



REPUBLIC OF SINGAPORE  
**GOVERNMENT GAZETTE**  
**BILLS SUPPLEMENT**

*Published by Authority*

---

---

**NO. 35]**

**WEDNESDAY, SEPTEMBER 26**

**[2001**

---

---

**First published in the *Government Gazette*, Electronic Edition, on 26th September 2001 at 5:00 pm.**

**Notification No. B 35** — The Insurance (Amendment) Bill is hereby published for general information. It was introduced in Parliament on the 25th day of September 2001.

# Insurance (Amendment) Bill

---

**Bill No. 35/2001.**

*Read the first time on 25th September 2001.*

A BILL

*intituled*

An Act to amend the Insurance Act (Chapter 142 of the 2000 Revised Edition) and to make related amendments to the Societies Act (Chapter 311 of the 1985 Revised Edition).

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

## **Short title and commencement**

1. This Act may be cited as the Insurance (Amendment) Act 2001  
5 and shall come into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

## **Amendment of section 2**

### **2. Section 2 of the Insurance Act is amended —**

- (a) by deleting the words “, Securities Industry Act (Cap. 289) or Futures Trading Act (Cap. 116),” in the 5th, 6th and 7th lines of subsection (1) (b) and substituting the words “or Securities and Futures Act 2001”; 5
- (b) by deleting the words “or company engaged primarily in the business of export credit insurance” in the 3rd and 4th lines of subsection (7); and
- (c) by deleting the words “, organisation or company” in the 5th 10 and in the penultimate and last lines of subsection (7) and substituting in each case the words “or organisation”.

## **Amendment of section 3**

**3. Section 3 (2) of the Insurance Act is amended by deleting “\$30,000” in the 3rd line and “\$2,000” in the penultimate line and substituting “\$75,000” and “\$7,500”, respectively. 15**

## **Amendment of section 4**

**4. Section 4 of the Insurance Act is amended by deleting “\$30,000” in the 9th line and “\$2,000” in the penultimate line and substituting “\$75,000” and “\$7,500”, respectively. 20**

## **Amendment of section 5**

**5. Section 5 (3) of the Insurance Act is amended by deleting “\$5,000” in the 3rd line and “\$1,000” in the penultimate line and substituting “\$12,500” and “\$1,250”, respectively.**

## **Amendment of section 6**

25

**6. Section 6 (3) of the Insurance Act is amended by deleting “\$20,000” in the 3rd line, “2 years” in the 4th line and “\$1,000” in the penultimate line and substituting “\$50,000”, “3 years” and “\$5,000”, respectively.**

## **Amendment of section 7**

30

**7. Section 7 (2) of the Insurance Act is amended by deleting “\$5,000” in the 4th line and “\$1,000” in the penultimate line and substituting “\$25,000” and “\$2,500”, respectively.**

### **Amendment of section 10**

**8.** Section 10 (2) of the Insurance Act is amended —

(a) by deleting “\$20,000” in the 4th line and substituting “\$50,000”; and

5 (b) by deleting “\$1,000” in the penultimate line and substituting “\$5,000”.

### **Amendment of section 12**

**9.** Section 12 of the Insurance Act is amended —

10 (a) by deleting subsection (3) and substituting the following subsections:

“(3) Before cancelling the registration of an insurer under this section otherwise than at the request of the insurer, the Authority shall —

15 (a) give the insurer notice in writing of its intention to do so; and

(b) in the notice referred to in paragraph (a), call upon the insurer to show cause within such time as may be specified in the notice why his or its registration should not be cancelled.

20 (3A) If the insurer referred to in subsection (3) —

(a) fails to show cause within the time given to him or it to do so or within such extended period of time as the Authority may allow; or

25 (b) fails to show sufficient cause,  
the Authority shall give notice in writing to the insurer of the date on which the cancellation of registration is to take effect.

30 (3B) Any insurer who is aggrieved by a decision of the Authority under subsection (1) to cancel his registration as an insurer otherwise than at his request may, within 30 days of the decision of the Authority, appeal to the Minister in writing in accordance with Part IIIB.”; and

(b) by deleting subsections (5) and (6).

### **Amendment of section 20**

**10.** Section 20 of the Insurance Act is amended by —

- (a) by deleting the words “approved by the Authority, and at a place and on terms so approved” in the penultimate and last lines of subsection (1) and substituting the words “in accordance with such directions as may be issued by the Authority”; and
- (b) by deleting “\$5,000” in the 3rd line and “\$1,000” in the penultimate line of subsection (4) and substituting “\$12,500” and “\$1,250”, respectively.

### **Amendment of section 24**

**11.** Section 24 (7) of the Insurance Act is amended by deleting “\$5,000” and substituting “\$12,500”.

### **Amendment of section 25**

**12.** Section 25 (6) of the Insurance Act is amended by deleting “\$5,000” and substituting “\$12,500”.

### **Repeal and re-enactment of section 26**

**13.** Section 26 of the Insurance Act is repealed and the following section substituted therefor:

#### **“Requirements as to statements of capital**

**26.** Where a notice, advertisement or other official publication of a company registered or intended to be registered as an insurer under this Act contains a statement of the company’s authorised share capital, and does not state therewith how much of that capital has been subscribed and how much is paid up, the company shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000.”.

### **Amendment of section 27**

**14.** Section 27 (3) of the Insurance Act is amended by deleting “\$50,000” and substituting “\$125,000”.

### **Amendment of section 28**

**15.** Section 28 (2) of the Insurance Act is amended by deleting “\$50,000” and substituting “\$125,000”.

## **Amendment of section 29**

**16.** Section 29 (2) of the Insurance Act is amended by deleting “\$10,000” and “12 months” and substituting “\$125,000” and “3 years”, respectively.

## **5 Amendment of section 31**

**17.** Section 31 of the Insurance Act is amended by deleting subsection (4) and substituting the following subsections:

“(4) If at any time it appears to the Authority that a principal officer, director or an actuary of a registered insurer has failed to perform his functions, the Authority may, in writing, direct the registered insurer to remove the principal officer, director or actuary, as the case may be.

(4A) For the purpose of determining whether to grant its approval under subsection (1) or whether the principal officer, director or actuary has failed to perform his functions under subsection (4), the Authority shall, without prejudice to any other matter it may consider relevant, have regard to such criteria as may be prescribed.

(4B) Before directing the registered insurer to remove its principal officer, director or actuary under subsection (4), the Authority shall —

(a) give the insurer notice in writing of its intention to do so; and

(b) in the notice referred to in paragraph (a), call upon the registered insurer to show cause within such time as may be specified in the notice why the principal officer, director or actuary, as the case may be, should not be removed.

(4C) If the registered insurer referred to in subsection (4B) —

(a) fails to show cause within the time given to him or it to do so or within such extended period of time as the Authority may allow; or

(b) fails to show sufficient cause,

the Authority shall give notice in writing to the insurer of the date on which the direction to remove the principal officer, director or actuary, as the case may be, is to take effect.

(4D) Any person who is aggrieved by a decision of the Authority under subsection (1), (3) or (4) may, within 30 days of the decision of the Authority, appeal to the Minister in writing in accordance with Part IIIB.

(4E) Any registered insurer who fails to comply with any direction of the Authority under subsection (4) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$150,000. 5

(4F) Nothing in section 152 of the Companies Act (Cap. 50) shall prevent the Authority from exercising any power under subsection (4).” 10

### **Amendment of section 35**

**18.** Section 35 of the Insurance Act is amended by deleting the words “shall operate to invalidate any policy” and substituting the words “, Part IIA or IIB shall invalidate any policy or contract of insurance”. 15

### **New Part IIA**

**19.** The Insurance Act is amended by inserting, immediately after section 35, the following Part:

#### **“PART IIA**

20

#### **FOREIGN INSURER SCHEMES**

#### **Interpretation of this Part**

**35A.** In this Part —

“administrator” means an administrator appointed by the Authority under section 35C in respect of a foreign insurer scheme; 25

“agent”, in relation to a foreign insurer, means an agent in respect of the carrying on of insurance business in Singapore by the foreign insurer, with authority to enter into contracts of insurance on behalf of the foreign insurer; 30

“foreign insurer” means an insurer —

(a) that is authorised under the law of another country or territory to carry on insurance business in that country or territory; and

5 (b) that is not registered as an insurer under section 8;

“foreign insurer scheme” means any foreign insurer scheme referred to in section 35B.

### **Establishment of foreign insurer schemes**

10 **35B.** The Authority may by regulations establish any foreign insurer scheme for the purpose of permitting any member of any class, society or association of foreign insurers specified in the scheme to carry on insurance business in Singapore.

### **Appointment of administrator of foreign insurer scheme**

15 **35C.—**(1) The Authority shall, in respect of any foreign insurer scheme, appoint an administrator who shall be resident in Singapore.

(2) Any person who wishes to be appointed as an administrator in respect of any foreign insurer scheme may apply to the  
20 Authority in such form and manner as the Authority may require.

(3) Upon receiving an application under subsection (2), the Authority may grant the application either unconditionally or subject to such conditions as the Authority thinks fit or reject the application.

25 (4) An administrator appointed under subsection (1) shall, in respect of the foreign insurer scheme for which the administrator is appointed —

(a) have such responsibility for the operation of the scheme as may be prescribed; and

30 (b) carry out such tasks in relation to the carrying on of insurance business in Singapore by the foreign insurers under the scheme as may be directed by the Authority or as may be prescribed.



(5) Any appointment of an administrator under subsection (1) may be revoked if the administrator —

- (a) breaches any of the conditions on which the approval is granted; or
- (b) contravenes any of the provisions of this Act or any regulations made thereunder or any direction given by the Authority under this Act. 5

### **Carrying on of insurance business by foreign insurer under foreign insurer scheme**

**35D.**—(1) Where a foreign insurer scheme is established, each member of the class, society or association of foreign insurers specified in the scheme may, in accordance with the terms of the scheme, carry on such insurance business in Singapore as may be prescribed. 10

(2) A foreign insurer shall not carry on insurance business in Singapore under a foreign insurer scheme unless — 15

- (a) an administrator has been appointed for the scheme under section 35C; and
- (b) the foreign insurer has, in accordance with regulations made under section 35L, authorised the administrator or an agent or both, as the case may be, to accept service of notices and legal processes on his or its behalf. 20

(3) A foreign insurer shall not carry on insurance business in Singapore under a foreign insurer scheme if the foreign insurer is prohibited from so doing under section 35F. 25

### **Non-application of Business Registration Act and Companies Act**

**35E.** The Business Registration Act (Cap. 32) and the Companies Act (Cap. 50) shall not apply to any foreign insurer in respect of the carrying on of insurance business in Singapore by the foreign insurer under any foreign insurer scheme if the foreign insurer is permitted to carry on insurance business in Singapore in accordance with the terms of the foreign insurer scheme. 30

**Prohibition against carrying on insurance business in Singapore  
by foreign insurer under foreign insurer scheme**

5 **35F.** The Authority may by notice in writing prohibit any foreign insurer from carrying on all or any kind of insurance business in Singapore under any foreign insurer scheme —

(a) if the foreign insurer breaches or contravenes any of the terms of the scheme under which the foreign insurer carries on insurance business in Singapore; or

10 (b) if the Authority considers it necessary in the public interest.

**Appointment of agent for foreign insurer scheme**

15 **35G.**—(1) Except as may be provided for in regulations made under section 35L, no person may act as an agent for any foreign insurer carrying on insurance business in Singapore under any foreign insurer scheme unless that person meets such requirements as may be prescribed.

20 (2) Any agent for any foreign insurer carrying on insurance business in Singapore under any foreign insurer scheme shall carry out such tasks in relation to the carrying on of that insurance business in Singapore for the foreign insurer as may be directed by the Authority or as may be prescribed.

**Right of hearing and appeal**

25 **35H.**—(1) Before revoking any appointment of an administrator under section 35C (5) or prohibiting any foreign insurer from carrying on insurance business in Singapore under section 35F, the Authority shall —

(a) give the administrator or the foreign insurer, as the case may be, notice in writing of its intention to do so; and

30 (b) in the notice referred to in paragraph (a), call upon the administrator or the foreign insurer to show cause within such time as may be specified in the notice why his or its appointment should not be revoked, or (as the case may be) why he or it should not be prohibited from carrying on insurance business in Singapore.

(2) If the person to whom notice has been given under subsection (1) —

(a) fails to show cause within the time given to him or it to do so or within such extended period of time as the Authority may allow; or

5

(b) fails to show sufficient cause,

the Authority shall give notice in writing to that person of the date on which the revocation of appointment or the prohibition, as the case may be, is to take effect.

(3) Any person who is aggrieved by a decision of the Authority to revoke any appointment of an administrator under section 35C (5) or to prohibit any foreign insurer from carrying on insurance business in Singapore under section 35F may, within 30 days of the decision of the Authority, appeal to the Minister in writing in accordance with Part IIIB.

15

### **Effect of prohibition on carrying on insurance business**

**35I.**—(1) Where a foreign insurer is prohibited from carrying on insurance business in Singapore, the foreign insurer shall cease to carry on in Singapore insurance business of the kind of which he or it is prohibited from carrying on.

