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INSURANCE ACT
(CHAPTER 142)

INSURANCE (GENERAL PROVISIONS AND EXEMPTIONS
FOR CAPTIVE INSURERS) REGULATIONS 2018

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In exercise of the powers conferred by sections 52(1) and 64(1) of the Insurance Act, the Monetary Authority of Singapore makes the following Regulations:

PART 1

PRELIMINARY

Citation and commencement

1. These Regulations are the Insurance (General Provisions and Exemptions for Captive Insurers) Regulations 2018 and come into operation on 1 January 2019.

Definition

2. In these Regulations, unless the context otherwise requires, “GSIF amount”, in relation to an insurance fund that relates to Singapore policies, means the highest of the following:

- (a) \$400,000;
- (b) 20% of net premiums written of the fund in the preceding financial year;
- (c) 20% of claim liabilities (net of reinsurance) of the fund as at the end of the preceding financial year.

PART 2

FINANCIAL REQUIREMENT BEFORE LICENSING, FUND SOLVENCY REQUIREMENT AND CAPITAL ADEQUACY REQUIREMENT

Financial requirement

3. For the purposes of section 8(3)(b) of the Act, the financial requirement that an applicant as a captive insurer must satisfy is that the applicant must have a paid-up ordinary share capital (or its equivalent recognised by the Authority as applicable to the applicant under the laws of the country or territory in which the applicant is incorporated, formed or established) of at least \$400,000.

Fund solvency requirement

4. For the purposes of section 18(1)(a) of the Act, the fund solvency requirement that a captive insurer must satisfy in respect of an insurance fund established and maintained by the captive insurer under the Act is —

- (a) in the case of an insurance fund for general business that relates to Singapore policies, the surplus of assets over liabilities of the fund, less its contingent liabilities, must not at any time be less than the GSIF amount;
- (b) in the case of an insurance fund for general business that relates to offshore policies, the amount of assets in the fund, less its contingent liabilities, must not at any time be less than the amount of the liabilities of the fund; and
- (c) in the case of an insurance fund for life business, the amount of assets in the fund, less its contingent liabilities, must not at any time be less than the amount of the liabilities of the fund.

Capital adequacy requirement

5. For the purposes of section 18(1)(b) of the Act, the capital adequacy requirement that a captive insurer must satisfy is that the shareholders' equity and surplus, less the contingent liabilities of the captive insurer, must not at any time be less than the sum of —

- (a) \$400,000; and
- (b) the GSIF amount.

PART 3**GENERAL EXEMPTIONS****Exemption from section 31(2) and (5) of Act**

- 6.—(1) A captive insurer is exempt from section 31(2) of the Act.
- (2) A captive insurer is exempt from section 31(5) of the Act if and only if the captive insurer —

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- (a) notifies the Authority of the appointment of any new director and any change in the appointment of its existing directors as soon as practicable after the appointment or change of appointment, as the case may be; and
 - (b) provides the Authority with such information relating to the appointment or change of appointment as the Authority may require.

Exemption from section 39(1) and (3) of Act

7.—(1) A captive insurer is exempt from section 39(1) of the Act in respect of the following documents lodged by the captive insurer as specified in the direction issued by the Authority that is commonly known as MAS Notice 130 (called in this regulation MAS Notice 130), in accordance with section 36(3) and (3A) of the Act:

- (a) any report in Form A9;
- (b) any document specified as “Other Annual Returns”.

(2) A captive insurer is exempt from section 39(3) of the Act in respect of any document lodged by the captive insurer with the Authority under section 36 of the Act or any document required by that section to accompany the document so lodged.

(3) In this regulation, “Form A9” and “Other Annual Returns” have the meanings given to them in MAS Notice 130.

PART 4

MISCELLANEOUS

Revocation

8. The Insurance (General Provisions and Exemptions for Captive Insurers) Regulations 2004 (G.N. No. S 803/2004) (called in these Regulations the 2004 Regulations) are revoked.

Saving and transitional provisions

9. Despite regulation 8, a captive insurer must comply with the 2004 Regulations as in force immediately before 1 January 2019, read with the Insurance (Accounts and Statements) Regulations 2004

(G.N. No. S 494/2004) as in force immediately before 1 January 2019, in respect of statements of accounts and other statements, reports and other documents that are required to be lodged by the captive insurer with the Authority under the 2004 Regulations, for —

- (a) the accounting period beginning on or after 1 January 2018 and ending on 31 December 2018; and
- (b) the financial year of the captive insurer beginning on any day between 1 January 2018 and 31 December 2018 (both dates inclusive).

Made on 17 December 2018.

RAVI MENON
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