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INSURANCE ACT
(CHAPTER 142)

INSURANCE (GENERAL PROVISIONS AND EXEMPTIONS
FOR SPECIAL PURPOSE REINSURANCE VEHICLES)
REGULATIONS 2008

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In exercise of the powers conferred by sections 9, 18, 36, 52 and 64(1) of the Insurance Act, the Monetary Authority of Singapore hereby makes the following Regulations:

PART I
PRELIMINARY

Citation and commencement

1. These Regulations may be cited as the Insurance (General Provisions and Exemptions for Special Purpose Reinsurance Vehicles) Regulations 2008 and shall come into operation on 2nd December 2008.

Definitions

2. In these Regulations, unless the context otherwise requires —

“aggregate limit”, in relation to a contract of reinsurance entered into between an SPRV and any ceding insurer, means the maximum amount payable to the ceding insurer under that contract;

“ceding insurer” means an insurer that enters into a contract of reinsurance with an SPRV;

“debt security” includes any debenture, bond or note;

“electronic record” has the same meaning as in section 2 of the Electronic Transactions Act (Cap. 88);

“fully funded”, in relation to an SPRV, means —

(a) in the case of any contract of reinsurance entered into between the SPRV and any ceding insurer that specifies an aggregate limit, that the assets held on trust or otherwise held under the terms of that contract by or on behalf of the SPRV for the benefit of the ceding insurer are, at all times, not less than the potential liabilities of the SPRV under all reasonably foreseeable scenarios, taking into account the aggregate limit of that contract and the expenses the SPRV expects to incur; and

(b) in the case of any contract of reinsurance entered into between the SPRV and any ceding insurer that does not specify an aggregate limit, that the assets held on trust or otherwise held under the terms of that contract by or on behalf of the SPRV for the benefit of the ceding insurer are, at all times, not less than the potential liabilities of the SPRV under all reasonably foreseeable scenarios, taking into account the obligations of the SPRV towards the ceding insurer under that contract and the expenses the SPRV expects to incur;

“insurance securitisation”, in relation to an SPRV, means any debt or other financing arrangement entered into by the SPRV with investors, where repayment of the principal or interest, or

both, to the investors is contingent upon the occurrence or non-occurrence of an event whereupon the ceding insurer is exposed to financial loss under contracts of insurance or reinsurance it has issued;

“Special Purpose Reinsurance Vehicle” or “SPRV” means an insurer licensed under section 8 of the Act as a reinsurer to carry on life or general business or both classes of business and —

- (a) is created for the sole purpose of entering into contracts of reinsurance with one or more ceding insurers; and
- (b) at all times fully funds its obligations under the contracts of reinsurance with the ceding insurers referred to in paragraph (a) through insurance securitisation.

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PART II

OPERATION OF SPRV

Permitted activities

3. An SPRV may enter into arrangements and carry on any business as may be necessary to fulfill its obligations and administrative duties related or incidental to insurance securitisation and the contracts of reinsurance entered into with one or more ceding insurers, including entering into management and administrative services agreements, swap agreements and other forms of asset management agreements.

Obligation to notify

4. An SPRV shall immediately notify the Authority when the SPRV becomes aware that it has failed, or is likely to fail, to be fully funded for a contract of reinsurance it has entered into.

Insurance securitisation requirements

5. An SPRV shall not issue any debt securities unless the agreement governing the issuance of the debt securities makes it a condition of the debt securities issued or to be issued by the SPRV that the holders of the debt securities undertake not to initiate or participate in winding

up proceedings against the SPRV until the debt securities are discharged.

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

Paid-up capital requirement

6. For the purposes of section 8(3)(b) of the Act, the Authority shall not license an applicant as an SPRV unless the applicant has 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 not less than \$20,000.

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Fund solvency and capital adequacy requirements

7.—(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 an SPRV under the Act shall at all times be such that the assets of the fund are not less than the liabilities of the fund.

(2) For the purposes of section 18(1)(b) of the Act, the capital adequacy requirement of an SPRV shall at all times be such that the assets of the SPRV are not less than the liabilities of the SPRV.

(3) In computing the fund solvency requirement of an insurance fund and the capital adequacy requirement under paragraphs (1) and (2), respectively, an SPRV shall not include any exchange translation reserves resulting from the translation of financial statements from a non-Singapore dollar denominated functional currency to the presentation currency in Singapore dollar.

(4) An SPRV shall immediately notify the Authority when the SPRV becomes aware that it has failed, or is likely to fail, to comply with paragraph (1) or (2).

Exemption from Insurance (Valuation and Capital) Regulations 2004

8. An SPRV shall be exempt from regulations 3 and 4 of the Insurance (Valuation and Capital) Regulations 2004 (G.N. No. S 498/2004).

PART IV**ACCOUNTS AND STATEMENTS****Exemption from Insurance (Accounts and Statements) Regulations 2004**

9. Except as otherwise provided in this Part, an SPRV shall be exempt from the Insurance (Accounts and Statements) Regulations 2004 (G.N. No. S 494/2004).

