

Central Provident Fund (Amendment) Bill

Bill No. 14/2005.

Read the first time on 16th May 2005.

A BILL

intituled

An Act to amend the Central Provident Fund Act (Chapter 36 of the 2001 Revised Edition).

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

Short title and commencement

1. This Act may be cited as the Central Provident Fund (Amendment) Act 2005 and shall come into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

5 **Amendment of section 13**

2. Section 13(1) of the Central Provident Fund Act (referred to in this Act as the principal Act) is amended by deleting the words “but subject to section 16” in paragraph (b).

Amendment of section 40

10 3. Section 40 of the principal Act is amended by deleting the definition of “Dependants’ Protection Insurance Fund” and substituting the following definition:

15 ““appointed insurer” means any person who is registered under the Insurance Act (Cap. 142) to carry on insurance business in Singapore and who is appointed by the Board to take over the whole or any part of the Board’s liabilities under the Scheme or to provide insurance cover to any person under the Scheme;”.

Amendment of section 41

20 4. Section 41 of the principal Act is amended by deleting the words “the Board will pay the insured sum in accordance with the Scheme” and substituting the words “the insured sum shall be paid in respect of that insured person in accordance with the provisions of this Part”.

Amendment of section 42

25 5. Section 42 of the principal Act is amended —

- (a) by deleting the words “with the Board” in subsection (2)(c) and substituting the words “under subsection (3)”;
- (b) by deleting the words “with the Board a written notice in such form as the Board may require” in subsection (3) and substituting the words “a written notice in the prescribed manner”;
- 30 (c) by deleting the words “to the Board” in subsection (4) and substituting the words “in the prescribed manner”; and

(d) by deleting subsection (5) and substituting the following subsection:

“(5) The Board or an appointed insurer, as the case may be, may approve any application under subsection (4) in the prescribed manner.”.

Amendment of section 43

6. Section 43 of the principal Act is amended by inserting, immediately after subsection (3), the following subsection:

“(4) This section shall apply only in relation to an insured person for whose insurance cover under the Scheme the Board remains liable to pay the insured sum by virtue of section 49A(2)(a).”.

Amendment of section 44

7. Section 44 of the principal Act is amended by inserting, immediately after subsection (2), the following subsection:

“(3) This section shall apply only in relation to an insured person for whose insurance cover under the Scheme the Board remains liable to pay the insured sum by virtue of section 49A(2)(a).”.

Amendment of section 45

8. Section 45 of the principal Act is amended —

(a) by deleting the words “the Fund” in subsections (2) and (4) and substituting in each case the words “his ordinary and special accounts”; and

(b) by deleting subsection (3) and substituting the following subsection:

“(3) Where, by virtue of section 49A, the insurance cover of an insured person under the Scheme is being provided by an appointed insurer, the Board shall pay the amount of the premium deducted under subsection (2) to that appointed insurer.”.

Repeal of section 46

9. Section 46 of the principal Act is repealed and the Dependants’ Protection Insurance Fund established under the section is dissolved.

Repeal and re-enactment of section 47 and new sections 48 and 48A

10. Section 47 of the principal Act is repealed and the following sections substituted therefor:

“Period of cover

5 47.—(1) Where the prescribed premium payable under the Scheme has been paid or deducted from an insured person’s contributions under section 45, that person shall be covered under the Scheme by an appointed insurer assigned by the Board from the date of such payment or deduction for a period of 12 months after the date of
10 commencement of his insurance cover.

(2) Subject to the provisions of this Part, the insurance cover under the Scheme shall be renewed annually in accordance with the prescribed requirements.

Rights and benefits under Scheme not assignable or transferable

15 48. The rights and benefits of an insured person arising from his insurance cover under the Scheme shall not be assignable or transferable.

Insurance policy under Scheme not to create trust

20 48A.—(1) A policy of insurance issued under the Scheme shall not be deemed to create any legal or equitable trust.

(2) Section 73 of the Conveyancing and Law of Property Act (Cap. 61) shall not apply to any policy of insurance issued under the Scheme.”.

25 **Repeal and re-enactment of section 49 and new sections 49A, 49B and 49C**

11. Section 49 of the principal Act is repealed and the following sections substituted therefor:

“Amount payable on death or incapacity of insured person

30 49.—(1) Where an insured person dies at any time during the period he is insured under the Scheme, the insured sum shall, upon proof of death, be paid by the Board or an appointed insurer, as the case may be, in accordance with the prescribed requirements.

(2) Where there is a claim made under the Scheme by an insured person on the ground of incapacity at any time during the period he is insured under the Scheme, the insured sum shall, upon proof of incapacity, be paid to him by the Board or an appointed insurer, as the case may be, in accordance with the prescribed requirements.

