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Notification No. B 20 — The Insurance (Amendment) Bill is hereby published for general information. It was introduced in Parliament on the 16th day of October 2003.

Insurance (Amendment) Bill

Bill No. 20/2003.

Read the first time on 16th October 2003.

A BILL

i n t i t u l e d

An Act to amend the Insurance Act (Chapter 142 of the 2002 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 2003 and shall come into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

5 Amendment of section 1A

2. Section 1A of the Insurance Act is amended —

- (a) by deleting the words “prescribed institute” in the definition of “actuary” and substituting the words “prescribed professional body or institute”;
- 10 (b) by inserting, immediately after the definition of “advocate and solicitor”, the following definition:
 - “ “authorised reinsurer” means an insurer which is for the time being authorised under section 8A;”;
- 15 (c) by deleting the words “related companies” in the definition of “captive insurer” and substituting the words “related corporations”;
- (d) by inserting, immediately after the definition of “captive insurer”, the following definitions:
 - 20 “ “company” has the same meaning as in section 4(1) of the Companies Act (Cap. 50);
 - “corporation” has the same meaning as in section 4(1) of the Companies Act;”;
- (e) by deleting the definition of “direct general insurance broker” and substituting the following definition:
 - 25 “ “direct insurance broker” means a person who is for the time being registered under section 35X in respect of insurance policies relating to general business and long-term accident and health policies, other than insurance policies relating to reinsurance business;”;
- 30 (f) by inserting, immediately after the words “a reinsurer” in the definition of “direct insurer”, the words “, an authorised reinsurer”;

(g) by deleting the definition of “directions” and substituting the following definition:

“ “directions” includes directives and notices;”;

(h) by inserting, immediately after the definition of “exempt financial adviser”, the following definition:

“ “financial advisory service” has the same meaning as in section 2(1) of the Financial Advisers Act;”;

(i) by deleting the definition of “insurance broker” and substituting the following definition:

“ “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 —

(a) insurance policies relating to general business and long-term accident and health policies, other than insurance policies relating to reinsurance business; or

(b) reinsurance of liabilities under insurance policies relating to —

(i) life business; or

(ii) general business;”;

(j) by inserting, immediately after the definition of “reinsurer”, the following definition:

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

Amendment of section 2

3. Section 2 of the Insurance Act is amended —

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

“(a) life business, which means all insurance business concerned with life policies, long-term accident and health policies, or both; and”;

- (b) by inserting, immediately after the words “the reinsurer” in subsection (2), the words “or authorised reinsurer”;
- (c) by inserting, immediately after the words “this Act” in subsection (5), the words “and subject to subsection (5A)”;
- 5 (d) by deleting the words “include, but include only,” in subsection (5) and substituting the word “mean”;
- (e) by inserting, immediately after subsection (5), the following subsection:

10 “(5A) A person shall not be treated as carrying on insurance business, or any class of insurance business, in Singapore as an insurer if, apart from the collection or receipt of premiums in Singapore, he —

(a) carries out all activities in relation to his reinsurance business outside Singapore; and

15 (b) does not have any commercial or physical presence in Singapore for the purpose of carrying on such reinsurance business.”; and

- (f) by deleting the words “the Schedule” in subsection (9) and substituting the words “the First Schedule”.

20 **Amendment of section 3**

4. Section 3 of the Insurance Act is amended —

- (a) by inserting, immediately after subsection (1), the following subsections:

25 “(1A) Except for a registered insurer or a foreign insurer carrying on insurance business under a foreign insurer scheme established under section 35B, no person carrying on reinsurance business outside Singapore shall carry on the business of providing the reinsurance of liabilities under insurance policies, as a principal and as an insurer, to persons

30 in Singapore unless —

- (a) he is authorised by the Authority under section 8A to do so; or

(b) he is providing the reinsurance of liabilities under insurance policies pursuant to an arrangement which was not solicited by him but was initiated by —

(i) a registered insurer;

(ii) a registered insurance broker; or

(iii) a person exempt from registration as an insurance broker under section 35ZN(1)(a), (b), (c), (d), (e) or (ea) who has notified the Authority, in such manner as may be prescribed under section 64(1), of his commencement of insurance broking business.

(1B) Any person registered by the Authority under this Act to carry on insurance business as an insurer in respect of life business may carry on general business relating to short-term accident and health policies while being so registered, and —

(a) the person need not be registered as an insurer in respect of general business in order to carry on general business relating to short-term accident and health policies; and

(b) the general insurance business relating to short-term accident and health policies carried on by the person shall be treated as part of the person's life business.

(1C) An insurer registered to carry on both life business and general business may treat its short-term accident and health policies as part of its life business or its general business.”;

(b) by inserting, immediately after subsection (2), the following subsection:

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

(c) by inserting, immediately after the word “registered” in the section heading, the words “or authorised”.

Repeal and re-enactment of section 4

5. Section 4 of the Insurance Act is repealed and the following section substituted therefor:

“Holding out as registered insurer or authorised reinsurer

5 4.—(1) Where any person holds himself out, or purports to hold himself out, to be a registered insurer or an authorised reinsurer in respect of life business or general business, or both, when that person is not registered or authorised under this Act in respect of that business —

- 10 (a) that person shall be guilty of an offence; and
- (b) where that person is a corporation or firm, every director, manager or officer of the corporation and every partner or officer of the firm shall, unless he proves that the offence was committed without his knowledge or consent, be guilty
- 15 of an offence.

 (2) Any person who is guilty of an offence under subsection (1) 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

20 for every day or part thereof during which the offence continues after conviction.”.

Amendment of section 5

6. Section 5 of the Insurance Act is amended —

- 25 (a) by deleting the words “other than a registered insurer shall, without the written consent of the Authority” in subsection (1) and substituting the words “, other than a registered insurer, an authorised reinsurer or a foreign insurer carrying on insurance business under a foreign insurer scheme established under section 35B, shall”;

- 30 (b) by inserting, immediately after subsection (1), the following subsections:

 “(1A) Subject to subsection (1B), no person shall —

(a) use the word “insurance” or any of its derivatives in any language, or any other word, that indicates that the person carries on business as an insurance intermediary in the name, description or title under which it carries on business in Singapore; or

(b) make any representation to such effect in any bill head, letter paper, notice, advertisement or in any other manner.

(1B) Subsection (1A) shall not apply to —

(a) a registered insurance broker;

(b) a person exempt from registration as an insurance broker under section 35ZN(1)(a), (b), (c), (d), (e) or (ea) who has notified the Authority, in such manner as may be prescribed under section 64(1), of his commencement of insurance broking business;

(c) a licensed financial adviser or an exempt financial adviser, which provides any financial advisory service in respect of life policies;

(d) an insurance agent operating under an agreement in writing pursuant to section 35M;

(e) an insurance agent to whom section 35M does not apply;

(f) an agent of a foreign insurer carrying on insurance business under a foreign insurer scheme established under section 35B; or

(g) such other person as may be prescribed.”; and

(c) by deleting the words “subsection (1)” in subsection (3) and substituting the words “subsection (1) or (1A)”.

