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**INSURANCE ACT
(CHAPTER 142)**

**INSURANCE (VALUATION AND CAPITAL)
(AMENDMENT) REGULATIONS 2018**

In exercise of the powers conferred by section 64(1) of the Insurance Act, the Monetary Authority of Singapore makes the following Regulations:

Citation and commencement

1.—(1) These Regulations are the Insurance (Valuation and Capital) (Amendment) Regulations 2018 and, except for regulations 18(b), 21(b) to (i), 24(b) and 26(b), (c) and (f), come into operation on 1 January 2019.

(2) Regulations 18(b), 21(b) to (i), 24(b) and 26(b), (c) and (f) come into operation on 31 December 2018.

Amendment of regulation 2

2. Regulation 2(1) of the Insurance (Valuation and Capital) Regulations 2004 (G.N. No. S 498/2004) (called in these Regulations the principal Regulations) is amended —

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

““aggregate limit”, in relation to a contract of reinsurance entered into between an SPRV and a ceding insurer, means the maximum amount payable to the ceding insurer under that contract;”;

(b) by inserting, immediately after the definition of “associates”, the following definition:

““ceding insurer” means an insurer that enters into a contract of reinsurance with an SPRV;”;

(c) by inserting, immediately after the definition of “forward contract”, the following definition:

““fully funded”, in relation to an SPRV, means —

(a) in the case of any contract of reinsurance entered into between the SPRV and a ceding insurer that specifies an aggregate limit, that the assets held on trust or otherwise held under the terms of that contract by or on behalf of the SPRV for the benefit of the ceding insurer are not at any time less than the potential liabilities of the SPRV under all reasonably foreseeable scenarios, taking into account the aggregate limit of that contract and the expenses that the SPRV expects to incur; and

(b) in the case of any contract of reinsurance entered into between the SPRV and a ceding insurer that does not specify an aggregate limit, that the assets held on trust or otherwise held under the terms of that contract by or on behalf of the SPRV for the benefit of the ceding insurer are not at any time less than the potential liabilities of the SPRV under all reasonably foreseeable scenarios, taking into account the obligations of the SPRV towards the ceding insurer under that contract and the expenses that the SPRV expects to incur;”;

(d) by inserting, immediately after the definition of “government debt security”, the following definition:

““insurance securitisation”, in relation to an SPRV, means any debt or other financing arrangement entered into by the SPRV with an investor, where repayment of the principal or interest (or both) to the investor is contingent upon the occurrence or non-occurrence of an event, upon which the ceding insurer is exposed to financial loss under contracts of insurance or reinsurance that the ceding insurer has issued;”;

(e) by inserting, immediately after the definition of “investment grade”, the following definitions:

““MAS Notice 129” means the notice commonly known as MAS Notice 129 issued by the Authority under sections 36(3), 36(3A), 37(1)(b) and 64(2) of the Act, as amended from time to time, and includes any notice that replaces it;

““MAS Notice 130” means the notice commonly known as MAS Notice 130 issued by the Authority under sections 36(3), 36(3A) and 64(2) of the Act, as amended from time to time, and includes any notice that replaces it;

““MAS Notice 131” means the notice commonly known as MAS Notice 131 issued by the Authority under sections 36(3), 36(3A) and 64(2) of the Act, as amended from time to time, and includes any notice that replaces it;

““MAS Notice 212” means the notice commonly known as MAS Notice 212 issued by the Authority under sections 36(3), 36(3A) and 64(2) of the Act, as amended from time to time, and includes any notice that replaces it;”;

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- (f) by inserting, immediately after the words “the liability” wherever they appear in paragraphs (a) and (b) of the definition of “minimum condition liability”, the words “(net of reinsurance)”;
- (g) by deleting paragraph (b) of the definition of “policy assets” and substituting the following paragraph:
- “(b) all liabilities of the fund (except liabilities in respect of the policies comprised in the participating fund);”;
- (h) by inserting, immediately after the definition of “share”, the following definition:
- ““Special Purpose Reinsurance Vehicle” or “SPRV” means an insurer licensed under section 8 of the Act as a reinsurer to carry on life or general business or both classes of business and —
- (a) is created for the sole purpose of entering into contracts of reinsurance with one or more ceding insurers; and
- (b) at all times fully funds its obligations under the contracts of reinsurance with the ceding insurer or insurers mentioned in paragraph (a) through insurance securitisation;”.

Amendment of regulation 3

3. The principal Regulations are amended by renumbering regulation 3 as paragraph (1) of that regulation, and by inserting immediately thereafter the following paragraph:

“(2) The requirement in paragraph (1) does not apply in relation to —

- (a) an applicant applying to be licensed under section 8 of the Act as a direct insurer to carry on marine mutual insurance business only; or

(b) an applicant —

- (i) created for the sole purpose of entering into contracts of reinsurance with one or more insurers; and
- (ii) applying to be licensed under section 8 of the Act as a reinsurer, where its obligations under the contracts of reinsurance mentioned in sub-paragraph (i) entered into by the applicant as a licensed reinsurer are to be at all times fully funded through insurance securitisation.”.

Amendment of regulation 4

4. Regulation 4 of the principal Regulations is amended by inserting, immediately after the words “licensed insurer” in paragraphs (1), (2) and (3), the words “(except a captive insurer, an SPRV or a marine mutual insurer)”.

Deletion and substitution of heading to Part IV

5. Part IV of the principal Regulations is amended by deleting the Part heading and substituting the following Part heading:

“RECOGNITION AND VALUATION OF ASSETS”.

Amendment of regulation 7

6. Regulation 7 of the principal Regulations is amended by deleting the words “valuation of any asset” and substituting the words “recognition and valuation of the assets”.

Deletion and substitution of regulation 8

7. Regulation 8 of the principal Regulations is deleted and the following regulation substituted therefor:

“Recognition and valuation of assets generally

8. Unless otherwise specified in this Part or any direction issued by the Authority, an asset of an insurance fund is to be recognised and valued by a licensed insurer in accordance with the Accounting Standards.”.