposed changes between May 2009 and September 2012, and had issued our responses to feedback received (please refer to MAS’ website www.mas.gov.sg). This consultation paper sets out the legislative amendments to the IA that will give effect to the changes, as well as some other proposed changes not previously consulted on in Section 2. A summary of all the changes is appended at Annex A for ease of reference.

3 MAS invites interested parties to forward their views and comments on the draft Insurance (Amendment) Bill in Annex B, and on the proposals in section 2. MAS expects these amendments to be finalised and to come into effect in the first half of 2013. Electronic submission is encouraged. Please submit your written comments by 22 October 2012 to:

Insurance Department
Monetary Authority of Singapore
10 Shenton Way
MAS Building
Singapore 079117

Fax: (65) 6229 9694
Email: ia_amdtbill12@mas.gov.sg

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

1 OVERVIEW OF KEY AMENDMENTS TO THE IA

1.1 A broad overview of the key amendments to the IA is as follows:

(i) Enhance MAS' Powers to Meet Supervisory Objectives

1.2 The IA currently empowers MAS to issue directions to insurers to maintain assets in Singapore only if there are grounds for MAS to cancel the registration of the insurer. There may, however, be situations where MAS would need to take pre-emptive measures to safeguard the interest of policyholders, without any intention of cancelling the registration of the insurer. MAS has proposed¹ that MAS be vested with powers to impose asset maintenance requirements on insurers without any pre-conditions.

1.3 MAS has also proposed² that the IA be amended to equip MAS with powers to allow foreign supervisors to inspect insurers in Singapore, provide supervisory information to home regulators and the insurer's head office or parent company, and inspect the overseas branches and subsidiaries of Singapore-incorporated insurers.

1.4 In addition, MAS has proposed³ powers to enable MAS to remove key personnel of insurers from their appointment or employment.

1.5 The amendments will also provide for MAS to:

- a) impose conditions on insurers in relation to the cancellation of registration (such as requiring an insurer to discharge all liabilities before cancelling its registration or allowing it to cancel its registration);
- b) add, vary or remove conditions to exemptions granted;
- c) disallow trust nominations for certain insurance products; and
- d) set out more operational matters in directions to insurers rather than prescribe them via regulations so as to be more responsive in addressing supervisory concerns.

(ii) Improve Clarity of MAS' Existing Policy Intent

1.6 Over the years, changes in the insurance business models and increased fragmentation in the insurance value chain has led to some ambiguities in the scope of coverage of the current definition of "carrying on of insurance business" in section 2(5) of the IA. In some cases, the current definition appears inadequate to capture

¹ Please refer to the consultation paper on The Review of Section 21 of the Insurance Act issued in September 2010.

² Please refer to the consultation paper on Proposed Amendments to the Insurance Act issued in September 2010.

³ Please refer to the consultation paper on Legislative Changes relating to Requirements on Key Executive Persons and Directors of Insurers issued in August 2012.

activities that should, by basic principles, be deemed as carrying on insurance business. In other cases, the current definition would capture the activities of certain auxiliary service providers, though there is no assumption of insurance risk by these entities. Thus, MAS proposed⁴ to update the definition of “carrying on insurance business” to better reflect the policy intent. MAS is proposing to further improve the definition. Please refer to the detailed proposal in Section 2.

1.7 In relation to the prohibition under the IA on solicitation of insurance business by unregistered insurers, MAS has proposed⁵ to define “solicitation” in the IA for clarity. MAS will also specify that:

- a) only the office registered to carry on insurance business in Singapore, but not its overseas head office or branches, is allowed to solicit insurance business in Singapore; and
- b) a registered insurer is not allowed to co-brand its insurance products and services in Singapore with an unregistered insurer.

(iii) Align with Other MAS-Administered Acts

1.8 MAS has proposed⁶ to be vested with powers to approve and remove persons who have substantial shareholding or control of locally-incorporated insurers, including imposing fit and proper requirements. In addition, MAS has proposed⁷ to introduce a rule on the disqualification of directors and executive officers of insurers.

1.9 The amendments will also:

- a) align the penalty provisions in the IA where applicable to similar provisions in other MAS-administered Acts;
- b) provide appeal rights for applicants who are refused by MAS to grant it a licence or authorisation to be a registered insurer, registered insurance broker, or authorised insurer;
- c) specify that MAS’ decision to cancel the registration or authorisation of a registered insurer or authorised reinsurer will not take effect until the expiration of 30 days;
- d) allow for offences that entail an imprisonment term to be compounded; and
- e) change all references to “registered” and its variants in the IA to “licensed” and its variants, with respect to insurers.

⁴ Please refer to the consultation paper on Proposed Amendments to the Definition of Carrying on Insurance Business issued in May 2009.

⁵ Please refer to the consultation paper on Proposed Amendments to the Definition of Carrying on Insurance Business issued in May 2009.

⁶ Please refer to the consultation paper on Proposed Amendments to the Insurance Act issued in September 2010.

⁷ Please refer to the consultation paper on Corporate Governance for Insurers issued in February 2012.

(iv) Remove Obsolete Provisions

1.10 MAS is also proposing to delete some provisions which are now obsolete following regulatory developments and/or changes in market practices. For example, subsections 17(14) and (15) of the IA require the offshore insurance funds to meet certain solvency requirements. These requirements are now obsolete following the introduction of risk-based capital requirements. Another example is the requirement under section 23 of the IA to pay policy moneys in Singapore dollars, unless otherwise agreed between the insurer and person entitled to payment.

1.11 A summary of all the changes to the IA is appended in Annex A.

2 OTHER PROPOSED CHANGES TO THE IA FOR CONSULTATION

2.1 This section sets out other changes which MAS proposes to make to the IA.

(i) Definition of Carrying on Insurance Business

2.2 With the current definition of “carrying on insurance business” in section 2(5) of the IA, and an entity is deemed to be carrying on insurance business in Singapore if it engages in any one of the following activities:

- a) receives proposals for insurance policies;
- b) issues insurance policies; or
- c) collects or receives premiums on insurance policies.

2.3 MAS proposed, in a consultation paper in May 2009, to revise the current definition by adopting the common law principle to define “carrying on insurance business” as:

- a) assumption of insurance risk; or
 - b) undertaking of insurance liability
- (“the Consulted Definition”).

2.4 The Consulted Definition in 2009 may however unintentionally suggest a delineation of the product manufacturing and distribution activities. The intent is to continue to capture both the product manufacturing and distribution aspects of an insurer’s business. Thus, MAS proposes to further amend the Consulted Definition to⁸:

“ ‘insurance business in Singapore’ means the business of assuming risk or undertaking liability in Singapore under policies and —

- a) receiving proposals for policies in Singapore;
- b) issuing policies in Singapore; or
- c) collecting or receiving premiums on policies in Singapore,

but does not include such businesses or activities, such class of businesses or activities, or such businesses or activities carried on by such persons or class of persons, as the Authority may prescribe.”

2.5 Arising from the proposed amendment to the definition of “carrying on insurance business”, the definitions of “insurance agent” and “insurance broker” which make reference to “carrying on insurance business” also need to be

⁸ Disclaimer: The proposed wordings are in draft form and subject to change. They are also subject to review by the Attorney-General’s Chambers.

amended. As insurance agents and insurance brokers do not assume risk or undertake liability, it is proposed that the definitions of “insurance agent” and “insurance broker” only make reference to the activities in paragraph 2.2 (a) to (c). The proposed definitions⁹ are as follows:

“ ‘insurance agent’ means —

- a) a person who, as an agent for one or more insurers (which may be or may include a foreign insurer carrying on insurance business in Singapore under a foreign insurer scheme), is or has been carrying on the business of —
 - i) receiving proposals for, or issuing, policies in Singapore;
 - ii) collecting or receiving premiums on policies in Singapore; or
 - iii) arranging contracts of insurance in Singapore; or
- b) a person acting for, or by arrangement with, an insurance agent referred to in paragraph (a) to perform any or all of the activities carried out by that insurance agent,

but does not include such persons or class of persons as the Authority may prescribe.

‘insurance broker’ means —

- a) a person who, as an agent for insureds or intending insureds in respect of —
 - i) policies relating to general business and long-term accident and health policies, other than insurance policies relating to reinsurance business; or
 - ii) reinsurance of liabilities under insurance policies relating to life business or general business,

is or has been carrying on the business of —

- A) receiving proposals for, or issuing, policies in Singapore;
- B) collecting or receiving premiums on policies in Singapore; or
- C) arranging contracts of insurance in Singapore; or
- b) a person acting for, or by arrangement with, an insurance broker referred to in paragraph (a) to perform any or all of the activities carried out by that insurance broker,

but does not include such persons or class of persons as the Authority may prescribe.”

⁹ Disclaimer: The proposed wordings are in draft form and subject to change. They are also subject to review by the Attorney-General’s Chambers.

2.6 In addition, MAS proposes to make it explicit in the legislation that introducers engaging in general insurance business (even if they are agents of insurance agents or agents of insurance brokers) would be caught under the definitions of “insurance intermediary”, “insurance agent” or “insurance broker”.

(ii) Use of the Word “Insurance” by Intermediaries

2.7 MAS noted that there are cases of insurance agencies whose names include the word “insurance” such as “XXX Insurance Pte Ltd”. Such names may be misleading as they do not properly reflect that the entity is carrying on business as an insurance agent.

2.8 MAS proposes to explicitly provide for under section 5 of the IA, that an insurance intermediary who uses the word “insurance” in his name, description or title shall, in the name, description or title indicate that he is carrying on business as an intermediary. This will ensure that the use of the word “insurance”, when taken as a whole, clearly reflects the business activities of insurance intermediaries.

(iii) Cancellation of Registration and Withdrawal of Authorisation

2.9 Sections 12(2) and 12A(2) of the IA set out the grounds for which MAS may cancel the registration or authorisation, either wholly or in respect of a class of business, of an insurer. MAS proposes to amend the provisions to broaden MAS’ powers while ensuring alignment with the existing approach and legal powers in respect of MAS’ supervision of other financial sectors.

2.10 MAS proposes the addition of the following grounds:

- a) where a registered insurer or an authorised reinsurer has had its license or authorisation to operate, withdrawn by its home supervisory authority;
- b) where a registered insurer has contravened any provision under the Deposit Insurance and Policy Owner’s Protection Schemes Act 2011 (No. 15 of 2011) (“DIPOPS Act”) or rules issued by the deposit insurance and policy owners’ protection fund agency under the DIPOPS Act;
- c) where there is a change in person having control of the registered insurer, should the new person be not fit and proper, or if MAS is not satisfied with the financial standing of the registered insurer after the change; and
- d) where a receiver, receiver and manager, or such other person having the powers and duties of a receiver, or a receiver and manager, has been appointed, whether in Singapore or elsewhere, in relation to, or in respect of any property of, the registered insurer or any of its shareholders having control of the registered insurer.

Annex A

AMENDMENTS TO THE INSURANCE ACT

No.	Category	IA Section(s) to be Amended	Description of Amendment
1	To Enhance	6	<p>Representative Office</p> <p>MAS will implement a registration regime for representative offices and define “representative offices” in the IA.</p>
2	To Enhance	12	<p>Cancellation of Registration</p> <p>Revised provision will provide for MAS to impose requirements on the insurer, including collecting specific information, for the purpose of cancelling the registration of an insurer.</p>
3	To Enhance	21	<p>Asset Maintenance</p> <p>MAS has proposed to provide for MAS to issue asset maintenance requirements on insurers without any pre-condition, in order for MAS to take pre-emptive measures for supervisory purposes. Currently, s21 of the IA provides for MAS to issue directions to an insurer to maintain assets in Singapore only when there are grounds on which MAS can cancel the registration of the insurer under s12 of the IA.</p> <p>Please refer to the consultation paper on The Review of Section 21 of the Insurance Act issued in September 2010.</p>
4	To Enhance	1A, 31 & 37	<p>Directors and Key Executive Persons of an Insurer</p> <p>MAS has proposed to:</p> <ul style="list-style-type: none"> (i) require insurers to have persons holding certain appointments and to obtain MAS approval for the appointments; (ii) enhance the definition of “principal officer” to better reflect the policy intent;

No.	Category	IA Section(s) to be Amended	Description of Amendment
			<p>(iii) replace the term “principal officer” with “chief executive”;</p> <p>(iv) allow insurers the flexibility to appoint a deputy chief executive, who is subject o MAS approval and has the same statutory responsibilities as the principal officer;</p> <p>(v) provide for MAS to remove a director or key executive person from appointment or employment;</p> <p>(vi) require insurers have an investigation made by the approved actuary into the financial condition with respect to any type of business and not just direct life insurance business; and</p> <p>(iv) require the approved actuary investigating into the financial condition of a direct life insurer under s37(1)(a) of the IA to be the appointed actuary approved under s31(2) of the IA.</p> <p>Please refer to the consultation paper on Legislative Changes relating to Requirements on Key Executive Persons and Directors of Insurers issued in August 2012.</p>
5	To Enhance	Part IIA	<p>Directors and Chief Executive Officers in relation to a Foreign Insurer Scheme</p> <p>Revised provision will provide for MAS to remove a CEO or director of the administrator or agent for a foreign insurer under a foreign insurer scheme from appointment or employment.</p>
6	To Enhance	Part IIA	<p>Publishing Returns in relation to Foreign Insurer Scheme</p> <p>Revised provision will provide for MAS to continue publishing returns relating to a foreign insurer scheme, in order to give policyholders a clear view of the financial position.</p>
7	To Enhance	36	<p>Publishing of Individual Insurer's Returns</p> <p>Revised provision will provide for MAS to continue publishing annual returns of individual insurers (except for captive insurers) on MAS website, in order to give policyholders a clear view of insurers' financial position.</p>
8	To Enhance	40	<p>Inspection & Investigation</p>

No.	Category	IA Section(s) to be Amended	Description of Amendment
			<p>MAS has proposed to be provided with powers to:</p> <ul style="list-style-type: none"> (i) inspect the overseas branches and subsidiaries of Singapore-incorporated insurers; (ii) furnish supervisory information to home regulators and the insurer's head office or parent company; (iii) require home regulators to seek MAS' approval to inspect insurers in Singapore subject to any approval conditions; and (iv) impose explicit confidentiality requirements on recipients of MAS' inspection reports, to align with other MAS-administered Acts. <p>Please refer to the consultation paper on Proposed Amendments to the Insurance Act issued in September 2010.</p>
9	To Enhance	49FD(1)(d)	<p>Auditor's Statement Lodged by Transferee</p> <p>Revised provision will provide for MAS to request for amendments to be made to the document lodged in relation to a transfer of insurance portfolio from an insurer to another if that statement is found to be unsatisfactory in meeting MAS' requirements.</p>
10	To Enhance	49L(1)	<p>Disallowing Trust Nominations as Prescribed</p> <p>Revised provision will provide for MAS to prescribe the types of insurance policies, other than those currently stipulated under s49L(1) of the IA, where trust nominations will be disallowed.</p> <p>The types of insurance policies that MAS presently intends to prescribe in the regulations are:</p> <ul style="list-style-type: none"> (i) ElderShield Supplementary Plans ("ESP"); (ii) Integrated MediShield Plans ("IMP"); and (iii) Insurance policies purchased using Supplementary Retirement Scheme ("SRS") funds. <p>ESP and IMP policies are mainly meant to cover medical claims which will usually be paid directly by the insurer to the healthcare provider. SRS funds are meant for the purchase of investment products that have the potential of growing one's own pool of retirement savings. The investment products include life</p>

No.	Category	IA Section(s) to be Amended	Description of Amendment
			<p>insurance policies. When a trust nomination is made, ownership of the insurance policy will be transferred to the beneficiaries and the policyholder will lose his or her rights and control over the policy. The purpose of a trust nomination is for the protection of the beneficiaries against creditors and for estate planning and this runs contrary to the purpose of the SRS, ESP and IMP. Should trust nomination be adopted for IMPs and ESPs, all claims will have to be paid directly by the insurer to the nominees instead of to the healthcare provider and/or the policy owner. The objective of insuring against catastrophic illnesses (IMPs) and providing for long-term care needs (ESPs) may therefore not be met. In the case of the owner of the SRS funds, the person will not be able to enjoy the proceeds of the insurance policies for his or her retirement as ownership of the insurance policy will be transferred to the beneficiaries.</p>
11	To Enhance	52(4)	<p>Exemption Powers</p> <p>Revised provision will provide for MAS to add, vary or revoke any approval condition in relation to an exemption granted. Currently, for an exemption that MAS has granted, s52(4) of the IA only provides for MAS to withdraw the exemption.</p>
12	To Enhance	In general	<p>Prescribe in Regulations or Specify in Directions</p> <p>Revised provision will provide for MAS with the flexibility to set rules through directions (e.g. notices), other than only through regulations, for certain aspects including the submission requirements of insurers' statements of accounts. This will allow MAS to be more responsive in addressing supervisory concerns.</p>
13	To Enhance	New provision	<p>Acquisition and Disposal of Major Stakes in Other Companies</p> <p>MAS has proposed to require insurers to obtain MAS' prior approval for establishment of new entities or new acquisitions, and to give MAS prior notification for disposals. This is because it is important to ensure that the insurer has adequate resources to support new acquisitions and for the insurer's group structure to be transparent to MAS.</p> <p>Please refer to the consultation paper on Insurance Group-Wide Supervision issued in February 2012.</p>

