

INSURANCE ACT
(CHAPTER 142)

**INSURANCE
(GENERAL PROVISIONS)
REGULATIONS**

Rg 17

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INSURANCE ACT
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INSURANCE
(GENERAL PROVISIONS)
REGULATIONS

ARRANGEMENT OF REGULATIONS

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[1st January 2004]

Citation

1. These Regulations may be cited as the Insurance (General Provisions) Regulations.

Definitions

- 2.** In these Regulations, unless the context otherwise requires —
- “Offshore Insurance Fund” means any insurance fund established and maintained in respect of offshore policies under the Act;
- “Singapore Insurance Fund” means any insurance fund established and maintained in respect of Singapore policies under the Act.

Annual fees for insurers

3.—(1) Except as provided in paragraph (4), a registered insurer (other than a captive insurer or Protection and Indemnity Club), shall pay to the Authority the following annual fees:

- (a) for carrying on life business, other than life reinsurance business —
 - (i) in the case of an insurer with total assets not exceeding \$2 billion, a fee of \$75,000; and
 - (ii) in the case of an insurer with total assets exceeding \$2 billion, a fee of \$120,000;
- (b) for carrying on general business, other than general reinsurance business —
 - (i) in the case of an insurer with gross premiums not exceeding \$100 million, a fee of \$60,000; and
 - (ii) in the case of an insurer with gross premiums exceeding \$100 million, a fee of \$80,000;
- (c) for carrying on life reinsurance business —
 - (i) in the case of a reinsurer with gross premiums not exceeding \$100 million, a fee of \$30,000; and
 - (ii) in the case of a reinsurer with gross premiums exceeding \$100 million, a fee of \$40,000;
- (d) for carrying on general reinsurance business —
 - (i) in the case of a reinsurer with gross premiums not exceeding \$100 million, a fee of \$30,000; and
 - (ii) in the case of a reinsurer with gross premiums exceeding \$100 million, a fee of \$40,000; and
- (e) for carrying on any combination of the insurance business referred to in sub-paragraphs (a) to (d), the aggregate of the respective fees.

(2) A captive insurer shall pay to the Authority an annual fee of \$5,000.

(3) A Protection and Indemnity Club shall pay to the Authority an annual fee of \$50,000.

(4) A registered insurer (other than a captive insurer or Protection and Indemnity Club) which —

- (a) has not previously carried on the relevant type of insurance business in Singapore referred to in paragraph (1); or
- (b) has carried on the relevant type of insurance business referred to in paragraph (1) for less than one accounting period,

and has not lodged the relevant statements relating to total assets or gross premiums under section 36 of the Act shall pay to the Authority the following fees:

- (i) for carrying on life business (other than life reinsurance business), a fee of \$75,000;
- (ii) for carrying on general business (other than general reinsurance business), a fee of \$60,000;
- (iii) for carrying on life reinsurance business, a fee of \$30,000;
- (iv) for carrying on general reinsurance business, a fee of \$30,000; and
- (v) for carrying on any combination of the insurance business referred to in sub-paragraphs (i) to (iv), the aggregate of the respective fees.

(5) Except as provided in paragraph (6), the fees payable under paragraphs (1) to (4) shall be paid to the Authority on or before 1st January of each year.

(6) Where an insurer has not previously carried on insurance business in Singapore, or has not previously carried on the relevant type of insurance business in Singapore, the fees payable under paragraphs (1) to (4) shall be paid to the Authority before —

- (a) the insurer commences carrying on insurance business in Singapore; or
- (b) the insurer commences carrying on the relevant type of insurance business in Singapore,

as the case may be.

(7) For the purposes of paragraph (1), the total assets or gross premiums of any registered insurer shall include the total assets or gross premiums, as the case may be, of any other registered insurer

(other than a captive insurer or Protection and Indemnity Club) which insurance business had been totally acquired by the first-mentioned registered insurer before 1st January of the year for which the fees are to be paid.

(8) Where a registered insurer enters into an agreement to purchase the whole of the insurance business of one or more other registered insurers (referred to in this regulation as the potential constituent insurer), but the agreement is only to take effect on or after 1st January of the next year, the registered insurer may, before the date that the agreement is to take effect, apply to the Authority for an exemption of part of the fees to be paid by the registered insurer and the potential constituent insurers under paragraph (1).

