

**RESPONSE TO  
FEEDBACK RECEIVED**

**17 May 2018**

**Proposed Amendments  
to the Deposit  
Insurance Scheme and  
Policy Owners'  
Protection Scheme**

**MAS**

Monetary Authority of Singapore

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## **1 Preface**

1.1 The Deposit Insurance Scheme ("DI Scheme") and the Policy Owners' Protection Scheme ("PPF Scheme") offer protection to depositors and policy owners with Scheme Members respectively. The DI and PPF schemes are governed by the Deposit Insurance and Policy Owners' Protection Schemes Act (the "DI-PPF Act") and administered by the Singapore Deposit Insurance Corporation ("SDIC"). To ensure continued relevance and operational efficiency of the DI and PPF schemes, MAS consulted on various proposed changes to the schemes on 11 September 2014, 18 April 2017 and 4 August 2017.

1.2 MAS thanks all respondents for their contributions to the consultations. The list of respondents is in Annex A.

1.3 MAS has considered the feedback carefully and, where appropriate, will incorporate them into the DI-PPF (Amendment) Bill. Comments that are of wider interest, together with MAS' responses, are set out in the rest of this paper.

## 2 Strengthening Depositor Protection

2.1 The DI Scheme currently insures Singapore Dollar (S\$) non-bank deposits held with full banks and finance companies up to S\$50,000 per depositor per Scheme Member. MAS proposed to raise the DI coverage limit to S\$75,000 to enhance depositor protection.

2.2 Scheme Members currently pay to the DI Scheme annual premiums of between 2 and 7 basis points (0.02% - 0.07%) of their insured deposit base to build up a target fund equivalent to 30 basis points of total insured deposits. With the higher DI coverage limit and growth in deposits, the absolute size of the target fund will increase. To achieve the target fund size within a reasonable period while managing the increase in premium rates, MAS proposed to:

- (a) extend the fund build-up period from the current target date of 2020 to 2028; and
- (b) increase premium rates by 0.5bps to 1bps.

**Table 1: Proposed Revisions to DI Premium Rates**

	Locally incorporated or AMR <sup>1</sup> of more than 5	AMR of more than 2 but not more than 5	AMR of 2 or less
Existing rates	2bps	3bps	7bps
Proposed rates	2.5bps	3.5bps	8bps

2.3 Respondents were generally supportive of the proposals and the enhanced protection for depositors. However, a few respondents highlighted the increased costs associated with the higher coverage. Two respondents sought clarification on the effective date of the revised coverage limit while one respondent suggested that premium rates could be reduced by extending the proposed fund build-up period to beyond 2028. A respondent suggested that the DI Scheme should be expanded to cover foreign currency deposits.

### MAS' Response

2.4 In calibrating the appropriate DI coverage limit and fund build-up period, MAS sought to strike a balance between providing adequate protection and limiting the cost to Scheme Members. Increasing the DI coverage limit to S\$75,000 will fully insure over

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<sup>1</sup> Asset maintenance ratio

90% of depositors, while having an extended fund build-up period of 10 years helps to keep premium rate increases modest.

2.5 MAS notes the feedback on extending the DI Scheme to foreign currency deposits. However, MAS takes the view that the primary objective of the DI Scheme is to protect retail depositors. Hence, foreign currency deposits, which are more akin to investments, will continue to be excluded from the Scheme.

2.6 Given the broad support on the proposed DI coverage limit, premium rates and fund build-up period, MAS will proceed with the proposals outlined in paragraphs 2.1 and 2.2. MAS aims to implement the increased limit on 1 April 2019. This will provide Scheme members with sufficient lead time to put in place procedures to cater to the revised DI coverage limit.

### **3 PPF General Scheme**

#### *Non-“pure” accident and health (“A&H”) product*

3.1 The PPF General Scheme currently covers accident and health (“A&H”) policies only if they are pure A&H policies<sup>2</sup>. This ensures that policies that would ordinarily be excluded from the PPF Scheme would not become included inadvertently on account of a nominal A&H benefit attached to them. Including such policies<sup>3</sup> runs against the policy intent to limit cover to policies that are commonly purchased by individuals or and where the cancellation of such policies can disrupt the smooth operation of the economy. MAS had thus proposed to maintain the current scope of covering only pure A&H policies.

3.2 Three respondents sought clarification in their responses to the April 2017 consultation as to whether personal travel and domestic maid insurance policies, both of which typically contain both A&H and non-A&H benefits, would continue to be covered under the PPF General Scheme.

3.3 One respondent suggested, in its response to the August 2017 consultation, to broaden the coverage of the PPF General Scheme to include any insurance policy that contains an element of A&H benefit.

#### MAS’ Response

3.4 Both personal travel and domestic maid insurance policies are captured within the definition of “specified personal line insurance policies” in section 2 of the DI-PPF Act. As such, these policies will continue to be covered under the PPF General Scheme.

3.5 MAS notes the suggestion to broaden the coverage of the PPF General Scheme to include any insurance policy solely on the basis of some A&H benefit provided by the policy. MAS maintains the view that this would run against the policy intent, and lead to a widening of the PPF General Scheme coverage, and increased costs for the scheme. MAS will thus retain the existing scope of A&H policies covered under the PPF General Scheme.

#### *Definition of personal lines*

3.6 MAS proposed to define a “personal” insurance policy as one that is owned by a natural person. This would provide greater clarity on the scope of coverage of the PPF General Scheme, particularly as the line between personal and commercial usage had

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<sup>2</sup> These are policies that provide only A&H benefits as defined in the Insurance Act.

<sup>3</sup> An example would be a policy covering property damage to a yacht, with attached A&H benefits.

become blurred in recent years. It would allow individuals using their personal properties (i.e. cars and homes) for commercial purposes to be protected under the PPF Scheme.

3.7 Most of the respondents were supportive of the proposed definition. A few respondents sought further clarification on the definition of a “personal” insurance policy. In their responses to the April 2017 consultation, two respondents asked whether the term “natural person” would include sole proprietorships and partnerships. They highlighted that at present, only information relating to the name of the policy owner (e.g. name of the company) were maintained within their systems, and that this did not go to the extent of classifying whether the policy owner was a sole proprietorship or a partnership. Hence, if the term “natural person” were to include sole proprietorships and partnerships, the respondents were concerned about the potential additional administration and operational complexities for insurers in looking through to determine whether a policy owner was a sole proprietorship or partnership.

3.8 Two respondents to the April 2017 consultation sought clarification as to whether insurance policies purchased by a corporate entity to cover its employees<sup>4</sup> or customers<sup>5</sup> would be covered under the proposed definition of a “personal” insurance policy.

3.9 One respondent to the August 2017 consultation sought clarification as to whether motor insurance policies that cover vehicles hired from a car rental company for personal use and/ or hire-and-reward should be considered a form of personal insurance. The respondent was of the view that such risks are primarily commercial and should be excluded from coverage under the PPF General Scheme.

3.10 Two respondents objected to the proposed definition. One respondent disagreed with the proposal to use ownership by a natural person as the sole determining criteria for whether an insurance policy is considered to be “personal”, as that alone would undermine the PPF General Scheme objective of providing protection to individuals. Another respondent held a similar view that the proposal would undermine the original intention under the PPF Scheme to protect individuals for their personal properties, and not when it is used for a commercial business.

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<sup>4</sup> For example, a travel insurance policy purchased by a company to cover employees when they travel for work-related purposes.

<sup>5</sup> For example, a travel insurance policy purchased by a bank to cover its credit card holders.

### MAS' Response

3.11 The key objective of the PPF Scheme is to provide essential and effective coverage for policies that are commonly purchased by individuals, and policies that could disrupt the smooth operations of the economy should a PPF Scheme member default. Hence, the PPF Scheme currently fully covers the guaranteed benefits of all life and A&H insurance policies, as well as the benefits that arise from a liability of the policy owner that is subject to compulsory insurance<sup>6</sup>. For the other specified personal line general insurance policies which are covered, the intent of the PPF Scheme is to protect policies commonly purchased by individuals instead of corporate entities.

3.12 In this context, MAS clarifies that a natural person would not include sole proprietorships and partnerships. Insurance policies purchased by a corporate entity to cover its employees or customers are owned by a corporate entity. Similarly, for motor insurance policies that cover vehicles hired from a car rental company for personal use and/ or hire-and-reward, the fleet of cars is owned by the car rental company and not the hirer. Correspondingly, the motor insurance policy is purchased and owned by the car rental company. Such policies would therefore not be covered under the PPF General Scheme for property damage<sup>7</sup>, as they are not owned by a natural person.

3.13 Against the backdrop of personal properties being increasingly used for commercial purposes (e.g. home offices or use of private cars for hire and reward), MAS is of the view that individuals should continue to enjoy PPF coverage for their private properties even if these are sometimes used for commercial purposes. This remains consistent with the policy intent of the PPF Scheme.

### *Introduction of caps for certain property damage claims*

3.14 MAS proposed to implement, on a per policy basis, a cap of:

- a) S\$50,000 for own property damage motor claims, under personal motor insurance policies; and
- b) S\$300,000 for property damage claims, under personal property (structure and contents) insurance policies.

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<sup>6</sup> This refers to any policy of insurance which complies with the requirements of the Motor Vehicles (Third-Party Risks and Compensation) Act or the Work Injury Compensation Act.

<sup>7</sup> Motor third party liability would still be covered under the Motor Vehicles (Third-Party Risks and Compensation) Act.



This would exclude certain high value property damage claims from protection under the PPF Scheme, and help to keep PPF levies and insurance premiums affordable for PPF Scheme members and consumers respectively.

3.15 One respondent to the April 2017 consultation sought clarification whether the definition of “personal property (structure and contents) insurance” includes golfer’s insurance and pleasure craft insurance.

3.16 Another respondent to the August 2017 consultation disagreed with the introduction of the caps. It did not think that the proposal to prescribe caps on compensation payout for certain types of claims seems justifiable as policy owners are paying the required premium to get their property fully covered. With more than 99% of the claims being fully covered within the proposed caps based on the analysis of the property damage claims over the past 3 years, exposure of the PPF General Fund for the remaining 1% should be minimal.

### MAS’ Response

3.17 MAS clarifies that “personal property (structure and contents) insurance” does not include golfer’s insurance policies or pleasure craft insurance policies. The intent of the PPF General Scheme is to only cover policies that are commonly purchased by individuals, and these do not include golfer’s or pleasure craft insurance policies.

3.18 While it is likely that only less than 1% of the property damage claims exceed the cap levels, it remains prudent to limit the PPF General Fund’s exposure from high-value claims related to property damage<sup>8</sup>.

### *Refund of premiums*

3.19 For the PPF General Scheme, MAS proposed to cover, without caps, the refund of premiums for specified personal line policies arising from circumstances<sup>9</sup> that are contractually provided for.

3.20 One respondent to the April 2017 consultation disagreed with MAS’ proposal as it was of the view that premium refunds should be considered as unsecured liabilities, and should be distinguished from insurance liabilities. The respondent pointed out that for general insurance policies in particular, premium refund amounts are not material, and

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<sup>8</sup> Examples include own damage claims of an expensive sports car or damage claims related to a high-end residential property.

<sup>9</sup> Examples include free-look cancellation of policy, voiding of the policy from inception due to material non-disclosure, and refund of excess premiums paid.

the impact of not covering such refunds under the PPF Scheme would not have a significant impact on society and the economy. In addition, estimating the total value of premium refunds from a PPF Scheme member's portfolio is also operationally challenging.

### MAS' Response

3.21 Currently, with the exception of compulsory insurance policies, unused premiums are considered as policy liabilities of insured policies, and are covered under the PPF General Scheme. Given that premium refund amounts are not material, it would be operationally tedious to treat each type of premium refund differently. Hence, MAS will maintain the position to cover under the PPF Scheme, without caps, the refund of premiums for specified personal line insurance policies arising from circumstances that are contractually provided for. For the same reason, MAS does not intend to make any changes to the calculation methodology for the levies payable by each PPF Scheme member.

## 4 PPF Life Scheme

### *Coverage of investment-linked policies with death benefits directly linked to the net asset value only*

4.1 MAS clarified that any investment-linked policies ("ILPs") with benefits directly tied to the value of the underlying assets ("NAV") would not be covered under the PPF Scheme, given that these are not guaranteed benefits.

4.2 One respondent highlighted that for ILPs illustrated under Design 1 of the April 2017 consultation<sup>10</sup>, the death benefit is considered as guaranteed even when the NAV of the underlying investment units was higher than 101% of the single premium amount. Hence, the respondent was of the view that such death benefit should still be covered under the PPF Life Scheme, even if the NAV of the underlying investment units is higher than 101% of the Single Premium amount.

4.3 The same respondent also pointed out that it offered an investment-linked product where the death benefit was designed to be the maximum of (1) NAV + Sum Assured ("SA") and (2) a certain percentage of SA. It was of the view that the PPF Life Scheme should cover the SA value of the first limb, and the percentage of SA value of the second limb, whichever claim materialises.

4.4 Another respondent highlighted that for ILPs caught under Design 1 of the April 2017 consultation, the valuation of underlying investment units in the event of a PPF compensation payout would follow the Scheme member's policies and procedures for the processing of death claims during normal business practice (i.e. to use the price on the following day, week or month, as per the policy terms and conditions). Once the units are liquidated, the PPF Scheme member would then be able to determine the guaranteed sum assured of the ILP, if any, without any ambiguity.

4.5 However, for some PPF Scheme members, the NAV price is only determined at a later date (i.e. weekly or monthly, and not daily). As a result, in the event of a PPF compensation payout, the determination of NAVs for such ILPs could hold back the compensation payout for other Category 2 insured policies<sup>11</sup> under the same life assured

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<sup>10</sup> Design 1 of the April 2017 consultation paper relates to an ILP with death benefit being the higher of (i) 101% of single premium or (ii) NAV. MAS had proposed that (i) if 101% of single premium was higher than the NAV, the PPF Scheme would cover the difference; whereas (ii) if NAV was higher than 101% of single premium, nothing will be covered under the PPF Scheme.

<sup>11</sup> Please refer to Annex C for the different categories of insured policies under the PPF Life Scheme as defined within the DI-PPF Act.

name, given that there would be some lead time required for fund settlement (i.e. up to a month). This would delay the aggregation of the guaranteed sum assured amount for computing the protection ratio. The same respondent suggested that MAS consider having a separate aggregate cap for ILPs with guaranteed benefits. This would allow the protection ratio for other non-ILP Category 2 insured policies to be calculated with minimal delay, since it would no longer be dependent on the NAV price of the underlying investment units of the ILP.

### MAS' Response

4.6 For ILPs illustrated under Design 1 of the April 2017 consultation, benefits tied to the NAV, where the NAV is higher than 101% of the single premium amount, are variable and hence not guaranteed amounts. These benefits are therefore not covered under the PPF Life Scheme.

4.7 For the product highlighted in paragraph 4.3, MAS agrees that the PPF Life Scheme would cover the SA value of the first limb, and the percentage of the SA value of the second limb, whichever claim materialises, given that the SA value of the policy is a guaranteed amount.

4.8 MAS acknowledges that a less frequent than daily valuation in ILPs could lead to a delay in the computation of the protection ratio, and consequently, in the timing of the compensation payout itself. However, MAS is of the view that the affected policies make up a very small proportion of policies protected by the PPF Scheme. Two things need to happen - the ILP would need to provide an element of guaranteed benefits, as well as be offered by a PPF Scheme member that determines the NAV price of the underlying units at a less frequent than daily basis. Both are not that common. The overall impact to policy owners should therefore not be significant.

4.9 MAS notes that the suggestion to introduce a separate aggregate cap for ILPs with guaranteed benefits would either *increase the overall cost* of the PPF Scheme (if the separate cap is in addition to the existing maximum sum assured cap of S\$500,000 for Category 2 insured policies), or lead to a *lower cap for the other non-ILP Category 2 insured policies* (if the separate cap forms part of the existing S\$500,000 cap). Neither of these benefit policy owners, particularly when the cumulative size and coverage of non-ILPs within the insurance market are much larger than that for ILPs. As such, MAS would not be proposing a separate aggregate cap for ILPs with guaranteed benefits.

*Coupon deposits, advance premium payments and unclaimed moneys*

4.10 MAS proposed to cover under the PPF Life Scheme coupon deposits, advance premium payments and unclaimed moneys associated with all life insurance policies. This would allow insurers to avoid the administrative burden of determining which portion of their coupon deposits, advance premium payments and unclaimed moneys were relating to policies covered under the PPF Life Scheme. The implication is that the PPF Life Scheme will cover coupon deposits, advance premium payments and unclaimed moneys relating to life insurance policies not covered under the PPF Scheme (e.g. ILPs without any guaranteed benefits).

4.11 One respondent was of the view that coupon deposits, advance premium payments and unclaimed moneys for ILPs that have no guaranteed benefits should not be covered. Covering such payments under the PPF Life Scheme may confuse policy owners, since the underlying policies are not covered by the Scheme.

MAS' Response

4.12 MAS agrees with the respondent that for insurance policies not covered under the PPF Life Scheme, it would be confusing to cover coupon deposits, advance premium payments and unclaimed moneys for these policies. This would also not be in line with the objectives of the Scheme. MAS will therefore exclude from the PPF Life Scheme coupon deposits, advance premium payments, and unclaimed moneys for insurance policies not covered under the PPF Life Scheme.

4.13 SDIC has previously communicated to PPF Life Scheme members of the need to attribute the coupon deposits, advance premium payments and unclaimed moneys to the underlying policies when they submit the information for a PPF compensation payout. As such, at the time of a payout, SDIC and PPF Scheme members would be required to determine the portion of coupon deposits, advance premium payments and unclaimed moneys that is covered under the PPF Scheme.

