



THE STATUTES OF THE REPUBLIC OF SINGAPORE

INSURANCE INTERMEDIARIES ACT

(CHAPTER 142A)

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Insurance Intermediaries Act

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An Act to regulate insurance intermediaries carrying on business in Singapore.

[31st December 1999]

PART I

PRELIMINARY

Short title

1. This Act may be cited as the Insurance Intermediaries Act.

Interpretation

- 2.—(1) In this Act, unless the context otherwise requires —

“accounting period”, in relation to any registered insurance broker, means the period for which the insurance broker makes up the accounts of the business carried on by him as an insurance broker in Singapore; but unless in any particular case the Authority allows those accounts to be made up for a longer or shorter period, every accounting period shall be a period of 12 months beginning from the commencement of that business or from the end of the preceding accounting period;

“Authority” means the Monetary Authority of Singapore established under the Monetary Authority of Singapore Act (Cap. 186);

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

“direct life insurance broker” means a person who is for the time being registered under Part III in respect of life business but not any reinsurance business;

“general business” means all insurance business which is not life business, and shall include the effecting and carrying out by any person, not being a person licensed under the Banking Act (Cap. 19), Finance Companies Act (Cap. 108), Futures Trading Act (Cap. 116), Monetary Authority of Singapore Act (Cap. 186) or Securities Industry Act (Cap. 289), of

contracts for fidelity bonds, performance bonds, administration bonds, bail bonds or customs bonds or similar contracts of guarantee, being contracts effected by way of business (and not merely incidental to some other business carried on by the person effecting them) in return for the payment of one or more premiums;

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

“insurance agent” means a person who is or has been carrying on insurance business in Singapore as an agent for one or more insurers;

“insurance broker” means a person who is or has been carrying on insurance business in Singapore as an agent for insureds or intending insureds;

“insurance intermediary” means a person who —

(a) for reward; and

(b) as an agent for one or more insurers or as an agent for intending insureds,

arranges contracts of insurance in Singapore and includes an insurance broker;

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

“life business” means all insurance business concerned with life policies and, in relation to an insurer, includes any type of insurance business carried on as incidental only to the insurer’s other life business;

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

“Lloyd’s underwriter” has the same meaning as in section 34 (7) of the Insurance Act (Cap. 142);

“registered insurance broker” means a person who is for the time being registered under Part III;

“registered insurer” means an insurer who is for the time being registered under section 8 of the Insurance Act.

(2) The definition in the First Schedule to the Insurance Act (Cap. 142) shall have effect for the construction of references in this Act to policies of insurance, policy owners and policy moneys.

(3) For the purposes of this Act, the reinsurance of liabilities under insurance policies shall be treated as insurance business of the class and type to which the policies would have belonged if they had been issued by the reinsurer.

(4) Notwithstanding anything in subsections (1) and (3), if the Authority is satisfied that any part of an insurer's business which belongs to a particular class or type of insurance business ought in the insurer's case to be treated as belonging to another class or type, the Authority may direct that it shall be so treated for the purposes of this Act.

(5) The operation, otherwise than for profit, of a scheme or arrangement relating to service in particular office or employment, and having for its object or one of its objects to make provision in respect of persons serving therein against future retirement or partial retirement, or against future termination of service through death or disability, or against similar matters, shall not be treated for the purposes of this Act as carrying on the business of insurance.

(6) For the purposes of this Act, references to carrying on insurance business, or any class of insurance business, in Singapore include, but include only, the receipt of proposals for, or issuing of, policies in Singapore or the collection or receipt in Singapore of premiums on insurance policies.

PART II

INSURANCE INTERMEDIARY

Insurance agent to operate under written agreement

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

- (a) that contract;
- (b) any contract of insurance; or

- (c) a class of contracts of insurance in which that contract is included,

as agent for that insurer.

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

- (a) that contract;
- (b) any contract of insurance; or
- (c) a class of contracts of insurance in which that contract is included,

as agent for that insurer.

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

(4) Any person who contravenes subsection (1) or (2) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 12 months or to both.

Effect of payment to insurance intermediary

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

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

(3) Payment by an insurer to an insurance intermediary of moneys payable to an insured, whether in respect of a claim, return of

premiums or otherwise, under or in relation to a contract of insurance, does not discharge any liability of the insurer to the insured in respect of those moneys.

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

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

(6) This section shall not apply to general reinsurance brokers and life reinsurance brokers.