(9) Where, upon an application under paragraph (8), the Authority agrees to exempt part of the fees to be paid by the registered insurer and the potential constituent insurers under paragraph (1), the fees payable to the Authority by the registered insurer and the potential constituent insurers shall be in accordance with the following formulae:

(a) fees payable by the registered insurer —

$$\frac{A}{C} \times D; \text{ and}$$

(b) fees payable by the potential constituent insurer —

$$\frac{B}{C} \times D,$$

where A is the total assets or total premiums, as the case may be, of the registered insurer;

B is the total assets or total premiums, as the case may be, of the potential constituent insurer;

C is the total assets or total premiums, as the case may be, of the registered insurer and all the potential constituent insurers; and

D is the fee payable under paragraph (1) based on the combined total assets or gross premiums, as the case may be, of the registered insurer and all the potential constituent insurers.

- (10) Payment of the fees under this regulation shall be made —
- (a) through such electronic funds transfer system as the Authority may, from time to time, designate where payment may be effected by directing the transfer of funds electronically from the bank account of the payer to a bank account designated by the Authority; or
 - (b) in such other form or manner as the Authority may allow.

(11) In this regulation —

“gross premiums” means —

- (a) in relation to a direct general insurer or general reinsurer, the aggregate of the gross premiums for the Singapore Insurance Fund and the Offshore Insurance Fund specified in the statement of premiums, claims and underwriting results in Form 6 in the First Schedule to the Insurance (Accounts and Statements) Regulations (Rg 2) lodged by the insurer or reinsurer, as the case may be, in the year immediately preceding the year for which the fees are to be paid; or
- (b) in relation to a life reinsurer, the aggregate of the gross premiums for the Singapore Insurance Fund and the Offshore Insurance Fund specified in the statement of life reinsurance policies (group and individual) in Form 5 in the First Schedule to the Insurance (Accounts and Statements) Regulations lodged by the reinsurer in the year immediately preceding the year for which the fees are to be paid;

“Protection and Indemnity Club” has the same meaning as in the Insurance (Protection and Indemnity Clubs) Regulations (Rg 10);

“total assets”, in relation to a direct life insurer, means the aggregate of the total assets for the Singapore Insurance Fund and the Offshore Insurance Fund specified in the fund balance-sheet in Form 1 in the First Schedule to the Insurance (Accounts and Statements) Regulations lodged by the insurer in the year immediately preceding the year for which the fees are to be paid.

Inspection fees

4. For the purpose of section 39 (3) of the Act —
- (a) the fee for the inspection of documents lodged shall be \$5 for the documents of each insurer inspected; and
 - (b) the fee for making a copy of the documents lodged shall be 20 cents for each copy made of each page of the documents.

Particulars to be advertised in connection with transfer of business

5. Before an application is to be made to the High Court for confirmation of a scheme under section 47 of the Act, the notice to be published under section 48 (1) (b) of the Act shall give the following particulars in addition to stating the intention to apply to the High Court for confirmation of the scheme:

- (a) the names of the insurer who is transferring the business and the insurer to which the business is to be transferred (referred to in this regulation as the insurers) and the general nature and effect of the scheme;
- (b) the addresses at which, and the period during which, the insurers would keep copies of the scheme available for inspection in Singapore by members and policy owners of those insurers and, if they are not available for inspection by all members and policy owners, the members and policy owners for whose inspection they are available; and
- (c) the policy owners (if any) who would have copies of the scheme transmitted to them by the insurers and the policy owners (if any) who, under any direction of the High Court applied for or to be applied for, would not have copies so transmitted to them.

Non-applicability of extra-territoriality of Act

6.—(1) Section 56A (2) of the Act shall not apply in respect of any advertisement issued by or on behalf of a person carrying on insurance business outside Singapore if —

- (a) the advertisement is not made to or directed at persons in Singapore, whether electronically or otherwise;
- (b) the advertisement does not contain any information especially relevant to persons in Singapore;

- (c) the advertisement contains a prominent disclaimer referred to in paragraph (2); and
- (d) the advertisement is not referred to in, or directly accessible from, any source which is calculated to draw the attention of persons in Singapore to the advertisement.

(2) For the purposes of paragraph (1) (c), the disclaimer shall consist of a statement to the effect that the advertisement to which it relates —

- (a) is directed at persons outside Singapore; or
- (b) shall not be acted on by persons in Singapore.