*Temporary coverage before policy acceptance*

4.14 MAS proposed to include temporary coverage against accidental death in Singapore, for the period between the receipt of the completed application form and acceptance of the proposed risk, within the scope of the PPF Life Scheme. There will be no need for PPF Life Scheme members to pay additional PPF levies for this purpose.

4.15 Three respondents highlighted that including such temporary coverage within the scope of the PPF Life Scheme could result in operational complications, given that such

“policies” are still not in-force and yet to be recorded in the insurer’s administration system.

### MAS’ Response

4.16 As mentioned in the April 2017 consultation, the cost implication for including such temporary coverage within the PPF Scheme would be minimal. This is because the probability of the following three events occurring concurrently is extremely low - the death must be due to accidental causes; it must take place within the window period between receipt and acceptance of the application; and the PPF Scheme member must fail during this period. On the grounds of operational simplicity and immateriality, MAS does not intend for PPF Life Scheme members to incur additional levies as a result of the inclusion.

4.17 To simplify any operational complications at the point of compensation payout, the affected policy owner or beneficiary will only be required to show the relevant documentation (e.g. proposal application forms or premium receipts) to SDIC for verification against the PPF Scheme member’s records. MAS encourages PPF Life Scheme members to explore standardising the documentation of the temporary coverage.

### *Forced surrender*

4.18 MAS proposed to waive surrender penalties in cases where policy owners are directed to surrender their policies (i.e. forced surrender) in the event of a failure of a PPF Scheme member. Direct life and composite insurers would not be required to expressly state the computation method for a forced surrender value in the policy contract for products where surrenders are typically not permitted, e.g. annuities after the vesting period. MAS proposed to work with the industry to provide guidance on a reasonable approach to determine a forced surrender value in such instances.

4.19 A number of respondents felt that it was fair to policy owners to have their surrender penalties waived in the case of forced surrender. However, three respondents to the April 2017 consultation highlighted some operational challenges, for example in coming up with a separate surrender value for such forced surrenders. One respondent felt that the proposal might potentially confuse policy owners. Buying life insurance is a long-term commitment and early termination usually involves high costs, with the surrender value lower than total premiums paid. The same respondent did not think that such implicit surrender penalty should be waived.

4.20 Another respondent highlighted that in the early years, the surrender penalty helps to defray the costs of setting up the policy. Waiving surrender penalties would

necessarily mean that the current PPF Life Fund build-up is insufficient such that levies may need to be increased. Further, the proposal to waive only explicit surrender penalties expressly provided for in the contract, but not implicit surrender penalties, is inconsistent.

### MAS' Response

4.21 It may not be practical to tease out the surrender penalties for each policy where these are implicitly built into the surrender value. In any case, surrender penalties are intended to be applied when a policy owner withdraws from or surrenders his policy. Where the policy is terminated by a failed PPF Scheme member, and where surrender penalties are not applicable, a waiver of surrender penalties would not be required. As mentioned, MAS would work with the industry on a reasonable approach for determining the forced surrender value in cases where surrenders are typically not permitted.

### *Termination of policies*

4.22 Along with the above proposals, MAS is taking the opportunity to clarify the applicability of the PPF towards the termination of applicable insured policies. To reflect the current policy intent, the DI-PPF Act will be amended to allow MAS to determine, in the event of a failure of a PPF Scheme member:

- i. that the PPF Life Fund or PPF General Fund be utilised for the termination of the policies; and
- ii. the expected future payments may be commuted in determining the present day value of a terminated policy.

## **5 Enhancing Operational Effectiveness of the DI Scheme and PPF Scheme**

### *Protecting SDIC's directors, officers, agents and employees who act in good faith*

5.1 Section 79 of the DI-PPF Act currently provides legal protection for SDIC's current directors, officers, agents and employees (collectively referred to as "SDIC officers"), where they carry out their duties with reasonable care and in good faith. MAS proposed to expand the protection afforded to SDIC officers by:

- (a) removing the reasonable care requirement;
- (b) extending legal protection to former SDIC officers; and
- (c) providing legal indemnification for reasonable legal costs and expenses incurred in connection with actions taken or omissions in good faith, in the normal course of their duties.

5.2 One respondent commented that the reasonable care requirement should be retained so that the directors and employees of SDIC execute their duties with reasonable care.

5.3 On the proposed legal indemnification, a respondent enquired on its necessity and if it was consistent with indemnification provided in other jurisdictions. Another respondent queried if there would be a cap on the amount of indemnification and how it would be funded, and suggested that SDIC consider taking up appropriate liability insurance for its former and current SDIC officers. A respondent asked whether the proposed legal indemnification would apply differently for former and current SDIC officers.

### MAS' Response

5.4 The enhanced protections for SDIC officers will support SDIC in carrying out its functions promptly, as required under its mandate. The protections will be applied equally to all former and current SDIC officers. Legal indemnification will not be subject to a cap so that SDIC officers will have full assurance of the indemnification in discharging their official duties as long as they act in good faith.

5.5 The amendment would bring the DI-PPF Act in line with international standards. Under the Core Principles for Effective Deposit Insurance Systems ("the DI Core Principles") developed by the International Association of Deposit Insurers, all jurisdictions are expected to enact similar protection for their DI agency. While SDIC has



purchased liability insurance for its directors, CEO and heads of departments, the DI Core Principles explicitly state that contractual indemnity in an individual's employment contract and private insurance are insufficient to be considered full legal protection. Under the DI Core Principles, directors and employees of deposit insurers should be legally protected as long as they act in good faith. Fraudulent and malicious acts will continue to be excluded from legal protection.

5.6 The protection for SDIC officers under the DI-PPF Act is also aligned with the standard of protection accorded to MAS officers and agents under the MAS Act.

5.7 The costs of indemnification and for the purchase of liability insurance will both be funded by the relevant DI or PPF Funds. SDIC has the operational flexibility to adopt whichever approach it deems to be cost effective.

### *Clarifying SDIC's right to create charges over assets*

5.8 In a payout, SDIC is empowered to borrow where the DI or PPF Funds are insufficient to fund the compensation of depositors or policy owners. To facilitate this, MAS proposed to amend the DI-PPF Act to clarify that SDIC could create charges over the assets in the Funds, for the purposes of securing loans for making compensation payouts under the Act.

5.9 A respondent sought clarification on the circumstances under which SDIC could create such charges and if MAS' approval is required. Two respondents enquired on SDIC's legal right to create charges over the Funds, and asked how the charges would be effected and the likely effect on SDIC's ability to dispose of the charged assets.

5.10 A respondent asked how a loan taken by SDIC will be repaid, while another enquired on whether there is public information on the details of SDIC's borrowing facilities. A respondent commented that prior notice of a charge should be provided to Scheme Members.

### MAS' Response

5.11 MAS' intent is to allow SDIC to create charges over the assets of the Funds to facilitate its ability to secure loans for making compensation payouts under the DI-PPF Act. Therefore, the charges can only be created for the purposes of contracting loans to facilitate compensation. The Act will be amended to make explicit that SDIC can create charges over the assets of the Funds, but will not require SDIC to seek MAS' approval to do so.

5.12 Where a charge is created on the assets of the Funds, SDIC is required under the Companies Act to register the charge with ACRA. Such registration of a charge is public information.

5.13 A loan taken by SDIC will be repaid by the relevant DI or PPF Fund. Charged assets may thus be liquidated to repay SDIC's borrowings. Where the value of the charged assets is insufficient to fully repay the borrowings, additional premiums may be levied on Scheme Members to make up the shortfall.

### *Ensuring accuracy of information furnished by Scheme Members*

5.14 Sections 64 and 84 of the DI-PPF Act require Scheme Members to disclose to SDIC and MAS information on insured deposits and policies. MAS proposed to amend these sections of the Act to require Scheme Members to take reasonable care to ensure that any information disclosed pursuant to those provisions is accurate.

5.15 A respondent commented that the additional due care placed on Scheme Members would result in increased audit or compliance costs. Another respondent commented that the information will only be as accurate as information maintained in the insurer's records. A respondent asked if the changes to sections 64 and 84 are necessary given that section 69 of the Act already makes it an offence for any person to furnish MAS or SDIC with information that is false or misleading in any material particular, and suggested the wording of section 69 might instead be enhanced as required.

### MAS' Response

5.16 MAS takes the view that information disclosed pursuant to these provisions is critical to the effective operation of the DI and PPF schemes, and affects the calculation of premiums and prompt payout of compensation. We do not expect the amended sections 64 and 84 to result in materially higher compliance costs, since Scheme Members should already be taking reasonable care to ensure the accuracy of information disclosed by the Scheme Members in the normal course of business.

5.17 The proposed amendments will be made to sections 64 and 84 of the Act as they apply specifically to the provision of false or misleading information under those provisions. For the avoidance of doubt, offences pursuant to the amended sections 64 and 84 of the DI-PPF Act will not be caught under section 69 of the Act.

### *Budget autonomy*

5.18 Under section 77 of the DI-PPF Act, SDIC is required to present the annual estimates of the income and expenditure of SDIC, the DI Fund and the PPF Funds to the

Minister for approval. MAS proposed to amend the DI-PPF Act to allow SDIC to instead submit to the Minister, three-year block estimates of the income and expenditure of SDIC and the Funds. To maintain accountability, SDIC would continue to provide the Minister with an annual report of its expenditures and revenues under the approved three-year block estimates.

5.19 A respondent suggested a two-year block estimate, and sought clarifications on how SDIC intends to flag significant fluctuations in the block estimates to the Minister and MAS, outside of its annual report. Another respondent opined that SDIC should be audited and certified annually.

### MAS' Response

5.20 MAS clarifies that while the proposed arrangement is to allow greater operational efficiency, SDIC will still be required to provide the Minister with an annual report of its expenditures and revenues, as SDIC is accountable for its use of funds to the Minister. In addition, SDIC is required under the Act to be audited annually by an independent external auditor.

### *Singapore dollar deposits exceeding the coverage limit*

5.21 MAS consulted on the proposal to amend the DI-PPF Act to expand SDIC's function to include the submission of a consolidated proof of debt on behalf of depositors to the failed Scheme Member's liquidator. To enable SDIC to extend such assistance, MAS also consulted on the proposal to amend the Act to allow the DI Fund to be used to enhance SDIC's system for the generation of the consolidated proof of debt, and such other ongoing costs as may be incurred.

5.22 One respondent asked if there would be any impact to the premiums payable by Scheme Members arising from the system enhancement.

### MAS' Response

5.23 MAS and SDIC do not expect a need to raise premiums to cater for the system enhancement.

### *Expenses incurred in communicating with depositors*

5.24 MAS sought feedback on amending section 27(5) of the DI-PPF Act to clarify that SDIC is entitled to recover expenses incurred in connection with its communications with depositors and the public from the failed Scheme Member's assets. One respondent asked

about the priority of SDIC's claim of expenses in relation to the other debts owed by the failed Scheme Member.

### MAS' Response

5.25 MAS clarifies that SDIC's claim of expenses under section 27(5) of the DI-PPF Act would be ranked *pari passu* with other unsecured liabilities except those specified in section 62(1) of the Banking Act<sup>12</sup>.

### *Expenses incurred in communicating with policy owners*

5.26 MAS proposed to amend section 52(5) of the DI-PPF Act to clarify that, in the event of a PPF compensation payout, SDIC is entitled to recover from the failed PPF Scheme member, expenses incurred in connection with its communications with policy owners, trustees, beneficiaries and the public, and such other types of expenses as may be prescribed by MAS.

5.27 Two respondents to the April 2017 consultation were of the view that it would be useful if there were further guidance or criteria on what would be considered as recoverable expenses. One respondent suggested there should be some form of checks or controls in place to ascertain that the expenses incurred by SDIC are reasonable. Another respondent highlighted that there should be a cap imposed on the recovery of such expenses.

### MAS' Response

5.28 MAS is of the view that the proposed amendments are intended to provide broad guidance on the type of expenses that can be recovered in the event of a PPF compensation payout. It would not be practical to include specific guidance or examples in a legislative instrument such as the DI-PPF Act<sup>13</sup>, and may inadvertently exclude other possible modes of communication that SDIC may utilise in the future.

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<sup>12</sup> The specified liabilities in section 62(1) of the Banking Act are (i) premium contributions due and payable by the bank under the DI-PPF Act; (ii) liabilities incurred by the bank in respect of insured deposits, up to the amount of compensation paid or payable out of the DI Fund by SDIC under the DI-PPF Act; (iii) deposit liabilities incurred by the bank with non-bank customers other than those specified in (ii) and (iv); (iv) deposit liabilities incurred by the bank with non-bank customers when operating an Asian Currency Unit approved under section 77 of the Banking Act; and (v) any sum claimed by the trustee of a resolution fund under the MAS Act.

<sup>13</sup> MAS may in future issue further guidance through notice or guidelines if deemed necessary.

5.29 MAS emphasises that the “other expenses” that SDIC can recover in the event of a PPF compensation payout will be prescribed by MAS. This will thus provide an additional layer of check and control.

5.30 The imposition of a cap is also not appropriate as the expenses incurred depend on the nature of the trigger event. To ensure effectiveness of its public communication, SDIC may deem it necessary to hire additional personnel or increase advertising expense as appropriate to maintain public confidence.

### *Requiring the liquidator to cooperate with SDIC*

5.31 To ensure prompt payout, SDIC requires timely access to information on insured depositors and policy owners, and insured deposits and policies. MAS proposed to impose a general obligation on the liquidator of a Scheme Member to cooperate with SDIC in respect of both the DI and PPF schemes. MAS will also be empowered to specify, by way of written notice to the liquidator, the assistance required to facilitate a compensation payout.

5.32 A respondent suggested that a provision could be inserted in the DI-PPF Act to oblige the liquidator to respond within a specified timeframe, while another respondent commented that the assistance required should be within the liquidator’s ability to perform.

### MAS’ Response

5.33 MAS notes that it is difficult to stipulate *ex ante* an appropriate timeframe for a liquidator to respond to MAS’ request. This should take into account the nature of the assistance requested and the circumstances under which the request is made. To accord MAS operational flexibility, MAS will, in our written notice to the liquidator instead, set out a reasonable timeframe for response specific to the circumstances at hand and which is assessed to be within the liquidator’s ability to perform.

### *Sharing of data with SDIC*

5.34 In the event of a DI compensation payout, SDIC needs to determine its funding needs expeditiously. This entails swift assessment of the amount of insured deposits and number of insured depositors. To enhance SDIC’s operational efficiency, MAS proposed to share data returns under MAS Notice DIA-N01 with SDIC, implemented through a clause in MAS Notice DIA-N01 that provides consent to MAS to share the information in the returns with SDIC. The information includes each Scheme Member’s insured deposit

base, and number of insured depositors. One respondent enquired how SDIC intends to use this data.

### MAS' Response

5.35 SDIC will use the data in the returns to estimate potential expenses and liquidity funding needed for a DI compensation payout. This will allow SDIC to secure the necessary financing ahead of a payout and support SDIC in enhancing its operational readiness. MAS assures Scheme Members that data returns will be kept confidential by SDIC, and can only be disclosed under circumstances as set out in section 80 of the DI-PPF Act.

### *Triggers for considering PPF compensation payout*

5.36 MAS proposed to include, within section 46 of the DI-PPF Act, the voluntary winding up of a PPF Scheme member as a separate trigger for MAS to determine whether a PPF compensation payout should be made.

5.37 Two respondents to the April 2017 consultation disagreed with the proposed approach as they were of the view that in a voluntary winding up scenario, an insurer would likely be able to meet its financial obligations, and could have chosen to wind up as it was exiting the local market, or as it had transferred its business to another entity. The respondents suggested that including such a voluntary winding up scenario as a factor for PPF compensation payout would widen the original intent of the PPF Scheme, which was to protect policy owners in the event of a failure of a PPF Scheme member. Another respondent sought clarification as to whether the voluntary winding up scenario mentioned in our consultation referred to a members' voluntary winding up scenario or a creditors' voluntary winding up scenario<sup>14</sup>. It was of the view that members' voluntary winding up should not be a trigger given that it would involve the liquidation of a solvent company.

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<sup>14</sup> In the case of a members' voluntary winding up, the company's contributories (also known as members or shareholders) may pass a resolution that the company be wound up and that a liquidator be appointed. The liquidation commences at the time of passing the resolution. It is adopted where the company is able to pay its debts in full within 12 months after the commencement of winding up. The directors of the company are required to file a declaration of solvency accordingly.

On the other hand, where a company is unable to pay its liabilities, the company can convene a meeting with its creditors to consider its proposal for voluntary winding up of the company (known as creditors' voluntary winding up). If a resolution is passed in favour of the winding up, the company will appoint a liquidator, subject to any preference the creditors may have as to the choice of the liquidator.

### MAS' Response

5.38 MAS clarifies that the trigger events under section 46 of the DI-PPF Act do not, in and themselves, lead to a PPF compensation payout. Instead, MAS' determination on whether a compensation payout should be made is still needed upon the occurrence of any of the trigger event listed.

5.39 It is MAS' intent to trigger a PPF compensation payout where the PPF Scheme member is insolvent, or likely to be insolvent. This would likely occur under a creditors' voluntary winding up scenario, though it could also occur under a members' voluntary winding up scenario. Given that the respondents' comments are aligned with MAS' policy intent for the PPF Scheme, MAS will include the voluntary winding up of a PPF Scheme member as a separate trigger for MAS to determine whether a PPF compensation payout should be made.

### *Others – removal of standardised DI disclosure statement*

5.40 A respondent proposed removal of the requirement for DI Scheme Members to include a standardised disclosure statement<sup>15</sup> in all marketing materials, account opening forms and account statements. In its place, the respondent suggested that depositors could be referred to SDIC's website for the latest disclosure statement. The respondent noted that removal of the requirement would remove the need for Scheme Members to update their website and related statements whenever there are changes in the coverage limit.

