CONSULTATION PAPER

P001 - 2013

January 2013

Review of Requirements on Investment Activities of Insurers

Monetary Authority of Singapore

PREFACE

1 Investment is a key function for many insurers. MAS imposes both quantitative and qualitative regulatory requirements on the investment activities of insurers. The quantitative requirements relate to the risks arising from the investment activities, for example, mismatch, concentration, market and credit risks, and its corresponding capital charges required in the calculation of solvency under the Risk-Based Capital ("RBC") framework. The qualitative requirements include those relating to the governance of the asset management process and the permissible use of derivatives.

2 This consultation paper sets out MAS' proposals relating to the qualitative requirements on investment activities of insurers, and the implementation timeline.

3 MAS invites interested parties to submit their views and comments on the proposals made in this paper. Electronic submission is encouraged. Please submit your written comments by 28 February 2013 to:

Insurance Department
Monetary Authority of Singapore
10 Shenton Way
MAS Building
Singapore 079117

Fax: (65) 6229 9694
Email: investment_13@mas.gov.sg

Please note that all submissions received may be made public unless confidentiality is specifically requested for the whole or part of the submission.

TABLE OF CONTENTS

1 INTRODUCTION

1.1 MAS adopts a principles-based approach on the regulation of the investment activities of insurers. All insurers are expected to observe MAS' Guidelines on Risk Management[1] and maintain sound investment practice. For direct life insurers, they are subjected to additional requirements on their asset management processes via MAS Notice 317 on Asset Management of Life Insurance Funds ("MAS Notice 317"). With the growth of assets and corresponding increase in the investment activity of direct general insurers and reinsurers over the years, MAS proposes to extend the scope of these additional requirements to include direct general insurers and reinsurers.

1.2 Sections 2 to 4 detail the proposals relating to the governance and risk management requirements for insurers on a solo basis. Section 5 sets out the proposal to extend these requirements to insurance groups[2]. The proposed implementation timeline is set out in Section 6.

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[1] Issued in February 2006. The Guidelines are available on MAS website (www.mas.gov.sg).

[2] MAS had consulted the public in February 2012 on the broad requirements for insurance group-wide supervision framework. An insurance group may be headed by a controlling parent entity that is either an insurance company or a financial holding company.

2 EXTENSION OF REQUIREMENTS IN MAS NOTICE 317 TO DIRECT GENERAL INSURERS AND REINSURERS

2.1 MAS Notice 317 sets out the basic principles which govern the oversight of the asset management process of life insurance funds. There is no equivalent MAS Notice for direct general insurers and reinsurers. With the growth of assets and corresponding increase in the investment activity of these insurers, MAS proposes to extend the requirements in MAS Notice 317 to these insurers[3]. Key requirements would include the need for an investment policy and an investment committee.

Investment Policy

2.2 Insurers will be required to have an investment policy. An insurer may adopt their Head Office's/ Parent Company's investment policy when meeting the requirements of the new Notice, as long as the investment policy is relevant to the Singapore operations. In particular, there has to be an assessment by the insurer on whether the Head Office's/ Parent Company's investment policy is relevant to the local operations, and such assessment should be documented. The applicable Head Office's/ Parent Company's investment policy, if adopted for the Singapore entity, would also have to be Board-approved[4].

Investment Committee

2.3 A direct life insurer is required to establish an Investment Committee that includes the Principal Officer ("PO"), Appointed Actuary ("AA") and Chief Investment Officer (or an officer in a similar capacity responsible for investment functions). MAS proposes that direct general insurers and reinsurers be similarly required to establish an investment committee, that includes the PO and Chief Investment Officer (or an officer in a similar capacity responsible for investment functions). However, MAS would leave it to the insurers to decide whether to include the Certifying Actuary ("CA")[5] as a

[3] Captive insurers and marine mutual insurers are excluded as they insure their related corporations and own members respectively, and are of lesser prudential concern. The requirements in MAS Notice 104 on derivatives will be ported over to the new Notice, and these specific requirements will continue to apply to captive insurers and marine mutual insurers.

[4] For a branch, the approval would be by the Head Office's Board of Directors. For a locally incorporated insurer, the approval would be by the insurer's local Board of Directors.