20

(2) Subsection (1) shall not prejudice the enforcement by any policy owner or person of any right or claim against the foreign insurer or by the foreign insurer of any right or claim against any policy owner or person.

(3) Nothing in subsection (1) shall prohibit a foreign insurer from collecting or receiving premiums on insurance policies effected before the date of prohibition.

25

### **Effect of revocation of appointment of administrator**

**35J.**—(1) Where the appointment of the administrator of any foreign insurer scheme is revoked, all foreign insurers carrying on insurance in Singapore under that scheme shall cease to carry on in Singapore insurance business under the scheme.

30

(2) Subsection (1) shall not prejudice the enforcement by any policy owner or person of any right or claim against the foreign insurer or by the foreign insurer of any right or claim against any policy owner or person.

35

(3) Nothing in subsection (1) shall prohibit a foreign insurer from collecting or receiving premiums on insurance policies effected before the date the appointment of its administrator is revoked.

### **Holding out as foreign insurer or as agent of foreign insurer**

**35K.** Any person who —

(a) holds himself or itself out as a foreign insurer permitted to carry on insurance business in Singapore under any foreign insurer scheme when he or it is not a foreign insurer, or is not permitted to carry on insurance business in Singapore under the foreign insurer scheme; or

(b) holds himself or itself out as an agent permitted to act for a foreign insurer carrying on insurance business in Singapore under any foreign insurer scheme when he or it has not been appointed as the foreign insurer's agent or is not permitted to act as such an agent,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$30,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$3,000 for every day or part thereof during which the offence continues after conviction.

### **Regulations**

**35L.** The Authority may make such regulations as are necessary or expedient for the purpose of carrying out the provisions of this Part and, in particular, such regulations may —

(a) require the foreign insurers who wish to carry on insurance business in Singapore under any foreign insurer scheme to obtain such undertakings and guarantees by any person acceptable to the Authority as the Authority considers necessary to secure for the benefit of potential claimants the payment of all potential claims that may arise from the carrying on of insurance business in Singapore by the foreign insurers under the scheme;

- (b) require the foreign insurers carrying on insurance business in Singapore under any foreign insurer scheme, or the administrator, on behalf of such foreign insurers, to make and maintain on behalf of all the foreign insurers carrying on business in Singapore under the scheme such insurance funds and deposits with the Authority as the Authority considers necessary to secure the payment of claims arising from contracts of insurance entered into by the foreign insurers under the scheme; 5 10
- (c) require the foreign insurers to authorise the administrator or an agent or both to accept service of notices and legal processes on his or its behalf;
- (d) provide for the imposition of a levy or fee in respect of the carrying on of insurance business in Singapore by the foreign insurers under any foreign insurer scheme; 15
- (e) require the administrator of a foreign insurer scheme to keep, in such form as may be prescribed —
  - (i) a register of foreign insurers carrying on insurance business in Singapore under that scheme; 20
  - (ii) a register of the agents of foreign insurers carrying on insurance business in Singapore under that scheme; and
  - (iii) such other registers relating to or connected with the activities of foreign insurers carrying on insurance business in Singapore under that scheme and their agents as the Authority may determine; 25
- (f) require the administrator of a foreign insurer scheme to furnish such accounts, reports and statements in respect of the carrying on of insurance business in Singapore by the foreign insurers under the scheme as may be prescribed; 30
- (g) provide for any other duties not referred to in paragraph (b), (e) or (f) of the administrator of a foreign insurer scheme in respect of the scheme; 35

(h) provide for the duties of the officers of the administrator of any foreign insurer scheme;

(i) provide for the duties of the agents of foreign insurers carrying on insurance business in Singapore under any foreign insurer scheme, including requiring each agent to keep, in such form as may be prescribed —

(i) a register of foreign insurers carrying on insurance business in Singapore for whom he or it is an agent; and

(ii) such other registers relating to or connected with his or its activities as the Authority may determine;

(j) prohibit any person from acting as agent for any foreign insurer carrying on insurance business in Singapore under any foreign insurer scheme unless it is a company incorporated under the Companies Act (Cap. 50) having a prescribed minimum share capital and meets such other requirements as to shareholdings as may be prescribed;

(k) empower the Authority to, and specify the circumstances in which the Authority may, prohibit any person from acting, or continuing to act, as agent for any foreign insurer carrying on insurance business in Singapore under any foreign insurer scheme and to specify the effects of a prohibition in respect of contracts of insurance entered into by the foreign insurer under any foreign insurer scheme before the date of prohibition;

(l) provide for the exemption from, or modification of, the operation of the provisions of this Act in relation to any foreign insurer carrying on insurance business in Singapore under any foreign insurer scheme or any of its agents; and

(m) provide for any transitional provisions necessary in the event of the revocation of any foreign insurer scheme.”.

## **New Part IIB**

**20.** The Insurance Act is amended by inserting, immediately after new section 35L, the following Part:

### **“PART IIB**

#### **INSURANCE INTERMEDIARIES**

5

##### *General*

#### **Insurance agent to operate under written agreement**

**35M.**—(1) An insurance agent shall not arrange, or hold himself out as entitled to arrange, a contract of insurance as agent for a registered insurer unless an agreement in writing 10 between the insurance agent and the insurer authorises the insurance agent to arrange, as agent for that insurer —

- (a) that contract;
- (b) any contract of insurance; or
- (c) any class of contracts of insurance which includes that 15 contract.

(2) A registered insurer shall not cause or permit an insurance agent to arrange, or hold himself out as entitled to arrange, a contract of insurance as agent for that insurer unless an agreement in writing between the insurer and the insurance 20 agent authorises the insurance agent to arrange, as agent for that insurer —

- (a) that contract;
- (b) any contract of insurance; or
- (c) any class of contracts of insurance which includes that 25 contract.

(3) Subsections (1) and (2) shall not apply in relation to any act or thing done by an employee of a registered insurer in the course of performing his duties as such an employee.

(4) Any person who contravenes subsection (1) or (2) shall be 30 guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 or to imprisonment for a term not exceeding 12 months or to both and, in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part thereof during which the offence continues after conviction. 35

### **Application of sections 35O to 35R and 35T, 35U and 35V**

**35N.**—(1) Sections 35O and 35Q shall not apply to a general reinsurance broker or life reinsurance broker in respect of contracts for the reinsurance of liabilities under insurance policies.

(2) Section 35P shall not apply to —

(a) a licensed financial adviser or exempt financial adviser, or his representatives, in respect of contracts of life insurance; or

(b) a general reinsurance broker or life reinsurance broker in respect of contracts for the reinsurance of liabilities under insurance policies.

(3) Sections 35R, 35T, 35U and 35V shall not apply to a licensed financial adviser or exempt financial adviser, or his representatives, in respect of life policies or the business of life insurance.

### **Effect of payment to insurance intermediary**

**35O.**—(1) Where a contract of insurance is arranged or effected by an insurance intermediary, payment to the insurance intermediary of moneys payable by the insured to the insurer under or in relation to the contract (whether in respect of a premium or otherwise) shall be a discharge, as between the insured and the insurer, of any liability of the insured under or in respect of the contract, to the extent of the amount of the payment.

(2) Payment to an insurance intermediary by or on behalf of an intending insured of moneys in respect of a contract of insurance to be arranged or effected by the insurance intermediary (whether the payment is in respect of a premium or otherwise) shall be a discharge, as between the insured and the insurer, of any liability of the insured under or in respect of the contract, to the extent of the amount of the payment.

(3) Payment by an insurer to an insurance intermediary of moneys payable to an insured (whether in respect of a claim, return of premiums or otherwise) under or in relation to a contract of insurance, shall not discharge any liability of the insurer to the insured in respect of those moneys.



(4) An agreement, insofar as it purports to alter or restrict the operation of subsection (1), (2) or (3), shall be void.

(5) Subsection (4) shall not render void an agreement between an insurance intermediary and an insured insofar as the agreement allows the insurance intermediary to set off, against 5 moneys payable to the insured, moneys payable by the insured to the insurance intermediary in respect of premiums.

### **Disclosure by insurance intermediary**

**35P.**—(1) No insurance intermediary shall invite any person to make an offer or proposal to enter into a contract of insurance 10 without disclosing to the person —

- (a) the name of the registered insurer;
- (b) his relationship with the registered insurer; and
- (c) the premium charged by the registered insurer.

(2) No insurance intermediary shall arrange any group policy 15 for 2 or more persons where any person insured under the group policy is liable to pay the premium without disclosing to every person insured under the group policy —

- (a) the name of the registered insurer;
- (b) his relationship with the registered insurer; 20
- (c) the conditions of the group policy; and
- (d) the premium charged by the registered insurer.

(3) For the purposes of this section, “insurance intermediary” includes the group policy owner of any group policy.

### **Effect of payment to group policy owner and liability of insurer under group policy 25**

**35Q.**—(1) This section applies to any group policy where any person insured under the group policy is liable to pay a premium.

(2) Payment to the group policy owner of moneys payable by any person insured under the group policy to the insurer under 30 or in relation to the group policy (whether in respect of a premium or otherwise) shall be a discharge, as between the person insured and the insurer, of any liability of the person insured under or in respect of the group policy, to the extent of the amount of the payment. 35

(3) The registered insurer of a group policy shall pay the moneys due under the policy to the person insured or any person entitled through him if the person insured has paid the premium or is regarded as having paid the premium under subsection (2), and is entitled to the benefit under the policy.

### **Representation by insurance intermediary**

**35R.**—(1) No insurance intermediary shall, with intent to deceive, make a false or misleading statement as to —

- (a) any amount that would be payable in respect of a proposed contract of insurance; or
- (b) the effect of any provision of a contract of insurance or a proposed contract of insurance.

(2) A reference in subsection (1) to making a misleading statement includes a reference to omitting to disclose any matter that is material to a statement.

(3) No insurance intermediary shall, with intent to deceive, in relation to a proposed contract of insurance —

- (a) write on a form, being a form that is given or sent to an insurer, any matter that is material to the contract and is false or misleading in a material particular;
- (b) omit to disclose to the insurer any matter that is material to the proposed contract;
- (c) advise or induce the intending insured to write on a form, being a form that is given or sent to an insurer, any matter that is false or misleading in a material particular; or
- (d) advise or induce the intending insured to omit to disclose to the insurer any matter that is material to the proposed contract.

(4) No insurance intermediary shall, with intent to deceive, in relation to a claim under a contract of insurance —

- (a) fill up, in whole or in part, a form, being a form that is given or sent to an insurer, in such a way that the form is false or misleading in a material particular;
- (b) omit to disclose to the insurer any matter that is material to the claim;

- (c) induce the insured to fill up, in whole or in part, a form, being a form that is given or sent to the insurer, in such a way that the form is false or misleading in a material particular; or
- (d) advise or induce the insured to omit to disclose to the insurer any matter that is material to the claim. 5

(5) Any person who contravenes subsection (1), (3) or (4) shall, notwithstanding that a contract of insurance does not come into being, be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 or to imprisonment for a term not exceeding 12 months or to both. 10

### **Insurance agent to act only for insurers entitled to carry on business in Singapore**

**35S.**—(1) No person shall, without the approval of the Authority, act as an insurance agent for an insurer in respect of any insurance business which the insurer is not entitled to carry on in Singapore under this Act. 15

(2) Any person who contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 or to imprisonment for a term not exceeding 3 years or to both. 20

(3) Where the Authority has, under section 7 of the Insurance Intermediaries Act (Cap. 142A) in force before the date of commencement of section 20 of the Insurance (Amendment) Act 2001, approved any person to act as an insurance agent for an insurer in respect of any insurance business which the insurer is not entitled to carry on in Singapore, the approval shall continue in force as if granted by the Authority under subsection (1). 25

### **Control of written communication used by insurance intermediary**

**35T.**—(1) The Authority may, by notice in writing, require any insurance intermediary to submit to it any written communication which is for the time being in use by the insurance intermediary for describing the terms or conditions of, or the benefits to be or likely to be derived from, policies. 30

(2) Where the whole or part of any written communication referred to in subsection (1) is not in English, there shall be submitted with it a translation in English. 35

(3) A requirement made under subsection (1), unless it is otherwise provided therein, shall apply to all such written communication coming into use after the making of the requirement and before the Authority notifies the insurance intermediary that the requirement is withdrawn.

(4) If it appears to the Authority that any such written communication used by an insurance intermediary contravenes any provision of this Part, or is in any respect likely to mislead, the Authority may (after affording the insurance intermediary an opportunity to make representations orally or in writing), by notice in writing, direct the insurance intermediary to discontinue the use in Singapore of the written communication immediately or from such date as may be specified in the notice.

(5) For each occasion on which any insurance intermediary fails to comply with a requirement under subsection (1) or uses any written communication in contravention of subsection (4), the insurance intermediary shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000.

(6) For the purposes of this section, “written communication” includes any brochure, leaflet, circular or advertising matter, whether in electronic, print or other form.

### **Obligation to furnish information to Authority**

**35U.** The Authority may, by notice in writing, require any insurance intermediary to furnish it with information about any matter related to his business carried on in Singapore or elsewhere if, in the opinion of the Authority, it requires that information for the discharge of its functions under this Act.