No.	Category	IA Section(s) to be Amended	Description of Amendment
14	To Clarify	1A	<p>Definition of “Captive Insurer”</p> <p>MAS will remove the words “rent-a-captive insurer” from the definition of “captive insurer” in the IA. This is because the current definition is broad and already includes a rent-a-captive insurer, and specific mention of it may cause unnecessary confusion.</p>
15	To Clarify	1A	<p>Definition of “Reinsurer”</p> <p>MAS will amend the definition of “reinsurer” to reflect the policy intent that reinsurers are only allowed to underwrite risks arising from insurers registered in Singapore or overseas.</p> <p>As an example, a home furnishings retailer which offers product warranty for the products it sells is not required to be registered as an insurer because the product warranty is deemed incidental to its core business. Reinsurers are not allowed to insure non-insurers such as the described home furnishings retailer.</p>
16	To Clarify	1A & 2(5)	<p>Description of Carrying on Insurance Business</p> <p>Please refer to Section 2 of this consultation paper.</p>
17	To Clarify	2(2)	<p>Classification of Reinsurance of Liabilities</p> <p>MAS has proposed to refine the description of “reinsurance of liabilities” to reflect the policy intent for the registered reinsurer or authorised reinsurer to classify the reinsurance of liabilities according to the nature of the risk exposure assumed by the reinsurer, regardless of how the ceding insurer may have classified the policies.</p> <p>Please refer to the consultation paper on Proposed Amendments to the Insurance Act issued in September 2010.</p>

No.	Category	IA Section(s) to be Amended	Description of Amendment
18	To Clarify	5	<p>Use of word "Insurance" by Intermediaries</p> <p>Please refer to Section 2 of this consultation paper.</p>
19	To Clarify	6	<p>Prohibition on Solicitation</p> <p>MAS has proposed to define “solicitation” in the IA for to provide clarity, and to specify the policy intent that:</p> <ul style="list-style-type: none"> (i) only the office registered to carry on insurance business in Singapore, but not its overseas head office or branches, is allowed to solicit insurance business in Singapore; and (ii) a registered insurer is not allowed to co-brand its insurance products and services in Singapore with an insurer who is not registered with MAS. <p>Please refer to the consultation paper on Proposed Amendments to the Definition of Carrying on Insurance Business issued in May 2009.</p>
20	To Clarify	9	<p>Requirements before Registration of an Insurer</p> <p>MAS will move the pre-registration requirements of an insurer into s8 of the IA relating to registration of insurers. Having the pre-registration requirements under a separate section in the current s9 of the IA may give the incorrect impression that they are no longer applicable following registration.</p>
21	To Clarify	36(3)	<p>Audit of Accounts of Insurers</p> <p>Revised provision will provide for MAS to require just part or all of the annual returns to be audited. The existing provision indicates that all annual returns have to be audited.</p>

No.	Category	IA Section(s) to be Amended	Description of Amendment
22	To Clarify	36(6)(c)	<p>Appointment of External Auditor</p> <p>MAS will amend s36(6)(c) of the IA to reflect the policy intent that the responsibility to obtain MAS' approval for the appointment of an external auditor lies with the insurer.</p>
23	To Clarify	36 (13) to (15)	<p>Provision relating to Specific Information Submission Requirements</p> <p>MAS will remove s36(13) to (15) of the IA relating to submission requirement of specific information, given that existing provision already provides MAS general powers to require insurers to submit information.</p>
24	To Clarify	s49FB	<p>Transfer of Business</p> <p>MAS has proposed to amend s49FB of the IA to reflect the policy intent that insurers require MAS' approval for all transfers of business, including novation. Currently, under s49FB of the IA, insurers would only require MAS' approval if they transfer business through a scheme of transfer.</p> <p>Please refer to the consultation paper on Insurance Resolution issued in December 2009.</p>
25	To Clarify	49K(d)	<p>Definition of "Relevant Policy" in relation to Nomination of Beneficiaries</p> <p>MAS will revise the definition of "relevant policy" to reflect the policy intent of allowing a policy owner, even if he or she takes over the ownership of the policy from another person, to make a nomination under the nomination of beneficiaries framework. As an illustration, if a person (A) who subsequently takes ownership of a life policy which was effected on his own life (e.g. by way of assignment) is not the same person as the proposer (B) of that life policy, the person (A) should be allowed to make a nomination under the framework.</p>
26	To Clarify	First Schedule	<p>Definition of "Singapore Policy"</p> <p>MAS has proposed to:</p>

No.	Category	IA Section(s) to be Amended	Description of Amendment
			<p>(i) revise the definition of “Singapore policy” so that it can be suitably applied to treaty life reinsurance contracts and treaty accident and health reinsurance contracts. This is because, in relation to life reinsurance policies and accident and health reinsurance policies, the current definition of “Singapore policy” is appropriate for facultative policies but may not be so for treaty contracts as a single treaty contract would include risks from more than one direct policy underwritten by the cedant;</p> <p>(ii) revise the definition of “Singapore policy” so that the classification of a facultative general reinsurance policy will follow that of the underlying direct general insurance policy being reinsured. Currently, in relation to facultative general reinsurance policies, there are cases where the policy classification (i.e. Singapore policy or Offshore policy) does not follow that of the underlying direct general insurance policy being reinsured, because the policy classification also depends on whether the cedant is a person resident in Singapore or has a permanent establishment in Singapore; and</p> <p>(iii) align the classification of life insurance policies where the policy owner is not an individual, with the classification of life insurance policies where the policy owner is an individual. Currently, there are individuals, ordinarily resident in Singapore, who set up overseas trusts to purchase life insurance policies insuring themselves. Such policies are deemed as Offshore policies under the current definition. However, similar policies would have been deemed as Singapore policies if they are directly purchased by the insureds rather than through overseas trusts.</p> <p>Please refer to the consultation paper on Proposed Revision to the Definition of “Singapore Policy” and “Trade Credit Insurer” issued in September 2012.</p>
27	To Clarify	In general	<p>Provisions relating to Different Types of Insurers</p> <p>MAS will place provisions relating to a registered insurer, an authorised reinsurer, and a foreign insurer under a foreign insurers scheme under different parts of the IA for clarity.</p>
28	To Align	8, 8A & 35X	<p>Appeal Rights relating to Registration and Authorisation</p> <p>MAS will provide appeal rights for applicants who are refused by MAS to grant it a licence or authorisation to be a registered insurer, registered insurance broker, or authorised insurer, to be aligned with other</p>

No.	Category	IA Section(s) to be Amended	Description of Amendment
			MAS-administered Acts.
29	To Align	11	<p>Annual Fees of Insurers</p> <p>Revised provision will provide for MAS to waive or refund annual fees, wholly or in part, where MAS considers appropriate, to be aligned with other MAS-administered Acts. It will also remove the requirement for annual fee exemption to be gazetted.</p>
30	To Align	12 & 12A	<p>Cancellation of Registration and Withdrawal of Authorisation</p> <p>Please refer to Section 2 of this consultation paper.</p>
31	To Align	27 to 30	<p>Shareholding and Control</p> <p>MAS has proposed to amend s27 to s30 of the IA relating to the ownership and control of insurers incorporated in Singapore to:</p> <ul style="list-style-type: none"> i) require substantial shareholders and controllers of an insurer to be fit and proper; ii) provide for MAS to remove existing substantial shareholders and controllers when they are no longer fit and proper; iii) provide for MAS to attach conditions to approvals of substantial shareholding and control; and iv) require approvals to be sought for becoming substantial shareholders or controllers of an insurer, instead of only for entering into agreements or arrangements that would result in substantial shareholding and control. <p>Please refer to the consultation paper on Proposed Amendments to the Insurance Act issued in September 2010.</p>

No.	Category	IA Section(s) to be Amended	Description of Amendment
32	To Align	36(6)	<p>Annual Approval of External Auditors</p> <p>MAS will require insurers to seek MAS' approval for the appointment of external auditors on an annual basis, like MAS requires banks to do. This will allow MAS to assess whether the external auditor has adequate resources and competence to continue to undertake and fulfil his duties and responsibilities, in view that the circumstances of the external auditor and the regulatory landscape may change over time.</p>
33	To Align	Part IIIB	<p>Appeals</p> <p>Revised provision will make clear the policy intent that MAS' decision to cancel the registration or authorisation of a registered insurer or authorised reinsurer will not take effect until the expiration of 30 days, to align with other MAS-administered Acts.</p>
34	To Align	55(6), 55(A) and in general	<p>Penalty Provisions</p> <p>New provision will allow for offences that entail an imprisonment term to be compounded, in line with other MAS-administered Acts. Currently, s55(6) of the IA provides for MAS to compound offences that are punishable by a fine only, but not offences that entail an imprisonment term.</p> <p>MAS will specify in certain penalty provisions the specific penalties applicable "in the case of an individual" and "in any other case" which includes all legal entities except individuals, and will retain s55A of the IA to address offences for which the penalty amounts applicable to non-individuals are not specified. Currently, all penalty provisions in the IA stipulate one penalty amount applicable to "any person", which could mean either an individual or a corporate, while s55A of the IA subjects corporations to a penalty up to two times the amount stipulated in the respective penalty provisions.</p> <p>MAS will amend penalty levels to range from \$25,000 to \$250,000 for corporates, and from \$12,500 to \$125,000 for individuals, to be in line with other MAS-administered Acts. MAS will also insert new penalty provisions that are aligned with penalty provisions for offences of similar nature applicable to banks in Singapore. While the amendment will increase the penalty levels for most of the penalty provisions in the</p>

No.	Category	IA Section(s) to be Amended	Description of Amendment
			IA, there will be no change to the maximum penalty and imprisonment term (up to 3 years) that can be imposed under the IA.
35	To Align	In general	<p>Changing the word "Registered" to "Licensed" for Insurers</p> <p>MAS will change all references to “registered” and its variants in the IA to “licensed” and its variants, with respect to insurers.</p> <p>This is because the term “licensed” is more aligned with international practice. Moreover, all other Acts administered by MAS use the word “licensed” when referring to regulated entities.</p>
36	To Align	New provision	<p>Disqualification of Directors and Executive Officers of Insurers</p> <p>MAS has proposed to require insurers to seek MAS consent to appoint or continue to appoint persons, who do not meet specified fit and proper criteria, as directors or executive officers, to be aligned with other MAS-administered Acts.</p> <p>Please refer to the consultation paper on Corporate Governance for Insurers issued in February 2012.</p>
37	To Update	13(3)	<p>References to “Expiry of Registration”</p> <p>MAS will update the provision to remove references to “expiry of registration” given that the registration of insurers is now evergreen.</p>
38	To Update	17(14) & (15)	<p>Insurance Funds</p> <p>MAS will remove s17(14) and (15) of the IA which are obsolete.</p> <p>Insurers were required to set up Offshore Insurance Funds (“OIF”) from 1 January 1987. s17(14) and (15) of the IA were enacted in 1986 to formalise the requirement and to require the newly set-up OIFs to meet</p>

No.	Category	IA Section(s) to be Amended	Description of Amendment
			certain solvency requirements. With the introduction of the risk-based capital framework and s17(1) of the IA that requires the establishment of Singapore Insurance Fund and OIF, s17(14) and (15) of the IA are redundant.
39	To Update	23	<p>Payment of Life Policy Moneys in Singapore Currency</p> <p>MAS will remove this obsolete provision which requires policy moneys relating to life policies issued in the Singapore Insurance Funds to be paid in the Singapore currency, unless agreed otherwise between the insurer and the beneficiary at the time of payment.</p> <p>This is because it is inconsistent with current market practice where insurers offer products with payouts in foreign currency.</p>
40	To Update	26	<p>Statement of Capital</p> <p>MAS will remove this provision which requires an insurer to state the amount of capital subscribed and paid-up in any official publication of the company, as this provision may over-emphasise the importance of the disclosure of such information compared to other information.</p>
41	To Update	36(6)(b)	<p>Updating Reference to Companies Act</p> <p>MAS will update the reference to s9 of the Companies Act (Cap 50) in s36(6)(b) of the IA to s10 of the Companies Act.</p>

No.	Category	IA Section(s) to be Amended	Description of Amendment
42	To Update	60(1)	<p>Cash Surrender Value</p> <p>MAS will refine s60(1) of the IA to reflect that it is not the policy intent to require all life policies that have been in-force for 3 years or more to have a non-zero cash surrender value.</p> <p>This is because insurers can offer products which are of a temporary nature, such as term life insurance products, which focus on providing the policyholder with insurance coverage at the lowest cost, and thus do not have cash surrender values.</p>
43	To Update	65(2)	<p>Obsolete Savings Provisions</p> <p>MAS will remove the obsolete savings provision in s65(2) of the IA.</p>
44	To Update	First Schedule	<p>MAT Definition</p> <p>MAS will transfer the definition of “marine, aviation and transit insurance policy” from the First Schedule of the IA to the Insurance (Approved Marine Aviation, and Transit Insurers) Regulations 2003, given that the IA does not have provisions relating to marine, aviation and transit insurance.</p>

**DISCLAIMER: THIS VERSION OF THE BILL IS IN DRAFT
FORM AND IS SUBJECT TO CHANGE**

Insurance (Amendment) Bill

Bill No. / 2012.

Read the first time on .

A BILL

i n t i t u l e d

An Act to amend the Insurance Act (Chapter 142 of the 2002 Revised Edition), and to make consequential and related amendments to certain other written laws.

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

Short title and commencement

1. This Act may be cited as the Insurance (Amendment) Act 2012 and shall come into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

5 **Amendment of long title**

2. The long title to the Insurance Act is amended by deleting the words “and insurance intermediaries in Singapore,” and substituting the words “in Singapore, insurers, insurance intermediaries and related institutions,”.

10 **Amendment of section 1A**

3. Section 1A of the Insurance Act is amended —

(a) by deleting the definition of “authorised reinsurer” and substituting the following definition:

15 “ “authorised reinsurer” means a reinsurer which is for the time being authorised under section 34;”;

(b) by deleting the definition of “captive insurer” and substituting the following definitions:

20 “ “captive insurer” means an insurer whose licence is restricted to the carrying on of insurance business which consists principally of risks of its related corporations;

“chief executive” —

25 (a) in relation to a licensed insurer which is established or incorporated in Singapore, means any person, by whatever name described, who is in direct employment of, or acting for or by arrangement with, the insurer to be principally responsible for the management and conduct of the business of
30 the insurer, including the business that its subsidiaries and overseas branches (if any) engage in; or

5 (b) in relation to a licensed insurer which is not established or incorporated in Singapore, means any person, by whatever name described, who is in direct employment of, or acting for or by arrangement with, the insurer to be principally responsible for the management and conduct of the business of the insurer in Singapore;”;

10 (c) by inserting, immediately after the definition of “company”, the following definition:

““co-operative society” means a co-operative society registered under the Co-operative Societies Act (Cap. 62);”;

15 (d) by deleting the definition of “executive officer” and substituting the following definition:

““executive officer”, in relation to a licensed insurer, means any person, by whatever name described, who —

20 (a) is in the direct employment of, or acting for or by arrangement with, the insurer; and

(b) is concerned with or takes part in the management of the insurer on a day-to-day basis;”;

25 (e) by inserting, immediately after the definition of “financial year”, the following definitions:

““foreign country” means a country or territory other than Singapore;

“foreign insurer” means an insurer —

30 (a) that is authorised under the law of a foreign country to carry on insurance business in that foreign country; and

(b) that is not licensed as an insurer under section 8 or authorised as a reinsurer under section 34;

5 “foreign insurer scheme” means any foreign insurer scheme established under section 35B;”;

(f) by deleting the definitions of “insurance agent”, “insurance broker” and “insurance intermediary” and substituting the following definitions:

““insurance agent” means —

10 (a) a person who, as an agent for one or more insurers (which may be or may include a foreign insurer carrying on insurance business in Singapore under a foreign insurer scheme), is or has been carrying on
15 the business of —

(i) receiving proposals for, or issuing, policies in Singapore;

(ii) collecting or receiving premiums on policies in Singapore; or

20 (iii) arranging contracts of insurance in Singapore; or

(b) a person acting for, or by arrangement with, an insurance agent referred to in paragraph (a) to perform any or all of the activities
25 carried out by that insurance agent,

but does not include such persons or class of persons as the Authority may prescribe;

“insurance broker” means —

30 (a) a person who, as an agent for insureds or intending insureds in respect of —

(i) policies relating to general business and long-term accident and health

policies, other than insurance policies relating to reinsurance business; or

- (ii) reinsurance of liabilities under insurance policies relating to life business or general business,

5

is or has been carrying on the business of —

- (A) receiving proposals for, or issuing, policies in Singapore;

- (B) collecting or receiving premiums on policies in Singapore; or

10

- (C) arranging contracts of insurance in Singapore; or

- (b) a person acting for, or by arrangement with, an insurance broker referred to in paragraph (a) to perform any or all of the activities carried out by that insurance broker,

15

but does not include such persons or class of persons as the Authority may prescribe;

“insurance business in Singapore” means the business of assuming risk or undertaking liability in Singapore under policies and —

20

- (a) receiving proposals for policies in Singapore;

- (b) issuing policies in Singapore; or

25

- (c) collecting or receiving premiums on policies in Singapore,

but does not include such businesses or activities, such class of businesses or activities, or such businesses or activities carried on by such persons or class of persons, as the Authority may prescribe;

30

“insurance intermediary” means a person who, as an agent for one or more insurers or as an agent for

insureds or intending insureds, arranges contracts of insurance in Singapore, and includes an insurance agent or an insurance broker;”;

(g) by inserting, immediately after the definition of “licensed financial adviser”, the following definition:

“ “licensed insurer” means an insurer which is for the time being licensed under section 8;”;

(h) by deleting the definition of “principal officer”;

(i) by deleting the definition of “reinsurer” and substituting the following definition:

“ “reinsurer” means any person who carries on the business of reinsuring liabilities under insurance policies issued by another person who is approved, licensed, registered or otherwise regulated as an insurer in Singapore or elsewhere;

(j) by deleting the definition of “registered insurer”;

(k) by deleting the words “section 36(1)” in the definitions of “statutory balance-sheet” and “statutory valuation” and substituting the words “section 36”; and

(l) by deleting the definition of “substantial shareholder” and substituting the following definitions:

“ “subsidiary” has the same meaning as in section 5 of the Companies Act (Cap. 50);

“substantial shareholder” has the same meaning as in section 81 of the Companies Act;

“voting share” has the same meaning as in section 4(1) of the Companies Act.”.