(3) In this regulation, “advertisement” means the dissemination or conveyance of information, or invitation or solicitation by any means or in any form, including by means of —

- (a) publication in a newspaper, magazine, journal or other periodical;
- (b) display of posters or notices;
- (c) circulars, handbills, brochures, pamphlets, books or other documents;
- (d) letters addressed to individuals or bodies corporate or unincorporate;
- (e) photographs or cinematograph films; or
- (f) sound broadcasting, television, the internet or other media.

Payment of policy claims without probate

7. For the purposes of section 61 of the Act, \$150,000 is prescribed as the amount of life policy and accident and health policy moneys which may be paid without the production of any probate or letters of administration or without having been included in a schedule or certificate under section 41 (2) of the Estate Duty Act (Cap. 96).

Free look for life policies and accident and health policies

8.—(1) No registered insurer shall, in the course of carrying on insurance business in Singapore, issue a life policy or an accident and health policy with a duration of one year or more without a clause providing that the policy owner —

- (a) shall have 14 days from the date of receipt of the policy to examine the terms and conditions of the policy; and

(b) may terminate the policy within the 14-day period referred to in sub-paragraph (a).

(2) Where a policy is terminated pursuant to a clause referred to in paragraph (1) (b) —

(a) any sum which the policy owner has paid in connection with the policy (whether by way of premium or otherwise and whether to the insurer or his agent for the purpose of receiving that sum) shall, subject to paragraph (3), be recoverable from the insurer by the policy owner; and

(b) any expense incurred by the insurer in underwriting the policy shall be recoverable by the insurer from the policy owner.

(3) For the purpose of paragraph (2) (a), in the case of an investment-linked policy, the insurer shall, in determining the amount that is payable to the policy owner, be entitled to make an adjustment to reflect the change in market value of the underlying assets.

Determination of liabilities in connection with winding up

9.—(1) This regulation shall apply to any registered insurer or Singapore insurer which has ceased to be so registered but remains under any liability in respect of Singapore policies or offshore policies.

(2) For the purposes of section 42 (4) of the Act, and proceedings under the Companies Act (Cap. 50) —

(a) in the case of a winding up of the affairs of an insurer to which this regulation applies by the court, in determining whether the insurer is unable to pay its debts, any liability of the insurer in respect of policies; and

(b) in the case of a winding up of the affairs of an insurer to which this regulation applies, any liability of the insurer in respect of Singapore policies or offshore policies which is required to be valued,

shall be determined in the manner as set out in Part V of the Insurance (Valuation and Capital) Regulations 2004 (G.N. No. S 498/2004).

Surrender values of life policies

10.—(1) Where a policy owner surrenders a life policy under section 60 (1) of the Act, the surrender value of the life policy shall be at least —

(a) in the case of a policy issued before 23rd August 2004 —

(i) where the policy is an endowment policy, an amount equal to 80% of the liabilities of the registered insurer in respect of that policy determined in accordance with paragraph (2); or

(ii) where the policy is a whole life policy, an amount equal to 95% of the liabilities of the registered insurer in respect of that policy determined in accordance with paragraph (2),

less any moneys due under the policy to the insurer; or

(b) in the case of a policy issued on or after 23rd August 2004, the amount that the insurer is contractually liable for on the surrender of the policy,

at the date of the surrender.

(2) For the purposes of paragraph (1) (a), the liabilities of a registered insurer shall be determined by the net premium valuation method using —

(a) in the case of any policy introduced before 1st January 1994 —

(i) the A1924-29 Ultimate Mortality Table set out in Table 1 of the Schedule for both male and female lives; and

(ii) an interest rate of 4% per annum; and

(b) in the case of any policy introduced on or after 1st January 1994 —

(i) the 1992 Commissioner's Valuation Table set out in Table 2 of the Schedule; and

(ii) an interest rate of 4% per annum.

(3) In this regulation —

“adjusted value of premiums payable on or after the valuation date” means the actual value of premiums adjusted —

(a) by assuming that the policy provides only for such premiums as are sufficient to provide for the risk

incurred by the insurer in issuing it, without provision for any other outgoings such as bonuses and office expenses; and

- (b) where the premiums are payable for a whole life policy or an endowment policy (with or without other benefits), by making whichever of the following further adjustments that will produce a lower adjusted value:
 - (i) to assume that the policy is issued one year after the actual date of its issue (but without thereby postponing the time when the premiums cease or any policy moneys become payable if that time is fixed by reference to the date of issue) and to calculate the premiums referred to in paragraph (a) accordingly; or
 - (ii) to add to the premiums referred to in paragraph (a), such amount as would have at the date of issue of the policy resulted in a capitalised value equal to 3% of the policy moneys (taking the value of any annuity as the capitalised value the annuity would have on becoming payable);

“net premium valuation method” means a valuation method where the liability in respect of a policy shall be taken as equal to the amount (if any) by which the value, as at the date on which the assets and liabilities of a registered insurer are valued (referred to in this regulation as valuation date), of policy moneys which would be paid out under the policy, according to the contingencies on which they are payable, exceeds the adjusted value of premiums payable on or after the valuation date (if any), according to the contingencies upon which they are respectively payable.

