



FAQs on General Insurance Agents' Registration Regulations 2020

This document does not constitute as legal advice and does not override the provisions of GIARR. If in doubt, please seek your own legal advice.

1. Why is the GIARR revised?

The 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 with the current business practices or current best practices, and add clarity to the existing regulations.

2. When will the revised version be implemented?

The implementation date of the revised version is 1 Jan 2020.

3. There was a requirement for credit agents to maintain a principal's account with each principal, is it still required?

It is no longer required for credit agents to maintain a principal's account with each principal. However, credit agents who had principal's accounts under the GIARR before 2020 can continue this arrangement with the agreement of their principals.

4. Why are controllers, sole-proprietors, managers of limited partnerships and limited liability partnerships, partner, directors, and office-bearers of corporate agents required to satisfy the Financial Soundness and Honesty, Integrity, and reputation requirements of the Fit and Proper Criteria?

Controllers and key appointment holders of regulated financial institutions such as insurers and insurance brokers are subject to the Fit and Proper Criteria. This aligns corporate agents to the best practice standards.



5. Please could you elaborate on the definition of a “controller” under Regulation 3.9?

A “controller” is defined as a person who has “effective control” of an agent that is not an individual agent. Here are 3 non-exhaustive illustrations of “effective control”:

Illustration A (Direct Control): Mr X acquires or holds 20% or more of the issued share capital or voting power of the corporate agency directly. Mr X is a controller of the agent through direct control.

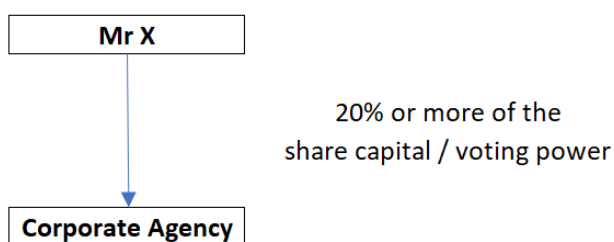


Illustration B (Indirect Control): Mr X controls Company Y through its 50% or more of the voting power. Company Y acquires or holds 20% or more of the issued share capital or voting power of the corporate agency. Mr X is a controller of the agent through indirect control.

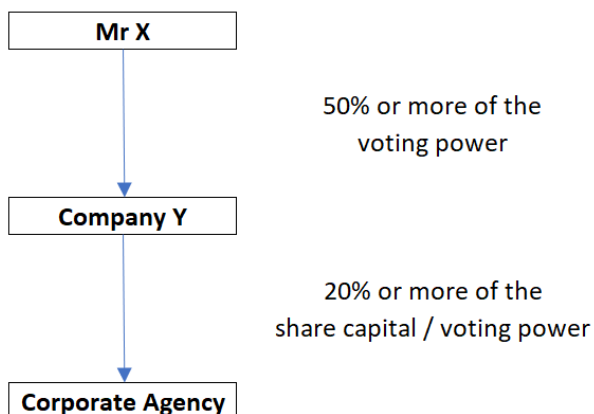
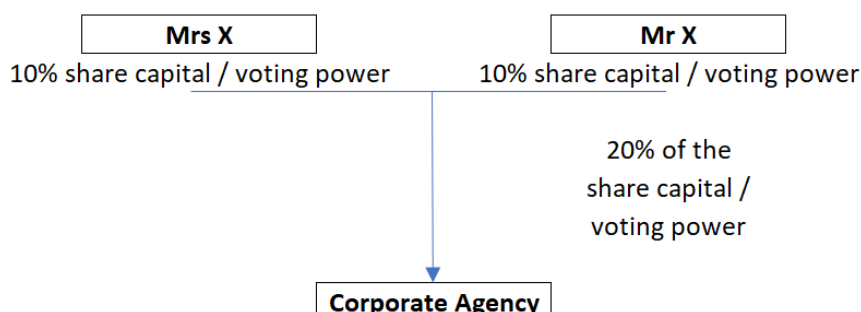




Illustration C (Associates): Mr X and his spouse Mrs X acquires or holds 20% or more of the issued share capital or voting power of the corporate agency directly together as associates. Mr and Mrs X are controllers of the agent.