Amendment of section 2

4. Section 2 of the Insurance Act is amended —

(a) by inserting, immediately after the word “licensed” in subsection (1)(b), the words “, approved, designated or otherwise regulated”;

(b) by deleting subsection (2) and substituting the following subsection:

5 “(2) For the purposes of this Act, the reinsurance of liabilities under insurance policies by a licensed insurer or an authorised reinsurer shall be treated as insurance business of the class and type according to the nature of the risk assumed or liabilities undertaken by that licensed insurer or authorised reinsurer.”;

10 (c) by deleting the words “, or as agent; but “insurer” does not include an insurance agent as such nor, in the case of a person who is both insurer and insurance agent, have reference to business done as an insurance agent” in subsection (4);

15 (d) by deleting the words “; and references to carrying on insurance business, or any class of insurance business, in Singapore mean the receipt of proposals for, or issuing of, policies in Singapore or the collection or receipt in Singapore of premiums on insurance policies” in subsection (5); and

20 (e) by deleting the words “the prescribed form of balance-sheet or valuation balance-sheet and to the rules to be followed under this Act and the regulations in preparing it” in subsection (8) and substituting the words “the form of balance-sheet or valuation balance-sheet as may be
25 prescribed or specified in directions, and to the rules to be followed under this Act and any directions in preparing it”.

Amendment of section 3

5. Section 3 of the Insurance Act is amended —

30 (a) by deleting the word “registered” wherever it appears in subsections (1), (1B), (1C) and the section heading and substituting in each case the word “licensed”;

(b) by deleting subsection (1A) and substituting the following subsection:

5 “(1A) Except for a licensed insurer or a foreign insurer carrying on insurance business in Singapore under a foreign insurer scheme, no person carrying on reinsurance business outside Singapore shall carry on the business of providing the reinsurance of liabilities under insurance policies, as a principal and as an insurer, to persons in Singapore unless —

(a) he is authorised by the Authority under section 34 to do so; or

10 (b) he is providing the reinsurance of liabilities under insurance policies pursuant to an arrangement which was not solicited by him but was initiated by —

(i) a licensed insurer;

15 (ii) a registered insurance broker; or

(iii) a person exempt from registration as an insurance broker under section 35ZN(1)(a), (b), (c), (d), (e) or (ea) who has notified the Authority, in such manner as may be prescribed under section 64(1), of his commencement of insurance broking business.”; and

20 (c) by deleting subsections (2) and (3) and substituting the following subsection:

25 “(2) Any person who contravenes subsection (1) or (1A) shall be guilty of an offence and shall be liable on conviction —

(a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or

- 5 (b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.”.

Amendment of section 4

6. Section 4 of the Insurance Act is amended —

- 10 (a) by deleting the word “registered” wherever it appears in subsection (1) and the section heading and substituting in each case the word “licensed”; and
- (b) by deleting subsection (2) and substituting the following subsection:

“(2) Any person who is guilty of an offence under subsection (1) shall be liable on conviction —

- 15 (a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof
- 20 during which the offence continues after conviction; or
- (b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000
- 25 for every day or part thereof during which the offence continues after conviction.”.

Amendment of section 5

7. Section 5 of the Insurance Act is amended —

- 30 (a) by deleting the words “No person, other than a registered insurer, an authorised reinsurer or a foreign insurer carrying on insurance business under a foreign insurer scheme established under section 35B, shall” in subsection (1) and substituting the words “Subject to subsections (1AA) and

(1C) and except with the written consent of the Authority, no person, other than a licensed insurer, an authorised reinsurer or a foreign insurer carrying on insurance business in Singapore under a foreign insurance scheme, shall”;

5 (b) by deleting the words “Subject to subsection (1B), no person shall” in subsection (1A) and substituting the words “Subject to subsections (1B) and (1C) and except with the written consent of the Authority, no person shall”;

10 (c) by inserting, immediately after subsection (1A), the following subsection:

“(1AA) Subsection (1) shall not apply to any person who is a registered person operating a representative office under section 6A.”;

15 (d) by deleting the words “under a foreign insurer scheme established under section 35B” in subsection (1B)(f) and substituting the words “in Singapore under a foreign insurer scheme”;

(e) by inserting, immediately after subsection (1B), the following subsection:

20 “(1C) Any person to whom subsection (1) or (1A) applies and who uses the word “insurance” or any of its derivatives, or any other word indicating that the person carries on insurance business, in the name, description or title under which the person carries on business in
25 Singapore shall, in the name, description or title, indicate whether the person carries on business as an insurer or an insurance intermediary.”; and

(f) by deleting subsection (3) and substituting the following subsection:

30 “(3) Any person who contravenes subsection (1), (1A) or (1C) shall be guilty of an offence and shall be liable on conviction —

(a) in the case of an individual, to a fine not exceeding \$12,500 or to imprisonment for a term

- 5 not exceeding 12 months or to both and, in the case of a continuing offence, to a further fine not exceeding \$1,250 for every day or part thereof during which the offence continues after conviction; or
- 10 (b) in any other case, to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part thereof during which the offence continues after conviction.”.

New section 5A

8. The Insurance Act is amended by inserting, immediately after section 5, the following section:

“Restrictions on co-branding

- 15 **5A.**—(1) Except with the prior written consent of the Authority, no licensed insurer, authorised reinsurer or foreign insurer carrying on insurance business in Singapore under a foreign insurer scheme shall use, together with its name, logo or trade mark in the course of the business carried on in
- 20 Singapore, the name, logo or trade mark of any person who —
- (a) carries on the business of assuming risk or undertaking liability under policies, whether in Singapore or elsewhere; and
 - (b) is not a licensed insurer, an authorised reinsurer or a
- 25 foreign insurer carrying on insurance business in Singapore under a foreign insurer scheme.
- (2) Any insurer which contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing
- 30 offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.”.

Repeal and re-enactment of section 6 and new section 6A

9. Section 6 of the Insurance Act is repealed and the following sections substituted therefor:

“Prohibition relating to solicitation of insurance business

5 **6.**—(1) Subject to subsection (5), no person shall solicit any insurance business for any insurer, other than —

- (a) a licensed insurer;
- (b) an authorised reinsurer;
- 10 (c) a foreign insurer carrying on insurance business in Singapore under a foreign insurer scheme; or
- (d) any other insurer entitled to carry on that business in Singapore.

(2) Subject to subsection (5), a person who solicits any insurance business for a licensed insurer or an insurer referred to in subsection (1)(d) —

- (a) shall only solicit in respect of the insurance business in Singapore of that insurer; and
- (b) shall not solicit in respect of the insurance business of —
 - 20 (i) any branch located outside Singapore of that insurer; or
 - (ii) where that insurer is incorporated, formed or established outside Singapore, its head office.

(3) Any person who contravenes subsection (1) or (2) shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or
- 30

5 (b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

(4) A person whose business it is to publish or to arrange for the publication of advertisements shall not be guilty of an offence under subsection (3) if he proves that —

10 (a) he received the advertisement for publication in the ordinary course of his business;

(b) the matters contained in the advertisement were not, wholly or in part, devised or selected by him or by any person under his direction or control; and

15 (c) he did not know and had no reason for believing that the publication of the advertisement would constitute an offence.

(5) Subsections (1) and (2) shall not apply to such persons or class of persons as the Authority may prescribe, subject to such terms or conditions as may be prescribed by the Authority.

20 (6) In this section, unless the context otherwise requires —

“advertisement” means the dissemination or conveyance of information, or invitation or solicitation by any means or in any form, including by means of —

25 (a) publication in a newspaper, magazine, journal or other periodical;

(b) display of posters or notices;

(c) circulars, handbills, brochures, pamphlets, books or other documents;

30 (d) letters addressed to individuals, bodies corporate or bodies unincorporate;

(e) photographs or cinematograph films; or

(f) sound broadcasting, television, the Internet or other media,

but does not include an advertisement issued outside Singapore that is made available —

- 5
- (i) in a newspaper, magazine, journal or other periodical published and circulating principally outside Singapore;
 - (ii) in a sound or television broadcast transmitted principally for reception outside Singapore; or
 - (iii) by any other means of broadcasting or communication principally for circulation or reception outside Singapore;
- 10

“solicit” —

- 15
- (a) means to offer or invite, or to issue any advertisement containing any offer or invitation to, the public or any section of the public in Singapore to enter or to offer to enter into a contract of insurance, whether in Singapore or elsewhere; and
 - (b) includes to issue an advertisement containing information which is intended or might reasonably be presumed to be intended to lead, directly or indirectly, to the entering into of a contract of insurance.
- 20

(7) For the purposes of this section, in determining whether an offer, invitation or advertisement is made or issued to the public or any section of the public in Singapore, regard shall be had to such considerations as the Authority may prescribe.

25

Registration of representative office

6A.—(1) No person shall establish or operate a representative office unless —

- 30
- (a) the person is a company, or a company incorporated outside Singapore; and
 - (b) the representative office is registered with the Authority.

(2) Any person who desires to establish and operate a representative office shall —

(a) apply in writing to the Authority for registration under this section; and

5 (b) furnish such information or documents as the Authority may require.

(3) The Authority may refuse an application made under subsection (2) if the applicant fails to satisfy such criteria as may be determined by the Authority.

10 (4) The Authority may register a representative office subject to such conditions as it considers necessary, and the registered person shall comply with the conditions of registration imposed by the Authority.

15 (5) Every registered person shall furnish such information or documents as the Authority may require from time to time.

(6) The Authority may at any time add to, vary or revoke any condition of registration.

20 (7) The Authority may withdraw the registration of a representative office if the registered person contravenes any provision of this Act or fails to comply with any condition of registration imposed by the Authority.

25 (8) Any person who contravenes subsection (1), fails to comply with any condition of registration imposed by the Authority under subsection (4) or (6), or operates a representative office which has had its registration withdrawn by the Authority under subsection (7), shall be guilty of an offence and shall be liable on conviction —

30 (a) in the case of an individual, to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 2 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$5,000 for every day or part thereof during which the offence continues after conviction; or

- 5 (b) in any other case, to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.
- (9) In this section, unless the context otherwise requires —
- “registered person” means a person whose representative office is registered with the Authority under this section;
- 10 “representative office” means an office in Singapore established by a person to carry out liaison work, market research or feasibility studies for the use of that person, where that person —
- (a) intends to carry on insurance business in Singapore; and
- 15 (b) is not an authorised reinsurer, and does not carry on any insurance business or any other business in Singapore.”.

Amendment of section 7

20 **10.** Section 7 of the Insurance Act is amended by deleting subsection (2) and substituting the following subsection:

- “(2) Any person who wilfully refuses to submit such books, accounts and records or to allow the inspection thereof shall be guilty of an offence and shall be liable on conviction —
- 25 (a) in the case of an individual, to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 2 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$5,000 for every day or part thereof during which the offence continues after conviction; or
- 30 (b) in any other case, to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part

thereof during which the offence continues after conviction.”.

Repeal of sections 8, 8A, 9 and 10 and re-enactment of section 8

5 **11.** Sections 8, 8A, 9 and 10 of the Insurance Act are repealed and the following section substituted therefor:

“Licensing of insurers

8.—(1) A person who desires to carry on insurance business in Singapore as an insurer shall —

10 (a) apply in writing to the Authority for a licence under this section; and

(b) furnish such information as the Authority may require.

(2) Upon receiving an application under subsection (1), the Authority shall consider the application and may grant a licence to the applicant with or without conditions or refuse to grant a licence.

15 (3) The Authority shall not grant a licence to any person unless —

20 (a) the applicant is a company, a company incorporated outside Singapore which has an established place of business in Singapore or a co-operative society; and

(b) the applicant satisfies such financial requirements as may be prescribed.

25 (4) For the purposes of this section, the Authority may prescribe financial requirements of different forms or amounts, and for different classes of insurance business or for different types of insurers.

(5) The Authority may license an insurer as a direct insurer, reinsurer or captive insurer.

30 (6) The Authority shall cause notice of the grant of any licence or change of name of a licensed insurer to be published in the *Gazette*.

(7) Any applicant who is aggrieved by the refusal of the Authority to grant it a licence under this section may, within 30 days of the decision of the Authority, appeal to the Minister in writing in accordance with Part IIIB.

5 (8) The Authority may at any time add to, vary or revoke any of the existing conditions of the licence of an insurer or impose any conditions thereto.

(9) A licensed insurer shall, at all times during the currency of its licence, satisfy such financial requirements as may be prescribed under subsection (3)(b).

10 (10) Any insurer which fails to comply with any condition imposed by the Authority under subsection (2) or (8) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.

15 (11) Any licensed insurer which contravenes subsection (9) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.”.

Amendment of section 11

25 **12.** Section 11 of the Insurance Act is amended —

- (a) by deleting the words “registered insurer and authorised reinsurer” in subsection (1) and substituting the words “licensed insurer”;
- (b) by deleting the words “registered insurers or authorised reinsurers” in subsection (2) and substituting the words “licensed insurers”;
- (c) by deleting subsection (3) and substituting the following subsection:

“(3) The Authority may, where it considers appropriate, waive, refund or remit wholly or in part the annual fees payable under subsection (1).”; and

5 (d) by inserting, immediately after the word “fees” in the section heading, the words “of licensed insurers”.

Repeal of sections 12, 12A, 13, 14A and 15 and re-enactment of sections 12 and 13

10 **13.** Sections 12, 12A, 13, 14A (including the sub-heading immediately above section 14A) and 15 of the Insurance Act are repealed and the following sections substituted therefor:

“Cancellation of licence

15 **12.—**(1) The Authority may by order, at the request of the insurer or on any of the grounds set out in subsection (3), cancel the licence of any insurer either wholly or in respect of a class of business, as the case may be.

(2) The Authority may impose such conditions as it thinks fit before cancelling the licence of the insurer under subsection (1), and the Authority may refuse to cancel the licence of the insurer if the insurer does not comply with the conditions.

20 (3) The grounds referred to in subsection (1) are —

(a) that the insurer has not commenced business within 12 months after being licensed;

25 (b) that the insurer has ceased to carry on insurance business in respect of any class of business;

(c) that it appears to the Authority that the insurer has failed to satisfy an obligation to which it is subject by virtue of this Act;

30 (d) that there exists a ground on which the Authority would have been prohibited under section 8(3) from licensing the insurer;

- (e) that the insurer proposes to make, or has made, any composition or arrangement with its creditors or has gone into liquidation or has been wound up or otherwise dissolved;
- 5 (f) that a receiver, receiver and manager, or such other person having the powers and duties of a receiver, or a receiver and manager, has been appointed, whether in Singapore or elsewhere, in relation to, or in respect of any property of, the insurer or any of its shareholders
- 10 (g) that there is a change of a person having control of the insurer and —
- (i) the new person having control of the insurer is not a fit and proper person; or
- 15 (ii) the Authority is not satisfied as to the financial standing of the insurer after the change;
- (h) that the insurer is carrying on its business in a manner likely to be detrimental to the interests of its policy owners;
- 20 (i) that the insurer is unable to meet its obligations;
- (j) that the insurer has failed to effect satisfactory reinsurance arrangements;
- (k) that the insurer has contravened or is contravening any provision of this Act or any condition imposed or any direction given by the Authority under this Act;
- 25 (l) that any of the officers of the insurer holding a managerial or executive position has been convicted of any offence under this Act;
- (m) that the insurer has furnished false, misleading or
- 30 inaccurate information, or has concealed or failed to disclose material facts in its application for a licence;
- (n) if the insurer is incorporated outside Singapore, that it has had its licence or authority to operate withdrawn

by the supervisory authority which is responsible, under the laws of the foreign country where the insurer is incorporated, for supervising the insurer;

5 (o) that the insurer has contravened or is contravening any of the provisions of the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 or any Rules issued by the deposit insurance and policy owners' fund protection agency under that Act; or

 (p) that it is in the public interest to cancel the licence.

10 (4) Before cancelling the licence of an insurer under subsection (1) otherwise than at the request of the insurer, the Authority shall —

 (a) give the insurer notice in writing of its intention to do so; and

15 (b) in the notice referred to in paragraph (a), call upon the insurer to show cause, within such time as may be specified in the notice, as to why its licence should not be cancelled.

(5) If the insurer referred to in subsection (4) —

20 (a) fails to show cause within the time given to it to do so or within such extended period of time as the Authority may allow; or

 (b) fails to show sufficient cause,

25 the Authority shall give notice in writing to the insurer of the date on which the cancellation of the licence is to take effect.

30 (6) An order to cancel the licence of any insurer made under subsection (1) otherwise than at the request of the insurer shall not take effect until the expiration of a period of 30 days after the Authority has informed the insurer of the cancellation under subsection (5).

(7) Any insurer which is aggrieved by a decision of the Authority under subsection (1) to cancel its licence as an insurer otherwise than at its request may, within 30 days after

the Authority has informed the insurer of the cancellation under subsection (5), appeal to the Minister in writing in accordance with Part IIIB.

5 (8) If, within the period referred to in subsection (7), the insurer concerned gives due notice of appeal to the Minister, the order by the Authority to cancel the licence of the insurer shall not take effect unless the order is confirmed by the Minister or the appeal is for any reason dismissed by the Minister.

10 (9) Notwithstanding the cancellation of the licence of an insurer under subsection (1), so long as the insurer remains under any liability in respect of insurance policies belonging to the class of insurance business to which the licence relates, the insurer shall take such action as it considers necessary or as
15 may be required by the Authority to ensure that —

- (a) reasonable provision has been or will be made for that liability; and
- (b) adequate arrangements exist or will exist for payment of premiums and claims on those policies.

