

CONSULTATION PAPER

P006 - 2007

July 2007

Insurance (Amendment) Bill 2007 on Nomination of Beneficiaries

MAS

Monetary Authority of Singapore

PREFACE

1 Presently, there are no provisions in the Insurance Act to govern the nomination of beneficiaries to the proceeds from insurance policies. MAS will be amending the Insurance Act to incorporate a framework for the nomination of beneficiaries. MAS had, in December 2005, issued a consultation paper on the proposed framework and MAS' responses to the feedback received during the consultation were published in April 2006.

2 This second consultation paper contains the proposed Insurance (Amendment) Bill 2007 ("the Bill") to implement the framework. The Bill provides for both trust and revocable nominations to be made:

- a) trust (irrevocable) nominations will create a statutory trust, meaning that the policy owner will have to give up all rights and ownership over the policy. At the same time, the policy proceeds in question will not be subject to the policy owner's debts. Only the policy owner's spouse and/or children will be eligible to be irrevocably-nominated as beneficiaries. All proceeds from the policy, whether paid out while the policy owner is alive or after his death, will belong to the beneficiaries. If a beneficiary predeceases the policy owner, his portion of the benefits will go to his estate. Trust nominations are similar to existing nominations made under section 73 of the Conveyancing and Law of Property Act. The nomination framework will, however, allow policy owners a deliberate choice about whether to make such nominations;
- b) revocable nominations will allow all legal entities to be named as beneficiaries. Revocable nominations are not statutory trusts, therefore full rights and ownership over the policy will be retained by the policy owner. Death benefits from the policy will be payable to the beneficiaries, while non-death benefits will be payable to the policy owner. If a beneficiary predeceases the policy owner, his portion of the benefits will be proportionately distributed among the surviving beneficiaries.

3 The Bill will also specify rules governing the disbursement of proceeds from insurance policies. Nominations will be accorded the same legal standing as wills in relation to the disbursement of policy proceeds. Therefore, policy proceeds will be

payable in accordance with a trust or revocable nomination or a will, whichever is the latest properly-executed instrument of which an insurer has been notified at the time of the policy owner's death. Insurers will be discharged of their liabilities under the policy contract once payment has been made in accordance with such an instrument. Only after claims from beneficiaries named in a nomination or will have been satisfied will claims from proper claimants be entertained.

4 MAS invites interested parties to submit their views and comments on the proposed Bill set forth in this consultation paper. Electronic submission is encouraged. Written comments should be submitted to:

Insurance Supervision Department
Monetary Authority of Singapore
10 Shenton Way
MAS Building
Singapore 079117
Fax: (65) 6229 9694
Email: nobreview@mas.gov.sg

All comments and feedback should be received by 27 August 2007.

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

Insurance (Amendment) Bill

Bill No. /2007.

Read the first time on

2007.

A BILL

i n t i t u l e d

An Act to amend the Insurance Act (Chapter 142 of the 2002 Revised Edition) and to make related amendments to the Administration of Muslim Law Act (Chapter 3 of the 1999 Revised Edition), the Central Provident Fund Act (Chapter 36 of the 2001 Revised Edition), the Conveyancing and Law of Property Act (Chapter 61 of the 1994 Revised Edition) and the Co-operative Societies Act (Chapter 62 of the 1985 Revised Edition).

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

Short title and commencement

1. This Act may be cited as the Insurance (Amendment) Act 2007 and shall come into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

5 New Part IIIC

2. The Insurance Act is amended by inserting, immediately after section 49J, the following Part:

“PART IIIC

NOMINATION OF BENEFICIARIES

10 Interpretation of this Part

49K. In this Part, unless the context otherwise requires —

“Central Provident Fund” means the Central Provident Fund established under section 6 of the Central Provident Fund Act (Cap. 36);

15 “Central Provident Fund Board” means the Central Provident Fund Board constituted under section 3 of the Central Provident Fund Act;

“minimum sum” has the same meaning as in section 2(1) of the Central Provident Fund Act;

20 “relevant policy” means any life policy or personal accident policy, whether issued before, on or after [*the date of commencement of section 2 of the Insurance (Amendment) Act 2007*] —

(a) which is effected by the policy owner on his own life;

25 (b) in respect of which no trust has been created under section 73 of the Conveyancing and Law of Property Act (Cap. 61); and

(c) which is not an annuity purchased with the minimum sum under section 15(6C) of the Central Provident Fund Act;

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“will” has the same meaning as in the Wills Act (Cap. 352).