Amount of paid-up policy to be obtained in exchange for life policy

11.—(1) Where a policy owner exchanges a life policy issued before 23rd August 2004 under section 60 (3) of the Act for a paid-up

policy, the paid-up policy shall be for the amount determined, as at the date of exchange, by the following formula:

$$\frac{A}{B}$$

where A is the surrender value in dollars of the policy exchanged, less any sums due under the policy to the insurer; and

B is the value of the liabilities of the insurer in respect of a paid-up policy for one dollar payable on the like contingencies as the policy moneys under the policy exchanged.

(2) A registered insurer shall calculate the surrender value referred to in the formula in paragraph (1) in the manner specified under regulation 10 (1) and the liabilities referred to in the formula shall be valued on the basis set out in regulation 10 (2).

Savings and transitional provisions

12.—(1) Notwithstanding regulations 9, 10 and 11 and the Schedule, any registered insurer which carried on insurance business immediately before 23rd August 2004 shall, for the period from 23rd August 2004 to 31st December 2004 (both dates inclusive) (referred to in this regulation as the relevant period), determine its liabilities for the purposes of section 42 (4) of the Act in accordance with regulation 25 of the revoked Insurance Regulations (Rg 1, 1999 Ed.) in force immediately before 23rd August 2004.

(2) Notwithstanding paragraph (1), a registered insurer may elect to determine its liabilities for the purposes of section 42 (4) of the Act in accordance with regulation 9 of these Regulations at any time before the expiry of the relevant period.

(3) Where a registered insurer elects under paragraph (2) to determine its liabilities in accordance with regulation 9 of these Regulations, the insurer shall give notice in writing to the Authority of the date from which it elects to do so no later than 14 days after that date, and paragraph (1) shall not apply to the insurer from the date the election is made.

THE SCHEDULE

Regulation 10 (2)

TABLE 1 — A1924-29 ULTIMATE MORTALITY TABLE

<i>First column</i>	<i>Second column</i>
<i>Age (rounded to the nearest year)</i>	<i>Mortality rate</i>
0	0.00913
1	0.00913
2	0.00227
3	0.00196
4	0.00188
5	0.00180
6	0.00174
7	0.00168
8	0.00162
9	0.00159
10	0.00156
11	0.00166
12	0.00176
13	0.00186
14	0.00196
15	0.00206
16	0.00216
17	0.00225
18	0.00231
19	0.00234
20	0.00235
21	0.00235
22	0.00235
23	0.00235
24	0.00235
25	0.00235
26	0.00235
27	0.00235
28	0.00236

THE SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>
<i>Age (rounded to the nearest year)</i>	<i>Mortality rate</i>
29	0.00238
30	0.00241
31	0.00246
32	0.00253
33	0.00262
34	0.00273
35	0.00286
36	0.00302
37	0.00320
38	0.00341
39	0.00364
40	0.00388
41	0.00413
42	0.00439
43	0.00466
44	0.00495
45	0.00527
46	0.00563
47	0.00604
48	0.00651
49	0.00704
50	0.00764
51	0.00831
52	0.00906
53	0.00990
54	0.01084
55	0.01190
56	0.01311
57	0.01450
58	0.01608

THE SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>
<i>Age (rounded to the nearest year)</i>	<i>Mortality rate</i>
59	0.01783
60	0.01973
61	0.02176
62	0.02394
63	0.02631
64	0.02893
65	0.03188
66	0.03524
67	0.03908
68	0.04338
69	0.04812
70	0.05327
71	0.05881
72	0.06473
73	0.07104
74	0.07777
75	0.08497
76	0.09268
77	0.10093
78	0.10974
79	0.11913
80	0.12910
81	0.13962
82	0.15066
83	0.16221
84	0.17425
85	0.18676
86	0.19973
87	0.21315
88	0.22702