20 (10) For the purposes of this section —

- (a) a person shall be regarded as having control of an insurer if the person alone or acting together with any associate or associates would —
 - 25 (i) acquire or hold, directly or indirectly, 20% or more of the issued share capital of the insurer; or
 - (ii) control, directly or indirectly, 20% or more of the voting power in the insurer;
- (b) a reference to voting power in an insurer is a reference to the total number of votes that might be cast in the
30 general meeting of the insurer; and
- (c) a person, A, is an associate of another person, B, if —
 - (i) A is the spouse, or a parent, remoter lineal ancestor or step-parent, a son, daughter, remoter

issue, step-son or step-daughter, or a brother or sister, of B;

(ii) A is a partner of B;

(iii) where B is a corporation, A is an officer of B;

5 (iv) where A is a corporation, B is an officer of A;

(v) A is an employee or employer of B;

(vi) A is an officer of any corporation of which B is an officer;

10 (vii) A is an employee of a natural person of whom B is an employee;

15 (viii) A is a corporation whose directors are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of B or, where B is a corporation, of the directors of B;

20 (ix) B is a corporation whose directors are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of A or, where A is a corporation, of the directors of A;

(x) A is a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of B;

25 (xi) B is a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of A;

(xii) A is a related corporation of B;

30 (xiii) A is a corporation in which B, alone or together with other associates of B as described in sub-paragraphs (viii) to (xii), is in a position to

control not less than 20% of the voting power in A;

(xiv) B is a corporation in which A, alone or together with other associates of A as described in sub-paragraphs (viii) to (xii), is in a position to control not less than 20% of the voting power in B; or

(xv) A is a person with whom B has an agreement or arrangement, whether oral or in writing and whether express or implied, to act together with respect to the acquisition, holding or disposal of shares or other interests in, or with respect to the exercise of their voting power in relation to, an insurer.

Effects of cancellation of licence

13.—(1) Where an order of cancellation of the licence of an insurer under section 12 becomes effective —

(a) the Authority shall publish a notice of the cancellation in the *Gazette*; and

(b) the insurer shall, as from the date of cancellation, cease to carry on insurance business in Singapore wholly or of the class in respect of which its licence has been cancelled, as the case may be.

(2) Subsection (1)(b) shall not prejudice —

(a) the enforcement by any policy owner or person of any right or claim against the insurer or by the insurer of any right or claim against any policy owner or person; and

(b) the collection or receipt of premiums on insurance policies effected before the date of cancellation of the licence and belonging to the class of insurance business in respect of which the licence has been cancelled, and section 3 shall not apply to the insurer

in respect of the collection or receipt of those premiums.

5 (3) If the licence of an insurer has been cancelled, sections 36 and 37 shall, unless the Authority otherwise directs, continue to apply in relation to the insurer in respect of matters that occurred before the cancellation as if its licence had not been cancelled.”.

Amendment of section 17

14. Section 17 of the Insurance Act is amended —

- 10 (a) by deleting the word “registered” in subsections (1), (1A), (2), (3) and (6) and substituting in each case the word “licensed”;
- (b) by deleting the words “may be prescribed” in subsection (6)(a) and substituting the words “the Authority may
15 prescribe or specify in directions”; and
- (c) by deleting subsections (14) and (15).

Amendment of section 18

15. Section 18 of the Insurance Act is amended —

- 20 (a) by deleting the word “registered” in subsections (1), (4) and (5) and substituting in each case the word “licensed”;
- (b) by deleting the words “subsection (1) or (4)” in subsection (5) and substituting the words “subsection (1) or any direction of the Authority under subsection (4)”;
- (c) by inserting, immediately after the word “prescribe” in
25 subsection (2), the words “or specify in directions”;
- (d) by inserting, immediately after the words “under this Act” in subsection (3), the words “, or directions made under subsection (1) or (2),”;
- 30 (e) by deleting the words “in any case in which the value or amount is required by this section to be determined in accordance with valuation regulations” in subsection (3)(a); and

(f) by inserting, immediately after subsection (5), the following subsection:

5 “(6) Any licensed insurer which contravenes subsection (1) or fails to comply with a direction of the Authority under subsection (4) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.”

10

Repeal and re-enactment of section 19

16. Section 19 of the Insurance Act is repealed and the following section substituted therefor:

“Form, investment and situation of assets

15 **19.** The Authority may prescribe or specify in directions, either generally or in such circumstances and to such extent as may be described —

- 20 (a) the manner in which the assets of any insurance fund of a licensed insurer are to be invested and the places in which such assets are to be maintained; and
- (b) the nature of the assets that is appropriate in relation to the currency in which the liabilities of the insurer are or may be required to be met.”

Amendment of section 20

25 **17.** Section 20 of the Insurance Act is amended by deleting subsection (4) and substituting the following subsection:

30 “(4) Any person who contravenes this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$12,500 and, in the case of a continuing offence, to a further fine not exceeding \$1,250 for every day or part thereof during which the offence continues after conviction.”

Repeal and re-enactment of section 21

18. Section 21 of the Insurance Act is repealed and the following section substituted therefor:

“Maintenance of assets by licensed insurers

5 **21.**—(1) The Authority may, from time to time, by notice in writing to any licensed insurer, or any class of licensed insurers, direct the insurer or insurers, as the case may be, each to maintain and hold such minimum amount or amounts of assets in Singapore as may be specified in the notice for the purpose of meeting its liabilities.

10 (2) Without prejudice to the generality of subsection (1), the Authority may, in a notice issued under that subsection, specify —

15 (a) the types of liabilities in respect of which assets are to be maintained and held in Singapore;

20 (b) the types of assets that are to be treated as assets maintained and held in Singapore, and the minimum amount or amounts in respect of each asset for the purpose of any requirement of the Authority under that subsection; and

25 (c) the method for the valuation of assets maintained and held in Singapore, including any deduction to be made in respect of the assets.

30 (3) Where the Authority issues a notice under subsection (1) to a class of licensed insurers, the Authority may direct different insurers within the class of insurers to maintain and hold different minimum amount or amounts of assets in Singapore, having regard to the financial soundness of each insurer, the risk profile of each insurer and such other factors as the Authority may consider relevant.

(4) Any licensed insurer which fails to comply with any direction of the Authority under subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to

a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.”.

Amendment of section 22

19. Section 22 of the Insurance Act is amended —

- 5 (a) by deleting the words “registered insurer or an authorised reinsurer” in subsections (1), (3), (4) and (5) and substituting in each case the words “licensed insurer”;
- (b) by deleting subsection (2); and
- 10 (c) by inserting, immediately after the word “assets” in the section heading, the words “of licensed insurers”.

Repeal of section 23

20. Section 23 (including the sub-heading immediately above section 23) of the Insurance Act is repealed.

Amendment of section 24

15 **21.** Section 24 of the Insurance Act is amended —

- (a) by deleting the word “registered” in subsections (1) and (2) and substituting in each case the word “licensed”; and
- (b) by deleting “\$12,500” in subsection (4) and substituting “\$25,000”.

20 **Amendment of section 25**

22. Section 25(6) of the Insurance Act is amended by deleting “\$12,500” and substituting the words “\$25,000 and, in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part thereof during which the offence continues after conviction”.

25

Repeal of section 26

23. Section 26 of the Insurance Act is repealed.

Repeal and re-enactment of sections 27 to 29 and new sections 29A to 29D

24. Sections 27, 28 and 29 of the Insurance Act are repealed and the following sections substituted therefor:

5 **“Application and interpretation of sections 28 to 30**

27.—(1) This section and sections 28 to 30 shall apply to, and in relation to, all natural persons whether resident in Singapore or not and whether citizens of Singapore or not, and to all bodies corporate or unincorporate, whether incorporated,
10 formed or established or carrying on business in Singapore or not.

(2) For the purposes of sections 28 to 30 —

(a) a reference to the control of a percentage of the voting power in an insurer is a reference to the control,
15 whether direct or indirect, of that percentage of the total number of votes that might be cast in a general meeting of the insurer; and

(b) any reference to “arrangement” includes a reference to any formal or informal scheme, arrangement or understanding, and any trust whether express or
20 implied.

Control of take-overs of licensed insurers incorporated in Singapore

25 **28.**—(1) No person shall, on or after the date of commencement of the Insurance (Amendment) Act 2012, obtain effective control of a licensed insurer incorporated in Singapore without the prior written approval of the Authority.

(2) The Authority may approve an application made by any person under subsection (1) if the Authority is satisfied that —

30 (a) the person is a fit and proper person; and

(b) having regard to the likely influence of the person, the licensed insurer concerned will or will continue to

conduct its business prudently and comply with the provisions of this Act.

(3) Any approval under this section may be granted to any person subject to such conditions as the Authority may determine, including but not limited to any condition —

(a) restricting the person's disposal or further acquisition of shares or voting power in the licensed insurer concerned; or

(b) restricting the person's exercise of voting power in the insurer.

(4) The Authority may at any time add to, vary or revoke any condition imposed under subsection (2).

(5) Any condition imposed under subsection (3) or (4) shall have effect notwithstanding any of the provisions of the Companies Act or anything contained in the memorandum or articles of association of the licensed insurer concerned.

(6) Any person who contravenes subsection (1), or fails to comply with any condition imposed under subsection (3) or (4), shall be guilty of an offence and shall be liable on conviction —

(a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or

(b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

(7) For the purposes of this section —

(a) a person shall, subject to paragraph (b), be regarded as obtaining effective control of a licensed insurer if —

- (i) the person, whether alone or together with his associates —
- (A) holds 20% or more of the total number of issued shares in the insurer; or
 - 5 (B) is in a position to control 20% or more of the voting power in the insurer;
- (ii) the directors of the insurer are accustomed or under an obligation, whether formal or informal, to act in accordance with the person's directions, instructions or wishes (whether acting alone or
- 10 together with any other person, and whether with or without holding shares or controlling voting power in the insurer); or
- (iii) the person, whether acting alone or together with
- 15 any other person and whether with or without holding shares or controlling voting power in the insurer, is in a position to determine the policy of the insurer;
- (b) a person shall not be regarded as obtaining effective control of a licensed insurer if the person —
- 20
- (i) is a director or other officer of the insurer whose appointment has been approved by the Authority; or
 - (ii) in accordance with whose directions, instructions

25 or wishes the directors of the insurer are accustomed to act by reason only that they act on advice given by him in his professional capacity;
- (c) a person, A, is an associate of another person, B, if —
- (i) A is the spouse, or a parent, remoter lineal

30 ancestor or step-parent, a son, daughter, remoter issue, step-son or step-daughter, or a brother or sister, of B; - (ii) A is a partner of B;

- (iii) where B is a corporation, A is an officer of B;
- (iv) where A is a corporation, B is an officer of A;
- (v) A is an employee or employer of B;
- 5 (vi) A is an officer of any corporation of which B is an officer;
- (vii) A is an employee of a natural person of whom B is an employee;
- 10 (viii) A is a corporation whose directors are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of B or, where B is a corporation, of the directors of B;
- 15 (ix) B is a corporation whose directors are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of A or, where A is a corporation, of the directors of A;
- 20 (x) A is a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of B;
- 25 (xi) B is a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of A;
- (xii) A is a related corporation of B;
- 30 (xiii) A is a corporation in which B, alone or together with other associates of B as described in sub-paragraphs (viii) to (xii), is in a position to control not less than 20% of the voting power in A;
- (xiv) B is a corporation in which A, alone or together with other associates of A as described in

sub-paragraphs (viii) to (xii), is in a position to control not less than 20% of the voting power in B; or

5 (xv) A is a person with whom B has an agreement or arrangement, whether oral or in writing and whether express or implied, to act together with respect to the acquisition, holding or disposal of shares or other interests in, or with respect to the exercise of their voting power in relation to, an insurer; and

(d) a person holds, or has an interest in, any share if —
(i) he is deemed to have an interest in that share under section 7(6) to (10) of the Companies Act; or
15 (ii) he otherwise has a legal or an equitable interest in that share except for such interest as is to be disregarded under section 7(6) to (10) of the Companies Act.

20 **Control of substantial shareholdings of licensed insurers incorporated in Singapore**

25 **29.**—(1) No person shall, on or after the date of commencement of the Insurance (Amendment) Act 2012, become a substantial shareholder of a licensed insurer incorporated in Singapore without the prior written approval of the Authority.

30 (2) No person shall, on or after the date of commencement of the Insurance (Amendment) Act 2012, enter into any agreement or arrangement, whether oral or in writing and whether express or implied, to act together with any person with respect to the acquisition or holding of, or the exercise of rights in relation to, their interests in voting shares of an aggregate of 5% or more of the total votes attached to all voting shares in a licensed insurer which is incorporated in Singapore, without the prior written approval of the Authority.

(3) The Authority may approve an application made by any person under subsection (1) or (2) if the Authority is satisfied that —

(a) the person is a fit and proper person; and

5 (b) having regard to the likely influence of the person, the licensed insurer concerned will or will continue to conduct its business prudently and comply with the provisions of this Act.

(4) Any approval under this section may be granted to any person subject to such conditions as the Minister may determine, including but not limited to any condition —

(a) restricting the person's further acquisition of shares or voting power in the licensed insurer concerned; or

15 (b) restricting the person's exercise of voting power in the insurer.

(5) The Minister may at any time add to, vary or revoke any condition imposed under subsection (4).

(6) Any condition imposed under subsection (4) or (5) shall have effect notwithstanding any of the provisions of the Companies Act or anything contained in the memorandum or articles of association of the licensed insurer concerned.

(7) Any person who contravenes subsection (1) or (2) shall be guilty of an offence and shall be liable on conviction —

25 (a) in the case of an individual, to a fine not exceeding \$125,000 and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or

30 (b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

(8) Any person who fails to comply with any condition imposed under subsection (4) or (5) shall be guilty of an offence and shall be liable on conviction —

- 5 (a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or
- 10 (b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

15 (9) For the purposes of this section, a person holds, or has an interest in any share if —

- (a) he is deemed to have an interest in that share under section 7 of the Companies Act; or
- 20 (b) he otherwise has a legal or an equitable interest in that share except for such interest as is to be disregarded under section 7 of the Companies Act.

Objection to existing control of licensed insurers incorporated in Singapore

25 **29A.**—(1) The Authority may serve a written notice of objection on any person referred to in section 28 or 29 if the Authority is satisfied that —

- (a) any condition of approval imposed on the person under section 28 or 29 has not been complied with;
- 30 (b) the person has furnished any false or misleading information or document in connection with an application under section 28 or 29;
- (c) it would not have granted its approval under section 28 or 29 had it been aware, at that time, of

circumstances relevant to the person's application for such approval;

- (d) the person has ceased to be a fit and proper person; or
- (e) having regard to the likely influence of the person, the licensed insurer concerned is no longer likely to conduct its business prudently or to comply with the provisions of this Act.

5
10 (2) Before the service of a written notice of objection, the Authority shall, unless it decides that it is not practicable or desirable to do so, cause to be given to the person concerned a notice in writing of its intention to serve the written notice of objection, specifying a date by which the person may make written representations with regard to the proposed written notice of objection.

15 (3) Upon receipt of any written representations, the Authority shall consider them for the purpose of determining whether to issue a written notice of objection.

20 (4) The Authority shall, in any written notice of objection, specify a reasonable period within which the person to be served the written notice of objection shall —

25 (a) take such steps as are necessary to ensure that he ceases to be in effective control as defined in section 28, or ceases to be a substantial shareholder or a party to the agreement or arrangement described in section 29(2), as the case may be; or

(b) comply with such direction or directions as the Authority may make under section 29B.

(5) Any person served with a written notice of objection under this section shall comply with the notice.

30 (6) Any person who contravenes subsection (5) shall be guilty of an offence and shall be liable on conviction —

(a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing

offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or

- 5 (b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

Power to make directions

10 **29B.**—(1) Without prejudice to section 29A, if the Authority is satisfied that any person has contravened section 28, 29 or section 29A(5) or has failed to comply with any condition imposed under section 28(3) or (4) or 29(4) or (5), or if the Authority has served a written notice of objection under section
15 29A, the Authority may, by notice in writing —

- (a) direct the transfer or disposal of all or any of the shares in the licensed insurer concerned held by the person or any of his associates (referred to in this section as the specified shares) within such time or
20 subject to such conditions as the Authority considers appropriate;
- (b) restrict the transfer or disposal of the specified shares; or
- (c) make such other direction as the Authority considers
25 appropriate.

(2) Any person to whom a notice is given under subsection (1) shall comply with such direction or directions as may be specified in the notice.

30 (3) In the case of any direction made under subsection (1)(a) or (b), until a transfer or disposal is effected in accordance with the direction or until the restriction on the transfer or disposal is removed, as the case may be, notwithstanding any of the provisions of the Companies Act or anything contained in the

memorandum or articles of association of the licensed insurer concerned —

- 5 (a) no voting rights shall be exercisable in respect of the specified shares unless the Authority expressly permits such rights to be exercised;
- (b) no shares of the insurer shall be issued or offered (whether by way of rights, bonus or otherwise) in respect of the specified shares unless the Authority expressly permits such issue or offer; and
- 10 (c) except in a liquidation of the insurer, no payment shall be made by the insurer of any amount (whether by way of dividends or otherwise) in respect of the specified shares unless the Authority expressly authorises such payment.
- 15 (4) Any person who contravenes subsection (2) shall be guilty of an offence and shall be liable on conviction —
- (a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or
- 20 (b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.
- 25

Defences

30 **29C.**—(1) Where a person is charged with an offence in respect of a contravention of section 28 or 29, it shall be a defence for the person to prove that —

- (a) he was not aware that he had contravened section 28 or 29, as the case may be; and

5 (b) he has, within 14 days of becoming aware that he had contravened section 28 or 29, as the case may be, notified the Authority of the contravention and, within such time as determined by the Authority, taken such actions in relation to his control of the voting power or his shareholding in the licensed insurer concerned as the Authority may direct.

10 (2) Where a person is charged with an offence in respect of a contravention of section 28, it shall also be a defence for the person to prove that, even though he was aware of the contravention —

15 (a) the contravention occurred as a result of an increase in the shareholding as described in section 28(7)(d) of, or in the voting power controlled by, any of his associates described in section 28(7)(c)(i);

20 (b) he has no agreement or arrangement, whether oral or in writing and whether express or implied, with that associate with respect to the acquisition, holding or disposal of shares or other interests in, or under which they act together in exercising their voting power in relation to, the licensed insurer concerned; and

25 (c) he has, within 14 days of the date of the contravention, notified the Authority of the contravention and, within such time as may be determined by the Authority, taken such action in relation to his control of the voting power or his shareholding in the licensed insurer concerned as the Authority may direct.

30 (3) Except as provided in subsections (1) and (2), it shall not be a defence for a person charged with an offence in respect of a contravention of section 28 or 29 to prove that he did not intend to or did not knowingly contravene section 28 or 29, as the case may be.