### MAS' Response

5.41 MAS takes the view that the requirement to have standardised disclosure statement in all marketing materials, account opening forms and account statements should be retained as such disclosure is intended to provide clarity and certainty to members of the public on the deposit insurance coverage that they are entitled to. MAS would also clarify that the review and update of the coverage limit is to reflect changes in depositor profiles and international norms. Such changes are projected to show

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<sup>15</sup> The disclosure statement is as follows:

#### Deposit Insurance Scheme

Singapore dollar deposits of non-bank depositors and monies and deposits denominated in Singapore dollars under the Supplementary Retirement Scheme are insured by the Singapore Deposit Insurance Corporation, for up to S\$50,000 in aggregate per depositor per Scheme Member by law. Monies and deposits denominated in Singapore dollars under the CPF Investment Scheme and CPF Retirement Scheme are aggregated and separately insured up to S\$50,000 for each depositor per Scheme Member.

appreciable difference only after a fair period of time. As such, we do not expect frequent changes to Scheme Members' marketing and communications materials.

## **MONETARY AUTHORITY OF SINGAPORE**

17 May 2018



## Annex A

### LIST OF RESPONDENTS

Consultation Paper on Proposed Amendments to the Deposit Insurance and Policy Owners' Protection Schemes Act (11 September 2014)

1. Citibank Singapore Limited and Citibank NA Singapore
2. CIMB Bank Berhad (Singapore)

Consultation Paper on Review of Policy Owners' Protection Scheme – Scope, Coverage & Operational Issues (18 April 2017)

1. AIA Singapore Private Limited
2. Aviva Ltd\*
3. EQ Insurance Company Ltd
4. Friends Provident International Limited (Singapore Branch)
5. HSBC Insurance (Singapore) Pte. Limited\*
6. Liberty Insurance Pte Ltd
7. NTUC Income Insurance Co-operative Limited
8. Prudential Assurance Co. Singapore (Pte) Ltd
9. The Great Eastern Life Assurance Company Limited/ Overseas Assurance Corporation\*
10. Tokio Marine Life

Consultation Paper on Proposed Enhancements to the Deposit Insurance Scheme and Legislative Amendments to the Deposit Insurance and Policy Owners' Protection Schemes Act and Regulations (4 August 2017)

1. AIA Singapore Private Limited\*
2. Aviva Ltd\*
3. Bank of China Limited
4. EQ Insurance Company Ltd
5. Ergo Insurance Pte Ltd
6. HSBC Bank (Singapore) Limited\*
7. Liberty Insurance Pte Ltd

8. Manulife (Singapore) Pte Ltd
9. Mizuho Bank Limited
10. NTUC Income Insurance Co-operative Limited
11. Prudential Assurance Co. Singapore (Pte) Ltd
12. The Great Eastern Life Assurance Company Limited
13. The Singapore Deposit Insurance Corporation Limited\*
14. United Overseas Bank Limited

*Note: The lists above only include the names of respondents who did not request that their identity be kept confidential.*

Please refer to Annex B for the submissions.

*\*Respondents that requested confidentiality for their submitted response*

**Annex B**

**FULL SUBMISSIONS FROM RESPONDENTS**

*Note: The tables below only include the submissions for which respondents did not request to be kept confidential.*

**CONSULTATION PAPER ON PROPOSED AMENDMENTS TO THE DEPOSIT INSURANCE AND POLICY OWNERS' PROTECTION SCHEMES ACT (11 SEPTEMBER 2014)**

S/N	Respondents	Full Responses from Respondent
1	Citibank Singapore Limited and Citibank NA Singapore	<p><b>1. Comments on proposal to (i) include submission of consolidated claim to the liquidator as part of SDIC's mandate and function and (ii) allow the DI fund to be used to pay the cost of enhancing SDIC's system to generate a consolidated list of depositors with Singapore dollar deposits exceeding \$50,000 and such other ongoing costs as may be incurred.</b></p> <p>Will there be any impact to the insurance premium for the scheme member arising from the SDIC's system enhancement?</p> <p><b>2. Comments on proposal to amend section 27(5) of the DI-PPF Act to clarify that SDIC is entitled to recover expenses incurred in connection with its communications with depositors and the public in the event of a DI compensation payout, and such other types of expenses as may be prescribed by MAS, from the failed Scheme member.</b></p> <p>What is the priority of SDIC claim of expenses with relation to other debt of the failed Scheme member?</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>3. Comments on proposal to amend MAS Notice DIA-N01 to include a clause providing that, by completing and submitting the returns prescribed in the Notice, the DI Scheme members would consent to MAS sharing the information in the returns with SDIC.</b></p> <p>How would SDIC intend to use the data in MAS Notice DIA-N01?</p>
2	CIMB Bank Berhad (Singapore)	<p><b>Comments on proposal to delete “reasonable care” requirement from section 79 of the DI-PPF Act</b></p> <p>We would prefer for the requirement to remain as the directors and employees of SDIC should not have any issues if they are going to execute their duties with reasonable care.</p>

**CONSULTATION PAPER ON REVIEW OF POLICY OWNERS' PROTECTION SCHEME – SCOPE, COVERAGE & OPERATIONAL ISSUES (18 APRIL 2017)**

S/N	Respondents	Full Responses from Respondent
1	AIA Singapore Private Limited	<p><b>1. MAS seeks comments on the proposal to maintain coverage of A&amp;H policies under the PPF General Scheme if they contain A&amp;H benefits only.</b></p> <p>Agree.</p> <p><b>2. MAS seeks comments on the proposal to retain the current scope of coverage under the PPF General Scheme for compulsory insurance policies and not to extend this beyond the liability that arises from the specified legislations.</b></p> <p>No comments.</p> <p><b>3. MAS seeks comments on the proposal to maintain the current practice of not refunding unearned premiums in relation to compulsory insurance coverages.</b></p> <p>No comments.</p> <p><b>4. MAS seeks comments on the proposed definition of “personal” insurance policy, as one that is owned by a natural person.</b></p> <p>Agree.</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>5. MAS seeks comments on the introduction of caps of \$50,000 for claims arising from own property damage for personal motor insurance, and \$300,000 for claims arising from property damage for personal property (structure and contents) insurance.</b></p> <p>Not relevant to AIAS.</p> <p><b>6. MAS seeks comments on whether there are any other benefit design for ILPs where there is lack of clarity on the guaranteed benefits that are covered under the PPF Life Scheme.</b></p> <p>We observed in the market where death benefit is a function of premium(s) paid, i.e. higher of 105% of total premium paid or NAV.</p> <p><b>7. MAS seeks comments on the proposal to amend section 47 of the DI-PPF Act to clarify that the compensation amounts should be the sum of both the guaranteed sum assured and guaranteed surrender value at quantification date, where applicable.</b></p> <p>Agree to make the payment for the surrender value.</p> <p><b>8. MAS seeks comments on the proposal to make it clearer in the legislation that remaining claim instalments shall also be subject to the aggregate cap for guaranteed sum assured.</b></p> <p>We are of the view that remaining claim payable in instalment should also be part of the aggregate for coverage on life.</p> <p><b>9. MAS seeks comments on the proposal to allow commutation of benefits in the event of compensation payout, only if the methodology and assumptions are explicitly provided for, in the policy contract.</b></p>

S/N	Respondents	Full Responses from Respondent
		<p>For our in-force policies, we do not provide in their contract the methodology and assumptions for commutation of benefits.</p> <p>Moreover, levies paid are calculated based on full outstanding benefits and are not commuted. Since commutation of benefit is usually paid out on ex-gratia basis, we proposed not to explicitly mention the methodology and assumptions in the policy contract.</p> <p><b>10. MAS seeks comments on making the necessary legislative amendments to give effect to paragraph 4.14, with respect to settlement option.</b></p> <p>Not applicable to AIAS.</p> <p><b>11. MAS seeks comments on whether there are other examples of living benefits where their treatment are not clear in terms of computation of their aggregate caps. Please describe these examples.</b></p> <p>No at the moment.</p> <p><b>12. MAS seeks comments on the proposal to amend the relevant schedule of the DI-PPF Act to expressly provide for the coverage of riders to Category 3 and Category 4 policies.</b></p> <p>Agree.</p> <p><b>13. MAS seeks comments on the proposed classification of Category 3 and Category 4 riders in paragraph 4.21</b></p>

S/N	Respondents	Full Responses from Respondent
		<p>Agree.</p> <p><b>14. MAS seeks comments on the proposed approach for coupon deposits, advance premium payments and unclaimed moneys as described in paragraphs 4.27 to 4.29.</b></p> <p><b>a) Is the proposed approach appropriate? Please explain your responses and suggest alternative approaches if your answer is 'No'.</b></p> <p><b>b) Are there other examples which have not been included in Annex B, where the classification may be unclear? Please describe these examples.</b></p> <p>(a) Agree as it is operationally challenging to apply look through.</p> <p>(b) No.</p> <p><b>15. MAS seeks comments on the inclusion of temporary coverage against accidental death in Singapore within the scope of the PPF Life Scheme, without the need for additional levies to be paid.</b></p> <p>Agree.</p> <p><b>16. MAS seeks comments on the proposal to waive the surrender penalties expressly provided for in the policy contract only if policy owners were directed to surrender their policies (i.e. scenario 4 - forced surrender). Surrenders in other scenarios will still be subject to surrender penalties.</b></p> <p>Agree.</p> <p><b>17. MAS seeks comments on not requiring direct life and composite insurers to expressly state the computation method for a forced surrender value in the policy contract, for products which may not asset out a surrender value as surrenders are typically not permitted, e.g. annuities after the vesting period. MAS</b></p>



S/N	Respondents	Full Responses from Respondent
		<p><b>will work with the industry to provide guidance on a reasonable basis or approach to determine a forced surrender value in this instance.</b></p> <p>Agree.</p> <p><b>18. MAS seeks comments on whether there are other products which should be included within the guidance besides annuities after the vesting period.</b></p> <p>No at the moment.</p> <p><b>19. MAS seeks comments on the approach as recommended in paragraph 5.4 with respect to policies with joint or multiple policy owners.</b></p> <p>We are of the view that trustees does not split policy ownership but jointly administer policy benefit for a policy owner or multiple policy owner.</p> <p><b>20. MAS seeks comments on the proposed approach relating to refund of premiums for the PPF Life Scheme, as described in paragraph 5.9.</b></p> <p>Agree.</p> <p><b>21. MAS seeks comments on the proposal to cover refund of premiums due to other circumstances (besides refund of unused premium) if they are expressly allowed for in the policy contract for specified personal line policies, without any caps, under the PPF General Scheme.</b></p> <p>Agree.</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>22. MAS seeks comments on the proposal to amend sections 47 and 48 of the DI-PPF Act to include the deduction of outstanding premiums from the compensation payout of the PPF Scheme.</b></p> <p>As set out in Paragraph 5.11 of the Consultation Paper, it's already an existing practice to deduct outstanding premium from claim proceeds. The same should apply to the compensation pay-out to be consistent. Agree that compensation should be net of outstanding premium. Since levy is paid on the full premium basis, we propose that the outstanding premium to be refunded to the company in a pay-out case.</p> <p><b>23. MAS seeks comments on the proposal to amend section 52(5) of the DI-PPF Act to clarify that SDIC is entitled to recover expenses incurred in connection with its communications with policy owners, beneficiaries and the public, in the event of a PPF compensation payout, and such other types of expenses as may be prescribed by MAS, from the failed PPF Scheme member.</b></p> <p>Communications to the public seems quite a broad description. To manage the expenses that can be recovered, to consider providing guidance or criteria of when such expenses can be recovered e.g. where communications with the public is necessary as a matter of public interest.</p> <p><b>24. MAS seeks comments on the proposal to amend MAS Notice DIPOP-N02 to include a clause providing that, by completing and submitting the returns prescribed in MAS Notice DIPOP-N02, the PPF Scheme members consent to MAS sharing the information in the returns with SDIC.</b></p> <p>No further comments.</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>25. MAS seeks comments on the proposal to include the voluntary winding up of a PPF Scheme member as a separate trigger (apart from those already present in section 46 of the DI-PPF Act) for MAS to determine whether PPF compensation payout should be made.</b></p> <p>Under section 293(1) of Companies Act Cap. 50, voluntary winding up is subject to a directors' declaration that the company is able to pay its debts in full within a period not exceeding 12 months after commencement of winding up. To consider if it is still necessary that voluntary winding up be regarded as a trigger event for purposes of DI-PPF Act.</p> <p><b>26. MAS seeks comments on the proposal to amend the definition of “quantification date” for the triggering of the PPF compensation payout, as follows:</b></p> <p>a) In the event a PPF Scheme member is wound up by a court in Singapore only or wound up voluntarily in Singapore only, the quantification date shall be the date of commencement of winding up under the Companies Act;</p> <p>b) In the event a PPF Scheme member is wound up overseas only, the quantification date shall be the date of commencement of winding up under the relevant foreign law;</p> <p>c) In the event a PPF Scheme member is wound up both in Singapore and overseas, the quantification date shall be the date of commencement of winding up under the Companies Act;</p> <p>d) In the event a PPF Scheme member is not wound up, but MAS is of the opinion that the PPF Scheme member is insolvent, unable or likely to become unable to meet its obligations, or about to suspend payments, the quantification date shall be the date on which the notice of payment of compensation is published in the Gazette, even if the PPF Scheme member is wound up subsequently.</p> <p>Subject to comment for Q25 above, no further comments.</p>

S/N	Respondents	Full Responses from Respondent
2	EQ Insurance Company Ltd	<p><b>1. MAS seeks comments on the proposal to maintain coverage of A&amp;H policies under the PPF General Scheme if they contain A&amp;H benefits only.</b></p> <p>Agree.</p> <p><b>2. MAS seeks comments on the proposal to retain the current scope of coverage under the PPF General Scheme for compulsory insurance policies and not to extend this beyond the liability that arises from the specified legislations.</b></p> <p>Agree.</p> <p><b>3. MAS seeks comments on the proposal to maintain the current practice of not refunding unearned premiums in relation to compulsory insurance coverages.</b></p> <p>Agree.</p> <p><b>4. MAS seeks comments on the proposed definition of “personal” insurance policy, as one that is owned by a natural person.</b></p> <p>Agree.</p> <p><b>5. MAS seeks comments on the introduction of caps of \$50,000 for claims arising from own property damage for personal motor insurance, and \$300,000 for claims arising from property damage for personal property (structure and contents) insurance.</b></p> <p>Agree.</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>6. MAS seeks comments on whether there are any other benefit design for ILPs where there is lack of clarity on the guaranteed benefits that are covered under the PPF Life Scheme.</b></p> <p>Not applicable.</p> <p><b>7. MAS seeks comments on the proposal to amend section 47 of the DI-PPF Act to clarify that the compensation amounts should be the sum of both the guaranteed sum assured and guaranteed surrender value at quantification date, where applicable.</b></p> <p>Not applicable.</p> <p><b>8. MAS seeks comments on the proposal to make it clearer in the legislation that remaining claim instalments shall also be subject to the aggregate cap for guaranteed sum assured.</b></p> <p>Not applicable.</p> <p><b>9. MAS seeks comments on the proposal to allow commutation of benefits in the event of compensation payout, only if the methodology and assumptions are explicitly provided for, in the policy contract.</b></p> <p>Not applicable.</p> <p><b>10. MAS seeks comments on making the necessary legislative amendments to give effect to paragraph 4.14, with respect to settlement option.</b></p> <p>Not applicable.</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>11. MAS seeks comments on whether there are other examples of living benefits where their treatment are not clear in terms of computation of their aggregate caps. Please describe these examples.</b></p> <p>Not applicable.</p> <p><b>12. MAS seeks comments on the proposal to amend the relevant schedule of the DI-PPF Act to expressly provide for the coverage of riders to Category 3 and Category 4 policies.</b></p> <p>Not applicable.</p> <p><b>13. MAS seeks comments on the proposed classification of Category 3 and Category 4 riders in paragraph 4.21</b></p> <p>Not applicable.</p> <p><b>14. MAS seeks comments on the proposed approach for coupon deposits, advance premium payments and unclaimed moneys as described in paragraphs 4.27 to 4.29.</b></p> <p><b>a) Is the proposed approach appropriate? Please explain your responses and suggest alternative approaches if your answer is 'No'.</b></p> <p><b>b) Are there other examples which have not been included in Annex B, where the classification may be unclear? Please describe these examples.</b></p> <p>Not applicable.</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>15. MAS seeks comments on the inclusion of temporary coverage against accidental death in Singapore within the scope of the PPF Life Scheme, without the need for additional levies to be paid.</b></p> <p>Not applicable.</p> <p><b>16. MAS seeks comments on the proposal to waive the surrender penalties expressly provided for in the policy contract only if policy owners were directed to surrender their policies (i.e. scenario 4 - forced surrender). Surrenders in other scenarios will still be subject to surrender penalties.</b></p> <p>Not applicable.</p> <p><b>17. MAS seeks comments on not requiring direct life and composite insurers to expressly state the computation method for a forced surrender value in the policy contract, for products which may not asset out a surrender value as surrenders are typically not permitted, e.g. annuities after the vesting period. MAS will work with the industry to provide guidance on a reasonable basis or approach to determine a forced surrender value in this instance.</b></p> <p>Not applicable.</p> <p><b>18. MAS seeks comments on whether there are other products which should be included within the guidance besides annuities after the vesting period.</b></p> <p>Not applicable.</p> <p><b>19. MAS seeks comments on the approach as recommended in paragraph 5.4 with respect to policies with joint or multiple policy owners.</b></p>

