

MAS Notice IA/PP-N03.1 (Amendment) 2021

Issued on: 28 June 2021

NOTICE ON INSURANCE DEPOSITS

Introduction

1. For presentational purposes, the amendments in this document are compared against the version of MAS Notice IA/PP-N03.1 issued on 30 July 2004.
2. This document shall be interpreted as follows:
 - (a) Text which is coloured and struck through represents deletion which will not appear on the untracked version of MAS Notice IA/PP-N03.1 revised on 28 June 2021, which is published on MAS' website www.mas.gov.sg (the "Published Version"); and
 - (b) Text which is coloured and underlined represents insertion which will appear in the Published Version.
3. The amendments reflected in this document shall take effect on 1 July 2021.
4. This document is to be used for reference only. In the event of discrepancies between the amendments in this document and the Published Version, the Published Version shall prevail.

Notice No : IA/PP-N03.1
Issue Date : 30 Jul 2004
(last revised on 28 Jun 2021)

NOTICE ON INSURANCE DEPOSITS

Introduction

1. This Notice is issued pursuant to section 64(2) of the Insurance Act (Cap. 142) [“the Act”] and applies to all approved MAT insurers. It specifies the insurance deposits that approved MAT insurers shall maintain with the Authority.

Definitions

2. Any expression used in this Notice shall, except where expressly defined in this Notice or where the context otherwise requires, have the same respective meanings as in the Act or Insurance (Approved Marine, Aviation and Transit Insurers) Regulations 2003 [“the Regulations”].

Form of Insurance Deposits

3. For the purposes of regulation 9(10), an approved MAT insurer may substitute the insurance deposits with Singapore Government Securities.

Form of Bank Covenant

4. For the purposes of regulation 10(1), a bank covenant made by a bank licensed under the Banking Act (Cap. 19) ~~any written law (“the bank”)~~ with the Authority, may be issued under the Common Seal or Power of Attorney of the bank. The bank covenant to be executed by the bank under the Common Seal or Power of Attorney, as the case may be, shall be that as shown in Appendix A and Appendix B respectively¹.

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- 4.5. To lodge a bank covenant under the Common Seal, the bank shall furnish the Authority with a certified copy of its directors’ resolution authorizing the officers to affix the bank’s Common Seal to the covenant. To lodge a bank covenant executed under the Power of Attorney, the bank shall submit a certified copy of the Power of Attorney of the person signing the covenant. If a copy of the Power of Attorney has been lodged previously, the bank shall only certify that the Power of Attorney of the person concerned has not been revoked. The certification of the directors’ resolution and Power of Attorney shall be done by the bank’s legal adviser.

¹ The forms are downloadable from the MAS website, <http://www.mas.gov.sg>.

~~5.6.~~ If the bank is incorporated outside Singapore, the bank shall furnish a written confirmation from its legal adviser that it has properly and validly executed the bank covenant according to the law of the place of its incorporation and its Memorandum and Articles of Association.

~~6.7.~~ This Notice shall take immediate effect.

Notes on History of Amendments

MAS Notice IA/PP-N03.1 (Amendment) 2021 dated 28 June 2021 with effect from 1 July 2021.

Appendix A

**To: The Monetary Authority of Singapore
MAS Building
10 Shenton Way
Singapore 079117**

In accordance with the provisions of Regulation 10 of the Insurance (Approved Marine, Aviation and Transit Insurers) Regulations 2003 (hereinafter referred to as "the Regulations"), we, _____ at the instance of _____ (hereinafter referred to as "the Insurer") hereby covenant with the Monetary Authority of Singapore (hereinafter referred to as "the MAS") as follows:-

- 1 If during the period of validity of this Covenant any of the circumstances specified in the Schedule below shall occur (as to the occurrence of which we shall accept a certificate signed by the MAS as conclusive evidence), we shall forthwith deposit with the MAS the sum computed as the highest of \$2 million Singapore Dollars, 30% of the gross premiums written in respect of policies issued by the Insurer under the Regulations in the preceding financial year or 30% of the gross liabilities incurred in respect of policies issued by the Insurer under the Regulations as at the end of the preceding financial year, on account of the Insurer's deposit under the Regulations in respect of the _____ business for which the Insurer is approved.
- 2 This Covenant is valid initially from _____ until 31 Dec _____ and shall thereafter be automatically extended for a period of one year at a time unless we shall have given the MAS three months prior written notice of our intention to determine this Covenant on the 31st Dec of any year and upon such written notice being given to the MAS we shall pay to the MAS the said sum computed as the highest of \$2 million Singapore Dollars, 30% of the gross premiums written in respect of policies issued by the Insurer under the Regulations in the preceding financial year or 30% of the gross liabilities incurred in respect of policies issued by the Insurer under the Regulations as at the end of the preceding financial year unless:-
 - (a) we have already paid such sum under paragraph 1 above;
 - (b) the Insurer has ceased to be required to maintain any deposit under the Regulations;
or
 - (c) at least thirty days before the 31 Dec of the year in which the Covenant will determine as aforesaid, any other bank licensed in Singapore has executed a similar Covenant relating to the Insurer's deposit under the Regulations and such Covenant has been approved by the MAS.