Appeals

35 **29D.** Any person who is aggrieved by a decision of the Authority under section 28, 29, 29A or 29B may, within 30

days of the decision of the Authority, appeal to the Minister in writing in accordance with Part IIIB.”.

Repeal and re-enactment of section 30 and new sections 30A and 30B

- 5 **25.** Section 30 of the Insurance Act is repealed and the following sections substituted therefor:

“Power of Authority to obtain information from licensed insurer, shareholder or other relevant persons

10 **30.**—(1) The Authority may, by notice in writing, direct a licensed insurer that is incorporated in Singapore to obtain from any shareholder of the insurer and to transmit to the Authority information —

- 15 (a) as to whether that shareholder holds any voting shares in the insurer as beneficial owner or as trustee; and
- (b) if he holds them as trustee, to indicate as far as he can the person or persons for whom he holds them (either by name or by other particulars sufficient to enable those persons to be identified) and the nature of their interests,

20 and the insurer shall comply with that direction within such time as is specified in the notice.

25 (2) The Authority may, by notice in writing, require any shareholder of a licensed insurer which is incorporated in Singapore, or any person who appears from information provided to the Authority under subsection (1) or this subsection to have an interest in any share in a licensed insurer which is incorporated in Singapore, to provide to the Authority, within such time as may be specified in the notice or within such extended period of time as the Authority may allow, any

30 information relating to the shareholder or the person, as the case may be, which the Authority may require for the purpose of ascertaining or investigating into the control of shareholding or voting power in the insurer, or exercising any power or function under sections 28 to 29C, including —

- 5 (a) whether he holds that interest as beneficial owner or as trustee, and if he holds the interest as trustee, to indicate as far as he can, the person for whom he holds the interest (either by name or by other particulars sufficient to enable that person to be identified) and the nature of his interest; or
- 10 (b) whether any share or any voting right attached to the share is the subject of an agreement or arrangement described in section 28(7)(c)(xv) or 29(2), and if so, to give particulars of the agreement or arrangement and the parties to it, and the shareholder or the person shall comply with that notice within such time as may be specified therein.
- 15 (3) Any person who —
- (a) fails to comply with a notice under this section ; or
- (b) in purported compliance with the notice, knowingly or recklessly furnishes any information or document that is false or misleading in a material particular,
- shall be guilty of an offence.
- 20 (4) Any person convicted of an offence under subsection (3) shall be liable on conviction —
- (a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or
- 25 (b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.
- 30

Application of sections 27, 28, 29 to 29D and 30 to licensed insurer that is co-operative society

5 **30A.** Sections 27, 28, 29, 29A to 29D and 30 shall apply with the necessary modifications to a licensed insurer that is a co-operative society as if it were a licensed insurer incorporated in Singapore.

Investment in corporations

10 **30B.**—(1) No licensed insurer shall acquire or hold, directly or indirectly, a major stake in any corporation without the prior approval of the Authority.

(2) Notwithstanding subsection (1) —

15 (a) a licensed insurer may, within 6 months after the date of commencement of the Insurance (Amendment) Act 2012, acquire or hold, directly or indirectly, a major stake in any corporation without the prior written approval of the Authority; but

20 (b) the licensed insurer shall not continue to hold the major stake after the period referred to in paragraph (a) unless it has obtained the approval of the Authority.

25 (3) Any approval granted by the Authority under this section for a licensed insurer to acquire or hold, directly or indirectly, a major stake in a corporation may be subject to such conditions as the Authority may determine, including any condition relating to the operations or activities of the corporation.

(4) The Authority may at any time add to, vary or revoke any condition imposed under subsection (3).

(5) This section shall not apply to —

30 (a) any interest held by way of security for the purposes of a transaction entered into in the ordinary course of business of an insurer;

(b) any shareholding or interest acquired or held by an insurer in the course of satisfaction of debts due to it

which is disposed of at the earliest suitable opportunity; and

(c) such other interest as may be prescribed.

(6) The Authority may, by regulations —

- 5 (a) exclude the operation of this section in respect of any corporation or class of corporations, subject to such conditions as may be prescribed;
- (b) provide for the manner of computation of major stakes; and
- 10 (c) provide that any interest or control referred to in the definition of “major stake” in subsection (8), that is acquired or held, directly or indirectly, by a corporation in which a licensed insurer has, directly or indirectly, a major stake shall be deemed to be
- 15 acquired or held by the insurer.

(7) Any licensed insurer which contravenes this section or fails to comply with any condition imposed or prescribed under this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of

20 a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

(8) In this section, unless the context otherwise requires —

- (a) “major stake” means —
- 25 (i) any beneficial interest exceeding 10% of the total number of issued shares or such other measure corresponding to shares in a corporation as may be prescribed;
- (ii) control over more than 10% of the voting power or such other measure corresponding to voting
- 30 power in a corporation as may be prescribed; or
- (iii) any interest in a corporation, where the directors of the company are accustomed or under an

5 obligation, whether formal or informal, to act in accordance with the directions of the licensed insurer concerned, instructions or wishes, or where the insurer is in a position to determine the policy of the corporation; and

(b) a reference to voting power in a corporation is a reference to the total number of votes that might be cast in a general meeting of the corporation.

10 (9) This section shall not affect any acquisition or holding of a major stake which was approved by the Authority before the date of commencement of the Insurance (Amendment) Act 2012.”.

Repeal and re-enactment of section 31 and new section 31A

15 **26.** Section 31 of the Insurance Act is repealed and the following sections substituted therefor:

“Approval or removal of chairman, key executive person and director of licensed insurer

20 **31.**—(1) Subject to this section, a licensed insurer shall have a chairman, and persons holding the following appointments in the licensed insurer:

- (a) chief executive;
- (b) appointed actuary, where the insurer is a direct insurer licensed to carry on life business;
- 25 (c) certifying actuary, where the insurer is a direct insurer licensed to carry on general business, or a reinsurer licensed to carry on life or general business; and
- (d) such other appointment or appointments as may be prescribed.

30 (2) Subject to this section, a licensed insurer may appoint a person as its deputy chief executive.

(3) No licensed insurer shall appoint a person as its chairman, director or key executive person unless —

- (a) the insurer has satisfied the Authority that the person is a fit and proper person to be so appointed; and
- (b) the insurer has obtained the approval of the Authority to so appoint the person.

5 (4) The Authority may —

- (a) grant its approval to a licensed insurer under subsection (3) to appoint a chairman, director or key executive person with or without conditions; and
- (b) at any time add to, vary or revoke any condition of approval referred to in paragraph (a) or impose any conditions thereto.

(5) Without prejudice to the generality of section 64, the Authority may prescribe the duties of the chairman, the directors and the key executive persons of a licensed insurer.

15 (6) Where a licensed insurer has obtained the approval of the Authority to appoint a person as its chairman or director under subsection (3), the person may be re-appointed in that office or appointment immediately upon the expiry of the earlier term without the approval of the Authority if, and only if, the new term does not exceed such period as may be prescribed.

20 (7) Where a licensed insurer has obtained the approval of the Authority to appoint a person as its key executive person under subsection (3), the person may be re-appointed in that office or appointment immediately upon the expiry of the earlier term without the approval of the Authority.

25 (8) If at any time it appears to the Authority that the chairman, or a director or key executive person, of a licensed insurer has failed to perform his functions or is no longer a fit and proper person to be so appointed, the Authority may direct the licensed insurer to remove the chairman, director or key executive person from his office, appointment or employment, as the case may be.

30 (9) For the purpose of determining whether to grant its approval under subsection (3) or whether the chairman or a

5 director or key executive person has failed to perform his functions under subsection (8), the Authority shall, without prejudice to any other matter it may consider relevant, have regard to such criteria as may be prescribed or specified in directions.

(10) Before directing a licensed insurer to remove a person from his office, appointment or employment under subsection (8), the Authority shall —

10 (a) give the insurer notice in writing of its intention to do so; and

(b) in the notice referred to in paragraph (a), call upon the licensed insurer to show cause within such time as may be specified in the notice why that person should not be removed.

15 (11) If a licensed insurer —

(a) fails to show cause within the time given to it to do so under subsection (10) or within such extended period of time as the Authority may allow; or

(b) fails to show sufficient cause,

20 the Authority shall give notice in writing to the insurer of the date on which the direction to remove the chairman, director or key executive person, as the case may be, is to take effect.

25 (12) Any person who is aggrieved by a direction of the Authority under subsection (8) may, within 30 days after receiving the direction, appeal to the Minister in writing in accordance with Part IIIB.

30 (13) Notwithstanding the lodging of an appeal under subsection (11), a direction to remove a licensed insurer's chairman, director or key executive person under subsection (8) shall continue to have effect pending the decision of the Minister.

(14) Any licensed insurer which contravenes subsection (1) or (3), or fails to comply with any condition imposed by the Authority under subsection (4), shall be guilty of an offence

and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.

5 (15) Any licensed insurer which fails to comply with any direction of the Authority under subsection (8) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000.

10 (16) Nothing in the Co-operative Societies Act or section 152 of the Companies Act shall prevent the Authority from exercising any power under subsection (8).

15 (17) No criminal or civil liability shall be incurred by a licensed insurer, or any person acting on behalf of the insurer, in respect of anything done or omitted to be done with reasonable care and in good faith in the discharge or purported discharge of the obligations of the insurer under subsection (8).

(18) In this section, unless the context otherwise requires —

“chairman”, in relation to a licensed insurer, means the chairman of the board of directors of the insurer;

20 “key executive person” means a person holding any appointment referred to in subsection (1)(a) to (d) or (2).

Disqualification of directors and executive officers of licensed insurer

25 **31A.**—(1) Notwithstanding section 31 or the provisions of any other written law, a licensed insurer shall not, without the prior written consent of the Authority, permit a person to act as its director or executive officer if the person —

30 (a) has been convicted, whether in Singapore or elsewhere of —

(i) an offence involving fraud or dishonesty;

- (ii) an offence the conviction for which involved a finding that he had acted fraudulently or dishonestly; or
- (iii) an offence specified in the Third Schedule to the Registration of Criminals Act (Cap. 268);
- (b) is an undischarged bankrupt, whether in Singapore or elsewhere;
- (c) has had execution against him in respect of a judgment debt returned unsatisfied in whole or in part;
- (d) has, whether in Singapore or elsewhere, entered into a compromise or scheme of arrangement with his creditors, being a compromise or scheme of arrangement that is still in operation;
- (e) has had a prohibition order under section 35V, or under section 59 of the Financial Advisers Act (Cap. 110) or section 101A of the Securities and Futures Act (Cap. 289), made against him that remains in force; or
- (f) has been a director of, or directly concerned in the management of, a regulated financial institution, whether in Singapore or elsewhere —
- (i) which is being or has been, wound up by a court; or
- (ii) the licence of which has been revoked by the Authority or, in the case of a regulated financial institution in a foreign country, by the regulatory authority in that foreign country.
- (2) Any licensed insurer which contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.
- (3) In this section, unless the context otherwise requires —

5 “regulated financial institution” means a person who carries on a business, the conduct of which is regulated or authorised by the Authority or, if carried on in Singapore, would be regulated or authorised by the Authority;

“regulatory authority” has the same meaning as in section 49A.”.

Amendment of section 33

27. Section 33 of the Insurance Act is amended —

10 (a) by deleting subsection (1) and substituting the following subsection:

15 “(1) The Authority may, by notice in writing, require any Singapore insurer to furnish it with information about any matter related to any business carried on by the insurer in Singapore or elsewhere if, in the opinion of the Authority, it requires that information for the discharge of its functions under this Act.”;

(b) by deleting the word “registered” in subsection (2) and substituting the word “licensed”; and

20 (c) by deleting the word “registration” in subsection (3) and substituting the word “licence”.

New Division 3 of Part II of Act

28. The Insurance Act is amended by inserting, immediately after section 33, the following Division:

25 “DIVISION 3 — AUTHORISED REINSURERS

Authorisation of reinsurers

30 **34.**—(1) A person carrying on reinsurance business outside Singapore may apply to the Authority to be authorised for the purposes of this Act in such form and manner as the Authority may prescribe.

(2) The Authority may require the applicant to furnish it with such information or documents as the Authority considers necessary in relation to the application.

5 (3) The Authority may authorise the applicant with or without conditions, or refuse to authorise the applicant on any prescribed ground or on such other ground as the Authority thinks fit.

(4) The Authority may authorise the applicant as a general reinsurer or life reinsurer or both.

10 (5) The Authority shall cause notice of any authorisation or change of name of a reinsurer authorised under this section to be published in the *Gazette*.

15 (6) Any applicant who is aggrieved by the refusal of the Authority to authorise it under this section may, within 30 days of the decision of the Authority, appeal to the Minister in writing in accordance with Part IIIB.

(7) The Authority may at any time add to, vary or revoke any of the existing conditions of authorisation of an authorised reinsurer or impose any conditions thereto.

20 (8) Any authorised reinsurer which fails to comply with any condition imposed by the Authority under subsection (3) or (7) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.

Deposits by authorised reinsurers

30 **34A.**—(1) Every authorised reinsurer shall maintain a reinsurance deposit of a value of such amount as the Authority may prescribe or specify in directions for the purposes of this section in respect of each class of insurance business for which it is authorised.

(2) A deposit under subsection (1) shall be made in such form and manner, and in assets of such nature, as may be prescribed or specified in directions for the purposes of this section.

5 (3) All income accruing in respect of a deposit under subsection (1) shall be payable to the authorised reinsurer making the deposit.

(4) The Authority may, in relation to a deposit under subsection (1), prescribe or specify in directions —

10 (a) the rights and obligations of any party in relation to the deposit; and

(b) any other matter which the Authority considers to be incidental to or necessary for this section.

Bank covenants in lieu of deposits

15 **34B.**—(1) If, in the case of any authorised reinsurer, a bank licensed under any written law for the time being in force relating to banking makes with the Authority an agreement in a form approved by the Authority whereby —

20 (a) the bank covenants to deposit with the Authority a specified sum in cash on account of the reinsurer's deposit under section 34A in respect of either class of insurance business; and

(b) the covenant complies with any requirement the Authority sees fit to impose as to the circumstances in which that sum is to be deposited,

25 then, for the purposes of this Act, the reinsurer shall be treated as having made the deposit under that section and the sum so covenanted for shall be recoverable notwithstanding that no consideration is furnished on the agreement.

30 (2) Any sum deposited by a bank in pursuance of an agreement made under subsection (1) shall be dealt with under or for the purposes of this Act as if it were a sum deposited by the authorised reinsurer under section 34A.

Annual fees of authorised reinsurers

34C.—(1) Every authorised reinsurer shall pay to the Authority such annual fees as may be prescribed.

5 (2) The Authority may prescribe different annual fees for different classes of insurance business or for different types of authorised reinsurers.

(3) The Authority may, where it considers appropriate, waive, refund or remit wholly or in part the annual fees payable under subsection (1).

10 Withdrawal of authorisation

34D.—(1) The Authority may by order, at the request of the reinsurer or on any of the grounds set out in subsection (2), withdraw the authorisation of any reinsurer authorised under section 34 either wholly or in respect of a class of business, as
15 the case may be.

(2) The grounds referred to in subsection (1) are —

- 20 (a) that the reinsurer has not commenced the business of providing reinsurance of liabilities under insurance policies to persons in Singapore within 12 months after being authorised;
- (b) that the reinsurer has ceased to carry on the business of providing reinsurance of liabilities under insurance policies to persons in Singapore;
- 25 (c) that it appears to the Authority that the reinsurer has failed to satisfy an obligation to which it is subject by virtue of this Act;
- 30 (d) that the reinsurer proposes to make, or has made, whether in Singapore or elsewhere, any composition or arrangement with its creditors or has gone into liquidation or has been wound up or otherwise dissolved;
- (e) that a receiver, receiver and manager, judicial manager, or such other person having the powers and

- 5 duties of a receiver, receiver and manager or judicial manager, has been appointed, whether in Singapore or elsewhere, in relation to, or in respect of any property of, the reinsurer or any of its shareholders having control of the reinsurer;
- (f) that there is a change of a person having control of the reinsurer and —
- (i) the new person having control of the reinsurer is not a fit and proper person; or
- 10 (ii) the Authority is not satisfied as to the financial standing of the reinsurer after the change;
- (g) that the reinsurer is carrying on its business in a manner likely to be detrimental to the interests of its policy owners, whether in Singapore or elsewhere;
- 15 (h) that the reinsurer is unable to meet its obligations, whether in Singapore or elsewhere;
- (i) that the reinsurer has contravened or is contravening any provision of this Act, or any condition imposed or direction given by the Authority under this Act;
- 20 (j) that any of the officers of the reinsurer holding a managerial or executive position has been convicted of any offence under this Act;
- (k) that the reinsurer has furnished false, misleading or inaccurate information, or has concealed or failed to disclose material facts in its application for
- 25 authorisation;
- (l) that the reinsurer has had its licence or authority to operate withdrawn by the supervisory authority which is responsible, under the laws of the country or
- 30 territory where the reinsurer is incorporated, formed or established, for supervising the reinsurer; or
- (m) that it is in the public interest to withdraw the authorisation.

(3) Before withdrawing the authorisation of a reinsurer under subsection (1) otherwise than at the request of the reinsurer, the Authority shall —

- 5 (a) give the reinsurer notice in writing of its intention to do so; and
- (b) in the notice referred to in paragraph (a), call upon the reinsurer to show cause, within such time as may be specified in the notice, as to why its authorisation should not be withdrawn.

10 (4) If the reinsurer referred to in subsection (3) —

- (a) fails to show cause within the time specified in the notice under that subsection or within such extended period of time as the Authority may allow; or
- (b) fails to show sufficient cause,

15 the Authority shall give notice in writing to the reinsurer of the date on which the withdrawal of authorisation is to take effect.

 (5) An order to withdraw the authorisation of any reinsurer made under subsection (1) otherwise than at the request of the reinsurer shall not take effect until the expiration of a period of

20 30 days after the Authority has informed the reinsurer of the withdrawal under subsection (4).

