

SDIC PPF RULES

1. The SDIC PPF Rules are issued for PPF Scheme members under section 63 of the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 ("the Act").
2. The Monetary Authority of Singapore ("the Authority") has issued the Deposit Insurance and Policy Owners' Protection Schemes (Policy Owners' Protection Scheme) Regulations 2011 ("the PPF Regulations") which include:-
 - (a) regulation 10 on the register of insured policies to be maintained by PPF Scheme members; and
 - (b) regulation 11 on the disclosure requirements for insured policies.

Definitions

3. Words and expressions used in these Rules shall, unless otherwise defined herein or unless the context otherwise requires, have the same meaning as in the Act.

LEVIES FOR PPF SCHEME

Levy Payable by PPF Scheme Members

- P1. Each PPF Scheme member, upon receipt of the written notice on the annual levy payable by the PPF Scheme member in accordance with section 39(2) of the Act, must ensure that there are sufficient funds in its bank account for GIRO deduction by the Authority on 16th of July every year (or the next working day), unless a different collection date is indicated in the notice for the payment of the levy.
- P2. Where a relevant insurer becomes a PPF Scheme member during the course of a premium year, or where an exemption from the requirement to be a PPF Scheme member granted to a relevant insurer pursuant to section 32 of the Act is withdrawn during the course of a premium year, the PPF Scheme member shall pay the pro-rated amount of levy assessed for that premium year. The PPF Scheme member must ensure that there are sufficient funds in its bank account for GIRO deduction¹ by the Authority on 16th (or the next working day) of the month stated in the notice, unless a different collection date is indicated instead for the payment of the pro-rated levy contribution.

Collection of Additional Levies due to Insufficient PPF Funds

- P3. Where a PPF Scheme member has been notified in writing of an additional levy payable arising from insufficient moneys in the PPF Life Fund or PPF General Fund to pay compensation or to fund any transfer, run-off or termination, pursuant to section 40 of the Act, the PPF Scheme member must ensure that there are sufficient funds in its bank account for GIRO deduction by the Authority on the 16th (or the next working day) of the month stated in the written notice, unless a different collection date is indicated instead for the payment of the additional levy.

¹ The PPF Scheme levy deduction will be through the PPF Scheme member's bank account based on the GIRO arrangement maintained with MAS, which is generally used for payment of annual licence fees for insurers.

Collection of Shortfall in Levies due to Re-computation of Levies and Additional Levies

- P4. Where a PPF Scheme member has been notified in writing of a shortfall in levy payable arising from any re-computation of the amount of levy or any additional levy pursuant to section 44 of the Act, the PPF Scheme member must ensure that there are sufficient funds in its bank account for GIRO deduction by the Authority on 16th (or the next working day) of the month stated in the written notice, unless a different collection date is indicated instead for the payment of the shortfall in levy.

Late Payment Fees

- P5. As provided for under section 41 of the Act, if a PPF Scheme member fails to pay the levy or additional levy or any part thereof by the date specified under these Rules, SDIC may impose late payment fee computed in accordance with the following formula:

$$A \times r/365 \times (\text{SORA} + 10\%), \text{ where}$$

“A” is the amount of levy or additional levy as the case maybe, which is due and owing;

“r” is the number of days after the payment due date by which the PPF Scheme member is late in making payment;

“SORA” means the 3 months’ Compounded Singapore Overnight Rate Average published by the Authority, as at the payment due date.

- P6. The PPF Scheme member must ensure that there are sufficient funds in its bank account for GIRO deduction by the Authority on 16th (or the next working day) of the month stated in the written notice, unless a different collection date is indicated instead for the late payment fees.

Payment Due Date

- P7. Any payment that is due on a Saturday, Sunday or public holiday, shall be made by the next business day.
- P8. **This section is intentionally left blank.**
- P9. **This section is intentionally left blank.**

PAYMENT OF COMPENSATION OR USE OF PPF LIFE FUND OR PPF GENERAL FUND

- P10. A PPF Scheme member in respect of which a notice has been published in the Gazette that compensation will be paid or that its insurance business will be transferred, run-off or terminated pursuant to section 46(6) of the Act shall immediately exhibit at all its offices and branches in Singapore and publish on its website, a notice of the decision to pay compensation out of the PPF Life Fund or the PPF General Fund, or that the PPF Life Fund or the PPF General Fund shall be utilised to fund the transfer, run-off or termination of the affected insured policies under the insurance business of the failed PPF Scheme member, as the case may be, in the format as prescribed by SDIC.

- P11. A failed PPF Scheme member shall provide such information and render such assistance and cooperation to SDIC as may be required by SDIC to make compensation out of the PPF Life Fund or the PPF General Fund, or to use the PPF Life Fund or the PPF General Fund to fund the transfer or run-off the insurance business of the failed PPF Scheme member. In this regard, a failed PPF Scheme member shall provide such information and render such assistance and cooperation to SDIC as may be required by SDIC to determine the eligibility and entitlement of policy owners and other rightful persons under the insured policies of the failed PPF Scheme member, compute the compensation payments and otherwise perform its functions under the Act.

DISCLOSURE BY PPF SCHEME MEMBERS

Register of Insured Policies

- P12. For the purposes of regulation 10 of the PPF Regulations, the register of insured policies, which is a list of all products which are insured policies and their corresponding product codes, is to be maintained in accordance with the sample register provided in Annex P-A at all times in the Scheme member's secured area on the SDIC website ("SM secured area"). The product name listed in the Register shall be the marketing name of the product and each product code shall be unique. A PPF Scheme member shall appoint an independent party (either an external or internal auditor) to provide a report to SDIC within 10 days of 1st April each year confirming that:-

- (a) there is appropriate controls and measures to ensure that the PPF Scheme member's register of insured policies is maintained at all times; and
- (b) the register of insured policies is accurate and complete.

- P13. A PPF Scheme member shall publish on its website the list of insured policies as maintained in its register of insured policies.

Disclosure Requirements for Insured Policies

- P14. For the purposes of regulation 11 of the PPF Regulations, the disclosure statement shall be in a form as specified in Annex P-B. SDIC may require a PPF Scheme member to submit samples of marketing materials and policy documents in order to verify that the disclosure statement in the relevant form has been included in such materials and documents.

AUTHORISED REPRESENTATIVE

- P15. A PPF Scheme member shall appoint two (2) primary Authorised Representatives and up to four (4) secondary Authorised Representatives, where:-
- (a) the primary and secondary Authorised Representatives shall be responsible for all SDIC PPF matters including but not limited to the following:-

- (i) receiving notification from SDIC relating to levies, refund and late payment fees pursuant to Rules P1 to P9;
 - (ii) compliance of disclosure requirements and the maintenance of the register of insured policies;
 - (iii) the primary Authorised Representatives shall be responsible for the maintenance of the register of insured policies in the SM secured area as required in Rule P12;
 - (iv) providing the name and designation of the Scheme member's Chief Executive Officer (or equivalent) to SDIC; and
- (b) the list of Authorised Representatives must be kept updated at all times. Any changes shall be submitted to SDIC in a form as specified in Annex P-C on or before the effective date of the appointment or removal of the Authorised Representative.

Annex P-A, P-B and P-C

4. Annexes P-A, P-B and P-C are to be found at the Singapore Deposit Insurance Corporation's website.