S/N	Respondents	Full Responses from Respondent
		<p>Agree.</p> <p><b>20. MAS seeks comments on the proposed approach relating to refund of premiums for the PPF Life Scheme, as described in paragraph 5.9.</b></p> <p>Not applicable.</p> <p><b>21. MAS seeks comments on the proposal to cover refund of premiums due to other circumstances (besides refund of unused premium) if they are expressly allowed for in the policy contract for specified personal line policies, without any caps, under the PPF General Scheme.</b></p> <p>Agree.</p> <p><b>22. MAS seeks comments on the proposal to amend sections 47 and 48 of the DI-PPF Act to include the deduction of outstanding premiums from the compensation payout of the PPF Scheme.</b></p> <p>Agree.</p> <p><b>23. MAS seeks comments on the proposal to amend section 52(5) of the DI-PPF Act to clarify that SDIC is entitled to recover expenses incurred in connection with its communications with policy owners, beneficiaries and the public, in the event of a PPF compensation payout, and such other types of expenses as may be prescribed by MAS, from the failed PPF Scheme member.</b></p> <p>Agree, however a cap should be imposed. Should there be any excess on the cap, it should be communicated and agreed by the failed PPF Scheme Member.</p>



S/N	Respondents	Full Responses from Respondent
		<p><b>24. MAS seeks comments on the proposal to amend MAS Notice DIPOP-N02 to include a clause providing that, by completing and submitting the returns prescribed in MAS Notice DIPOP-N02, the PPF Scheme members consent to MAS sharing the information in the returns with SDIC.</b></p> <p>Not applicable.</p> <p><b>25. MAS seeks comments on the proposal to include the voluntary winding up of a PPF Scheme member as a separate trigger (apart from those already present in section 46 of the DI-PPF Act) for MAS to determine whether PPF compensation payout should be made.</b></p> <p>Agree.</p> <p><b>26. MAS seeks comments on the proposal to amend the definition of “quantification date” for the triggering of the PPF compensation payout, as follows:</b></p> <p>a) In the event a PPF Scheme member is wound up by a court in Singapore only or wound up voluntarily in Singapore only, the quantification date shall be the date of commencement of winding up under the Companies Act;</p> <p>b) In the event a PPF Scheme member is wound up overseas only, the quantification date shall be the date of commencement of winding up under the relevant foreign law;</p> <p>c) In the event a PPF Scheme member is wound up both in Singapore and overseas, the quantification date shall be the date of commencement of winding up under the Companies Act;</p> <p>d) In the event a PPF Scheme member is not wound up, but MAS is of the opinion that the PPF Scheme member is insolvent, unable or likely to become unable to meet its obligations, or about to suspend payments, the quantification date shall be the date on which the notice of payment of compensation is published in the Gazette, even if the PPF Scheme member is wound up subsequently.</p>

S/N	Respondents	Full Responses from Respondent
		Agree.
3	Friends Provident International Limited (Singapore Branch)	<p><b>1. MAS seeks comments on the proposal to maintain coverage of A&amp;H policies under the PPF General Scheme if they contain A&amp;H benefits only.</b></p> <p>Not applicable – FPIL does not have a GI license.</p> <p><b>2. MAS seeks comments on the proposal to retain the current scope of coverage under the PPF General Scheme for compulsory insurance policies and not to extend this beyond the liability that arises from the specified legislations.</b></p> <p>Not applicable – FPIL does not have a GI license.</p> <p><b>3. MAS seeks comments on the proposal to maintain the current practice of not refunding unearned premiums in relation to compulsory insurance coverages.</b></p> <p>Not applicable – FPIL does not have a GI license.</p> <p><b>4. MAS seeks comments on the proposed definition of “personal” insurance policy, as one that is owned by a natural person.</b></p> <p>Not applicable – FPIL does not have a GI license.</p> <p><b>5. MAS seeks comments on the introduction of caps of \$50,000 for claims arising from own property damage for personal motor insurance, and \$300,000 for claims arising from property damage for personal property (structure and contents) insurance.</b></p>

S/N	Respondents	Full Responses from Respondent
		<p>Not applicable – FPIL does not have a GI license.</p> <p><b>6. MAS seeks comments on whether there are any other benefit design for ILPs where there is lack of clarity on the guaranteed benefits that are covered under the PPF Life Scheme.</b></p> <p>No other benefit design; FPIL's based on Design 3:- 101% of NAV</p> <p><b>7. MAS seeks comments on the proposal to amend section 47 of the DI-PPF Act to clarify that the compensation amounts should be the sum of both the guaranteed sum assured and guaranteed surrender value at quantification date, where applicable.</b></p> <p>No comments.</p> <p><b>8. MAS seeks comments on the proposal to make it clearer in the legislation that remaining claim instalments shall also be subject to the aggregate cap for guaranteed sum assured.</b></p> <p>Not applicable as we make payments in lump sum.</p> <p><b>9. MAS seeks comments on the proposal to allow commutation of benefits in the event of compensation payout, only if the methodology and assumptions are explicitly provided for, in the policy contract.</b></p> <p>No comments.</p> <p><b>10. MAS seeks comments on making the necessary legislative amendments to give effect to paragraph 4.14, with respect to settlement option.</b></p>

S/N	Respondents	Full Responses from Respondent
		<p>No comments.</p> <p><b>11. MAS seeks comments on whether there are other examples of living benefits where their treatment are not clear in terms of computation of their aggregate caps. Please describe these examples.</b></p> <p>Nil.</p> <p><b>12. MAS seeks comments on the proposal to amend the relevant schedule of the DI-PPF Act to expressly provide for the coverage of riders to Category 3 and Category 4 policies.</b></p> <p>Nil.</p> <p><b>13. MAS seeks comments on the proposed classification of Category 3 and Category 4 riders in paragraph 4.21</b></p> <p>Nil.</p> <p><b>14. MAS seeks comments on the proposed approach for coupon deposits, advance premium payments and unclaimed moneys as described in paragraphs 4.27 to 4.29.</b></p> <p><b>a) Is the proposed approach appropriate? Please explain your responses and suggest alternative approaches if your answer is 'No'.</b></p> <p><b>b) Are there other examples which have not been included in Annex B, where the classification may be unclear? Please describe these examples.</b></p> <p>Nil.</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>15. MAS seeks comments on the inclusion of temporary coverage against accidental death in Singapore within the scope of the PPF Life Scheme, without the need for additional levies to be paid.</b></p> <p>There is no temporary cover when a Global Term application is received. Cover only commences once underwriting complete and first premium received (assuming no outstanding administrative requirements).</p> <p><b>16. MAS seeks comments on the proposal to waive the surrender penalties expressly provided for in the policy contract only if policy owners were directed to surrender their policies (i.e. scenario 4 - forced surrender). Surrenders in other scenarios will still be subject to surrender penalties.</b></p> <p>Nil.</p> <p><b>17. MAS seeks comments on not requiring direct life and composite insurers to expressly state the computation method for a forced surrender value in the policy contract, for products which may not asset out a surrender value as surrenders are typically not permitted, e.g. annuities after the vesting period. MAS will work with the industry to provide guidance on a reasonable basis or approach to determine a forced surrender value in this instance.</b></p> <p>Not applicable.</p> <p><b>18. MAS seeks comments on whether there are other products which should be included within the guidance besides annuities after the vesting period.</b></p> <p>Not applicable.</p> <p><b>19. MAS seeks comments on the approach as recommended in paragraph 5.4 with respect to policies with joint or multiple policy owners.</b></p>

S/N	Respondents	Full Responses from Respondent
		<p>No comments.</p> <p><b>20. MAS seeks comments on the proposed approach relating to refund of premiums for the PPF Life Scheme, as described in paragraph 5.9.</b></p> <p>No comments.</p> <p><b>21. MAS seeks comments on the proposal to cover refund of premiums due to other circumstances (besides refund of unused premium) if they are expressly allowed for in the policy contract for specified personal line policies, without any caps, under the PPF General Scheme.</b></p> <p>Not applicable – FPIL does not have a GI license.</p> <p><b>22. MAS seeks comments on the proposal to amend sections 47 and 48 of the DI-PPF Act to include the deduction of outstanding premiums from the compensation payout of the PPF Scheme.</b></p> <p>Not applicable.</p> <p><b>23. MAS seeks comments on the proposal to amend section 52(5) of the DI-PPF Act to clarify that SDIC is entitled to recover expenses incurred in connection with its communications with policy owners, beneficiaries and the public, in the event of a PPF compensation payout, and such other types of expenses as may be prescribed by MAS, from the failed PPF Scheme member.</b></p> <p>The proposal makes sense only if the premium rate charged to members exclude any expense loadings to cover this type of expense.</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>24. MAS seeks comments on the proposal to amend MAS Notice DIPOP-N02 to include a clause providing that, by completing and submitting the returns prescribed in MAS Notice DIPOP-N02, the PPF Scheme members consent to MAS sharing the information in the returns with SDIC.</b></p> <p>We agree on the proposal and hold the opinion SDIC should be able to access the data provided proper control is in place so that such information is kept confidential by SDIC.</p> <p><b>25. MAS seeks comments on the proposal to include the voluntary winding up of a PPF Scheme member as a separate trigger (apart from those already present in section 46 of the DI-PPF Act) for MAS to determine whether PPF compensation payout should be made.</b></p> <p>We agree on the proposal and hold the opinion that an proper, objective and transparent process of review and approval should be in place in case of any voluntary winding up.</p> <p><b>26. MAS seeks comments on the proposal to amend the definition of “quantification date” for the triggering of the PPF compensation payout, as follows:</b></p> <p><b>e) In the event a PPF Scheme member is wound up by a court in Singapore only or wound up voluntarily in Singapore only, the quantification date shall be the date of commencement of winding up under the Companies Act;</b></p> <p><b>f) In the event a PPF Scheme member is wound up overseas only, the quantification date shall be the date of commencement of winding up under the relevant foreign law;</b></p> <p><b>g) In the event a PPF Scheme member is wound up both in Singapore and overseas, the quantification date shall be the date of commencement of winding up under the Companies Act;</b></p> <p><b>h) In the event a PPF Scheme member is not wound up, but MAS is of the opinion that the PPF Scheme member is insolvent, unable or likely to become unable to meet its obligations, or about to suspend</b></p>

S/N	Respondents	Full Responses from Respondent
		<p><b>payments, the quantification date shall be the date on which the notice of payment of compensation is published in the Gazette, even if the PPF Scheme member is wound up subsequently.</b></p> <p>We see the further clarification to be helpful in enhancing the transparency.</p>
4	Liberty Insurance Pte Ltd	<p><b>1. MAS seeks comments on the proposal to maintain coverage of A&amp;H policies under the PPF General Scheme if they contain A&amp;H benefits only.</b></p> <p>We agree with the proposal to maintain the coverage of A&amp;H policies under the Scheme if they contain A&amp;H benefits only.</p> <p>We assume the Scheme will continue to cover both Individual and Group A&amp;H Policies.</p> <p>Other clarification: In accordance with the Insurance Act First Schedule: “Accident and health benefits” means policy moneys which are paid out — (a) in the event of an injury to, or a disability of, the insured as a result of accident or sickness; (b) in the event of the insured being found to have a condition or disease stated in the policy of the insured; (c) with respect to health services; (d) on the death, by accident or some other cause stated in the policy, of the insured; or (e) on the happening of a combination of any of the above, but does not include policy moneys that are payable with respect to any loss arising out of a liability to pay compensation or damages.</p> <p>Personal line policies such as Travel Insurance and Maid Insurance typically includes benefits such as compensation for damages, liability and Embassy Bond coverage. Hence these policies are not considered as providing A&amp;H Benefits only. Please advise the treatment of these policies under the proposal to limit the</p>



S/N	Respondents	Full Responses from Respondent
		<p>Scheme coverage to A&amp;H benefits policies only as it appears that such policies will be considered as “bundled products” hence, not covered under the Scheme even if sold to a natural person.</p> <p><b>2. MAS seeks comments on the proposal to retain the current scope of coverage under the PPF General Scheme for compulsory insurance policies and not to extend this beyond the liability that arises from the specified legislations.</b></p> <p>Agreed.</p> <p><b>3. MAS seeks comments on the proposal to maintain the current practice of not refunding unearned premiums in relation to compulsory insurance coverages.</b></p> <p>Agreed.</p> <p><b>4. MAS seeks comments on the proposed definition of “personal” insurance policy, as one that is owned by a natural person.</b></p> <p>We are agreeable with the proposal of Natural Person and the proposed caps. However, we would like to clarify and confirm that Natural Person would include Sole Proprietor and Partnership business. If the understanding is correct, then there may be additional administrative and operational consideration for insurers when processing such policies to appropriately classify policy owners that are Sole Proprietor and Partnership as “Natural person” to be covered under the Scheme.</p> <p><b>5. MAS seeks comments on the introduction of caps of \$50,000 for claims arising from own property damage for personal motor insurance, and \$300,000 for claims arising from property damage for personal property (structure and contents) insurance.</b></p>

S/N	Respondents	Full Responses from Respondent
		<p>Agreed.</p> <p><b>21. MAS seeks comments on the proposal to cover refund of premiums due to other circumstances (besides refund of unused premium) if they are expressly allowed for in the policy contract for specified personal line policies, without any caps, under the PPF General Scheme.</b></p> <p>We disagree with the proposal for the Scheme to cover refund of premiums. Premium refunds are considered as unsecured liabilities and differs from insurance liabilities obligations arising from Insurance policy coverage.</p> <p>The Scheme should not be providing coverage for credit risk arising from premium refund and typically for general insurance, premium refund value is not of substantial value for most individual policies and hence the impact of disruption to the society and economy is insignificant.</p> <p>The determination of premium refund value to calculate the levy payable may also be operationally challenging and complex due to insurance intermediaries' involvement in premium collection process.</p>
5	NTUC Income Insurance Co-operative Limited	<p><b>1. MAS seeks comments on the proposal to maintain coverage of A&amp;H policies under the PPF General Scheme if they contain A&amp;H benefits only.</b></p> <p>Agree.</p> <p><b>2. MAS seeks comments on the proposal to retain the current scope of coverage under the PPF General Scheme for compulsory insurance policies and not to extend this beyond the liability that arises from the specified legislations.</b></p>

S/N	Respondents	Full Responses from Respondent
		<p>Agree with the proposal to retain the current scope of coverage.</p> <p><b>3. MAS seeks comments on the proposal to maintain the current practice of not refunding unearned premiums in relation to compulsory insurance coverages.</b></p> <p>Agree to maintain the current practice.</p> <p><b>4. MAS seeks comments on the proposed definition of “personal” insurance policy, as one that is owned by a natural person.</b></p> <p>Agree on the proposed definition of “personal” insurance policy.</p> <p><b>5. MAS seeks comments on the introduction of caps of \$50,000 for claims arising from own property damage for personal motor insurance, and \$300,000 for claims arising from property damage for personal property (structure and contents) insurance.</b></p> <p>Agree. We would like to seek clarification on the definition of “Personal property (structure and contents) insurance”. For example, does it include Golfer insurance or Pleasure Craft insurance?</p> <p><b>6. MAS seeks comments on whether there are any other benefit design for ILPs where there is lack of clarity on the guaranteed benefits that are covered under the PPF Life Scheme.</b></p> <p>No additional comments.</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>7. MAS seeks comments on the proposal to amend section 47 of the DI-PPF Act to clarify that the compensation amounts should be the sum of both the guaranteed sum assured and guaranteed surrender value at quantification date, where applicable.</b></p> <p>Agree.</p> <p><b>8. MAS seeks comments on the proposal to make it clearer in the legislation that remaining claim instalments shall also be subject to the aggregate cap for guaranteed sum assured.</b></p> <p>Agree.</p> <p><b>9. MAS seeks comments on the proposal to allow commutation of benefits in the event of compensation payout, only if the methodology and assumptions are explicitly provided for, in the policy contract.</b></p> <p>Agree.</p> <p><b>10. MAS seeks comments on making the necessary legislative amendments to give effect to paragraph 4.14, with respect to settlement option.</b></p> <p>Agree.</p> <p><b>11. MAS seeks comments on whether there are other examples of living benefits where their treatment are not clear in terms of computation of their aggregate caps. Please describe these examples.</b></p> <p>No other examples.</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>12. MAS seeks comments on the proposal to amend the relevant schedule of the DI-PPF Act to expressly provide for the coverage of riders to Category 3 and Category 4 policies.</b></p> <p>Agree.</p> <p><b>13. MAS seeks comments on the proposed classification of Category 3 and Category 4 riders in paragraph 4.21</b></p> <p>Agree.</p> <p><b>14. MAS seeks comments on the proposed approach for coupon deposits, advance premium payments and unclaimed moneys as described in paragraphs 4.27 to 4.29.</b>  <b>a) Is the proposed approach appropriate? Please explain your responses and suggest alternative approaches if your answer is 'No'.</b>  <b>b) Are there other examples which have not been included in Annex B, where the classification may be unclear? Please describe these examples.</b></p> <p>Proposed approach is appropriate. No other examples where classification may be unclear.</p> <p><b>15. MAS seeks comments on the inclusion of temporary coverage against accidental death in Singapore within the scope of the PPF Life Scheme, without the need for additional levies to be paid.</b></p> <p>We differ on this. This extends the coverage to policies not in-forced yet and would result in operational complications and confusion to policy-owners.</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>16. MAS seeks comments on the proposal to waive the surrender penalties expressly provided for in the policy contract only if policy owners were directed to surrender their policies (i.e. scenario 4 - forced surrender). Surrenders in other scenarios will still be subject to surrender penalties.</b></p> <p>We differ on this. To waive surrender penalty due to operational complication as well as confusion to policy-owners. We also would like to make it clear that Par policies typically include a clause in the benefit illustration "Buying a life insurance policy can be a long term commitment. An early termination of the policy usually involves high costs and the surrender value payable may be less than the total premiums paid." and this should not constitute surrender penalty.</p> <p><b>17. MAS seeks comments on not requiring direct life and composite insurers to expressly state the computation method for a forced surrender value in the policy contract, for products which may not asset out a surrender value as surrenders are typically not permitted, e.g. annuities after the vesting period. MAS will work with the industry to provide guidance on a reasonable basis or approach to determine a forced surrender value in this instance.</b></p> <p>Approach to determine a forced SV has to be reasonable and practical.</p> <p><b>18. MAS seeks comments on whether there are other products which should be included within the guidance besides annuities after the vesting period.</b></p> <p>No comments.</p> <p><b>19. MAS seeks comments on the approach as recommended in paragraph 5.4 with respect to policies with joint or multiple policy owners.</b></p>