[5] For life reinsurers, it would be the AA instead of the CA.

member of the investment committee. This recognises that most direct general insurers' and reinsurers' CA are external consultants. Also, given the long-term nature of life business, there is greater need for the AA of direct life insurers to be involved in the development of an investment strategy for more effective asset-liability management. At the minimum, the CA of direct general insurers and reinsurers should advise the PO and Board of Directors on matters for which his expertise and experience would be useful, such as investment policy and risk management, in line with the proposed expanded roles and responsibilities of the CA[6].

Proposal 1: To extend the requirements in MAS Notice 317 to direct general insurers and reinsurers, including the need for an investment policy and investment committee.

3 EXTENSION OF REQUIREMENTS UNDER MAS NOTICE 104 AND MAS NOTICE 317 TO THE SHAREHOLDERS' FUND

3.1 The requirements under MAS Notice 104[7] and MAS Notice 317 apply to insurance funds only. MAS proposes to extend these requirements to the shareholders' fund (for locally incorporated insurers) as investment outcomes from the shareholders' funds may have an adverse impact on the solvency of the insurer. Shareholders' funds are recognised as financial resources in determining the insurers' capital positions. Hence, other than the solvency, the reputation of an insurer may also be adversely impacted by poor investment outcomes from its shareholders' fund. Furthermore, having consistent requirements across both insurance funds and shareholders' fund will help ensure that surpluses are not transferred from the insurance funds to the shareholders' fund to take advantage of the lighter requirements.

Proposal 2: To extend the requirements under MAS Notice 104 and MAS Notice 317 to the shareholders' fund.

[6] Public consultation paper on "Legislative Changes Relating to Requirements on Key Executive Persons and Directors for Insurers", issued on 8 August 2012 and closed on 14 September 2012. The paper is available on MAS website (www.mas.gov.sg).

[7] MAS Notice 104 on Use of Derivatives for Investment of Insurance Fund Assets

4 AMENDMENTS TO THE REQUIREMENTS UNDER MAS NOTICE 104 AND MAS NOTICE 317

Asset-Liability Management

4.1 MAS Notice 317 states that the Board-approved investment policy should include determination of strategic asset allocation with due regard to asset-liability management ("ALM")[8]. MAS proposes to include more explicit and detailed guidance on ALM due to the importance for an insurer to coordinate the management of risks associated with its assets to those of its liabilities, recognize the interdependence between its assets and liabilities, as well as the impact ALM has toward an insurer's capital management. In particular, the insurer is required to ensure that it has a Board-approved ALM policy which clearly specifies the nature, role and extent of ALM activities and their relationship with investment management and product development and pricing functions.

Other Amendments

4.2 MAS proposes additional amendments to provide greater clarity on the existing requirements on an insurer's investment policy. These include items to be considered in (i) establishing limits for the allocation of assets by geographical area, markets, sectors, counterparties and currency with regards to diversification benefits; and (ii) formulating the policy on the selection of individual securities and other investments[9].

4.3 A new Notice, which incorporates the requirements under the existing MAS Notice 104 and MAS Notice 317, as well as the proposed requirements stated in the paragraphs above, will be issued[10].

Proposal 3: To include more explicit and detailed guidance on ALM.

[8] Paragraph 1 of Appendix A to MAS Notice 317.

[9] Paragraphs 2 and 3 of Appendix A to MAS Notice 317.

[10] Please refer to Appendix 1 for the proposed new Notice.

Proposal 4: To include additional amendments to MAS Notice 104 and MAS Notice 317 to provide greater clarity on the existing requirements.

Proposal 5: To introduce a new Notice, which incorporates the requirements under the existing MAS Notice 104 and MAS Notice 317, as well as the above proposals. The amendments under Proposal 4 are in ***bold italics***.

5 REQUIREMENTS ON INVESTMENT ACTIVITIES OF INSURANCE GROUPS

5.1 Requirements on investment activities of insurance groups are necessary due to the possible contagion risks if investments of the parent or insurance solo entities within the insurance group are not managed prudently. MAS proposes to extend the requirements on solo insurers to insurance groups, with amendments on ALM requirements and additional requirements relevant to such groups. While the concept of asset-liability matching would not be applicable on a consolidated basis[11], the Group Investment Policy will have to give due regard to ALM for the individual entities within the Group, including regulatory requirements on ALM for the regulated entities. The proposed requirements are set out in Appendix 2[12].

Proposal 5: To impose requirements on investment activities of insurance groups. The proposed requirements are set out in Appendix 2.