Forms

10.—(1) The forms mentioned in these Regulations are those set out in the Schedule, or the First Schedule to the Insurance (Accounts and Statements) Regulations 2004, as the case may be.

(2) Where any provision of the Act or these Regulations provides for the lodgment of a document with the Authority, that document shall be lodged with the Authority in the relevant form.

(3) A form prescribed by these Regulations shall be completed in accordance with such directions as may be specified in the form or by the Authority.

Returns to be lodged by SPRV

11. For the purposes of section 36(3) of the Act, an SPRV shall lodge statements of accounts and other statements in accordance with regulations 12 and 13.

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Annual audited returns to be lodged by SPRV

12.—(1) An SPRV licensed to carry on general business shall lodge for each accounting period, for each insurance fund established and maintained under the Act in respect of its general business —

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- (a) a fund balance sheet in Form 1, excluding the Annexes and Notes (other than Annexes 1A, 1B, 1E and 1(ii)), as at the end of that accounting period;
 - (b) a fund profit and loss account in Form 2, excluding the Annexes and Notes (other than Annex 2C); and
 - (c) a statement in Form 6, giving as regards policies belonging to that class of business particulars of premiums, claims, underwriting results and operating results during that accounting period.

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(2) An SPRV licensed to carry on life business shall lodge for each accounting period, for each insurance fund established and maintained under the Act in respect of its life business —

- (a) a fund balance sheet in Form 1, excluding the Annexes and Notes (other than Annexes 1A, 1B, 1E and 1(i)), as at the end of that accounting period;
- (b) a fund profit and loss account in Form 2, excluding the Annexes and Notes (other than Annex 2C); and
- (c) a statement in Form 5, giving as regards policies belonging to that class of business particulars of —
 - (i) the issue of new policies;
 - (ii) the termination of policies and the transfers of policies to or from the register of Singapore policies or offshore policies, as the case may be, during that accounting period; and
 - (iii) the business in force as at the end of that accounting period.

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(3) An SPRV incorporated in Singapore shall, in addition to the relevant forms set out in paragraphs (1) and (2), lodge for each accounting period, in respect of its global operations —

- (a) a balance sheet in Form 8, excluding the Annexes, as at the end of that accounting period; and

- (b) a profit and loss account in Form 9.

Annual unaudited returns to be lodged by SPRV

13.—(1) An SPRV licensed to carry on general business shall lodge for each accounting period, for each insurance fund established and maintained under the Act in respect of its general business —

- (a) a fund balance sheet in Form 1, excluding the Annexes and Notes, as at the end of that accounting period; and
- (b) a statement in Form 6, excluding the Notes, giving as regards policies belonging to that class of business particulars of premiums, claims, underwriting results and operating results during that accounting period.

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(2) An SPRV licensed to carry on life business shall lodge for each accounting period, for each insurance fund established and maintained under the Act in respect of its life business —

- (a) a fund balance sheet in Form 1, excluding the Annexes and Notes, as at the end of that accounting period; and
- (b) a statement in Form 5, giving as regards policies belonging to that class of business particulars of —
- (i) the issue of new policies;
- (ii) the termination of policies and the transfers of policies to or from the register of Singapore policies or offshore policies, as the case may be, during that accounting period; and
- (iii) the business in force as at the end of that accounting period.

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(3) An SPRV incorporated in Singapore shall, in addition to the relevant forms set out in paragraphs (1) and (2), lodge for each accounting period in respect of its global operations a balance sheet in Form 8, excluding the Annexes and Notes, as at the end of that accounting period.

(4) Section 36(3A)(a) of the Act shall not apply to an SPRV in respect of any statement of account lodged under this regulation.

[S 238/2013]

Provisions as to returns lodged

14.—(1) All monetary amounts referred to in any document required to be lodged under these Regulations shall be in Singapore dollars unless otherwise specified in the relevant form, and the basis of conversion of any other currency into Singapore dollars shall be stated in each such document.

(2) Section 39(3) of the Act shall not apply to any document lodged by an SPRV under section 36 of the Act or any document required by section 36(13) of the Act to accompany the document so lodged.

Valuation of assets and liabilities

15. In any document which an SPRV is required to prepare in accordance with these Regulations, the value or amount given for an asset or a liability of the SPRV shall be the value or amount of that asset or liability, as the case may be, as determined in accordance with any applicable regulation under the Insurance (Valuation and Capital) Regulations 2004 (G.N. No. S 498/2004) and any direction issued under the Act.

Lodgment and signature of returns

16.—(1) Any document to be lodged by an SPRV under paragraph (2) or regulation 17 shall be lodged by sending to the Authority the original and 2 copies of the document.

(2) An SPRV shall, for any document lodged under regulation 12, lodge a certificate in Form A in the Schedule and signed by the chief executive of the SPRV or an officer signing on behalf of the chief executive.

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(3) A document to be lodged by an SPRV shall be in the English language, and shall be printed or, with the permission of the Authority, produced by other mechanical means approved by it.

(4) This regulation shall not apply to any document in the form of an electronic record required to be lodged under regulation 18.

