

REGISTRAR OF FINANCIAL INSTITUTIONS

GUIDELINE ON APPROVAL OF NEW INSURANCE PRODUCTS BY INSURANCE COMPANIES AND INSURANCE BROKERS

(Financial Services Act and Insurance Act)

1.0 INTRODUCTION

Section 62(m) of the Insurance Act, 2010 requires every insurer and insurance broker to seek prior written approval from the Registrar of Financial Institutions ('the Registrar') before introducing a new insurance product or repackaged product to the public. The approval process allows the Registrar to ensure that insurance consumers and the public are treated fairly and protected from undue risks/losses arising from unfit products. Further, the process ensures that insurers and insurance brokers take into account the interests of different types of consumers when developing and distributing insurance products.

Accordingly, in line with Section 96 of the Financial Services Act, the Registrar, pursuant to his mandate of regulating and supervising the insurance industry, has developed this Guideline on approval of new insurance products by insurers and insurance brokers. The Guideline provides minimum information required to be submitted to the Registrar for assessment and approval of new insurance products.

The guideline should be read in conjunction with the provisions of the Financial Services Act, Insurance Act and any subsidiary legislation made under the Acts.

2.0 OBJECTIVES OF THE GUIDELINE

The objectives of this guideline are to ensure that: -

1. insurance products are suitable to consumers and are appropriately priced;
2. interests of customers are taken into account when developing insurance products;

3. new products are developed in line with best practice, disclosure requirements and risk management practices;
4. marketing and promotion of insurance products is done in a manner that is not misleading; and
5. insurance products comply with the provisions of the Insurance Act and other applicable laws, including on capital and solvency requirements.

3.0 FORM OF APPLICATION

3.1 Insurers or insurance brokers requesting for approval of a new product must submit an application which must take into account the requirements outlined in this guideline and the Insurance Act.

3.2 A complete application accompanied by supporting documents must be submitted to the Registrar.

4.0 APPLICATION PROCEDURES AND REQUIREMENTS FOR APROVAL OF NEW INSURANCE PRODUCT

4.1 In granting approval for a new insurance product, the Registrar shall require the following information to be submitted by the applicant: -

4.1.1 The objective and business case of introducing the product and target market including projected sales and profitability of the product for a 3-year period;

4.1.2 Features of the product including a brief description of the product, product structure and product offerings;

4.1.3 Product pricing methodology and pricing basis including key pricing parameters and assumptions;

4.1.4 Terms and conditions of the insurance product including initial underwriting requirements, premium rate reviews, waiting period, surrenders, grace period, reinstatement and exclusions;

4.1.5 Marketing and distribution materials of the new insurance product;

4.1.6 Risk assessment and management of the product. An applicant shall be required to submit an assessment of potential risks associated with the product and how these risks will be measured, monitored and controlled;

4.1.7 An actuarial/financial assessment of the product's projected impact on financial performance and condition (capital and solvency) of the insurer.

4.1.8 Marketing and distribution strategies including sample of marketing and promotional material;

4.1.9 A key facts statement of the product;

4.1.10 A board resolution authorising introduction of the new product;

4.1.11 The applicant shall submit the following supporting documents:

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a. A formal application letter;
b. Product business plan (at least three years);
c. Policy wording document;
d. Proposal form;
e. Claim form;
f. Marketing brochure;
g. Actuary's report for life insurance products;
h. Reinsurance agreement/statement, if any; and
i. Any other relevant information.

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