[11] As stated in Appendix 2, the requirements on investment activities of insurance groups will be applied on the consolidated investments, including the investments of unregulated entities within the insurance groups.

[12] MAS is currently reviewing the frameworks for Financial Holding Companies and Insurance Group-wide Supervision. The requirements on investment activities of insurers will only be legislated when the frameworks are in place.

6 IMPLEMENTATION TIMELINE

6.1 MAS proposes to implement the requirements under the new Notice on 1 January 2014. MAS will separately consult on the legislation instrument for insurance groups.

Proposal 6: To implement the requirements under the new Notice on 1 January 2014.

Appendix 1

Proposed New MAS Notice

Notice No: MAS 1XX
Issue Date: Day Month 2013

NOTICE ON INVESTMENTS OF INSURERS

Introduction

1. This Notice is issued pursuant to section 64(2) of the Insurance Act (Cap. 142) ("the Act").

2. This Notice shall be read in conjunction with the provisions of the Act and the Insurance (Valuation and Capital) Regulations 2004 (G.N. No. S 498/2004) ("the Regulations").

3. This Notice applies to any insurer registered to carry on insurance business ("the insurer"). It sets out the basic principles that shall govern the oversight of investment activities of the insurer. The insurer shall ensure that these basic principles are strictly adhered to at all times.

4. ***Paragraphs 7 to 16 shall not apply to captive insurers and marine mutual insurers.***

5. Paragraphs 17 to 22 shall not apply to an insurer in respect of the part of any insurance fund established and maintained for its investment-linked policies under section 17(1A)(a) of the Act relating to the unit reserves of the policies of the fund.

Interpretation

6. For the purpose of this Notice:

   (a) ***"investments" means the investments of the insurance funds and, in the case of an insurers established or incorporated in Singapore, includes the investments of the shareholders' funds.***

   (b) "hedging" means the reduction of investment risk through engaging in a transaction for a derivative on an investment where there is a high degree of negative correlation between the changes in value of the derivative and changes in value of the hedged investment;

   (c) "efficient portfolio management", in relation to a derivative transaction, has the meaning ascribed in paragraph 21 below;

   (d) ***"economic capital" means the capital needed by the insurer to satisfy its risk tolerance and support its business plans and which is determined from an***

economic assessment of the insurer's risks, the relationship of these risks and the risk mitigation in place; and

(e) ***"liquid assets" means assets which are readily converted into cash at a value close to its fair price under normal market conditions.***

Board of Directors and Senior Management Oversight

7. The responsibility for the formulation, approval and establishment of the investment policy of the insurer must rest ultimately with its Board of Directors. The insurer shall ensure that its Board of Directors, at all times, exercises added oversight to ensure that the interests and rights of policy owners are not compromised.

8. For the purpose of the insurer's investment activities, the insurer shall establish a committee (the "Investment Committee") that includes the chief executive and chief investment officer (or an officer in a similar capacity responsible for the investment functions) and seek approval from its Board of Directors for the establishment of the Investment Committee. For a direct life insurer, the Investment Committee shall also include the Appointed Actuary ("AA"). ***A direct general insurer and reinsurer should consult the Certifying Actuary ("CA") or the AA, as the case may be, on investment-related matters for which the CA's or the AA's expertise and experience would be useful***.

9. At least annually, the insurer shall ensure that its Board of Directors reviews the adequacy and relevance of its investment policy - in terms of overall risk tolerance, long-term risk-return requirements and solvency position - in the light of the insurer's activities and risk profile.

Reports to the Board of Directors

10. The insurer shall ensure that the Investment Committee reports regularly, ***but no less than once every quarter***, to the Board of Directors and ensures that the reports on investment activities are prepared in a timely manner. If the Board of Directors delegates authority to the Investment Committee to make investment decisions on its behalf, the insurer shall ensure that the Investment Committee reports to each meeting of the Board on any and all decisions of material consequence made since the last meeting of the Board of Directors, ***but such report shall be no later than three months of making the decision of material consequence.***

11. In addition to the above reports, the insurer shall ensure that the Investment Committee also prepares reports for the Board of Directors, as and when any investment-related activity of material consequence arises, with details of the various issues and the impact on the funds and the insurer.