 (6) Any reinsurer which is aggrieved by a decision of the Authority under subsection (1) to withdraw its authorisation as a reinsurer otherwise than at its request may, within 30 days

25 after the Authority has informed the reinsurer of the withdrawal under subsection (4), appeal to the Minister in writing in accordance with Part IIIB.

 (7) If, within the period referred to in subsection (6), the reinsurer concerned gives due notice of appeal to the Minister,

30 the order by the Authority to withdraw the authorisation of the reinsurer shall not take effect unless the order is confirmed by the Minister or the appeal is for any reason dismissed by the Minister.

5 (8) Notwithstanding the withdrawal of the authorisation of a reinsurer under subsection (1), so long as the reinsurer remains under any liability in respect of insurance policies belonging to the class of insurance business to which the authorisation relates, the reinsurer shall take such action as it considers necessary or as may be required by the Authority to ensure that —

- (a) reasonable provision has been or will be made for that liability; and
- 10 (b) adequate arrangements exist or will exist for the payment of premiums and claims on those policies.

(9) For the purposes of this section —

- 15 (a) a person shall be regarded as having control of a reinsurer if the person alone or acting together with any associate or associates would —
 - (i) acquire or hold, directly or indirectly, 50% or more of the issued share capital (if any) of the reinsurer; or
 - (ii) control, directly or indirectly, 50% or more of the voting power in the reinsurer;
- 20 (b) a reference to voting power in a reinsurer is a reference to the total number of votes that might be cast in the general meeting of the reinsurer; and
- (c) a person, A, is an associate of another person, B, if —
 - 25 (i) A is the spouse, or a parent, remoter lineal ancestor or step-parent, a son, daughter, remoter issue, step-son or step-daughter, or a brother or sister, of B;
 - (ii) A is a partner of B;
 - 30 (iii) where B is a corporation, A is an officer of B;
 - (iv) where A is a corporation, B is an officer of A;
 - (v) A is an employee or employer of B;

- (vi) A is an officer of any corporation of which B is an officer;
- (vii) A is an employee of a natural person of whom B is an employee;
- 5 (viii) A is a corporation whose directors are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of B or, where B is a corporation, of the directors of B;
- 10 (ix) B is a corporation whose directors are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of A or, where A is a corporation, of the directors of A;
- 15 (x) A is a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of B;
- (xi) B is a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of A;
- 20 (xii) A is a related corporation of B;
- (xiii) A is a corporation in which B, alone or together with other associates of B as described in sub-paragraphs (viii) to (xii), is in a position to control not less than 20% of the voting power in A;
- 25 (xiv) B is a corporation in which A, alone or together with other associates of A as described in sub-paragraphs (viii) to (xii), is in a position to control not less than 20% of the voting power in B; or
- 30

- 5 (xv) A is a person with whom B has an agreement or arrangement, whether oral or in writing and whether express or implied, to act together with respect to the acquisition, holding or disposal of shares or other interests in, or with respect to the exercise of their voting power in relation to, an insurer.

Effects of withdrawal of authorisation

10 **34E.**—(1) Where an order of withdrawal of the authorisation of a reinsurer under section 34D becomes effective —

- (a) the Authority shall publish a notice of the withdrawal in the *Gazette*; and
- 15 (b) the authorised reinsurer shall as from the date of withdrawal, cease to carry on the business of providing reinsurance of liabilities under insurance policies to persons in Singapore wholly or of the class in respect of which its authorisation has been withdrawn, as the case may be.

(2) Subsection (1)(b) shall not prejudice —

- 20 (a) the enforcement by any policy owner or person of any right or claim against the reinsurer or by the reinsurer of any right or claim against any policy owner or person; and
- 25 (b) the collection or receipt of premiums on insurance policies effected before the date of withdrawal of the authorisation and belonging to the class of insurance business in respect of which the authorisation has been withdrawn, and section 3 shall not apply to the reinsurer in respect of the collection or receipt of those
- 30 premiums.

Maintenance of assets by authorised reinsurers

34F.—(1) The Authority may, from time to time, by notice in writing to any authorised reinsurer, or any class of authorised

reinsurers, direct the reinsurer or reinsurers, as the case may be, each to maintain and hold such minimum amount or amounts of assets in Singapore as may be specified in the notice for the purpose of meeting its liabilities.

5 (2) Without prejudice to the generality of subsection (1), the Authority may, in a notice issued under that subsection, specify —

- (a) the types of liabilities in respect of which assets are to be maintained and held in Singapore;
- 10 (b) the types of assets that are to be treated as assets maintained and held in Singapore, and the minimum amount or amounts in respect of each asset for the purpose of any requirement of the Authority under that subsection; and
- 15 (c) the method for the valuation of assets maintained and held in Singapore, including any deduction to be made in respect of the assets.

(3) Where the Authority issues a notice under subsection (1) to a class of authorised reinsurers, the Authority may direct
20 different reinsurers within the class of reinsurers to maintain and hold different minimum amount or amounts of assets in Singapore, having regard to the financial soundness of each reinsurer, the risk profile of each reinsurer and such other factors as the Authority may consider relevant.

25 (4) Any authorised reinsurer which fails to comply with any direction of the Authority under subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to
30 a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

Custody of assets of authorised reinsurers

34G.—(1) The Authority may, in the case of an authorised reinsurer on which a requirement has been imposed under section 34F, impose an additional requirement that the whole or

a specified proportion of the assets to which the requirement under that section applies shall be held by a person approved by the Authority for the purposes of the requirement under this section as trustee for the reinsurer.

5 (2) Assets of an authorised reinsurer held by a person as trustee for the reinsurer shall be taken to be held by him in compliance with a requirement imposed under this section if, and only if —

10 (a) they are assets in whose case the reinsurer has given him written notice that they are to be held by him in compliance with such a requirement; or

15 (b) they are assets into which assets in whose case the reinsurer has given him such written notice have, by any transaction or series of transactions, been transposed by him on the instructions of the reinsurer.

(3) No assets held by a person as trustee for an authorised reinsurer in compliance with a requirement imposed under this section shall, so long as the requirement is in force, be released except with the written consent of the Authority.

20 (4) If a mortgage or charge is created by an authorised reinsurer at a time when there is in force a requirement imposed on the reinsurer by virtue of this section, being a mortgage or charge conferring a security on any assets which are held by a person as trustee for the reinsurer in compliance with the
25 requirement, the mortgage or charge shall, to the extent that it confers such a security, be void against the liquidator and any creditor of the reinsurer.

General obligation of authorised reinsurers to furnish information

30 **34H.** The Authority may, by notice in writing, require any authorised reinsurer to furnish it with information about any matter related to any insurance business in respect of which the reinsurer is authorised if the Authority is of the opinion that it requires that information for the discharge of its functions
35 under this Act.”.

Amendment of section 35A

29. Section 35A of the Insurance Act is amended —

(a) by inserting, immediately after the definition of “agent”, the following definition:

5 ““chief executive officer”, in relation to an
 administrator or an agent for any foreign insurer
 carrying on insurance business in Singapore
 under a foreign insurer scheme, means any
 person, by whatever name described, who is
10 employed by the administrator or the agent, as the
 case may be, to be principally responsible for the
 management and conduct of its business.”; and

(b) by deleting the definitions of “foreign insurer” and “foreign insurer scheme”.

15 **Amendment of section 35C**

30. Section 35C of the Insurance Act is amended —

(a) by inserting, immediately after subsection (5), the following subsections:

20 “(6) If at any time it appears to the Authority that the
 chief executive officer or a director of an administrator
 appointed under subsection (1) has failed to perform his
 functions or is no longer a fit and proper person to be so
 appointed, the Authority may direct the administrator to
 remove the chief executive officer or director from his
25 office, appointment or employment, as the case may be,.

 (7) For the purpose of determining whether the chief
 executive officer or a director of an administrator
 appointed under subsection (1) has failed to perform his
 functions under subsection (6), the Authority shall,
30 without prejudice to any other matter it may consider
 relevant, have regard to such criteria as may be
 prescribed or specified in directions.

(8) Before directing an administrator to remove its chief executive officer or director under subsection (6), the Authority shall —

5 (a) give the administrator notice in writing of its intention to do so; and

(b) in the notice referred to in paragraph (a), call upon the administrator to show cause within such time as may be specified in the notice why the chief executive officer or director, as the case
10 may be, should not be removed.

(9) If an administrator —

(a) fails to show cause within the time given to it to do so under subsection (8) or within such extended period of time as the Authority may
15 allow; or

(b) fails to show sufficient cause,
the Authority shall give notice in writing to the administrator of the date on which the direction to remove the chief executive officer or director, as the case
20 may be, is to take effect.

(10) Any administrator which fails to comply with any direction of the Authority under subsection (6) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000.

25 (11) No criminal or civil liability shall be incurred by an administrator, or any person acting on behalf of the administrator, in respect of anything done or omitted to be done with reasonable care and in good faith in the discharge or purported discharge of the obligations of the
30 administrator under subsection (6).”; and

(b) by inserting, at the end of the section heading, the words “or removal of chief executive officer and director of administrator”.

Amendment of section 35G

31. Section 35G of the Insurance Act is amended —

(a) by inserting, immediately after subsection (2), the following subsections:

5 “(3) If at any time it appears to the Authority that the
chief executive officer or a director of an agent for any
foreign insurer carrying on insurance business in
Singapore under a foreign insurer scheme has failed to
perform his functions or is no longer a fit and proper
10 person to be so appointed, the Authority may direct the
agent to remove the chief executive officer or director
from his office, appointment or employment, as the case
may be.

15 (4) For the purpose of determining whether the chief
executive officer or a director of an agent for any foreign
insurer carrying on insurance business in Singapore
under a foreign insurer scheme has failed to perform his
functions under subsection (3), the Authority shall,
20 without prejudice to any other matter it may consider
relevant, have regard to such criteria as may be
prescribed or specified in directions.

25 (5) Before directing an agent for any foreign insurer
carrying on insurance business in Singapore under a
foreign insurer scheme to remove its chief executive
officer or director under subsection (3), the Authority
shall —

30 (a) give the agent notice in writing of its intention to
do so; and

 (b) in the notice referred to in paragraph (a), call
upon the agent to show cause within such time as
may be specified in the notice why the chief
executive officer or director, as the case may be,
should not be removed.

(6) If an agent for any foreign insurer carrying on insurance business in Singapore under a foreign insurer scheme —

5 (a) fails to show cause within the time given to it to do so under subsection (5) or within such extended period of time as the Authority may allow; or

 (b) fails to show sufficient cause,
10 the Authority shall give notice in writing to the agent of the date on which the direction to remove the chief executive officer or director, as the case may be, is to take effect.

15 (7) Any agent for any foreign insurer carrying on insurance business in Singapore under a foreign insurer scheme which fails to comply with any direction of the Authority under subsection (3) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000.

20 (8) No criminal or civil liability shall be incurred by an agent for any foreign insurer carrying on insurance business in Singapore under a foreign insurer scheme, or any person acting on behalf of the agent, in respect of anything done or omitted to be done with reasonable care and in good faith in the discharge or purported discharge
25 of the obligations of the agent under subsection (3).”;

(b) by inserting, at the end of the section heading, the words “or removal of officer of agent”.

Amendment of section 35H

32. Section 35H of the Insurance Act is amended —

30 (a) by inserting, immediately after subsection (2), the following subsection:

 “(2A) A decision of the Authority to revoke any appointment of an administrator under section 35C(5) or

5 to prohibit any foreign insurer from carrying on insurance business in Singapore under section 35F shall not take effect until the expiration of a period of 30 days after the Authority has informed the administrator or the foreign insurer of the revocation of appointment or the prohibition, as the case may be, under subsection (2).”;

10 (b) by deleting the words “of the decision of the Authority” in subsection (3) and substituting the words “after the Authority has informed the person of the revocation of appointment or prohibition, as the case may be”; and

(c) by inserting, immediately after subsection (3), the following subsection:

15 “(4) If, within the period referred to in subsection (3), the person concerned gives due notice of appeal to the Minister, the revocation of appointment or the prohibition by the Authority shall not take effect unless the decision is confirmed by the Minister or the appeal is for any reason dismissed by the Minister.”.

Amendment of section 35K

20 **33.** Section 35K of the Insurance Act is amended —

(a) by deleting the words “and shall be liable on conviction to a fine not exceeding \$30,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$3,000 for every day or part thereof during which the offence continues after conviction”; and

(b) by renumbering the section as subsection (1) of that section, and by inserting immediately thereafter the following subsection:

30 “(2) Any person who is guilty of an offence under subsection (1) shall be liable on conviction —

(a) in the case of an individual, to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 2 years or to both and, in the case

of a continuing offence, to a further fine not exceeding \$5,000 for every day or part thereof during which the offence continues after conviction; or

- 5 (b) in any other case, to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.”.

10 **Amendment of section 35L**

34. Section 35L of the Insurance Act is amended by deleting paragraph (h) and substituting the following paragraph:

- 15 “(h) provide for the appointment and duties of such officers of the administrator of any foreign insurer scheme as may be prescribed;”.

Amendment of section 35X

35. Section 35X of the Insurance Act is amended by inserting, immediately after subsection (5), the following subsection:

- 20 “(6) Any applicant who is aggrieved by the refusal of the Authority to register it under this section may, within 30 days of the decision of the Authority, appeal to the Minister in writing in accordance with Part IIIB.”.

Amendment of section 36

36. Section 36 of the Insurance Act is amended —

- 25 (a) by deleting the words “registered insurer, an authorised reinsurer or a” in subsection (1);
- (b) by deleting the words “registered insurer” in subsection (2) and substituting the words “licensed insurer”;
- 30 (c) by deleting subsection (3) and substituting the following subsections:

5 “(3) A licensed insurer or an authorised reinsurer shall prepare and lodge with the Authority such statements of accounts and other statements relating to its business and in such form and manner as may be prescribed or specified in directions.

(3A) For the purposes of subsection (3) —

10 (a) a licensed insurer shall have such statements of accounts or part thereof audited by the auditor referred to in subsection (6), in such form and manner as the Authority may prescribe or specify in directions; and

15 (b) notwithstanding the provisions of the Companies Act, every licensed insurer, other than a captive insurer and a marine mutual insurer, shall appoint an auditor annually.”;

(d) by deleting the words “registered insurer” in the 1st line of subsection (6) and substituting the words “licensed insurer”;

(e) by deleting the words “section 9” in subsection (6)(b) and substituting the words “section 10”;

20 (f) by deleting paragraph (c) of subsection (6) and substituting the following paragraph:

“(c) in the case of a licensed insurer, the licensed insurer has obtained the approval of the Authority to appoint that person as an auditor.”;

25 (g) by deleting the words “registered insurers” in subsection (7) and substituting the words “a licensed insurer”;

(h) by deleting the words “registered insurer” wherever they appear in subsections (8), (9) and (11) and substituting in each case the words “licensed insurer”;

30 (i) by deleting the words “subsection (1)” in subsection (10) and substituting the words “subsection (1) or (3), as the case may be”;

(j) by deleting the words “subsection (3)” in subsection (12) and substituting the words “subsection (3A)”;

(k) by deleting subsections (13) to (15) and substituting the following subsections:

5 “(13) The Authority may, from time to time and in such form or manner as it considers appropriate, publish any information obtained or received by the Authority under Part IIA, this section or section 37.

10 (14) In this section, unless the context otherwise requires —

 “marine mutual insurer” means an insurer that is a direct insurer licensed to carry on general business and that is permitted to carry on marine mutual insurance business only;

15 “marine mutual insurance business” means the business of providing the insurance of liabilities under insurance policies on the basis of mutual insurance (within the meaning of section 85 of the Marine Insurance Act (Cap. 387)) on such risk or risks as may be prescribed.”; and

20 (l) by inserting, at the end of the section heading, the word “, etc.”.

Amendment of section 37

37. Section 37 of the Insurance Act is amended —

25 (a) by deleting subsections (1) to (6) and substituting the following subsection:

 “(1) A licensed insurer shall, for each accounting period —

30 (a) have an investigation made by an actuary appointed under section 31 into the financial condition of each class of business that it carries on; and

- (b) lodge with the Authority such reports of the investigation referred to in paragraph (a), in the form and manner as may be prescribed or specified in directions by the Authority.”; and
- 5 (b) by deleting the word “registered” in subsections (9) and (11) and substituting in each case the word “licensed”.

Amendment of section 38

10 **38.** Section 38(4) of the Insurance Act is amended by deleting the words “under section 36(1)” and substituting the words “or directions issued under section 36(3)”.

Amendment of section 39

39. Section 39 of the Insurance Act is amended —

- 15 (a) by deleting the words “under section 36(1)” in subsections (2) and (4) and substituting in each case the words “or directions issued under section 36(3)”;
- (b) by deleting the words “by sections 36(13) and 37(9)” in subsection (3) and substituting the words “under that section”; and
- 20 (c) by deleting “\$25,000” and “\$2,500” in subsection (6) and substituting “\$100,000” and “\$10,000”, respectively.

Amendment of section 40

40. Section 40 of the Insurance Act is amended —

- 25 (a) by deleting the words “a registered insurer or an insurance intermediary” in subsection (1) and substituting the words
 - “—
 - (a) a licensed insurer;
 - (b) any branch or subsidiary outside Singapore of a licensed insurer incorporated in Singapore; or
 - (c) an insurance intermediary.”;

- (b) by deleting the word “registered” in subsections (2) and (3) and substituting in each case the word “licensed”;
- (c) by deleting subsection (4); and
- (d) by deleting subsection (5) and substituting the following subsection:

5

“(5) Any person who fails, without reasonable excuse, to produce any book, account, record or other document or furnish any information or facilities in accordance with subsection (2) shall be guilty of an offence and shall be liable on conviction —

10

(a) in the case of an individual, to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 2 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$5,000 for every day or part thereof during which the offence continues after conviction; or

15

(b) in any other case, to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.”.