Disclosure by insurance intermediary and liability of insurer in relation to group policy

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

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

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

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

(3) A registered insurer shall be liable to the person insured under a group policy, if the person insured has paid the premium to the group policy owner, regardless that the registered insurer has not received the premium from the group policy owner.

(4) The registered insurer of a group policy shall pay the moneys due under the policy to the person insured or any person entitled through him.

(5) This section shall not apply to general reinsurance brokers and life reinsurance brokers.

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

Representation by insurance intermediary

6.—(1) No insurance intermediary shall with intent to deceive make a false or misleading statement —

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

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

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

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

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

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

that the form is false or misleading in a material particular;
or

- (d) advise or induce the insured to omit to disclose to the insurer matter that is material to the claim.

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

(6) This section shall not apply to general reinsurance brokers and life reinsurance brokers.

Insurance agent not to act for unregistered insurer

7.—(1) No person shall, without the approval of the Authority, act as an insurance agent for an insurer who is not entitled under the Insurance Act (Cap. 142) to carry on the business in question in Singapore.

(2) Any person who contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$20,000 increased by a sum not exceeding \$1,000 for every day or part thereof on which he is proved to have done so, or to imprisonment for a term not exceeding 2 years or to both.

Licence to carry on general business with Lloyd's underwriters

8.—(1) No person shall —

- (a) act as an insurance agent for any individual in respect of a contract of insurance with any Lloyd's underwriter; or
(b) in the course of business as a registered insurance broker, negotiate any contract of insurance with any Lloyd's underwriter,

except under the authority of a licence issued by the Authority or in respect of any risk for which the registered insurance broker has been permitted under section 23 (5) to negotiate with any insurer.

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

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

(4) Sections 19 and 20 shall apply, with the necessary modifications, in relation to the annual fees payable for and the cancellation of a licence issued under subsection (1).

(5) Any person who contravenes subsection (1) or who fails to comply with any of the conditions of a licence issued under subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 12 months or to both and, in the case of a continuing offence, to a further fine of \$1,000 for every day or part thereof during which the offence continues after conviction.

Control of brochures used by insurance intermediary

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

(2) Where the whole or part of any such brochure is not in English, there shall be submitted with it a translation in English.

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

(4) If it appears to the Authority, after affording the insurance intermediary an opportunity to make representations orally or in writing that any such brochure contravenes or fails to comply with any provision of this Act, or is in any respect likely to mislead, the Authority may, by notice in writing, direct the insurance intermediary to discontinue the use of the brochure in Singapore forthwith or from a date specified in the notice.

(5) For each occasion on which any insurance intermediary uses a copy of a brochure in contravention of subsection (4), the insurance intermediary shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$5,000.

(6) In this section, “brochure” includes any leaflet, circular or similar advertising matter, whether printed or not.

General obligation to furnish information

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

Saving for validity of policies, etc.

11. Nothing in this Act shall operate to invalidate any contract of insurance or derogate from any other written law.

PART III

CONDUCT OF INSURANCE BROKING BUSINESS

Insurance broker not to carry on business unless registered

12.—(1) Subject to this Act, no person shall carry on business as an insurance broker in respect of any class of insurance business unless the person is registered by the Authority in respect of that class of business.

(2) Any person who contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$30,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine of \$2,000 for every day or part thereof during which the offence continues after conviction.

Holding out as registered insurance broker

13.—(1) Any person who holds himself out to be a registered insurance broker in respect of any class of insurance business when he is not registered under this Act in respect of that class of business, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$30,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$2,000 for every day or part thereof during which the offence continues after conviction.

(2) Where an offence under subsection (1) is committed by a company or firm, every director, manager or officer of the company and the proprietor or every partner or officer of the firm shall, unless he proves that the holding out by the company or firm was made without his knowledge or consent, be guilty of the offence and shall be punished accordingly.

Use of words “insurance broking”

14.—(1) No person other than a registered insurance broker shall, without the written consent of the Authority —

- (a) use the word “insurance broking” or any of its derivatives in any language, or any other word indicating that that person carries on business as an insurance broker in the name, description or title under 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.

(2) Nothing in this section shall prohibit an association of insurance brokers from using the word “insurance broking” or any of its derivatives in any language as part of its name or description of its activities.

