

Insurance (Amendment) Bill

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Bill No: 27/1993

Read the first time: 30th August 1993

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Expenditure of Public Money

Insurance (Amendment) Bill

Bill No. 27/1993

Read the first time on 30th August 1993.

An Act to amend the Insurance Act (Chapter 142 of the 1985 Revised Edition).

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

Short title and commencement

1. This Act may be cited as the Insurance (Amendment) Act 1993 and shall come into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

Amendment of section 2

2. Section 2(1) of the Insurance Act is amended by deleting paragraph (b) and substituting the following paragraph:

“(b) general business, that is to say, 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 Monetary Authority of Singapore Act [Cap. 186], Banking Act [Cap. 19], Finance Companies Act [Cap. 108], Securities Industry Act [Cap. 289] or Futures Trading Act [Cap. 116], 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.”.

Amendment of section 7

3. Section 7 of the Insurance Act is amended by deleting subsections (3) and (4) and substituting the following subsections:

“(3) The Authority may register the applicant as a direct insurer, reinsurer or captive insurer.

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

(5) For the purposes of this Act —

“captive insurer” means an insurer whose registration is restricted to the carrying on of business which consists principally of risks of its related companies, and includes a rent-a-captive insurer;

“direct insurer” means any insurer other than a reinsurer or a captive insurer;

“reinsurer” means an insurer whose registration is restricted to the carrying on of reinsurance business.”.

Amendment of section 13

4. Section 13 of the Insurance Act is amended —

(a) by inserting, immediately after “\$500,000” at the end of subsection (1), the

words “or such other amount as may be prescribed”; and

- (b) by inserting, immediately after “\$500,000” in the third line of subsection (5), the words “or the amount prescribed”.

Amendment of section 16

5. Section 16 of the Insurance Act is amended —

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

“(1A) 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 insurance funds under subsection (1) and subject to such conditions as the Authority may impose, establish and maintain a separate insurance fund —

- (a) for its participating policies; and

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

- (b) by deleting the words “subsection (1)” in the third line of subsection (2) and substituting the words “subsections (1) and (1A)”;

- (c) by deleting subsections (4) and (5) and substituting the following subsections:

“(4) In the case of an insurance fund which comprises wholly or partly of participating life policies, no part of the fund shall be allocated by way of bonus to those policies except with the approval of an actuary and out of a surplus of assets over liabilities as shown on the last statutory valuation of the fund; and on the making of any such allocation that surplus shall be treated for the purposes of this section as reduced by the amount allocated.

(5) Subject to subsection (5A), if on the last statutory valuation in the case of an insurance fund which comprises wholly or partly of participating life policies, there was shown a surplus (as reduced under subsection (4)) of assets over liabilities of the fund, there may, subject to the approval of an actuary and to any provision to the contrary in any instrument or contract binding the insurer, be allocated to the shareholders or withdrawn from the fund an amount not exceeding the surplus, and on the making of any such allocation that surplus shall be treated for the purposes of this section as reduced by the amount allocated.

(5A) No part of the surplus shall be allocated under subsection (5) in any year in excess of the relevant percentage of the sum of —

- (a) the amount allocated in accordance with subsection (5); and
- (b) the amount allocated thereout by way of bonus to participating life policies in accordance with subsection (4) within that year.

(5B) For the purposes of subsection (5A), the relevant percentage —

- (a) in relation to 1993 is 18%;
- (b) in relation to 1994 is 16%;
- (c) in relation to 1995 is 14%;
- (d) in relation to 1996 is 12%; and
- (e) in relation to 1997 and any subsequent year is 10%.

(5C) If on the last statutory valuation in the case of an insurance fund established wholly in respect of non-participating life policies there was shown a surplus of assets over liabilities of the fund, there may, subject to any provision to the contrary in any instrument or contract binding the insurer, be withdrawn from the fund an amount not exceeding the surplus, and on the making of any such withdrawal that surplus shall, for the purposes of this section, be treated as reduced by the amount withdrawn.”; and

- (d) by inserting, immediately after the words “subsection (5),” in subsection (8), the word “(5C),”.

Amendment of section 20

6. Section 20(5) of the Insurance Act is amended by inserting, immediately after the word “Singapore” at the end thereof, the words “, including the margins of solvency prescribed under section 17”.

Amendment of section 23

7. Section 23 of the Insurance Act is amended by deleting the words “a qualified actuary” wherever they appear in subsections (1), (4) and (5) and substituting in each case the words “an actuary”.

Amendment of section 30

8. Section 30 of the Insurance Act is amended —