

Insurance (Amendment) Bill

Bill No. 16/2015.

Read the first time on 11 May 2015.

A BILL

intituled

An Act to amend the Insurance Act (Chapter 142 of the 2002 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 Insurance (Amendment) Act 2015 and comes into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

5 **New section 26**

2. The Insurance Act is amended by inserting, immediately after section 25, the following section:

“Regulation of payment of remuneration

10 **26.**—(1) Any licensed insurer must not pay to any licensed financial adviser or exempt financial adviser, or a representative or a supervisor of any licensed financial adviser or exempt financial adviser, any remuneration in relation to —

(a) the provision of any financial advisory service in connection with any life policy; or

15 (b) the sale of any life policy following the provision of any financial advisory service,

except in accordance with regulations made under section 64 or a written notice issued by the Authority.

20 (2) The regulations or written notice referred to in subsection (1) may prescribe or specify the following:

(a) the type and amount of the remuneration which may be payable in any particular period;

(b) how the payment is to be made.

25 (3) Subsection (1) applies only to payment of remuneration which accrues —

(a) on or after the date of commencement of section 2 of the Insurance (Amendment) Act 2015 (called in this section the commencement date); and

30 (b) under any agreement or arrangement whether made before, on or after the commencement date.

(4) Any licensed insurer required to comply with subsection (1) must do so despite —

(a) any written law in force on the commencement date or any rule of law to the contrary; or

(b) any agreement or arrangement entered into before, on or after the commencement date.

(5) Any licensed insurer which complies with subsection (1) is not to be treated as having breached — 5

(a) any rule of law or written law referred to in subsection (4)(a); or

(b) any agreement or arrangement referred to in subsection (4)(b) which was entered into before the commencement date, 10

and no such agreement or arrangement is taken to be brought to an end by frustration solely by reason of any act done in compliance with subsection (1), or any regulation or written notice referred to in that subsection. 15

(6) Any licensed insurer which contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part of a day during which the offence continues after conviction. 20

(7) In this section —

“remuneration” includes —

(a) any monetary commission, incentive, benefit or reward;

(b) any non-monetary incentive, benefit or reward; and 25

(c) such other consideration as prescribed under section 64 or specified by the Authority by written notice;

“supervisor”, in relation to a financial adviser, has the same meaning as in section 2(1) of the Financial Advisers Act (Cap. 110).” 30

New sections 33A, 33B and 33C

3. The Insurance Act is amended by inserting, immediately after section 33, the following sections:

5 **“Licensed insurers to provide information for web aggregator**

10 **33A.—**(1) Without affecting the generality of section 33, the Authority may, by regulations made under section 64 or written notice, require a licensed insurer or class of licensed insurers to provide to the Authority, or such person as may be specified in the regulations or notice (called in this section the specified person), such information as the Authority may require for the purposes of the web aggregator.

15 (2) For the purposes of subsection (1), the Authority may specify the time at which and the manner in which the information is to be furnished in the regulations or notice.

 (3) The Authority or specified person may prepare and publish any information furnished under this section on the web aggregator.

20 (4) Any licensed insurer which fails to comply with any regulation or written notice referred to in subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part of a day during which the offence continues after conviction.

25 (5) Any licensed insurer which, in purported compliance with any regulation or written notice referred to in subsection (1), provides to the Authority or specified person any information which is false or misleading in a material particular shall be guilty of an offence and shall be liable on conviction —

30 (a) in the case of an individual who committed the offence wilfully, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both;

(b) in the case of an individual who did not commit the offence wilfully, to a fine not exceeding \$125,000; or

(c) in the case where the offence is committed by a person who is not an individual, to a fine not exceeding \$250,000.

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(6) In subsection (5), “licensed insurer” includes any person acting on behalf of the licensed insurer to carry out its obligation under the regulation or written notice.

(7) Any licensed insurer which fails to take reasonable care that any information provided to the Authority or specified person under this section is accurate shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000.

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(8) In this section and section 33B, “web aggregator” means an Internet portal or domain on the Internet which the Authority, or such person as the Authority may appoint, creates, develops and operates for the purposes of publishing certain information from time to time, to assist any person in the purchase of a policy.

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Fees payable by licensed insurers for web aggregator

33B.—(1) Every licensed insurer must pay to the Authority such fees at such time and in such manner as may be prescribed for or in connection with all or any of the following:

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(a) the operation of the web aggregator;

(b) the development of the web aggregator;

(c) the maintenance of the web aggregator;

(d) the usage by the licensed insurer, or a class of licensed insurers to which the licensed insurer belongs, of the web aggregator.

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(2) Subject to subsection (3), the Authority may prescribe different fees for different licensed insurers or classes of licensed insurers in connection with all or any of the matters referred to in subsection (1)(a) to (d), and any fees so prescribed need not bear any relationship to the costs of the services provided by the Authority in relation to the web aggregator.

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(3) The total fees payable by all the licensed insurers to the Authority under this section for any period of 12 months or a shorter period, must not exceed the costs incurred by the Authority in connection with all of the following in that period:

- (a) the operation of the web aggregator;
- (b) the development of the web aggregator;
- (c) the maintenance of the web aggregator;
- (d) the usage by all the licensed insurers of the web aggregator.