Audit and auditor's report

17. An SPRV shall lodge, for any statement of account and balance sheet lodged under regulation 12 —

(a) an auditor's report in Form B in the Schedule; and

(b) an auditor's supplementary report in Form C in the Schedule, which shall be signed by the auditor.

Returns in electronic form

18.—(1) An SPRV shall complete and lodge each document required to be lodged under regulations 12 and 13 in the form of an electronic record with the Authority —

(a) through such electronic facility; and

(b) in such form and manner,

as may be specified by the Authority to the SPRV.

(2) Unless otherwise required by the Authority, all particulars to be inserted in the document in the form of an electronic record referred to in paragraph (1) shall be in the English language.

Deadlines for lodgment of returns

19. Any document to be lodged by an SPRV shall be lodged with the Authority —

(a) in respect of a document to be lodged under regulation 12 and in accordance with regulation 18, within 3 months from the last day of the period to which the document relates;

(b) in respect of a document to be lodged under regulation 13 and in accordance with regulation 18, within 3 weeks from the last day of the period to which the document relates; and

(c) in respect of any document to be lodged under regulation 16(2) or 17 and in accordance with

regulation 16, within 4 months from the last day of the period to which the document relates.

PART V
OTHER EXEMPTIONS

Exemption from section 37 of Act

20. Section 37 (relating to actuarial investigations and reports) of the Act shall not apply to any SPRV.

[S 238/2013]

THE SCHEDULE

Regulations 10(1), 16(2) and 17

INSURANCE ACT
(CHAPTER 142)

INSURANCE (GENERAL PROVISIONS AND EXEMPTIONS FOR
SPECIAL PURPOSE REINSURANCE VEHICLES)
REGULATIONS 2008

FORM A — CERTIFICATE ON THE ACCOUNTS OF

*GENERAL/LIFE/GENERAL AND LIFE BUSINESS OF

FOR THE ACCOUNTING PERIOD ENDED _____

I, the undersigned, hereby certify that in my belief —

- (a) the information provided in Forms _____ are complete and accurate;
- (b) in the relevant accounting period, no part of the assets and liabilities of the insurance fund(s) established and maintained under the Insurance Act (Cap. 142) has been dealt with in contravention of section 17 or 18 of the Act; and
- (c) during the year, regulations made for the purposes of section 19 of the Act have been complied with in relation to those assets,

except

 THE SCHEDULE — *continued*

Name and
signature of: _____
Chief Executive

Date: _____

*Delete as applicable

Instructions for completion of Form A

For the purposes of completing this Form in accordance with regulation 16(2) —

- (a) an SPRV licensed to carry on general business shall provide certification in respect of Forms 1, 2 and 6;
- (b) an SPRV licensed to carry on life business shall provide certification in respect of Forms 1 and 2; and
- (c) an SPRV incorporated in Singapore shall also provide certification in respect of Forms 8 and 9 in respect of the SPRV's global business operations.

INSURANCE ACT
(CHAPTER 142)

INSURANCE (GENERAL PROVISIONS AND EXEMPTIONS FOR
SPECIAL PURPOSE REINSURANCE VEHICLES)
REGULATIONS 2008

FORM B — REPORT OF THE AUDITOR APPOINTED UNDER
SECTION 36(6) OF THE INSURANCE ACT

1. Pursuant to section 36(3A) of the Insurance Act (Cap. 142), we have audited the attached balance sheets as at _____, profit and loss accounts and other statutory returns (Forms 1, 2, 6, 8 and 9, including their Notes but excluding their Annexes) for the accounting period ended _____. These statements of account and other statements are the responsibility of the SPRV's directors. Our responsibility is to express an opinion on these statements of accounts and other statements based on our audit.

THE SCHEDULE — *continued*

2. We conducted our audit in accordance with the Singapore Standards on Auditing to the extent that they are relevant to the audit. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements of accounts are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statements of account. An audit also includes assessing the accounting principles, evaluating the presentation of the overall statements of accounts and the SPRV's internal control systems used in the preparation of the statements of account and other statements. We believe that our audit provides a reasonable basis for our opinion.

3. In our opinion and to the best of the information and according to the explanations given to us —

- (a) the balance sheets, profit and loss accounts and other statutory returns (Forms 1, 2, 6, 8 and 9, including their Notes but excluding their Annexes) have been prepared in accordance with the provisions of the Act, any regulations made thereunder and any directions issued by the Authority; and
- (b) the balance sheets present a fair reflection of the financial position of the SPRV for which the insurance fund(s) are valued as prescribed under the Insurance (Valuation and Capital) Regulations 2004 (G.N. No. S 498/2004); except for

4. As far as can be ascertained from our audit, in our opinion, the fund solvency requirement and the capital adequacy requirement under section 18 of the Act have been complied with; except for

Certified Public Accountants

Date: _____

Appendix

<i>Auditor's Findings</i>	<i>Auditor's Recommendations</i>	<i>SPRV's Comments</i>

THE SCHEDULE — *continued*

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[S 238/2013]

Made this 28th day of November 2008.

HENG SWEE KEAT
Managing Director,
Monetary Authority of Singapore.

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