Trust nomination

49L.—(1) This section shall not apply to any relevant policy —

(a) which is —

- 5 (i) issued under the Dependants' Protection Insurance Scheme established and maintained by the Central Provident Fund Board under section 41 of the Central Provident Fund Act (Cap. 36); or
- 10 (ii) an investment made by a member of the Central Provident Fund under any scheme in accordance with any regulations made under section 77(1)(n) of the Central Provident Fund Act; or

(b) in respect of which any nomination made by the policy owner under section 49M(2) is not and is not deemed to be revoked.

15 (2) Where the policy owner of a relevant policy who has attained the age of 18 years —

- (a) nominates as the beneficiary or beneficiaries under the relevant policy his spouse, his children, his spouse and children or any of them;
- 20 (b) expresses in the nomination his intention to create a trust of the policy moneys in favour of the nominee or nominees; and
- (c) makes the nomination, and indicates each nominee's portion of the policy moneys —
 - 25 (i) in such form as may be prescribed by the Authority; and
 - (ii) in accordance with such directions as may be issued by the Authority,

30 the nomination shall create a trust of the policy moneys in favour of the nominee or nominees.

(3) No nomination under subsection (2) shall be valid unless it provides for the disposition of all policy moneys under the relevant policy.

(4) Subject to subsection (5), all policy moneys subject to the trust created under subsection (2) shall not form part of the estate of the policy owner or be subject to his debts.

5 (5) If it is proved that the relevant policy was effected, and the premiums for the relevant policy were paid, with intent to defraud the creditors of the policy owner, the creditors shall be entitled to receive out of the policy moneys a sum equal to the premiums so paid.

10 (6) On the death of any nominee, the nominee's interest in the policy moneys shall, subject to any encumbrance created over, or any disposition of, the nominee's interest while the nominee was alive, form part of the nominee's estate.

(7) Any nomination under subsection (2) may be revoked if, and only if —

- (a) every nominee is alive;
- 15 (b) the prior written consent to the revocation has been obtained from —
 - (i) each nominee who has attained the age of 18 years; and
 - (ii) a parent or legal guardian, not being the policy owner, of each nominee who is below the age of 18 years;
- 20 (c) such requirements for the revocation as may be prescribed by the Authority are satisfied; and
- (d) such directions concerning the revocation as may be issued by the Authority are complied with.

25 (8) Where a nomination under subsection (2) has been revoked in accordance with subsection (7) —

- (a) the trust created pursuant to the nomination shall be deemed to be revoked; and
- (b) the policy owner may make a new nomination under subsection (2) or section 49M(2).

30 (9) Subject to subsection (11), the policy owner may, in such manner as may be prescribed by the Authority and in accordance with such directions as may be issued by the Authority —

- (a) appoint one or more trustees of the policy moneys;

(b) from time to time, appoint one or more new trustees of the policy moneys; and

(c) make provision for —

(i) the appointment of one or more new trustees of the policy moneys; and

(ii) the investment of the policy moneys.

(10) Subject to subsection (11), on or after the death of the policy owner, the High Court may appoint one or more new trustees of the policy moneys if —

(a) there is no trustee of the policy moneys; or

(b) it is expedient to do so.

(11) No natural person below 18 years of age shall be appointed a trustee of policy moneys under subsection (9) or (10), and any appointment of such a person shall be void.

Revocable nomination

49M.—(1) This section shall not apply to any relevant policy the policy moneys in respect of which any trust created under section 49L(2) is not revoked in accordance with section 49L(7).