Amendment of section 6

7. Section 6 of the Insurance Act is amended by deleting subsections (1) and (2) and substituting the following subsections:

“(1) No person shall solicit any insurance business for any insurer, other than an insurer who is entitled to carry on that business in Singapore or an authorised reinsurer.

5 (2) No person shall, without the written approval of the Authority, establish a representative office for an insurer who is not entitled to carry on insurance business in Singapore or for an authorised reinsurer.”.

Amendment of sub-heading

10 **8.** The Insurance Act is amended by deleting the sub-heading above section 8 and substituting the following sub-heading:

“Registration and authorisation of insurers”.

New section 8A

9. The Insurance Act is amended by inserting, immediately after section 8, the following section:

15 **“Authorisation by Authority**

8A.—(1) A person carrying on reinsurance business outside Singapore may apply to the Authority to be authorised for the purposes of this Act in such form and manner as the Authority may prescribe.

20 (2) The Authority may require the applicant to furnish it with such information or documents as the Authority considers necessary in relation to the application.

(3) The Authority may authorise the applicant with or without conditions, or refuse to authorise the applicant on any prescribed ground or on such other ground as the Authority thinks fit.

25 (4) The Authority may authorise the applicant as a general reinsurer or life reinsurer or both.

(5) The Authority shall cause notice of any authorisation or change of name of an insurer authorised under this section to be published in the *Gazette*.”.

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Amendment of section 9

10. Section 9 of the Insurance Act is amended —

- (a) by deleting the words “as defined in the Companies Act (Cap. 50)” in subsection (1)(a);
- 5 (b) by deleting paragraph (c) of subsection (1) and substituting the following paragraph:
 - “(c) satisfies such financial requirements as may be prescribed.”; and
- 10 (c) by deleting the words “different amounts” in subsection (2) and substituting the words “financial requirements of different forms or amounts”.

Amendment of section 10

11. Section 10 of the Insurance Act is amended —

- 15 (a) by inserting, immediately after the word “registration” in subsection (1), the words “or authorisation”;
- (b) by deleting the words “or section 8(2)” in subsection (2) and substituting the words “, section 8(2) or 8A(3)”;
- (c) by inserting, immediately after the word “registration” in the section heading, the words “or authorisation”.

Amendment of section 11

12. Section 11 of the Insurance Act is amended —

- (a) by inserting, immediately after the words “registered insurer” in subsection (1), the words “and authorised reinsurer”;
- 25 (b) by inserting, immediately after the words “registered insurers” in subsection (2), the words “or authorised reinsurers”; and
- (c) by inserting, immediately after the words “registered insurer” in subsection (3), the words “or authorised reinsurer”.

New section 12A

30 **13.** The Insurance Act is amended by inserting, immediately after section 12, the following section:

“Withdrawal of authorisation

12A.—(1) The Authority may by order, at the request of the insurer or on any of the grounds set out in subsection (2), withdraw the authorisation of any insurer either wholly or in respect of a class of business, as the case may be.

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

- (a) that the insurer has not commenced the business of providing reinsurance of liabilities under insurance policies to persons in Singapore within 12 months after being authorised;
- (b) that the insurer has ceased to carry on the business of providing reinsurance of liabilities under insurance policies to persons in Singapore;
- (c) that it appears to the Authority that the insurer has failed to satisfy an obligation to which it is subject by virtue of this Act;
- (d) that the insurer proposes to make, or has made, whether in Singapore or elsewhere, any composition or arrangement with its creditors or has gone into liquidation or has been wound up or otherwise dissolved;
- (e) that a receiver, receiver and manager, judicial manager, or such other person having the powers and duties of a receiver, receiver and manager or judicial manager, has been appointed, whether in Singapore or elsewhere, in relation to, or in respect of any property of, the insurer or any of its shareholders having control of the insurer;
- (f) that there is a change of a person having control of the insurer and —
 - (i) the new person having control of the insurer is not a fit and proper person; or
 - (ii) the Authority is not satisfied as to the financial standing of the insurer after the change;

- (g) that the insurer is carrying on its business in a manner likely to be detrimental to the interests of its policy owners, whether in Singapore or elsewhere;
- (h) that the insurer is unable to meet its obligations, whether in Singapore or elsewhere;
- (i) that the insurer has contravened any of the provisions of this Act or any condition imposed or direction given by the Authority under this Act;
- (j) that any of the officers of the insurer holding a managerial or executive position has been convicted of any offence under this Act;
- (k) that the insurer has furnished false, misleading or inaccurate information, or has concealed or failed to disclose material facts in its application for authorisation; or
- (l) that it is in the public interest to withdraw the authorisation.

(3) Before withdrawing the authorisation of an insurer under this section otherwise than at the request of the insurer, 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 its authorisation should not be withdrawn.

(4) If the insurer referred to in subsection (3) —

- (a) fails to show cause within the time specified in the notice under that subsection 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 withdrawal of authorisation is to take effect.

(5) Any insurer which is aggrieved by a decision of the Authority under subsection (1) to withdraw its authorisation as an insurer 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 withdrawal of the authorisation of an insurer under this section, so long as the insurer remains under any liability in respect of insurance policies belonging to the class of insurance business to which the authorisation relates, the insurer 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 and that adequate arrangements exist or will exist for the payment of premiums and claims on those policies.

(7) For the purposes of this section —

(a) a person shall be regarded as having control of an authorised reinsurer if the person alone or acting together with any associate or associates would —

(i) acquire or hold, directly or indirectly, 50% or more of the issued share capital of the insurer; or

(ii) control, directly or indirectly, 50% or more of the voting power in the insurer;

(b) a reference to voting power in an authorised reinsurer is a reference to the total number of votes that might be cast in the general meeting of the insurer; and

(c) the following persons are associates of a person:

(i) the person's spouse or parent or remoter lineal ancestor, son, daughter or remoter issue, brother or sister of the person;

(ii) any partner of the person;

(iii) any corporation of which the person is an officer;

(iv) where the person is a corporation, any officer of the corporation;

(v) any employee or employer of the person;

(vi) any officer of any corporation of which the person is an officer;

- (vii) any employee of any individual of whom the person is an employee;
- (viii) any corporation whose directors are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the person or, where the person is a corporation, of the directors of the person;
- (ix) any corporation in accordance with the directions, instructions or wishes of which, or the directors of which, the person is accustomed or under an obligation, whether formal or informal, to act;
- (x) any corporation in which the person is in a position to control not less than 20% of the voting power in the corporation; and
- (xi) where the person is a corporation, a person who is in a position to control not less than 20% of the voting power in the corporation.”.

