MEDIA RELEASE

ENHANCED PROTECTION FOR DEPOSITORS AND INSURANCE POLICY OWNERS FROM 1 APRIL WHEN FINANCIAL INSTITUTION FAILS

- *Deposit insurance coverage limit raised to $75,000 when bank or finance company goes under*
- *Personal assets such as cars or homes used for commercial purposes now protected if insurer fails*

Singapore, 28 March 2019 – Depositors and insurance policy owners will enjoy enhanced protection from 1 April 2019 if their bank, finance company or insurance company fails. The latest changes to the Deposit Insurance (DI) and Policy Owners' Protection (PPF) Schemes will protect deposits up to $75,000 per depositor and extend protection to personal assets used for commercial purposes.

The increase in deposit insurance coverage to $75,000 from next Monday will ensure that more than nine out of ten depositors will have their savings fully protected if a bank or finance company fails. The existing limit of $50,000 per depositor was set in 2011 and since then, with rising incomes and higher savings, the percentage of fully-covered insured depositors has come down to 87%. Restoring this ratio to above 90% will keep the DI coverage in line with international norm, the SDIC said.

A key enhancement to the PPF Scheme is the definition of a “personal” insurance policy as one that is owned by a natural person. This clarifies the scope of the PPF coverage for general insurance policies particularly at a time when the gig economy, where people are engaged in short-term contracts or freelance work, is on the rise and more people are using their own cars or homes to generate income. With the latest revisions, motor and property insurance policies bought by an individual will be covered even if the car or property is used for commercial purposes.

There will also be caps, on a per policy basis, for own property damage motor claims ($50,000) under personal motor insurance policies and property damage claims under personal property insurance ($300,000). The caps will fully cover more than 99% of the claims based on claims over the past three years. But policies that are not commonly purchased such as standalone golfer’s insurance or pleasure craft insurance will not be protected as the intent of the PPF Scheme is to protect the insurance policies bought by majority of people while keeping premiums and levies affordable for consumers and PPF Scheme Members respectively.

SDIC CEO Denise Wong said: “The latest enhancements are necessary to keep the DI and PPF Schemes relevant to the changing needs of consumers and to provide adequate protection to depositors and policy owners in the unfortunate event that a Scheme member fails. As the agency that administers both the deposit insurance and policy protection schemes, SDIC will continue to ensure that the processes for collecting premiums and levies from our Scheme Members, building up the funds of the DI and PPF Schemes and compensating and protecting affected customers of a failed financial institution, are smooth, effective and expeditious.”

Should an insurer default, SDIC will be required to pay out all outstanding claims as of the date of default. The MAS will then decide on the next step forward for the failed insurer by either (i) a transfer of all or part of the failed insurance business to another insurer, (ii) run-off existing insurance policies till expiry, or (iii) terminate existing policies and return a value to policy owners. In the enhanced PPF Scheme, the termination scenario was explicitly provided for. The MAS also has the flexibility to make a subsequent determination to transfer or terminate the failed insurer’s business if it is less cost effective to continue run-off.

SDIC was established in 2006 to administer the DI Scheme which protects the core savings of small depositors in the event of a failure of retail banks and finance companies in Singapore. The Scheme protects deposits in savings, current and fixed deposit accounts that are held with full banks and finance companies. In 2011, it was also appointed to administer the PPF Scheme to protect policy owners of life insurance policies and certain general insurance policies in the event of failure of a life or general insurer. Such general insurance policies include accident and health policies, insurance that is required by law and Singapore policies of specified personal lines such as personal motor and personal property (structure and content) insurance.

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About SDIC

The Singapore Deposit Insurance Corporation was first set up in 2006 as a company limited by guarantee under the Companies Act to administer the DI Scheme. Its Board is accountable to the Minister-in-charge of the MAS. On May 1, 2011, the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 was passed, and this mandated the SDIC to administer both the DI and the PPF Schemes. Its main roles are to collect levies from Scheme Members, make payment of compensation to depositors, policy owners or relevant beneficiaries and third parties, and to educate the public on both Schemes.

For more information about SDIC and the Schemes it administers, please refer to SDIC's website at www.sdic.org.sg.