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

Examination of document of person suspected of carrying on business as insurance broker

15.—(1) Whenever the Authority has reason to believe that a person is carrying on business as an insurance broker without having been registered under this Act in respect of that business, the Authority may call for or inspect the books, accounts and records of that person in order to ascertain whether or not that person has contravened or is contravening any provision of this Act.

(2) Any person who wilfully refuses to submit such books, accounts and records or to allow the inspection thereof shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding 12 months or to

both and, in the case of a continuing offence, to a further fine not exceeding \$1,000 for every day or part thereof during which the offence continues after conviction.

Registration of insurance brokers

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

(2) Upon receiving an application under subsection (1), the Authority shall consider the application and may, subject to section 17, register the applicant with or without conditions or refuse to register the applicant.

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

(4) The Authority shall cause notice of any registration or change of name of a registered insurance broker to be published in the *Gazette*.

Registration requirements

17.—(1) The Authority shall not register any applicant under section 16 unless the applicant —

- (a) is a company as defined in the Companies Act (Cap. 50) and is incorporated in Singapore;
- (b) has a paid-up share capital which is not less than such amount as may be prescribed; and
- (c) has in force a professional indemnity insurance policy the cover of which is consistent with such limit and deductible requirements as may be prescribed.

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

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

Conditions of registration

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

(2) Any insurance broker who fails to comply with any of the conditions imposed by the Authority under subsection (1) or section 16 (2) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$20,000 and, in the case of a continuing offence, to a further fine not exceeding \$1,000 for every day or part thereof during which the offence continues after conviction.

Annual fees

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

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

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

Cancellation of registration

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

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

- (a) that the insurance broker has not commenced business within 6 months after being registered;
- (b) that the insurance broker has ceased to carry on business for which he is registered;
- (c) that it appears to the Authority that the insurance broker has failed to satisfy any obligation to which it is subject by virtue of this Act;
- (d) that there exists a ground on which the Authority would be prohibited by section 17 from registering the insurance broker;
- (e) that the insurance broker proposes to make, or has made, any composition or arrangement with its creditors or has

gone into liquidation or has been wound up or otherwise dissolved;

- (f) that the insurance broker is carrying on its business in a manner likely to be detrimental to the interests of policy owners for whom it is acting as an agent;
- (g) that the insurance broker is unable to meet its obligations;
- (h) that the insurance broker has contravened any provision of this Act or any regulations made thereunder or any condition imposed or any direction given by the Authority under this Act;
- (i) that any of the officers of the insurance broker holding a managerial or executive position has been convicted of any offence under this Act;
- (j) that the insurance broker has furnished false, misleading or inaccurate information, or has concealed or failed to disclose material facts in its application for registration; or
- (k) that it is in the public interest to cancel the registration.

(3) The Authority shall, before cancelling the registration of an insurance broker under this section otherwise than at the request of the insurance broker, cause to be given to the insurance broker notice in writing of its intention to do so, specifying a date, not less than 14 days after the date of the notice, upon which the cancellation will take effect and calling upon the insurance broker to show cause to the Authority why the registration should not be cancelled.

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

(5) When the Authority has cancelled a registration under this section, the Authority shall forthwith inform the insurance broker of the cancellation.

(6) An order of cancellation made by the Authority shall not take effect until the expiration of a period of 14 days after the Authority has informed the insurance broker of the order.

(7) If the registration of a person as an insurance broker has been cancelled or has expired, sections 21 and 28 shall, unless the

Authority otherwise directs, continue to apply in relation to the person or his estate in respect of matters that occurred before the cancellation or expiration as if his registration had not been cancelled or had not expired, as the case may be.

(8) Where an order of cancellation becomes effective, notice of the cancellation shall be published in the *Gazette*.

Net asset value to be maintained

21. Every registered insurance broker shall maintain a net asset value of such amounts as may be prescribed.

Insurance broking premium accounts

22.—(1) Every registered insurance broker shall establish and maintain a separate account with any bank licensed under the Banking Act (Cap. 19) for each type of registration.

(2) A registered insurance broker shall pay into each bank account maintained by it under subsection (1), all moneys received by it —

- (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
- (b) from or on behalf of an insurer for or on account of an insured or intending insured.

(3) A registered insurance broker shall not, except with the consent of the Authority, withdraw moneys from a bank account maintained by it under subsection (1) except —

- (a) for payment to or for a person entitled to receive payment of the moneys, including itself in so far as it is entitled to receive payment for itself;
- (b) for payment to or for an insurer in respect of amounts due to the insurer under or in relation to a contract of insurance (including a contract of insurance that has been cancelled);
- (c) for investments in deposits placed with any bank licensed under the Banking Act or any other securities that may be prescribed; or
- (d) for repayment of moneys that were paid into the account in error.