Transfer of Board's liabilities under Scheme

49A.—(1) The Minister may make regulations to transfer the whole or any part of the Board's liabilities under the Scheme (including the insurance covers issued under the Scheme that give rise to such liabilities) to one or more appointed insurers.

(2) Without prejudice to the generality of subsection (1), regulations made under that subsection may —

(a) prescribe the cases in which or the circumstances under which the Board shall continue to be liable to pay the insured sum in respect of insured persons whose insurance covers under the Scheme have been transferred to an appointed insurer;

(b) provide for such consequential, saving and transitional provisions as are necessary to facilitate the transfer of the Board's liabilities under the Scheme;

(c) prescribe the necessary modifications to be made to any other provision of this Act in order to bring such provision into conformity with the transfer of the Board's liabilities under the Scheme; and

(d) provide for such other matters as the Minister thinks necessary or expedient for the transfer of the Board's liabilities under the Scheme.

(3) The Board may require any appointed insurer to transfer to another appointed insurer, in such manner and on such terms and conditions as the Board thinks fit, those liabilities of the Board under the Scheme that have been transferred to the first-mentioned appointed insurer under this section.

(4) The transfer of any liability under the Scheme —

(a) by the Board to an appointed insurer under subsection (1); or

(b) by one appointed insurer to another appointed insurer pursuant to the requirement of the Board under subsection (3),

5 may be made, and shall be valid and effectual, notwithstanding anything to the contrary in any written law or rule of law or the absence of any agreement or consent which would otherwise be necessary.

10 (5) If any question arises as to whether any particular liability of the Board under the Scheme has been transferred to an appointed insurer under this section, a certificate under the hand of the Minister shall be conclusive evidence that the liability was or was not so transferred.

15 (6) An appointed insurer to whom the whole or any part of the Board's liabilities under the Scheme have been transferred under this section shall provide insurance cover to every transferred insured person in accordance with such requirements as may be specified by the Board, including requirements relating to —

(a) the minimum benefits and rights that the appointed insurer must confer upon the person; and

20 (b) the terms and conditions subject to which the appointed insurer may issue insurance cover to the person.

Application of moneys in dissolved Dependants' Protection Insurance Fund

25 **49B.** Upon the dissolution of the Dependants' Protection Insurance Fund (referred to in this section as the dissolved Fund), the Board may —

30 (a) subject to such terms or conditions as it thinks fit to impose, pay such part of the moneys of the dissolved Fund as the Board may determine to each of the appointed insurers to which the Board's liabilities under the Scheme has been transferred under section 49A; and

(b) retain such part of the moneys of the dissolved Fund as it thinks necessary for meeting any of its own liabilities under the Scheme that may have arisen prior to the transfer.

Disclosure of information

5 **49C.**—(1) The Board may, from time to time, give to an appointed insurer to which its liabilities under the Scheme has been transferred under section 49A such information (including medical information) as is in the Board’s possession that —

(a) relates to any member; and

(b) is required by the appointed insurer in order that the appointed insurer may properly fulfill its obligations in relation to that member under the Scheme.

10 (2) An appointed insurer shall not use any information given to it by the Board under subsection (1) except for such purposes as may be approved by the Board.

15 (3) For the purposes of ensuring that the provisions of this Part are being complied with, the Board may require an appointed insurer or any member to furnish to the Board such documents or information as the Board thinks necessary.”.

Repeal and re-enactment of section 50

12. Section 50 of the principal Act is repealed and the following section substituted therefor:

20 **“Non-application of Insurance Act**

50. The Insurance Act (Cap. 142) shall not apply —

(a) to anything done by the Board under this Part; or

(b) to the transfer of any of the Board’s liabilities under the Scheme under section 49A(1) or (3).”.

25 **Amendment of section 51**

13. Section 51 of the principal Act is amended by deleting paragraph (g) and substituting the following paragraphs:

“(g) provide for the manner in which the insured sum shall be paid in respect of any insured person under the Scheme;

30 (ga) provide for the cases in which or the circumstances under which the insured sum shall not be payable in respect of any insured person under the Scheme;”.

Amendment of section 52

14. Section 52 of the principal Act is amended by inserting, immediately before the definition of “approved hospital”, the following definition:

5 “appointed insurer” means any person who is registered under the Insurance Act (Cap. 142) to carry on insurance business in Singapore and who is appointed by the Board to take over any part of the Board’s liabilities under the Scheme or to provide insurance cover to any person under the Scheme;”.

New sections 56A and 56B

10 15. The principal Act is amended by inserting, immediately after section 56, the following sections:

“Transfer of liabilities under Scheme

15 **56A.**—(1) The Minister may make regulations to transfer any part of the Board’s liabilities under the Scheme (including the insurance covers issued under the Scheme that give rise to such liabilities) to one or more appointed insurers.