### **Authority may prohibit person from carrying on business as insurance intermediary**

**35V.—**(1) The Authority may, by order, prohibit any person from carrying on business as an insurance intermediary or from taking part, directly or indirectly, in the management of any insurance intermediary —

(a) where the person has been convicted, whether in Singapore or elsewhere, of an offence involving fraud, dishonesty or moral turpitude or the conviction for

which involved a finding that he acted fraudulently or dishonestly; or

(b) where the Authority is satisfied that the person has —

- (i) forged policyholders' signatures;
- (ii) misappropriated policyholders' premiums; 5
- (iii) contravened any provision of this Act or any regulations made thereunder;
- (iv) given false, misleading or inaccurate information in its application to the insurer;
- (v) wilfully misled any policyholder when assisting 10 him to fill up the proposal form;
- (vi) used dishonest means to meet the requirements set up by the insurer; or
- (vii) been involved in any activity prejudicial to the public interest. 15

(2) Before prohibiting any person from carrying on business as an insurance intermediary or from taking part, directly or indirectly, in the management of any insurance intermediary, the Authority shall —

- (a) give the person notice in writing of its intention to do so; 20 and
- (b) in the notice referred to in paragraph (a), call upon the person to show cause within such time as may be specified in the notice why he or it should not be prohibited from carrying on business as an insurance 25 intermediary or from taking part, directly or indirectly, in the management of any insurance intermediary, as the case may be.

(3) If the person to whom notice has been given under subsection (2) — 30

- (a) fails to show cause within the time given to him or it to do so or within such extended period of time as the Authority may allow; or
- (b) fails to show sufficient cause,

the Authority shall give notice in writing to that person of the 35 date on which the prohibition is to take effect.

(4) Any person who is aggrieved by a decision of the Authority under subsection (1) may, within 30 days of the decision of the Authority, appeal to the Minister in writing in accordance with Part IIIB.

5 (5) No insurer or insurance intermediary shall employ or otherwise deal with any person who has been issued an order under subsection (1) where any activity to be undertaken by the person pursuant to such employment or dealing is prohibited by the order.

10 (6) Any person who —

(a) fails to comply with an order of the Authority made under subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$75,000 or to imprisonment for a term not exceeding 2 years or to both;

15 (b) contravenes subsection (5) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 2 years or to both.

20 (7) Where the Authority has, under section 31 of the Insurance Intermediaries Act (Cap. 142A) in force before the date of commencement of section 20 of the Insurance (Amendment) Act 2001, by order prohibited any person from carrying on business as an insurance intermediary or from taking part, directly or indirectly, in the management of any insurance intermediary, the order shall continue in force as if made by the Authority under subsection (1).

### *Conduct of Insurance Broking Business*

#### **Insurance broker not to carry on business unless registered**

30 **35W.**—(1) No person shall carry on business as an insurance broker in Singapore in respect of any class of insurance business unless —

(a) the person is registered by the Authority in respect of that class of business; or

35 (b) the person is exempted from registration under section 35ZN.

(2) Any person who contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$75,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$7,500 for every day or part thereof 5 during which the offence continues after conviction.

### **Registration of insurance brokers**

**35X.**—(1) A person who desires to carry on business as an insurance broker shall apply in writing to the Authority for registration under this section and shall furnish such information 10 as the Authority may require.

(2) Upon receiving an application under subsection (1), the Authority shall consider the application and may, subject to section 35Y —

- (a) register the applicant with or without conditions; or 15
- (b) refuse to register the applicant.

(3) The Authority may register the applicant as a direct general insurance broker, general reinsurance broker, life reinsurance broker or a combination of any of these.

(4) Any person who has been registered under section 16 of the Insurance Intermediaries Act (Cap. 142A) in force before the date of commencement of section 20 of the Insurance (Amendment) Act 2001 as a direct general insurance broker, general reinsurance broker, life reinsurance broker or a combination of any of these shall be deemed to be registered as 20 such under subsection (2). 25

### **Registration requirements**

**35Y.**—(1) The Authority shall not register any applicant under section 35X unless the applicant —

- (a) is a company incorporated in Singapore; 30
- (b) has a paid-up share capital which is not less than such amount as may be prescribed; and
- (c) has in force a professional indemnity insurance policy, the cover of which is consistent with such limit and deductible requirements as may be prescribed. 35

(2) For the purposes of subsection (1) (b) and (c), the Authority may prescribe different amounts for different types of insurance brokers.

(3) In subsection (1) (c), “professional indemnity insurance policy” means a contract of insurance with an insurer under which a person is indemnified in respect of the liabilities arising out of or in the course of his business as an insurance broker.

### **Conditions of registration**

**35Z.**—(1) The Authority may at any time add to, vary or revoke any existing condition of registration of an insurance broker or impose any new condition thereto.

(2) Any insurance broker who fails to comply with any of the conditions imposed by the Authority under subsection (1) or section 35X (2) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 and, in the case of a continuing offence, to a further fine not exceeding \$5,000 for every day or part thereof during which the offence continues after conviction.

### **Annual fees**

**35ZA.**—(1) Every registered insurance broker shall pay to the Authority such annual fees as may be prescribed.

(2) The Authority may prescribe different annual fees for different types of registered insurance brokers.

(3) The Authority may exempt wholly or in part any registered insurance broker from the payment of the annual fees prescribed under this section.

### **Cancellation of registration**

**35ZB.**—(1) The Authority may by order, at the request of the insurance broker or on any ground specified under subsection (2), cancel the registration of any insurance broker.

(2) The grounds referred to in subsection (1) are —

(a) that the insurance broker has not commenced business within 6 months after being registered;

(b) that the insurance broker has ceased to carry on the business for which it is registered;



- (c) that, it appears to the Authority, the insurance broker has failed to satisfy any obligation to which it is subject by virtue of this Act;
- (d) that there exists a ground on which the Authority would be prohibited by section 35Y from registering the insurance broker; 5
- (e) that the insurance broker —
  - (i) proposes to make, or has made, any composition or arrangement with its creditors;
  - (ii) has gone into liquidation; or 10
  - (iii) has been wound up or dissolved;
- (f) that the insurance broker is carrying on its business in a manner likely to be detrimental to the interests of policy owners for whom it is acting as an agent;
- (g) that the insurance broker is unable to meet its obligations; 15
- (h) that the insurance broker has contravened any provision of this Act or any regulations made thereunder or any condition imposed or any direction given by the Authority under this Act; 20
- (i) that any of the officers of the insurance broker holding a managerial or executive position has been convicted of any offence under this Act;
- (j) that the insurance broker has furnished false, misleading or inaccurate information, or has concealed or failed to disclose material facts, in its application for registration; 25  
and
- (k) that it is in the public interest to cancel the registration.

(3) Before cancelling the registration of an insurance broker under this section otherwise than at its request, the Authority shall — 30

- (a) give the insurance broker notice in writing of its intention to do so; and
- (b) in the notice referred to in paragraph (a), call upon the insurance broker to show cause within such time as may be specified in the notice why its registration should not be cancelled. 35

(4) If the insurance broker to whom notice has been given under subsection (3) —

(a) fails to show cause within the time given to it to do so or within such extended period of time as the Authority may allow; or

(b) fails to show sufficient cause,

the Authority shall give notice in writing to the insurance broker of the date on which the cancellation of registration is to take effect.

(5) Any insurance broker who is aggrieved by a decision of the Authority under subsection (1) to cancel its registration as an insurance broker otherwise than at its request may, within 30 days of the decision of the Authority, appeal to the Minister in writing in accordance with Part IIIB.

(6) Notwithstanding the fact that the registration of an insurance broker has been cancelled under this section, so long as the insurance broker remains under any liability to an insurer, insured or intending insured, the insurance broker shall take such action as it considers necessary or as may be required by the Authority to ensure that reasonable provision has been or will be made for that liability.

(7) If the registration of a person as an insurance broker has been cancelled or has expired, sections 35ZC and 36 shall, unless the Authority otherwise directs, continue to apply in relation to the person in respect of matters that occurred before the cancellation or expiration as if its registration had not been cancelled or had not expired, as the case may be.

### **Duty to maintain net asset value**

**35ZC.** Every registered insurance broker shall maintain a net asset value of such amount as may be prescribed.

### **Insurance broking premium accounts**

**35ZD.**—(1) Subject to subsection (2), every registered insurance broker shall, for the purposes of this section, establish and maintain a separate account with a bank licensed under the Banking Act (Cap. 19).

(2) Where the registered insurance broker is registered under section 35X to carry on business as more than one type of

insurance broker, it shall establish and maintain separate accounts with a bank licensed under the Banking Act in respect of the carrying on of business of each type of insurance broker for which it is registered.

(3) The Authority may prescribe, in relation to an account 5  
established under subsection (1) or (2) —

- (a) the types of moneys that must be paid into or withdrawn from such account;
- (b) the manner in which moneys should be paid into or withdrawn from such account; 10
- (c) the manner in which moneys held in such account are to be invested;
- (d) the manner in which the proceeds from the investment of moneys held in such account are to be distributed;
- (e) the rights and obligations of any party in relation to 15  
moneys held in such account; and
- (f) any other matter which the Authority considers to be incidental to or necessary for this section.

(4) A lien or claim on the moneys in any account established by any registered insurance broker under subsection (1) or (2) 20  
shall be void unless the moneys in the account are for fees due and owing to the registered insurance broker.

(5) A charge or mortgage on the moneys in any account established by any registered insurance broker under subsection (1) or (2) shall be void. 25

(6) Any registered insurance broker which contravenes subsection (1) or (2) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000.

(7) In this section, “moneys” means any sum received by a registered insurance broker as agent for an insured or intending 30  
insured, including policy moneys, premiums and claims payments.

### **Negotiation and placement of risk with unregistered insurer**

**35ZE.**—(1) Subject to sections 35ZF and 35ZG, no registered insurance broker shall, in the course of its business as such, negotiate any contract of insurance with an insurer (directly or 35  
indirectly) except with a registered insurer acting in the course of its business as such.

(2) The reference in subsection (1) to a contract of insurance shall not apply to —

- (a) reinsurance;
- (b) business relating to risks outside Singapore; or
- (c) such other risks as may be prescribed.

(3) Any person who contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 or to imprisonment for a term not exceeding 3 years or to both.

(4) For the purpose of subsection (2), “risks outside Singapore” means any risk which would be classified as an offshore policy as defined in the First Schedule had the risk been underwritten by a registered insurer in Singapore.

#### **Permission to negotiate and place risk with unregistered insurer**

**35ZF.**—(1) Where in any particular case the Authority is satisfied that, by reason of the exceptional nature of the risk or other exceptional circumstances, it is not reasonably practicable to comply with section 35ZE, the Authority may permit any registered insurance broker —

- (a) to negotiate the contract of insurance with such insurer as the insurance broker sees fit; and
- (b) if in the opinion of the Authority the case requires it, to effect the contract of insurance and receive the premium in Singapore on behalf of such insurer.

(2) Where the Authority has, under section 23 (5) of the Insurance Intermediaries Act (Cap. 142A) in force before the date of commencement of section 20 of the Insurance (Amendment) Act 2001, granted any registered insurance broker permission to negotiate with any unregistered insurer as the insurance broker sees fit and, if the case requires it, to effect the contract of insurance and receive the premium in Singapore on behalf of the insurer, the permission shall continue in force as if granted by the Authority under subsection (1).

#### **Negotiation and placement of risk with foreign insurer**

**35ZG.**—(1) Without prejudice to section 35ZF, a registered insurance broker may negotiate any contract of insurance

referred to in section 35ZE with a foreign insurer under a foreign insurer scheme under Part IIA if he is authorised to do so under a licence issued by the Authority.

(2) Any person who wishes to obtain a licence under subsection (1) shall apply to the Authority in such manner as the Authority may determine and furnish such information as the Authority may require. 5

(3) In issuing a licence under subsection (1), the Authority may impose such conditions as it thinks fit and may at any time add to, vary or revoke such conditions. 10

(4) The issue of a licence by the Authority under subsection (1) shall be subject to the payment of such annual fees as may be prescribed.

(5) Section 35ZB shall apply, with the necessary modifications, in relation to the cancellation of a licence issued under subsection (1). 15

(6) Where, immediately before the date of commencement of section 20 of the Insurance (Amendment) Act 2001, a person has a licence under section 8 of the Insurance Intermediaries Act (Cap. 142A) in force before that date, he shall be deemed to have been issued, subject to the same terms and conditions but only in so far as they are not inconsistent with the provisions of this Act, with a licence under subsection (1) to negotiate contracts of insurance referred to in section 35ZE with such foreign insurers under any foreign insurer scheme under Part IIA as the Authority may determine. 20 25

### **Restriction as to receipt and payment of remuneration**

**35ZH.**—(1) An insurer shall not pay to a registered insurance broker, and a registered insurance broker shall not receive from an insurer, in respect of the arranging or effecting of contracts of insurance by the insurance broker with the insurer, remuneration at a rate or on a basis that has been varied, having regard solely to all or any of the following: 30

- (a) the number of contracts so arranged or effected;
- (b) the total amount of premiums paid or payable under such contracts; 35

(c) the total amount of sums insured under such contracts.

