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## No. S 818

### INSURANCE ACT (CHAPTER 142)

#### INSURANCE (REMUNERATION) REGULATIONS 2015

##### ARRANGEMENT OF REGULATIONS

###### Regulation

1. Citation and commencement
  2. Definitions
  3. Permitted payment of remuneration in relation to life policy  
The Schedule
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In exercise of the powers conferred by section 64 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 (Remuneration) Regulations 2015 and come into operation on 1 January 2016.

##### **Definitions**

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

“accredited investor” has the same meaning as in section 4A(1)(a) of the Securities and Futures Act (Cap. 289);

“additional premiums”, in relation to a relevant life policy, means premiums payable, on or after 1 April 2017, on a regular basis as required under the policy in order to increase the product features and benefits of the policy, or extend the duration of the policy, after the policy has been issued;

*[S 82/2017 wef 01/04/2017]*

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“expert investor” has the same meaning as in section 4A(1)(b) of the Securities and Futures Act;

“financial adviser” means —

- (a) a licensed financial adviser as defined in section 2(1) of the Financial Advisers Act (Cap. 110); or
- (b) an exempt financial adviser as defined in section 2(1) of the Financial Advisers Act;

“institutional investor” has the same meaning as in section 4A(1)(c) of the Securities and Futures Act;

“portfolio of relevant life policies”, in relation to a recipient, means a collection of —

- (a) all relevant life policies arranged by the recipient; and
- (b) any other investment product arranged by the recipient that is included in the same collection as the relevant life policies mentioned in paragraph (a) by the licensed insurer;

*[S 82/2017 wef 01/04/2017]*

“premium payment period”, in relation to a relevant life policy, means the period during which premiums are payable under that policy;

*[S 82/2017 wef 01/04/2017]*

“pure protection policy” means a life policy —

- (a) which has no surrender value;
- (b) the policy moneys of which are payable only on death or for incapacity due to injury, sickness or infirmity; and
- (c) which has no provision for its conversion or extension which would result in it ceasing to satisfy paragraph (a) or (b);

“recipient” means —

- (a) a financial adviser;
- (b) a representative of a financial adviser; or

(c) a supervisor of a financial adviser;

*[S 82/2017 wef 01/04/2017]*

“relevant life policy” means a life policy —

- (a) that is not a single premium life policy or a specified life policy; and
- (b) that is issued by a licensed insurer pursuant to a proposal form submitted to the licensed insurer on or after 1 April 2017;

*[S 82/2017 wef 01/04/2017]*

“single premium life policy” means a life policy —

- (a) the premium of which is payable as a lump sum on or before the date of commencement of coverage under the policy; or
- (b) all premiums of which are payable within a period of no more than 12 months starting from the date of commencement of coverage under the policy;

*[S 82/2017 wef 01/04/2017]*

“specified life policy” means a life policy in respect of which —

- (a) the policy owner is not an individual, unless the individual holds the policy in the individual’s capacity as a sole proprietor; and
- (b) there are 2 or more insured persons;

*[S 82/2017 wef 01/04/2017]*

“variable income”, being income that is directly linked to the sale of a particular relevant life policy, means —

- (a) in relation to a financial adviser, any remuneration payable to the financial adviser, whether on a periodic basis or otherwise, where the financial adviser’s entitlement to that remuneration, or the amount of that remuneration, is determined by reference only to one or more of the following factors:
  - (i) the total number or total value of all investment products in relation to which the financial

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- adviser provided financial advisory services to the financial adviser's clients;
- (ii) the total number or total value of all agreements, transactions or arrangements relating to investment products entered into by the financial adviser's clients in connection with financial advisory services provided by the financial adviser;
  - (iii) the total amount of remuneration payable to the financial adviser by the financial adviser's clients in connection with financial advisory services provided by the financial adviser;
  - (iv) the total amount of premiums payable in respect of all life policies purchased by the financial adviser's clients in connection with financial advisory services provided by the financial adviser;
- (b) in relation to a representative of a financial adviser, any remuneration payable to the representative, whether on a periodic basis or otherwise, where the representative's entitlement to that remuneration, or the amount of that remuneration, is determined by reference only to one or more of the following factors:
- (i) the total number or total value of all investment products in relation to which the representative provided financial advisory services to the financial adviser's clients;
  - (ii) the total number or total value of all agreements, transactions or arrangements relating to investment products entered into by the financial adviser's clients in connection with financial advisory services provided by the representative;
  - (iii) the total amount of remuneration payable to the representative by the financial adviser in