Amendment of section 13

14. Section 13 of the Insurance Act is amended —

- (a) by deleting subsection (1) and substituting the following subsection:
 - “(1) Where an order of cancellation under section 12 or an order of withdrawal under section 12A becomes effective —
 - (a) the Authority shall publish a notice of the cancellation or withdrawal, as the case may be, in the *Gazette*; and
 - (b) the insurer shall —
 - (i) as from the date of cancellation, cease to carry on insurance business in Singapore of the class in respect of which its registration has been cancelled under this Act; or
 - (ii) as from the date of withdrawal, cease to carry on the business of providing reinsurance of liabilities under insurance policies to persons in

Singapore of the class in respect of which its authorisation has been withdrawn under this Act,

otherwise than by the collection or receipt of premiums on insurance policies belonging to that class of insurance business effected before the date of cancellation of registration or withdrawal of authorisation, as the case may be, and section 3 shall not apply to the insurer in respect of the collection or receipt of those premiums.”; and

(b) by inserting, immediately after the word “registration” in the section heading, the words “and withdrawal of authorisation”.

Amendment of section 14

15. Section 14 of the Insurance Act is amended by inserting, immediately after the word “Deposits” in the section heading, the words “by Singapore insurers”.

New section 14A

16. The Insurance Act is amended by inserting, immediately after section 14, the following section:

“Deposits by authorised reinsurers

14A.—(1) Every authorised reinsurer shall maintain a reinsurance deposit of a value of such amount as may be prescribed in respect of each class of business for which it is authorised.

(2) A deposit under subsection (1) shall be made in such form and manner, and in assets of such nature, as may be prescribed.

(3) All income accruing in respect of a deposit under subsection (1) shall be payable to the insurer making the deposit.

(4) The Authority may, in relation to a deposit under subsection (1), prescribe —

(a) the rights and obligations of any party in relation to the deposit; and

(b) any other matter which the Authority considers to be incidental to or necessary for this section.”.

Amendment of section 15

17. Section 15 of the Insurance Act is amended —

- (a) by inserting, immediately after the words “under section 14” in subsection (1)(a), the words “or 14A, as the case may be,”; and
- 5 (b) by inserting, immediately after the words “section 14” in subsection (2), the words “or 14A, as the case may be”.

Amendment of section 17

18. Section 17 of the Insurance Act is amended —

- 10 (a) by inserting, immediately after subsection (1), the following subsection:

“(1A) Every direct insurer registered to carry on life business shall establish and maintain, in addition to the insurance funds under subsection (1) and subject to such conditions or restrictions as the Authority may impose, separate insurance funds —

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- (a) for its investment-linked policies; and
- (b) for its non-investment-linked policies.”;

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

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“(2) If, in the case of a direct insurer registered to carry on life business, no part of the surplus of assets over liabilities from its non-participating policies is allocated by the insurer by way of bonus to its participating policies, the insurer shall, in addition to the funds maintained under subsections (1) and

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(1A) and subject to such conditions or restrictions as the Authority may impose, establish and maintain, in respect of its non-investment-linked policies, separate insurance funds —

- (a) for its participating policies; and
- (b) for its non-participating policies.”;

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- (c) by deleting the words “subsections (1) and (2)” in subsection (3) and substituting the words “subsections (1), (1A) and (2)”;

(d) by deleting subsections (5) to (10) and substituting the following subsections:

“⁵(5) For the purposes of subsection (4), the Authority may prescribe or specify in directions what constitutes receipts, income, liabilities or expenses of the insurer which are properly attributable to the business to which an insurance fund relates and the manner in which each item is to be determined or valued.

¹⁰(6) In the case of an insurance fund maintained by a direct insurer registered to carry on life business which comprises wholly or partly of participating policies —

(a) there shall be a surplus account, established and maintained in such manner as may be prescribed, as part of the insurance fund;

¹⁵(b) no part of the fund shall be allocated by way of bonus to the participating policies except —

(i) with the approval of the directors of the insurer, upon considering a written recommendation from the actuary appointed under section 31; and

²⁰(ii) where the making of such allocation does not contravene any condition or restriction that may be prescribed or specified in directions for the purposes of this section;

²⁵(c) no part of the fund shall be allocated to the surplus account except —

(i) with the approval of the directors of the insurer, upon considering a written recommendation from the actuary appointed under section 31;

³⁰(ii) where the making of such allocation does not contravene the fund solvency requirement under section 18;

³⁵(iii) where the making of such allocation does not contravene any condition or restriction that may be prescribed or specified in directions for the purposes of this section; and

(iv) where the amount does not exceed 1/9th of the amount allocated pursuant to paragraph (b) for a particular accounting period.

(7) Notwithstanding subsection (6)(c), an insurer may make additional allocations to the surplus account of an insurance fund which comprises wholly or partly of participating policies of an amount and in a manner as prescribed or specified in directions by the Authority.

(8) Where the amount allocated to the surplus account in a particular accounting period pursuant to subsection (6)(c) is less than 1/9th of the amount allocated pursuant to subsection (6)(b) for that accounting period, the insurer shall not allocate the difference between the amount actually allocated and the 1/9th amount allowed to the surplus account in any subsequent accounting period.

(9) An insurer may, where there is a surplus of assets over liabilities of an insurance fund, at any time withdraw from the fund an amount not exceeding the surplus over any fund solvency requirement prescribed for that fund under section 18 if and only if —

- (a) there is no provision in any instrument or contract binding the insurer disallowing such a withdrawal; and
- (b) the insurer ascertains from the latest statement of accounts lodged with the Authority in accordance with section 36 or such other subsequent audited statement of accounts provided to the Authority that there is in fact such a surplus at the time of the withdrawal.

(10) On the making of any withdrawal in accordance with subsection (9), the surplus of the fund shall, for the purposes of this section, be treated as reduced by the amount withdrawn.”; and

- (e) by deleting the words “subsection (6), (8), (9) or (10)” in subsection (11) and substituting the words “subsection (9)”.

Amendment of section 18

19. Section 18 of the Insurance Act is amended —

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

5 “(1) Every registered insurer shall satisfy —

 (a) such fund solvency requirements in respect of each insurance fund established by the insurer under this Act; and

 (b) such capital adequacy requirements,

10 as may be prescribed or specified in directions for the purposes of this section.”;

- (b) by deleting the words “margins of solvency ” in subsection (2)(a) and substituting the words “fund solvency requirements or capital adequacy requirements”;

- 15 (c) by deleting subsection (4) and substituting the following subsections:

 “(4) The Authority may by notice in writing, if it considers it appropriate in the particular circumstances of a registered insurer having regard to the risks arising from the activities of

20 the insurer and such other factors as the Authority considers relevant, direct that the insurer satisfy fund solvency requirements or capital adequacy requirements other than those that the insurer is required to maintain under this section.