THE SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>
<i>Age (rounded to the nearest year)</i>	<i>Mortality rate</i>
89	0.24134
90	0.25611
91	0.27133
92	0.28700
93	0.30312
94	0.31970
95	0.33675
96	0.35428
97	0.37231
98	0.39086
99	0.40995
100	0.42960
101	0.44893
102	0.47066
103	0.49211
104	0.51420
105	0.53695
106	0.56038
107	0.58451
108	0.60936
109	0.63495
110	0.66130
111	0.68843
112	0.71636
113	0.74511
114	0.77470
115	0.80515
116	0.83648
117	0.86871
118	0.90186

THE SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>
<i>Age (rounded to the nearest year)</i>	<i>Mortality rate</i>
119	0.93595
120	1.00000

TABLE 2 — 1992 COMMISSIONER'S VALUATION TABLE

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
<i>Age (rounded to the nearest year)</i>	<i>Male mortality rate</i>	<i>Female mortality rate</i>
0	0.00081	0.00081
1	0.00081	0.00081
2	0.00075	0.00081
3	0.00069	0.00081
4	0.00063	0.00081
5	0.00058	0.00075
6	0.00054	0.00069
7	0.00050	0.00063
8	0.00048	0.00058
9	0.00045	0.00054
10	0.00044	0.00050
11	0.00047	0.00048
12	0.00057	0.00045
13	0.00067	0.00044
14	0.00076	0.00047
15	0.00085	0.00057
16	0.00092	0.00067
17	0.00099	0.00076
18	0.00104	0.00085
19	0.00109	0.00092
20	0.00113	0.00099
21	0.00116	0.00104
22	0.00115	0.00109
23	0.00109	0.00113

THE SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
<i>Age (rounded to the nearest year)</i>	<i>Male mortality rate</i>	<i>Female mortality rate</i>
24	0.00109	0.00116
25	0.00108	0.00115
26	0.00108	0.00109
27	0.00107	0.00109
28	0.00108	0.00108
29	0.00108	0.00108
30	0.00109	0.00107
31	0.00112	0.00108
32	0.00115	0.00108
33	0.00119	0.00109
34	0.00125	0.00112
35	0.00136	0.00115
36	0.00149	0.00119
37	0.00167	0.00125
38	0.00184	0.00136
39	0.00202	0.00149
40	0.00220	0.00167
41	0.00236	0.00184
42	0.00250	0.00202
43	0.00264	0.00220
44	0.00279	0.00236
45	0.00296	0.00250
46	0.00316	0.00264
47	0.00343	0.00279
48	0.00380	0.00296
49	0.00423	0.00316
50	0.00475	0.00343
51	0.00540	0.00380
52	0.00620	0.00423
53	0.00709	0.00475

THE SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
<i>Age (rounded to the nearest year)</i>	<i>Male mortality rate</i>	<i>Female mortality rate</i>
54	0.00805	0.00540
55	0.00903	0.00620
56	0.01003	0.00709
57	0.01106	0.00805
58	0.01212	0.00903
59	0.01320	0.01003
60	0.01430	0.01106
61	0.01555	0.01212
62	0.01693	0.01320
63	0.01831	0.01430
64	0.01989	0.01555
65	0.02169	0.01693
66	0.02378	0.01831
67	0.02622	0.01989
68	0.02900	0.02169
69	0.03214	0.02378
70	0.03562	0.02622
71	0.03937	0.02900
72	0.04335	0.03214
73	0.04757	0.03562
74	0.05204	0.03937
75	0.05684	0.04335
76	0.06202	0.04757
77	0.06766	0.05204
78	0.07377	0.05684
79	0.08041	0.06202
80	0.08756	0.06766
81	0.09529	0.07377
82	0.10360	0.08041
83	0.11253	0.08756

THE SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
<i>Age (rounded to the nearest year)</i>	<i>Male mortality rate</i>	<i>Female mortality rate</i>
84	0.12211	0.09529
85	0.13125	0.10360
86	0.14007	0.11253
87	0.15020	0.12211
88	0.16339	0.13125
89	0.18134	0.14007
90	0.20580	0.15020
91	0.23848	0.16339
92	0.28111	0.18134
93	0.33541	0.20580
94	0.40312	0.23848
95	0.48595	0.28111
96	0.58563	0.33541
97	0.70389	0.40312
98	0.84246	0.48595
99	1.00000	0.58563
100	1.00000	0.70389
101	1.00000	0.84246
102	1.00000	1.00000

[G.N. Nos. S 684/2003; S 496/2004]