20

Amendment of section 40A

41. Section 40A of the Insurance Act is amended by deleting subsection (5) and substituting the following subsection:

25

“(5) Any person who refuses or fails, without reasonable excuse, to comply with subsection (2) or (4) shall be guilty of an offence and shall be liable on conviction —

(a) in the case of an individual, to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 2 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$5,000 for every day or part thereof during which the offence continues after conviction; or

30

- 5 (b) in any other case, to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.”

New sections 40B and 40C

42. The Insurance Act is amended by inserting, immediately after section 40A, the following sections:

“Inspection in Singapore by parent supervisory authority

10 **40B.**—(1) In relation to a licensed insurer incorporated outside Singapore or a foreign-owned licensed insurer incorporated in Singapore, a parent supervisory authority may, with the prior written approval of the Authority and under conditions of secrecy, conduct an inspection in Singapore of the
 15 books of the licensed insurer in Singapore in accordance with this section if the following conditions are satisfied:

- (a) the inspection is required by the parent supervisory authority for the sole purpose of carrying out its supervisory functions;
- 20 (b) the parent supervisory authority —
 - (i) is prohibited by the laws applicable to the parent supervisory authority from disclosing information obtained by it in the course of the inspection to any other person; or
 - 25 (ii) has given to the Authority such written undertaking, as to the confidentiality of the information obtained, as the Authority may determine; and
- 30 (c) the parent supervisory authority has given a written undertaking to the Authority to comply with the provisions of this Act and such conditions as the Authority may impose under subsection (2).

(2) The Authority may at any time, whether before, on or after giving written approval for an inspection under this section, require the parent supervisory authority to comply with conditions relating to —

- 5 (a) the classes of information to which the parent supervisory authority shall or shall not have access in the course of the inspection;
- (b) the conduct of the inspection;
- (c) the use or disclosure of any information obtained in the course of the inspection; and
- 10 (d) such other matters as the Authority may determine.

(3) Subject to compliance by a parent supervisory authority with such conditions as the Authority may impose under subsection (2), a licensed insurer under inspection —

- 15 (a) shall afford the parent supervisory authority access to such books of the licensed insurer under inspection, and provide such information (including information relating to the licensed insurer's internal control systems) and facilities as may be required to conduct the inspection; and
- 20 (b) shall not be required to afford the parent supervisory authority access to its books or to provide information or facilities at such times or at such places as would unduly interfere with the proper conduct of the normal
- 25 daily business of the licensed insurer under inspection.

(4) A parent supervisory authority may, with the prior written approval of the Authority, appoint any person to conduct the inspection under subsection (1) and in such event, this section (other than this subsection) shall apply to the person as if a

30 reference to the parent supervisory authority or any official of the parent supervisory authority in this section includes a reference to the person.

(5) Any licensed insurer which refuses or neglects, without reasonable excuse, to afford access to any book or provide any

information or facility as may be required by this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.

(6) In this section and section 40C, unless the context otherwise requires —

“foreign-owned”, in relation to a licensed insurer incorporated in Singapore, means a licensed insurer whose parent is incorporated, formed or established in a foreign country;

“parent”, in relation to a licensed insurer, means a financial institution which is able to exercise a significant influence over the direction and management of the licensed insurer or which has a controlling interest in the licensed insurer;

“parent supervisory authority” —

(a) in relation to a licensed insurer incorporated outside Singapore, means the supervisory authority which is responsible, under the laws of the country or territory where the licensed insurer or its parent is incorporated, formed or established, for supervising the licensed insurer or its parent, as the case may be; or

(b) in relation to a foreign-owned licensed insurer incorporated in Singapore, means the supervisory authority which has consolidated supervision authority over the licensed insurer.

Confidentiality of inspection and investigation reports produced in respect of licensed insurer

40C.—(1) Where a written report or any part thereof (referred to in this section as the report) has been produced in respect of any licensed insurer in Singapore —

- (a) by the Authority upon an inspection under section 40 or an investigation under section 40A; or
- (b) by a parent supervisory authority upon an inspection under section 40B,

5 the report shall not be disclosed by the licensed insurer or any officer or auditor of the licensed insurer, to any other person except in the circumstances provided under subsection (2).

(2) Disclosure of the report referred to in subsection (1) may be made —

- 10 (a) by the licensed insurer in Singapore to any officer or auditor of that licensed insurer solely in connection with the performance of the duties of the officer or auditor, as the case may be, in that licensed insurer;
- 15 (b) by any officer or auditor of the licensed insurer in Singapore to any other officer or auditor of that licensed insurer, solely in connection with the performance of their duties in that licensed insurer;
- 20 (c) to the Authority if requested by the Authority, where the report has been produced by a parent supervisory authority; or
- (d) to any other person as the Authority may approve in writing.

25 (3) In granting written approval for any disclosure under subsection (2)(d), the Authority may impose such conditions as it considers appropriate.

(4) The obligation on an officer or auditor of a licensed insurer referred to in subsection (1) shall continue after the termination or cessation of his employment or appointment at the licensed insurer.

30 (5) Any person who contravenes subsection (1) or fails to comply with any condition imposed by the Authority under subsection (3) shall be guilty of an offence and shall be liable on conviction —

(a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both; or

(b) in any other case, to a fine not exceeding \$250,000.

5 (6) Any person to whom the report is disclosed and who knows or has reasonable grounds for believing, at the time of the disclosure, that the report was disclosed to him in contravention of subsection (1) shall be guilty of an offence, unless he proves that —

10 (a) the disclosure was made contrary to his desire;

(b) where the disclosure was made in any written form, he has as soon as practicable surrendered or taken all reasonable steps to surrender the report and all copies thereof to the Authority; and

15 (c) where the disclosure was made in an electronic form, he has as soon as practicable taken all reasonable steps to ensure that all electronic copies of the report have been deleted and that the report and all copies thereof in other forms have been surrendered to the Authority.

20 (7) In this section, unless the context otherwise requires, “officer”, in relation to a licensed insurer, includes —

(a) a director, a secretary or an employee of the insurer;

25 (b) a receiver or manager of any part of the undertaking of the insurer appointed under a power contained in any instrument; and

(c) the liquidator of the insurer appointed in a voluntary winding up.”.

Amendment of section 41

43. Section 41 of the Insurance Act is amended —

30 (a) by inserting, immediately after the word registration in subsection (1)(a)(iv), the words “or licence, as the case may be”;

(b) by deleting the word “registered” wherever it appears in subsections (2)(a)(v) and (b), (3) and (4) and substituting in each case the word “licensed”; and

(c) by inserting, immediately after subsection (6), the following subsection:

5

“(7) Any relevant person who fails to comply with any direction of the Authority under this section shall be guilty of an offence and shall be liable on conviction —

10

(a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or

15

(b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.”.

20

Amendment of section 41A

44. Section 41A of the Insurance Act is amended —

(a) by deleting the word “registered” wherever it appears in the section and substituting in each case the word “licensed”;

25

(b) by deleting the words “principal officer” wherever they appear in subsections (4), (5), (6), (7), (8) and (9) and substituting in each case the words “chief executive”; and

(c) by deleting subsection (10) and substituting the following subsection:

30

“(10) Any person who is guilty of an offence under subsection (7) or (8) shall be liable on conviction to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of

a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction.”.

Amendment of section 41C

5 **45.** Section 41C of the Insurance Act is amended —

- (a) by deleting the word “registered” wherever it appears in subsection (1) and the section heading and substituting in each case the word “licensed”;
- 10 (b) by deleting the words “principal officer” wherever they appear in subsection (1) and substituting in each case the words “chief executive”; and
- (c) by deleting the words “\$50,000 or to imprisonment for a term not exceeding 2 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$5,000”
15 in subsection (2) and substituting the words “\$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500”.

Amendment of section 49A

20 **46.** Section 49A of the Insurance Act is amended by deleting the definition of “foreign country”.

Amendment of section 49E

47. Section 49E of the Insurance Act is amended by deleting subsection (2) and substituting the following subsections:

- 25 “(2) Any person who is guilty of an offence under subsection (1)(a) shall be liable on conviction —
 - (a) in the case of an individual, to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 2 years or to both and, in the case of a continuing
30 offence, to a further fine not exceeding \$5,000 for every day or part thereof during which the offence continues after conviction; or

- 5 (b) in any other case, to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.
- (3) Any person who is guilty of an offence under subsection (1)(b) or (c) shall be liable on conviction —
- 10 (a) in the case of an individual, to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 2 years or to both; or
- (b) in any other case, to a fine not exceeding \$100,000.”.

Amendment of section 49FB

48. Section 49FB of the Insurance Act is amended —

- 15 (a) by deleting the word “only” in subsection (1);
- (b) by deleting paragraph (a) of subsection (1) and substituting the following paragraph:
- “(a) the transfer is effected by a scheme under this section, but shall not be transferred except by such a scheme; and”;
- 20 (c) by deleting the word “registered” wherever it appears in subsections (2) and (5) to (9) and substituting in each case the word “licensed”;
- (d) by deleting subsection (4) and substituting the following subsections:
- 25 “(4) Subsection (1) shall not apply to the transfer of the whole or part of any insurance business of a company established or incorporated outside Singapore, except in so far as it relates to Singapore policies or offshore policies.
- 30 (4A) Subject to subsection (6), subsection (1)(a) shall not apply to the transfer of the whole or part of any insurance business of —

- (a) a licensed insurer where it relates to the reinsurance business of that insurer; or
- (b) a captive insurer.”;
- 5 (e) by deleting the words “subsection (4)(b)” in subsection (5) and substituting the words “subsection (4A)(a)”; and
- (f) by deleting the words “subsection (4)(b) or (c)” in subsection (6) and substituting the words “subsection (4A)”.

Amendment of section 49FD

49. Section 49FD of the Insurance Act is amended —

- 10 (a) by deleting the words “principal officer in Singapore” in subsection (1)(e) and substituting the words “chief executive”;
- (b) by inserting, immediately after subsection (1), the following subsection:
- 15 “(1A) If it appears to the Authority that the statement lodged in accordance with subsection (1)(d) is not in such form or manner that meets the satisfaction of the Authority, the Authority may, by notice in writing, give such directions to the transferee to procure that the statement contains such particulars as may be necessary
- 20 for the purposes of subsection (1)(d), but nothing in this subsection shall compel an auditor to amend his opinion in the statement.”;
- (c) by deleting the words “societies registered under the Co-operative Societies Act (Cap. 62)” in subsection (2) and substituting the words “co-operative societies”; and
- 25 (d) by inserting, immediately after subsection (2), the following subsection:
- 30 “(3) Any transferee who fails to comply with any direction of the Authority under subsection (1A) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000.”.

Amendment of section 49FG

50. Section 49FG of the Insurance Act is amended —

- (a) by deleting the word “registered” wherever it appears in subsection (7) and substituting the word “licensed”;
- 5 (b) by deleting the words “or territory” wherever they appear in subsection (12);
- (c) by deleting the words “societies registered under the Co-operative Societies Act (Cap. 62)” in subsection (13)(a) and substituting the words “co-operative societies”; and
- 10 (d) by deleting the words “\$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000” in subsections (14) and (15) and substituting in each case the words “\$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000”.

15 **Amendment of section 49FK**

51. Section 49FK of the Insurance Act is amended —

- (a) by deleting the word “registered” wherever it appears in subsections (5), (9) and (13) and substituting in each case the word “licensed”; and
- 20 (b) by deleting subsection (10) and substituting the following subsection:
 - “(10) A transferor or a transferee who contravenes any provision in the certificate shall be guilty of an offence and shall be liable on conviction —
 - 25 (a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof
 - 30 during which the offence continues after conviction; and
 - (b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing

offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.”.

Amendment of section 49FN

5 **52.** Section 49FN of the Insurance Act is amended —

(a) by deleting the word “registered” wherever it appears in subsections (3), (5), (6) to (9), (12) and (13) and substituting in each case the word “licensed”;

(b) by deleting “27,” in subsection (7)(a);

10 (c) by deleting subsection (9) and substituting the following subsection:

“(9) A licensed insurer or a subscriber which contravenes any provision in the certificate shall be guilty of an offence and shall be liable on conviction —

15 (a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; and

20 (b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.”; and

(d) by deleting the words “registered person” in subsection (13) and substituting the words “licensed insurer”.

Amendment of section 49FO

30 **53.** Section 49FO of the Insurance Act is amended —

- (a) by deleting the word “registered” wherever it appears in subsections (2)(b), (4)(b), (7), (8), (10), (17) to (19) and (21) and substituting in each case the word “licensed”; and
- 5 (b) by deleting the words “\$50,000 or to imprisonment for a term not exceeding 2 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$5,000” in subsection (14) and substituting the words “\$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not
- 10 exceeding \$12,500”.

Amendment of section 49FT

- 54.** Section 49FT of the Insurance Act is amended by deleting the words “\$50,000 or to imprisonment for a term not exceeding 2 years or to both and, in the case of a continuing offence, to a further fine
- 15 not exceeding \$5,000” in subsection (2) and substituting the words “\$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500”.

Amendment of section 49G

- 20 **55.** Section 49G(2) of the Insurance Act is amended by inserting, immediately after the words “this Act”, the words “(other than section 8(7), 34(6) or 35X(6))”.

Amendment of section 49K

- 25 **56.** The definition of “relevant policy” in section 49K of the Insurance Act is amended —
- (a) by deleting the word “registered” in paragraph (a) and substituting the word “licensed”; and
- (b) by deleting paragraph (d) and substituting the following paragraph:
- 30 “(d) is effected on the life of the policy owner;”.

Amendment of section 49L

57. Section 49L of the Insurance Act is amended —

(a) by deleting the word “or” at the end of paragraph (a) of subsection (1);

5 (b) by deleting the full-stop at the end of paragraph (b) of subsection (1) and substituting the word “; or”, and by inserting immediately thereafter the following paragraph:

“(c) prescribed by the Authority.”; and

10 (c) by deleting the word “registered” wherever it appears in subsections (9), (11) and (15) and substituting in each case the word “licensed”.

Amendment of section 52

58. Section 52 of the Insurance Act is amended —

15 (a) by inserting, immediately after the word “such” in subsection (1), the words “terms or”; and

(b) by deleting subsection (4) and substituting the following subsection:

“(4) The Authority may at any time —

20 (a) revoke any exemption granted under this section; or

(b) add to, vary or revoke any term or condition imposed under this section.”.

New section 54A

25 **59.** The Insurance Act is amended by inserting, immediately after section 54, the following section:

“Electronic service

54A.—(1) The Authority may provide an electronic service for the service of any document that is required or authorised by this Act to be served on any person.

(2) For the purposes of the electronic service, the Authority may assign to any person —

- (a) an authentication code; and
- (b) an account with the electronic service.

5 (3) Notwithstanding section 54, where any person has given his consent for any document to be served on him through the electronic service, the Authority may serve the document on that person by transmitting an electronic record of the document to that person's account with the electronic service.

10 (4) Where a person has given his consent for a document to be served on him through the electronic service, the document shall be deemed to have been served at the time when an electronic record of the document enters his account with the electronic service.

15 (5) Notwithstanding any other written law, in any proceedings under this Act —

- (a) an electronic record of any document that was served through the electronic service; or
- (b) any copy or print-out of that electronic record,

20 shall be admissible as evidence of the facts stated or contained therein if that electronic record, copy or print-out —

- (i) is certified by the Authority to contain all or any information served through the electronic service in accordance with this section; and
- 25 (ii) is duly authenticated in the manner specified in subsection (7).

(6) For the avoidance of doubt —

- (a) an electronic record of any document that was served through the electronic service; or
- 30 (b) any copy or print-out of that electronic record,

shall not be inadmissible in evidence merely because the document was served without the delivery of any equivalent document or counterpart in paper form.

(7) For the purposes of this section, a certificate —

- 5 (a) giving the particulars of —
- (i) any person whose authentication code was used to serve the document; and
 - (ii) any person or device involved in the production or transmission of the electronic record of the document, or the copy or print-out thereof;
- 10 (b) identifying the nature of the electronic record or copy or print-out thereof; and
- (c) purporting to be signed by the Authority or by a person occupying a responsible position in relation to the operation of the electronic service at the relevant time,
- 15

shall be sufficient evidence that the electronic record, copy or print-out has been duly authenticated, unless the court, in its discretion, calls for further evidence on this issue.

20 (8) Where the electronic record of any document, or a copy or print-out of that electronic record, is admissible under subsection (5), it shall be presumed, until the contrary is proved, that the electronic record, copy or print-out accurately reproduces the contents of that document.

25 (9) The Authority may make regulations which are necessary or expedient for carrying out the purposes of this section, including regulations prescribing the procedure for the use of the electronic service, including the procedure in circumstances where there is a breakdown or interruption of the electronic service.

30

(10) In this section, unless the context otherwise requires —

“account with the electronic service”, in relation to any person, means a computer account within the electronic

service which is assigned by the Authority to that person for the storage and retrieval of electronic records relating to that person;

5 “authentication code”, in relation to any person, means an identification or identifying code, a password or any other authentication method or procedure which is assigned to that person for the purposes of identifying and authenticating the access to and use of the electronic service by that person;

10 “document” includes notice and order;

“electronic record” has the same meaning as in section 2 of the Electronic Transactions Act (Cap. 88).”.

Amendment of section 55

60. Section 55 of the Insurance Act is amended —

15 (a) by deleting the words “and shall be liable on conviction to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 2 years or to both” in subsection (1);

(b) by inserting, immediately after subsection (1), the following subsection:

20 “(1A) Any person who is guilty of an offence under subsection (1) shall be liable on conviction —

(a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both; or

25 (b) in any other case, to a fine not exceeding \$250,000.”;

(c) by deleting subsection (2) and substituting the following subsection:

30 “(2) Any person who is guilty of any breach of a duty imposed on him by this Act or any direction issued by the Authority under section 64(2) shall be guilty of an offence and shall be liable on conviction —

5 (a) in the case of an individual, to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 2 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$5,000 for every day or part thereof during which the offence continues after conviction; or

10 (b) in any other case, to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.”;

(d) by deleting the words “12 months” in subsection (4) and substituting the words “2 years”; and

15 (e) by deleting subsection (6) and substituting the following subsections:

20 “(6) The Authority may in its discretion, compound any offence under this Act which is prescribed as a compoundable offence by collecting from a person reasonably suspected of having committed the offence a sum of money not exceeding one half of the amount of the maximum fine that is prescribed for the offence.