(4) A registered insurance broker shall pay moneys received from the realisation of any investment made under subsection (3) (c) into a bank account maintained by it under subsection (1).

(5) If, upon the realisation of any investment made under subsection (3) (c), the amount of moneys received in respect of the realisation is less than the amount of moneys invested, the registered insurance broker shall make good the shortfall.

(6) Interest or other income received by a registered insurance broker from a bank account maintained under subsection (1) or from any investment made under subsection (3) (c) may be retained by the insurance broker for its own benefit and need not be paid into, or retained in, a bank account maintained under subsection (1).

(7) A bank account maintained under subsection (1) and any investment made under subsection (3) (c) shall be called an “insurance broking premium account”, with or without other words of description.

(8) A lien or claim on the moneys in any insurance broking premium account shall be void unless the moneys in the account are for fees due and owing to the registered insurance broker.

(9) A charge or mortgage on the moneys in any insurance broking premium account shall be void.

Negotiation and placement of risk with unregistered insurer

23.—(1) Subject to subsections (3) and (4), no registered insurance broker shall, in the course of its business as such, negotiate any contract of insurance with an insurer (whether directly or through an insurance intermediary), except with a registered insurer acting in the course of his business as such.

(2) Any person who contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 12 months or to both.

(3) The reference in subsection (1) to a contract of insurance shall not apply to reinsurance or business relating to risks outside Singapore or such other risks as may be prescribed.

(4) For the purpose of subsection (3), “risks outside Singapore” means any risk which would be classified as an offshore policy as

defined in the First Schedule to the Insurance Act (Cap. 142) had the risk been underwritten by a registered insurer in Singapore.

(5) Where in any particular case the Authority is satisfied that, by reason of the exceptional nature of the risk or other exceptional circumstances, it is not reasonably practicable to effect an insurance for that case with a registered insurer acting in the course of his business as such, the Authority may permit any registered insurance broker to negotiate the insurance with such insurer as the insurance broker sees fit and also, if in the opinion of the Authority the case requires it, to effect the insurance and receive the premium in Singapore on behalf of the insurer.

Restriction as to receipt and payment of remuneration

24.—(1) A registered insurance broker shall not receive from any insurer or from a person on behalf of any insurer a gift, gratuity, benefit or other reward (however described) except as remuneration for services rendered to the insurer —

- (a) in arranging or effecting a particular contract of insurance; or
- (b) otherwise than in connection with the insurance broker arranging or effecting contracts of insurance.

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

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

(3) Subsections (1) and (2) shall not apply to the receipt and payment of profit commissions or, in relation to life business, payments relating to business persistency.

(4) Any person who contravenes subsection (1) or (2) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 12 months or to both.

(5) This section shall not apply to general reinsurance brokers and life reinsurance brokers.

Control of take-over of insurance broker

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

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

(3) For the purposes of this section —

- (a) a person shall be regarded as obtaining effective control of a registered insurance broker by virtue of an agreement if the person alone or acting together with any associate or associates would, if the agreement is carried out —
 - (i) acquire or hold, directly or indirectly, 20% or more of the issued share capital of the insurance broker; or
 - (ii) control, directly or indirectly, 20% or more of the voting power of the insurance broker;
- (b) a reference to entering into an agreement to acquire shares includes —
 - (i) a reference to a person making or publishing a statement, however expressed, that expressly or impliedly invites a holder of shares to offer to dispose of his shares to the first person; and
 - (ii) a reference to a person obtaining a right to acquire shares under an option, or to have shares transferred to himself or to his order, whether the right is exercisable presently or in the future and whether on fulfilment of a condition or not;
- (c) a reference to the voting power in a registered insurance broker is a reference to the total number of votes that might be cast in the general meeting of the insurance broker; and
- (d) 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 a natural person 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 of 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.

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

Approval of chief executive officer and director of insurance broker

26.—(1) No registered insurance broker shall appoint a person as its chief executive officer or director in Singapore unless the insurance broker satisfies the Authority that that person is a fit and proper person to be so appointed and has obtained the approval of the Authority.

(2) Any person aggrieved by any decision of the Authority under subsection (1) may appeal to the High Court.

