Insurance (General Provisions) (Amendment) Regulations 2004

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No. S 496

INSURANCE ACT (CHAPTER 142)

INSURANCE (GENERAL PROVISIONS) (AMENDMENT) REGULATIONS 2004

In exercise of the powers conferred by sections 42 (4), 60(1) and (3) and 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 (General Provisions) (Amendment) Regulations 2004 and shall come into operation on 23rd August 2004.

New regulations 9, 10 and 11 and Schedule

2. The Insurance (General Provisions) Regulations 2003 (G.N. No. S 684/2003) are amended by inserting, immediately after regulation 8, the following regulations and Schedule:

"Determination of liabilities in connection with winding up

9.—(1) This regulation shall apply to any registered insurer or Singapore insurer which has ceased to be so registered but remains under any liability in respect of Singapore policies or offshore policies.

(2) For the purposes of section 42(4) of the Act, in proceedings under the Companies Act (Cap. 50) —

- (a) in the case of a winding up of the affairs of an insurer to which this regulation applies by the court, in determining whether the insurer is unable to pay its debts, any liability of the insurer in respect of policies; and
- (b) in the case of a winding up of the affairs of an insurer to which this regulation applies, any liability of the insurer in respect of Singapore policies or offshore policies which is required to be valued,

shall be determined in the manner as set out in Part V of the Insurance (Valuation and Capital) Regulations 2004 (G.N. No. S 498/2004).

Surrender values of life policies

10.—(1) Where a policy owner surrenders a life policy under section 60(1) of the Act, the surrender value of the life policy shall be at least —

- (a) in the case of a policy issued before 23rd August 2004
 - (i) where the policy is an endowment policy, an amount equal to 80% of the liabilities of the registered insurer in respect of that policy determined in accordance with paragraph (2); or
 - (ii) where the policy is a whole life policy, an amount equal to 95% of the liabilities of the registered insurer in respect of that policy determined in accordance with paragraph (2),

less any moneys due under the policy to the insurer; or

(b) in the case of a policy issued on or after 23rd August 2004, the amount that the insurer is contractually liable for on the surrender of the policy,

at the date of the surrender.

(2) For the purposes of paragraph (1)(a), the liabilities of a registered insurer shall be determined by the net premium valuation method using —

- (a) in the case of any policy introduced before 1st January 1994
 - (i) the A1924-29 Ultimate Mortality Table set out in Table 1 of the Schedule for both male and female lives; and

- (ii) an interest rate of 4% per annum; and
- (b) in the case of any policy introduced on or after 1st January 1994
 - (i) the 1992 Commissioner's Valuation Table set out in Table 2 of the Schedule; and
 - (ii) an interest rate of 4% per annum.
- (3) In this regulation —

"adjusted value of premiums payable after the valuation date" means the actual value of premiums adjusted —

- (a) by assuming that the policy provides only for such premiums as are sufficient to provide for the risk incurred by the insurer in issuing it, without provision for any other outgoings such as bonuses and office expenses; and
- (b) where the premiums are payable for a whole life policy or an endowment policy (with or without other benefits), by making whichever of the following further adjustments that will produce a lower adjusted value:
 - (i) to assume that the policy is issued one year after the actual date of its issue (but without thereby postponing the time when the premiums cease or any policy moneys become payable if that time is fixed by reference to the date of issue) and to calculate the premiums referred to in paragraph (a) accordingly;
 - (ii) to add to the premiums referred to in paragraph (a), such amount as would have at the date of issue of the policy resulted in a capitalised value equal to 3% of the policy moneys (taking the value of any annuity as the capitalised value the annuity would have on becoming payable);
- "net premium valuation method" means a valuation method where the liability in respect of a policy shall be taken as equal to the amount (if any) by which the value, as at the date on which the assets ane liabilities of a registered insurer are valued (referred to in this regulation as valuation date), of policy moneys which would be paid out under the

policy, according to the contingencies on which they are payable, exceeds the adjusted value of premiums payable on or after the valuation date (if any), according to the contingencies upon which they are respectively payable.

Amount of paid-up policy to be obtained in exchange for life policy

11.—(1) Where a policy owner exchanges a life policy issued before 23rd August 2004 under section 60(3) of the Act for a paid-up policy, the paid-up policy shall be for the amount determined, as at the date of exchange, by the following formula:

		А	
		В	
where	А	is the surrender value in dollars of the policy exchanged, less any sums due under the policy to the insurer; and	
	В	is the value of the liabilities of the insurer in respect of a paid- up policy for one dollar payable on the like contingencies as the policy moneys under the policy exchanged.	

(2) A registered insurer shall calculate the surrender value referred to in the formula in paragraph (1) in the manner specified under regulation 10(1) and the liabilities referred to in the formula shall be valued on the basis set out in regulation 10(2).

THE SCHEDULE

Regulation 10(2)

TABLE 1 — A1924-29 ULTIMATE MORTALITY TABLE

First column	Second column Mortality rate
Age (rounded to the nearest year)	
0	0.00913
1	0.00913
2	0.00227
3	0.00196

4	0.00188
5	0.00180
6	0.00174
7	0.00168
8	0.00162
9	0.00159
10	0.00156
11	0.00166
12	0.00176
13	0.00186
14	0.00196
15	0.00206
16	0.00216
17	0.00225
18	0.00231
19	0.00234
20	0.00235
21	0.00235
22	0.00235
23	0.00235
24	0.00235
25	0.00235
26	0.00235
27	0.00235
28	0.00236
29	0.00238
30	0.00241
31	0.00246
32	0.00253
33	0.00262
34	0.00273