



Monetary Authority of Singapore

**INSURANCE ACT
(CAP. 142)**

AND

**FINANCIAL ADVISERS ACT
(CAP. 110)**

**FREQUENTLY ASKED QUESTIONS (“FAQs”) ON
SECTION 6 OF THE INSURANCE ACT AND
SECTION 33 OF THE FINANCIAL ADVISERS ACT**

Disclaimer: The FAQs are meant to provide guidance to the industry on MAS' policy and administration of the Insurance Act and Financial Advisers Act regimes. They do not constitute legal advice. MAS expects industry participants to retain their independent legal counsel to advise them on how their business operations should be conducted in order to satisfy the legal/regulatory requirements and to advise them on all applicable laws of Singapore.

INSURANCE ACT (CAP 142) ("IA")

FINANCIAL ADVISERS ACT (CAP 110) ("FAA")

FREQUENTLY ASKED QUESTIONS

1 Can a financial adviser provide marketing materials and advice on life insurance products offered by insurers who are not registered by MAS under the Insurance Act ("IA") to prospects in Singapore? Can a financial adviser sell such products? What if the materials, advice or sale were/was provided by the financial adviser at the request of the prospective client?

Under section 6 of the IA, no person is allowed to solicit any insurance business for any insurer, other than an insurer who is entitled to carry on that business in Singapore or an authorised reinsurer. Any financial adviser who provides, advertises or avails the marketing materials of insurance products offered by unregistered insurers with the view to closing a sale, whether to Singapore residents or non residents, is considered to be soliciting for the unregistered insurers and therefore contravening section 6 of the IA. Consumers in Singapore may purchase insurance products from overseas unregistered insurers on their own accord.

If the client requests marketing materials/advice on insurance products offered by an unregistered insurer(s), the financial adviser is allowed to provide such materials or advice. Where a financial adviser is unable to find a suitable product in the Singapore market for the client or the client requests the financial adviser to negotiate or place a risk with an unregistered insurer, the financial adviser is not allowed to do so unless it has obtained MAS' prior approval under section 33(4) of the Financial Advisers Act ("FAA"). This is, however, only applicable if the business relates to a Singapore or domestic risk. Where the business relates to risks outside Singapore, i.e. where a policy would be classified as an offshore policy as defined under the First Schedule of the IA, there is no need for the financial adviser or insurance broker to seek MAS' approval before it negotiates or places the risk with an unregistered insurer.

2 *Can a financial adviser place a life policy with an unregistered insurer outside Singapore without MAS' approval by having the Singapore resident set up a overseas trust, of which the overseas trustee would act as the policyholder?*

A life policy owned by an overseas trustee (i.e. a trustee with an overseas address) would currently be considered an offshore policy or risk outside Singapore. A financial adviser is not prohibited under the FAA, in the course of his business, from negotiating and placing the risk with an unregistered insurer without MAS' prior approval. However, MAS is reviewing this position such that as long as either the policy owner (overseas trustee) or the insured is a Singapore resident, it would be considered as a Singapore policy and a financial adviser would be required to seek MAS' prior approval under section 33(4) of the FAA to place the business with an unregistered insurer outside Singapore.