(2) Subject to subsection (3), the policy owner of a relevant policy who has attained the age of 18 years —

(a) may nominate any person as a beneficiary of the whole or any portion of the death benefits under the relevant policy; and

(b) if he does so, shall make the nomination and indicate each nominee's portion of the death benefits —

(i) in such form as may be prescribed by the Authority; and

(ii) in accordance with such directions as may be issued by the Authority.

(3) No nomination under subsection (2) shall be valid unless it provides for the disposition of all death benefits under the relevant policy.

(4) A policy owner may revoke a nomination under subsection (2) at any time —

(a) in such manner as may be prescribed by the Authority; and

(b) in accordance with such directions as may be issued by the Authority.

(5) A nomination made by a policy owner under subsection (2) shall not be revoked by his marriage.

(6) Where the policy owner of a relevant policy has made a nomination under subsection (2), and any nominee dies before the policy owner —

(a) if there is no surviving nominee, the nomination shall be deemed to be revoked;

(b) if there is only one surviving nominee, the nomination shall be deemed to be varied by adding, to that surviving nominee's portion of the death benefits under the policy, the deceased nominee's portion of the death benefits under the policy; and

(c) if there is more than one surviving nominee, the nomination shall be deemed to be varied by adding, to each surviving nominee's portion of the death benefits under the policy, a share of the deceased nominee's portion of the death benefits under the policy, such share to be calculated as follows:

$$\frac{A}{B} \times C,$$

where	A	is that surviving nominee's original portion of the death benefits under the policy (as set out in the nomination);
	B	is the aggregate of all the surviving nominees' original portions of the death benefits under the policy (as set out in the nomination); and
	C	is the deceased nominee's portion of the death benefits under the policy.

(7) For the purposes of subsection (6), where the policy owner and one or more of the nominees die in circumstances rendering it uncertain which of them survived the other or others, in the absence of any order of the court determining otherwise —

- 5 (a) such deaths shall be presumed to have occurred in order of seniority; and
- (b) accordingly, the younger shall be deemed to have survived the elder.

10 (8) A nomination made by the policy owner of a relevant policy under subsection (2) shall be deemed to be revoked if —

- (a) the policy owner assigns, encumbers or otherwise deals with the relevant policy or any interest under the relevant policy;
- (b) after the making of the nomination, the policy owner makes a will in accordance with the Wills Act (Cap. 352) which —
 - 15 (i) provides for the disposition of all death benefits under the relevant policy;
 - (ii) specifies such particulars of the relevant policy as may be prescribed by the Authority; and
 - (iii) is in accordance with such directions as may be issued
- 20 (c) after the making of the nomination, the policy owner makes another nomination under subsection (2) or a nomination under section 49L(2).

25 (9) Notwithstanding anything in the Wills Act, the Intestate Succession Act (Cap. 146) and any rule of law relating to the distribution of estates, but subject to section 57 of the Probate and Administration Act (Cap. 251), where the policy owner of a relevant policy has made one or more nominations under subsection (2) and one or more wills in accordance with the Wills Act —

- 30 (a) if the last nomination is not and is not deemed to be revoked, the death benefits under the relevant policy shall be distributed in accordance with the last nomination;

(b) if the last nomination is or is deemed to be revoked, and the last will is not revoked, the death benefits under the relevant policy shall be distributed in accordance with the last will; or

5 (c) if the last nomination is or is deemed to be revoked, and the last will is revoked, the death benefits under the relevant policy shall be distributed in accordance with the Intestate Succession Act (Cap. 146).

10 (10) Notwithstanding anything in the Intestate Succession Act and any rule of law relating to the distribution of estates, but subject to section 57 of the Probate and Administration Act (Cap. 251), where the policy owner of a relevant policy who has made one or more nominations under subsection (2) dies intestate —

15 (a) if the last nomination is not and is not deemed to be revoked, the death benefits under the relevant policy shall be distributed in accordance with the last nomination; or

(b) if the last nomination is or is deemed to be revoked, the death benefits under the relevant policy shall be distributed in accordance with the Intestate Succession Act.