 (5) Without prejudice to the generality of section 41, the

25 failure of a registered insurer to comply with subsection (1) or (4) shall be sufficient cause for the Authority to be satisfied that the affairs of the insurer are being conducted in a manner likely to be detrimental to the public interest or the interests of the policy owners and to issue such directions under section

30 41(1) as the Authority may consider necessary.”; and

- (d) by deleting the section heading and substituting the following section heading:

“Fund solvency requirements and capital adequacy requirements”.

Amendment of section 21

20. Section 21 of the Insurance Act is amended —

- 5 (a) by inserting, immediately after the words “cancel the registration” in subsection (1), the words “, or by section 12A to withdraw the authorisation,”;
- (b) by inserting, immediately after the words “registered insurer” in subsection (3), the words “or an authorised reinsurer”;
- 10 (c) by deleting subsection (5) and substituting the following subsection:
 - “(5) In this section —
 - (a) any reference to a domestic liability of a registered insurer is a reference to a liability of the insurance
 - 15 business carried on by the insurer in Singapore, including the liability to satisfy the fund solvency requirements and capital adequacy requirements prescribed under section 18; and
 - (b) any reference to a domestic liability of an authorised
 - 20 insurer is a reference to any liability incurred by the authorised reinsurer as a result of carrying on the business of providing reinsurance of liabilities under insurance policies to persons in Singapore.”; and
 - (d) by inserting, immediately after the words “this Act” in subsection
 - 25 (7), the words “or any direction of the Authority”.

Amendment of section 22

21. Section 22 of the Insurance Act is amended by inserting, immediately after the words “a registered insurer” in subsections (1), (3), (4) and (5), the words “or an authorised reinsurer”.

30 **Repeal and re-enactment of section 24**

22. Section 24 of the Insurance Act is repealed and the following section substituted therefor:

“Regulation of premiums under life policies and long-term accident and health policies

24.—(1) A direct insurer registered to carry on life business shall not issue a life policy or a long-term accident and health policy of any description, being a Singapore policy or an offshore policy, if the premium chargeable under the policy is not in accordance with rates fixed with the approval of the actuary appointed under section 31 or, where no rates have been so fixed for policies of that description issued by the insurer, is not a premium approved for the policy by the actuary.

(2) The Authority may, by notice in writing, require a direct insurer registered to carry on life business to obtain and furnish it within the time specified in the notice with —

(a) a report by the actuary appointed under section 31 as to the suitability of the rates of premium for the time being chargeable by the insurer for any description of life policy or long-term accident and health policy; and

(b) if the actuary considers that the rates of premium are not suitable or not in accordance with sound insurance principles, a report as to the rates of premium which the actuary approves for that description of policy.

(3) For the purpose of subsection (1), regard shall be had to any report referred to in subsection (2) to the exclusion of any previous approval or report.

(4) For each occasion on which an insurer issues a policy in contravention of this section, the insurer shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$12,500.”.

Amendment of section 31

23. Section 31 of the Insurance Act is amended —

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

“(3A) Where a registered insurer has obtained the approval of the Authority to appoint a person as its principal officer, director or actuary under subsection (1) or (2), as the case may

be, the person may be re-appointed as principal officer, director or actuary, as the case may be, of the registered insurer, immediately upon the expiry of the earlier term, without the approval of the Authority.”; and

- 5 (b) by inserting, immediately after the words “his functions” in subsection (4), the words “or is no longer a fit and proper person to be so appointed”.

Repeal and re-enactment of section 33

10 **24.** Section 33 of the Insurance Act is repealed and the following section substituted therefor:

“General obligation to furnish information

33. The Authority may, by notice in writing —

- 15 (a) require any Singapore insurer to furnish it with information about any matter related to any business carried on by the insurer in Singapore or elsewhere; or
- (b) require any authorised reinsurer to furnish it with information about any matter related to any insurance business in respect of which it is authorised,

20 if, in the opinion of the Authority, it requires that information for the discharge of its functions under this Act.”.

Amendment of section 35L

25. Section 35L of the Insurance Act is amended by deleting the words “incorporated under the Companies Act (Cap. 50)” in paragraph (j).

Amendment of section 35M

25 **26.** Section 35M of the Insurance Act is amended by inserting, immediately after subsection (3), the following subsections:

 “(3A) Subsection (1) shall not apply to —

- 30 (a) a licensed financial adviser;
- (b) a person exempt from holding a financial adviser’s licence in respect of any financial advisory service under section

23(1)(a), (b), (c), (d) or (e) of the Financial Advisers Act (Cap. 110), other than a registered insurer; and

(c) a representative of a person referred to in paragraph (a) or (b),

5 where they arrange, or hold themselves out as entitled to arrange, a contract of insurance in respect of life policies, other than contracts for the reinsurance of liabilities under life policies, as agent for a registered insurer.

10 (3B) Subsection (1) shall not apply to a registered insurer and any insurance agent acting for that insurer where they arrange, or hold themselves out as entitled to arrange, a contract of insurance in respect of life policies, other than contracts for the reinsurance of liabilities under life policies, as agent for another registered insurer.

15 (3C) Subsection (2) shall not apply to a registered insurer in relation to an insurance agent who is a person specified in subsection (3A) or (3B).”.

Amendment of section 35N

27. Section 35N of the Insurance Act is amended —

20 (a) by deleting the words “his representatives, in respect of contracts of life insurance” in subsection (2)(a) and substituting the words “its representatives, in respect of life policies, other than life policies with accident and health benefits and contracts for the reinsurance of liabilities under insurance policies”;

25 (b) by deleting subsection (3) and substituting the following subsections:

“(3) Sections 35R, 35T, 35U and 35V shall not apply to a licensed financial adviser or an exempt financial adviser, or its representatives, in respect of life policies, other than contracts for the reinsurance of liabilities under insurance policies.

30 (4) Section 35TA shall not apply to a licensed financial adviser or an exempt financial adviser, or its representatives, in respect of life policies, other than life policies with accident and health benefits and contracts for the reinsurance of liabilities under insurance policies.”; and

- (c) by inserting, immediately after “35T,” in the section heading, “35TA.”

Amendment of section 35P

28. Section 35P of the Insurance Act is amended —

- 5 (a) by inserting, immediately after the words “the person” in subsection (1), the words “all material information, including”;
- (b) by deleting the word “and” at the end of subsection (1)(b);
- (c) by deleting the full-stop at the end of paragraph (c) of subsection (1) and substituting the word “; and”, and by inserting
10 immediately thereafter the following paragraph:
- “(d) such other information as the Authority may prescribe or specify in directions.”;
- (d) by inserting, immediately after the words “group policy” in the 4th line of subsection (2), the words “all material information,
15 including”;
- (e) by deleting the word “and” at the end of subsection (2)(c);
- (f) by deleting the full-stop at the end of paragraph (d) of subsection (2) and substituting the word “; and”, and by inserting immediately thereafter the following paragraph:
- 20 “(e) such other information as the Authority may prescribe or specify in directions.”;
- (g) by inserting, immediately after subsection (2), the following subsection:
- “(2A) Any insurance intermediary who contravenes
25 subsection (1) or (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 12 months or to both.”; and
- (h) by deleting the word “Disclosure” in the section heading and
30 substituting the words “Pre-contract disclosure”.

