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**No. S 112**

**INSURANCE ACT  
(CHAPTER 142)**

**INSURANCE  
(VALUATION AND CAPITAL) (AMENDMENT)  
REGULATIONS 2012**

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

**Citation and commencement**

1. These Regulations may be cited as the Insurance (Valuation and Capital) (Amendment) Regulations 2012 and shall come into operation on 28th March 2012.

**Amendment of regulation 2**

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

(a) by deleting the definition of “political risk insurance policy”;  
and

(b) by deleting the definition of “trade credit and political risk insurer” and substituting the following definition:

“ “trade credit insurer” means an insurer registered under the Act which has liabilities in respect of trade credit insurance policies;”.

**Amendment of regulation 8**

3. Regulation 8 of the principal Regulations is amended by deleting paragraph (2).

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**Amendment of regulation 11**

4. Regulation 11 of the principal Regulations is amended by inserting, immediately after paragraph (3), the following paragraph:

“(4) For the purposes of paragraph (3), the qualified property valuer shall conduct a physical inspection of the land or building in providing the valuation.”.

**Deletion and substitution of regulation 22A**

5. Regulation 22A of the principal Regulations is deleted and the following regulation substituted therefor:

**“Contingency reserves**

**22A.**—(1) In addition to maintaining claim liabilities and premium liabilities as required under regulation 19, a mortgage insurer and a trade credit insurer shall, in accordance with the requirements specified in the Seventh Schedule, establish and maintain contingency reserves in each insurance fund established and maintained under section 17(1) of the Act by the mortgage insurer or trade credit insurer.

(2) Notwithstanding paragraph (1), where the mortgage insurer does not have any claim liabilities and premium liabilities in respect of all the mortgage insurance policies, the mortgage insurer may withdraw the contingency reserves held in respect of mortgage insurance policies.”.

**Amendment of First Schedule**

6. Paragraph 1 of the First Schedule to the principal Regulations is amended —

(a) by inserting, immediately after the words “regulation 20(3)(b)” in sub-paragraph (8)(b), the words “and (c)”;

(b) by deleting paragraph (a) of the definition of “financial resource adjustment” in sub-paragraph (14) and substituting the following sub-paragraphs:

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“(a) the sum of the product of the appropriate counterparty risk factor set out in Table 11 of the Sixth Schedule and each of the following (if any) —

(i) all deposits placed with a related corporation, unless where these deposits aggregated with all other deposits placed with that related corporation and other related corporations which are —

(A) licensed under the Banking Act (Cap. 19); and

(B) in Counterparty Risk Class A or B as set out in Table 17 of the Sixth Schedule,

are less than or equal to 5% of the total assets of the respective insurance fund established and maintained under section 17 of the Act (referred to in this paragraph as “insurance fund”), or of the total assets that do not belong to any insurance fund established and maintained under the Act (referred to in this paragraph as “other funds”);

(ii) any loan to or guarantee granted for a related corporation, except where such loan or guarantee arises from a contract of insurance; and

(iii) any other unsecured amount owed by a related corporation or reflected in the books of the insurer to be due and owing from the head office of the insurer to that insurer, except where such unsecured amount arises from a contract of insurance;

(ab) where the deposits referred to in sub-paragraph (a)(i) as aggregated, are more than 5% of the total assets of the respective insurance fund, or of the total assets of the other funds, the product of the amount exceeding 5% and the counterparty risk factor of the related corporation with the lowest rating (such rating being the credit rating set out in the second column (“Rating of entity”) of Table 17 of the Sixth Schedule);”;

(c) by deleting sub-paragraph (i) of paragraph (b) of the definition of “financial resource adjustment” in sub-paragraph (14) and substituting the following sub-paragraph:

“(i) the charge was created to secure a credit facility and the insurer has not fully drawn down on the credit facility,