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- connection with financial advisory services provided by the representative to the financial adviser's clients;
- (iv) the total amount of premiums payable in respect of all life policies purchased by the financial adviser's clients in connection with financial advisory services provided by the representative; and
- (c) in relation to a supervisor of a financial adviser, any remuneration payable to the supervisor, whether on a periodic basis or otherwise, where the supervisor's entitlement to that remuneration, or the amount of that remuneration, is determined by reference only to one or more of the following factors:
- (i) the total number or total value of all investment products in relation to which one or more representatives of the financial adviser under the direct or indirect supervision or management of the supervisor (*R*) provided financial advisory services to the financial adviser's clients;
- (ii) the total number or total value of all agreements, transactions or arrangements relating to investment products entered into by the financial adviser's clients in connection with financial advisory services provided by *R*;
- (iii) the total amount of remuneration payable to *R* by the financial adviser in connection with financial advisory services provided by *R* to the financial adviser's clients;
- (iv) the total amount of premiums payable in respect of all life policies purchased by the financial adviser's clients in connection with financial advisory services provided by *R*;

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“variable income”, being income that is not directly linked to the sale of a particular relevant life policy, means —

- (a) in relation to a financial adviser, any remuneration payable to the financial adviser, whether on a periodic basis or otherwise, where the financial adviser’s entitlement to that remuneration, or the amount of that remuneration, is determined by reference to one or more of the following factors, whether or not together with any other factor:
  - (i) the total number or total value of all investment products in relation to which the financial adviser provided financial advisory services to the financial adviser’s clients;
  - (ii) the total number or total value of all agreements, transactions or arrangements relating to investment products entered into by the financial adviser’s clients in connection with financial advisory services provided by the financial adviser;
  - (iii) the total amount of remuneration payable to the financial adviser by the financial adviser’s clients in connection with financial advisory services provided by the financial adviser;
  - (iv) the total amount of premiums payable in respect of all life policies purchased by the financial adviser’s clients in connection with financial advisory services provided by the financial adviser;
- (b) in relation to a representative of a financial adviser, any remuneration payable to the representative, whether on a periodic basis or otherwise, where the representative’s entitlement to that remuneration, or the amount of that remuneration, is determined by reference to one or more of the following factors, whether or not together with any other factor:

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- (i) the total number or total value of all investment products in relation to which the representative provided financial advisory services to the financial adviser's clients;
  - (ii) the total number or total value of all agreements, transactions or arrangements relating to investment products entered into by the financial adviser's clients in connection with financial advisory services provided by the representative;
  - (iii) the total amount of remuneration payable to the representative by the financial adviser in connection with financial advisory services provided by the representative to the financial adviser's clients;
  - (iv) the total amount of premiums payable in respect of all life policies purchased by the financial adviser's clients in connection with financial advisory services provided by the representative; and
- (c) in relation to a supervisor of a financial adviser, any remuneration payable to the supervisor, whether on a periodic basis or otherwise, where the supervisor's entitlement to that remuneration, or the amount of that remuneration, is determined by reference to one or more of the following factors, whether or not together with any other factor:
- (i) the total number or total value of all investment products in relation to which one or more representatives of the financial adviser under the direct or indirect supervision or management of the supervisor (*R*) provided financial advisory services to the financial adviser's clients;
  - (ii) the total number or total value of all agreements, transactions or arrangements

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relating to investment products entered into by the financial adviser's clients in connection with financial advisory services provided by *R*;

- (iii) the total amount of remuneration payable to *R* by the financial adviser in connection with financial advisory services provided by *R* to the financial adviser's clients;
- (iv) the total amount of premiums payable in respect of all life policies purchased by the financial adviser's clients in connection with financial advisory services provided by *R*.

*[S 82/2017 wef 01/04/2017]*

*[S 82/2017 wef 01/04/2017]*

(2) In these Regulations, income is directly linked to the sale of a particular relevant life policy if the income is payable on the sale of that policy.