Amendment of section 35R

29. Section 35R(5) of the Insurance Act is amended by deleting “\$25,000” and substituting “\$50,000”.

Amendment of section 35T

5 30. Section 35T(5) of the Insurance Act is amended by deleting “\$50,000” and substituting the words “\$25,000 or to imprisonment for a term not exceeding 12 months or to both”.

New section 35TA

10 31. The Insurance Act is amended by inserting, immediately after section 35T, the following section:

“Business conduct of insurance intermediaries

35TA. Without prejudice to the generality of section 64(1) and (2), the Authority may make regulations or issue directions for or with respect to —

- 15 (a) the standards to be maintained by an insurance intermediary in the conduct of business under this Act, including the standards in relation to the obligation to disclose information to insureds;
- 20 (b) the qualifications, experience and training of an insurance intermediary and, where the insurance intermediary is a corporation or an association, of the officers, agents and employees of the insurance intermediary; and
- 25 (c) the procedure for the conduct of disciplinary control of insurance intermediaries and, where the insurance intermediary is a corporation or an association, of the officers, agents and employees of the insurance intermediary.”.

Amendment of section 35W

30 32. Section 35W of the Insurance Act is amended by deleting subsection (1) and substituting the following subsection:

“ (1) No person shall carry on business as any type of insurance broker in Singapore unless —

- (a) the person is registered by the Authority as that type of insurance broker; or
- (b) the person is exempted from registration under section 35ZN.”.

5 **Amendment of section 35X**

33. Section 35X of the Insurance Act is amended —

- (a) by deleting the words “direct general insurance broker” in subsection (3) and substituting the words “direct insurance broker”;
- 10 (b) by deleting the word “Any” in subsection (4) and substituting the words “Subject to subsection (5), any”; and
- (c) by inserting, immediately after subsection (4), the following subsection:

15 “(5) Any person who is registered or deemed to be registered under this section as a direct general insurance broker immediately before the date of commencement of the Insurance (Amendment) Act 2003 shall, as from that date, be deemed to be registered as a direct insurance broker under subsection (2).”.

20 **Amendment of section 35Y**

34. Section 35Y(1) of the Insurance Act is amended by deleting the words “incorporated in Singapore” in paragraph (a).

Amendment of section 35ZD

25 **35.** Section 35ZD of the Insurance Act is amended by deleting subsection (1) and substituting the following subsection:

“(1) Subject to subsection (2), every registered insurance broker which receives any money —

- (a) from or on behalf of an insured or intending insured for or on account of an insurer in connection with a contract of insurance or proposed contract of insurance; or
- 30 (b) from or on behalf of an insurer for or on account of an insured or intending insured,

shall, for the purposes of this section, establish and maintain a separate account with a bank licensed under the Banking Act (Cap. 19).”.

Amendment of section 35ZE

- 5 **36.** Section 35ZE(4) of the Insurance Act is amended by deleting the words “the Schedule” and substituting the words “the First Schedule”.

Amendment of section 35ZJ

37. Section 35ZJ of the Insurance Act is amended —

- 10 (a) by inserting, immediately after subsection (1), the following subsection:

“**(1A)** Where a registered insurance broker has obtained the approval of the Authority to appoint a person as its chief executive officer or director under subsection (1), the person may be re-appointed as chief executive officer or director, as
15 the case may be, of the registered insurance broker immediately upon the expiry of the earlier term without the approval of the Authority.”; and

- 20 (b) by inserting, immediately after the words “his functions” in subsection (2), the words “or is no longer a fit and proper person to be so appointed”.

Amendment of section 35ZL

38. Section 35ZL of the Insurance Act is amended by deleting subsection (1) and substituting the following subsection:

- 25 “(1) No person shall hold himself out to be registered as a direct insurance broker, general reinsurance broker or life reinsurance broker unless he is registered under this Act as such.”.

Amendment of section 35ZM

- 30 **39.** Section 35ZM(1) of the Insurance Act is amended by deleting the words “section 35ZN, shall, without the written approval of the Authority” and substituting the words “section 35ZN(1)(a), (b), (c), (d), (e) or (ea), shall”.

Amendment of section 35ZN

40. Section 35ZN of the Insurance Act is amended —

- (a) by deleting the word “and” at the end of paragraph (e) of subsection (1), and by inserting immediately thereafter the following paragraph:

“(ea) a direct insurer registered to carry on life business; and”; and

- (b) by inserting, immediately after subsection (2), the following subsection:

“(2A) For the avoidance of doubt, references in subsection (2) to specific sections in this Act that apply to the persons referred to in that subsection do not include references to any regulations made under those sections unless the Authority prescribes that such regulations so apply.”.

Amendment of section 36

41. Section 36 of the Insurance Act is amended —

- (a) by deleting the words “or registered insurance broker” in subsection (1) and substituting the words “, an authorised reinsurer or a registered insurance broker”; and
- (b) by inserting, immediately after the words “shall be lodged” in subsection (10), the words “by the insurer”.

Amendment of section 37

42. Section 37 of the Insurance Act is amended —

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

“(1) A registered insurer shall, for each accounting period —

- (a) in respect of its life business, have an investigation made by an actuary approved by the Authority into the financial condition of that business;
- (b) in respect of its general business, have an investigation made by an actuary approved by the

Authority into its liabilities in respect of insurance policies; and

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

- (b) by deleting subsection (7).

Amendment of section 40A

43. Section 40A of the Insurance Act is amended —

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

“(3) Nothing in this Part shall —

- (a) compel an advocate and solicitor to disclose or produce a privileged communication, or a document or other material containing a privileged communication, made by or to him in that capacity; or

- (b) authorise the taking of any such document or other material which is in his possession.”; and

- (b) by inserting, immediately after the words “refuses to” in subsection (4), the words “disclose the information or”.

Amendment of section 47

44. Section 47 of the Insurance Act is amended by deleting subsection (2) and substituting the following subsections:

“(2) Subsection (1) shall not apply to the transfer of the whole or part of any insurance business of —

- (a) a company incorporated or established outside Singapore, except in so far as it relates to Singapore policies or offshore policies; or

(b) a registered reinsurer to another registered reinsurer carrying on the same class of insurance business.

(2A) For the avoidance of doubt, subsection (2)(b) shall not affect, in relation to the transfer of the whole or any part of any insurance business of a registered direct insurer under subsection (1), the reinsurance of liabilities under such transferred insurance business.

(2B) Notwithstanding subsection (2)(b), the Authority may, by notice in writing, issue such directions to the first-mentioned registered reinsurer in that subsection as it may consider necessary with respect to the manner and form of the transfer of the whole or part of the insurance business of that registered reinsurer.”.

