

Circular No. ID 14/18

19 December 2018

Chief Executives
All Insurers

Dear Sir/Madam

REVIEW OF INSURANCE RETURNS AND AMENDMENTS TO INSURANCE (VALUATION AND CAPITAL) REGULATIONS 2004

We refer to Circular No. ID 11/18 dated 28 September 2018.

2 The Monetary Authority of Singapore (“MAS”) has issued the following regulations to remove the existing reporting requirements of licensed insurers in the subsidiary legislations:

- (a) Insurance (Accounts and Statements) Regulations 2018;
- (b) Insurance (General Provisions and Exemptions for Captive Insurers) Regulations 2018;
- (c) Insurance (Financial Guarantee Insurance) (Amendment) Regulations 2018;
- (d) Insurance (General Provisions and Exemptions for Marine Mutual Insurers) Regulations 2018; and
- (e) Insurance (General Provisions and Exemptions for Special Purpose Reinsurance Vehicles) Regulations 2018.

For Lloyd’s service companies, MAS has issued the Insurance (Lloyd’s Asia Scheme) (Amendment) Regulations 2018 to amend the reporting requirements.

3 Arising from these amendments, MAS has also amended the following regulations and notices to effect the necessary consequential amendments:

- (a) Insurance (Valuation and Capital) Regulations 2004;
- (b) Insurance (General Provisions) Regulations;
- (c) Insurance (Intermediaries) Regulations (Rg 16);
- (d) Insurance (Corporate Governance) Regulations 2013;
- (e) Monetary Authority of Singapore (Dispute Resolution Schemes) Regulations 2007;
- (f) MAS Notice 121;
- (g) MAS Notice 124;
- (h) MAS Notice 129;
- (i) MAS Notice 130;
- (j) MAS Notice 212; and
- (k) MAS Notice 319.

4 Policy liabilities are currently reported net of reinsurance in the insurance returns. As proposed in the consultation paper on the review of insurance returns dated 13 October 2014, the reinsurers’ share of policy liabilities will be reported separately from policy liabilities (gross of reinsurance) for the revised insurance returns under MAS Notices 129, 130, 131 and 212. This is to align with the presentation approach under the Singapore Financial Reporting Standards. To give effect to this, the Insurance (Valuation and Capital) Regulations 2004 has been amended to set out valuation rules for policy liabilities (gross of reinsurance) and reinsurers’ share of policy liabilities. MAS

would like to highlight that there is no change in the policy intent for the valuation of policy liabilities (net of reinsurance) (i.e. policy liabilities (gross of reinsurance) less reinsurers' share of policy liabilities) and the calculation of risk requirements arising from this change.

5 Amendments has also been made in the Insurance (Valuation and Capital) Regulations 2004 via Insurance (Valuation and Capital) (Amendment) Regulations 2018 to effect the changes communicated to insurers in MAS update letter on 27 September 2018.

6 The amendments in paragraphs 2 and 3 will take effect on 1 January 2019 and those in paragraph 5 will take effect on 31 December 2018.

7 If you have any further queries, please contact your company's liaison officer in MAS. Thank you.

Yours faithfully

[sent via MASNET]

DANIEL WANG
EXECUTIVE DIRECTOR
INSURANCE DEPARTMENT