

Insurance Intermediaries Regulations 1999

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No. S 586

INSURANCE INTERMEDIARIES ACT 1999 (ACT 31 OF 1999)

INSURANCE INTERMEDIARIES REGULATIONS 1999

In exercise of the powers conferred by section 41 of the Insurance Intermediaries Act 1999, 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 Intermediaries Regulations 1999 and shall come into operation on 31st December 1999.

Definitions

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

“applicant” means an applicant for registration as an insurance broker referred to in section 16 of the Act;

“net asset value”, in relation to a company, means the excess of the value of the assets owned by the company over its liabilities.

(2) For the purposes of these Regulations, in determining the value of the assets owned by a company, any amount on account of goodwill or of any other intangible assets shall be disregarded.

(3) For the purposes of these Regulations, in determining the amount of the liabilities

of a company, all contingent or prospective liabilities shall be taken into account but not any amount on account of any liability related to the share capital of the company.

PART II

PAID-UP SHARE CAPITAL, PROFESSIONAL INDEMNITY INSURANCE AND NET ASSET VALUE

Minimum paid-up share capital

3.—(1) For the purposes of section 17(1)(b) of the Act, an applicant shall have a paid-up share capital of —

- (a) in the case of an applicant who desires to be registered as a direct general insurance broker, a general reinsurance broker or a life reinsurance broker, an amount not less than \$300,000; or
- (b) in the case of an applicant who desires to be registered as a direct life insurance broker, a minimum amount in accordance with the First Schedule.

(2) An applicant who desires to be registered as an insurance broker in respect of more than one type of insurance broking business shall have a paid-up share capital of not less than the aggregate of the amounts of paid-up share capital specified under paragraph (1) in respect of those businesses.

(3) A registered insurance broker shall maintain at all times a paid-up share capital of an amount that is not less than the minimum amount of paid-up share capital applicable to it by virtue of paragraph (1) or (2), as the case may be.

Professional indemnity insurance

4.—(1) For the purposes of section 17(1)(c) of the Act, an applicant shall have in force a professional indemnity insurance policy under which the limit of indemnity covered shall be —

- (a) in the case of an applicant who desires to be registered as a direct general insurance broker, a general reinsurance broker or a life reinsurance broker, an amount of not less than \$1 million; or
- (b) in the case of an applicant who desires to be registered as a direct life insurance broker, an amount of not less than \$500,000.

(2) For the purposes of section 17(1)(c) of the Act, an applicant shall have in force a

professional indemnity insurance policy under which the deductible allowed shall be not more than 20% of the applicant's net asset value as at the end of its preceding accounting period.

(3) An applicant who desires to be registered as an insurance broker in respect of more than one type of insurance broking business shall have in force a professional indemnity insurance policy under which the limit of indemnity covered shall be not less than the aggregate of the amounts of the limit of indemnity specified under paragraph (1) for those businesses.

(4) An applicant who desires to be registered as an insurance broker in respect of more than one type of insurance broking business shall have in force a professional indemnity insurance policy under which the deductible allowed shall be not more than 20% of the applicant's net asset value as at the end of its preceding accounting period.

(5) A registered insurance broker shall have in force at all times a professional indemnity insurance policy —

- (a) under which the limit of indemnity covered is of an amount not less than the minimum limit of indemnity applicable to it by virtue of paragraph (1) or (3), as the case may be; and
- (b) under which the deductible allowed is of an amount not more than 20% of the registered insurance broker's net asset value as at the end of its preceding accounting period.

Net asset value

5. For the purposes of section 21 of the Act, a registered insurance broker shall at all times maintain a net asset value of an amount that is not less than 50% of the minimum paid-up share capital required to be maintained by the registered insurance broker under regulation 3(3).

PART III

ACCOUNTS AND STATEMENTS

Returns to be lodged by registered insurance brokers

6. For the purposes of section 28(1) of the Act, a registered insurance broker shall lodge with the Authority within 6 months from the end of each accounting period unless otherwise extended by the Authority —

- (a) a balance sheet as at the end of that accounting period in Form A in the