Amendment of section 49H

45. Section 49H(2) of the Insurance Act is amended by inserting, immediately after the words “2 years”, the words “and shall be eligible for re-appointment”.

Repeal and re-enactment of section 49J

46. Section 49J of the Insurance Act is repealed and the following section substituted therefor:

“Regulations for purposes of this Part

49J.—(1) The Minister may make regulations for the purposes and provisions of this Part and for the due administration thereof.

(2) Without prejudice to the generality of subsection (1), the Minister may make regulations for or with respect to —

- (a) the appointment of members to, and procedures of, the Appeal Advisory Panel and Appeal Advisory Committees;
- (b) the form and manner in which an appeal to the Minister under this Act shall be made;
- (c) the fees to be paid in respect of any appeal made to the Minister under this Act, including the refund or remission, whether in whole or in part, of such fees;
- (d) the remuneration of the members of the Appeal Advisory Panel and Appeal Advisory Committees; and

- (e) all matters and things which by this Part are required or permitted to be prescribed or which are necessary or expedient to give effect to the provisions of this Part.”.

Amendment of section 50

5 **47.** Section 50 of the Insurance Act is amended —

- (a) by deleting the word “The” in subsection (1) and substituting the words “Subject to subsection (1A), the”; and
- (b) by inserting, immediately after subsection (1), the following subsection:

10 “(1A) The Authority may, by notification published in the *Gazette*, appoint one or more of its officers to exercise the power to grant an exemption to any person (not being an exemption granted to a class of persons) under a provision of this Act specified in the Second Schedule, or to revoke any

15 such exemption.”.

Amendment of section 52

48. Section 52 of the Insurance Act is amended —

- (a) by inserting, immediately after subsection (1), the following subsection:

20 “(1A) Without prejudice to the generality of subsection (1), the Authority may make regulations to exempt any person or class of persons from section 3 or 35W and, in making these regulations, the Authority may make such provisions as it

25 thinks fit to regulate the person or class of persons, whether by modification of provisions of this Act or by imposing such other requirements or restrictions as may be prescribed.”; and

- (b) by inserting, immediately after the words “this Act” in subsection (2), the words “or any direction”.

Amendment of section 53

30 **49.** Section 53 of the Insurance Act is amended by deleting subsection (2) and substituting the following subsection:

“(2) Without prejudice to the generality of section 64(1) and (2), the Authority may prescribe or specify in directions the form or manner in which statistical information shall be furnished by Singapore insurers or insurance intermediaries to the Authority.”.

5 **Amendment of section 55**

50. Section 55 of the Insurance Act is amended —

- (a) by deleting the words “shall, in a case where no other punishment is provided for by this Act,” in subsection (2) and substituting the words “shall be guilty of an offence and, where no penalty is expressly provided, shall”;
- (b) by deleting the words “company or body corporate” wherever they appear in subsection (3) and substituting in each case the word “corporation”;
- (c) by deleting the words “company or body corporate” in subsection (4) and substituting the word “corporation”;
- (d) by deleting the words “companies and bodies corporate” in subsection (4) and substituting the word “corporations”; and
- (e) by deleting subsection (7).

Amendment of section 55A

20 **51.** Section 55A of the Insurance Act is amended —

- (a) by deleting the words “company or body corporate” in subsection (1) and substituting the word “corporation”;
- (b) by deleting the words “companies and bodies corporate” in subsection (2) and substituting the word “corporations”; and
- (c) by deleting the words “bodies corporate” in the section heading and substituting the word “corporations”.

Amendment of section 61

52. Section 61 of the Insurance Act is amended —

- (a) by deleting the words “personal accident” in subsection (1) and substituting the words “accident and health”; and

- (b) by deleting the words “personal accident” in the section heading and substituting the words “accident and health”.

New section 63A

5 **53.** The Insurance Act is amended by inserting, immediately before section 64, the following section:

“Amendment of Schedules

63A.—(1) The Minister may from time to time, by order published in the *Gazette*, amend, add to or vary the First or Second Schedule.

10 (2) The Minister may, in any order made under subsection (1), make such incidental, consequential or supplementary provisions as may be necessary or expedient.

(3) Any order made under subsection (1) shall be presented to Parliament as soon as possible after publication in the *Gazette*.”.

Amendment of section 64

15 **54.** Section 64 of the Insurance Act is amended —

- (a) by inserting, immediately after subsection (1), the following subsections:

“(1A) Without prejudice to the generality of subsection (1), regulations may be made for or with respect to —

- 20 (a) the forms for the purposes of this Act;
- (b) the fees to be paid in respect of any matter or thing required for the purposes of this Act, including the refund or remission, whether in whole or in part, of such fees; and
- 25 (c) the corporate governance of insurers.

(1B) Except as otherwise expressly provided in this Act, regulations made under this Act —

- (a) may be of general or specific application;
- 30 (b) may provide that a contravention of any specified provision thereof shall be an offence; and

- (c) may provide for penalties not exceeding a fine of \$50,000 or imprisonment for a term not exceeding 12 months or both for each offence and, in the case of a continuing offence, a further penalty not exceeding a fine of 10% of the maximum fine prescribed for that offence for every day or part thereof during which the offence continues after conviction.”; and
- (b) by inserting, immediately after subsection (2), the following subsection:
- “(2A) Without prejudice to the generality of subsection (2), the Authority may issue such directions as it may consider necessary to an authorised reinsurer with respect to the manner and form of the transfer of the whole or part of its business of providing the reinsurance of liabilities under insurance policies, to persons in Singapore.”.

Amendment of Schedule

55. The Schedule to the Insurance Act is amended —

- (a) by deleting the words “THE SCHEDULE” in the 1st line and substituting the words “FIRST SCHEDULE”;
- (b) by deleting the words “personal accident” in paragraph 2(1)(a) and substituting the words “accident and health”;
- (c) by deleting the words “personal accident” in paragraph 2(1)(b) and substituting the words “short-term accident and health”;
- (d) by deleting paragraph 2(3)(a);
- (e) by inserting, immediately after paragraph 4, the following paragraphs:
- “4A. “Accident and health benefits” means policy moneys which are paid out —
- (a) in the event of an injury to, or a disability of, the insured as a result of accident or sickness;
- (b) in the event of the insured being found to have a condition or disease stated in the policy of the insured;
- (c) with respect to health services;

(d) on the death, by accident or some other cause stated in the policy, of the insured; or

(e) on the happening of a combination of any of the above,

but does not include policy moneys that are payable with respect to any loss arising out of a liability to pay compensation or damages.