(2) Subsection (1) shall not apply to the receipt and payment of profit commissions.

(3) Any person who contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 12 months or to both and, in the case of a continuing offence, to a further fine not exceeding \$5,000 for every day or part thereof during which the offence continues after conviction.

(4) This section shall not apply to general reinsurance brokers and life reinsurance brokers in respect of contracts for the reinsurance of liabilities under insurance policies.

### **Control of take-over of insurance broker**

**35ZI.**—(1) This section shall apply to and in relation to all individuals whether resident in Singapore or not and whether citizens of Singapore or not, and to all bodies corporate or unincorporate, whether incorporated or carrying on business in Singapore or not.

(2) No person shall enter into an agreement to acquire shares of a registered insurance broker by virtue of which he would, if the agreement is carried out, obtain effective control of that insurance broker without first notifying the Authority of his intention to enter into the agreement and obtaining the approval of the Authority to his entering into the agreement.

(3) For the purposes of this section —

(a) a person shall be regarded as obtaining effective control of a registered insurance broker by virtue of an agreement if the person alone or acting together with any associate or associates would, if the agreement is carried out —

(i) acquire or hold, directly or indirectly, 20% or more of the issued share capital of the insurance broker; or

(ii) control, directly or indirectly, 20% or more of the voting power of the insurance broker;

- (b) a reference to entering into an agreement to acquire shares includes —
- (i) a reference to a person making or publishing a statement, however expressed, that expressly or impliedly invites a holder of shares to offer to dispose of his shares to the first person; and 5
  - (ii) a reference to a person obtaining a right to acquire shares under an option, or to have shares transferred to himself or to his order, whether the right is exercisable presently or in the future and whether on fulfilment of a condition or not; 10
- (c) a reference to the voting power in a registered insurance broker is a reference to the total number of votes that might be cast in the general meeting of the insurance broker; and 15
- (d) a person, *A*, is an associate of another person, *B*, if —
- (i) *A* is the spouse or a parent or remoter lineal ancestor, or a son, daughter or remoter issue, or a brother or sister, of *B*;
  - (ii) *A* is a partner of *B*; 20
  - (iii) *A* is a corporation of which *B* is an officer;
  - (iv) where *B* is a corporation, *A* is an officer of *B*;
  - (v) *A* is an employee or employer of *B*;
  - (vi) *A* is an officer of any corporation of which *B* is an officer; 25
  - (vii) *A* is an employee of an individual of whom *B* is an employee;
  - (viii) *A* is a corporation whose directors are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of *B* or, where *B* is a corporation, of the directors of *B*; 30
  - (ix) *B* is a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of *A* or the directors of *A*, where *A* is a corporation; 35

(x) *A* is a corporation in which *B* is in a position to control not less than 20% of the voting power in *A*; or

5 (xi) where *B* is a corporation, *A* is a person who is in a position to control not less than 20% of the voting power in *B*.

(4) Any person who contravenes subsection (2) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 or to imprisonment for a term not exceeding 2 years or to both.

### **Approval or removal of chief executive officer and director of insurance broker**

15 **35ZJ.**—(1) No registered insurance broker shall appoint a person as its chief executive officer or director in Singapore unless it has obtained the approval of the Authority.

(2) If at any time it appears to the Authority that a chief executive officer or director of a registered insurance broker has failed to perform his functions, the Authority may, in writing, direct the insurance broker to remove the chief executive officer or director, as the case may be.

(3) For the purpose of determining whether to grant its approval under subsection (1) or whether the chief executive officer or director has failed to perform his functions under subsection (2), the Authority shall, without prejudice to any other matter that it may consider relevant, have regard to such criteria as may be prescribed.

(4) Before directing the registered insurance broker to remove its chief executive officer or any director under subsection (2), the Authority shall —

30 (a) give the registered insurance broker notice in writing of its intention to do so; and

(b) in the notice referred to in paragraph (a), call upon the registered insurance broker to show cause within such time as may be specified in the notice why the chief executive officer or director, as the case may be, should not be removed.



(5) If the registered insurance broker referred to in subsection (4) —

(a) fails to show cause within the time given to it to do so or within such extended period of time as the Authority may allow; or

5

(b) fails to show sufficient cause,

the Authority shall give notice in writing to the insurance broker of the date on which the direction to remove the chief executive officer or director, as the case may be, is to take effect.

(6) Any person who is aggrieved by a decision of the Authority under subsection (1) or (2) may, within 30 days of the decision of the Authority, appeal to the Minister in writing in accordance with Part IIIB.

10

(7) Any registered insurance broker which fails to comply with any direction of the Authority under subsection (2) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$150,000.

15

(8) Any approval by the Authority for a registered insurance broker to appoint a person as its chief executive officer or director in Singapore under section 26 of the Insurance Intermediaries Act (Cap. 142A) in force before the date of commencement of section 20 of the Insurance (Amendment) Act 2001 shall continue in force as if approved by the Authority under subsection (1).

20

(9) Nothing in section 152 of the Companies Act (Cap. 50) shall prevent the Authority from exercising any power under subsection (2).

25

(10) In this section, “chief executive officer” means any person by whatever name described, who is —

(a) in the direct employment of, or acting for, or by arrangement with a registered insurance broker; and

30

(b) directly responsible for the conduct of any type of business of the insurance broker in Singapore.

**Restriction on granting of unsecured loans or advances to director and employee of or adviser engaged by registered insurance broker**

35

**35ZK.**—(1) Without prejudice to section 162 of the Companies Act, no registered insurance broker shall, on or after the date of

commencement of section 20 of the Insurance (Amendment) Act 2001, in respect of its business in Singapore, grant, directly or indirectly, any unsecured loan or unsecured advance —

- 5           (a) to a director of the insurance broker, other than a director who is its employee; or
- (b) to an employee of the insurance broker, including a director who is its employee, or a person engaged by the insurance broker to provide technical advice to clients, which in the aggregate and outstanding at any one time
- 10           exceeds the sum of \$3,000.

(2) No registered insurance broker shall, on or after the date of commencement of section 20 of the Insurance (Amendment) Act 2001 —

- 15           (a) increase the amount of any unsecured loan or unsecured advance granted to any person referred to in subsection (1) (a) before that date; or
- (b) increase the amount of any unsecured loan or unsecured advance granted to any person referred to in subsection (1) (b) before that date if the total amount
- 20           granted to that person will exceed the sum stated in that subsection.

(3) Any registered insurance broker which contravenes subsection (1) or (2) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$12,500 and, in the

25           case of a continuing offence, to a further fine not exceeding \$1,250 for every day or part thereof during which the offence continues after conviction.

(4) For the purposes of this section, “director” includes the spouse, father, step-father, mother, step-mother, son, step-son,

30           daughter, step-daughter, brother or sister of a director.

### **Holding out as registered insurance broker**

**35ZL.**—(1) No person shall hold himself out to be a registered insurance broker in respect of any class of insurance business unless he is registered under this Act in respect of that class of

35           business.

(2) Any person who contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 12 months or to both and, in the case of a continuing offence, to a further fine not exceeding \$5,000 for every day or part thereof 5 during which the offence continues after conviction.

### **Use of words “insurance broking”**

**35ZM.**—(1) No person shall, other than a registered insurance broker or an insurance broker who is exempt from registration under section 35ZN, without the written approval of the 10 Authority —

- (a) use the words “insurance broking” or any of its derivatives in any language, or any other word indicating that that person carries on business as an insurance broker in the name, description or title under 15 which it carries on business in Singapore; or
- (b) make any representation to such effect in any bill head, letter paper, notice, advertisement, publication or writing, including in electronic form, or in any other manner. 20

(2) Nothing in this section shall prohibit an association of insurance brokers from using the words “insurance broking” or any of its derivatives in any language as part of its name or description of its activities, subject to the Authority’s prior written approval. 25

(3) Nothing in this section shall apply to the use of the words “life insurance broking” or any of its derivatives.

(4) Any person who contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$12,500 and, in the case of a continuing offence, to a 30 further fine not exceeding \$1,250 for every day or part thereof during which the offence continues after conviction.

(5) Any association of insurance brokers that, immediately before the date of commencement of section 20 of the Insurance (Amendment) Act 2001, had been using the words “insurance 35 broking” or any of its derivatives in any language, in any bill head, letter paper, notice, advertisement, publication or writing or in any

other manner, shall be deemed to have been granted approval under subsection (1) to use such words in the same manner.

### **Exempt insurance brokers**

**35ZN.**—(1) The following persons (referred to in this section as exempt insurance brokers) shall be exempt from registration as insurance brokers:

- (a) a bank licensed under the Banking Act (Cap. 19);
- (b) a merchant bank approved as a financial institution and approved to carry on business as an insurance broker under the Monetary Authority of Singapore Act (Cap. 186);
- (c) a licensed financial adviser under the Financial Advisers Act 2001;
- (d) a holder of a capital markets services licence under the Securities and Futures Act 2001;
- (e) a finance company which has been granted an exemption from section 25 (2) of the Finance Companies Act (Cap. 108) to carry on business as an insurance broker; and
- (f) such other persons or class of persons as may be prescribed, subject to such conditions as the Authority may impose.

(2) Subject to this Act, sections 35ZD, 35ZE, 35ZF and 35ZH shall, with the necessary modifications, apply to the persons referred to in subsection (1) (other than persons referred to in subsection (1) (f)) in respect of their business as insurance brokers as if they are registered insurance brokers.

(3) The Authority may prescribe or specify in directions the provisions of this Act that apply to the persons referred to in subsection (1) (f).

(4) The Authority may by written directions impose such conditions or restrictions as it deems fit on an exempt insurance broker or a class of exempt insurance brokers.

(5) The Authority may withdraw an exemption granted to any person under this section if the person contravenes any provision of this Act applicable to him or if the Authority considers it necessary in the public interest.

(6) A withdrawal of an exemption under subsection (5) shall not operate so as to —

- (a) avoid or affect any agreement, transaction or arrangement, relating to any contract of insurance entered into by the person, whether the agreement, transaction or arrangement was entered into before or after the withdrawal of the exemption; or
- (b) affect any right, obligation or liability arising under any agreement, transaction or arrangement referred to in paragraph (a).

(7) Any exempt insurance broker who is aggrieved by a decision of the Authority to withdraw the exemption under subsection (5) may, within 30 days of the decision, appeal in writing to the Minister in accordance with Part IIIB.

(8) Any exempt insurance broker who contravenes any condition or restriction imposed by the Authority under subsection (4) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$12,500 and, in the case of a continuing offence, to a further fine not exceeding \$1,250 for every day or part thereof during which the offence continues after conviction.

### **Registers maintained by Authority**

**35ZO.**—(1) The Authority shall establish and maintain one or more registers in respect of the following persons:

- (a) registered insurance brokers;
- (b) persons removed by registered insurance brokers as directed by the Authority in exercise of its powers under section 35ZJ;
- (c) persons against whom a prohibition order is made under section 35V; and
- (d) such other persons as may be prescribed.

(2) The Authority may prescribe the manner in which the registers are established or maintained, including the details or particulars required to be entered in the registers.

(3) Any person may, upon payment of the prescribed fee, inspect and take an extract from the registers established under subsection (1), and any such extract, certified by the Authority to

be a true copy, shall be admissible as evidence in any legal proceedings.”.

### **Amendment of section 36**

**21.** Section 36 of the Insurance Act is amended —

5       (a) by inserting, immediately after the words “registered insurer” in subsection (1) and in the 1st line of subsection (4), the words “or registered insurance broker”;

(b) by deleting subsection (2) and substituting the following subsection:

10       “(2) A registered insurer or registered insurance broker shall —

(a) cause to be kept in Singapore such books and records as will sufficiently explain the transactions and financial position of the insurer or insurance broker, as the case may be, in Singapore and enable the insurer or insurance broker to comply with the requirements of this section and, in the case of the insurer, section 37; and

15

(b) cause those books and records to be kept in such manner as to enable them to be conveniently and properly audited.”;

20

(c) by inserting, immediately after subsection (3), the following subsections:

25       “(3A) A registered insurance broker shall have its accounts audited for each financial year for which statements of accounts and other statements are prepared in accordance with regulations prescribed under subsection (1).