*[S 82/2017 wef 01/04/2017]*

### **Permitted payment of remuneration in relation to life policy**

3.—(1) For the purposes of section 26(1) of the Act, a licensed insurer must not pay a recipient any remuneration in relation to —

- (a) the provision of any financial advisory service in connection with any life policy, other than a relevant life policy; or

*[S 82/2017 wef 01/04/2017]*

- (b) the sale of any life policy, other than a relevant life policy, following the provision of any financial advisory service,

*[S 82/2017 wef 01/04/2017]*

except in accordance with paragraph (2), (3), (4) or (5).

(1A) For the purposes of section 26(1) of the Act, a licensed insurer must not pay a recipient any remuneration in relation to —

- (a) the provision of a financial advisory service in connection with a relevant life policy; or

- (b) the sale of a relevant life policy following the provision of a financial advisory service,



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except in accordance with paragraph (2), (3), (4) or (6).

[S 82/2017 wef 01/04/2017]

(2) A licensed insurer may pay a recipient remuneration mentioned in paragraph (1) or (1A) if —

(a) where the recipient is a financial adviser, the recipient is —

(i) exempt under section 23(1)(*ea*) or (*f*) of the Financial Advisers Act (Cap. 110) from holding a financial adviser's licence; or

(ii) exempt under section 100(2) of the Financial Advisers Act from sections 25, 27, 28 and 36 of that Act, and is not subject to any of the following written directions issued by the Authority under section 58 of that Act:

(A) Notice on Recommendations on Investment Products (Notice No. FAA-N16);

(B) Notice on Appointment and Use of Introducers by Financial Advisers (Notice No. FAA-N02);

(C) Notice on Information to Clients and Product Information Disclosure (Notice No. FAA-N03);

(D) Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers (Notice No. FAA-N13);

(b) where the recipient is a representative of a financial adviser —

(i) the financial adviser is exempt under section 23(1)(*ea*) or (*f*) of the Financial Advisers Act from holding a financial adviser's licence; or

(ii) the representative is exempt under section 100(2) of the Financial Advisers Act from sections 25, 27, 28 and 36 of that Act, and is not subject to any of the following written directions issued by the Authority under section 58 of that Act:

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- (A) Notice on Recommendations on Investment Products (Notice No. FAA-N16);
  - (B) Notice on Information to Clients and Product Information Disclosure (Notice No. FAA-N03);
  - (C) Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers (Notice No. FAA-N13); or
- (c) where the recipient is a supervisor of a financial adviser, the financial adviser is —
- (i) exempt under section 23(1)(*ea*) or (*f*) of the Financial Advisers Act from holding a financial adviser's licence; or
  - (ii) exempt under section 100(2) of the Financial Advisers Act from sections 25, 27, 28 and 36 of that Act, and is not subject to any of the following written directions issued by the Authority under section 58 of that Act:
    - (A) Notice on Recommendations on Investment Products (Notice No. FAA-N16);
    - (B) Notice on Appointment and Use of Introducers by Financial Advisers (Notice No. FAA-N02);
    - (C) Notice on Information to Clients and Product Information Disclosure (Notice No. FAA-N03);
    - (D) Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers (Notice No. FAA-N13).

*[S 82/2017 wef 01/04/2017]*

(3) A licensed insurer may pay a recipient remuneration mentioned in paragraph (1) or (1A) if the financial advisory service is provided, or the sale of life policy is made, to —

- (a) an accredited investor;
- (b) an expert investor; or
- (c) an institutional investor.

*[S 82/2017 wef 01/04/2017]*

(4) A licensed insurer may pay a recipient remuneration mentioned in paragraph (1) or (1A) if the remuneration payable is not dependent, whether directly or indirectly, on —

- (a) the number of contracts entered into for the sale of any life policy; or
- (b) the value of contracts entered into for the sale of any life policy.

*[S 82/2017 wef 01/04/2017]*

(5) A licensed insurer may pay a recipient remuneration in relation to the sale of any life policy mentioned in paragraph (1)(b) if the sale —

- (a) is made pursuant to an agreement under which the recipient is entitled, for a continuous period of at least 12 months starting from the date on which the agreement becomes effective, to remuneration for the sale of life policies within any one category listed in the Schedule;

*[S 82/2017 wef 01/04/2017]*

- (b) is made pursuant to an agreement for the sale of any type of life policies within 2 or more categories listed in the Schedule; or

- (c) is of a pure protection policy.