4B. "Health services" means —

(a) medical, surgical, diagnostic, nursing, dental, chiropody or chiropractic services, or eye therapy, occupational therapy, physiotherapy, speech therapy, or other similar services or treatment;

(b) services involving the supply, alteration, maintenance or repair of hearing aids, spectacles, contact lenses, artificial teeth, eyes or limbs (including parts of teeth or limbs) or other medical, surgical, prosthetic or dental aids, equipment or appliances;

(c) the provision of drugs or medicinal preparations;

(d) ambulance or paramedic services; or

(e) professional services provided for the treatment or management of a person who is sick or disabled.

4C. "Accident and health policy" means any policy which provides accident and health benefits only.

4D.—(1) "Long-term accident and health policy" means any accident and health policy that —

(a) may, in accordance with the terms and conditions of the policy, be in force for more than 5 years if it is not terminated earlier by the policy owner; and

(b) does not contain any term or condition which permits the insurer to terminate the policy unilaterally, other than termination on the ground of fraud or material non-disclosure.

(2) An accident and health policy that is of a duration of 5 years or less but satisfies sub-paragraph (1)(b) shall be considered a long-term accident and health policy if the policy is of a duration of 5 years or less only because of the age of the insured at the time when it was entered into.

(3) Where the terms and conditions of an accident and health policy provide the insured an option of extending the duration of the policy, whether on the same terms and conditions or otherwise, the duration of the policy shall be determined on the assumption that the insured will exercise the option.

4E. “Short-term accident and health policy” means any accident and health policy that is not a long-term accident and health policy.”;

(f) by deleting paragraphs 5 and 6 and substituting the following paragraphs:

5 “5.—(1) Subject to sub-paragraph (2), “life policy” means any policy which —

(a) provides for the payment of policy moneys on the death of a person or on the happening of any contingency dependent on the termination or continuance of human life;

10 (b) is subject to payment of premiums for a term dependent on the termination or continuance of human life;

(c) provides for the payment of an annuity for a term dependent on the termination or continuance of human life; or

(d) is a combination of any of the above.

15 (2) A policy that provides for the payment of policy moneys on the death of a person is not a life policy if payment is only to be made in the event of —

(a) death by accident; or

(b) death resulting from specified sickness.

20 6. “Investment-linked policy” means any policy which provides benefits calculated by reference to units, the value of which is related to the market value of the underlying assets, and “non-investment-linked policy” means a policy that is not an investment-linked policy.

25 6A. “Participating policy” means any non-investment-linked policy conferring any right to share in the profits or surpluses, or any part thereof, arising from the business of the insurer, and “non-participating policy” means a non-investment-linked policy not conferring any such right.”;

30 (g) by deleting sub-paragraphs (a) to (d) of paragraph 7 and substituting the following sub-paragraphs:

“(a) upon vessels or aircraft or space launching (including satellites), or upon the machinery, tackle, furniture or equipment of vessels or aircraft or space launching (including satellites);

35 (b) upon goods, merchandise or property of any description whatever on board vessels or aircraft or space launching (including satellites);

- (c) upon the freight of, or any other interest in or relating to, vessels or aircraft or space launching (including satellites);
- (d) against damage arising out of or in connection with the use of vessels or aircraft or space launching (including satellites), including third-party risks;” and

(h) by deleting paragraph 8.

New Second Schedule

56. The Insurance Act is amended by inserting, immediately after the First Schedule, the following Schedule:

“SECOND SCHEDULE

Section 50(1A)

SPECIFIED PROVISIONS

1. Section 11(3)
2. Section 35ZA(3)
3. Section 52(2).”.

Transitional and savings provisions

57. The Authority may, by regulations, prescribe such transitional, savings and other consequential provisions as it may consider necessary or expedient.

EXPLANATORY STATEMENT

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

- (a) a health insurance framework;
- (b) a risk-based capital framework; and
- (c) a framework for the authorisation of reinsurers.

The Bill also makes miscellaneous amendments for the better administration of the Act and to implement Singapore’s commitments under free trade agreements.

Clause 1 relates to the short title and commencement.

Clause 2 amends section 1A by inserting definitions of certain terms used in amendments to the Act by the Bill and by modifying certain other definitions in the section.

Clause 3 amends section 2 —

- (a) to redefine life business to include long-term accident and health policies;
- (b) to extend subsection (2) to authorised reinsurers; and
- (c) to refine and clarify what constitutes carrying on insurance business in Singapore.

Clause 4 amends section 3 —

- (a) to provide that an insurer (other than a registered insurer or a foreign insurer) carrying on reinsurance business outside Singapore may carry on the business of providing reinsurance of liabilities under insurance policies, as a principal and as an insurer, to persons in Singapore if it is authorised by the Monetary Authority of Singapore (the Authority) to do so;
- (b) to allow a person registered as a life insurer to conduct short-term accident and health insurance business without having to be registered to carry on general business; and
- (c) to allow insurers registered in respect of both life and general businesses flexibility in the manner in which it treats its short-term accident and health policies.

Clause 5 repeals and re-enacts section 4 to make it an offence for any person to hold himself out to be a registered insurer or an authorised insurer when he is not registered or authorised under the Act.

Clause 6 amends section 5 to exclude authorised reinsurers and foreign insurers under section 35B from the prohibition in subsection (1). The clause also amends the section to allow insurance intermediaries to use the word “insurance”, its derivatives or any other word to represent themselves as intermediaries where they have the authority, as described in the clause, to carry on such insurance business.

Clause 7 amends section 6 to allow both registered and authorised reinsurers to solicit insurance business.

Clause 8 amends the sub-heading in Part II to include the authorisation of insurers (inserted by clause 9).

Clauses 9, 13 and 16 insert new sections 8A, 12A and 14A, respectively, for the purposes of the authorisation framework for reinsurers.

The new section 8A provides for the manner in which a person carrying on reinsurance business outside Singapore may be authorised by the Authority to do so.

The new section 12A sets out the grounds and the manner in which the authorisation of a reinsurer may be withdrawn by the Authority.

The new section 14A requires every authorised reinsurer to maintain a reinsurance deposit and provides that all income accruing in respect of such deposits must be payable to the insurer making the deposit.

Clause 10 amends section 9 to provide for the prescribing of financial requirements that have to be satisfied prior to registration.

Clauses 11, 12, 14 and 21 amend sections 10, 11, 13 and 22, respectively, to extend the sections to authorised reinsurers.

Clause 15 amends the heading of section 14 to make it clear that the section applies only to Singapore insurers.

Clause 17 amends section 15 as a consequence of the new section 14A (inserted by clause 16).

Clause 18 amends section 17 —

- (a) to set out how insurance funds should be set up;
- (b) to allow the Authority to prescribe or specify in directions what would amount to receipts, income, liabilities or expenses which are properly attributable to the business to which a fund relates; and
- (c) to define rules for the allocation within the various insurance funds and withdrawal from insurance funds for shareholders.

Clause 19 amends section 18 to make provision for a new risk based capital framework.

Clause 20 amends section 21 to extend the section to authorised reinsurers and to take into account the new risk based capital framework (inserted by clause 19).

