

Guideline No: ID 1/03
Issued Date: 15 August 2003
Last updated: 3 January 2008

GUIDELINES ON MARKET CONDUCT STANDARDS AND SERVICE STANDARDS FOR DIRECT GENERAL INSURERS

Persons to whom the Guidelines on Market Conduct and Service Standards for Direct General Insurers ["these Guidelines"] Apply

1 These Guidelines apply to all direct general insurers writing personal general insurance products. However, they do not apply to captive insurers, marine mutual insurers and financial guarantee insurers.

Amended
3 Jan 2008

Purpose of these Guidelines

2 These Guidelines set out the standards of conduct expected of direct general insurers as product providers of insurance policies. They also explain the importance of an industry code of practice. They are meant to provide general guidance and are not intended to replace or override any legislative provisions or written directions issued under the Insurance Act (Cap. 142) ["the Act"] in respect of conduct requirements specifically applicable to insurers.

3 In line with its objective to protect policyholders' interests, the Authority expects direct general insurers to observe these Guidelines. The standards of conduct enhances transparency, fair treatment and clear communication to the public.

4 These Guidelines should be read in conjunction with the provisions of the Act as well as directions, notices, circulars and other guidelines that the Authority may issue from time to time.

Definitions

5 For the purposes of these Guidelines,

"captive insurer" has the same meaning as in section 1A of the Act;

"direct general insurer" means an insurer registered under section 8 of the Act to carry on direct general business but excludes any captive insurer, marine mutual insurer and financial guarantee insurer;

Amended
3 Jan 2008

"financial guarantee insurer" has the same meaning as in regulation 2 of the Insurance (Financial Guarantee Insurance) Regulations;

"personal general insurance products" refers to all types of general insurance products and services that are sold to a general insurance customer resident in Singapore;

"general insurance customer" refers to:-

(a) an individual, whether alone or jointly with another individual, who enters or proposes to enter into an insurance contract which is wholly and exclusively for the individual's private or domestic use; or

(b) a sole-proprietor;

"marine mutual insurer" has the same meaning as in regulation 2 of the Insurance (General Provisions and Exemptions for Marine Mutual Insurers) Regulations 2007.

Amended
3 Jan 2008

Importance of an Industry Code of Practice

6 Industry standards serve as practical benchmarks and guidelines for insurers. An industry Code of Practice, in particular, fosters professional standards and enhances confidence in the insurance industry. It is an effective tool in regulating market conduct. The manner and extent to which a direct general insurer implements the Code of Practice in its procedures would be an important consideration in the Authority's risk assessment of the insurer.

7 Customer interface is an important area for insurers as product providers of general insurance policies. Therefore, direct general insurers should adopt policies which minimise their vulnerability to reputation risks and other related risks. Such risks could potentially have an impact on the financial standing of an insurer. Direct general insurers are expected to incorporate proper procedures in their dealings with customers such that transactions are conducted in good faith. It is important for insurers to be able to minimise or resolve any disputes with customers promptly and reasonably as part of managing and mitigating risks.

Market Conduct and Service Standards

8 The General Insurance Association of Singapore (GIAS) and the Singapore Insurance Brokers' Association (SIBA) have jointly developed the Singapore General Insurance Code of Practice (the "Code"). The objective of the Code is to ensure that the general insurance customer is treated fairly and receives a high standard of service.

9 The Code sets out the minimum standards regulating the sales, advisory and service standards of general insurers, insurance intermediaries (including insurance brokers and

insurance agents) and anyone acting for the general insurers. The Authority expects all direct general insurers to observe these minimum standards. The Singapore General Insurance Code of Practice is available on the GIAS website at <http://www.gia.org.sg>.