*[S 82/2017 wef 01/04/2017]*

(6) A licensed insurer may pay a recipient remuneration in relation to the sale of a relevant life policy mentioned in paragraph (1A)(b), if —

- (a) any of the following is satisfied:
  - (i) the sale is made pursuant to an agreement under which the recipient is entitled, for a continuous period of at least 12 months starting from the date the

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agreement becomes effective, to the remuneration for the sale of life policies within any of the categories in the Schedule;

- (ii) the sale is made pursuant to an agreement for the sale of any type of life policies within 2 or more categories listed in the Schedule;
  - (iii) the relevant life policy is a pure protection policy; and
- (b) where the remuneration consists of variable income, all the conditions in paragraph (7) or (8) (whichever is applicable) are satisfied.

*[S 82/2017 wef 01/04/2017]*

(7) Where the remuneration consists of variable income that is directly linked to the sale of a particular relevant life policy, the conditions mentioned in paragraph (6)(b) are —

- (a) the remuneration is monetary in nature;
- (b) the recipient's entitlement to be paid the remuneration is dependent only on either or both of the following factors:
  - (i) the issue of the relevant life policy by the licensed insurer concerned and the making of the first payment of premiums to the licensed insurer for that policy;
  - (ii) the making of the first payment of additional premiums in respect of the relevant life policy;
- (c) the remuneration is payable to the recipient —
  - (i) over a period of at least 6 years starting from the date the relevant life policy is issued; or
  - (ii) over a period that covers at least the premium payment period of the relevant life policy, if the premium payment period is less than 6 years starting from the date the relevant life policy is issued;
- (d) the total remuneration payable to the recipient in respect of the sale of the relevant life policy, during the period of 12 months starting from the later of the following, does not

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exceed 55% of the total remuneration payable to the recipient in respect of the sale:

- (i) the date the relevant life policy is issued;
  - (ii) the date the premium payment period of the relevant life policy commences;
- (e) where additional premiums are payable under the relevant life policy, the remuneration in respect of those additional premiums is payable to the recipient —
- (i) over a period of at least 6 years starting from the date the first payment of the additional premiums is made to the licensed insurer; or
  - (ii) over a period that covers at least the period that the additional premiums are payable, if the second-mentioned period is less than 6 years starting from the date the first payment of the additional premiums is made to the licensed insurer;
- (f) where additional premiums are payable under the relevant life policy, the total remuneration payable to the recipient in respect of those additional premiums, during the period of 12 months starting from the date the first payment of additional premiums is made to the licensed insurer, does not exceed 55% of the total remuneration payable to the recipient in respect of those additional premiums;
- (g) the remuneration is payable at least once every year in the period mentioned in sub-paragraph (c) or (e) (whichever is applicable); and
- (h) where the relevant life policy is an investment-linked policy and the net asset value of the underlying fund or funds of the policy is used to compute the total remuneration payable, an investment rate of return of 0% over the entire policy term is used.

*[S 82/2017 wef 01/04/2017]*

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(8) Where the remuneration consists of variable income that is not directly linked to the sale of a particular relevant life policy, the conditions mentioned in paragraph (6)(b) are —

- (a) the remuneration is monetary in nature;
- (b) the remuneration is in respect of a portfolio of relevant life policies and is payable to the recipient over a period of at least 5 years starting from the date the first payment of the remuneration (or any part of it) is made to the recipient;
- (c) the total remuneration in respect of the portfolio of relevant life policies that is payable to the recipient, during the period of 12 months starting from the date the first payment of the remuneration (or any part of it) is made to the recipient, does not exceed 55% of the total amount of the remuneration that is payable to the recipient in respect of the portfolio of relevant life policies;
- (d) the remuneration is payable at least once every year in the period mentioned in sub-paragraph (b); and
- (e) where the relevant life policy is an investment-linked policy and the net asset value of the underlying fund or funds of the policy is used to compute the total remuneration payable, an investment rate of return of 0% over the entire policy term is used.

*[S 82/2017 wef 01/04/2017]*

## THE SCHEDULE

Regulation 3(5)

### CATEGORIES OF LIFE POLICIES

1. Whole life policies other than investment-linked policies.
2. Term policies.
3. Endowment policies other than investment-linked policies.
4. Investment-linked policies where only a single premium is payable.
5. Investment-linked policies where the premiums are payable at regular intervals.
6. Universal life policies.

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THE SCHEDULE — *continued*

7. Annuities.

Made on 30 December 2015.

RAVI MENON  
*Managing Director,*  
*Monetary Authority of Singapore.*

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