ARB Premium Payment Rules

APPENDIX F OF GIARR 2027

General Insurance Association of Singapore
www.gia.org.sg

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1 Objective

1.1 For all premiums of general insurance policies placed by agents registered with the Agents' Registration Board (ARB) to be paid directly from the customers to the insurers.

2 Definitions

2.1 Personal Lines
Policies issued to any individual for all classes of general insurance.

2.2 Commercial Lines
Policies issued for all classes of general insurance other than those of Personal Lines at 2.1 above.

3 ARB Premium Payment Rules (APPR) Exemptions

3.1 Premium transactions of agents where the insurance transactions are bundled together with the cost of a main non-insurance product related to the type of insurance sold. For example, premium transactions of policies placed by Trade Specific Agents (TSAs) or other agents where travel insurance premium is paid together with air tickets, foreign domestic worker premium paid together with foreign domestic worker placement service fees, or motor insurance premium paid together with the cost of the vehicle.

3.2 Premium transactions of affinity program partners who are also agents, where:

a) the insurance transactions may not be bundled with the cost a main product, or the main product may not be related to the type of insurance sold, and

b) the premium is collected by the affinity partner as part of its main non-insurance business. An example is where a telco affinity program partner who is also an agent distributes home insurance of its principal, and bills and collect the insurance premiums under its own telco bills. Home insurance is not related to the main product of the telco.

3.3 Other premium transactions that ARB may exempt using its discretion from time to time.

ARB has the discretion to consider and rule on specific transactions

4 Refund and Credit Terms for Exempted Transactions

For exempted transactions under Section 3:

a) any return or refund of premium payable by an Agent's Principal to an insured does not need to be paid directly by the Agent's Principal to the insured.

b) agents must comply with the credit terms agreed with their principals in their respective agency agreements, or 90 days from the date of policy inception, whichever is earlier.

c) any return or refund of premiums, fees or charges payable by an Agent's Principal to an insured can be paid to the Agent for the Agent to pay to the policyholder. Refunds to the policyholder must be made within 30 business days from the date of endorsement/cancellation under The Singapore General Insurance Code of Practice.

5 Frequently Asked Questions

5.1 **Q:** Why was APPR introduced?

A: On 14 Jan 2020, GIA MC agreed that some of the premiums of the personal lines business were already being paid directly to insurers and for ARB to work towards achieving the future state where all premiums are paid directly to the insurers in the next 12 to 24 months. The reasons were for the agents to concentrate on insurance advising and arranging activities, and insurers to leverage on digitalisation to improve their premium collection processes. Direct payment to insurers will also reduce the risk of fraud or credit default.

MAS has indicated their support for customers using insurance agents to pay premiums directly to insurers.

5.2 **Q:** Why are insurance brokers not within the scope of APPR?

A: Insurance brokers are regulated by the Monetary Authority of Singapore. The Insurance Act s82 and Insurance (Intermediaries) Regulations prescribe specific controls for the handling of premium using insurance broking premium accounts.

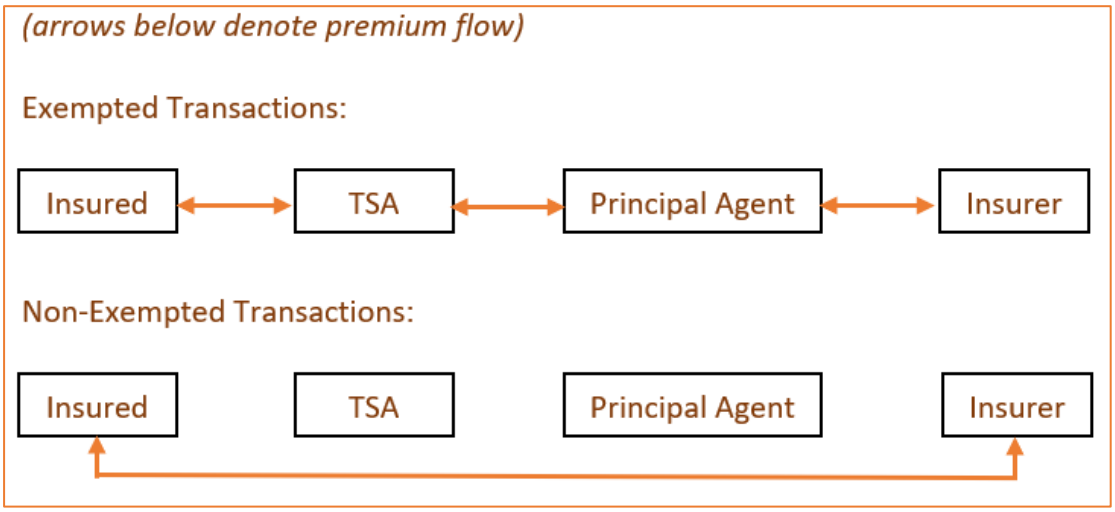
Customers' payment timelines for both agents and brokers continue to be subject to the Premium Payment Framework. The Payment Before Cover Warranty applies to all Personal Lines policies and all Bonds. The Premium Payment Warranty applies to policies issued for all classes of general insurance relating to Commercial Lines transacted by insurers or intermediaries.

5.3 **Q:** When the sale is arranged by an agent, can the premium be paid to the insurer directly through the insurer's specified payment service provider or payment gateway like NETS or Visa?

A: Yes. It is up to each insurer to specify how it wants to collect premiums directly in the insurer's name from its customers e.g. PayNow or other transfers to its bank accounts, credit cards, entities that are allowed to offer payment services under the Payment Services Act etc.

5.4 **Q:** How the will tripartite agency agreement will be affected by APPR?

A: If the transaction is not exempted under the APPR, premiums are to be paid directly from the customers to the insurers. If the transaction is exempted under the APPR, the agent can collect the premium.



5.5 **Q**: Will agents will be held responsible for uncollected premiums after the implementation of APPR?

A: The agent's responsibility to its Principal to follow up with the customer to pay the premium remains. As the agent will only be paid commission where the premium has been collected, he will be motivated to fulfil this responsibility in order to earn his commissions. For transactions not exempted under APPR, as the premiums will not flow through the agent, the Principal will be responsible for tracking the payment status of the premiums. In these cases, if the customer defaults on paying premium, the agent will not be liable for the premium but will not earn the commission.

5.6 **Q:** Are premium transactions involving agents who are Managing General Agents (MGAs) and collect premiums from brokers within the scope of the APPR?

A: As the transaction originates from an insurance broker to the MGA, the broker has received the premium from the customer under section 82 of the Insurance Act, and the collection of premiums from the customer in such cases falls outside the scope of the APPR.