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INSURANCE ACT (CHAPTER 142)

INSURANCE (LLOYD'S ASIA SCHEME) (AMENDMENT) REGULATIONS 2015

In exercise of the powers conferred by sections 35B and 35L of the Insurance Act, the Monetary Authority of Singapore makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Insurance (Lloyd's Asia Scheme) (Amendment) Regulations 2015 and come into operation on 1 April 2015.

Amendment of regulation 2

2. Regulation 2 of the Insurance (Lloyd's Asia Scheme) Regulations (Rg 9) (referred to in these Regulations as the principal Regulations) is amended —

- (a) by deleting the word “means” in the definition of “administrator” and substituting the words “, for the purposes of these Regulations other than the definition of “member of Lloyd's” in this regulation, means”;
- (b) by inserting, immediately after the definition of “agent”, the following definitions:

“ “binding authority” means an agreement between a Service Company and a coverholder under which the Service Company authorises the coverholder to enter into a contract of insurance on behalf of the members of a syndicate for whom the Service Company acts as an agent;

“Board”, in relation to the administrator or a Service Company, means the board of directors of the administrator or the Service Company, as the case may be;”;

(c) by inserting, immediately after the definition of “counterparty”, the following definition:

““coverholder”, in relation to a Service Company, means a person authorised by the Service Company under a binding authority to enter into a contract of insurance on behalf of the members of a syndicate —

(a) for whom the Service Company acts as an agent; and

(b) who have authorised the Service Company to enter into such binding authority with the person;”;

(d) by inserting, immediately after the definition of “equity security”, the following definition:

““executive officer”, in relation to the administrator or a Service Company, means any person, by whatever name described —

(a) who —

(i) is in the direct employment of the administrator or the Service Company, as the case may be;

(ii) is acting for the administrator or the Service Company, as the case may be; or

(iii) has an arrangement with the administrator or the Service Company, as the case may be, to act for the administrator or the Service Company; and

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- (b) who is concerned with or takes part in the management of the administrator or the Service Company, as the case may be, on a day-to-day basis;”;
- (e) by deleting the definition of “reinsurance recoverables” and substituting the following definitions:
- “reinsurance recoverables” means any amount that a Service Company or any coverholder authorised by the Service Company is entitled to recover on behalf of a syndicate, but has yet to recover, from the syndicate’s reinsurance counterparty in respect of claims that have been paid by the Service Company or the coverholder, as the case may be, on behalf of the syndicate;
- “senior officer”, in relation to a Service Company, includes —
- (a) a director, a secretary or an executive officer of the Service Company;
- (b) a receiver or a manager of any part of the undertaking of the Service Company appointed under a power contained in any instrument; or
- (c) the liquidator of the Service Company in a voluntary winding up;”;
- and
- (f) by deleting the words “Lloyd’s underwriting agent” in the definition of “syndicate” and substituting the words “managing agent”.

Amendment of regulation 3

3. Regulation 3(1) of the principal Regulations is amended by deleting sub-paragraph (b) and substituting the following sub-paragraph:

- “(b) the member carries on insurance business, and enters into contracts of insurance, in Singapore through —

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- (i) a Service Company; or
 - (ii) a Service Company and a coverholder;”.

Amendment of regulation 5

4. Regulation 5 of the principal Regulations is amended by deleting the words “No person shall” and substituting the words “A person (other than a coverholder acting in accordance with the terms of a binding authority) must not”.

Amendment of regulation 6

5. Regulation 6 of the principal Regulations is amended by deleting paragraph (1) and substituting the following paragraph:

“(1) A company (other than a coverholder acting in accordance with the terms of a binding authority) that wishes to act as an agent in Singapore for any member of Lloyd’s under these Regulations must apply to be registered with the administrator.”.

Amendment of regulation 6A

6. Regulation 6A of the principal Regulations is amended —

(a) by deleting paragraph (1) and substituting the following paragraphs:

“(1) A Service Company must not, without the approval of the Authority, enter into any contract of insurance on behalf of the members of a syndicate.

(1A) Despite paragraph (1), a Service Company (called in this paragraph Lead Service Company) may enter into any contract of insurance on behalf of the members of a syndicate without the approval of the Authority if —

(a) the Authority has approved another Service Company under paragraph (1) to enter into the contract of insurance on behalf of the members of that syndicate, and that approval has not been revoked;

Amendment of regulation 6B

7. Regulation 6B of the principal Regulations is amended —

(a) by deleting the word “or” at the end of sub-paragraph (i) of paragraph (2), and by inserting immediately thereafter the following sub-paragraphs:

“(ia) that a receiver, a receiver and manager, or any other person having the powers and duties of a receiver, or a receiver and manager, has been appointed, whether in Singapore or elsewhere, in relation to, or in respect of any property of, the Service Company or any of the shareholders of the Service Company having control of the Service Company;

(ib) that there is a change of a person having control of the Service Company and —

(i) the new person is not a fit and proper person to control the Service Company;
or

(ii) the Authority is not satisfied as to the financial standing of the Service Company after the change; and”;

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

“(2A) Section 12(10) of the Act applies for the purposes of determining whether a person has control of a Service Company under paragraph (2)(ia) and (ib), with each reference in that provision to an insurer replaced with a reference to the Service Company.”; and

(c) by inserting, immediately after the words “entered into by the Service Company” in paragraph (5), the words “or by any coverholder authorised by the Service Company, on behalf of the member or syndicate”.