20 **Register of nominees**

49N.—(1) Every insurer shall maintain, in such manner as may be prescribed by the Authority and in accordance with such directions as may be issued by the Authority, a register of every person —

25 (a) who has been nominated under section 49L(2) or 49M(2) by the policy owner of a relevant policy issued by the insurer; and

(b) in respect of whom the insurer has received written notice of the nomination in such form as may be prescribed or specified in directions for the purposes of this subsection.

30 (2) Where —

(a) any person nominated under section 49L(2) has been registered by an insurer under subsection (1);

(b) the nomination has been revoked under section 49L(7); and

- (c) the insurer has received written notice of the revocation of the nomination in such form as may be prescribed or specified in directions for the purposes of this subsection,

the insurer shall record the revocation of the nomination under section 49L(7) in its register maintained under subsection (1).

(3) Where —

- (a) any person nominated under section 49M(2) has been registered by an insurer under subsection (1);

- (b) the nomination has been or is deemed to be revoked; and

- (c) the insurer has received written notice of the revocation of the nomination in such form as may be prescribed or specified in directions for the purposes of this subsection,

the insurer shall record the revocation of the nomination in its register maintained under subsection (1).

Relevant policies issued by co-operative society

49O.—(1) Where the insurer of any relevant policy is a co-operative society registered under the Co-operative Societies Act (Cap. 62), and the policy owner of that relevant policy —

- (a) has not, before [*the date of commencement of section 2 of the Insurance (Amendment) Act 2007*], made any nomination under section 45(1) of that Act in relation to that relevant policy; or

- (b) has, before that date, revoked every nomination made under section 45(1) of that Act in relation to that relevant policy,

nothing in that Act shall, on or after that date, apply to that relevant policy or to any share or interest in any policy moneys under that relevant policy.

(2) Where the insurer of any relevant policy is a co-operative society registered under the Co-operative Societies Act, and on or after [*the date of commencement of section 2 of the Insurance (Amendment) Act 2007*] the policy owner of that relevant policy —

- (a) revokes the last subsisting nomination made by him under section 45(1) of that Act in relation to that relevant policy; or

(b) makes any nomination under section 49L(2) or 49M(2) in relation to that relevant policy, whether or not there is any subsisting nomination made by him under section 45(1) of that Act in relation to that relevant policy,

5 nothing in that Act shall apply, on or after the date the policy owner revokes the last subsisting nomination under section 45(1) of that Act or makes the nomination under section 49L(2) or 49M(2), as the case may be, to the relevant policy or to any share or interest in any policy moneys under that relevant policy.”.

10 **Amendment of section 59**

3. Section 59(1) of the Insurance Act is amended by deleting the word “Any” and substituting the words “Subject to section 61, any”.

Repeal and re-enactment of section 61

4. Section 61 of the Insurance Act is repealed and the following section
15 substituted therefor:

“Payment of death benefits under life policy, personal accident policy or accident and health policy without probate, etc.

20 **61.**—(1) In any case where the policy owner of any life policy, personal accident policy or accident and health policy dies, and death benefits are payable under the policy —

(a) the insurer of the policy may make one or more payments in accordance with subsections (6) to (10) from the death benefits under all such policies issued by the insurer on the deceased’s life, such payment or payments not exceeding in
25 the aggregate the amount prescribed by the Authority for the purposes of this subsection, without the production of any probate or letters of administration; and

(b) the insurer shall be discharged from all liability in respect of the payment or payments.

30 (2) If, in any case referred to in subsection (1), estate duty is payable in Singapore on any death benefits referred to in that subsection, the insurer may, notwithstanding section 43(2) of the Estate Duty Act (Cap. 96), make one or more payments in accordance with subsections (6) to (10) from the death benefits under all such

policies issued by the insurer (such payment or payments not exceeding in the aggregate the amount prescribed by the Authority for the purposes of this subsection) without the death benefits having been included in any schedule or certificate referred to in section 43(2) of that Act.

(3) If, as a consequence of making any payment under subsection (2), the aggregate of all payments made under that subsection will exceed the amount prescribed by the Authority for the purposes of this subsection, the insurer shall, before making the first-mentioned payment, give written notice to the Commissioner of Estate Duties of such particulars as the Commissioner may require.