6. Under Illustration C of FAQ 5, why are the issued share capitals / voting powers of Mr and Mrs X added up in determining if they are considered as controllers of the agent?

A person shall be regarded as obtaining effective control of a registered insurance broker by virtue of an agreement if the person alone or acting together with any associate or associates. As Mr X is the spouse of Mrs X, Mr X is considered as an associate of Mrs X. The extract of GIARR 3.9 below lists other types of relationships:

- A person, A, is an associate of another person, B, if:*
- i. A is the spouse or a parent or remoter lineal ancestor, or a son, daughter or remoter issue, or a brother or sister, of B;*
 - ii. A is a partner of B;*
 - iii. A is a corporation of which B is an officer;*
 - iv. where B is a corporation, A is an officer of B;*
 - v. A is an employee or employer of B;*
 - vi. A is an officer of any corporation of which B is an officer;*
 - vii. A is an employee of an individual of whom B is an employee;*
 - viii. A is a corporation whose directors are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of B or, where B is a corporation, of the directors of B;*
 - ix. B is a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of A or the directors of A, where A is a corporation;*
 - x. A is a corporation in which B is in a position to control not less than 20% of the voting power in A; or*
 - xi. where B is a corporation, A is a person who is in a position to control not less than 20% of the voting power in B.*



7. What is the control to ensure that the Fit and Proper Criteria is met?

Agents are currently required to declare themselves Fit and Proper to their principals upon registration and during annual registration renewals. Under the revised GIARR, corporate agents will be required to declare their controllers, sole-proprietors, managers of limited partnerships and limited liability partnerships, partner, directors, and office-bearers Fit and Proper in these declarations, in addition to the current requirement.

8. I was grandfathered and exempted by ARB as of 1 October 1990 to meet the threshold conditions under the Fit and Proper Criteria, but was de-registered as an agent later because I changed my job. Can I apply to be an agent now despite not meeting the threshold conditions?

Yes. Under the revised GIARR, you will be grandfathered indefinitely. However, you still need to meet other registration requirements.

9. I am a director of a corporate agency. Can I hold shares in a listed company which is also registered as an agent?

Yes, as long as you own lesser than 5% of the voting shares in the listed company.

10. Can more than one company in a group of companies be registered as an agent?

Yes, 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 together. A letter of undertaking is to be signed by all companies registered as agents in the group stating that they will not represent more than 3 principals together.

11. I am 62 years old. Can I be exempted from the annual minimum training hours under the CPD guidelines?

Yes, you may apply for this exemption through your primary principal, who must support your application. Agents given this exemption:

- a) Can only transact their own renewal business
- b) Cannot transact new business
- c) Cannot transact new classes of business
- d) Cannot take on new principals

Agents who are medically unfit may apply for this exemption too.



12. I attended a 3-hour seminar about fire insurance conducted by my principal. Can I clock the time spent under CPD hours?

Please refer to Enclosure A of Appendix C of the GIARR for the categories of CPD activities.

13. Why are TSAs given a lower annual minimum training requirement under the CPD guidelines?

To be registered as a TSA, insurance cannot be the main business. TSAs are only allowed to transact single product classes which are related to the main business they are engaged in.

14. I have encountered motor car dealers which are not TSAs but offering motor insurance products. Why is this happening?

If you have documentary evidence supporting the allegation of unregistered agents, you can report such cases to the ARB or MAS so that the case can be reviewed for investigation.

15. Are nominee agents of TSAs required to fulfill the minimum academic requirements under GIARR Appendix A 2.1 (c)?

Nominee agents of TSAs continue to be exempted from the minimum academic requirements under GIARR Appendix A 2.1 (c) as stated under ARB circular 9/2007.

16. I was registered with ARB as an agent as of 1 May 2005 and remain continuously registered till today, am I required to fulfill the minimum academic requirements under GIARR Appendix A 2.1 (c)?

No.

17. Can I represent more than 3 principals?

No. An agent has to adhere to the 3-principal rule. If you have commercial reasons to place insurance products from more than 3 insurers, you can register to become an insurance broker.

18. Where can I find the revised GIARR?

You can download it from:

<https://gia.org.sg/the-general-insurance-agents-registration-regulations.html>

or

<https://gia.org.sg/agents/resources/for-agents.html>