Clause 22 repeals and re-enacts section 24 to include long-term accident and health policies within its ambit and to omit redundant provisions.

Clause 23 amends section 31 to clarify that the prior approval of the Authority is not required for the re-appointment of a principal officer, a director or an actuary by a registered insurer immediately upon the expiry of the earlier term of office which the Authority has approved. The clause also empowers the Authority to direct the removal of a principal officer, a director or an actuary who is no longer a fit and proper person to be so appointed.

Clause 24 repeals and re-enacts section 33 to empower the Authority to require authorised reinsurers to furnish such information as the Authority may require.

Clause 25 makes a consequential amendment to section 35L(j) by virtue of the definition of “company” in section 1A (inserted by clause 2).

Clause 26 amends section 35M to exclude certain categories of persons from the requirement to operate under a written agreement when acting as, or holding out as, an insurance agent.

Clause 27 amends section 35N to redefine the scope of the application of the provisions of the Act specified in that section, which includes the new section 35TA (inserted by clause 31), to financial advisers.

Clause 28 amends section 35P to allow the Authority to prescribe or specify in directions such other information that must be disclosed by insurance intermediaries. The clause also makes it an offence for an insurance intermediary to contravene subsection (1) or (2).

Clause 29 amends section 35R(5) to increase the maximum penalty that may be imposed for an offence under that provision.

Clause 30 amends the penalty prescribed in section 35T(5) by decreasing the maximum fine that may be imposed for an offence under that provision and to introduce an imprisonment term for that offence.

Clause 31 inserts a new section 35TA to allow the Authority to make regulations or issue directions in respect of —

- (a) the standards to be maintained by insurance intermediaries in the conduct of business;
- (b) the qualifications, experience and training of insurance intermediaries and their officers, agents and employees; and
- (c) the procedure for the conduct of disciplinary control of insurance intermediaries and their officers, agents and employees.

Clause 32 amends section 35W(1) as a consequence of the amendment of the classes of insurance business (by clause 3).

Clause 33 amends section 35X by virtue of the substitution of the term “direct general insurance broker” with the term “direct insurance broker” in section 1A (by clause 2).

Clause 34 makes a consequential amendment to section 35Y(1)(a) by virtue of the definition of “company” in section 1A (inserted by clause 2).

Clause 35 amends section 35ZD(1) to provide that registered insurance brokers are required to establish and maintain insurance broking premium accounts only if they handle clients’ moneys.

Clause 36 makes a consequential amendment to section 35ZE(4) by virtue of the renaming of the Schedule as the First Schedule (by clause 55).

Clause 37 amends section 35ZJ to clarify that the prior approval of the Authority is not required for the re-appointment of a chief executive officer or a director by a registered insurance broker immediately upon the expiry of the earlier term of office which the Authority has approved. The clause also empowers the Authority to direct the removal of a chief executive officer or a director who is no longer a fit and proper person to be so appointed.

Clause 38 amends section 35ZL(1) as a consequence of the amendment of the classes of insurance business (by clause 3).

Clause 39 amends section 35ZM(1) to remove the power of the Authority to grant approval for the use of the words “insurance broking” by persons other than registered insurance brokers, or exempt insurance brokers as described in section 35ZN(1)(a) to (ea) (amended by clause 40).

Clause 40 amends section 35ZN —

- (a) to include direct insurers registered to carry on life business as a class of exempt insurance brokers; and
- (b) to clarify that references in subsection (2) to specific sections in the Act do not include regulations made thereunder unless otherwise specified in the regulations.

Clause 41 amends section 36 —

- (a) to apply subsection (1) to authorised reinsurers; and
- (b) to make it clear that, under subsection (10), it is the duty of the insurer to lodge the auditor’s report with the Authority.

Clause 42 amends section 37 to clarify that actuarial investigations must be made in respect of each accounting period.

Clause 43 amends section 40A to clarify that nothing in Part III relating to returns, inspections and investigations, winding up and transfers of business, compels the disclosure by an advocate and solicitor of a privileged communication, or a document or other material containing a privileged communication, made by him in that capacity or authorise the taking of any such document or other material which is in his possession.

Clause 44 amends section 47 to exclude reinsurers from having to comply with the requirements in sections 47, 48 and 49 in relation to transfer of business, and to empower the Authority to direct them to have different legal arrangements to transfer the insurance business.

Clause 45 amends section 49H(2) to clarify that a member of the Appeal Advisory Panel is eligible for re-appointment.

Clause 46 repeals and re-enacts section 49J to empower the Minister to make regulations on matters relating to appeals under the Act, including the form and manner in which an appeal is to be made, the fees to be paid, and the remuneration of the members of the Appeal Advisory Panel and Appeal Advisory Committees.

Clause 47 amends section 50 to empower the Authority to appoint its officers to exercise its power to grant or revoke exemptions on a case-by-case basis under the provisions of the Act specified in the new Second Schedule (inserted by clause 56).

Clause 48 amends section 52 to empower the Authority —

- (a) to make any regulations to exempt any person or class of persons from the registration requirement in section 3 or 35W, and in making these regulations, to make such provisions as it thinks fit to regulate the person or class of persons; and
- (b) to exempt a person, upon that person's application, from the requirements stipulated in directions issued by the Authority.

Clause 49 amends section 53(2) to provide for the collection of statistical information from insurers or insurance intermediaries by way of directions.

Clause 50 amends section 55 —

- (a) to clarify that the breach of a duty under the Act (including any regulation or direction made thereunder) is an offence;
- (b) to substitute the reference to “company or body corporate” with the term “corporation” as defined in section 1A (inserted by clause 2); and
- (c) to delete subsection (7) which is no longer required.

Clause 51 amends section 55A to substitute the references to “company” and “body corporate” with the term “corporation” as defined in section 1A (inserted by clause 2).

Clause 52 amends section 61 to include accident and health policies within its ambit.

Clause 53 inserts a new section 63A to empower the Minister to amend the Schedules by order, which is to be presented to Parliament after publication in the *Gazette*.

Clause 54 amends section 64 —

- (a) to provide for the making of regulations in respect of the forms and fees for the purposes of the Act;
- (b) to empower the Authority to make regulations in respect of the corporate governance of insurers;
- (c) to clarify that the Authority's regulation-making power includes the power to provide that a contravention of any regulations made under the Act will be an offence; and
- (d) to empower the Authority to issue such directions as it may consider necessary to an authorised reinsurer in respect of portfolio transfers.

Clause 55 renames the Schedule as the First Schedule, and amends it to define certain terms used in relation to the new health insurance framework and to include space launching in the definition of “marine, aviation or transit insurance policy”.

Clause 56 inserts a new Second Schedule for the purposes of section 50(1A) (inserted by clause 47).

Clause 57 empowers the Authority to prescribe transitional and savings provisions as may be necessary or expedient by virtue of the Bill.

EXPENDITURE OF PUBLIC MONEY

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