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INSURANCE ACT
(CHAPTER 142)

INSURANCE (GENERAL PROVISIONS AND EXEMPTIONS
FOR SPECIAL PURPOSE REINSURANCE VEHICLES)
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 Special Purpose Reinsurance Vehicles) Regulations 2018 and come into operation on 1 January 2019.

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 a 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;

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

(a) in the case of any contract of reinsurance entered into between the SPRV and a 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 not at any time 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 that the SPRV expects to incur; and

(b) in the case of any contract of reinsurance entered into between the SPRV and a 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 not at any time 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 that 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 an investor, where repayment of the principal or interest (or both) to the investor is contingent upon the occurrence or non-occurrence of an event, upon which the ceding insurer is exposed to financial loss under contracts of insurance or reinsurance that the ceding insurer 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 insurer or insurers mentioned in paragraph (a) through insurance securitisation.

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 an SPRV 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 \$20,000.

Requirements as to fund solvency and capital adequacy

4.—(1) For the purposes of section 18(1)(a) of the Act, the fund solvency requirement that an SPRV must satisfy in respect of an insurance fund established and maintained by the SPRV under the Act is that the assets of the fund must not at any time be less than the liabilities of the fund.

(2) For the purposes of section 18(1)(b) of the Act, the capital adequacy requirement that an SPRV must satisfy is that the assets of the SPRV must not at any time be 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, 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 must be excluded.

(4) An SPRV must 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).

PART 3

GENERAL EXEMPTIONS

Exemption from sections 31(1)(c) and 37 of Act

5. An SPRV is exempt from sections 31(1)(c) and 37 of the Act.

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

6. An SPRV is exempt from section 39(1) and (3) of the Act in respect of any document lodged by the SPRV as specified in the direction issued by the Authority that is commonly known as MAS Notice 131, in accordance with section 36(3) and (3A) of the Act.

PART 4
MISCELLANEOUS

Revocation

7. The Insurance (General Provisions and Exemptions for Special Purpose Reinsurance Vehicles) Regulations 2008 (G.N. No. S 617/2008) (called in these Regulations the 2008 Regulations) are revoked.

Saving and transitional provisions

8. Despite regulation 7, an SPRV must comply with the 2008 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 SPRV with the Authority under the 2008 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 SPRV beginning on any day between 1 January 2018 and 31 December 2018 (both dates inclusive).

Made on 17 December 2018.

RAVI MENON
Managing Director,
Monetary Authority of Singapore.

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