30       (3B) A registered insurance broker shall appoint an auditor to carry out an audit of its accounts and other statements prepared in accordance with subsection (1) and where, for any reason, the auditor ceases to act for the registered insurance broker, the registered insurance broker shall, as soon as practicable thereafter, appoint another auditor.”;

35

(d) by inserting, immediately before the word “he” in subsection (4) (c), the words “in the case of a registered insurer,”;

- (e) by inserting, immediately after subsection (5), the following subsection:

“(5A) Notwithstanding any other provision of this Act or the provisions of the Companies Act (Cap. 50), the Authority may, if it is not satisfied with the performance of duties by an auditor appointed by a registered insurer or registered insurance broker —

(a) at any time direct the registered insurer or registered insurance broker to remove the auditor; and

(b) direct the registered insurer or registered insurance broker, as soon as practicable thereafter, to appoint another auditor,

and the registered insurer or registered insurance broker, shall comply with such direction.”;

- (f) by deleting the words “the insurer” in subsection (6) (b) and substituting the words “the registered insurer or registered insurance broker, as the case may be”;

- (g) by deleting the words “the insurer” in the penultimate line of subsection (6) and substituting the words “the registered insurer or registered insurance broker, as the case may be,”;

- (h) by deleting the words “by the insurer” in subsection (7); and

- (i) by deleting subsection (8) and substituting the following subsection:

“(8) If an auditor, in the course of the performance of his duties as an auditor of a registered insurer or registered insurance broker, is satisfied that —

(a) there has been a serious contravention of any provision of this Act or that an offence involving fraud or dishonesty has been committed;

(b) serious irregularities have occurred, including irregularities that jeopardise the interests of policy owners;

(c) in the case of a registered insurer —

(i) where the insurer is incorporated or established in Singapore, the insurer is unable to meet its obligations; or

(ii) any transaction or dispute has taken place which will have a material effect on the solvency of any insurance fund established by the insurer under this Act; or

5 (d) in the case of a registered insurance broker, the insurance broker is unable to meet its obligations, the auditor shall immediately report the matter in writing to the Authority.”.

### **Amendment of section 37**

10 **22.** Section 37 of the Insurance Act is amended —

(a) by deleting subsection (1) and substituting the following subsections:

“(1) Subject to this section, an insurer registered under this Act shall, once in a period of 12 months —

15 (a) in respect of its life business, have an investigation made by an actuary into the financial condition of that business;

(b) in respect of its general business, have an investigation made by an actuary into its liabilities in respect of insurance policies; and

20 (c) lodge with the Authority such abstract of the report of the investigation referred to in paragraph (a) or (b) or both, and certificate relating thereto, signed by the actuary or the other person who made the investigation, together with such statements as to the business as are prescribed under section 36 (1).

(1A) For the purposes of this section, the Authority may approve as an actuary any person meeting such requirements as be determined by the Authority.

(1B) The Authority may revoke the approval of a person as an actuary under subsection (1A) by serving on the insurer a notice of revocation.

35 (1C) Before revoking the approval of a person as an actuary, the Authority shall —

(a) give the insurer notice in writing of its intention to do so; and



- (b) in the notice referred to in paragraph (a), call upon the insurer to show cause within such time as may be specified in the notice why the approval of the actuary should not be revoked.
- (1D) If the insurer referred to in subsection (1C) — 5
  - (a) fails to show cause within the time given to him to do so or within such extended period of time as the Authority may allow; or
  - (b) fails to show sufficient cause,
 the Authority shall give notice in writing to the insurer of 10  
 the date on which the revocation of approval is to take effect.
- (1E) Any person who is aggrieved by a decision of the Authority under subsection (1B) may, within 30 days of the decision of the Authority, appeal to the Minister in 15  
 writing in accordance with Part IIIB.”;
- (b) by deleting the words “life business” in the 4th and in the 7th lines of subsection (4) and in the 3rd line of subsection (6) (a) and substituting in each case the words “insurance business”;
- (c) by deleting the words “in respect of life business” in the 20  
 1st and 2nd lines of subsection (6);
- (d) by deleting the words “the life business” in the 1st line of subsection (6) (a) and substituting the words “its insurance business”; and
- (e) by deleting the word “life” in the section heading and 25  
 substituting the word “insurance”.

### **Amendment of section 39**

**23.** Section 39 of the Insurance Act is amended by deleting subsection (6) and substituting the following subsection:

“(6) Any person who contravenes section 36 or 37 shall be 30  
 guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part thereof during which the offence continues after conviction.”.

## Repeal and re-enactment of section 40

24. Section 40 of the Insurance Act is repealed and the following sections substituted therefor:

### “Inspection by Authority

5       **40.**—(1) The Authority may, from time to time, inspect under conditions of secrecy the books, accounts, records and other documents, whether in electronic, print or other form, of a registered insurer or an insurance intermediary.

10       (2) For the purpose of an inspection under this section, a registered insurer or insurance intermediary referred to in subsection (1) shall —

15           (a) produce his books, accounts, records and other documents, whether in electronic, print or other form, to the Authority and give such information and facilities as may be required by the Authority to conduct the inspection; and

20           (b) procure that any person who is in possession of such books, accounts, records and other documents referred to in paragraph (a) shall produce such books, accounts, records and other documents and give such information and facilities as may be required by the Authority.

25       (3) The Authority may make copies of, or take possession of, any of the books, accounts, records and other documents, whether in electronic, print or other form, of a registered insurer or an insurance intermediary.

(4) Nothing in subsection (1) shall preclude the Authority from —

30           (a) producing a document to a court in the course of criminal proceedings or in the course of any proceedings under any written law of Singapore or elsewhere;

(b) disclosing to a court in the course of any proceedings referred to in paragraph (a) any information that was obtained during the inspection;

35           (c) producing a document or disclosing information to a person to whom, in the opinion of the Authority, it is in the public interest that the document be produced or the information be disclosed, as the case may be;

- (d) producing a document or disclosing information that is required or permitted by any written law of Singapore or elsewhere to be produced or disclosed, as the case may be; or
- (e) producing a document or disclosing information for such purpose, or in such circumstance, as may be prescribed. 5

(5) Any person who, without reasonable excuse, fails to produce any book, account, record or other document or furnish any information or facilities in accordance with subsection (2) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 2 years or to both. 10

### **Investigation by Authority**

**40A.**—(1) The Authority may conduct such investigation as it considers necessary or expedient for all or any of the following purposes: 15

- (a) to perform any of the Authority's functions and duties under this Act;
- (b) to determine the truth or otherwise of an alleged or suspected contravention of any provision of this Act or any regulations made thereunder or any direction issued under this Act. 20

(2) For the purposes of subsection (1), the Authority may, in writing, require any person named therein to provide information or to produce books, accounts, records and other documents, whether in electronic, print or other form, relating to any matter under investigation, and such person shall immediately comply with that requirement. 25

(3) Nothing in this Part shall compel the production by an advocate and solicitor of a document or other material containing privileged communication made by or to him in that capacity or permit the taking of any such document or other material which is in his possession. 30

(4) If an advocate and solicitor refuses to produce the document or other material referred to in subsection (3), he shall nevertheless be obliged to give the name and address (if he knows them) of the person to whom, or by or on behalf of whom, that communication was made. 35

(5) Any person who, without reasonable excuse, refuses or fails to comply with subsection (2) or (4) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 2 years or to both.”.

### **Amendment of section 41**

**25.** Section 41 of the Insurance Act is amended —

- (a) by inserting, immediately after the word “insurer” in the 2nd, 4th and 5th lines of subsection (1) and in the 1st line of subsection (3), the words “or insurance intermediary”;
- (b) by inserting, immediately after the word “insurer” in the 6th line of subsection (1), the words “or insurance intermediary, as the case may be”;
- (c) by inserting, immediately after the word “insurer” in subsection (1) (d), the words “or insurance intermediary, as the case may be,”;
- (d) by deleting the words “or 20” in subsection (1) (g) and substituting the words “, 20, 35ZC or 35ZD”; and
- (e) by deleting “\$20,000” in the 3rd line, “6 months” in the 4th line and “\$1,000” in the penultimate line of subsection (3) and substituting “\$50,000”, “2 years” and “\$5,000”, respectively.

### **Amendment of section 42**

**26.** Section 42 of the Insurance Act is amended —

- (a) by inserting, immediately after the word “insurer” wherever it appears in subsections (1) and (2), the words “or insurance broker”; and
- (b) by deleting subsection (3) and substituting the following subsection:
 

“(3) The Authority shall be a party to any proceedings under the Companies Act (Cap. 50) relating to the winding up of the affairs of an insurer or insurance broker registered under this Act, and the liquidator in such a winding up shall give the Authority such information as it may from time to time require about the affairs of the insurer or insurance broker, as the case may be.”.

## **New Part IIIA**

**27.** The Insurance Act is amended by inserting, immediately after section 49, the following Part:

**“PART IIIA  
ASSISTANCE TO  
FOREIGN REGULATORY AUTHORITIES**

5

### **Interpretation of this Part**

**49A.** In this Part, unless the context otherwise requires —

“appointed day” means the date of commencement of section 27 of the Insurance (Amendment) Act 2001; 10

“enforce” means enforce through criminal, civil or administrative proceedings;

“enforcement” means the taking of any action to enforce a law or regulatory requirement against a specified person, being a law or regulatory requirement that relates to the insurance industry in the foreign country of the regulatory authority concerned; 15

“foreign country” means a country or territory other than Singapore;

“investigation” means an investigation to determine if a specified person has contravened or is contravening a law or regulatory requirement, being a law or regulatory requirement that relates to the insurance industry in the foreign country of the regulatory authority concerned; 20

“material” includes any information, book, document or other record in any form whatsoever, and any container or article relating thereto; 25

“prescribed written law” means this Act, or any of the following written laws and any subsidiary legislation made thereunder: 30

(a) Banking Act (Cap. 19);

(b) Finance Companies Act (Cap. 108);

(c) Financial Advisers Act 2001;

(d) Monetary Authority of Singapore Act (Cap. 186);

(e) Money-changing and Remittance Businesses Act (Cap. 187);

(f) Securities and Futures Act 2001; or

(g) such other Act as the Authority may prescribe;

5 “regulatory authority”, in relation to a foreign country, means an authority of the foreign country exercising any function that corresponds to a regulatory function of the Authority under this Act;

10 “supervision”, in relation to a regulatory authority, means the taking of any action for or in connection with the supervision of a subject-matter in the foreign country of the regulatory authority similar to that to which this Act pertains.

### **Conditions for provision of assistance**

15 **49B.**—(1) The Authority may provide the assistance referred to in section 49D to a regulatory authority of a foreign country if the Authority is satisfied that all of the following conditions are fulfilled:

20 (a) the request by the regulatory authority for assistance is received by the Authority on or after the appointed day;

(b) the assistance is intended to enable the regulatory authority, or any other authority of the foreign country, to carry out supervision, investigation or enforcement;

25 (c) the contravention of the law or regulatory requirement to which the request relates took place on or after the appointed day;

30 (d) the regulatory authority has given a written undertaking that any material or copy thereof obtained pursuant to its request shall not be used for any purpose other than a purpose that is specified in the request and approved by the Authority;

35 (e) the regulatory authority has given a written undertaking not to disclose to a third party (other than a designated third party of the foreign country in accordance with paragraph (f)) any material received pursuant to the request unless the regulatory authority is compelled to do so by the law or a court of the foreign country;

- (f) the regulatory authority has given a written undertaking to obtain the prior consent of the Authority before disclosing any material received pursuant to the request to a designated third party, and to make such disclosure only in accordance with such conditions as may be imposed by the Authority; 5
  - (g) the material requested for is of sufficient importance to the carrying out of the supervision, investigation or enforcement to which the request relates and cannot reasonably be obtained by any other means; 10
  - (h) the matter to which the request relates is of sufficient gravity; and
  - (i) the rendering of assistance will not be contrary to the public interest or the interest of the policy owners.
- (2) For the purposes of subsection (1) (e) and (f), “designated third party”, in relation to a foreign country, means — 15
- (a) any person or body responsible for supervising the regulatory authority in question;
  - (b) any authority of the foreign country responsible for carrying out the supervision, investigation or enforcement in question; or 20
  - (c) any authority of the foreign country exercising a function that corresponds to a regulatory function of the Authority under this Act.

#### **Other factors to consider for provision of assistance**

25

**49C.** In deciding whether to grant a request for assistance referred to in section 49D from a regulatory authority of a foreign country, the Authority may also have regard to the following:

- (a) whether the act or omission that is alleged to constitute the contravention of the law or regulatory requirement to which the request relates would, if it had occurred in Singapore, have constituted an offence under this Act or any regulations made thereunder; 30
- (b) whether the regulatory authority has given or is willing to give an undertaking to the Authority to comply with a future request by the Authority to the regulatory authority for similar assistance; 35

- (c) whether the regulatory authority has given or is willing to give an undertaking to the Authority to contribute towards the costs of providing the assistance that the regulatory authority has requested for.

**Assistance that may be rendered**

**49D.**—(1) Notwithstanding the provisions of any prescribed written law or any requirement imposed thereunder or any rule of law, the Authority or any person authorised by the Authority may, in relation to a request by a regulatory authority of a foreign country for assistance —

- (a) transmit to the regulatory authority any material in the possession of the Authority that is requested by the regulatory authority or a copy thereof;
- (b) order any person to furnish to the Authority any material that is requested by the regulatory authority or a copy thereof, and transmit the material or copy to the regulatory authority;
- (c) order any person to transmit directly to the regulatory authority any material that is requested by the regulatory authority or a copy thereof;
- (d) order any person to make an oral statement to the Authority on any information requested by the regulatory authority, record such statement, and transmit the recorded statement to the regulatory authority; or
- (e) request any Ministry, Government department or statutory authority to furnish to the Authority any material that is requested by the regulatory authority or a copy thereof, and transmit the material or copy to the regulatory authority.

(2) The assistance referred to in subsection (1) (c) may only be rendered if the material sought is to enable the regulatory authority to carry out investigation or enforcement.