Duties of the Investment Committee

12. The insurer shall ensure that its investments are carried out in accordance with a Board-approved investment policy of the insurer, supervised or directed by the Investment Committee. The insurer shall ensure that its investment policy incorporates the main elements as laid down in Appendix A. The duties delegated to the Investment Committee shall include, but not be limited to the following functions:

(a) To review the investment policy of the insurer on a regular basis so that it remains appropriate, recognising among other things, changes in business in-force and the economic environment;
(b) To ensure the investment policy is consistent with the asset-liability management strategies required to support ***new and existing*** products;
(c) To ensure the investment policy of the participating fund***, where applicable***, is consistent with the bonus and dividend policy of the insurer;
(d) To ensure the risk management functions continue to be appropriate;
(e) To review the adequacy of internal control systems to support investment activities; and
(f) To ensure resources dedicated to the investment activities of the insurer are sufficient to implement and manage the approved investment policy and any other activities requested by the Board of Directors.

13. The insurer shall ensure that its Investment Committee is in a position to monitor the performance of those managers against its approved policies and procedures.

14. The insurer shall ensure that the Investment Committee implements and maintains adequate risk management systems and controls in respect of the investments of the insurer. These shall include, but not be limited to, ensuring that:

(a) there is proper segregation of execution, monitoring and performance measurement functions;
(b) the authority of persons entering into, performing or otherwise dealing in investments for and on behalf of the insurer, and limits of such authority, are clearly delineated;
(c) there are proper performance monitoring procedures;
(d) there are continuous risk monitoring procedures;
(e) there is timely management reporting;
(f) the investments of the insurer are handled by qualified and properly trained persons ***capable of assessing the nature, scale and complexity of the associated risks;*** and
(g) there are sound audit procedures to ensure compliance with the insurer's policies and procedures and statutory requirements.

Asset-Liability Management

15. ***Asset-liability management ("ALM") allows decisions and actions taken with respect to assets and liabilities to be coordinated through the ongoing process of formulating,***

implementing, monitoring and revising strategies related to assets and liabilities in order to achieve an insurer's financial objectives, given its risk tolerance and other constraints. The insurer shall ensure that it has a Board-approved ALM policy which explicitly takes into consideration its investment management and product development and pricing functions. The ALM policy shall be appropriate to the nature, scale and complexity of the risks associated with the insurer's assets and liabilities, and shall at the minimum set out the following:

(a) ***how the investment and liability strategies adopted by the insurer allow for interaction between assets and liabilities;***
(b) ***how the liability cash flows are met by the cash inflows; and***
(c) ***how the economic valuation of assets and liabilities are changed under an appropriate range of different scenarios.***

An insurer shall ensure that its ALM policy:
(a) ***recognises the interdependence between all of the insurer's assets and liabilities and take into account the correlation of risk between different asset classes as well as the correlation between different products and business lines, while recognising that correlations may not be linear; and***
(b) ***takes into account any off-balance sheet exposures that the insurer may have and the contingency that risks transferred may revert to the insurer.***

16. In view of the potential significant financial losses that could arise from speculative trades, an insurer shall, subject to paragraph 23, ***only carry out investments when it is capable of assessing the nature, scale and complexity of the risks associated with those investments.***

17. An insurer shall only be permitted to enter into or effect derivative transactions for the purposes of hedging and efficient portfolio management.

18. An insurer shall disclose in its annual statutory returns, its accounting policies as well as exposure to derivatives (including the amount and percentage of derivatives of the total assets of the insurance fund ***and shareholders' fund***, for each insurance fund separately.

Hedging

19. An insurer shall clearly identify any derivative transaction entered into for hedging purposes as such. The insurer shall promptly unwind the transaction if the transaction does not have the effect of hedging at any stage during the period of the derivative contract.

20. An insurer shall exercise extra caution whilst hedging foreign currency risk where the underlying investment does not have a fixed payment schedule (e.g. equities).

<u>Efficient Portfolio Management</u>

21. An insurer shall deem a derivative transaction to have been effected for the purpose of efficient portfolio management if:

(a) it is economically appropriate;

(b) the exposure is fully covered (to meet any obligation to pay or deliver); and

(c) it has at least one of the following aims:

(i) reduction of risk;

(ii) reduction of cost with no increase in risk or a minimal increase in risk; or

(iii) generation of additional ***economic*** capital or income for the fund with no increase or a minimal increase in risk.

