

# **Insurance (Financial Guarantee Insurance) (Amendment) Regulations 1999**

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**No. S 360**

### **INSURANCE ACT (CHAPTER 142)**

### **INSURANCE (FINANCIAL GUARANTEE INSURANCE) (AMENDMENT) REGULATIONS 1999**

In exercise of the powers conferred by sections 53 and 66 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 (Financial Guarantee Insurance) (Amendment) Regulations 1999 and shall come into operation on 1st September 1999.

#### **Amendment of regulation 2**

2. Regulation 2 of the Insurance (Financial Guarantee Insurance) Regulations (Rg 6) (referred to in these Regulations as the principal Regulations) is amended —

- (a) by deleting the word “insured” in the 3rd line of the definition of “average annual debt service” and substituting the word “guaranteed”;
- (b) by deleting the definition of “financial guarantee insurer” and substituting the following definition:

“ “financial guarantee insurer” means an insurer who is registered under the Act and who is permitted by his registration to carry on the business of issuing financial guarantee insurance policies;”;

- (c) by inserting, immediately after the definition of “government unit”, the following definition:

“ “guaranteed unpaid principal”, in relation to a financial guarantee insurance policy, means the outstanding amount of the principal the payment of which is guaranteed by the policy;”;

- (d) by deleting the word “amount” in the definition of “net exposure”; and
- (e) by deleting the definition of “qualified capital” and substituting the following definition:

“ “qualified capital” means —

- (a) in the case of a company incorporated in Singapore, the shareholders’ equity (paid-up share capital, share premium reserves and retained earnings) and capital on call of the company, and the Reserve Fund maintained by the company under regulation 6; or
- (b) in the case of a company incorporated outside Singapore, the Reserve Fund maintained by the company under regulation 6 and —
  - (i) the shareholders’ equity (paid-up share capital, share premium reserves and retained earnings) and capital on call of the company; and

- (ii) such other securities and interests of the company as the Authority may consider to be qualified capital,  
reported by the company in its most recent financial statement filed with the authority regulating insurance business in the country or territory in which it is incorporated.”.

### **Amendment of regulation 3**

3. Regulation 3 (2) of the principal Regulations is amended by deleting the words “underwrite any obligation except the following” in the 1st and 2nd lines and substituting the words “issue in Singapore a financial guarantee insurance policy in respect of any obligation other than the following”.

### **Amendment of regulation 5**

4. Regulation 5 (1) of the principal Regulations is amended by inserting, immediately after the words “insurance policy” in the 2nd line, the words “issued by the insurer in Singapore”.

### **Amendment of regulation 6**

5. Regulation 6 of the principal Regulations is amended —

- (a) by deleting the word “and” at the end of paragraph (1)(a);
- (b) by deleting sub-paragraph (b) of paragraph (1) and substituting the following sub-paragraphs:
  - “(b) after the close of each accounting period, transfer to the Reserve Fund, out of the net profits earned by the insurer during the accounting period —
    - (i) an amount of not less than 50% of the net profits, where that part of the Reserve Fund that relates to all old policies in force during that accounting period is less than or equal to 50% of the total paid-up capital of the insurer;