(3) In this section —

“chief executive officer”, in relation to a registered insurance broker, means any person by whatever name called employed by the insurance broker to be directly responsible for the conduct of any type of business of the insurance broker in Singapore;

“director” has the same meaning as in the Companies Act (Cap. 50).

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

27.—(1) No registered insurance broker shall, in respect of its business in Singapore, grant, directly or indirectly, unsecured loans or advances —

(a) to a director of the insurance broker which in the aggregate and outstanding at any one time exceed the sum of \$3,000; or

(b) to an employee of the insurance broker or a person engaged by the insurance broker to provide technical advice to clients, which in the aggregate and outstanding at any one time exceed 6 months’ emolument of that employee or person.

(2) For the purposes of this section, “director” includes the wife, husband, father, mother, son or daughter of a director.

PART IV

**RETURN, INSPECTION, INVESTIGATION
AND WINDING UP**

Annual account and audit

28.—(1) A registered insurance broker shall prepare such statements of accounts and other statements and in such form and manner as may be prescribed and lodge them with the Authority.

(2) A registered insurance broker shall cause —

(a) to be kept in Singapore such books and records as will sufficiently explain the transactions and financial position of

the insurance broker in Singapore and enable the insurance broker to comply with the requirements of this section; and

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

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

(4) No person shall act as an auditor for any registered insurance broker unless —

- (a) he has a place of business in Singapore;
- (b) he is approved under section 9 of the Companies Act (Cap. 50) as a company auditor for the purposes of that Act; and
- (c) he has the approval of the Authority.

(5) An auditor shall not be approved by the Authority as an auditor for registered insurance brokers unless he is able to comply with such conditions in relation to the discharge of his duties as may be determined by the Authority.

(6) The Authority may impose all or any of the following duties on an auditor:

- (a) a duty to submit such additional information in relation to his audit as the Authority considers necessary;
- (b) a duty to enlarge or extend the scope of his audit of the business and affairs of the registered insurance broker;
- (c) a duty to carry out any other examination or establish any procedure in any particular case; and
- (d) a duty to submit a report on any of the matters referred to in paragraphs (b) and (c).

(7) The registered insurance broker shall remunerate the auditor in respect of the discharge by him of all or any of the duties referred to in subsection (6).

(8) An auditor's report made under subsection (6) (d) shall be lodged with the Authority together with the statements of accounts and other statements lodged by the registered insurance broker under subsection (1).

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

- (a) there has been a serious breach or non-observance of any provision of this Act or that a criminal offence involving fraud or dishonesty has been committed;
- (b) serious irregularities have occurred, including irregularities that jeopardise the interests of policy owners; or
- (c) the insurance broker is unable to meet its obligations,

he shall immediately report the matter to the Authority.

Power to require return of documents under section 28 to be rectified

29.—(1) If it appears to the Authority that any document lodged in accordance with section 28 is in any particular unsatisfactory, incomplete, inaccurate or misleading or that it does not comply with the requirements of this Act, the Authority may, by notice in writing, require such explanations as it may consider necessary to be made by or on behalf of the registered insurance broker within such time (not being less than 14 days) as is specified in the notice.

(2) The Authority may, after considering the explanations referred to in subsection (1), or if such explanations have not been given by or on behalf of the registered insurance broker within the time specified in that subsection, reject the document or give such directions as it may think necessary for its variation within such time (not being less than one month) as is specified in the directions.

(3) Directions given under subsection (2) with respect to any document may require such consequential variations of any other document lodged by the registered insurance broker under section 28 as may be specified in the directions.

(4) Where directions are given under subsection (2), any document to which the directions relate shall be deemed not to have been lodged until the document is re-submitted with the variations required by the directions.

(5) A registered insurance broker shall be deemed to have submitted the document within the time limited by regulations prescribed under section 28 (1) if it is re-submitted with the required variations within the time limited by the directions.

Inspection and investigation of affairs of insurance intermediary

30.—(1) The Authority may, for the purpose of performing its functions under this Act —

- (a) inspect the books, accounts, records and other documents of any insurance intermediary;
- (b) institute an investigation into the whole or any part of the business carried on in Singapore by the insurance intermediary; and
- (c) enter any premises of the insurance intermediary at all reasonable times.