22. ***In determining if the transaction is economically appropriate, the insurer should have a reasonable belief that where it is undertaken to:***

(a) ***reduce risk or cost or both, it would diminish a risk or cost which is sensible to reduce; or***
(b) ***increase economic capital or generate income for the relevant insurance fund or shareholders' fund, the fund would (barring events which are not reasonably foreseeable) derive a benefit from the transaction.***

Prohibitions

23. An insurer shall not take uncovered positions in derivatives**.** ***The insurer shall cover a transaction in derivative which gives rise, or may give rise, to future commitments as follows:***
(a) ***in the case of derivatives which will, or may at the option of the insurer, be cash settled, the insurer shall hold, at all times, liquid assets sufficient to cover the exposure;***
(b) ***in the case of derivatives which will, or may at the option of the counterparty, require physical delivery of the underlying assets, the insurer shall hold the underlying assets in sufficient quantities to meet the delivery obligation at all times. If the insurer deems the underlying assets to be sufficiently liquid, the insurer may hold as coverage other liquid assets in sufficient quantities, provided that such alternative assets may be readily converted into the underlying asset at any time to meet the delivery obligation.***

Contravention of requirements imposed

24. Contravention of any requirement imposed under this Notice shall be an offence and shall attract the penalty specified in section 55(2) of the Act.

Appendix A

<u>Main Elements Of Board-Approved Written Investment Policy</u>

The main elements shall include the following:

1 Determination of the strategic asset allocation for each of the major product lines, that is, the long-term asset mix over the main investment categories. This shall be done with due regard to asset-liability management[13], overall risk tolerance[14], long-term risk-return requirements and solvency position of the insurer.

2 Establishment of limits for the allocation of assets by geographical area, markets, sectors, counterparties and currency. ***In establishing the limits, the insurer shall ensure adequate diversification within a risk category and between different risk categories. Diversification within a risk category occurs where risks of the same type are pooled (e.g. shares relating to different companies). Diversification between risk categories is achieved through pooling different types of risk (e.g when two asset portfolios whose performances are not fully correlated are combined, the exposure to the aggregated risks will generally be lower than the sum of the exposures to the risks in the individual portfolios).***

3 Formulation of an overall policy on the selection of individual securities and other investment titles***. The insurer shall ensure that the overall policy results in investments where the associated risks of the asset can be properly managed by the insurer, i.e. insurer can identify, measure, monitor, control and report those risks and appropriately take them into account in its own risk and solvency assessment. In particular, the insurer shall identify and analyse assets which are lacking in transparency, including those inherent to the investment structure. The insurer shall indentify and adequately cover potential obligations to make future payments under such assets***

4 Adoption of passive or more active investment management[15] in relation to each level of decision-making.

[13] The insurer shall specifically consider investment guarantees and embedded options that are contained in its policies, and the currency or currencies of its liabilities and the extent to which they are matched by the currencies of the assets.

[14] Various types of risks should be considered, including but not limited to, risk of counterparty default, deterioration in value (including currency risk).

[15] Passive management refers to the situation where investment transactions are undertaken in order to maintain a predefined strategic mix between asset categories, or within an asset category, possibly in accordance with market indices. Active management, on the other hand, refers to the situation where transactions are undertaken in order to deliberately deviate from the predefined strategic mix to achieve a risk-return profile different from that implied by the strategic portfolio composition. This may take place at various levels, for example by changing the portfolio mix between equities and fixed income investment; altering the geographical allocation; or, in an equity portfolio, over- and underweighting of shares against an index; and, in a fixed income portfolio, increasing or decreasing the duration of the portfolio.

5 In the case of active management, definition of the scope for investment flexibility, usually through the setting of quantitative asset exposure limits.

6 The extent to which the holding of some types of assets is ruled out or restricted where, for example, the disposal of the asset could be difficult due to the lack of liquidity of the market or where independent (i.e. external) verification of pricing is not available***, and the levels at which such investments shall be held by the insurer.***

7 Maintain proper books of account relating to each insurance fund ***and shareholders' fund*** and establish the framework of accountability for all asset transactions; these have to be audited at least yearly.

8 ***Policy for safe-keeping of assets, including custodial arrangements and the conditions under which investments may be pledged or lent.***

9 Formulation of an appropriate risk management policy in respect of the investment activities of the insurer.

Appendix 2

Proposed Requirements on Investment Activities of Insurance Groups

The proposed requirements will be relevant to any Singapore insurance group or intermediate insurance group which is subject to group-wide supervision, and are to be applied through the controlling parent of the group, which can be an insurance holding company or operating insurer.

