

Insurance (Amendment) Regulations 2002

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No. S 16

INSURANCE ACT (CHAPTER 142)

INSURANCE (AMENDMENT) REGULATIONS 2002

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

Citation and commencement

1. These Regulations may be cited as the Insurance (Amendment) Regulations 2002 and shall come into operation on 8th January 2002.

Amendment of regulation 20

2. Regulation 20 of the Insurance Regulations (Rg 1) is amended —

(a) by inserting, immediately after paragraph (2), the following paragraph:

“(2A) In respect of the general business of an insurer, the amount of insurance policy liabilities shall not be less than the amount of premium liabilities and claims liabilities as valued by the actuary under section 37(1)(b) of the Act.”;

- (b) by deleting the words “reserves for unexpired risks” in the 1st line of paragraph (3) and substituting the words “unearned premium reserves”;
- (c) by deleting the words “and (c)” in paragraph (3)(a) and substituting the words “, (c) and (d)”;
- (d) by deleting the word “and” at the end of paragraph (3)(b);
- (e) by deleting the full-stop at the end of sub-paragraph (c) of paragraph (3) and substituting the word “; and”, and by inserting immediately thereafter the following sub-paragraph:

“(d) calculated —

- (i) where the 1/24th method or some other more accurate method is used, on premiums reduced by the actual commissions payable; or
- (ii) in any other case, on premiums without any deduction of commissions payable therefrom.”; and

- (f) by inserting, immediately after paragraph (8), the following paragraphs:

“(9) Paragraph (2A) shall not affect any statements of account which an insurer is required to lodge with the Authority in respect of any accounting period before the year 2002.

(10) In this regulation and regulation 20A —

“claims liabilities” means the obligation, whether contractual or otherwise, to make future payments in relation to all claims that have been incurred as at balance-sheet date and includes reserves for claims reported, claims incurred but not reported, claims incurred but not enough reported and direct and indirect claims expenses;

“premium deficiency reserves” means the reserves for the expected loss on unexpired policies after taking into consideration all benefits, claims, claims adjustment expenses, acquisition cost, maintenance costs, and policyholders’ experience participation, and shall be calculated net of reinsurance;

“premium liabilities” means the reserves for unexpired risks