(4) Subsection (2) shall apply in relation to death benefits under policies of which the deceased was not the policy owner at his death as it applies in relation to any death benefits referred to in subsection (1).

(5) Where the payment or payments allowed under subsection (2) on account of any death benefits have been made, the insurer may, before paying the balance of such death benefits to one or more relevant persons according to their entitlements, apply the whole or any part of the death benefits to pay any unpaid estate duty payable on the death of the insured.

(6) Subject to subsection (10), where —

- (a) the policy owner of the policies referred to in subsection (1) or (2) has made a nomination under section 49L(2) in respect of any of those policies;
- (b) the trust thereby created under section 49L(2) is not revoked under section 49L(7); and
- (c) the insurer has received written notice of that nomination under section 49N(1)(b),

the insurer may make a payment under subsection (1) or (2), as the case may be, to any nominee under that nomination, such payment not exceeding that nominee's portion of the death benefits under that policy.

(7) Subject to subsection (10), where —

(a) the policy owner of the policies referred to in subsection (1) or (2) has made a nomination under section 49M(2) in respect of any of those policies;

5 (b) that nomination is not and is not deemed to be revoked; and

(c) the insurer has received written notice of that nomination under section 49N(1)(b),

the insurer may make a payment under subsection (1) or (2), as the case may be, to any nominee under that nomination, such payment not exceeding that nominee's portion of the death benefits under that policy.

(8) Subject to subsection (10), where —

15 (a) the policy owner of the policies referred to in subsection (1) or (2) has made, and has not revoked, a will in accordance with the Wills Act (Cap. 352);

(b) in respect of one or more of those policies, the will —

(i) provides for the disposition of all death benefits under the policy;

20 (ii) specifies such particulars of the policy as may be prescribed by the Authority under section 49M(8)(b)(ii); and

(iii) is in accordance with such directions as may be issued by the Authority under section 49M(8)(b)(iii); and

25 (c) the insurer has received written notice signed by the policy owner of that will in such form as may be prescribed or specified in directions for the purposes of this subsection,

the insurer may make under subsection (1) or (2), as the case may be, to any executor of that will, in respect of each policy referred to in paragraph (b), a payment not exceeding the amount of the death benefits under that policy.

(9) Subject to subsection (10), where —

(a) the policy owner of the policies referred to in subsection (1) or (2) has not made —

(i) any nomination under section 49L(2) or 49M(2) in respect of any of those policies; or

(ii) any will which, in respect of any of those policies —

(A) provides for the disposition of all death benefits under the policy;

(B) specifies such particulars of the policy as may be prescribed by the Authority under section 49M(8)(b)(ii); and

(C) is in accordance with such directions as may be issued by the Authority under section 49M(8)(b)(iii);

(b) the insurer of the policies referred to in subsection (1) or (2) has not received —

(i) any written notice referred to in section 49N(1)(b) of any nomination made under section 49L(2) or 49M(2) in respect of any of those policies; or

(ii) any written notice referred to in subsection (8)(c) of any will providing for the disposition of all death benefits under any of those policies; or

(c) there exist such other circumstances as the Authority may prescribe,

the insurer may make a payment under subsection (1) or (2) to any proper claimant.

(10) Where the insurer of the policies referred to in subsection (1) or (2) receives 2 or more claims for payment —

(a) each claim for payment under subsection (6), (7) or (8) (referred to in this subsection as a priority claim) shall be paid —

(i) in the same order of priority; and

(ii) in priority to any claim for payment under subsection (9);

(b) each claim for payment under subsection (9) shall be paid in the same order of priority;

- (c) if the priority claims exceed in the aggregate the amount prescribed by the Authority for the purposes of subsection (1) or (2), the amount payable under subsection (1) or (2), as the case may be, in respect of any priority claim shall be calculated as follows:

$$\frac{A}{B} \times C,$$

- where
- A is the amount which would have been payable in respect of that priority claim had it been paid in full;
 - B is the total amount which would have been payable in respect of the priority claims had they been paid in full; and
 - C is the amount prescribed by the Authority for the purposes of subsection (1) or (2), as the case may be; and