25 (7) On payment of such sum of money referred to in subsection (6), no further proceedings shall be taken against that person in respect of the offence.”.

Amendment of section 55A

61. Section 55A of the Insurance Act is amended by deleting subsection (2) and substituting the following subsection:

30 “(2) Subsection (1) shall not apply to any offence under this Act —

(a) consisting in the breach of a duty imposed only on corporations; or

- (b) for which different penalties are prescribed in this Act (other than section 55(4)) for individuals and for other persons found guilty of the offence.”.

Amendment of section 60

- 5 **62.** Section 60 of the Insurance Act is amended by inserting, immediately after the word “thereof”, the words “(if any)”.

Amendment of section 64

- 63.** Section 64 of the Insurance Act is amended —

- 10 (a) by inserting, immediately after the words “including the” in subsection (1A)(b), the words “waiver,”;

- (b) by deleting paragraph (c) of subsection (1B) and substituting the following paragraph:

“(c) may provide —

- 15 (i) in the case of an individual, for penalties not exceeding a fine of \$50,000 or imprisonment for a term not exceeding 2 years or both for each offence and, in the case of a continuing offence, for a further penalty not exceeding a fine of 10% of the maximum fine prescribed for that offence for every day or part thereof during which the offence continues after conviction;

- 20 (ii) in any other case, for penalties not exceeding a fine of \$100,000 for each offence and, in the case of a continuing offence, for a further penalty not exceeding a fine of 10% of the maximum fine prescribed for that offence for every day or part thereof during which the offence continues after conviction.”;

- 25 (c) by inserting, immediately after the words “this Act” in subsection (2), the words “, and may at any time vary, rescind or revoke any such directions”; and

(d) by deleting subsection (3) and substituting the following subsection:

“(3) It shall not be necessary to publish any directions in the *Gazette*.”.

5 **Amendment of First Schedule**

64. The First Schedule to the Insurance Act is amended —

(a) by deleting sub-paragraph (1) of paragraph 2 and substituting the following sub-paragraph:

10 “(1) Subject to this paragraph and section 16(3) and (4) of the Act, “Singapore policy”, in relation to any insurer, means a policy issued in the course of the insurer’s business in Singapore and falling within one of the following descriptions:

(a) in relation to a life policy or accident and health policy (not being a reinsurance policy) —

15 (i) where the policy owner is an individual, the policy owner or insured is ordinarily resident in Singapore at the date of the proposal in respect of the policy (referred to in this paragraph as the proposal date);

(ii) where the policy owner is not an individual —

20 (A) the policy owner’s address is or was an address in Singapore at the date of issue of the policy and at the date of the establishment of the insurer’s register of Singapore policies (if the policy was issued before then); or

25 (B) the policy covers an insured who is ordinarily resident in Singapore at the proposal date;

(b) in relation to direct general insurance (other than short-term accident and health policies), a policy where the risk arises in Singapore or —

30 (i) where the insured is an individual, the insured is ordinarily resident in Singapore; or

35 (ii) where the insured is not an individual, the insured is a person resident in Singapore or has a permanent establishment in Singapore;

- (c) in relation to treaty general reinsurance (other than short-term accident and health policies), a policy where more than 25% of the total risks in terms of gross premiums arises in Singapore; and
- 5 (d) in relation to treaty life reinsurance or treaty accident and health reinsurance, a policy where more than 25% of the policies under which the risk or risks reinsured ultimately arises in terms of gross premiums are policies referred to in sub-paragraph (a).”;
- 10 (b) by deleting sub-paragraph (5) of paragraph 2 and substituting the following sub-paragraphs:
 - “(5) Sub-paragraph (1)(a) shall apply to a life or accident and health policy of facultative reinsurance —
 - 15 (a) where the owner of the policy under which the liability reinsured ultimately arises is an individual, as if the references to the proposal date and to whether the policy owner or insured is ordinarily resident in Singapore are references to those of the policy under which the liability reinsured ultimately arises; and
 - 20 (b) in any other case, as if the references to the date of issue and proposal date of the policy, the policy owner’s address and to whether the insured is ordinarily resident in Singapore are references to those of the policy under which the liability reinsured ultimately arises.
 - 25 (6) Sub-paragraph (1)(b) shall apply to a policy of facultative general reinsurance as if the references to the insured are references to the person or persons insured by the policy under which the liability reinsured ultimately arises.”;
- 30 (c) by deleting the words “section 36(1)” in paragraph 6A(2)(b) and substituting the words “section 36(3)”; and
- (d) by deleting paragraph 7.

Amendment of Second Schedule

65. The Second Schedule to the Insurance Act is amended by deleting item (1).

35 **Miscellaneous amendments**

66. The Insurance Act is amended —

(a) by deleting the word “registered” wherever it appears in the following provisions and substituting in each case the word “licensed”:

5 sections 16(1), 32(1), 35M(1), (2), (3), (3A), (3B) and (3C), 35P(1) and (2), 35Q(3), 35ZE(4), 35ZN(1)(*ea*), 41B, 41D, 41E(1) and (2), 41F (definitions of “officeholder”, “relevant business” and “relevant person”), Part IIIAA (Part heading), 49FA (definitions of “transferee” and “transferor”), 49FE (definitions of “transferee” and “transferor”), 49FF(1), (3), (7) and (12), 49FI(1) (definition of “transferor”) and (2), 49FJ(1), (3) and (9), 49FL (definition of “subscriber”), 49FM(1) to (5), (7), (10) and (13), 49FQ(1), (2) and (3)(*c*), 49FR(1) to (4), 49FS, 49FU(1), 49FV, 49N, 49O, 57(1) and 61(1) to (4) and (6) to (11);

(b) by deleting the words “to be registered” in section 16(7) and substituting the words “to be licensed”;

(c) by deleting the words “registered insurer” wherever they appear in sections 35ZE(1) and 49N(2) and (3) and substituting in each case the words “licensed insurer”;

(d) by deleting the word “registration” in the following provisions and substituting in each case the word “licence”:

25 sections 49FA (definition of “transferee”), 49FE (definition of “transferee”) and 49FO(2)(*b*);

(e) by deleting the word “unregistered” wherever it appears in the following provisions and substituting in each case the word “unlicensed”:

sections 35ZE (section heading), 35ZF(2) and 35ZF (section heading);

(f) by deleting the words “registered under the Co-operative Societies Act (Cap. 62)” in the definition of “transferee” in sections 49FA and 49FE and in sections 49FI(2), 49FQ(1) and 49O(1) and (2);

- (g) by inserting, immediately before the words “General restriction on insurers” under the heading of Part II of the Act, the words “Division 1 —”;
- 5 (h) by deleting the words “Registration and authorisation of insurers” immediately after section 7 and substituting the words “Division 2 — Licensed insurers”;
- (i) by deleting the word “General” immediately before section 35M and substituting the words “Division 1 — General provisions relating to insurance intermediaries”;
- 10 (j) by inserting, immediately before the words “Conduct of Insurance Broking Business” immediately after section 35V, the words “Division 2 —”;
- (k) by deleting the words “under Part IIA” in section 35ZG(1) and (6);
- 15 (l) by deleting the words “RETURNS, INSPECTIONS AND INVESTIGATIONS” AND “Returns” immediately before section 36 and substituting the words

“RETURNS, INSPECTIONS AND
INVESTIGATIONS, WINDING UP AND
20 TRANSFERS OF BUSINESS

Division 1 — Returns”;

- (m) by inserting, immediately before the words “Inspections and Investigations” immediately after section 39, the words “Division 2 —”;
- 25 (n) by inserting, immediately after section 40A, the following Division heading:
- “Division 3 — Powers where licensed insurer or insurance intermediary is unable to meet obligations, etc.”;
- 30 (o) by deleting the words “section 27(4)(a)” in the definition of “effective controller” in sections 49FI(1) and 49FL and substituting in each case the words “section 28(7)”;

(p) by inserting, immediately before the words “Administration and enforcement” immediately after the heading of Part IV, the words “Division 1 —”;

5 (q) by inserting, immediately before the words “Miscellaneous amendments of law” immediately after section 56A, the words “Division 2 —”; and

(r) by inserting, immediately before the words “Supplementary” immediately after section 63, the words “Division 3 —”.

10 **Consequential and related amendments to other written laws**

67. The provisions of the Acts specified in the first column of the Schedule are amended in the manner set out in the second column thereof.

Savings and transitional provisions

15 **68.**—(1) Any insurer which is a registered insurer immediately before the appointed day shall be deemed to be a licensed insurer under the Insurance Act as amended by this Act (referred to in this section as the Amended Act), and any condition of registration to which the insurer was subject immediately before the appointed day
20 shall continue and be deemed to be a condition of the licence of the insurer imposed under section 8 of the Amended Act.

(2) Any insurer which is an authorised reinsurer immediately before the appointed day shall be deemed to be an authorised reinsurer under the Amended Act, and any condition of
25 authorisation to which the reinsurer was subject immediately before the appointed day shall continue and be deemed to be a condition of the authorisation of the reinsurer imposed under section 34A of the Amended Act.

(3) Any person who has the approval of the Authority to establish
30 a representative office under section 6(2) of the Insurance Act in force immediately before the appointed day shall be deemed to be a registered person under section 6A of the Amended Act, and any condition of approval to which the person was subject immediately before the appointed day shall continue and be deemed to be a

condition of registration of the representative office imposed under section 6A of the Amended Act.

(4) Any person to whom section 5(1) or (1A) of the Amended Act applies and who, immediately before the appointed day, uses the word “insurance” or any of its derivatives, or any other word indicating that the person carries on insurance business, in the name description or title under which the person carries on business in Singapore may, notwithstanding section 5(1C) of the Amended Act, continue to do so for a period of 3 months after the appointed day.

(5) Notwithstanding section 5A of the Amended Act, any insurer which is a licensed insurer, an authorised reinsurer or a foreign insurer carrying on insurance business in Singapore under a foreign insurer scheme immediately before the appointed day may use, together with its name, logo or trade mark in the course of the business carried on in Singapore, the name, logo or trade mark of any person described in that section for a period of 3 months after the appointed day.

(6) Any pending application for registration under section 8 of the Insurance Act in force immediately before the appointed day shall be deemed to be an application for a licence under section 8 of the Amended Act.

(7) Any pending application for authorisation under section 8A of the Insurance Act in force immediately before the appointed day shall be deemed to be an application for authorisation under section 34A of the Amended Act.

(8) Any reinsurance deposit maintained by an authorised reinsurer under section 14A of the Insurance Act in force immediately before the appointed day shall be deemed to be a reinsurance deposit maintained by the authorised reinsurer under section 34B of the Amended Act.

(9) Notwithstanding the repeal of sections 27 and 28 of the Insurance Act by section 24 of this Act, any approval granted by the Authority under the repealed section 27 or 28 that remains in force immediately before the appointed day shall be deemed to be an approval granted under section 28 of the Amended Act, and —

(a) any condition of such approval imposed by the Authority shall continue and be deemed to be a condition imposed under section 28 of the Amended Act; and

5 (b) any such approval shall be subject to such additional conditions as the Authority may at any time, by notice in writing, impose.

(10) Notwithstanding the repeal of section 29 of the Insurance Act by section 24 of this Act, any approval granted by the Authority under the repealed section 29 that remains in force immediately before the appointed day shall be deemed to be an approval granted under section 29 of the Amended Act, and —

(a) any condition of such approval imposed by the Authority shall continue and be deemed to be a condition imposed under section 29 of the Amended Act; and

15 (b) any such approval shall be subject to such additional conditions as the Authority may at any time, by notice in writing, impose.

(11) Any person who, immediately before the appointed day, is the chairman of the board of directors of a registered insurer shall be deemed to be appointed as such with the approval of the Authority under section 31 of the Amended Act.

(12) Any person whose appointment as a principal officer of a registered insurer has been approved by the Authority under section 31 of the Insurance Act in force immediately before the appointed day shall be deemed to be so appointed with the approval of the Authority under section 31 of the Amended Act, and any condition to which the approval of the Authority was subject immediately before the appointed day shall continue and be deemed to be a condition of approval imposed under section 31 of the Amended Act.

(13) Notwithstanding section 31(1)(a) of the Amended Act, a licensed insurer which, on or immediately after the appointed day, does not have a chief executive shall appoint a person as its chief executive within 6 months after the appointed day.

(14) Any person whose appointment as a director of a registered insurer has been approved by the Authority under section 31 of the Insurance Act in force immediately before the appointed day shall be deemed to be so appointed with the approval of the Authority under section 31 of the Amended Act, and any condition to which the approval of the Authority was subject immediately before the appointed day shall continue and be deemed to be a condition of approval imposed under section 31 of the Amended Act.

(15) Any person whose appointment as an actuary of a direct insurer registered to carry on life business has been approved by the Authority under section 31 of the Insurance Act in force immediately before the appointed day shall be deemed to be so appointed with the approval of the Authority under section 31 of the Amended Act, and any condition to which the approval of the Authority was subject immediately before the appointed day shall continue and be deemed to be a condition of approval imposed under section 31 of the Amended Act.

(16) Any person whose appointment as an actuary of an insurer registered to carry on general business has been approved by the Authority under section 37(1)(b) of the Insurance Act in force immediately before the appointed day shall be deemed to be so appointed with the approval of the Authority under section 31 of the Amended Act, and any condition to which the approval of the Authority was subject immediately before the appointed day shall continue and be deemed to be a condition of approval imposed under section 31 of the Amended Act.

(17) In any written law and in any document —

(a) any reference to an insurer registered under the Insurance Act or a registered insurer shall be construed as a reference to a licensed insurer; and

(b) any reference to the registration of an insurer shall be construed as a reference to the licence of the insurer.

(18) In any subsidiary legislation made under the Insurance Act and in any document, any reference to the principal officer of an

insurer shall be construed as a reference to the chief executive of the insurer (within the meaning of section 1A of the Amended Act).

(19) All directions and notices issued under the Insurance Act in force immediately before the appointed day shall be deemed to have
 5 been issued under the Amended Act and shall have effect accordingly.

(20) For a period of 2 years after the appointed day, the Minister may, by regulations published in the *Gazette*, prescribe such provisions of a savings or transitional nature consequent on the
 10 enactment of this Act, as he may consider necessary or expedient.

(21) In this section, “appointed day” means the date of commencement of the Insurance (Amendment) Act 2012.

THE SCHEDULE

Section 67

15 CONSEQUENTIAL AND RELATED AMENDMENTS TO OTHER WRITTEN LAWS

	<i>First column</i>	<i>Second column</i>
1.	Banking Act (Cap. 19) Section 4B(6)(a)	Delete the word “registered” and substitute the word “licensed”.
2.	Central Provident Fund Act (Cap. 36) Sections 40 and 52	Delete the word “registered” in the definition of “appointed insurer” and substitute in each case the word “licensed”.
3.	Companies Act (Cap. 50) Sections 201(18), 210(3A) and (4A), 212(1A) and 227B(7)(c)	Delete the word “registered” and substitute in each case the word “licensed”.
4.	Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A) Section 2(1)	Delete the word “registered” in sub-paragraph (f) of the definition of “financial institution” and substitute the word “licensed”.
5.	Deposit Insurance and Policy Owners’ Protection Schemes Act 2011 (Act No.	Delete the word “registered” wherever it appears and substitute in each case the word “licensed”.

<i>First column</i>	<i>Second column</i>
15 of 2011) Section 31(1), (2) and (3)	
6. Financial Advisers Act (Cap. 110)	
(a) Section 2(1)	(i) Insert, immediately after the definition of “leveraged foreign exchange trading”, the following definition: “ “licensed insurer” means an insurer who is for the time being licensed under section 8 of the Insurance Act;”.
	(ii) Delete the definition of “registered insurer”.
(b) Section 23(1)(c)	Delete the word “registered” and substitute the word “licensed”.
(c) Sections 25(1)(e) and 33(1) and (3)	Delete the word “registered” and substitute in each case the word “licensed”.
7. Hire-Purchase Act (Cap. 125)	
(a) Section 2(1)	Insert, immediately after the definition of “hirer, the following definition: “ “licensed insurer” means an insurer who is for the time being licensed under section 8 of the Insurance Act;”.
(b) Section 26(1)	Delete the words “registered insurer” and substitute the words “licensed insurer”.
8. Housing and Development Act (Cap. 129) Section 51(11)	Delete the word “registered” in sub-paragraph (c) of the definition of “approved financial institution” and substitute the word “licensed”.
9. Housing Developers (Control and Licensing) Act (Cap. 130) Section 2(1)	Delete the words “registered under section 7” in paragraph (ii) of the definition of “housing developer” and substitute the word “licensed under section 8”.
10. Income Tax Act (Cap. 134)	
(a) Section 10(20A)(c)(ix)	Delete the word “registered” wherever it appears and substitute in each case the word “licensed”.
(b) Section 26(12)	Delete the word “registered” in sub-paragraph

<i>First column</i>	<i>Second column</i>
	(a) of the definition of “insurer” and substitute the word “licensed”.
(c) Section 43C(2)	Delete the word “registered” and substitute the word “licensed”.
11. Monetary Authority of Singapore Act (Cap. 186) Section 27A(6)(e)	Delete the word “registered” and substitute in each case the word “licensed”.
12. Securities and Futures Act (Cap. 289)	
(a) Section 4A(1)(c)	Delete sub-paragraph (iv) and substitute the following sub-paragraph: “(iv) a company or society that is licensed under the Insurance Act (Cap. 142) to carry on insurance business in Singapore;”.
(b) Section 99(1)(d)	Delete the word “registered” and substitute the word “licensed”.

EXPENDITURE OF PUBLIC MONEY

This Bill will not involve the Government in any extra financial expenditure.

Note 1:HD1/MM/Insurance (Amdt) Bill 2012 (final)



Monetary Authority of Singapore