S/N	Respondents	Full Responses from Respondent
		<p>If we need to amend wording, we can effect the new clause on new policies issued. Administratively, it may not be feasible to amend the policy wording for existing portfolio.</p> <p><b>20. MAS seeks comments on the proposed approach relating to refund of premiums for the PPF Life Scheme, as described in paragraph 5.9.</b></p> <p>Agree.</p> <p><b>21. MAS seeks comments on the proposal to cover refund of premiums due to other circumstances (besides refund of unused premium) if they are expressly allowed for in the policy contract for specified personal line policies, without any caps, under the PPF General Scheme.</b></p> <p>Agree.</p> <p><b>22. MAS seeks comments on the proposal to amend sections 47 and 48 of the DI-PPF Act to include the deduction of outstanding premiums from the compensation payout of the PPF Scheme.</b></p> <p>Agree.</p> <p><b>23. MAS seeks comments on the proposal to amend section 52(5) of the DI-PPF Act to clarify that SDIC is entitled to recover expenses incurred in connection with its communications with policy owners, beneficiaries and the public, in the event of a PPF compensation payout, and such other types of expenses as may be prescribed by MAS, from the failed PPF Scheme member.</b></p> <p>Agree.</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>24. MAS seeks comments on the proposal to amend MAS Notice DIPOP-N02 to include a clause providing that, by completing and submitting the returns prescribed in MAS Notice DIPOP-N02, the PPF Scheme members consent to MAS sharing the information in the returns with SDIC.</b></p> <p>Agree.</p> <p><b>25. MAS seeks comments on the proposal to include the voluntary winding up of a PPF Scheme member as a separate trigger (apart from those already present in section 46 of the DI-PPF Act) for MAS to determine whether PPF compensation payout should be made.</b></p> <p>We differ on this. Under normal circumstances, if a PPF Scheme member proposed a voluntary winding up, they have to set aside the liabilities for claims settlement etc. It should not be using the SDIC fund.</p> <p><b>26. MAS seeks comments on the proposal to amend the definition of “quantification date” for the triggering of the PPF compensation payout, as follows:</b></p> <p>a) In the event a PPF Scheme member is wound up by a court in Singapore only or wound up voluntarily in Singapore only, the quantification date shall be the date of commencement of winding up under the Companies Act;</p> <p>b) In the event a PPF Scheme member is wound up overseas only, the quantification date shall be the date of commencement of winding up under the relevant foreign law;</p> <p>c) In the event a PPF Scheme member is wound up both in Singapore and overseas, the quantification date shall be the date of commencement of winding up under the Companies Act;</p> <p>d) In the event a PPF Scheme member is not wound up, but MAS is of the opinion that the PPF Scheme member is insolvent, unable or likely to become unable to meet its obligations, or about to suspend payments, the quantification date shall be the date on which the notice of payment of compensation is published in the Gazette, even if the PPF Scheme member is wound up subsequently.</p>



S/N	Respondents	Full Responses from Respondent
		Agree. Except for voluntary wound up.
6	Prudential Assurance Co. Singapore (Pte) Ltd	<p><b>1. MAS seeks comments on the proposal to maintain coverage of A&amp;H policies under the PPF General Scheme if they contain A&amp;H benefits only.</b></p> <p>Not relevant, general scheme.</p> <p><b>2. MAS seeks comments on the proposal to retain the current scope of coverage under the PPF General Scheme for compulsory insurance policies and not to extend this beyond the liability that arises from the specified legislations.</b></p> <p>Not relevant, general scheme.</p> <p><b>3. MAS seeks comments on the proposal to maintain the current practice of not refunding unearned premiums in relation to compulsory insurance coverages.</b></p> <p>Not relevant, general scheme.</p> <p><b>4. MAS seeks comments on the proposed definition of “personal” insurance policy, as one that is owned by a natural person.</b></p> <p>Not relevant, general scheme.</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>5. MAS seeks comments on the introduction of caps of \$50,000 for claims arising from own property damage for personal motor insurance, and \$300,000 for claims arising from property damage for personal property (structure and contents) insurance.</b></p> <p>Not relevant, general scheme.</p> <p><b>6. MAS seeks comments on whether there are any other benefit design for ILPs where there is lack of clarity on the guaranteed benefits that are covered under the PPF Life Scheme.</b></p> <p>For Design 1, the death benefit is guaranteed even when the NAV is higher than 101% Single Premium. As such 101% of SP should be covered under the PPF Life Scheme at all times.</p> <p>Similar to design 1 &amp; 2, PACS has other death benefit design: the higher of NAV and sum assured or multiple of sum assured. E.g. for PruLink Enhanced Protector, the death benefit design is max (NAV+SA, % of SA). In this instance, we think that the SA should be covered under the first instance and % of SA should covered under the second instance.</p> <p><b>7. MAS seeks comments on the proposal to amend section 47 of the DI-PPF Act to clarify that the compensation amounts should be the sum of both the guaranteed sum assured and guaranteed surrender value at quantification date, where applicable.</b></p> <p>Agree.</p> <p><b>8. MAS seeks comments on the proposal to make it clearer in the legislation that remaining claim instalments shall also be subject to the aggregate cap for guaranteed sum assured.</b></p> <p>We have no objections to make the recommended clarification.</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>9. MAS seeks comments on the proposal to allow commutation of benefits in the event of compensation payout, only if the methodology and assumptions are explicitly provided for, in the policy contract.</b></p> <p>Agree.</p> <p><b>10. MAS seeks comments on making the necessary legislative amendments to give effect to paragraph 4.14, with respect to settlement option.</b></p> <p>Agree. Suggest that the information be sent to customers once PPF Life Scheme is triggered since this is not a customer option.</p> <p><b>11. MAS seeks comments on whether there are other examples of living benefits where their treatment are not clear in terms of computation of their aggregate caps. Please describe these examples.</b></p> <p>No comments.</p> <p><b>12. MAS seeks comments on the proposal to amend the relevant schedule of the DI-PPF Act to expressly provide for the coverage of riders to Category 3 and Category 4 policies.</b></p> <p>Agreed. Only Category 4 (i.e. non voluntary group term policy) applies to PACS.</p> <p><b>13. MAS seeks comments on the proposed classification of Category 3 and Category 4 riders in paragraph 4.21</b></p> <p>Agreed. Only Category 4 (i.e. non voluntary group term policy) applies to PACS.</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>14. MAS seeks comments on the proposed approach for coupon deposits, advance premium payments and unclaimed moneys as described in paragraphs 4.27 to 4.29.</b></p> <p><b>a) Is the proposed approach appropriate? Please explain your responses and suggest alternative approaches if your answer is 'No'.</b></p> <p><b>b) Are there other examples which have not been included in Annex B, where the classification may be unclear? Please describe these examples.</b></p> <p>a) Yes, the proposed approach is appropriate since the amount is currently insignificant.</p> <p>b) No.</p> <p><b>15. MAS seeks comments on the inclusion of temporary coverage against accidental death in Singapore within the scope of the PPF Life Scheme, without the need for additional levies to be paid.</b></p> <p>We will need to add the details and terms and conditions of the temporary coverage in documents such as proposal form or premium receipt.</p> <p><b>16. MAS seeks comments on the proposal to waive the surrender penalties expressly provided for in the policy contract only if policy owners were directed to surrender their policies (i.e. scenario 4 - forced surrender). Surrenders in other scenarios will still be subject to surrender penalties.</b></p> <p>We agree with the intention of not penalizing policyholders in the event of forced surrenders. However, removal of surrender penalties is a complex issue given that it removes a key fundamental product design feature. In early years, as one insurer has pointed out, the surrender penalty plays a part in offsetting policy setup costs.</p>

S/N	Respondents	Full Responses from Respondent
		<p>Waiver of surrender penalties would necessarily mean current PPF Life Fund build-up is not sufficient and levies need to be increased. There will also be significant operational changes required (surrender value without surrender penalty is not a readily available data field).</p> <p>Also the proposal is reliant on surrender penalties being explicit – 2 products sold by different insurers with the same surrender values may have different treatment depending on how the surrender value/penalty is worded in the contract.</p> <p><b>17. MAS seeks comments on not requiring direct life and composite insurers to expressly state the computation method for a forced surrender value in the policy contract, for products which may not asset out a surrender value as surrenders are typically not permitted, e.g. annuities after the vesting period. MAS will work with the industry to provide guidance on a reasonable basis or approach to determine a forced surrender value in this instance.</b></p> <p>No comments for now. However, we would work with MAS on this.</p> <p><b>18. MAS seeks comments on whether there are other products which should be included within the guidance besides annuities after the vesting period.</b></p> <p>None we are aware of.</p> <p><b>19. MAS seeks comments on the approach as recommended in paragraph 5.4 with respect to policies with joint or multiple policy owners.</b></p> <p>For the Multiple policy owners, we should pay to multiple policy owners. PACS currently maintain all the information for all the policy owners' regardless single owner or multiple policy owners.</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>20. MAS seeks comments on the proposed approach relating to refund of premiums for the PPF Life Scheme, as described in paragraph 5.9.</b></p> <p>No comments on the approach to include refund of premiums, with no caps imposed, in the coverage of the PPF Life Scheme if it is expressly allowed for in the policy contract. For Prudential, refund of excess premium at new business, is not expressly mentioned in our proposal form and policy contract. Cancellation of policy from inception (free-look) is provided for in the policy contract.</p> <p><b>21. MAS seeks comments on the proposal to cover refund of premiums due to other circumstances (besides refund of unused premium) if they are expressly allowed for in the policy contract for specified personal line policies, without any caps, under the PPF General Scheme.</b></p> <p>Not relevant, general scheme.</p> <p><b>22. MAS seeks comments on the proposal to amend sections 47 and 48 of the DI-PPF Act to include the deduction of outstanding premiums from the compensation payout of the PPF Scheme.</b></p> <p>Agree.</p> <p><b>23. MAS seeks comments on the proposal to amend section 52(5) of the DI-PPF Act to clarify that SDIC is entitled to recover expenses incurred in connection with its communications with policy owners, beneficiaries and the public, in the event of a PPF compensation payout, and such other types of expenses as may be prescribed by MAS, from the failed PPF Scheme member.</b></p> <p>Agree.</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>24. MAS seeks comments on the proposal to amend MAS Notice DIPOP-N02 to include a clause providing that, by completing and submitting the returns prescribed in MAS Notice DIPOP-N02, the PPF Scheme members consent to MAS sharing the information in the returns with SDIC.</b></p> <p>We are alright for MAS to share with SDIC the information in the returns provided these information are kept confidential by SDIC and SDIC will not divulge them to any other party without our consent. This reply is concurred by Actuarial.</p> <p><b>25. MAS seeks comments on the proposal to include the voluntary winding up of a PPF Scheme member as a separate trigger (apart from those already present in section 46 of the DI-PPF Act) for MAS to determine whether PPF compensation payout should be made.</b></p> <p>We have no objections.</p> <p><b>26. MAS seeks comments on the proposal to amend the definition of “quantification date” for the triggering of the PPF compensation payout, as follows:</b></p> <p>a) In the event a PPF Scheme member is wound up by a court in Singapore only or wound up voluntarily in Singapore only, the quantification date shall be the date of commencement of winding up under the Companies Act;</p> <p>b) In the event a PPF Scheme member is wound up overseas only, the quantification date shall be the date of commencement of winding up under the relevant foreign law;</p> <p>c) In the event a PPF Scheme member is wound up both in Singapore and overseas, the quantification date shall be the date of commencement of winding up under the Companies Act;</p> <p>d) In the event a PPF Scheme member is not wound up, but MAS is of the opinion that the PPF Scheme member is insolvent, unable or likely to become unable to meet its obligations, or about to suspend</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>payments, the quantification date shall be the date on which the notice of payment of compensation is published in the Gazette, even if the PPF Scheme member is wound up subsequently.</b></p> <p>We are agreeable to the position proposed.</p>
7	Respondent A	<p><b>1. MAS seeks comments on the proposal to maintain coverage of A&amp;H policies under the PPF General Scheme if they contain A&amp;H benefits only.</b></p> <p>We agree with MAS' proposal to maintain coverage of A&amp;H policies under the PPF General Scheme if they contain A&amp;H benefits only. Non-"pure" A&amp;H policies should be excluded.</p> <p>Please clarify if travel insurance products will continue to be under the PPF General Scheme since they also contain A&amp;H benefits.</p> <p><b>2. MAS seeks comments on the proposal to retain the current scope of coverage under the PPF General Scheme for compulsory insurance policies and not to extend this beyond the liability that arises from the specified legislations.</b></p> <p>We agree with the proposal to retain the current scope of coverage under the PPF General Scheme for compulsory insurance policies and not to extend this beyond the liability that arises from the specified legislations.</p> <p><b>3. MAS seeks comments on the proposal to maintain the current practice of not refunding unearned premiums in relation to compulsory insurance coverages.</b></p> <p>We agree with the proposal to maintain the current practice of not refunding unearned premiums in relation to compulsory insurance coverages.</p>



S/N	Respondents	Full Responses from Respondent
		<p><b>4. MAS seeks comments on the proposed definition of “personal” insurance policy, as one that is owned by a natural person.</b></p> <p>The proposed definition does not include residential properties (building &amp; contents) that are owned by a corporate entity for investment purposes or as a residence for their officers/employees. Please clarify if it is the intention to leave this out of the definition.</p> <p>Please also clarify that if corporate entities purchase insurance policies to cover natural persons, e.g., employees, such policies will not be captured as “personal” insurance policy under the proposed definition.</p> <p><b>5. MAS seeks comments on the introduction of caps of \$50,000 for claims arising from own property damage for personal motor insurance, and \$300,000 for claims arising from property damage for personal property (structure and contents) insurance.</b></p> <p>We have no objections to the proposed introduction of caps of \$50,000 for claims arising from own property damage for personal motor insurance, and \$300,000 for claims arising from property damage for personal property (structure and contents) insurance.</p> <p><b>6. MAS seeks comments on whether there are any other benefit design for ILPs where there is lack of clarity on the guaranteed benefits that are covered under the PPF Life Scheme.</b></p> <p>Not relevant to AIG Asia Pacific Insurance Pte. Ltd. as it relates to life insurance business.</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>7. MAS seeks comments on the proposal to amend section 47 of the DI-PPF Act to clarify that the compensation amounts should be the sum of both the guaranteed sum assured and guaranteed surrender value at quantification date, where applicable.</b></p> <p>No comments</p> <p><b>8. MAS seeks comments on the proposal to make it clearer in the legislation that remaining claim instalments shall also be subject to the aggregate cap for guaranteed sum assured.</b></p> <p>No comments</p> <p><b>9. MAS seeks comments on the proposal to allow commutation of benefits in the event of compensation payout, only if the methodology and assumptions are explicitly provided for, in the policy contract.</b></p> <p>No comments</p> <p><b>10. MAS seeks comments on making the necessary legislative amendments to give effect to paragraph 4.14, with respect to settlement option.</b></p> <p>No comments</p> <p><b>11. MAS seeks comments on whether there are other examples of living benefits where their treatment are not clear in terms of computation of their aggregate caps. Please describe these examples.</b></p> <p>No comments</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>12. MAS seeks comments on the proposal to amend the relevant schedule of the DI-PPF Act to expressly provide for the coverage of riders to Category 3 and Category 4 policies.</b></p> <p>No comments</p> <p><b>13. MAS seeks comments on the proposed classification of Category 3 and Category 4 riders in paragraph 4.21</b></p> <p>No comments</p> <p><b>14. MAS seeks comments on the proposed approach for coupon deposits, advance premium payments and unclaimed moneys as described in paragraphs 4.27 to 4.29.</b>  <b>a) Is the proposed approach appropriate? Please explain your responses and suggest alternative approaches if your answer is 'No'.</b>  <b>b) Are there other examples which have not been included in Annex B, where the classification may be unclear? Please describe these examples.</b></p> <p>No comments</p> <p><b>15. MAS seeks comments on the inclusion of temporary coverage against accidental death in Singapore within the scope of the PPF Life Scheme, without the need for additional levies to be paid.</b></p> <p>No comments</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>16. MAS seeks comments on the proposal to waive the surrender penalties expressly provided for in the policy contract only if policy owners were directed to surrender their policies (i.e. scenario 4 - forced surrender). Surrenders in other scenarios will still be subject to surrender penalties.</b></p> <p>No comments</p> <p><b>17. MAS seeks comments on not requiring direct life and composite insurers to expressly state the computation method for a forced surrender value in the policy contract, for products which may not asset out a surrender value as surrenders are typically not permitted, e.g. annuities after the vesting period. MAS will work with the industry to provide guidance on a reasonable basis or approach to determine a forced surrender value in this instance.</b></p> <p>No comments</p> <p><b>18. MAS seeks comments on whether there are other products which should be included within the guidance besides annuities after the vesting period.</b></p> <p>No comments</p> <p><b>19. MAS seeks comments on the approach as recommended in paragraph 5.4 with respect to policies with joint or multiple policy owners.</b></p> <p>General personal insurance policies underwritten by AIG Asia Pacific Insurance Pte. Ltd. do not have joint or multiple owners. For certain policies which carry a death benefit, certain policyholders make a nomination as to the beneficiary(ies). In such cases, we will pay to the named beneficiary(ies). Otherwise, the death benefit will be paid to the estate of the deceased policyholder.</p>

