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**INSURANCE ACT
(CHAPTER 142)**

**INSURANCE
(VALUATION AND CAPITAL)
(AMENDMENT) REGULATIONS 2020**

In exercise of the powers conferred by section 64(1) of the Insurance Act, the Monetary Authority of Singapore makes the following Regulations:

Citation and commencement

1. These Regulations are the Insurance (Valuation and Capital) (Amendment) Regulations 2020 and come into operation on 31 March 2020.

Amendment of regulation 2

2. Regulation 2(1) of the Insurance (Valuation and Capital) Regulations 2004 (G.N. No. S 498/2004) (called in these Regulations the principal Regulations) is amended —

- (a) by deleting the definitions of “associates”, “commodity”, “derivative”, “financial resources”, “forward contract”, “investment grade”, “money market debt security”, “public authority”, “qualifying Tier 2 instrument”, “recognised multilateral agency” and “special risk”;
- (b) by deleting the definitions of “futures contract” and “government debt security” and substituting the following definition:

““general fund” means an insurance fund established and maintained by a licensed insurer under section 17(1) of the Act for general business;”;

- (c) by inserting, immediately after the definition of “MAS Notice 131”, the following definition:

““MAS Notice 133” means the notice commonly known as MAS Notice 133 issued by the Authority under sections 18 and 64(2) of the Act, as amended from time to time, and includes any notice that replaces it;”;

- (d) by inserting, immediately after the definition of “share”, the following definition:

““short-term policy” means —

(a) a short-term accident and health policy; or

(b) a policy issued by a licensed insurer as part of the insurer’s life business that has a remaining term of not more than one year in the determination of its liabilities in accordance with MAS Notice 133;”;

- (e) by deleting the word “Second” in the definition of “total risk requirement” and substituting the word “First”.

Amendment of regulation 3

3. Regulation 3(1) of the principal Regulations is amended —

- (a) by deleting the words “section 9(1)(c)” and substituting the words “section 8(3)(b)”;
- (b) by deleting the words “Table 3 of the Sixth Schedule” in sub-paragraph (a) and substituting the words “the Second Schedule”.

Deletion and substitution of regulation 4

4. Regulation 4 of the principal Regulations is deleted and the following regulation substituted therefor:

“Fund solvency requirement and capital adequacy requirement

4.—(1) For the purposes of section 18(1)(a) of the Act, the fund solvency requirement in respect of an insurance fund established and maintained by a licensed insurer under the Act is that the total assets of the fund must not at any time be less than the total liabilities of the fund.

(2) The fund solvency requirement of an adjusted fund is that the financial resources of the adjusted fund must not at any time be less than —

- (a) the amount of the total risk requirement of the adjusted fund at the higher solvency intervention level; and
- (b) the amount of the total risk requirement of the adjusted fund at the lower solvency intervention level.

(3) For the purposes of section 18(1)(b) of the Act, the capital adequacy requirement of a licensed insurer is that the financial resources of the insurer must not at any time be less than —

- (a) the higher of the following:
 - (i) the amount of the total risk requirement of the licensed insurer at the higher solvency intervention level;
 - (ii) \$5 million; and
- (b) the higher of the following:
 - (i) the amount of the total risk requirement of the licensed insurer at the lower solvency intervention level;
 - (ii) \$5 million.

(4) A licensed insurer must immediately give written notice to the Authority when the insurer becomes aware that the fund solvency requirement mentioned in paragraph (1) or (2), or the capital adequacy requirement mentioned in paragraph (3), is not

satisfied or is not likely to be satisfied in accordance with section 18(1) of the Act.

(5) A licensed insurer is not excused from giving written notice to the Authority under paragraph (4) on the ground that the disclosure of any information in the written notice may tend to incriminate the insurer.

(6) Where a licensed insurer claims, before giving written notice to the Authority under paragraph (4), that any information in the notice may tend to incriminate the insurer, that information is not admissible in evidence against the insurer in criminal proceedings, except for proceedings for an offence under section 18(6) of the Act.

(7) Where the Authority is notified by a licensed insurer or becomes aware that the financial resources of the adjusted fund, or the financial resources of the insurer, are less than or likely to be less than the amount of the total risk requirement of the adjusted fund or licensed insurer (as the case may be) at the higher solvency intervention level, the Authority may issue a direction to the insurer for all or any of the following purposes:

(a) requiring the insurer —

- (i) to satisfy the fund solvency requirement of the adjusted fund, or the capital adequacy requirement of the licensed insurer (as the case may be) by the end of the period determined by the Authority;
- (ii) to submit to the Authority a plan on how the insurer intends to satisfy that requirement; and
- (iii) to submit to the Authority the financial statements of the insurer on a monthly basis or at other interval required by the Authority, until the insurer has continuously satisfied that requirement for a period determined by the Authority;

- (b) directing the insurer to carry on its business in any manner and in accordance with any condition imposed by the Authority.

(8) Where the Authority is notified by a licensed insurer or becomes aware that the financial resources of an adjusted fund of the insurer, or the financial resources of the insurer, are less than or likely to be less than the amount of the total risk requirement of the adjusted fund or licensed insurer (as the case may be) at the lower solvency intervention level, the Authority may issue a direction to the insurer for all or any of the following purposes:

- (a) requiring the insurer —
 - (i) to stop renewing any existing policy or issuing any new policy in respect of one or more classes of insurance business;
 - (ii) to satisfy the fund solvency requirement of the adjusted fund, or the capital adequacy requirement of the licensed insurer (as the case may be) by the end of the period determined by the Authority;
 - (iii) to submit to the Authority a plan on how the insurer intends to satisfy that requirement; and
 - (iv) to submit to the Authority the financial statements of the insurer on a monthly basis or at other interval required by the Authority, until the insurer has continuously satisfied that requirement for a period determined by the Authority;
- (b) directing the insurer to carry on its business in any manner and in accordance with any condition imposed by the Authority.

(9) To avoid doubt, paragraph (8) does not affect any power of the Authority to cancel the licence of any insurer.