(3) An order under subsection (1) (b), (c) or (d) shall have effect notwithstanding any obligation as to secrecy or other restriction upon the disclosure of information imposed by any prescribed written law or any requirement imposed thereunder, any rule of law, any contract or any rule of professional conduct.



(4) Nothing in this section shall compel an advocate and solicitor —

(a) to furnish or transmit any material or copy thereof that contains; or

(b) to disclose,

5

a privileged communication made by or to him in that capacity.

(5) An advocate and solicitor who refuses to disclose, or to furnish or transmit any material or copy thereof that contains, any privileged communication shall nevertheless be obliged to give the name and address (if he knows them) of the person to whom, or by 10 or on behalf of whom, the privileged communication was made.

(6) A person is not excused from making an oral statement pursuant to an order made under subsection (1) (d) on the ground that the statement might tend to incriminate him but, where the person claims before making the statement that the statement might tend to incriminate him, that statement is not 15 admissible in evidence against him in criminal proceedings other than proceedings for an offence under section 49E.

### **Offences under this Part**

**49E.**—(1) Any person who —

20

(a) without reasonable excuse, refuses or fails to comply with an order under section 49D (1) (b), (c) or (d);

(b) in purported compliance with an order under section 49D (1) (b) or (c), furnishes to the Authority or transmits to the regulatory authority, any material or 25 copy thereof known to the person to be false or misleading in a material particular; or

(c) in purported compliance with an order made under section 49D (1) (d), makes a statement to the Authority that is false or misleading in a material particular,

30

shall be guilty of an offence.

(2) Any person found guilty of an offence under subsection (1) shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 2 years or to both.

## Immunities

**49F.—**(1) No civil or criminal proceedings, other than proceedings for an offence under section 49E, shall lie against any person for —

- 5           (a) furnishing to the Authority or transmitting any material  
or copy thereof to the Authority or a regulatory authority  
of a foreign country if he had furnished or transmitted  
that material or copy in good faith in compliance with  
an order made under section 49D (1) (b) or (c);
- 10           (b) making a statement to the Authority in good faith  
and in compliance with an order made under  
section 49D (1) (d); or
- 15           (c) doing or omitting to do any act, if he had done or  
omitted to do the act in good faith and as a result of  
complying with such an order.

(2) Any person who complies with an order referred to in subsection (1) (a) or (b) shall not be treated as being in breach of any restriction upon the disclosure of information or thing imposed by any prescribed written law or any requirement imposed thereunder, any rule of law, any contract or any rule of professional conduct.”.

## New Part IIIB

**28.** The Insurance Act is amended by inserting, immediately after new section 49F, the following Part:

25 “PART IIIB  
APPEALS

## Appeals to Minister

**49G.**—(1) Where an appeal is made to the Minister under this Act, the Minister may confirm, vary or reverse the decision of the Authority on appeal, or give such directions in the matter as he thinks fit, and the Minister's decision shall be final.

(2) Where an appeal is made to the Minister under this Act, the Minister shall, within 28 days of his receipt of the appeal, constitute an Appeal Advisory Committee comprising not less

than 3 members of the Appeal Advisory Panel and refer that appeal to the Appeal Advisory Committee.

(3) The Appeal Advisory Committee shall submit to the Minister a written report on the appeal referred to it under subsection (2) and may make such recommendations as it thinks fit. 5

(4) The Minister shall consider the report submitted under subsection (3) in making his decision under subsection (1) but he shall not be bound by the recommendations in the report.

### **Appeal Advisory Committees**

10

**49H.**—(1) For the purposes of enabling Appeal Advisory Committees to be constituted under section 49G, the Minister shall appoint a panel (referred to in this Part as the Appeal Advisory Panel) comprising such members from the financial services industry and the public and private sectors as the Minister may appoint. 15

(2) A member of the Appeal Advisory Panel shall be appointed for a term of not more than 2 years.

(3) An Appeal Advisory Committee shall have the power, in the exercise of its functions, to inquire into any matter or thing related to the financial services industry and, for this purpose, may summon any person to give evidence on oath or affirmation or produce any document or material necessary for the purpose of the inquiry. 20

(4) Nothing in subsection (3) shall compel the production by an advocate and solicitor of a document or other material containing any privileged communication made by or to him in that capacity or authorise the taking of any such document or other material which is in his possession. 25

(5) An advocate and solicitor who refuses to produce any document or other material referred to in subsection (4) shall nevertheless be obliged to give the name and address (if he knows them) of the person to whom, or by or on behalf of whom, the privileged communication was made. 30

(6) For the purposes of this Act, every member of an Appeal Advisory Committee —

(a) shall be deemed to be a public servant within the meaning of the Penal Code (Cap. 224); and

5 (b) in case of any suit or other legal proceedings brought against him for any act done or omitted to be done in the execution of his duty under this Part, shall have the like protection and privileges as are by law given to a Judge in the execution of his office.

10 (7) Every Appeal Advisory Committee shall have regard to the interest of the public, the protection of policy owners and the safeguarding of sources of information.

(8) Subject to the provisions of this Part, an Appeal Advisory Committee may regulate its own procedure and shall not be  
15 bound by the rules of evidence.

### **Disclosure of information**

**49I.** Nothing in this Act shall require the Minister or any public servant to disclose facts which he considers to be against the public interest to disclose.

### **Regulations for purposes of this Part**

20 **49J.** The Minister may make regulations with regard to the appointment of members to, and procedures of, the Appeal Advisory Panel and Appeal Advisory Committees.”.

### **Repeal and re-enactment of section 50**

25 **29.** Section 50 of the Insurance Act is repealed and the following section substituted therefor:

#### **“Appointment of assistants**

30 **50.—**(1) The Authority may appoint any person to exercise any of its powers or perform any of its functions or duties under this Act, either generally or in any particular case, except the power to make subsidiary legislation.

(2) Any person appointed by the Authority under subsection (1) shall be deemed to be a public servant within the meaning of the Penal Code (Cap. 224).”.

### **Amendment of section 52**

**30.** Section 52 of the Insurance Act is amended by deleting subsection (1) and substituting the following subsections:

“(1) The Authority may, by regulations, exempt any person or class of persons from all or any of the provisions of this Act or any regulations made thereunder, subject to such conditions as may be prescribed. 5

(1A) The Authority may, on the application of any person, exempt the person from all or any of the provisions of this Act or any regulations made thereunder by notice in writing if the Authority considers it appropriate to do so in the circumstances of the case. 10

(1B) An exemption under subsection (1A) —

(a) may be granted subject to such terms or conditions as the Authority may specify by notice in writing; and 15

(b) need not be published in the *Gazette*.”.

### **Amendment of section 53**

**31.** Section 53 of the Insurance Act is amended —

(a) by deleting the word “Regulations” in the 1st line of subsection (1) and substituting the words “Without prejudice to the generality of section 64 (1), regulations”; and 20

(b) by inserting, immediately after the word “insurers” in subsection (2), the words “or insurance intermediaries”.

### **Repeal and re-enactment of section 54**

**32.** Section 54 of the Insurance Act is repealed and the following section substituted therefor: 25

**“Service of notice, etc.**

**54.—**(1) Unless otherwise expressly provided in this Act, any notice, order or document required or authorised by this Act or any regulations made thereunder to be given to or served on any person may be given to or served on the person — 30

(a) by delivering it to the person or to some adult member or employee of his family or household at his last known place of residence;

(b) by leaving it at his usual or last known place of residence or business in an envelope addressed to him;

(c) by sending it by registered post addressed to the person at his usual or last known place of residence or business;  
or

(d) in the case of a body corporate, a partnership or a body of persons —

(i) by delivering it to the secretary or other like officer of the body corporate, partnership or body of persons at its registered office or principal place of business; or

(ii) by sending it by registered post addressed to the body corporate, partnership or body of persons at its registered office or principal place of business.

(2) Any notice, order or document sent by registered post to any person in accordance with subsection (1) shall be deemed to be duly served on the person to whom the letter is addressed at the time when the letter would, in the ordinary course of post, be delivered.

(3) When proving service of the notice, order or document, it shall be sufficient to prove that the envelope containing the notice, order or document was properly addressed, stamped and posted by registered post.”.

## 25 **Amendment of section 55**

**33.** Section 55 of the Insurance Act is amended —

(a) by inserting, immediately after the word “Act” in subsection (1) (b), the words “or any regulations made under this Act”;

(b) by deleting “\$20,000” in the penultimate line of subsection (1) and substituting “\$50,000”;

(c) by deleting the words “as being or having been an insurer” in the 3rd and 4th lines of subsection (2);

(d) by deleting “\$5,000” in the 6th line and “\$1,000” in the penultimate line of subsection (2) and substituting “\$12,500” and “\$1,250”, respectively;

- (e) by inserting, immediately after the word “offence” in the 6th line of subsection (3), the words “and shall be liable to be proceeded against and punished accordingly”; and
- (f) by inserting, immediately after subsection (5), the following subsections: 5

“(6) The Authority may, without instituting proceedings against any person for an offence under this Act or any regulations made thereunder which is punishable only by a fine, demand and receive the amount of such fine or such reduced amount as it thinks fit from that person, 10  
whereupon —

(a) if that person pays such amount to the Authority within 14 days after the demand, no proceedings shall be taken against him in relation to the offence; and 15

(b) if that person does not pay the amount so demanded, the Authority may cause proceedings to be instituted in relation to the offence.

(7) The powers conferred upon the Authority under subsection (6) shall only be exercised where a person 20  
admits the offence and agrees in writing to the offence being dealt with under that subsection.”.

### **New section 55A**

**34.** The Insurance Act is amended by inserting, immediately after section 55, the following section: 25

#### **“Penalties for bodies corporate**

**55A.**—(1) Subject to subsection (2), where a company or body corporate is convicted of an offence under this Act or any regulations made thereunder, the penalty that the court may impose is a fine not exceeding 2 times the maximum amount that 30  
the court could, but for this subsection, impose as a fine for that offence.

(2) Subsection (1) shall not apply to any offence under this Act or any regulations made thereunder consisting in the breach of a duty imposed only on companies and bodies corporate. 35

(3) Where an individual is convicted of an offence under this Act or any regulations made thereunder by virtue of section 55 (3),

he shall be liable to the fine or imprisonment or both as prescribed for that offence and subsection (1) shall not apply.”.

### **New section 56A**

35. The Insurance Act is amended by inserting, immediately after  
5 section 56, the following section:

#### **“Extra-territoriality of Act**

10 **56A.**—(1) Where a person does an act partly in and partly outside Singapore which, if done wholly in Singapore, would constitute an offence against any provision of this Act, that person shall be guilty of that offence as if the act were carried out by that person wholly in Singapore, and may be dealt with as if the offence were committed wholly in Singapore.

(2) Where —

15 (a) a person does an act outside Singapore which has a substantial and reasonably foreseeable effect in Singapore; and

(b) that act would, if carried out in Singapore, constitute an offence under section 3, 6, 35S or 35W,

20 that person shall be guilty of that offence as if the act were carried out by that person in Singapore, and may be dealt with as if the offence were committed in Singapore.

(3) The Authority may, by regulations, specify the circumstances under which subsection (2) does not apply.”.

### **Amendment of section 64**

25 **36.** Section 64 of the Insurance Act is amended by inserting, immediately after subsection (2), the following subsection:

“(2A) For the avoidance of doubt, a direction issued under this Act shall be deemed not to be subsidiary legislation.”.

### **Amendment of section 65**

30 **37.** Section 65 (1) of the Insurance Act is amended —

(a) by inserting, immediately after the word “Act” in the 1st line, the words “, unless the context otherwise requires”;

(b) by inserting, immediately after the definition of “actuary”, the following definition:



““advocate and solicitor” means an advocate and solicitor of the Supreme Court or a foreign lawyer as defined in section 130A of the Legal Profession Act (Cap. 161);” and

(c) by inserting, immediately after the definition of “Authority”,  
the following definitions:

““direct general insurance broker” means a person who is for the time being registered under section 35X in respect of general business but not any reinsurance business;

“director” has the same meaning as in section 4 (1) of the Companies Act (Cap. 50);

“exempt financial adviser” has the same meaning as in the Financial Advisers Act 2001;

“financial year” has the same meaning as in section 4 (1) of the Companies Act;

“general reinsurance broker” means a person who is for the time being registered under section 35X in respect of reinsurance of liabilities under insurance policies relating to general business;

“insurance agent” means a person who is or has been carrying on insurance business in Singapore as an agent for one or more insurers and includes an agent of a foreign insurer carrying on insurance business in Singapore under a foreign insurer scheme under Part IIA;

“insurance broker” means a person who is or has been carrying on insurance business in Singapore as an agent for insureds or intending insureds in respect of insurance policies relating to general business or in respect of reinsurance of liabilities under insurance policies relating to life business;

“insurance intermediary” means a person who, as an agent for one or more insurers or as an agent for insureds or intending insureds, arranges contracts of insurance in Singapore;

“insured” includes reinsured and “insurer” includes reinsurer;

“licensed financial adviser” means a holder of a financial adviser’s licence under the Financial Advisers Act 2001;

5 “life reinsurance broker” means a person who is for the time being registered under section 35X in respect of reinsurance of liabilities under insurance policies relating to life business;

“registered insurance broker” means a person who is for the time being registered under section 35X;

10 “representative”, in relation to a licensed financial adviser or exempt financial adviser, has the same meaning as in the Financial Advisers Act 2001;”.