S/N	Respondents	Full Responses from Respondent
		<p>In addition, it may depend upon the claim as to which parties are to be paid. Insureds are unlikely to accept such a clause and if so, it may potentially place the insurer in breach of the legislation for not including the clause. SDIC should be able to discharge their responsibilities adequately without this clause. They may need to take advice in some cases but this clause is likely to cause more issues.</p> <p><b>20. MAS seeks comments on the proposed approach relating to refund of premiums for the PPF Life Scheme, as described in paragraph 5.9.</b></p> <p>Not relevant to AIG Asia Pacific Insurance Pte. Ltd. as it relates to life insurance business.</p> <p><b>21. MAS seeks comments on the proposal to cover refund of premiums due to other circumstances (besides refund of unused premium) if they are expressly allowed for in the policy contract for specified personal line policies, without any caps, under the PPF General Scheme.</b></p> <p>We have no objections on the proposal to cover refund of premiums due to other circumstances (besides refund of unused premium) if they are expressly allowed for in the policy contract for specified personal line policies, without any caps, under the PPF General Scheme.</p> <p><b>22. MAS seeks comments on the proposal to amend sections 47 and 48 of the DI-PPF Act to include the deduction of outstanding premiums from the compensation payout of the PPF Scheme.</b></p> <p>We agree with the proposal to amend sections 47 and 48 of the DI-PPF Act to include the deduction of outstanding premiums from the compensation payout of the PPF Scheme. This will lead to improved collections and a more equitable process.</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>23. MAS seeks comments on the proposal to amend section 52(5) of the DI-PPF Act to clarify that SDIC is entitled to recover expenses incurred in connection with its communications with policy owners, beneficiaries and the public, in the event of a PPF compensation payout, and such other types of expenses as may be prescribed by MAS, from the failed PPF Scheme member.</b></p> <p>We have no objections to the proposal to amend section 52(5) of the DI-PPF Act to clarify that SDIC is entitled to recover expenses incurred in connection with its communications with policy owners, beneficiaries and the public, in the event of a PPF compensation payout, and such other types of expenses as may be prescribed by MAS, from the failed PPF Scheme member.</p> <p><b>24. MAS seeks comments on the proposal to amend MAS Notice DIPOP-N02 to include a clause providing that, by completing and submitting the returns prescribed in MAS Notice DIPOP-N02, the PPF Scheme members consent to MAS sharing the information in the returns with SDIC.</b></p> <p>We have no objections to the proposal to amend MAS Notice DIPOP-N02 to include a clause providing that, by completing and submitting the returns prescribed in MAS Notice DIPOP-N02, the PPF Scheme members consent to MAS sharing the information in the returns with SDIC.</p> <p><b>25. MAS seeks comments on the proposal to include the voluntary winding up of a PPF Scheme member as a separate trigger (apart from those already present in section 46 of the DI-PPF Act) for MAS to determine whether PPF compensation payout should be made.</b></p> <p>We do not agree with the proposal to include the voluntary winding up of a PPF Scheme member as a separate trigger (apart from those already present in section 46 of the DIPPF Act) for MAS to determine whether PPF compensation payout should be made. In a voluntary winding up, the entity is likely to be able to meet its financial obligations. An entity may also be voluntarily wound up because it is exiting the market and has sold</p>

S/N	Respondents	Full Responses from Respondent
		<p>and transferred its business to another entity. As such, voluntary winding up should not be a determining factor to trigger the PPF compensation payout. Otherwise, it would widen the original intention of the PPF Scheme.</p> <p><b>26. MAS seeks comments on the proposal to amend the definition of “quantification date” for the triggering of the PPF compensation payout, as follows:</b></p> <p><b>a) In the event a PPF Scheme member is wound up by a court in Singapore only or wound up voluntarily in Singapore only, the quantification date shall be the date of commencement of winding up under the Companies Act;</b></p> <p><b>b) In the event a PPF Scheme member is wound up overseas only, the quantification date shall be the date of commencement of winding up under the relevant foreign law;</b></p> <p><b>c) In the event a PPF Scheme member is wound up both in Singapore and overseas, the quantification date shall be the date of commencement of winding up under the Companies Act;</b></p> <p><b>d) In the event a PPF Scheme member is not wound up, but MAS is of the opinion that the PPF Scheme member is insolvent, unable or likely to become unable to meet its obligations, or about to suspend payments, the quantification date shall be the date on which the notice of payment of compensation is published in the Gazette, even if the PPF Scheme member is wound up subsequently.</b></p> <p>a) We agree. However, we suggest that it be made clear that it is only if the winding up application is actually granted that the quantification date should start from the date of the original application.</p> <p>b) We agree provided this is the position under foreign law. We suggest this be drafted to accommodate foreign laws which may not deem the winding up to have commenced at the time of application.</p> <p>c) We agree.</p> <p>d) We agree.</p>

S/N	Respondents	Full Responses from Respondent
8	Respondent B	<p><b>1. MAS seeks comments on the proposal to maintain coverage of A&amp;H policies under the PPF General Scheme if they contain A&amp;H benefits only.</b></p> <p>The Respondent currently do not offer bundled products such as "non-pure accident and health policies". In the event, the Respondent agrees with the views of the other FI and the Authority for the reasons given in the Consultation Paper.</p> <p><b>2. MAS seeks comments on the proposal to retain the current scope of coverage under the PPF General Scheme for compulsory insurance policies and not to extend this beyond the liability that arises from the specified legislations.</b></p> <p>-</p> <p><b>3. MAS seeks comments on the proposal to maintain the current practice of not refunding unearned premiums in relation to compulsory insurance coverages.</b></p> <p>-</p> <p><b>4. MAS seeks comments on the proposed definition of “personal” insurance policy, as one that is owned by a natural person.</b></p> <p>The Respondent agrees with the proposed definition. This proposed definition clarifies on the often used term and avoid confusion on when a policy is personal for the purposes of the PPF scheme and calculating the relevant levies.</p>



S/N	Respondents	Full Responses from Respondent
		<p><b>5. MAS seeks comments on the introduction of caps of \$50,000 for claims arising from own property damage for personal motor insurance, and \$300,000 for claims arising from property damage for personal property (structure and contents) insurance.</b></p> <p>The Respondent is not in the business of selling motor insurance or property insurance at this juncture and therefore would prefer to not express an opinion for this question.</p> <p><b>6. MAS seeks comments on whether there are any other benefit design for ILPs where there is lack of clarity on the guaranteed benefits that are covered under the PPF Life Scheme.</b></p> <p>The Respondent currently is not in the business of selling life insurance products and therefore would prefer to not express an opinion for this question.</p> <p><b>7. MAS seeks comments on the proposal to amend section 47 of the DI-PPF Act to clarify that the compensation amounts should be the sum of both the guaranteed sum assured and guaranteed surrender value at quantification date, where applicable.</b></p> <p>The Respondent currently is not in the business of selling life insurance products and therefore would prefer to not express an opinion for this question.</p> <p><b>8. MAS seeks comments on the proposal to make it clearer in the legislation that remaining claim instalments shall also be subject to the aggregate cap for guaranteed sum assured.</b></p> <p>The Respondent currently is not in the business of selling life insurance products and therefore would prefer to not express an opinion for this question.</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>9. MAS seeks comments on the proposal to allow commutation of benefits in the event of compensation payout, only if the methodology and assumptions are explicitly provided for, in the policy contract.</b></p> <p>The Respondent currently is not in the business of selling life insurance products and therefore would prefer to not express an opinion for this question.</p> <p><b>10. MAS seeks comments on making the necessary legislative amendments to give effect to paragraph 4.14, with respect to settlement option.</b></p> <p>The Respondent currently is not in the business of selling life insurance products and therefore would prefer to not express an opinion for this question.</p> <p><b>11. MAS seeks comments on whether there are other examples of living benefits where their treatment are not clear in terms of computation of their aggregate caps. Please describe these examples.</b></p> <p>The Respondent currently is not in the business of selling life insurance products and therefore would prefer to not express an opinion for this question.</p> <p><b>12. MAS seeks comments on the proposal to amend the relevant schedule of the DI-PPF Act to expressly provide for the coverage of riders to Category 3 and Category 4 policies.</b></p> <p>The Respondent currently is not in the business of selling life insurance products and therefore would prefer to not express an opinion for this question.</p> <p><b>13. MAS seeks comments on the proposed classification of Category 3 and Category 4 riders in paragraph 4.21</b></p>

S/N	Respondents	Full Responses from Respondent
		<p>The Respondent currently is not in the business of selling life insurance products and therefore would prefer to not express an opinion for this question.</p> <p><b>14. MAS seeks comments on the proposed approach for coupon deposits, advance premium payments and unclaimed moneys as described in paragraphs 4.27 to 4.29.</b></p> <p><b>a) Is the proposed approach appropriate? Please explain your responses and suggest alternative approaches if your answer is 'No'.</b></p> <p><b>b) Are there other examples which have not been included in Annex B, where the classification may be unclear? Please describe these examples.</b></p> <p>The Respondent currently is not in the business of selling life insurance products and therefore would prefer to not express an opinion for this question.</p> <p><b>15. MAS seeks comments on the inclusion of temporary coverage against accidental death in Singapore within the scope of the PPF Life Scheme, without the need for additional levies to be paid.</b></p> <p>The Respondent currently is not in the business of selling life insurance products and therefore would prefer to not express an opinion for this question.</p> <p><b>16. MAS seeks comments on the proposal to waive the surrender penalties expressly provided for in the policy contract only if policy owners were directed to surrender their policies (i.e. scenario 4 - forced surrender). Surrenders in other scenarios will still be subject to surrender penalties.</b></p> <p>The Respondent currently is not in the business of selling life insurance products and therefore would prefer to not express an opinion for this question.</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>17. MAS seeks comments on not requiring direct life and composite insurers to expressly state the computation method for a forced surrender value in the policy contract, for products which may not asset out a surrender value as surrenders are typically not permitted, e.g. annuities after the vesting period. MAS will work with the industry to provide guidance on a reasonable basis or approach to determine a forced surrender value in this instance.</b></p> <p>The Respondent currently is not in the business of selling life insurance products and therefore would prefer to not express an opinion for this question.</p> <p><b>18. MAS seeks comments on whether there are other products which should be included within the guidance besides annuities after the vesting period.</b></p> <p>The Respondent currently is not in the business of selling life insurance products and therefore would prefer to not express an opinion for this question.</p> <p><b>19. MAS seeks comments on the approach as recommended in paragraph 5.4 with respect to policies with joint or multiple policy owners.</b></p> <p>No comments</p> <p><b>20. MAS seeks comments on the proposed approach relating to refund of premiums for the PPF Life Scheme, as described in paragraph 5.9.</b></p> <p>The Respondent is currently not a PPF Life Scheme Member and as such would prefer not to express an opinion for this question.</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>21. MAS seeks comments on the proposal to cover refund of premiums due to other circumstances (besides refund of unused premium) if they are expressly allowed for in the policy contract for specified personal line policies, without any caps, under the PPF General Scheme.</b></p> <p>The Respondent agrees with the views of the majority of the PPF Life Members for all the reasons given in paragraphs 5.7 to 5.10 of the Consultation Paper.</p> <p><b>22. MAS seeks comments on the proposal to amend sections 47 and 48 of the DI-PPF Act to include the deduction of outstanding premiums from the compensation payout of the PPF Scheme.</b></p> <p>The Respondent agrees that Scheme Members should be allowed to deduct outstanding premiums from the claim proceeds of the policy. This is cost-effective for both the Scheme Member and reasonable for the policyholder.</p> <p><b>23. MAS seeks comments on the proposal to amend section 52(5) of the DI-PPF Act to clarify that SDIC is entitled to recover expenses incurred in connection with its communications with policy owners, beneficiaries and the public, in the event of a PPF compensation payout, and such other types of expenses as may be prescribed by MAS, from the failed PPF Scheme member.</b></p> <p>The Respondent agrees with the suggested proposal as the same is reasonable.</p> <p><b>24. MAS seeks comments on the proposal to amend MAS Notice DIPOP-N02 to include a clause providing that, by completing and submitting the returns prescribed in MAS Notice DIPOP-N02, the PPF Scheme members consent to MAS sharing the information in the returns with SDIC.</b></p>

S/N	Respondents	Full Responses from Respondent
		<p>The Respondent agrees with the suggested proposal as the same is reasonable.</p> <p><b>25. MAS seeks comments on the proposal to include the voluntary winding up of a PPF Scheme member as a separate trigger (apart from those already present in section 46 of the DI-PPF Act) for MAS to determine whether PPF compensation payout should be made.</b></p> <p>For the reasons given in paragraph 6.9 of the Consultation Paper, the Respondent agrees with the MAS on the proposed amendment.</p> <p><b>26. MAS seeks comments on the proposal to amend the definition of “quantification date” for the triggering of the PPF compensation payout, as follows:</b></p> <p>a) In the event a PPF Scheme member is wound up by a court in Singapore only or wound up voluntarily in Singapore only, the quantification date shall be the date of commencement of winding up under the Companies Act;</p> <p>b) In the event a PPF Scheme member is wound up overseas only, the quantification date shall be the date of commencement of winding up under the relevant foreign law;</p> <p>c) In the event a PPF Scheme member is wound up both in Singapore and overseas, the quantification date shall be the date of commencement of winding up under the Companies Act;</p> <p>d) In the event a PPF Scheme member is not wound up, but MAS is of the opinion that the PPF Scheme member is insolvent, unable or likely to become unable to meet its obligations, or about to suspend payments, the quantification date shall be the date on which the notice of payment of compensation is published in the Gazette, even if the PPF Scheme member is wound up subsequently.</p> <p>a) For the reasons given in paragraphs 6.11 and 6.14, the Respondent agrees with the Authority on the quantification date in Question 26(a).</p>

S/N	Respondents	Full Responses from Respondent
		<p>b) For the reasons given in paragraph 6.15, the Respondent agrees with the Authority on the quantification date in Question 26(b).</p> <p>c) For the reasons given in paragraph 6.16, the Respondent agrees with the Authority on the quantification date in Question 26(c).</p> <p>d) For the reasons given in paragraphs 6.17 to 6.19, the Respondent agrees with the Authority on the quantification date in Question 26(d).</p>

**CONSULTATION PAPER ON PROPOSED ENHANCEMENTS TO THE DEPOSIT INSURANCE SCHEME AND LEGISLATIVE AMENDMENTS TO THE DEPOSIT INSURANCE AND POLICY OWNERS' PROTECTION SCHEMES ACT AND REGULATIONS (4 AUGUST 2017)**

S/N	Respondents	Full Responses from Respondent
1	EQ Insurance Company Ltd	<p><b>1. MAS seeks comments on the proposal to enhance depositor protection by raising the DI coverage limit from S\$50,000 to S\$75,000 per depositor per Scheme Member.</b></p> <p>Not applicable.</p> <p><b>2. MAS seeks comments on the proposal to achieve the target fund size within a reasonable period by (i) extending the build-up period of the DI Fund to 2028; and (ii) to revise the annual premium rates to between 2.5bps and 8bps.</b></p> <p>Not applicable.</p> <p><b>3. MAS seeks comments on the proposal to provide legal protection and indemnification for former and current directors, officers, agents and employees for reasonable legal costs and expenses incurred in connection with actions taken or omissions in good faith, in the normal course of their duties.</b></p> <p>Agree.</p> <p><b>4. MAS seeks comments on the proposal to require the liquidator to cooperate with SDIC in respect of both the DI and PPF schemes, by:</b></p> <p>(a) imposing a general statutory obligation on the liquidator to cooperate; and</p> <p>(b) empowering MAS to specify in a written notice the assistance required from the liquidator.</p>



S/N	Respondents	Full Responses from Respondent
		<p>(a) Agree. (b) Agree, however the assistance required should be within the liquidator's ability.</p> <p><b>5. MAS seeks comments on the proposal to clarify that SDIC can create charges over the assets in the DI Fund and PPF Funds, for the purposes of securing loans for making compensation payouts under the DI-PPF Act.</b></p> <p>Agree but it should be with prior notice to the Scheme Members.</p> <p><b>6. MAS seeks comments on the proposal to prohibit entities and agents working on behalf of SDIC or MAS from purchasing assets of failed DI and PPF Scheme Members, except with the approval of MAS.</b></p> <p>Agree.</p> <p><b>7. MAS seeks comments on the proposal to amend Sections 64 and 84 of the DI-PPF Act to require Scheme Members to take reasonable care to ensure that any information disclosed pursuant to those provisions are accurate.</b></p> <p>Agree, we wish to quantify that the information will be as accurate as maintained in our records.</p> <p><b>8. MAS seeks comments on the proposal to allow SDIC to submit three-year block estimates of the income and expenditure of SDIC and the Funds.</b></p> <p>Agree.</p> <p><b>9. MAS seeks comments on the draft legislative amendments to the DI-PPF Act and Regulations, as set out in Annex B.</b></p>