(2) In making an inspection or investigation under this section, the Authority may, by notice in writing, require —

- (a) the insurance intermediary, or any person having the custody thereof on behalf of the insurance intermediary;
- (b) any person who is or has at any time been or acted as a director, an auditor, an officer or a servant of the insurance intermediary; or
- (c) any past or present member of the insurance intermediary, to produce for its inspection, and allow it to copy the whole or any part of any book, account, record or other document of the insurance intermediary, whether kept in Singapore or elsewhere.

(3) Any person who contravenes or fails to comply with subsection (2) to produce any book, account, record or other document in his custody shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 and, in the case of a continuing offence, to a further fine of \$1,000 for every day or part thereof during which the offence continues after conviction.

Authority may prohibit insurance intermediary from carrying on business

31.—(1) The Authority may, by order, prohibit any person from carrying on business as an insurance intermediary or from taking part, directly or indirectly, in the management of any insurance intermediary where the person has been convicted of an offence involving fraud, dishonesty or moral turpitude or the Authority is satisfied that the person has —

- (a) forged policyholders' signatures;
- (b) misappropriated policyholders' premiums;

- (c) contravened any provision of the Insurance Act (Cap. 142) or this Act or any regulations made under those Acts;
- (d) given false, misleading or inaccurate information in its application to the insurer;
- (e) wilfully misled any policyholder when assisting him to fill up the proposal form;
- (f) used dishonest means to meet the requirements set up by the insurer; or
- (g) been involved in any activity prejudicial to the public interest.

(2) No registered insurer shall deal with any person who has been issued an order under subsection (1) as an insurance intermediary.

(3) Any person who fails to comply with an order of the Authority made under subsection (1) or who contravenes subsection (2) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 and, in the case of a continuing offence, to a further fine of \$1,000 for every day or part thereof during which the offence continues after conviction.

Power of Authority to issue direction

32.—(1) Where the Authority is satisfied that the affairs of any insurance intermediary are being conducted in a manner likely to be detrimental to the public interest or the interest of the policy owners or prejudicial to the interest of the insurance intermediary, the Authority may issue such directions to the insurance intermediary as it may consider necessary and, in particular, may require the insurance intermediary —

- (a) to take such action or recruit such management personnel as may be necessary to enable it to conduct its business in accordance with sound insurance principles;
- (b) to remove any of its directors or any person whom the Authority considers unfit to be associated with it;
- (c) to take action as to the disposition or recovery of its assets;
- (d) to take any available steps for the recovery by the insurance intermediary of sums appearing to the Authority to have been illegally or improperly paid; or
- (e) to take action to make good any default under section 21 or 22.

(2) The Authority may, upon representation being made to it, or on its own motion, modify or cancel any direction issued under subsection (1) and, in so doing, may impose such conditions as it may think fit.

(3) Any insurance intermediary who fails to comply with any direction made under subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$20,000 or to imprisonment for a term not exceeding 6 months or to both and, in the case of a continuing offence, to a further fine not exceeding \$1,000 for every day or part thereof during which the offence continues after conviction.

Winding up

33.—(1) The persons who may petition under the Companies Act (Cap. 50) for the winding up of the affairs of a registered insurance broker or for the continuance of the winding up of the affairs of a registered insurance broker subject to the supervision of the court shall include the Authority.

(2) The Authority may, in accordance with the provisions of the Companies Act, present a petition for the winding up of a registered insurance broker if the registered insurance broker has contravened or failed to comply with any provision of this Act.

(3) The Authority shall be a party to any proceedings under the Companies Act relating to the winding up of the affairs of a registered insurance broker.

(4) The liquidator in such a winding up shall give such information as the Authority may, from time to time, require about the affairs of the registered insurance broker.

PART V

MISCELLANEOUS

Appointment of assistants

34. The Authority may authorise or appoint any person to assist it in the exercise of its functions and duties under this Act, either generally or in any particular case.

Exemption

35.—(1) For the purposes of this Act, no person acting for —

- (a) a society registered under the Societies Act (Cap. 311);
- (b) an organisation registered under the Mutual Benefit Organisations Act (Cap. 191); or
- (c) a company engaged primarily in the business of export credit insurance,

shall be deemed to be an insurance intermediary.

(2) No reference in this Act to a contract of insurance shall apply to any contract whereby an insurance is effected with any society, organisation or company referred to in subsection (1).

(3) Sections 3, 16 and 28 shall not apply to any financial institution licensed under the Banking Act (Cap. 19), Finance Companies Act (Cap. 108), Futures Trading Act (Cap. 116), Monetary Authority of Singapore Act (Cap. 186) or Securities Industry Act (Cap. 289) and such other person as may be prescribed.

