

Safety Net for Your General Insurance Policies

POLICY OWNERS' PROTECTION SCHEME (GENERAL INSURANCE) A CONSUMER GUIDE

POLICY OWNERS' PROTECTION SCHEME – GENERAL INSURANCE A CONSUMER GUIDE

Insurers in Singapore are licensed and supervised by the Monetary Authority of Singapore (MAS). Strong supervisory oversight of the insurance industry is an important tool to protect the interests of policy owners. The key elements of MAS' supervisory oversight include a rigorous licensing process, sound prudential requirements, risk-focused supervision and market surveillance.

However, in seeking to promote and preserve stability in the financial system, MAS does not aim to prevent the failure or default of any insurer. Regulation or supervision cannot completely prevent losses without making it impossible for insurers to operate effectively. It is therefore important to establish a compensation scheme for policy owners to reduce the financial impact on individuals should an insurer default.

The purpose of this Guide is to help you understand how the Policy Owners' Protection Scheme (PPF Scheme) in Singapore works.

WHAT IS POLICY OWNERS' PROTECTION SCHEME?

The Policy Owners' Protection Scheme protects policy owners in the event a life or general insurer which is a PPF Scheme member fails.

The PPF Scheme provides 100% coverage for the types of general insurance policies covered under the Scheme. No caps are applicable for protection of your general insurance policies.

DO I NEED TO PAY PREMIUMS TO BE COVERED BY POLICY OWNERS' PROTECTION SCHEME?

No. Coverage is automatic. Levies will be paid by the insurers.

WHO IS IN CHARGE OF THE POLICY OWNERS' PROTECTION SCHEME?

The Singapore Deposit Insurance Corporation (SDIC) administers the Policy Owners' Protection Scheme in Singapore. SDIC is a company limited by guarantee under the Companies Act. The board of directors is accountable to the Minister in charge of the MAS.

WHICH GENERAL INSURERS ARE MEMBERS OF THE POLICY OWNERS' PROTECTION SCHEME?

All insurers registered by MAS to carry on direct general business (other than captive insurers or specialist insurers) are members of the Policy Owners' Protection Scheme (PPF Scheme members).

The list of PPF Scheme members is posted on SDIC's website at www.sdic.org.sg

WHO ARE THE POLICY OWNERS PROTECTED UNDER THE PPF SCHEME FOR GENERAL INSURANCE?

Protection is for policy owners of general insurance policies which are covered under the PPF Scheme and issued by PPF Scheme members. The policy owners may be individuals or non-individuals, such as companies.

WHAT ARE THE TYPES OF GENERAL INSURANCE POLICIES COVERED UNDER THE PPF SCHEME?

All compulsory insurance policies under the Motor Vehicles (Third Party Risks and Compensation) Act and Work Injury Compensation Act and Singapore policies of specified lines issued by registered general insurers which are PPF Scheme members are covered. A Singapore policy insures risks arising in Singapore or where the insured is a Singapore resident or has a permanent establishment in Singapore.

The specified lines covered are:

- Personal motor insurance policies
- Personal travel insurance policies
- Personal property (structure and contents) insurance policies
- Foreign domestic maid insurance policies
- Individual and group short-term accident and health insurance policies

WHAT TYPES OF GENERAL INSURANCE POLICIES ARE NOT COVERED UNDER THE PPF SCHEME?

General insurance policies that are **not** within the specified lines are **not** covered. Examples are:

- Property (Structure and Contents) Insurance Policies issued to non-individuals
- Tuition Fee Protection Policies issued to individuals

WHAT IS MY COMPENSATION ENTITLEMENT?

In the event a general insurer which is a PPF Scheme member fails and you have a claim to make under an insured policy, you are entitled to the following compensation:

1. For a compulsory insurance policy under the Motor Vehicles (Third Party Risk and Compensation) Act and Work Injury Compensation Act, the full amount of any liability of the failed PPF Scheme member as provided for under the relevant legislation is payable.
2. For a Singapore policy of specified lines, the full amount of any liability of the failed PPF Scheme member to the insured policy owner under the terms of the insured policy is payable.

Policy owners will be compensated for claims incurred, up to 30 days after the winding up order is made against the failed insurer. No caps are applicable to general insurance policies.

WHAT DOES A POLICY OWNER NEED TO DO WHEN HIS/HER GENERAL INSURER FAILS?

If your PPF Scheme member fails, SDIC will provide details on the status of your policies. You don't need to file any special claims to be entitled to SDIC coverage. SDIC will make announcements through TV, newspapers and at the premises of the affected insurer.

HOW CAN I MAKE A CLAIM ON MY PERSONAL MOTOR INSURANCE POLICY IF MY GENERAL INSURER WHO IS A PPF SCHEME MEMBER FAILS?

You can continue to file your claim with your general insurer, who will process your claim accordingly. Once the terms of payment under the claim are finalized, SDIC will pay you the finalized claim amount by cheque. If your insurer is going to be wound up, the PPF Scheme will also provide coverage for your policy for a period of 30 days after the winding up order is made against the failed insurer. You should then seek alternative coverage from another insurer within these 30 days.

WHAT WILL HAPPEN TO MY GENERAL INSURANCE POLICY IF MY GENERAL INSURER WHO IS A PPF SCHEME MEMBER FAILS?

If your general insurer is going to be wound up, the PPF Scheme will provide coverage for your policy for a period of 30 days after the winding up order is made against the failed insurer. You should then seek alternative coverage from another insurer within these 30 days.

LIFE INSURANCE AND OTHER INFORMATION

For information on Life Insurance coverage, you may refer to the Consumer Guide - Policy Owners' Protection Scheme (Life Insurance). For other information on the PPF Scheme, you may wish to visit www.sdic.org.sg

CONTACT SDIC

Additional information on Policy Owners' Protection Scheme can be obtained by contacting the SDIC:

SINGAPORE DEPOSIT INSURANCE CORPORATION LTD

10 Shenton Way #11-06
MAS Building
Singapore 079117
www.sdic.org.sg
Email : infosdic@sdic.org.sg

Company Registration No. 200600593Z

MONEYSENSE - A NATIONAL FINANCIAL EDUCATION PROGRAMME

In October 2003, the Singapore Government launched a national financial education programme called MoneySENSE. MoneySENSE is a long-term programme that brings together industry and public sector initiatives to enhance the basic financial literacy of consumers. MoneySENSE is a collaboration among various government agencies - Ministry of Community Development, Youth and Sports (MCYS), Ministry of Education (MOE), Ministry of Manpower (MOM), Central Provident Fund Board (CPF Board), Monetary Authority of Singapore (MAS), National Library Board (NLB) and People's Association (PA) - and other private sector bodies and community organisations. For more tips and educational resources on personal financial matters, visit the MoneySENSE website at www.moneysense.gov.sg