(2) Without prejudice to the generality of subsection (1), regulations made under that subsection may —

- 20 (a) prescribe the cases in which or the circumstances under which the Board shall continue to be liable to make payments to insured persons whose insurance covers under the Scheme have been transferred to an appointed insurer;
- 25 (b) provide for such consequential, saving and transitional provisions as are necessary to facilitate the transfer of the Board’s liabilities under the Scheme;
- (c) prescribe the necessary modifications to be made to any other provision of this Act in order to bring such provision into conformity with the transfer of the Board’s liabilities under the Scheme; and
- 30 (d) provide for such other matters as the Minister thinks necessary or expedient for the transfer of the Board’s liabilities under the Scheme.

(3) The Board may require any appointed insurer to transfer to another appointed insurer, in such manner and on such terms and

conditions as the Board thinks fit, those liabilities of the Board under the Scheme that have been transferred to the first-mentioned appointed insurer under this section.

(4) The transfer of any liability under the Scheme —

- 5 (a) by the Board to an appointed insurer under subsection (1); or
 (b) by one appointed insurer to another appointed insurer pursuant to the requirement of the Board under subsection (3),

10 may be made, and shall be valid and effectual, notwithstanding anything to the contrary in any written law or rule of law or the absence of any agreement or consent which would otherwise be necessary.

15 (5) If any question arises as to whether any particular liability of the Board under the Scheme has been transferred to an appointed insurer under this section, a certificate under the hand of the Minister shall be conclusive evidence that the liability was or was not so transferred.

20 (6) An appointed insurer to whom any part of the Board's liabilities under the Scheme have been transferred under this section shall provide insurance cover to every transferred insured person in accordance with such requirements as may be specified by the Board, including requirements relating to —

- (a) the minimum benefits and rights that the appointed insurer must confer upon the person; and
 (b) the terms and conditions subject to which the appointed insurer may issue insurance cover to the person.
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(7) Upon the transfer of the Board's liabilities under the Scheme to an appointed insurer under subsection (1), the Board may —

- 30 (a) subject to such terms or conditions as it thinks fit to impose, pay to the appointed insurer such part of the moneys in the MediShield Fund as the Board thinks necessary to enable the appointed insurer to meet the liabilities so transferred to it; and
 (b) retain such part of the moneys in the MediShield Fund as it thinks necessary for meeting any of its own liabilities under the Scheme that may have arisen prior to the transfer.
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(8) The Board may, by arrangement with an insurer, take over such of the undertakings of the insurer which, in the opinion of the Board, are suitable and expedient for the purposes of the Scheme.

(9) Where, in connection with the Board's taking over of the undertakings of an insurer under subsection (8), the insurer transfers any sum to the Board, the Board shall pay the sum so transferred to it by the insurer into the MediShield Fund.

Non-application of Insurance Act

56B. The Insurance Act (Cap. 142) shall not apply —

- (a) to anything done by the Board under this Part; or
- (b) to the transfer of any liability under section 56A(1), (3) or (8).”.

Amendment of section 59

16. Section 59 of the principal Act is amended —

- (a) by deleting subsection (6) and substituting the following subsection:

“(6) The Board may, on the request by an insurer administering or operating an insurance scheme referred to in section 77(1)(k), give to the insurer information, in the Board's possession, on any member or his dependant that the insurer requires for the purpose of administering or operating the insurance scheme, including any medical information and information relating to the amount standing to the credit of the member in his medisave account.”; and

- (b) by deleting paragraph (a) of subsection (7) and substituting the following paragraph:

“(a) for the purpose of determining whether a member or his dependant is entitled to be insured under the insurance scheme referred to in section 77(1)(k); or”.

Amendment of section 66

17. Section 66 of the principal Act is amended by deleting the words “, the Dependants' Protection Insurance Fund”.

EXPLANATORY STATEMENT

This Bill seeks to amend the Central Provident Fund Act (Cap. 36) principally for the following purposes:

- (a) to provide for the taking over by insurers appointed by the Central Provident Fund Board (the Board) of certain of the Board's liabilities under the Dependants' Protection Insurance Scheme and the MediShield Scheme; and
- (b) to allow the Board, by arrangement with certain insurers, to take over certain of the insurance undertakings of such insurers and subsume them under the MediShield Scheme.

Clause 1 relates to the short title and commencement.

Clause 2 amends section 13(1)(b) to clarify that withdrawals made from a member's medisave account to pay premiums under any approved medical insurance scheme, or to pay for any medical treatment or services received by him or his dependants, are not subject to the restrictions under section 16 (which requires the maintenance of a prescribed amount in a member's medisave account).

Clause 3 amends section 40 to introduce a new definition of "appointed insurer" for the purposes of Part V (Dependants' Protection Insurance Scheme) and to delete the definition of "Dependants' Protection Insurance Fund", which is no longer required.