Amendment of regulation 7

8. Regulation 7 of the principal Regulations is amended —
- (a) by deleting the word “and” at the end of paragraph (1)(a);
 - (b) by deleting the full-stop at the end of sub-paragraph (b) of paragraph (1) and substituting the word “; and”, and by inserting immediately thereafter the following sub-paragraph:
 - “(c) have a Board comprising at least 3 directors.”;
 - and
 - (c) by inserting, immediately after paragraph (3), the following paragraphs:
 - “(4) If a member of the Board of a Service Company resigns or ceases to be a member of the Board for any other reason, the Service Company must —
 - (a) notify the Authority of the event within 14 days after the occurrence of the event; and
 - (b) on or before its next annual general meeting, appoint such number of new directors as is required to comply with paragraph (1)(c).
 - (5) Despite paragraph (4), the Authority may, upon being notified under paragraph (4)(a), direct the Service Company to appoint such number of new directors as is required to comply with paragraph (1)(c) within such time before the next annual general meeting of the Service Company, and according to such condition or restriction, as the Authority may specify, and the Service Company must comply with that direction.
 - (6) A Service Company must immediately inform the Authority after the Service Company becomes aware that any of its directors or executive officers is involved in or is believed to be involved in any conduct or practice prejudicial to the interests of the Service Company or the policy owners or cedants of the syndicate, on behalf of whose members the Service Company has entered into any contract of insurance.”.

Deletion and substitution of regulation 9

9. Regulation 9 of the principal Regulations is deleted and the following regulation substituted therefor:

“New policies

9.—(1) A Service Company must obtain the approval of the Authority before the Service Company, or any coverholder authorised by the Service Company, begins to introduce into Singapore any policy referred to in paragraph (2) on behalf of any member of Lloyd’s for whom the Service Company is approved under regulation 6A(1) to enter into any contract of insurance.

(2) Paragraph (1) applies to any policy for general business which insures any risk of a nature that has not been previously underwritten in the Singapore insurance market.”.

Amendment of regulation 11

10. Regulation 11 of the principal Regulations is amended —

(a) by deleting paragraphs (1) and (2) and substituting the following paragraphs:

“(1) A Service Company must, on behalf of each syndicate for whose members the Service Company has been approved under regulation 6A(1) to enter into any contract of insurance, establish and maintain in Singapore the following insurance funds in respect of policies issued by the Service Company and by any coverholder authorised by the Service Company, on behalf of the members of that syndicate, in the course of carrying on insurance business in Singapore:

(a) an insurance fund for Singapore policies;

(b) an insurance fund for offshore policies.

(2) A Service Company must pay any premium received by it in respect of any policy issued by the Service Company, or by any coverholder authorised by the Service Company, on behalf of any member of a

syndicate referred to in paragraph (1) into the appropriate insurance fund established for that syndicate under paragraph (1).”; and

- (b) by deleting the words “the members of Lloyd’s as” in paragraph (5) and substituting the words “the Service Company and by any coverholder authorised by the Service Company, on behalf of the”.

Amendment of regulation 12

11. Regulation 12 of the principal Regulations is amended by inserting, immediately after the word “issued” the words “by the Service Company and by any coverholder authorised by the Service Company,”.

Amendment of regulation 13

12. Regulation 13 of the principal Regulations is amended —

- (a) by deleting paragraph (1) and substituting the following paragraphs:

“(1) Every Service Company must prepare all the items referred to in paragraph (1B), subject to such modifications as may be agreed with the Authority, for each syndicate for whose members the Service Company is approved under regulation 6A(1) to enter into any contract of insurance.

(1A) Despite paragraph (1), the Service Company may, with the Authority’s approval, prepare the items referred to in paragraph (1B) for all the syndicates for whose members the Service Company is approved under regulation 6A(1) to enter into any contract of insurance, on a consolidated basis.

(1B) For the purposes of paragraphs (1) and (1A), the items are —

- (a) the statements of accounts and other statements for each insurance fund established and maintained under regulation 11(1) in Forms 1,

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- 2 and 3 of the Fifth Schedule, for each accounting period;
- (b) the statements of accounts for each insurance fund established and maintained under regulation 11(1) in Forms 3 (excluding the Notes) and 4 of the Fifth Schedule, for each accounting period; and
- (c) the statements of accounts for each insurance fund established and maintained under regulation 11(1) in Forms 1, 2 and 3 (excluding the Notes and Annexes) of the Fifth Schedule, for each quarter.”; and
- (b) by inserting, immediately after the words “written by the Service Company” in paragraph (2A), the words “and by any coverholder authorised by the Service Company, on behalf of the members of the syndicate,”.