### **Repeal of section 34 and Second Schedule**

**38.**—(1) Section 34 and the Second Schedule are repealed.

15 (2) The repeal of section 34 —

(a) shall not invalidate any existing Lloyd’s policy;

(b) shall not prevent the collection or receipt of premiums on any existing Lloyd’s policy; and

20 (c) shall not prejudice any right or claim against the Lloyd’s underwriter, or by the Lloyd’s underwriter of any right or claim against any policy owner or person, relating to any existing Lloyd’s policy.

(3) The Authority shall, if satisfied that insurance business is not being carried on in Singapore by any Lloyd’s underwriter under the repealed section 34, transfer any deposit referred to in the repealed section 34 (4) and maintained under the repealed Second Schedule, to Lloyd’s, except such part (if any) that the Authority determines should be kept available for meeting claims against Lloyd’s underwriters in respect of any existing Lloyd’s policy.

30 (4) For the purposes of this section —

“existing Lloyd’s policy” means any insurance policy entered into by a Lloyd’s underwriter before the date of commencement of section 38 of the Insurance (Amendment) Act 2001 and which was authorised under the repealed section 34;

35 “Lloyd’s” has the same meaning as in the repealed section 34;

“Lloyd’s underwriter” has the same meaning as in the repealed section 34.

### **Related amendment to Societies Act**

**39.** Section 2 of the Societies Act (Cap. 311) is amended by deleting the word “or” at the end of paragraph (f) of the definition of “society”, and by inserting immediately thereafter the following paragraph: 5

“(fa) any class, society or association of foreign insurers carrying on insurance business in Singapore under any foreign insurer scheme established under Part IIA of the Insurance Act (Cap. 142); or”.

### **Savings**

**40.** For the avoidance of doubt, section 2 (b) and (c) of this Act (which amends section 2 (7) of the Insurance Act) shall not affect —

- (a) any act of any company engaged primarily in the business of export credit insurance, or of any of its agents, which was done before the date of commencement of section 2 (b) and (c) of the Insurance (Amendment) Act 2001; or 15
- (b) any policy, or contract of insurance where an insurance is effected, which was made with such a company before the date of commencement of section 2 (b) and (c) of the Insurance (Amendment) Act 2001. 20

---

### **EXPLANATORY STATEMENT**

This Bill seeks to amend the Insurance Act (Cap. 142) —

- (a) to permit the Authority by regulations to establish any foreign insurer scheme to permit any class, society or association of foreign insurers specified in the scheme to carry on insurance business in Singapore, and to make related amendments to the Societies Act (Cap. 311);
- (b) to make consequential amendments arising from the proposed Financial Advisers Bill 2001 and the proposed repeal of the Insurance Intermediaries Act (Cap. 142A), in particular, to provide for the regulation of insurance agents, direct general insurance brokers and all reinsurance brokers under the Act which are currently regulated under the Insurance Intermediaries Act (life insurance brokers regulated under the Insurance Intermediaries Act will however be regulated under the Financial Advisers Bill 2001);

- (c) to revise the penalties for offences under the Act; and
- (d) to make miscellaneous amendments for the better administration of the Act.

Clause 1 relates to the short title and commencement.

Clause 2 makes a technical amendment to section 2 (1) (b) and amends section 2 (7) to delete from the list of bodies that are deemed not to be an insurer any company engaged primarily in the business of export credit insurance. The effect is that companies engaged primarily in the business of export credit insurance may be regulated under the Act as insurers.

Clauses 3 to 8 amend sections 3 (2), 4, 5 (3), 6 (3), 7 (2) and 10 (2) respectively to increase the penalties that may be imposed for an offence under those provisions.

Clause 9 amends section 12 to provide for the procedure to be followed where the registration of an insurer is cancelled and to provide that an insurer aggrieved by the decision of the Authority under section 12 (1) may appeal to the Minister in accordance with Part IIIB.

Clause 10 amends —

- (a) section 20 (1) to provide that documents evidencing the insurer's title to assets of any insurance fund under the Act that are held by or on behalf of the insurer and that are kept outside Singapore must be kept in the custody of a person in accordance with such directions as may be issued by the Authority. The effect is that the Authority is no longer required to specifically approve the person having custody of the documents and the place of custody; and
- (b) section 20 (4) to increase the penalties that may be imposed under that provision.

Clauses 11 and 12 amend sections 24 (7) and 25 (6) respectively to increase the penalties that may be imposed for an offence under those provisions.

Clause 13 repeals and re-enacts section 26 to increase the penalty for the offence contained under the existing section 26 (4) and to delete redundant provisions.

Clauses 14 to 16 amend sections 27 (3), 28 (2) and 29 (2) respectively to increase the penalties that may be imposed for an offence under those provisions.

Clause 17 amends section 31 —

- (a) to empower the Authority to direct the registered insurer to remove its principal officer, directors or actuary in certain circumstances and to provide for the procedure to be followed;
- (b) to provide that the Authority shall, in exercising its power to approve the appointment, or to direct the removal, of its principal officer, directors or actuary, have regard to such criteria as may be prescribed;

- (c) to provide that a person aggrieved by a decision of the Authority under section 31 (1), (3) or (4) may appeal to the Minister in accordance with Part IIIB (an appeal against the decision of the Authority under section 31 (1) or (3) formerly lay to the High Court); and
- (d) to make it an offence to fail to comply with a direction under section 31 (4).

Clause 18 amends section 35 to make clear that nothing in Part IIA or IIB shall invalidate any policy or contract of insurance.

Clause 19 inserts a new Part IIA (new sections 35A to 35L) relating to foreign insurers.

New section 35A provides definitions of “administrator”, “agent”, “foreign insurer scheme” and “foreign insurer”. (“Foreign insurer” is defined as an insurer that is authorised under the law of another country to carry on insurance business in that country and that is not registered as an insurer under section 8).

New section 35B empowers the Authority by regulations to establish any foreign insurer scheme for the purpose of permitting any member of any class, society or association of foreign insurers specified in the scheme to carry on insurance business in Singapore.

New section 35C requires the Authority to appoint an administrator in respect of any foreign insurer scheme, the procedure for application for appointment as an administrator, the general duties of the administrator, and the grounds on which the appointment of an administrator may be revoked.

New section 35D provides that where a foreign insurer scheme is established, each member of the class, society or association of foreign insurers specified in the scheme may, in accordance with the terms of the scheme, carry on such insurance business in Singapore as may be prescribed.

New section 35E provides that the Business Registration Act (Cap. 32) and the Companies Act (Cap. 50) shall not apply to any foreign insurer in respect of the carrying on of insurance business in Singapore by the foreign insurer under any foreign insurer scheme if the foreign insurer is permitted to carry on insurance business in Singapore in accordance with the terms of the foreign insurer scheme.

New section 35F provides that the Authority may by notice in writing prohibit any foreign insurer from carrying on all or any kind of insurance business in Singapore under any foreign insurer scheme in certain circumstances.

New section 35G provides that, except as may be provided for in regulations made under section 35L, no person may act as an agent for any foreign insurer carrying on insurance business in Singapore under any foreign insurer scheme unless that person meets such requirements as may be prescribed. In addition, such an agent must carry out such tasks in relation to the carrying on of insurance business in Singapore by the foreign insurer under the foreign insurer scheme as may be directed by the Authority or as may be prescribed.

New section 35H sets out the procedure to be followed where the Authority revokes any approval of an administrator under section 35C (5) or prohibits any foreign insurer from carrying on insurance business in Singapore under section 35F and provides that a person aggrieved by the decision of the Authority to revoke any approval of an administrator under section 35C (5) or to prohibit any foreign insurer from carrying on insurance business in Singapore under section 35F may appeal to the Minister in accordance with Part IIIB.

New section 35I sets out the effect of a prohibition on a foreign insurer from carrying on insurance business in Singapore.

New section 35J sets out the effect of the revocation of appointment of an administrator of any foreign insurer scheme.

New section 35K makes it an offence for any person to hold himself or itself out as a foreign insurer permitted to carry on insurance business in Singapore under any foreign insurer scheme, or as an agent for such an insurer, when that person is not entitled to so hold himself or itself out.

New section 35L empowers the Authority to make such regulations as are necessary or expedient for the purpose of carrying out the provisions of new Part IIA, including regulations on certain specified matters.

Clause 20 inserts a new Part IIB (new sections 35M to 35ZO) relating to insurance intermediaries and the conduct of insurance broking business.

New section 35M prohibits an insurance agent from dealing with contracts of insurance as an agent for a registered insurer unless there is an agreement in writing between the insurance agent and the insurer authorising the insurance agent to do so. This section similarly prohibits a registered insurer from causing or permitting an insurance agent to do such acts. This section does not apply to acts or things done by employees of a registered insurer in the course of performing their duties as employees.

New section 35N provides for the persons to and circumstances in which sections 35O to 35R and 35T, 35U and 35V shall not apply.

New section 35O deals with the effects of payment of moneys to an insurance intermediary by an insured or an intending insured and to an insurance intermediary by an insurer.

New section 35P requires any insurance intermediary to make certain disclosures when inviting any person to make an offer or proposal to enter into an insurance contract or when arranging any group policy where the persons insured under the group policy are liable to pay the premiums.

New section 35Q sets out the effect of payment by an insured under a group policy of moneys payable by him under the policy to the group policy owner and the liability of the insurer to the person insured under the group policy where the premium has been paid.

New section 35R prohibits an insurance intermediary from making certain false or misleading representations with intent to deceive.

New section 35S prohibits any person from acting as an insurance agent for an insurer who is not authorised to carry on insurance business in Singapore.

New section 35T empowers the Authority to require an insurance intermediary to submit written communication used by it to describe its policies for consideration and, in certain circumstances, to direct that the use of such written communication be discontinued.

New section 35U allows the Authority to require an insurance intermediary to furnish information relating to its business.

New section 35V empowers the Authority to prohibit any person from carrying on business as an insurance intermediary, or from taking part in the management of any insurance intermediary in certain circumstances.

New section 35W provides that no person shall carry on business as an insurance broker in respect of any class of insurance business unless the person is registered in respect of that class or is exempted from registration under section 35ZN.

New section 35X provides for application for registration as an insurance broker. The Authority may register 3 categories of insurance brokers, namely, direct general insurance brokers, general reinsurance brokers and life reinsurance brokers.

New section 35Y provides that no person may be registered as an insurance broker under new section 35X unless the applicant is a company incorporated in Singapore having a paid-up share capital of not less than such amount as may be prescribed and having in force such professional indemnity insurance policies as may be prescribed.

New section 35Z allows the Authority at any time to add to, vary or revoke any existing condition of registration of an insurance broker or to impose any new condition.

New section 35ZA relates to the prescribed annual fees that registered insurance brokers must pay to the Authority.

New section 35ZB allows the Authority to cancel the registration of an insurance broker at his request or on certain grounds and provides for the procedure to be followed. An insurance broker aggrieved by the decision of the Authority to cancel the registration other than at his request may appeal to the Minister in accordance with Part IIIB.

New section 35ZC requires registered insurance brokers to maintain prescribed amounts of net asset value.

New section 35ZD regulates the use of insurance broking premium accounts by registered insurance brokers.

New section 35ZE requires, subject to new sections 35ZF and 35ZG, registered insurance brokers to negotiate contracts of insurance only with registered insurers. Reinsurance or business relating to risks outside Singapore and certain other risks are excluded.

New section 35ZF provides that the Authority may permit a registered insurance broker to negotiate with an unregistered insurer in certain specified circumstances.

New section 35ZG provides that, without prejudice to any permission of the Authority under new section 35ZF, a registered insurance broker may negotiate any contract of insurance with a foreign insurer under a foreign insurer scheme under Part IIA if authorised to do so under a licence issued by the Authority.

New section 35ZH prohibits the remuneration of a registered direct general insurance broker from being based solely on the number of contracts arranged or effected, the total amount of premiums paid or payable under such contracts or the total amount of sums insured under such contracts. This section does not apply to the receipt or payment of profit commissions.

New section 35ZI requires any person entering into an agreement by virtue of which he would obtain effective control of a registered insurance broker to first notify the Authority of his intention and to obtain the approval of the Authority.

New section 35ZJ prohibits a registered insurance broker from appointing its chief executive officer or director in Singapore without first obtaining the approval of the Authority. This section also empowers the Authority to direct a registered insurance broker to remove its chief executive officer or director in the event they failed in the performance of their functions and provides for the procedure to be followed. A person aggrieved by the decision of the Authority not to approve the appointment of a chief executive officer or director or to direct the removal of its chief executive officer or a director may appeal to the Minister in accordance with Part IIIB.

New section 35ZK prohibits a registered insurance broker from granting, on or after the commencement of section 20 of the Insurance (Amendment) Act 2001, directly or indirectly, certain specified unsecured loans or advances to its directors, employees and persons engaged to provide technical advice to clients.