Clauses 4, 5, 6 and 7 make certain consequential amendments to sections 41, 42, 43 and 44, respectively, arising from the transfer of the Board's liabilities under the Dependants' Protection Insurance Scheme to appointed insurers under the new section 49A (inserted by clause 11). These consequential amendments will allow for the sections concerned to apply in relation to the Board or an appointed insurer, as appropriate, following the transfer.

Clause 8 amends section 45 —

- (a) to provide for the amounts of premium payable by an insured person under the Dependants' Protection Insurance Scheme to be deducted from his ordinary and special accounts; and
- (b) to provide for the amounts of premium so deducted to be paid by the Board to the appointed insurer by whom that person is insured under the Scheme.

Clause 9 repeals section 46 as the Dependants' Protection Insurance Fund (established under the section) will no longer be needed when the Board transfers its liabilities under the Dependants' Protection Insurance Scheme to appointed insurers.

Clause 10 repeals and re-enacts section 47 to provide that where the prescribed premium payable under the Dependants' Protection Insurance Scheme has been paid or deducted from an insured person's contributions under section 45, that person will be covered under the Scheme by an appointed insurer assigned by the Board from the date of such payment or deduction for a period of 12 months after the date of commencement of his insurance cover.

The clause also inserts 2 new sections, namely sections 48 and 48A —

- (a) to provide that the rights and benefits of an insured person arising from his insurance cover under the Dependants' Protection Insurance Scheme are not assignable or transferable; and
- (b) to provide that a policy of insurance issued under the Dependants' Protection Insurance Scheme will not be deemed to create any legal or equitable trust, and that section 73 of the Conveyancing and Law of Property Act (Cap. 61) will not apply to any policy of insurance issued under the Scheme.

Clause 11 repeals and re-enacts section 49 to allow for the provisions for the requirements relating to the payment of the insured sum under the Dependants' Protection Insurance Scheme to be prescribed by regulations.

The clause also inserts 3 new sections, namely sections 49A, 49B and 49C.

The new section 49A —

- (a) empowers the Minister to make regulations to transfer the whole or any part of the Board's liabilities under the Dependants' Protection Insurance Scheme (including the insurance covers issued under the Scheme that give rise to such liabilities) to one or more appointed insurers; and
- (b) empowers the Board, when the need arises, to require any appointed insurer to transfer to another appointed insurer those liabilities of the Board under the Dependants' Protection Insurance Scheme that have been transferred to the first-mentioned appointed insurer under the section.

The new section 49B provides for the application of the moneys in the dissolved Dependants' Protection Insurance Fund upon the repeal of section 46 by clause 9.

The new section 49C —

- (a) empowers the Board to give to an appointed insurer to which its liabilities under the Dependants' Protection Insurance Scheme has been transferred under the new section 49A certain information relating to members;
- (b) restricts the use by an appointed insurer of the information so provided by the Board to only such purposes as may be approved by the Board; and
- (c) empowers the Board to require an appointed insurer or any member to furnish to the Board such documents or information as the Board thinks necessary for the purpose of ensuring that the provisions of Part V are being complied with.

Clause 12 repeals and re-enacts section 50 to provide that the Insurance Act (Cap. 142) will not apply —

- (a) to anything done by the Board under Part V; or
- (b) to the transfer of any of the Board's liabilities under the Dependants' Protection Insurance Scheme under the new section 49A(1) or (3).

Clause 13 amends section 51 to empower the Minister to make regulations to provide for the manner in which the insured sum under the Dependants' Protection Insurance Scheme is to be paid and for the cases in which or the circumstances under which the insured sum will not be payable in respect of any insured person.

Clause 14 amends section 52 to introduce a new definition of "appointed insurer" for the purposes of Part VI (MediShield Scheme).

Clause 15 inserts 2 new sections, namely sections 56A and 56B.

The new section 56A —

- (a) empowers the Minister to make regulations to transfer any part of the Board's liabilities under the MediShield Scheme (including the insurance covers issued under the Scheme that give rise to such liabilities) to one or more appointed insurers; and
- (b) empowers the Board, when the need arises, to require any appointed insurer to transfer to another appointed insurer those liabilities of the Board under the MediShield Scheme that have been transferred to the first-mentioned appointed insurer under the section.

The new section 56B provides that the Insurance Act (Cap. 142) will not apply —

- (a) to anything done by the Board under Part VI; or
- (b) to the transfer of any liability under the new section 56A(1), (3) or (8).

Clause 16 makes certain technical refinements to section 59(6) and (7)(a) arising in consequence of the new section 56A as inserted by clause 15.

Clause 17 makes a consequential amendment to section 66 arising from the dissolution of the Dependants' Protection Insurance Fund upon the repeal of section 46 by clause 9.

EXPENDITURE OF PUBLIC MONEY

This Bill will not involve the Government in any extra financial expenditure.
