

Insurance (General Provisions and Exemptions for Protection and Indemnity Clubs) Regulations 2004

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No. S 804

**INSURANCE ACT
(CHAPTER 142)**

**INSURANCE (GENERAL PROVISIONS AND EXEMPTIONS FOR PROTECTION
AND INDEMNITY CLUBS) REGULATIONS 2004**

In exercise of the powers conferred by sections 9, 18, 36, 52(1) and 64(1) of the Insurance Act, the Monetary Authority of Singapore hereby makes the following Regulations:

PART I

PRELIMINARY

Citation and commencement

1. These Regulations may be cited as the Insurance (General Provisions and Exemptions for Protection and Indemnity Clubs) Regulations 2004 and shall come into operation on 1st January 2005.

Definitions

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

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

“Protection and Indemnity Club” means an insurer registered under section 8 of the Act as a direct insurer to carry on general business and who is permitted to carry on protection and indemnity insurance business only;

“protection and indemnity insurance business” means the business of insuring against third party liabilities and expenses arising from owning, or operating, ships as principals;

“valuation date” means the date on which the assets and liabilities of a Protection and Indemnity Club are valued.

PART II

FINANCIAL REQUIREMENT BEFORE REGISTRATION AND FUND SOLVENCY REQUIREMENT

Paid-up capital requirement

3.—(1) An applicant for registration as a Protection and Indemnity Club shall be exempt from regulation 3 of the Insurance (Valuation and Capital) Regulations 2004 (G.N. No. S 498/2004).

(2) For the purposes of section 9(1)(c) of the Act, the Authority shall not register an applicant as a Protection and Indemnity Club unless the applicant has a paid-up ordinary share capital (or its equivalent recognised by the Authority as applicable to the applicant under the laws of the country or territory in which the applicant is incorporated, formed or established) of not less than \$25 million.

Fund solvency requirement

4.—(1) A Protection and Indemnity Club shall be exempt from regulation 4 of the Insurance (Valuation and Capital) Regulations 2004.

(2) For the purposes of section 18(1)(a) of the Act, the fund solvency requirement in respect of an insurance fund established and maintained by a Protection and Indemnity Club under the Act shall at all times be such that

- (a) in the case of an insurance fund that relates to Singapore policies, the surplus of assets over liabilities of the fund, less its contingent liabilities, is not less than the highest of the following amounts:
 - (i) \$1 million;
 - (ii) 20% of net premiums written of the fund in the preceding financial year; or
 - (iii) 20% of claim liabilities of the fund as at the end of the preceding financial year; and
- (b) in the case of an insurance fund that relates to offshore policies, the amount of assets in the fund, less its contingent liabilities, is not less than the amount of liabilities of the fund.

PART III

ACCOUNTS AND STATEMENTS

Exemptions in respect of Insurance (Accounts and Statements) Regulations 2004

5. A Protection and Indemnity Club shall be exempt from the following requirements in the Insurance (Accounts and Statements) Regulations 2004 (G.N. No. S 494/2004):

- (a) the requirement, under regulation 4(2)(a) of those Regulations, to lodge Annexes 1A, 1B, 1C, 1D, 1E, 1F(a), 1F (b), 1F (c), 1F (d), 1G, 1H, 1I, 1J, 1K, 1L, 1M, 1N, 1 (i), 1 (ii) and 1(iii) to Form 1 in the First Schedule to those Regulations;
- (b) the requirement, under regulation 4(2)(b) of those Regulations, to lodge Annexes 2A, 2B, 2C, 2C (a), 2C (b), 2E, 2G, 2H and 2J to Form 2 in the First Schedule to those Regulations;
- (c) the requirement, under regulation 5(1)(a)(i) of those Regulations, to lodge Annex 1F (b) to Form 1 in the First Schedule to those Regulations; and
- (d) the requirements under regulations 5(1)(a)(ii) and (b)(ii) and (5), 8 and 10

of those Regulations.

Forms

6.—(1) The forms mentioned in these Regulations are those set out in the Schedule, or the First Schedule to the Insurance (Accounts and Statements) Regulations 2004, as the case may be.

(2) Where any provision of the Act or these Regulations provides for the lodgment of a document with the Authority, that document shall be lodged with the Authority in the relevant form.

(3) A form prescribed by these Regulations shall be completed in accordance with such directions as may be specified in the form or by the Authority.

Balance-sheet in respect of global business operations

7. A Protection and Indemnity Club incorporated in Singapore shall, in addition to the relevant forms in regulation 5(1) to (4) (other than regulation 5(1)(a)(i), (a)(ii) and (b)(i)) of the Insurance (Accounts and Statements) Regulations 2004 (G.N. No. S 494/2004), lodge for each accounting period in respect of its global business operations a balance-sheet in Form 8 in the First Schedule to the Insurance (Accounts and Statements) Regulations 2004, excluding the Annex and Note, as at the end of that accounting period.

Additional returns

8. In addition to the returns to be lodged under section 36 of the Act and prescribed in the Insurance (Accounts and Statements) Regulations 2004, every Protection and Indemnity Club shall lodge with the Authority, for each financial year —

- (a) an analysis of calls, premiums and claims, which shall be in Form 1 in the Schedule; and
- (b) a statement on the adequacy of claim liabilities in respect of the financial year, which shall be in Form 2 in the Schedule.

Provisions as to returns lodged

9.—(1) All monetary amounts referred to in any document required to be lodged under these Regulations shall be in Singapore dollars unless otherwise specified in the relevant form, and the basis of conversion of any other currency into Singapore dollars shall be stated in each such document.

(2) Section 39(1) and (3) of the Act shall not apply to any document lodged by a