- (d) if the priority claims do not exceed in the aggregate the amount prescribed by the Authority for the purposes of subsection (1) or (2), the amount payable under subsection (1) or (2), as the case may be, in respect of each priority claim shall be the full amount of that claim, and the amount payable under subsection (1) or (2), as the case may be, in respect of any claim under subsection (9) shall be calculated as follows:

$$\frac{A}{B} \times (C - D),$$

- where
- A is the amount which would have been payable in respect of that claim under subsection (9) had it been paid in full;
 - B is the total amount which would have been payable in respect of all claims under subsection (9) had they been paid in full;

C is the amount prescribed by the Authority for the purposes of subsection (1) or (2), as the case may be; and

D is the total amount payable under subsection (1) or (2), as the case may be, in respect of all priority claims.

(11) In this section, unless the context otherwise requires —

“policy owner” includes a part owner of a policy;

“proper claimant” means a person who —

(a) claims to be entitled to payment under subsection (1) or (2) as executor of the deceased; or

(b) claims to be entitled to payment under subsection (1) or (2) (whether for his own benefit or not) and is the widower, widow, parent, child, brother, sister, nephew or niece of the deceased;

“relevant person” means the personal representative of the deceased or, where there is none —

(a) if —

(i) the deceased has made any nomination under section 49L(2) in respect of any policy referred to in subsection (2); and

(ii) the nomination and the trust thereby created under section 49L(2) is not revoked under section 49L(7),

any nominee under that nomination, in respect only of that nominee’s portion of the death benefits under that policy;

(b) if —

(i) the deceased has made any nomination under section 49M(2) in respect of any policy referred to in subsection (2); and

(ii) that nomination is not and is not deemed to be revoked,

any nominee under that nomination, in respect only of that nominee's portion of the death benefits under that policy; or

(c) any proper claimant, in respect only of the death benefits under every policy referred to in subsection (2) for which —

(i) no nomination has been made by the deceased under section 49L(2) or 49M(2); or

(ii) every nomination made by the deceased under section 49L(2) or 49M(2) is or is deemed to be revoked.

(12) In deducing any relationship for the purposes of the definition of "proper claimant" in subsection (11), an illegitimate person shall be treated as the legitimate child of his actual parents.

(13) For the purposes of this section, where any nomination has been or is deemed to be varied, any reference to a nominee under that nomination shall be construed as a reference to a nominee under that nomination as varied."

Amendment of First Schedule

5. The First Schedule to the Insurance Act is amended —

(a) by inserting, immediately after paragraph 2, the following paragraph:

"2A. "Child" means a legitimate child, stepchild or child adopted in accordance with any written law relating to the adopting of children."; and

(b) by inserting, immediately after paragraph 4E, the following paragraphs:

"4F. "Personal accident policy" means any policy under which policy moneys are paid out with respect to any loss (not being any loss arising out of a liability to pay compensation or damages) on the occurrence of either or both of the following:

(a) in the event of any injury to, or disability of, the insured as a result of any accident; or

(b) on the death of the insured by any accident.

4G. “Death benefits” means policy moneys which are paid out on the death of the insured.”.

Related amendments to Administration of Muslim Law Act

5 **6.** Section 111 of the Administration of Muslim Law Act (Cap. 3, 1999 Ed.) is amended —

- (a) by inserting, immediately after the words “by will” in subsection (1), the words “, or by any nomination under section 49M(2) of the Insurance Act (Cap. 142),”;
- 10 (b) by inserting, immediately after paragraph (a) of subsection (2), the following paragraph:
 - “*(aa)* the provisions of the Insurance Act (Cap. 142), other than sections 49M and 61 thereof;”;
- (c) by inserting, immediately after the words “by will” in the section heading, the word “, etc.,”.

