

Insurance (Authorised Reinsurers) Regulations

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INSURANCE ACT
(CHAPTER 142, SECTIONS 11, 14A, 36(1), 56A(3) AND 64)
INSURANCE (AUTHORISED REINSURERS) REGULATIONS

Rg 13

G.N. No. S 680/2003

REVISED EDITION 2004

(31st December 2004)

[1st January 2004]

Citation

1. These Regulations may be cited as the Insurance (Authorised Reinsurers) Regulations.

Definitions

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

“claim liabilities”, in relation to an authorised reinsurer, means the obligation of the authorised reinsurer, whether contractual or otherwise, to make future payments in relation to all claims incurred during a financial year (other than payments which have fallen due for payment during the financial year) in respect of policies issued by the authorised reinsurer under the Act, whether or not they have been reported to the authorised reinsurer, and includes expenses that the authorised reinsurer expects to incur in settling these claims;

“gross liabilities incurred in respect of policies issued”, in relation to an authorised reinsurer, means the sum of the claim liabilities and the premium liabilities in respect of policies issued by the authorised reinsurer under the Act without deduction for reinsurance;

“gross premiums written” means the amount of premiums written without deduction for reinsurance;

“premium liabilities”, in relation to an authorised reinsurer, means the obligation of the authorised reinsurer, whether contractual or otherwise, to make future payments in relation to all claims incurred after the end of a financial year in respect of policies issued by the authorised reinsurer under the Act, and includes expenses that the authorised reinsurer expects to incur in administering the policies and settling the relevant claims.

Requirement before authorisation

3. The Authority shall not authorise any applicant under section 8A of the Act unless the applicant has made a deposit, in respect of each class of business for which it has applied to be authorised, which conforms with regulation 4(1) and (2).

Reinsurance deposit

4.—(1) For the purposes of section 14A of the Act and subject to paragraph (3), the reinsurance deposit to be maintained by an authorised reinsurer in respect of each class of business for which it is authorised shall be an amount not less than \$2 million or, where allowed by the Authority, its equivalent in foreign currency in the form of Singapore dollar fixed deposits or foreign currency fixed deposits with a bank licensed under the Banking Act (Cap. 19).

(2) Deposits made by an authorised reinsurer under paragraph (1) shall be in the name of the Authority.

(3) Every authorised reinsurer shall, not later than 7 months after the end of each financial year, make and maintain with the Authority such additional deposit, if any, as is necessary to secure that the aggregate value of the deposit referred to in paragraph (1) shall be —

- (a) \$2 million;
- (b) 30% of the gross premiums written in respect of policies issued by the authorised reinsurer under the Act in that financial year; or
- (c) 30% of the gross liabilities incurred in respect of policies issued by the authorised reinsurer under the Act as at the end of that financial year,

whichever is the highest.

(4) The Authority shall retain any deposit made under paragraphs (1) and (3) until it is satisfied that the authorised reinsurer has ceased to provide reinsurance of liabilities under insurance policies to persons in Singapore.

(5) If the Authority is satisfied that the authorised reinsurer has ceased to provide reinsurance of liabilities under insurance policies to persons in Singapore, the Authority shall transfer to the authorised reinsurer the deposits made under paragraphs (1) and (3) less any amount that the Authority determines should be kept available for the purpose of meeting claims against the authorised reinsurer in respect of policies issued by the authorised reinsurer under the Act.

(6) An authorised reinsurer which has made any deposit under section 14A of the Act may, at any time, substitute for any asset comprised in the deposit such other assets as the Authority may specify so long as the deposits are not thereby reduced to an amount

below that which is required under paragraphs (1) and (3).

(7) If the authorised reinsurer goes into liquidation or is dissolved at its place of incorporation or origin —

- (a) it shall immediately notify the Authority; and
- (b) the Authority shall pay the balance of the deposits made under paragraphs (1) and (3), if any, to the liquidator of the authorised reinsurer after paying any debt or meeting any claim against the authorised reinsurer in respect of policies issued by the authorised reinsurer under the Act.

(8) The Authority may appoint any person to perform any of its functions under paragraphs (5) and (7)(b).

(9) For the purposes of paragraphs (5) and (7)(b), the costs and expenses of appointing any person under paragraph (8) shall be paid in priority to any claim against the authorised reinsurer, and all claims against the authorised reinsurer in respect of policies issued by the authorised reinsurer shall rank equally between themselves.

Disclosure by authorised reinsurer

5. No authorised reinsurer shall invite any person in Singapore to make an offer or a proposal to enter into a contract of reinsurance without disclosing to the person the following:

- (a) its authorisation status and the class of business for which it is authorised;
- (b) that it is supplying the reinsurance service from outside Singapore and that it has no commercial or physical presence in Singapore; and
- (c) that it is subject to limited oversight by the Authority and is required to comply with authorisation requirements, and not registration requirements, under the Act.

Requirements as to statements of capital

6. Where a notice, an advertisement or other official publication of a corporation authorised under section 8A of the Act which is made to or directed at persons in Singapore —

- (a) contains a statement of the authorised share capital of the corporation; and
- (b) does not contain a statement of how much of that share capital has been subscribed and how much is paid up,

the corporation shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000.

Arrangements affecting control of authorised reinsurers

7.—(1) Every authorised reinsurer shall immediately inform the Authority of any change of a person having control of the authorised reinsurer.

(2) For the purposes of this regulation, section 12A(7) of the Act shall apply with the necessary modifications.

Returns and audit

8.—(1) The forms mentioned in this regulation are those set out in the Schedule.

(2) An authorised reinsurer shall prepare and lodge with the Authority for each financial year —

- (a) where the authorised reinsurer is authorised as a general reinsurer, a statement, which shall be in Form 1, giving particulars as to premiums, claims and commissions in respect of its general business;
- (b) where the authorised reinsurer is authorised as a life reinsurer, the following statements in respect of its life business:
 - (i) a statement, which shall be in Form 2, giving particulars as to premiums, claims and commissions; and
 - (ii) a statement, which shall be in Form 3, giving particulars on the issue of new policies, and movements in claims and other items during that financial year, and the business in force as at the end of that financial year;
- (c) a statement, which shall be in Form 4, on the reinsurance deposit required under section 14A of the Act;
- (d) in respect of the authorised reinsurer's global business operations —
 - (i) a balance-sheet, which shall be in Form 5, as at the end of that financial year; and
 - (ii) a profit and loss statement, which shall be in Form 6; and
- (e) information on the authorised reinsurer's external auditor, containing the particulars set out in Form 7 —
 - (i) for each financial year; or
 - (ii) if there is a change in its external auditor.

(3) The statements for any financial year referred to in paragraph (2)(a), (b), (c), (d)