

# GIARR 2020 Briefing



# Agenda

- 1. Background**
- 2. Policy amendments**
- 3. Editorial amendments**





# Background

- The General Insurance Agents' Registration Regulations (GIARR) was first implemented on 1 Oct 1990 to promote enhancement of standards and professionalism of the general insurance agents and the insurance industry.
- It went through several revisions and key changes were made in 2005, 2007, 2009 and 2015.
- The current review aims to align the GIARR to industry standards, reflect the current business conditions, and add clarity to the existing regulations.
- Policy and editorial amendments made in this review are explained in these briefing slides.
- The implementation date of the revised GIARR is 1 January 2020.

# Policy amendments

# Payment Regulations

- An ARB Taskforce was set up in January 2017 to look into the payment regulations of agents. After a thorough review and members' consultation, it recommended changes to the GIARR.
- Requirement for credit agents to maintain principal's accounts is removed
- Rule on payment modes other than cash is stated as follows:

*9.2(d): All premium payments other than cash must be made payable only to the Agent's Principal and cheque payments must be handed by the Agent to the Agent's Principal promptly*

*Relevant Regulations: 9.2*



# Compliance

The following regulations are new:

- The duty for agents to comply in agents' audit is codified

*9.1(l): All Agents, TSAs and Nominee Agents must comply with and observe the ... requirements of audits conducted by the Board, such as providing reasonable cooperation and information necessary for the audit*

- The requirement for corporate agents to transact through its nominees is codified

*9.4(b): An Agent (other than an Agent who is an individual) must only solicit general insurance business or engage in general insurance selling or advisory activities through its Nominee Agents.*

# Power of the Board

The following regulation is new:

- ARB will have discretionary sanctioning power

*13.4: Conduct Unbefitting of An Agent - The Board may cancel a registration if the person registered has behaved in such a way that the Board deems the person to be unfit as an Agent or Nominee Agent.*



# Fit & Proper Criteria

- Currently, only registered agents are subject to the requirements of the Fit and Proper Criteria.
- For regulated FIs such as insurers and insurance brokers, their controllers and key appointment holders must satisfy the Fit and Proper Criteria.
- GIARR 2020 requires controllers, sole-proprietors, managers of limited partnerships and limited liability partnerships, partners, directors, and office bearers of corporate agents to satisfy the Financial Soundness and Honesty, Integrity, and Reputation requirements of the Fit and Proper Criteria.

*Relevant Regulations: 3.9, 6.4, 6.6, 9.1b, 10.2b, and Appendix A*



# Fit & Proper Criteria

- Administratively, corporate agents will be required to list this category of individuals in Declaration Form C1 and declare them to be fit and proper during registration application and annual renewals.
- A “controller” is defined as a person who has “effective control” of an agent that is not an individual agent. A person has “effective control” by virtue of an agreement if the person alone or acting together with any associate or associates would, if the agreement is carried out:
  - a) acquire or hold, directly or indirectly, 20% or more of the issued share capital of the agent; or
  - b) control, directly or indirectly, 20% or more of the voting power of the agent.
- In addition, the Fit and Proper Criteria will be aligned with MAS’ FSG-G01 Guidelines on Fit and Proper Criteria.

*Relevant Regulations: 3.9, 6.4, 6.6, 9.1b, 10.2b, and Appendix A*

# Due Process

- The due processes for appeals against the refusal of application and cancellation of registration are new.
- Reasons for refusals of applications will be made known to the applicant.
- Appellants have 7 days to make representations to ARB. ARB has 30 days to respond to such representations. If the appellant challenges ARB's decision in the Courts, damages is limited to S\$10,000 if the Courts find that ARB has exercised its discretion in bad faith.

*Relevant Regulations: 6.7, 13.12*

# Allocation of Costs

- Costs incurred by ARB in sanctioning agents will be borne by the agent unless:
  - ✓ an inquiry hearing results in dismissal of matters complained
  - ✓ GIA MC finds that ARB has acted in bad faith

*Relevant Regulations: 14.7, 14.8, 17.4, 17.5*



# Grandfathering Provision

- Grandfathering Provision: Persons exempted by ARB as of 1 October 1990 will be grandfathered indefinitely. This is consistent with MAS' policy of allowing FA representatives who did not meet the revised minimum academic requirements recommended by the FAIR panel in 2013 to be grandfathered indefinitely. Currently, grandfathered agents have to be continuously registered to remain grandfathered.

*Appendix A 2.1(d): such persons already exempted by the board as of 1 October 1990 shall continue to be an Agent, Nominee Agent, or Agent of a TSA.*

# Crossholding

- Regulations relating to crossholding are clarified and amended.
- Employees, directors, shareholders, debenture holders, proprietors or owners of corporate agencies are allowed to own lesser than 5% of voting shares in listed companies which are registered as agents.
- Corporate groups are allowed to have more than one company within the group to be registered as agents, as long as they do not represent more than 3 principals. This exception was previously only allowed for certain large Motor TSAs on a case-by-case basis.