(4) The Authority may, where the Authority considers appropriate in a particular case, waive, refund or remit the whole or any part of any fee paid or payable under subsection (1).

(5) Where a licensed insurer fails to pay the prescribed fees by the prescribed time, the Authority may impose a late payment fee of a prescribed amount for every day or part of a day that the payment is late, and both fees are recoverable by the Authority as a judgment debt.

Manufacture and offer of certain life policies

33C.—(1) If the Authority is of the opinion that it is in the public interest to do so, the Authority may direct a licensed insurer to manufacture and offer such type of life policy in Singapore as the Authority may prescribe or specify by written notice.

(2) Without affecting the generality of subsection (1), the Authority may, in prescribing or specifying a type of life policy under subsection (1), prescribe or specify all or any of the following with respect to the life policy:

- (a) the time by which the life policy is to be manufactured and offered;
- (b) the form and manner in which the life policy is to be manufactured or offered;
- (c) the characteristics of the life policy;

- (d) the terms of the life policy;
- (e) the benefits to be or likely to be derived from the life policy;
- (f) the manner of distribution or sale of the life policy.

(3) Any licensed insurer which fails to comply with the direction under subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part of a day during which the offence continues after conviction. 5

(4) In this section, “manufacture”, in relation to a life policy, means — 10

(a) the process of determining the appropriate premium rate or pricing for the life policy based on its product features and benefits; and 15

(b) such other processes in relation to the life policy as the Authority may prescribe.”.

Savings and transitional provision

4. For a period of 2 years after the date of commencement of any provision of this Act, the Minister may, by regulations, prescribe such additional provisions of a savings or transitional nature consequent on the enactment of that provision as the Minister may consider necessary or expedient. 20

EXPLANATORY STATEMENT

This Bill seeks to amend the Insurance Act (Cap. 142) —

- (a) to regulate the payment of any remuneration by licensed insurers to licensed financial advisers, exempt financial advisers and their representatives and supervisors in relation to the provision of certain financial advisory services or sale of life policies;
- (b) to make provision for the maintenance of the Monetary Authority of Singapore’s (the Authority) web aggregator; and

- (c) to enable the Authority to direct licensed insurers to manufacture and offer such type of life policy in Singapore, as may be prescribed by the Authority.

Clause 1 relates to the short title and commencement.

Clause 2 inserts a new section 26.

The new section 26(1) prohibits the payment of any remuneration by a licensed insurer to a licensed financial adviser, an exempt financial adviser, a representative or a supervisor of a licensed financial adviser or an exempt financial adviser in relation to —

- (a) the provision of any financial advisory service in connection with any life policy; or
- (b) the sale of any life policy.

The Authority may by regulations prescribe the exceptions to this prohibition and, in doing so, the Authority may specify how the payment of remuneration is to be made. For instance, the Authority may require the payment to be spread over a period of time to prevent “frontloading” of remuneration.

A licensed insurer must comply with the new section 26(1) despite any other duty imposed on it by any other rule of law, written law or agreement or arrangement. In complying with the new section 26(1), the licensed insurer is treated as not being in breach of any such rule of law or written law, or such agreement or arrangement entered into before the commencement of the new section 26.

Any person who fails to comply with the new section 26(1) is guilty of an offence.

A written notice issued under the new section 26 and new sections 33A and 33C need not be published in the *Gazette* by virtue of the definition of “directions” in section 1A read with section 64(3) of the Act.

Clause 3 inserts new sections 33A, 33B and 33C.

The new section 33A empowers the Authority to require any licensed insurer to furnish to the Authority with such information as the Authority may require for the purposes of the web aggregator established by the Authority for the purpose of assisting any person in the purchase of a policy.

The Authority has the discretion to publish the information furnished on the web aggregator.

Any licensed insurer which —

- (a) furnishes any information, which is false or misleading in a material particular, to the Authority; or

(b) fails to take reasonable care that any information furnished to the Authority is accurate,
is guilty of an offence.

The new section 33B requires every licensed insurer to pay to the Authority certain fees with respect to the operation, development, maintenance or use of the web aggregator.

The Authority may prescribe different fees for different licensed insurers or classes of licensed insurers, and any fees prescribed need not bear any relationship to the costs of the services provided by the Authority in relation to the web aggregator.

The total fees payable by all the licensed insurers to the Authority for any period of 12 months, or a shorter period, must not exceed the cap referred to in the new section 33B(3).

The Authority has the power to waive, refund or remit the whole or any part of the fees paid or payable under the new section 33B. The Authority also has the power to impose a late payment fee on any licensed insurer which is late in paying the fees. Both fees are recoverable by the Authority as a judgment debt.

The new section 33C enables the Authority to direct a licensed insurer to manufacture and offer such type of life policy in Singapore as the Authority may prescribe or specify by written notice, if the Authority is of the opinion that it is in the public interest to do so.

Any licensed insurer which fails to comply with the direction is guilty of an offence.

Clause 4 gives the Minister power to make regulations of a savings and transitional nature.

EXPENDITURE OF PUBLIC MONEY

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