S/N	Respondents	Full Responses from Respondent
		Agree, except for minor amendments arising from our comments above.
2	Bank of China Limited	<p><b>1. MAS seeks comments on the proposal to enhance depositor protection by raising the DI coverage limit from S\$50,000 to S\$75,000 per depositor per Scheme Member.</b></p> <p>Nil</p> <p><b>2. MAS seeks comments on the proposal to achieve the target fund size within a reasonable period by (i) extending the build-up period of the DI Fund to 2028; and (ii) to revise the annual premium rates to between 2.5bps and 8bps.</b></p> <p>We understand that MAS intends to extend the build-up period of the DI Fund from the current target date of 2020 to 2028; and raise the annual premium rates as set out in the proposed table to achieve the target fund size.</p> <p>The increase in coverage limit will lead to higher annual premium that the Bank needs to pay.</p> <p>We therefore propose to the Authority to consider reducing the annual premium rates by increasing the build-up period of the DI Fund so as to ease the regulatory cost burden on the Bank on an annual basis.</p> <p><b>3. MAS seeks comments on the proposal to provide legal protection and indemnification for former and current directors, officers, agents and employees for reasonable legal costs and expenses incurred in connection with actions taken or omissions in good faith, in the normal course of their duties.</b></p> <p>Nil</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>4. MAS seeks comments on the proposal to require the liquidator to cooperate with SDIC in respect of both the DI and PPF schemes, by:</b></p> <p><b>(a) imposing a general statutory obligation on the liquidator to cooperate; and</b></p> <p><b>(b) empowering MAS to specify in a written notice the assistance required from the liquidator.</b></p> <p>Nil</p> <p><b>5. MAS seeks comments on the proposal to clarify that SDIC can create charges over the assets in the DI Fund and PPF Funds, for the purposes of securing loans for making compensation payouts under the DI-PPF Act.</b></p> <p>Nil</p> <p><b>6. MAS seeks comments on the proposal to prohibit entities and agents working on behalf of SDIC or MAS from purchasing assets of failed DI and PPF Scheme Members, except with the approval of MAS.</b></p> <p>Nil</p> <p><b>7. MAS seeks comments on the proposal to amend Sections 64 and 84 of the DI-PPF Act to require Scheme Members to take reasonable care to ensure that any information disclosed pursuant to those provisions are accurate.</b></p> <p>Nil</p> <p><b>8. MAS seeks comments on the proposal to allow SDIC to submit three-year block estimates of the income and expenditure of SDIC and the Funds.</b></p>

S/N	Respondents	Full Responses from Respondent
		<p>Nil</p> <p><b>9. MAS seeks comments on the draft legislative amendments to the DI-PPF Act and Regulations, as set out in Annex B.</b></p> <p>Nil</p>
3	Ergo Insurance Pte Ltd	<p><b>General comments</b></p> <p>We are generally in agreement with the proposed enhancements except for items 4.3 and 4.4 for the following reasons:</p> <p>4.3 Definition of "personal" insurance policy as one that is owned by a natural person in view of individuals using their personal properties for commercial purposes to be protected under the PPF Scheme seems to defeat the purpose of the original intention under the Scheme to protect individuals for their personal properties and not when it is used for a commercial business.</p> <p>4.4 Proposal to prescribe caps on compensation payout for certain types of claims may not be seen as justified as policy owners are paying the required premium to get their property fully covered. With more than 99% of the claims being fully covered within the proposed caps based on the analysis of the property damage claims over the past 3 years, exposure of the PPF General Fund for the balance 1% should be minimal.</p> <p><b>9. MAS seeks comments on the draft legislative amendments to the DI-PPF Act and Regulations, as set out in Annex B.</b></p>

S/N	Respondents	Full Responses from Respondent
		<p>4.3 Definition of "personal" insurance policy as one that is owned by a natural person in view of individuals using their personal properties for commercial purposes to be protected under the PPF Scheme seems to defeat the purpose of the original intention under the Scheme to protect individuals for their personal properties and not when it is used for a commercial business.</p> <p>4.4 Proposal to prescribe caps on compensation payout for certain types of claims may not be seen as justified as policy owners are paying the required premium to get their property fully covered. With more than 99% of the claims being fully covered within the proposed caps based on the analysis of the property damage claims over the past 3 years, exposure of the PPF General Fund for the balance 1% should be minimal.</p>
4	Liberty Insurance Pte Ltd	<p><b>General comments</b></p> <p><b>1. MAS seeks comments on the proposal to enhance depositor protection by raising the DI coverage limit from S\$50,000 to S\$75,000 per depositor per Scheme Member.</b></p> <p>No comment.</p> <p><b>2. MAS seeks comments on the proposal to achieve the target fund size within a reasonable period by (i) extending the build-up period of the DI Fund to 2028; and (ii) to revise the annual premium rates to between 2.5bps and 8bps.</b></p> <p>No comment.</p> <p><b>3. MAS seeks comments on the proposal to provide legal protection and indemnification for former and current directors, officers, agents and employees for reasonable legal costs and expenses incurred in connection with actions taken or omissions in good faith, in the normal course of their duties.</b></p>

S/N	Respondents	Full Responses from Respondent
		<p>Yes, agreed.</p> <p><b>4. MAS seeks comments on the proposal to require the liquidator to cooperate with SDIC in respect of both the DI and PPF schemes, by:</b></p> <p><b>(a) imposing a general statutory obligation on the liquidator to cooperate; and</b></p> <p><b>(b) empowering MAS to specify in a written notice the assistance required from the liquidator.</b></p> <p>Yes, agreed.</p> <p><b>5. MAS seeks comments on the proposal to clarify that SDIC can create charges over the assets in the DI Fund and PPF Funds, for the purposes of securing loans for making compensation payouts under the DI-PPF Act.</b></p> <p>Yes, agreed.</p> <p><b>6. MAS seeks comments on the proposal to prohibit entities and agents working on behalf of SDIC or MAS from purchasing assets of failed DI and PPF Scheme Members, except with the approval of MAS.</b></p> <p>Yes, agreed.</p> <p><b>7. MAS seeks comments on the proposal to amend Sections 64 and 84 of the DI-PPF Act to require Scheme Members to take reasonable care to ensure that any information disclosed pursuant to those provisions are accurate.</b></p> <p>Yes, agreed.</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>8. MAS seeks comments on the proposal to allow SDIC to submit three-year block estimates of the income and expenditure of SDIC and the Funds.</b></p> <p>Yes, agreed.</p> <p><b>9. MAS seeks comments on the draft legislative amendments to the DI-PPF Act and Regulations, as set out in Annex B.</b></p> <p><u>1. Add bundled/"mixed" products containing accident &amp; health benefits</u></p> <p>To ease an insurer's reporting &amp; administration costs, it is proposed to clarify &amp; simplify that an insured policy includes a policy which has accident &amp; health benefits as one or all of its benefits.</p> <p>Suggested amendments to s.2 in red as follows:  "insured policy" means –  (a) any life policy; <b>or</b>  (b) any policy <b>which provides accident &amp; health benefits as one or all of its benefits; or</b>  (c) any compulsory insurance policy; or  (d) any specified personal line insurance policy which is a Singapore policy;  <b>and, "accident &amp; health benefits" in (b) above shall have the meaning as that ascribed by the First Schedule of the Insurance Act (Cap 142) as it may be amended from time to time.</b></p> <p><u>2. Avoid using "natural person".</u></p> <p>It is by no means settled that this term refers to a human person. For instance, there is nothing "un-natural" about corporations or societies, or other legal persons. There is also a need to clarify that commercial use</p>

S/N	Respondents	Full Responses from Respondent
		<p>and the person's capacity does not matter. With this, policies taken out by sole proprietors and partners in their own names, even if for their business use, will be considered specified personal line insurance policies. Suggested amendments to s.2 in red:</p> <p>"specified personal line insurance policy" means —</p> <p>(a) a policy of insurance which provides personal motor cover; <b>or</b></p> <p>(b) a policy of insurance which provides personal travel cover; <b>or</b></p> <p>(c) a policy of insurance which provides personal property (structure and contents) cover; or</p> <p>(d) a policy of insurance which provides cover in connection with the employment of a foreign domestic worker;</p> <p><b>and issued to a policy owner who is a human person, regardless of whether the (i) risk or subject-matter insured is put to commercial use, and/or (ii) whether the policy owner had taken the policy not in a personal but in a business, professional, trust, representative, or any other non-personal capacity.</b></p>
5	Manulife (Singapore) Pte Ltd	<p><b>1. MAS seeks comments on the proposal to enhance depositor protection by raising the DI coverage limit from S\$50,000 to S\$75,000 per depositor per Scheme Member.</b></p> <p>Not applicable.</p> <p><b>2. MAS seeks comments on the proposal to achieve the target fund size within a reasonable period by (i) extending the build-up period of the DI Fund to 2028; and (ii) to revise the annual premium rates to between 2.5bps and 8bps.</b></p> <p>Not applicable.</p>



S/N	Respondents	Full Responses from Respondent
		<p><b>3. MAS seeks comments on the proposal to provide legal protection and indemnification for former and current directors, officers, agents and employees for reasonable legal costs and expenses incurred in connection with actions taken or omissions in good faith, in the normal course of their duties.</b></p> <p>No comment.</p> <p><b>4. MAS seeks comments on the proposal to require the liquidator to cooperate with SDIC in respect of both the DI and PPF schemes, by:</b></p> <p>(a) imposing a general statutory obligation on the liquidator to cooperate; and</p> <p>(b) empowering MAS to specify in a written notice the assistance required from the liquidator.</p> <p>Agree.</p> <p><b>5. MAS seeks comments on the proposal to clarify that SDIC can create charges over the assets in the DI Fund and PPF Funds, for the purposes of securing loans for making compensation payouts under the DI-PPF Act.</b></p> <p>No comment.</p> <p><b>6. MAS seeks comments on the proposal to prohibit entities and agents working on behalf of SDIC or MAS from purchasing assets of failed DI and PPF Scheme Members, except with the approval of MAS.</b></p> <p>Agree.</p>

S/N	Respondents	Full Responses from Respondent																		
		<p><b>7. MAS seeks comments on the proposal to amend Sections 64 and 84 of the DI-PPF Act to require Scheme Members to take reasonable care to ensure that any information disclosed pursuant to those provisions are accurate.</b></p> <p>No comment.</p> <p><b>8. MAS seeks comments on the proposal to allow SDIC to submit three-year block estimates of the income and expenditure of SDIC and the Funds.</b></p> <p>Agree.</p> <p><b>9. MAS seeks comments on the draft legislative amendments to the DI-PPF Act and Regulations, as set out in Annex B.</b></p> <table> <tr> <th>Section</th><th>Proposed Amendments</th><th>Responses</th></tr> <tr> <td colspan="3">DI-PPF Act</td></tr> <tr> <td>2</td><td>To define a “personal” insurance policy as one that is issued to a policy owner who is a natural person.</td><td>Not applicable.</td></tr> <tr> <td></td><td>To clarify the definition of “failed DI Scheme Member” and “failed PPF Scheme Member” for the purposes of DI and PPF payout respectively.</td><td>Agree.</td></tr> <tr> <td></td><td>To clarify the definition of “quantification date” for the computation of DI and PPF compensation payout.</td><td>Agree.</td></tr> <tr> <td></td><td>To define “settlement option” with the addition of new section 50A to the DI-PPF Act.</td><td>No comment.</td></tr> </table>	Section	Proposed Amendments	Responses	DI-PPF Act			2	To define a “personal” insurance policy as one that is issued to a policy owner who is a natural person.	Not applicable.		To clarify the definition of “failed DI Scheme Member” and “failed PPF Scheme Member” for the purposes of DI and PPF payout respectively.	Agree.		To clarify the definition of “quantification date” for the computation of DI and PPF compensation payout.	Agree.		To define “settlement option” with the addition of new section 50A to the DI-PPF Act.	No comment.
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	To define “settlement option” with the addition of new section 50A to the DI-PPF Act.	No comment.																		

S/N	Respondents	Full Responses from Respondent		
			To define “trust” and “trustee”, in relation to the PPF Scheme, for alignment of payment under the Insurance Act.	Agree.
		10	To allow the DI Fund to be used to pay the cost of enhancing SDIC’s system for the submission of a consolidated claim (for Singapore dollar deposits in excess of the maximum coverage limit) to the liquidator.	Not applicable.
		21, 46	To include the voluntary winding up of a DI or PPF Scheme member as a trigger for the use of DI, PPF Life or PPF General Funds.	Agree.
		27, 52	To clarify that SDIC is entitled to recover from the failed DI or PPF Scheme member expenses incurred in connection with its communications with depositors, policy owners, trustees, beneficiaries and the public, and other prescribed expenses in the event of a compensation payout.	We agree but would like to clarify if the prescribed expenses by MAS will be made time to time applicable to all or on a case by case basis.
		28A, 54A (new)	To require the liquidator to cooperate with SDIC to facilitate compensation payouts, and to prohibit entities and agents working on behalf of SDIC or MAS from purchasing assets of failed DI and PPF Scheme members, except with the approval of MAS.	No comment.
		35	To make it explicit that the moneys in the PPF Life Fund and PPF General Fund can be used for termination of applicable policies issued by a failed PPF Scheme member.	Agree.

S/N	Respondents	Full Responses from Respondent		
		47	To clarify that the compensation amount for a Category 2 insured policy should be the sum of both the remaining amount of guaranteed sum assured and guaranteed surrender value, at quantification date, where applicable.	Agree.
		47A (new)	To clarify that coverage against accidental death in Singapore for the period between the receipt of the completed application form and acceptance of the proposed risk would be covered under the PPF Scheme for life insurance policies.	We disagree to include accidental death cover as it is operationally challenging to identify and administer these policies as such cover is not captured in the administration system. Given the low probability, would MAS reconsider not to provide this coverage under PPF scheme?
		48	To provide for the flexibility for MAS to prescribe caps on compensation payout for certain classes or types of claims.	No comment.
		47 and 48	To deduct outstanding premiums from the compensation payout of the PPF Scheme.	We agree with the deduction of outstanding premiums from the compensation payout but would like to clarify if the protected liabilities for PPL levy computation should be net or gross of outstanding loan and outstanding premium.
		47A (new)	To include the refund of premiums under the coverage of the PPF Scheme, if it is expressly allowed for, in the policy contract.	We agree to include refund of premiums but would like to clarify on the types of refund of premiums

S/N	Respondents	Full Responses from Respondent		
		and 48A (new)		covered under the PPF scheme. For example, does it include refund of premium on inforce policies for scenarios such as: -Withdrawal of prepayment amount (advance premiums paid). -Excess premium amount paid
		50A (new)	To clarify that settlement options cannot be exercised once compensation under the PPF Scheme is triggered, and that an existing insured policy would cease to be covered under the PPF Scheme, once instructions have been received to exercise a settlement option.	Agree.
		51	To allow compensation to a trust as well as a beneficiary in respect of accidental death insurance cover under the new s47A as well.	Similar to comment in 47A (new).
		54	To include consideration of the cost of termination of applicable policies issued by the failed PPF Scheme member and the impact of not terminating such applicable policies when determining the use of the PPF Life Fund or PPF General Fund.	Agree.
		57	To clarify that SDIC may create charges over the assets of the DI Fund and PPF Funds.	No comment.
			To clarify that SDIC can carry out termination of applicable policies issued by a failed PPF Scheme	Agree.

S/N	Respondents	Full Responses from Respondent		
			member and make payment out of the PPF Life Fund or PPF General Fund to fund such termination.	
			To include in SDIC's mandate and functions, the submission of a consolidated claim (for Singapore dollar deposits in excess of the maximum coverage limit) to the liquidator.	No comment.
		57 and 77	To allow SDIC to submit three-year block estimates of the income and expenditure of SDIC and the Funds, instead of annual estimates.	Agree.
		58, 59, 92 and Sixth Schedule	To replace "memorandum and articles of association" with "constitution", in line with section 3 of the Companies (Amendment) Act 2014.	Agree.
		64 and 84	To require DI and PPF Scheme members to take reasonable care to ensure that information furnished to MAS under these provisions is accurate.	Agree.
		69	Technical amendment to align language used in subsections (1) and (2).	Agree.
		79	To delete the "reasonable care" requirement for legal protection for current and former directors, officers, agents and employees.	No Comment.
		79A (new)	To provide legal indemnity to current and former directors, officers, agents and employees.	No Comment.
		82	To allow the Managing Director of MAS to delegate the power of granting exemptions from PPF Scheme membership to Appointed Officers of MAS.	No Comment.

S/N	Respondents	Full Responses from Respondent		
		84	To specifically enable MAS to disclose information collected from Scheme members under the DI-PPF Act, where it is required to do so under any written law or by an order of court in Singapore.	No Comment.
		92	To effect amendments to section 77 from 1 April 2019.	Agree except for the change in accidental cover as mentioned above.
		First Schedule	To raise DI coverage limit to S\$75,000.	Not Applicable.
		Second Schedule	To include riders to Category 3 and Category 4 policies under the coverage of PPF Scheme.	Category 3 amendment is not reflected in the Second Schedule of Annex B.
			To clarify that the coverage of coupon deposits, advance premium payments and unclaimed moneys, is only to the extent that such coupon deposits, advance premium payments and unclaimed moneys have not been factored in the surrender value computation by the PPF Scheme member.	Agree.
		Third Schedule	To expressly provide that protected liabilities should be computed subject to the caps prescribed by MAS for certain classes or types of claims, in respect of policies protected under the PPF General Fund.	Agree.
		Fourth Schedule	To clarify that when determining the protection ratio for Category 2 insured policies, the remaining amount of sum assured, where instalment payments have been made prior to the	Agree.

S/N	Respondents	Full Responses from Respondent		
			quantification date, would also be subjected to the aggregate cap for the guaranteed sum assured.	
		Sixth and Seventh Schedules	To remove the requirement that the accounts of the DI Fund, PPF Life Fund, PPF General Fund and the SDIC must be audited by the Auditor-General (or an auditor appointed in consultation with the Auditor-General); and permit SDIC to appoint commercial auditors without consulting the Auditor-General.	No comment.
		DI Regulations		
		Third Schedule	To raise annual premium rates to 2.5bps to 8ps.	Not Applicable.
		PPF Regulations		
		New	To prescribe the following caps for the compensation payout under the PPF Scheme: a) \$50,000 for own property damage motor claims, for personal motor insurance policies; and b) \$300,000 for property damage claims, for personal property (structure and contents) insurance policies.	Not Applicable.
6	Mizuho Bank Limited	<b>1. MAS seeks comments on the proposal to enhance depositor protection by raising the DI coverage limit from S\$50,000 to S\$75,000 per depositor per Scheme Member.</b>  (1) We do not have any objections to the proposed change, although we foresee an increase in the Bank's compliance costs.		