*Relevant Regulation: 12.8*

# Editorial amendments



# Continuing Professional Development

- CPD rules are restated to include:

- ✓ a policy from GIA memo 156/2003

An Agent may apply for special exemption of the annual minimum training hours through his primary principal if he is aged 62 and above or medically unfit. Agents given this special exemption:

- a) can only transact their own renewal business;
- b) cannot transact new business;
- c) cannot transact new classes of business; and
- d) cannot take on new principals.

- ✓ a table to state the training hour requirements clearly
- ✓ an enclosure to illustrate the categories of CPD activities

*Relevant Regulation: Appendix C*

## Ordering and References

- The following regulations are re-ordered:

Regulation Title / Version	2020	2015
	Reg No.	
Roles, Responsibilities and Powers of the Board	4	6
General Insurance Agents' Registrar	5	7
Application for Registration	6	8
Renewal of Registration	7	11
Presumptions as to the Register	8	12
Duties, Accountabilities and Responsibilities of Agent	9	4
Roles and Responsibilities of Members	10	5
Representations of Principals	11	10
Disclosure and Restriction of Other Interests	12	9

- The regulations will be expressed in Arabic numerals at level 2 instead of Roman numerals (e.g. 1i will be 1.1)

# New Design



2015

2020



## GENERAL INSURANCE AGENTS' REGISTRATION REGULATIONS

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GENERAL INSURANCE AGENTS' REGISTRATION REGULATION



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# New Design



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GENERAL INSURANCE AGENTS' REGISTRATION REGULATION



## 1. SHORT TITLE AND COMMENCEMENT

- i. These Regulations (including its appendices), may be cited as the General Insurance Agents' Registration Regulations (hereinafter referred to as "these Regulations" or "GIARR").
- ii. These Regulations shall come into force with effect from 1 January 2015.

## 2. THE PURPOSE

- i. These Regulations are intended to provide the framework and procedures for the registration of general insurance agents with the Agents' Registration Board ("the Board"), pursuant to the mandatory registration and other requirements ("the mandatory requirements") of MAS Notice No. 211 dated 6th July 2015 ("the MAS Notice") issued by the Monetary Authority of Singapore under Section 64 (2) of the Insurance Act (Cap. 142).

[GIA amended 05 May 2016]

- ii. All applicants for registration with the Board as general insurance agents must comply with and satisfy the mandatory requirements of the Insurance Act (Cap. 142) (particularly Part IIB on Insurance Intermediaries) and the MAS Notice.

## 3. DEFINITIONS AND INTERPRETATION

### i. Member

"Member" refers to any insurer licensed by the Monetary Authority of Singapore to carry on the general insurance business under Section 8 of the Insurance Act (Cap. 142), and who is a registered member of the General Insurance Association of Singapore (GIA). "Member" is taken to include an Agent's Primary Principal or Secondary Principal.

### ii. General Insurance Agent

For the purpose of registration with the Board as an Agent pursuant to the mandatory requirements of the MAS Notice, an applicant may be classified under any one of the following classifications:-

- a) An individual;
- b) A sole-proprietorship or partnership business registered with the Accounting and Corporate Regulatory Authority of Singapore ("ACRA");
- c) A company registered with ACRA;
- d) A society registered with the Registrar of Societies;
- e) A co-operative society registered with the Registrar of Co-operative Societies; or
- f) A limited liability partnership registered with ACRA.



## 1. SHORT TITLE AND COMMENCEMENT

- 1.1 These Regulations (including its appendices) may be cited as the General Insurance Agents' Registration Regulations (hereinafter referred to as "these Regulations" or "GIARR").
- 1.2 These Regulations shall come into force with effect from 1 January 2020.

## 2. THE PURPOSE

- 2.1 These Regulations are intended to provide the framework and procedures for the registration of general insurance agents with the Agents' Registration Board ("the Board"), pursuant to the mandatory registration and other requirements ("the mandatory requirements") of MAS 211 ("the MAS Notice") issued by the Monetary Authority of Singapore under Section 64 (2) of the Insurance Act.

- 2.2 All applicants for registration with the Board as general insurance agents must comply with and satisfy the mandatory requirements of the Insurance Act (particularly Part IIB on Insurance Intermediaries) and the MAS Notice.

## 3. DEFINITIONS AND INTERPRETATION

- 3.1 Unless otherwise specified in these Regulations, words used in these Regulations shall have the same meaning as that defined in the Constitution of GIA.

- 3.2 Any reference herein to "GIARR" or "these Regulations" shall include any and all variations, additions and amendments made thereto from time to time by GIA or the Board, as the case may be.

- 3.3 The headings in these Regulations are included for ease of reference and convenience only and shall not affect the interpretation of these Regulations.

- 3.4 In these Regulations, unless the context otherwise requires, words importing the masculine gender shall include the feminine and words in the singular shall include the plural and vice versa; and "a person" shall include an individual and any entity or body of persons whether incorporated or not.

### 3.5 Member

"Member" refers to any insurer licensed by the Monetary Authority of Singapore to carry on general insurance business under the Insurance Act, and is a registered member of the General Insurance Association of Singapore (GIA). "Member" is taken to include an Agent's Primary Principal or Secondary Principal.



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