Amendment of regulation 13M

13. Regulation 13M of the principal Regulations is amended —

- (a) by inserting, immediately after the words “written by the Service Company” in paragraph (1), the words “and by any coverholder authorised by the Service Company, on behalf of the members of a syndicate,”;
- (b) by inserting, immediately after the words “carried on by the Service Company” in paragraph (4), the words “and by any coverholder authorised by the Service Company, on behalf of the members of a syndicate”;
- (c) by deleting the words “which underwrites risks” in paragraph (5)(b) and substituting the words “and any coverholder authorised by the Service Company which underwrite risks, on behalf of the members of a syndicate,”; and
- (d) by deleting the words “which carries on” in paragraph (5)(c) and substituting the words “and any coverholder authorised

by the Service Company which carry on, on behalf of the members of a syndicate,”.

Amendment of regulation 14

14. Regulation 14 of the principal Regulations is amended by inserting, immediately after paragraph (2), the following paragraph:

“(3) The administrator must immediately inform the Authority if the administrator becomes aware of any development that has occurred or is likely to occur which the administrator has reasonable grounds to believe is likely to cause an adverse material effect on the financial position of the administrator.”.

Amendment of regulation 15

15. Regulation 15 of the principal Regulations is amended —

(a) by deleting paragraph (1) and substituting the following paragraph:

“(1) The administrator must —

(a) appoint a chief executive officer who must be an individual resident in Singapore; and

(b) have a Board comprising at least 3 directors.”; and

(b) by inserting, immediately after paragraph (1B), the following paragraphs:

“(2) If a member of the Board of the administrator resigns or ceases to be a member of the Board for any other reason, the administrator must —

(a) notify the Authority of the event within 14 days after the occurrence of the event; and

(b) on or before its next annual general meeting, appoint such number of new directors as is required to comply with paragraph (1)(b).

(3) Despite paragraph (2), the Authority may, upon being notified under paragraph (2)(a), direct the administrator to appoint such number of new directors

as is required to comply with paragraph (1)(b) within such time before the next annual general meeting of the administrator, and according to such condition or restriction, as the Authority may specify, and the administrator must comply with that direction.

(4) The administrator must immediately inform the Authority after the administrator becomes aware that any of its directors or executive officers is involved in or is believed to be involved in any conduct or practice prejudicial to the interests of the administrator.”.

Deletion and substitution of regulation 27

16. Regulation 27 of the principal Regulations is deleted and the following regulation substituted therefor:

“General obligation to furnish information

27.—(1) The Authority may, by notice in writing, require any Service Company to furnish it with any information about any matter relating to any business carried on in Singapore or elsewhere by the Service Company or by any coverholder authorised by the Service Company, if the Authority is of the opinion that it requires the information for the discharge of its functions under the Act.

(2) The Authority may, by notice in writing, require the administrator to furnish it with any information about any matter relating to any business carried on in Singapore or elsewhere by —

- (a) any Service Company;
- (b) any coverholder authorised by any Service Company; or
- (c) the administrator,

if the Authority is of the opinion that it requires the information for the discharge of its functions under the Act.”.

Amendment of Fourth Schedule

17. The Fourth Schedule to the principal Regulations is amended —

(a) by deleting sub-paragraph (b) and substituting the following sub-paragraph:

“(b) each syndicate for whose members the Service Company is approved under regulation 6A(1) to enter into any contract of insurance;”;

(b) by deleting the word “and” at the end of sub-paragraph (e); and

(c) by deleting the full-stop at the end of sub-paragraph (f) and substituting a semi-colon, and by inserting immediately thereafter the following sub-paragraphs:

“(g) with respect to each coverholder authorised by the Service Company under a binding authority —

(i) the name and registered office of the coverholder; and

(ii) the types of insurance business underwritten by the coverholder on behalf of any member of any syndicate, for whom the Service Company is approved under regulation 6A(1) to enter into any contract of insurance;

(h) if applicable, a list of all of the following arrangements entered into by the Service Company during the most recently concluded accounting period:

(i) any contract of insurance entered into on behalf of the members of a syndicate, for which the approval of the Authority is not required under regulation 6A(1A);

(ii) any contract of insurance entered into on behalf of an insurer;

(i) all the following particulars with respect to each arrangement referred to in sub-paragraph (h):

(i) the syndicate referred to in sub-paragraph (h)(i) or the insurer referred to in sub-paragraph (h)(ii), as the case may be;

- (ii) the type of insurance business underwritten under the arrangement;
- (iii) the period of each arrangement.”.

*[G.N. Nos. S 814/2004; S 159/2008; S 665/2010;
S 231/2013; S 833/2013]*

Made on 30 March 2015.

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