15 **Related amendments to Central Provident Fund Act**

7. The Central Provident Fund Act (Cap. 36, 2001 Ed.) is amended —

- (a) by inserting, immediately after subsection (15) of section 15, the following subsection:
 - 20 “(15A) Section 73 of the Conveyancing and Law of Property Act (Cap. 61) and sections 49L and 49M of the Insurance Act (Cap. 142) shall not apply to any annuity purchased with the minimum sum.”;
- (b) by inserting, immediately after subsection (2) of section 24, the following subsection:
 - 25 “(2A) Section 73 of the Conveyancing and Law of Property Act (Cap. 61) and section 49L of the Insurance Act (Cap. 142) shall not apply to —
 - (a) any policy of insurance which is an investment made by a member of the Fund under any scheme in accordance with any regulations made under section 77(1)(n); and
 - 30 (b) the proceeds and benefits of that policy of insurance.”;

- (c) by inserting, immediately after the words “(Cap. 61)” in section 48A(2), the words “and section 49L of the Insurance Act (Cap. 142)”.

Related amendments to Conveyancing and Law of Property Act

- 5 **8.** Section 73(1) of the Conveyancing and Law of Property Act (Cap. 61, 1994 Ed.) is amended by inserting, immediately after the word “expressed” wherever it appears, the words “, before [*the date of commencement of section 8 of the Insurance (Amendment) Act 2007*],”.

Related amendments to the Co-operative Societies Act

- 10 **9.** Section 45 of the Co-operative Societies Act (Cap. 62, 1985 Ed.) is amended —

(a) by deleting the word “A” in subsection (1) and substituting the words “Subject to subsection (3), a”; and

- (b) by inserting, immediately after subsection (2), the following subsections:

15 “(3) Where a society is the insurer of any relevant policy, and a member of the society is the policy owner of that relevant policy, the member shall not be entitled, on or after [*the date of commencement of section 9 of the Insurance (Amendment) Act 2007*], to nominate under subsection (1) any person to whom on the death of the member the society may transfer the member’s share or interest in any policy moneys under that relevant policy.

20 (4) In this section —
 “policy owner” and “policy moneys” have the same meanings as in the First Schedule to the Insurance Act (Cap. 142);

 “relevant policy” has the same meaning as in section 49K of the Insurance Act.”.

30 Saving and transitional provision

10. Section 4 shall not apply to any case where an insurer has made any payment under section 61 of the Insurance Act in force immediately before the date of commencement of section 4, and section 61 of the

Insurance Act (Cap. 142) in force immediately before that date shall continue to apply to that case as if section 4 had not been enacted.

EXPLANATORY STATEMENT

This Bill seeks to amend the Insurance Act (Cap. 142) to introduce a new statutory framework for the nomination of beneficiaries under a relevant life policy or personal accident policy which is effected by the policy owner on his own life (relevant policy). The new statutory framework does not apply to any life policy or personal accident policy —

- (a) in respect of which any trust has been created under section 73 of the Conveyancing and Law of Property Act (Cap. 61); or
- (b) which is an annuity purchased with the minimum sum under section 15(6C) of the Central Provident Fund Act (Cap. 36).

The Bill also seeks to make related amendments to sections 59 and 61 of, and the First Schedule to, the Insurance Act, and to the Administration of Muslim Law Act (Cap. 3), the Central Provident Fund Act, the Conveyancing and Law of Property Act and the Co-operative Societies Act (Cap. 62).

Clause 1 relates to the short title and commencement.

Clause 2 inserts a new Part IIIC (comprising new sections 49K, 49L, 49M, 49N and 49O) to provide for the new statutory framework.

The new section 49K defines certain terms used in the new Part IIIC.

The new section 49L enables the policy owner of a relevant policy to nominate one or more of his spouse and children as the beneficiary or beneficiaries under the policy, and to thereby create a trust of the policy moneys in favour of the nominee or nominees, if certain conditions specified in the section are satisfied. A nomination made under the section, and the trust thereby created, may be revoked only with the prior written consent to the revocation of —

- (a) each nominee who has attained the age of 18 years; and
- (b) a parent or legal guardian, not being the policy owner, of each nominee who has not attained the age of 18 years.

