

Insurance (Remuneration) Regulations 2015

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No. S 818

INSURANCE ACT (CHAPTER 142)

INSURANCE (REMUNERATION) REGULATIONS 2015

In exercise of the powers conferred by section 64 of the Insurance Act, the Monetary Authority of Singapore makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Insurance (Remuneration) Regulations 2015 and come into operation on 1 January 2016.

Definitions

2.—(1) In these Regulations, unless the context otherwise requires —

“accredited investor” has the same meaning as in section 4A(1)(a) of the Securities and Futures Act (Cap. 289);

“additional premiums”, in relation to a relevant life policy, means premiums payable, on or after 1 April 2017, on a regular basis as required under the policy in order to increase the product features and benefits of the policy, or extend the duration of the policy, after the policy has been issued;

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“expert investor” has the same meaning as in section 4A(1)(b) of the Securities and Futures Act;

“financial adviser” means —

(a) a licensed financial adviser as defined in section 2(1) of the Financial Advisers Act (Cap. 110); or

(b) an exempt financial adviser as defined in section 2(1) of the Financial Advisers Act;

“institutional investor” has the same meaning as in section 4A(1)(c) of the Securities and Futures Act;

“portfolio of relevant life policies”, in relation to a recipient, means a collection of —

(a) all relevant life policies arranged by the recipient; and

(b) any other investment product arranged by the recipient that is included in the same collection as the relevant life policies mentioned in paragraph (a) by the licensed insurer;

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“premium payment period”, in relation to a relevant life policy, means the period during which premiums are payable under that policy;

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“pure protection policy” means a life policy —

(a) which has no surrender value;

(b) the policy moneys of which are payable only on death or for incapacity due to injury, sickness or infirmity; and

(c) which has no provision for its conversion or extension which would result in it ceasing to satisfy paragraph (a) or (b);

“recipient” means —

(a) a financial adviser;

(b) a representative of a financial adviser; or

(c) a supervisor of a financial adviser;

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“relevant life policy” means a life policy —

- (a) that is not a single premium life policy or a specified life policy; and
- (b) that is issued by a licensed insurer pursuant to a proposal form submitted to the licensed insurer on or after 1 April 2017;

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“single premium life policy” means a life policy —

- (a) the premium of which is payable as a lump sum on or before the date of commencement of coverage under the policy; or
- (b) all premiums of which are payable within a period of no more than 12 months starting from the date of commencement of coverage under the policy;

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“specified life policy” means a life policy in respect of which —

- (a) the policy owner is not an individual, unless the individual holds the policy in the individual’s capacity as a sole proprietor; and
- (b) there are 2 or more insured persons;

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“variable income”, being income that is directly linked to the sale of a particular relevant life policy, means —

- (a) in relation to a financial adviser, any remuneration payable to the financial adviser, whether on a periodic basis or otherwise, where the financial adviser’s entitlement to that remuneration, or the amount of that remuneration, is determined by reference only to one or more of the following factors:
 - (i) the total number or total value of all investment products in relation to which the financial adviser provided financial advisory services to the financial adviser’s clients;
 - (ii) the total number or total value of all agreements, transactions or arrangements relating to investment products entered into by the financial adviser’s clients in connection with financial advisory services provided by the financial adviser;
 - (iii) the total amount of remuneration payable to the financial

adviser by the financial adviser's clients in connection with financial advisory services provided by the financial adviser;

- (iv) the total amount of premiums payable in respect of all life policies purchased by the financial adviser's clients in connection with financial advisory services provided by the financial adviser;

(b) in relation to a representative of a financial adviser, any remuneration payable to the representative, whether on a periodic basis or otherwise, where the representative's entitlement to that remuneration, or the amount of that remuneration, is determined by reference only to one or more of the following factors:

- (i) the total number or total value of all investment products in relation to which the representative provided financial advisory services to the financial adviser's clients;
- (ii) the total number or total value of all agreements, transactions or arrangements relating to investment products entered into by the financial adviser's clients in connection with financial advisory services provided by the representative;
- (iii) the total amount of remuneration payable to the representative by the financial adviser in connection with financial advisory services provided by the representative to the financial adviser's clients;
- (iv) the total amount of premiums payable in respect of all life policies purchased by the financial adviser's clients in connection with financial advisory services provided by the representative; and

(c) in relation to a supervisor of a financial adviser, any remuneration payable to the supervisor, whether on a periodic basis or otherwise, where the supervisor's entitlement to that remuneration, or the amount of that remuneration, is determined by reference only to one or more of the following factors:

- (i) the total number or total value of all investment products in relation to which one or more representatives of the

financial adviser under the direct or indirect supervision or management of the supervisor (*R*) provided financial advisory services to the financial adviser's clients;

- (ii) the total number or total value of all agreements, transactions or arrangements relating to investment products entered into by the financial adviser's clients in connection with financial advisory services provided by *R*;
- (iii) the total amount of remuneration payable to *R* by the financial adviser in connection with financial advisory services provided by *R* to the financial adviser's clients;
- (iv) the total amount of premiums payable in respect of all life policies purchased by the financial adviser's clients in connection with financial advisory services provided by *R*;

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“variable income”, being income that is not directly linked to the sale of a particular relevant life policy, means —

- (a) in relation to a financial adviser, any remuneration payable to the financial adviser, whether on a periodic basis or otherwise, where the financial adviser's entitlement to that remuneration, or the amount of that remuneration, is determined by reference to one or more of the following factors, whether or not together with any other factor:
 - (i) the total number or total value of all investment products in relation to which the financial adviser provided financial advisory services to the financial adviser's clients;
 - (ii) the total number or total value of all agreements, transactions or arrangements relating to investment products entered into by the financial adviser's clients in connection with financial advisory services provided by the financial adviser;
 - (iii) the total amount of remuneration payable to the financial adviser by the financial adviser's clients in connection with financial advisory services provided by the financial adviser;
 - (iv) the total amount of premiums payable in respect of all life