S/N	Respondents	Full Responses from Respondent									
		<p>(2) MHBKSG wishes to seek clarity on the effective date, as well as on transitional provisions that will apply, in the event that the change is effective midway through the financial year.</p> <p><b>2. MAS seeks comments on the proposal to achieve the target fund size within a reasonable period by (i) extending the build-up period of the DI Fund to 2028; and (ii) to revise the annual premium rates to between 2.5bps and 8bps.</b></p> <p>Similarly, we do not have any objections to this revision, although the revised annual premium rates will increase our Bank's compliance costs. In addition, we will need reasonable time for system changes to be made, to incorporate/ factor in the new parameters.</p>									
7	Prudential Assurance Co. Singapore (Pte) Ltd	<p><b>General comments:</b></p> <table border="1"> <thead> <tr> <th>Section</th><th>Proposed Amendments</th><th>Responses</th></tr> </thead> <tbody> <tr> <td colspan="3">DI-PPF Act</td></tr> <tr> <td>47A</td><td>To clarify that coverage against accidental death in Singapore for the period between the receipt of the completed application form and acceptance of the proposed risk would be covered under the PPF Scheme for life insurance policies.</td><td>On accidental death insurance cover, would opine that there is no need to explicitly define the coverage period because the paper has already made reference back to the relevant policy terms. Thus would opine to follow the T&amp;C set out in PACS interim receipt.</td></tr> </tbody> </table>	Section	Proposed Amendments	Responses	DI-PPF Act			47A	To clarify that coverage against accidental death in Singapore for the period between the receipt of the completed application form and acceptance of the proposed risk would be covered under the PPF Scheme for life insurance policies.	On accidental death insurance cover, would opine that there is no need to explicitly define the coverage period because the paper has already made reference back to the relevant policy terms. Thus would opine to follow the T&C set out in PACS interim receipt.
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8	The Great Eastern Life Assurance Company Limited	<b>General comments:</b>									

S/N	Respondents	Full Responses from Respondent
		<p>Under Deposit Insurance and Policy Owners' Protection Schemes Act 2011, Part I Preliminary (Pg17), the draft definition of specified personal line insurance policy does not seem to be clear on whether part (a) to (d) must be owned by a natural person, or if only (d) needs to be owned by a natural person.</p> <p>Suggested amendment to state that: "specified personal line insurance policy" means a policy issued to a policy owner who is a natural person, and is a policy of insurance which provides - (a) personal motor cover; (b) personal travel cover; (c) personal property (structure and contents) cover; or (d) cover in connection with the employment of a foreign domestic worker.</p>
9	United Overseas Bank Limited	<p><b>1. MAS seeks comments on the proposal to enhance depositor protection by raising the DI coverage limit from S\$50,000 to S\$75,000 per depositor per Scheme Member.</b></p> <p>We note that objective of the increase is to reinstate the number of fully-insured depositors from the current 87% to 91%. With the increase in deposit insurance coverage limit from S\$50,000 to S\$75,000, we foresee that the insurance premium coverage payable by the Financial Institutions will increase accordingly, which will inevitably increases the cost of bank operation.</p> <p><b>2. MAS seeks comments on the proposal to achieve the target fund size within a reasonable period by (i) extending the build-up period of the DI Fund to 2028; and (ii) to revise the annual premium rates to between 2.5bps and 8bps.</b></p>

S/N	Respondents	Full Responses from Respondent
		<p>UOB: (i) Nil comments. (ii) The hefty increase in premium of 25% will translate to a significant increase in cost for the bank. Given our past experience, strong reserve built-up and robust risk management &amp; governance in the past 11 years, we are of the view that we should minimally keep the cost at the same rate.</p> <p><b>3. MAS seeks comments on the proposal to provide legal protection and indemnification for former and current directors, officers, agents and employees for reasonable legal costs and expenses incurred in connection with actions taken or omissions in good faith, in the normal course of their duties.</b></p> <p>While we note that this aims to further strengthen legal protection for SDIC, the DI-PPF Act clearly states that no liability shall be incurred by SDIC's directors, officers, agents and employees. Therefore, is it still necessary to extend the legal protection by requiring SDIC to indemnify these directors, officers, agents and employees?</p> <p>Is the indemnity by SDIC in favour of its former and current directors, officers, agents and employees adopted in other jurisdiction?</p> <p><b>4. MAS seeks comments on the proposal to require the liquidator to cooperate with SDIC in respect of both the DI and PPF schemes, by:</b></p> <p>(a) imposing a general statutory obligation on the liquidator to cooperate; and</p> <p>(b) empowering MAS to specify in a written notice the assistance required from the liquidator.</p> <p>The bank has no concerns given the objective is to ensure that the bank acts responsibly and on a timely basis.</p> <p><b>5. MAS seeks comments on the proposal to clarify that SDIC can create charges over the assets in the DI Fund and PPF Funds, for the purposes of securing loans for making compensation payouts under the DI-PPF Act.</b></p>

S/N	Respondents	Full Responses from Respondent
		<p>Firstly, under the DI-PPF Act, it states that DI Fund shall not be a fund of SDIC or the MAS. On this basis, does SDIC have the legal right to create charges over the moneys/assets in the DI Funds, be it entirely or partially? Secondly, the compensation payouts should be made from the DI Funds/PPF Funds. That being the case, how does SDIC ensure prompt payouts if these funds are charged?</p> <p><b>6. MAS seeks comments on the proposal to prohibit entities and agents working on behalf of SDIC or MAS from purchasing assets of failed DI and PPF Scheme Members, except with the approval of MAS.</b></p> <p>The bank has no concerns given the objective is to prevent conflict of interests.</p> <p><b>7. MAS seeks comments on the proposal to amend Sections 64 and 84 of the DI-PPF Act to require Scheme Members to take reasonable care to ensure that any information disclosed pursuant to those provisions are accurate.</b></p> <p>The bank will continue to ensure accuracy and timely provision on information as required by SDIC and MAS.</p> <p><b>8. MAS seeks comments on the proposal to allow SDIC to submit three-year block estimates of the income and expenditure of SDIC and the Funds.</b></p> <p>The bank has no concerns given the objective is to allow SDIC to make longer term plans and projections for longer-term strategic initiatives to enhance its operations.</p> <p><b>9. MAS seeks comments on the draft legislative amendments to the DI-PPF Act and Regulations, as set out in Annex B.</b></p>

S/N	Respondents	Full Responses from Respondent
		We note the legislative amendments on the definition of “personal” insurance policy and introduction of caps for certain property damage claims which would fully covers more than 99% of the claims.
10	Respondent C	<p><b>1. MAS seeks comments on the proposal to enhance depositor protection by raising the DI coverage limit from S\$50,000 to S\$75,000 per depositor per Scheme Member.</b></p> <p>Not applicable.</p> <p><b>2. MAS seeks comments on the proposal to achieve the target fund size within a reasonable period by (i) extending the build-up period of the DI Fund to 2028; and (ii) to revise the annual premium rates to between 2.5bps and 8bps.</b></p> <p>We have no comments.</p> <p><b>3. MAS seeks comments on the proposal to provide legal protection and indemnification for former and current directors, officers, agents and employees for reasonable legal costs and expenses incurred in connection with actions taken or omissions in good faith, in the normal course of their duties.</b></p> <p>We agree with the principle behind the proposed amendment. We would like to clarify - where former directors, officers, agents or employees are concerned, will there be a differentiation in when they left the SDIC?</p> <p><b>4. MAS seeks comments on the proposal to require the liquidator to cooperate with SDIC in respect of both the DI and PPF schemes, by:</b></p> <p>(a) imposing a general statutory obligation on the liquidator to cooperate; and</p> <p>(b) empowering MAS to specify in a written notice the assistance required from the liquidator.</p>

S/N	Respondents	Full Responses from Respondent
		<p>We agree with the proposal.</p> <p><b>5. MAS seeks comments on the proposal to clarify that SDIC can create charges over the assets in the DI Fund and PPF Funds, for the purposes of securing loans for making compensation payouts under the DI-PPF Act.</b></p> <p>We agree with the principle behind the proposed amendment. Please clarify under what circumstances SDIC can create such charges. Will SDIC require MAS' approval before it can do so?</p> <p><b>6. MAS seeks comments on the proposal to prohibit entities and agents working on behalf of SDIC or MAS from purchasing assets of failed DI and PPF Scheme Members, except with the approval of MAS.</b></p> <p>We agree with the proposal.</p> <p><b>7. MAS seeks comments on the proposal to amend Sections 64 and 84 of the DI-PPF Act to require Scheme Members to take reasonable care to ensure that any information disclosed pursuant to those provisions are accurate.</b></p> <p>We generally agree with the proposal. However, we can only take such reasonable care where the information disclosed belongs to us and is available on either our system or in our records.</p> <p><b>8. MAS seeks comments on the proposal to allow SDIC to submit three-year block estimates of the income and expenditure of SDIC and the Funds.</b></p>

S/N	Respondents	Full Responses from Respondent
		<p>A three-year block estimate may be too infrequent. We suggest a two-year block estimate. If this is not accepted, please clarify how significant fluctuations in the three-year block estimate will be highlighted to the Minister and to the MAS outside of the annual report.</p> <p><b>9. MAS seeks comments on the draft legislative amendments to the DI-PPF Act and Regulations, as set out in Annex B.</b></p> <p>On the definition of "personal insurance", please clarify if motor insurance policies which cover vehicles hired from a car rental company for (a) personal use, and (b) hire and reward be considered a personal insurance? We believe such risks are primarily commercial and should be excluded.</p> <p>Please clarify the proposed amendment to "specified personal line insurance policy". Do the words "and issued to a policy owner who is a natural person" apply only to limb (d) or to limbs (a)-(d)?</p>
11	Respondent D	<p><b>1. MAS seeks comments on the proposal to enhance depositor protection by raising the DI coverage limit from S\$50,000 to S\$75,000 per depositor per Scheme Member.</b></p> <p>The coverage should include foreign currency deposits as well</p> <p><b>2. MAS seeks comments on the proposal to achieve the target fund size within a reasonable period by (i) extending the build-up period of the DI Fund to 2028; and (ii) to revise the annual premium rates to between 2.5bps and 8bps.</b></p> <p>Agreed</p>

S/N	Respondents	Full Responses from Respondent
		<p><b>3. MAS seeks comments on the proposal to provide legal protection and indemnification for former and current directors, officers, agents and employees for reasonable legal costs and expenses incurred in connection with actions taken or omissions in good faith, in the normal course of their duties.</b></p> <p>Agreed</p> <p><b>4. MAS seeks comments on the proposal to require the liquidator to cooperate with SDIC in respect of both the DI and PPF schemes, by:</b></p> <p>(a) imposing a general statutory obligation on the liquidator to cooperate; and</p> <p>(b) empowering MAS to specify in a written notice the assistance required from the liquidator.</p> <p>No additional comments</p> <p><b>5. MAS seeks comments on the proposal to clarify that SDIC can create charges over the assets in the DI Fund and PPF Funds, for the purposes of securing loans for making compensation payouts under the DI-PPF Act.</b></p> <p>To facilitate operations the regulator could request a general obligation of maintaining a technology system which could provide soft copy information immediately</p> <p><b>6. MAS seeks comments on the proposal to prohibit entities and agents working on behalf of SDIC or MAS from purchasing assets of failed DI and PPF Scheme Members, except with the approval of MAS.</b></p> <p>Agreed</p>



S/N	Respondents	Full Responses from Respondent
		<p><b>7. MAS seeks comments on the proposal to amend Sections 64 and 84 of the DI-PPF Act to require Scheme Members to take reasonable care to ensure that any information disclosed pursuant to those provisions are accurate.</b></p> <p>No additional comments</p> <p><b>8. MAS seeks comments on the proposal to allow SDIC to submit three-year block estimates of the income and expenditure of SDIC and the Funds.</b></p> <p>No additional comments</p> <p><b>9. MAS seeks comments on the draft legislative amendments to the DI-PPF Act and Regulations, as set out in Annex B.</b></p> <p>No additional comments</p>

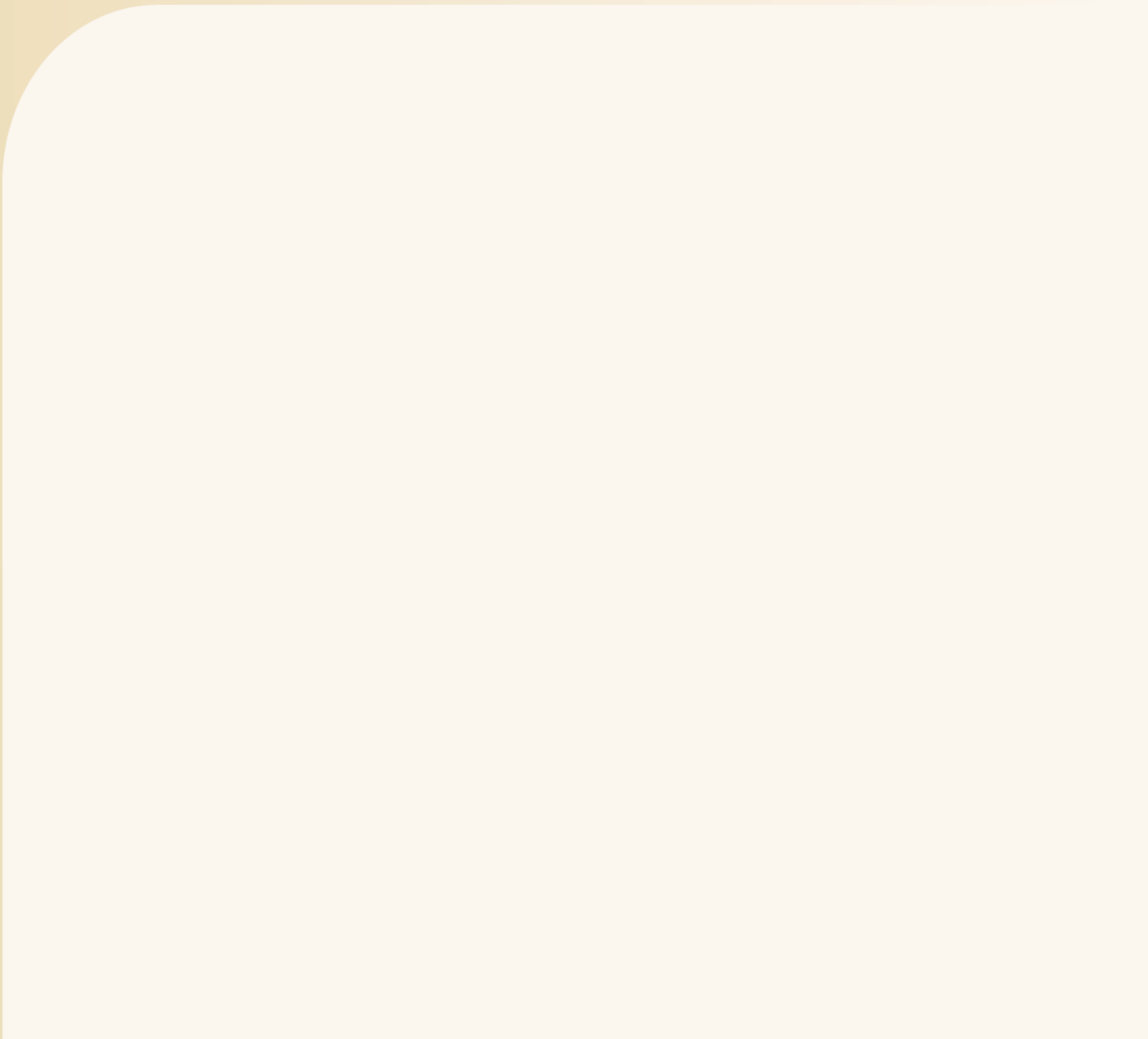
## Annex C

### CATEGORIES OF INSURED POLICIES UNDER PPF LIFE SCHEME

It is defined in the Second Schedule to the DI-PPF Act that insured policies shall be classified into one of the following 4 categories:

- (a) Category 1 insured policies, comprising any of the following types of policies or riders:
  - i. any individual accident and health policy;
  - ii. any rider to an individual policy, with the exception of a term rider which accelerates the payment of part or all of the sum assured stated in the policy or provides for a payout of an additional sum of money over and above the sum assured stated in the policy upon occurrence of a claim event;
  - iii. any group health policy;
  - iv. any group personal accident policy;
  - v. the part of any insured policy, whether or not it is a Category 1 insured policy, comprising the accumulated values (including interest which has accrued on such values) of coupon deposits, advance premium payments and unclaimed moneys under such insured policy, where applicable;
- (b) Category 2 insured policies, comprising any of the following types of policies or riders:
  - i. any individual policy or rider (other than a Category 1 or 3 insured policy);
  - ii. any voluntary group term policy;
  - iii. any voluntary group whole life policy;
  - iv. any voluntary group endowment policy;
  - v. any term rider which accelerates the payment of all or part of the sum assured stated in the policy or provides for a payout of an additional sum of money over and above the sum assured stated in the policy upon occurrence of a claim event,  
except that any accident and health benefit (other than those benefits that accelerate the payment of part or all of the sum assured stated in the policy) payable under any such policy, shall be classified as a Category 1 insured policy;

- (c) Category 3 insured policies, comprising any annuity where the policy owner is an individual and any voluntary group annuity policy;
- (d) Category 4 insured policies, comprising any non-voluntary group insurance policy (which is a non-voluntary group term policy, non voluntary group whole life policy, non-voluntary group endowment policy or non-voluntary group annuity policy).



Monetary Authority of Singapore