

# **Insurance (Corporate Governance) (Amendment) Regulations 2010**

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**No. S 753**

### INSURANCE ACT (CHAPTER 142)

### INSURANCE (CORPORATE GOVERNANCE) (AMENDMENT) REGULATIONS 2010

In exercise of the powers conferred by section 64 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 (Corporate Governance) (Amendment) Regulations 2010 and shall come into operation on 9th December 2010.

#### **Amendment of regulation 3**

2. Regulation 3(1) of the Insurance (Corporate Governance) Regulations 2005 (G.N. No. S 584/2005) (referred to in these Regulations as the principal Regulations) is amended —

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

““board committee” means any of the committees specified in regulation 10 and the Executive Committee referred to in regulation 9;”;

(b) by deleting the definition of “independent director” and substituting the following definition:

““independent director”, in relation to a significant insurer, means a director who —

- (a) is independent from any management and business relationship with the significant insurer;
  - (b) is independent from any substantial shareholder of the significant insurer; and
  - (c) has not served on the board of the significant insurer for a continuous period of 9 years or longer;”;
- (c) by inserting, immediately after the definition of “Nominating Committee”, the following definition:

“ “principal officer” has the same meaning as in section 31 of the Act;” and

- (d) by inserting, immediately after the definition of “Remuneration Committee”, the following definition:

“ “Risk Management Committee” means a Risk Management Committee referred to in regulation 16A;”.

### **Amendment of regulation 6**

3. Regulation 6(2) of the principal Regulations is amended by deleting the words “and 16(1)” and substituting the words “, 16(1) and 16A(1)”.

### **Amendment of regulation 7**

4. Regulation 7 of the principal Regulations is amended by deleting the words “or 16(1)” wherever they appear in paragraphs (2) and (3) and substituting in each case the words “, 16(1) or 16A(1)”.

### **Amendment of regulation 8**

5. Regulation 8 of the principal Regulations is amended —

- (a) by deleting paragraphs (1) and (2) and substituting the following paragraphs:

“(1) Subject to paragraphs (2), (3) and (4) and regulations 7(3) and 19, a significant insurer shall have a board of directors comprising at least a majority of directors who are independent directors.

(2) Where a single substantial shareholder holds 50% or more of the share capital or the voting power in a significant insurer, paragraph (1) shall not apply to the significant insurer only if the significant insurer has a board of directors comprising —

- (a) at least a majority of directors who are independent from management and business relationships with the significant insurer; and
  - (b) at least one-third of directors who are independent directors.”;
- (b) by deleting the words “14 days of” in paragraph (3)(a) and substituting the words “14 days after”; and
- (c) by inserting, immediately after paragraph (6), the following paragraph:
- “(6A) Any significant insurer which contravenes paragraph (3)(a) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000.”.

### **Amendment of regulation 10**

6. Regulation 10 of the principal Regulations is amended —

- (a) by deleting the word “and” at the end of paragraph (1)(b);
- (b) by deleting the full-stop at the end of sub-paragraph (c) of paragraph (1) and substituting the word “; and”, and by inserting immediately thereafter the following sub-paragraph:
  - “(d) a Risk Management Committee.”;
- (c) by inserting, immediately after paragraph (1), the following paragraph:
  - “(1A) A significant insurer shall ensure that every member of each Committee referred to in paragraph (1) shall have unfettered access to information which the significant insurer is in possession of or has access to, for the purposes of carrying out the responsibilities of the Committee concerned.”;
- (d) by deleting the words “a Nominating Committee or a Remuneration Committee” in paragraph (2) and substituting the words “a Nominating Committee, a Remuneration Committee or a Risk Management Committee”;
- (e) by deleting the words “the Nominating Committee or the Remuneration

Committee” in paragraph (2)(a) and (b) and substituting in each case the words “the Nominating Committee, the Remuneration Committee or the Risk Management Committee”; and

- (f) by inserting, immediately after the words “paragraph (1)” in paragraph (3), the words “or (1A)”.

## **Amendment of regulation 11**

7. Regulation 11 of the principal Regulations is amended —

- (a) by inserting the word “and” at the end of paragraph (1)(a);
- (b) by deleting sub-paragraphs (b), (c) and (d) of paragraph (1) and substituting the following sub-paragraph:

“(b) at least a majority of directors (including the chairman of the Nominating Committee) who are independent directors.”;

- (c) by deleting paragraph (2) and substituting the following paragraph:

“(2) Where a single substantial shareholder holds 50% or more of the share capital or the voting power in a significant insurer, paragraph (1)(b) shall not apply to the significant insurer only if the significant insurer has a Nominating Committee comprising —

- (a) at least a majority of directors who are independent from management and business relationships with the significant insurer; and
- (b) at least one-third of directors (including the chairman of the Nominating Committee) who are independent directors.”;

- (d) by deleting paragraph (4) and substituting the following paragraph:

“(4) If a member of the Nominating Committee resigns, ceases to be a director or for any other reason ceases to be a member of the Nominating Committee —

- (a) the significant insurer shall notify the Authority of the event within 14 days after the occurrence of the event; and
- (b) if this results in a breach of any requirement under paragraph (1), the board of directors shall, within 3 months after that event, appoint such number of new members as may be required to rectify the