(4) The Authority may, subject to such conditions as it may think fit, exempt any person or class of persons from all or any of the provisions of this Act.

(5) An exemption granted under subsection (4) may be withdrawn by the Authority at any time.

Service of documents

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

- (a) by delivering it to the person or to some adult member or employee of his family at his last known place of residence;
- (b) by leaving it at his usual or last known place of residence or business in a cover addressed to him;
- (c) by affixing it to some conspicuous part of his last known place of residence;
- (d) by sending it by registered post addressed to the person at his usual or last known place of residence or business; or

(e) where the person is a body corporate —

- (i) by delivering it to the secretary or other like officer of the body corporate at its registered or principal office; or
- (ii) by sending it by registered post addressed to the body corporate at its registered or principal office.

(2) Any notice, order or document sent by registered post to any person in accordance with subsection (1) shall be deemed to be duly served on the person to whom the letter is addressed at the time when the letter would, in the ordinary course of post, be delivered and in proving service of the same it shall be sufficient to prove that the envelope containing the notice, order or document was properly addressed, stamped and posted by registered post.

Duty not to furnish false information to Authority

37.—(1) Any person who —

- (a) signs any document lodged with the Authority under section 28; or
- (b) furnishes the Authority with any information under or for the purposes of any other provision of this Act,

shall use due care to secure that the document or information is not false in any material particular.

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

(3) For the purpose of any proceedings under subsection (1) (a), a document purporting to be signed by any person shall be presumed to have been signed by him, unless the contrary is proved.

Offence by body corporate

38.—(1) Where an offence under this Act or any regulations made thereunder is committed by any company or body corporate, any person who, at the time of the commission of the offence, is a director, manager, secretary or other similar officer of that company or body corporate, or is purporting to act in that capacity, shall be guilty of the offence unless he proves that he exercised all such diligence to prevent the commission of the offence as he ought to

have exercised, having regard to the nature of his functions in that capacity and to all the circumstances.

(2) Where an offence under this Act or any regulations made thereunder is committed by a company or body corporate, being an offence consisting in the breach of a duty imposed only on companies and bodies corporate, any individual guilty of the offence (whether by virtue of subsection (1) or otherwise) shall be liable on conviction to imprisonment for a term not exceeding 12 months in addition to or in substitution for any fine.

Jurisdiction of Courts

39. A District Court or a Magistrate's Court shall, notwithstanding the Criminal Procedure Code (Cap. 68), have jurisdiction to try any offence under this Act and may impose the full penalty or punishment in respect of such offence.

Immunity of Authority and its employees, etc.

40. No suit or other legal proceedings shall lie against the Authority or any officer or employee of the Authority or any person acting under the direction of the Authority for any act done in good faith in the performance, or intended performance, of any duty, or in the exercise of any power under this Act or any regulations made thereunder, or for any neglect or default in the performance or exercise in good faith of such duty or power.

Regulations

41.—(1) The Authority may make regulations for carrying into effect the objects of this Act, and for prescribing anything which under this Act is to be prescribed.

(2) The Authority may issue such directions, notices and circulars as it may consider necessary for carrying into effect the objects of this Act.

(3) Without prejudice to the generality of subsection (1), regulations made under this section may provide —

- (a) for the collection by or on behalf of the Authority, at such intervals or on such occasions as may be prescribed, of statistical information as to such matters relevant to insurance as may be prescribed; and

(b) for the collection and use of such information for any purpose, whether or not connected with insurance.

(4) Such regulations may make provision for requiring insurance intermediaries to furnish to the Authority, in the prescribed form, such information as may be prescribed.

(5) No use shall be made of any information obtained by or on behalf of the Authority by virtue only of subsection (3) except in a form which does not disclose the affairs of any particular person.

Transitional provision

42. Notwithstanding anything in this Act, every person who immediately before 31st December 1999 had been carrying on business as an insurance broker shall, on that date, be deemed to be a registered insurance broker —

(a) for a period of 6 months from that date; and

(b) if, before the expiry of that period, he applies for registration under section 16, until the date on which he is registered or his application is refused or withdrawn.

LEGISLATIVE HISTORY
INSURANCE INTERMEDIARIES ACT
(CHAPTER 142A)

Act 31 of 1999 — Insurance Intermediaries Act 1999

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