The new section 49M provides for the policy owner of a relevant policy to nominate any person as a beneficiary of the whole or any portion of the death benefits under the policy, if certain conditions specified in the section are satisfied. No trust is created by a nomination under this section, even if the nominee is the spouse or a child of the policy owner. The policy owner may, at any time, revoke a nomination made under the section.

The new section 49N requires every insurer to maintain and update a register of every person who has been nominated, under the new section 49L(2) or 49M(2), by the policy owner of a relevant policy issued by the insurer as a beneficiary under the policy.

The new section 49O states the circumstances in which the Co-operative Societies Act (Cap. 62) will cease to apply to a relevant policy issued by a co-operative society registered under that Act. On the occurrence of any of those circumstances, the nomination of beneficiaries under a relevant policy will be governed by the new statutory framework under the Insurance Act (Cap. 142), and not the nomination framework under the Co-operative Societies Act.

Clause 3 makes a technical amendment to section 59(1) that is related to the repeal and re-enactment of section 61 (by clause 4).

Clause 4 repeals and re-enacts section 61 to restate how an insurer of a life policy, personal accident policy or accident and health policy is to make payment of the death benefits under the policy upon the introduction of the new statutory framework. An insurer may make one or more payments in accordance with that section from the death benefits under all such policies issued by the insurer on a deceased's life without the production of any probate or letters of administration and, if estate duty is payable in Singapore on any of those death benefits, without those death benefits having been included in any schedule or certificate referred to in section 43(2) of the Estate Duty Act (Cap. 96).

Clause 5 amends the First Schedule to define the terms "Child", "Personal accident policy" and "Death benefits" which are used in the new Part IIIC and section 61.

Clause 6 amends section 111 of the Administration of Muslim Law Act (Cap. 3) to provide that —

- (a) no Muslim domiciled in Singapore shall dispose of his property by any nomination under the new section 49M(2) of the Insurance Act except in accordance with the provisions of and subject to the restrictions imposed by the school of Muslim law professed by him; and
- (b) nothing in section 111 of the Administration of Muslim Law Act shall affect the provisions of the Insurance Act other than the new sections 49M and 61 thereof.

Clause 7 makes the following amendments to the Central Provident Fund Act (Cap. 36):

- (a) section 15 of that Act is amended by the insertion of a new subsection (15A) to expressly provide that section 73 of the Conveyancing and Law of Property Act (Cap. 61) and the new sections 49L and 49M of the Insurance Act shall not apply to any annuity purchased with the minimum sum;
- (b) section 24 of that Act is amended by the insertion of a new subsection (2A) to expressly provide that section 73 of the Conveyancing and Law of Property Act and the new section 49L of the Insurance Act shall not apply to —

- (i) any policy of insurance which is an investment made by a member of the Central Provident Fund under any scheme in accordance with any regulations made under section 77(1)(n) of the Central Provident Fund Act (Cap. 36); and
- (ii) the proceeds and benefits of that policy of insurance; and
- (c) section 48A(2) of that Act is amended to provide that the new section 49L of the Insurance Act (Cap. 142) shall not apply to any policy of insurance issued under the Dependents' Protection Insurance Scheme established and maintained by the Central Provident Fund Board under section 41 of the Central Provident Fund Act.

Clause 8 amends section 73(1) of the Conveyancing and Law of Property Act (Cap. 61) to restrict the application of that section to a policy of assurance effected by any person on his own life and expressed, before the date of commencement of the clause, to be for the benefit of his spouse or of his children or of his spouse and children or any of them.

Clause 9 amends section 45 of the Co-operative Societies Act (Cap. 62) to provide that where a co-operative society is the insurer of any relevant policy, and a member of the co-operative society is the policy owner of that relevant policy, the member shall not be entitled, on or after the date of commencement of the clause, to nominate under section 45(1) of that Act any person to whom on the death of the member the society may transfer the member's share or interest in any policy moneys under that relevant policy.

Clause 10 is a saving and transitional provision.

EXPENDITURE OF PUBLIC MONEY

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



Monetary Authority of Singapore