New section 35ZL prohibits any person from holding himself out to be a registered insurance broker when he is not so registered under the Act.

New section 35ZM requires any person, other than a registered insurance broker or an insurance broker who is exempt from registration under section 35ZN, to obtain the Authority's written approval for the use of the words "insurance broking" or its derivatives. This section, however, exempts an association of



insurance brokers from using those terms as part of its name or description of its activities, subject to the Authority's prior written approval.

New section 35ZN sets out the persons exempted from registration as insurance brokers. The section also lists the provisions that apply to the exempt insurance brokers and sets out the powers of the Authority in relation to exempt insurance brokers. The Authority may withdraw any exemption in accordance with the procedure set out in the section. An exempt insurance broker who is aggrieved by a decision of the Authority to withdraw the exemption may appeal to the Minister in accordance with Part IIIB.

New section 35ZO provides for one or more registers that the Authority must maintain in relation to the persons regulated under new sections 35ZJ and 35V.

Clause 21 amends section 36 to extend the provisions of that section to registered insurance brokers. The clause requires a registered insurance broker to lodge annual accounts with the Authority and to appoint an auditor to audit its accounts and statements. The clause also empowers the Authority to remove the auditor where the auditor's performance is unsatisfactory and to require the registered insurance broker to appoint another auditor.

Clause 22 amends section 37 to provide that, in addition to the investigation and reporting requirements applicable to life business, an insurer registered under the Act must, once in a period of 12 months, in respect of its general business have an investigation made by an actuary approved by the Authority into the adequacy of the insurer's loss reserves and lodge certain prescribed reports with the Authority.

Clause 23 amends section 39 by deleting and substituting subsection (6) to increase the penalties for the offence under that provision and to make a technical amendment as a consequence of the amendment to section 36 (see clause 21).

Clause 24 repeals and re-enacts section 40 to empower the Authority to inspect and to make a copy of or take possession of the books, accounts, records and documents of a registered insurer or an insurance intermediary. The clause also inserts a new section 40A which relates to the powers of the Authority to conduct investigations.

Clause 25 amends section 41 to extend the powers of the Authority to issue directions to insurance intermediary.

Clause 26 amends section 42 to extend the general provisions on winding up to insurance brokers.

Clause 27 inserts a new Part IIIA (new sections 49A to 49F) to provide the legislative basis for the Authority to provide assistance to a regulatory authority in a foreign country for the purpose of the regulation of insurance business or insurance broking business in that country.

New section 49A interprets the terms used in Part IIIA.

New section 49B sets out the conditions that must be fulfilled before assistance may be rendered under Part IIIA. For example, the assistance must be intended for one of several specified purposes, the requesting authority must undertake not to disclose any acquired information to any person except to a designated third party with the prior consent of the Authority and in accordance with conditions imposed by the Authority, and the matter to which the request relates must be of sufficient gravity.

New section 49C provides that in considering whether to grant the request, the Authority may also consider —

- (a) whether it would be an offence under the Act or any regulations made thereunder if the act or omission occurred in Singapore; and
- (b) whether the requesting authority is willing to extend similar assistance to the Authority and to contribute towards the cost of assistance.

New section 49D lays down the assistance that may be rendered. These include the transmission of material in the Authority's possession to the requesting authority and the ordering of a person to furnish material or an oral statement to the Authority for onward transmission to the requesting authority or to furnish material directly to the requesting authority.

New section 49E makes the doing of certain acts offences, namely, the non-compliance with an order made under section 49D (1) (b), (c) or (d), and the production to the Authority or transmission to the regulatory authority of material or a copy of the material, or the making to the Authority of an oral statement, that contains anything that is false or misleading in a material particular.

New section 49F provides certain immunities to a person who complies with an order made under section 49D (1) (b), (c) or (d).

Clause 28 inserts a new Part IIIB (new sections 49G to 49J) relating to the appeal process under the Act.

New section 49G provides the procedure for appeals to the Minister by persons aggrieved by the decisions of the Authority. This section also sets out the powers that the Minister can exercise in relation to appeals made to him and requires the Minister to constitute an Appeal Advisory Committee when an appeal is made.

New section 49H provides for the establishment, constitution and powers of the Appeal Advisory Committees. This section also provides that every member of an Appeal Advisory Committee shall be deemed to be a public servant, and be accorded the protection and privileges given to a Judge in the execution of his office.

New section 49I provides a savings for information that the Minister or any public servant considers to be against the public interest to disclose.

New section 49J empowers the Minister to make regulations relating to the appointment of members to, and procedures of, the Appeal Advisory Panel and Appeal Advisory Committees.

Clause 29 repeals and re-enacts section 50 to empower the Authority to appoint any person to exercise any of its powers or perform its functions or duties under the Act except the power to make subsidiary legislation and to provide that such person is deemed to be a public servant under the Penal Code (Cap. 224).

Clause 30 amends section 52 to specify the methods by which the Authority may exempt any person or class of persons from the provisions of the Act or regulations made thereunder.

Clause 31 amends section 53, which relates to the powers of the Authority to make regulations for the collection of statistical information from Singapore insurers, by extending the requirement to insurance intermediaries.

Clause 32 repeals and re-enacts section 54, which relates to the manner of service of notice under the Act and any regulations made thereunder.

Clause 33 amends section 55 —

- (a) to provide that any person who furnishes information to the Authority for the purposes of any regulations made under the Act who fails to use due care to secure that the information is not false in any material particular commits an offence;
- (b) to provide that the offence under subsection (2) (that is, breach of duty imposed under the Act or any regulations made under the Act or breach of direction of the Authority under section 64 (2)) applies to insurance intermediaries;
- (c) to increase the penalties for the offences under subsections (1) and (2);
- (d) to make clear that a director, manager, etc. of a company or body corporate who is guilty of an offence by virtue of subsection (3) shall be liable to be proceeded against and punished accordingly for the offence committed by the company or body corporate; and
- (e) to provide that where a person admits to an offence under the Act or any regulations made thereunder which is punishable only by fine and agrees in writing to be dealt with in the specified manner, the Authority may demand and receive such amount of fine or such reduced amount as it thinks fit from that person, whereupon —
  - (i) no proceedings shall be taken against the person in relation to the offence if he pays the amount to the Authority within the prescribed time; or
  - (ii) the Authority may cause proceedings to be instituted in relation to the offence if the person does not pay the amount demanded.

Clause 34 inserts a new section 55A to provide that where a company or body corporate is convicted of an offence under the Act or any regulations made thereunder (other than an offence consisting in the breach of a duty imposed only on companies and bodies corporate), the penalty that the court may impose is a fine not exceeding 2 times the maximum amount that the court could, but for the section, impose as a fine for the offence.

Clause 35 inserts a new section 56A which provides for the Act to have extra-territorial effect in certain specified circumstances.

Clause 36 amends section 64 to make clear that any direction issued under the Act shall not be deemed to be subsidiary legislation.

Clause 37 amends section 65 (1) by inserting definitions of certain terms used in the Act.

Clause 38 repeals section 34 and the Second Schedule and provides for the saving provisions upon the repeal of those provisions.

Clause 39 amends section 2 of the Societies Act (Cap. 311) to provide that for the purposes of the Societies Act, the term “society” does not include any class, society or association of foreign insurers carrying on insurance business in Singapore under any foreign insurer scheme established under regulations made under Part IIA of the Insurance Act. The effect is that such foreign insurers will not be regulated under the Societies Act.

Clause 40 is a savings provision.

#### EXPENDITURE OF PUBLIC MONEY

This Bill will not involve the Government in any extra financial expenditure.

---

**TABLE OF DERIVATIONS OF AMENDMENTS**

<i>Number of Section of Insurance Act (Cap. 142) inserted by this Bill</i>	<i>Section Heading</i>	<i>Insurance Intermediaries Act (Cap. 142A) (Section No.)</i>	<i>Securities Industry Act (Cap. 289) (Section No.)</i>	<i>Futures Trading Act (Cap. 116) (Section No.)</i>	<i>Others</i>
New Part IIB (Sections 35M to 35ZO)					
35M	Insurance agent to operate under written agreement	3	—	—	—
35N	Application of section 35O to 35R and 35T, 35U and 35V	—	—	—	—
35O	Effect of payment to insurance intermediary	4	—	—	—
35P	Disclosure by insurance intermediary	5	—	—	—
35Q	Effect of payment to group policy owner and liability of insurer under group policy	5	—	—	—
35R	Representation by insurance intermediary	6	—	—	—
35S	Insurance agent to act only for insurers entitled to carry on business in Singapore	7	—	—	—
35T	Control of written communication used by insurance intermediary	9	—	—	—
35U	Obligation to furnish information to Authority	10	—	—	—

<i>Number of Section of Insurance Act (Cap. 142) inserted by this Bill</i>	<i>Section Heading</i>	<i>Insurance Intermediaries Act (Cap. 142A) (Section No.)</i>	<i>Securities Industry Act (Cap. 289) (Section No.)</i>	<i>Futures Trading Act (Cap. 116) (Section No.)</i>	<i>Others</i>
35V	Authority may prohibit person from carrying on business as insurance intermediary	31	—	—	—
35W	Insurance broker not to carry on business unless registered	12	—	—	—
35X	Registration of insurance brokers	16	—	—	—
35Y	Registration requirements	17	—	—	—
35Z	Conditions of registration	18	—	—	—
35ZA	Annual fees	19	—	—	—
35ZB	Cancellation of registration	20	—	—	—
35ZC	Duty to maintain net asset value	21	—	—	—
35ZD	Insurance broking premium accounts	22	—	—	—
35ZE	Negotiation and placement of risk with unregistered insurer	23	—	—	—
35ZF	Permission to negotiate and place risk with unregistered insurer	23	—	—	—
35ZG	Negotiation and placement of risk with foreign insurer	—	—	—	—
35ZH	Restriction as to receipt and payment of remuneration	24	—	—	—

<i>Number of Section of Insurance Act (Cap. 142) inserted by this Bill</i>	<i>Section Heading</i>	<i>Insurance Intermediaries Act (Cap. 142A) (Section No.)</i>	<i>Securities Industry Act (Cap. 289) (Section No.)</i>	<i>Futures Trading Act (Cap. 116) (Section No.)</i>	<i>Others</i>
35ZI	Control of take-over of insurance broker	25	—	—	—
35ZJ	Approval or removal of chief executive officer and director of insurance broker	26	—	—	—
35ZK	Restriction on granting of unsecured loans or advances to director and employee of or adviser engaged by registered insurance broker	27	—	—	—
35ZL	Holding out as registered insurance broker	13	—	—	—
35ZM	Use of words “insurance broking”	14	—	—	—
35ZN	Exempt insurance brokers	—	—	—	—
35ZO	Registers maintained by Authority	—	—	—	Section 63 of Financial Advisers Bill 2001
40A	Investigation by Authority	—	—	—	Sections 71 and 72 of Financial Advisers Bill 2001
New Part IIIA (Sections 49A to 49F)					
49A	Interpretation of this Part	—	96A	49Q	—
49B	Conditions for provision of assistance	—	96B	49R	—

<i>Number of Section of Insurance Act (Cap. 142) inserted by this Bill</i>	<i>Section Heading</i>	<i>Insurance Intermediaries Act (Cap. 142A) (Section No.)</i>	<i>Securities Industry Act (Cap. 289) (Section No.)</i>	<i>Futures Trading Act (Cap. 116) (Section No.)</i>	<i>Others</i>
49C	Other factors to consider for provision of assistance	—	96C	49S	—
49D	Assistance that may be rendered	—	96D	49T	—
49E	Offences under this Part	—	96E	49U	—
49F	Immunities	—	96F	49V	—
New Part IIIB (Sections 49G to 49J)					
49G	Appeals to Minister	—	—	—	Section 310 of Securities and Futures Bill 2001 and section 91 of Financial Advisers Bill 2001
49H	Appeal Advisory Committees	—	—	—	Section 311 of Securities and Futures Bill 2001 and section 92 of Financial Advisers Bill 2001
49I	Disclosure of information	—	—	—	Section 312 of Securities and Futures Bill 2001 and section 93 of Financial Advisers Bill 2001



<i>Number of Section of Insurance Act (Cap. 142) inserted by this Bill</i>	<i>Section Heading</i>	<i>Insurance Intermediaries Act (Cap. 142A) (Section No.)</i>	<i>Securities Industry Act (Cap. 289) (Section No.)</i>	<i>Futures Trading Act (Cap. 116) (Section No.)</i>	<i>Others</i>
49J	Regulations for purposes of this Part	—	—	—	Section 313 of Securities and Futures Bill 2001 and section 94 of Financial Advisers Bill 2001
50	Appointment of assistants	—	—	—	Section 320 of Securities and Futures Bill 2001, section 65 of Financial Advisers Bill 2001 and section 3 of Banking Act (Cap. 19)
54	Service of notice, etc.	—	—	—	Section 75A of Banking Act (Cap. 19)
55A	Penalties for bodies corporate	—	—	—	Section 333 of Securities and Futures Bill 2001 and section 88 of Financial Advisers Bill 2001
56A	Extra-territoriality application of Act	—	—	—	Section 339 of Securities and Futures Bill 2001

---