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- 3 This Covenant shall be, in all respects, governed by and interpreted according to the laws of the Republic of Singapore and we agree to submit to the non-exclusive jurisdiction of the Courts of the Republic of Singapore.

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THE SCHEDULE

The circumstances referred to in paragraph 1 above are:

- 1 The taking of any proceedings in Singapore or elsewhere for the liquidation or dissolution voluntarily or otherwise of the Insurer or any part of the Insurer's business.
- 2 Any general reduction of the Insurer's liabilities or any description of them, by means of any composition or arrangement with its creditors or otherwise.
- 3 The transfer to another Insurer of the whole or part of the Insurer's _____ business in Singapore.
- 4 The making of an arrangement between the Insurer and the MAS under Regulation 7(6) of the Regulations, where a deposit is required by the MAS in connection with such arrangement.
- 5 _____ ~~ceasing to be licensed under any law relating to banking for the time being in force in Singapore~~ is no longer a bank licensed under the Banking Act(Cap.19).

[MAS Notice IA/PP-N03.1 (Amendment) 2021]

Done this _____ day of _____ 20_____.

The Common Seal of

was affixed to this Covenant

in the presence of

Name: _____

Signature: _____

I.C./Passport No.: _____

Appendix B

**To: The Monetary Authority of Singapore
MAS Building
10 Shenton Way
Singapore 079117**

In accordance with regulation 10 of the Insurance (Approved Marine, Aviation and Transit Insurers) Regulations 2003 (hereinafter referred to as "the Regulations"), we, _____ at the instance of _____ (hereinafter referred to as "the Insurer") hereby covenant with the Monetary Authority of Singapore (hereinafter referred to as "the MAS") as follows:-

- 1 If during the period of validity of this Covenant any of the circumstances specified in the Schedule below shall occur (as to the occurrence of which we shall accept a certificate signed by the MAS as conclusive evidence), we shall forthwith deposit with the MAS the sum computed as the highest of \$2 million Singapore Dollars, 30% of the gross premiums written in respect of policies issued by the Insurer under the Regulations in the preceding financial year or 30% of the gross liabilities incurred in respect of policies issued by the Insurer under the Regulations as at the end of the preceding financial year, on account of the Insurer's deposit under the Regulations in respect of the _____ business for which the Insurer is approved.
- 2 This Covenant is valid initially from _____ until 31 Dec _____ and shall thereafter be automatically extended for a period of one year at a time unless we shall have given the MAS three months prior written notice of our intention to determine this Covenant on the 31st Dec of any year and upon such written notice being given to the MAS we shall pay to the MAS the said sum computed as the highest of \$2 million Singapore Dollars, 30% of the gross premiums written in respect of policies issued by the Insurer under the Regulations in the preceding financial year or 30% of the gross liabilities incurred in respect of policies issued by the Insurer under the Regulations as at the end of the preceding financial year unless:-
 - (a) we have already paid such sum under paragraph 1 above;
 - (b) the Insurer has ceased to be required to maintain any deposit under the Regulations;
or
 - (c) at least thirty days before the 31 Dec of the year in which the Covenant will determine as aforesaid, any other bank licensed in Singapore has executed a similar Covenant relating to the Insurer's deposit under the Regulations and such Covenant has been approved by the MAS.

-2-

- 3 This Covenant shall be, in all respects, governed by and interpreted according to the laws of the Republic of Singapore and we agree to submit to the non-exclusive jurisdiction of the Courts of the Republic of Singapore.

-3-

THE SCHEDULE

The circumstances referred to in paragraph 1 above are:

- 1 The taking of any proceedings in Singapore or elsewhere for the liquidation or dissolution voluntarily or otherwise of the Insurer or any part of the Insurer's business.
- 2 Any general reduction of the Insurer's liabilities or any description of them, by means of any composition or arrangement with its creditors or otherwise.
- 3 The transfer to another Insurer of the whole or part of the Insurer's _____ business in Singapore.
- 4 The making of an arrangement between the Insurer and the MAS under Regulation 7(6) of the Regulations, where a deposit is required by the MAS in connection with such arrangement.
- 5 _____ ~~ceasing to be licensed under any law relating to banking for the time being in force in Singapore~~ is no longer a bank licensed under the Banking Act (Cap. 19).

[MAS Notice IA/PP-N03.1 (Amendment) 2021]

Done this _____ day of _____ 20_____.

Signed, sealed and delivered by

Name: _____

Signature: _____

as attorney for

Name of Bank: _____

in the presence of

Name: _____

Signature: _____

I.C./Passport No.: _____