[Column 1] **Requirements (main categories) on Solo Insurers (per the proposed new MAS Notice which would be applicable to Insurance Groups unless otherwise stated in Column 2.**	[Column 2] **Modifications / Additional Requirements for Insurance Groups**	[Column 3] **Comments**
Part I – Definitions		
• "Investments" means the investments of the insurance funds and shareholders' fund (for locally incorporated insurers).	• Modify the definition of "Investments" for insurance groups: *"Investments" means the investments of insurance groups on a consolidated basis, unless otherwise specified. It includes the investments of unregulated entities within the insurance group.*	The broader definition takes into account all the investments activities that the controlling parent has influence over.
Part II – Governance of Investment Activities		

Board of Directors 1. Approval and establish Investment Policy. 2. Establish an Investment Committee that comprises the Chief Executive, Appointed Actuary (where applicable) and Chief Investment Officer (or someone in similar capacity). 3. Review of investment policy at least annually.	None	
Duties of Investment Committee 1. Implement a Board-approved investment policy. 2. Report regularly to Board. 3. Review the investment policy on regular basis. 4. Ensure the investment policy is consistent with ALM strategies required to support any new and existing products. 5. Ensure the investment policy of Participating Fund is consistent with	Modifications: Exclude items 4 and 5. Additional Requirements Monitor investment risk exposures on an aggregate basis for the insurance group as a whole, considering cases where losses from investments made by entities within the insurance group have the ability to weaken another entity or the group as a whole through intra-	Modifications While the concept of ALM would not be applicable on a consolidated basis, the Group Investment Policy will have to give due regard to ALM for the individual entities within the Group, including requirements on ALM for the regulated entities.

bonus and dividend policy of the insurer (only for life). 6. Ensure risk management functions continue to be appropriate. 7. Review adequacy of internal controls around investment activities. 8. Ensure resources dedicated to the investment activities are sufficient including ensuring capabilities are commensurate with nature, scale and complexity of the risks.	group investments. Review the impact of the investments on requirements for liquidity, transferability of assets and fungibility of capital within the group (taking into consideration group solvency and capital requirements). Where investments held by individual entities within the insurance group are managed centrally, to ensure that the investment management unit has the requisite knowledge and skills to assess and manage the risks of these investments and manages the investments with due regard to the needs of the entity in addition to the group as a whole. To deliberate and document the basis of allocation where investments are made as a group.	
PART III – Elements of Investment Policy		

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<u>Main Elements of the Board-Approved Investment Policy:</u>

1. Determine strategic asset allocation for each major product line.

2. Establish limits for allocation of assets by geographical area, markets, sectors, counterparties and currency.

3. Formulate policy on selection of individual securities and other investment titles.

4. Adoption of passive or active investment management; for active management, to define the scope of investment flexibility.

5. The extent to which the holding of some types of assets is ruled out or restricted.

6. Overall policy on the use of complex investments including financial derivatives, SPEs and structured products that have risk profile of derivatives.

7. Maintain proper books of accounts and
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<u>Modification</u>

1. Determine strategic asset allocation for respective insurance entity’s major product line.

<u>Additional Requirements:</u>

a. Set out broad principles guiding investments of the parent and individual entities within the group, with due regard to regulatory requirements on ALM, overall risk tolerance, solvency position of regulated entities.

b. Put in place a policy for safe-keeping of assets at individual entity and group level.
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establish framework of accountability for all asset transactions; these to be audited yearly. 8. Policy for safe-keeping of assets, including custodial arrangements and the conditions under which investments may be pledged or lent. 9. Formulate risk management policy for investment activities		
PART IV – Risk Management		
1. Allow use of derivative transactions for purpose of efficient portfolio management.	None	
PART V – Hedging		
1. Clearly identify any derivative transaction entered into for hedging purposes as a hedge.	None	
2. The insurer shall exercise extra caution whilst hedging foreign currency risk where the underlying investment does not have a fixed payment schedule (e.g. equities).	None	

PART VI – Efficient Portfolio Management ("EPM")		
1. Allow use of derivative transactions for purpose of EPM.	None	
2. Define EPM.	None	
PART VII – Prohibition		
1. No uncovered positions in derivatives.	None	

Monetary Authority of Singapore