



## Changes in insurance regulation: China / Hong Kong / Singapore / Indonesia / Vietnam

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**January - March 2018**

# Contents

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Changes in insurance regulation: China	1
Changes in insurance regulation: Hong Kong	10
Changes in insurance regulation: Singapore	15
Changes in insurance regulation: Indonesia	17
Changes in insurance regulation: Vietnam	19
Our Asia insurance team	20

# Changes in insurance regulation: China

## January – March 2018

Subject	Update	Key date	Link
<p>Notice on Equity Investment Plans established by Insurance Funds</p>	<p>On 27 December 2017, the CIRC published a Notice in relation to the Establishment of Equity Investment Plans ("EIPs") by Insurance Funds.</p> <p>The notice regulates the establishment of EIPs by insurance asset management institutions as follows:</p> <ol style="list-style-type: none"> <li>1. Returns from EIPs should be linked to the business performance or income of the underlying target to avoid loans being treated as capital, causing finance costs to be miscalculated;</li> <li>2. Insurance asset management institutions should actively manage their investment plans; and</li> <li>3. A priority registration system would be established.</li> </ol>	<p>Release date: 5 January 2018</p> <p>Effective date: 27 December 2017</p>	<p><a href="http://bxjg.circ.gov.cn/web/site0/tab5216/info4094586.htm">http://bxjg.circ.gov.cn/web/site0/tab5216/info4094586.htm</a></p> <p>(CIRC's official notice with full text in Chinese)</p> <p><a href="http://bxjg.circ.gov.cn/web/site0/tab5207/info4094589.htm">http://bxjg.circ.gov.cn/web/site0/tab5207/info4094589.htm</a></p> <p>(CIRC's accompanying notice in Chinese)</p>
<p>Measures in relation to the Management of the use of Insurance Funds</p>	<p>The Measures for the Management of Insurance Funds (the "<b>Measures</b>") became effective on 1 April 2018.</p> <p>The key amendments are as follows:</p> <ol style="list-style-type: none"> <li>1. The Measures are aligned with the changing environment:             <ol style="list-style-type: none"> <li>1.1 Insurance funds must primarily be used to further the insurance business.</li> <li>1.2 Shareholders of insurers cannot unlawfully interfere with the use of insurance funds.</li> <li>1.3 The regulations on outbound investments are tightened to ensure outbound investments meet the requirements of the CIRC, People's Bank of China and State Administration of Foreign Exchange (SAFE).</li> <li>1.4 When insurance asset management institutions develop insurance asset management products, they should conduct issuance,</li> </ol> </li> </ol>	<p>Release date: 26 January 2018</p> <p>Effective date: 1 April 2018</p>	<p><a href="http://bxjg.circ.gov.cn/web/site0/tab5176/info4097229.htm">http://bxjg.circ.gov.cn/web/site0/tab5176/info4097229.htm</a></p> <p>(CIRC's official notice with full text in Chinese)</p> <p><a href="http://bxjg.circ.gov.cn/web/site0/tab7926/info4097317.htm">http://bxjg.circ.gov.cn/web/site0/tab7926/info4097317.htm</a></p> <p>(CIRC's press conference on 26 January 2018 in Chinese)</p>

	<p>registration and disclosures on CIRC approved asset registration trading platforms, and develop data analysis and risk warning systems to strengthen supervision of asset management business.</p> <p>1.5 Insurance Funds must be managed by the insurance asset management institutions, which must not delegate the management of funds.</p> <p>1.6 Clarification of the administrative penalties that can be imposed on the insurer or a responsible person in relation to unlawful use of insurance funds.</p> <p>1.7 The laws and regulations which apply to insurers who develop a securities investment business have been tightened.</p> <p>2. Incorporation of recent experience and collating general rules and guidance into departmental regulations, the key ones being:</p> <p>2.1 Clarification that insurance funds can be invested into private equity funds such as venture capital funds and can be used to establish professional insurance asset management institutions dealing in real estate, infrastructure and pensions.</p> <p>2.2 In addition to investing on their own or engaging an insurance asset management companies to invest on their behalf, insurers may also engage qualified professional investment management institutions such as securities companies, securities asset management companies, or securities investment fund management companies to carry out insurance fund investment activities.</p>		
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	<p>2.3 Varying supervision standards for various types of securities investments of insurance funds, such as normal securities investments, major securities investments and takeovers of listed companies.</p> <p>2.4 Creation of an accountability system in relation to risk management officers, under which specified individuals will bear the risks in relation to the use of insurance funds.</p> <p>2.5 Requirement for insurers to conduct annual special audits in relation to the internal controls regarding the use of insurance funds.</p> <p>3. Adjustment of investment percentage of insurance funds according to its practical application.</p>		
<p>CIRC publishes Insurance Broker Regulations and Insurance Assessor Regulations</p>	<p>Further to the consultation papers on the Insurance Broker Regulations and Insurance Assessor Regulations mentioned in our 2016 Q4 regulatory tracker, the CIRC has published the Insurance Broker Regulations and Insurance Assessor Regulations, which took effect on 1 May 2018.</p> <p>The new regulations will standardize operating conditions and strengthen supervision in relation to Insurance Brokers and Assessors, such as strengthening on-going and post-licensing supervision.</p>	<p>Release date: 9 February 2018</p>	<p><a href="http://bxjg.circ.gov.cn/web/siteo/tab5176/info4098699.htm">http://bxjg.circ.gov.cn/web/siteo/tab5176/info4098699.htm</a></p> <p>(CIRC's official notice with full text of Provisions on the Supervision and Administration of Insurance Brokers in Chinese)</p> <p><a href="http://bxjg.circ.gov.cn/web/siteo/tab5207/info4098702.htm">http://bxjg.circ.gov.cn/web/siteo/tab5207/info4098702.htm</a></p> <p>(CIRC's accompanying notice on the Provisions on the Supervision and Administration of Insurance Brokers</p>

			<p>in Chinese)</p> <p><a href="http://bxjg.circ.gov.cn/web/site0/tab5176/info4098700.htm">http://bxjg.circ.gov.cn/web/site0/tab5176/info4098700.htm</a></p> <p>(CIRC's official notice with full text of Provisions on the Supervision and Administration of Insurance Assessors in Chinese)</p> <p><a href="http://bxjg.circ.gov.cn/web/site0/tab5207/info4098701.htm">http://bxjg.circ.gov.cn/web/site0/tab5207/info4098701.htm</a></p> <p>(CIRC's accompanying notice on the Provisions on the Supervision and Administration of Insurance Assessors in Chinese)</p>
<p>CIRC and SAFE issue notice regulating the guarantee of insurers' overseas loans by domestic entities (Nei Bao Wai Dai, "NBWD")</p>	<p>CIRC and SAFE issued a notice in relation to the guarantee of insurers' overseas loans by domestic entities which came into effect on 1 February 2018.</p> <p>The notice:</p> <ol style="list-style-type: none"> <li>1. Sets out the form of NBWD.</li> <li>2. Standardizes the form of counter-guarantees and collateral.</li> <li>3. Clarifies the financing ratio and use of financing. For example, financing secured via NBWD cannot exceed 20% of the net assets as at the end of the previous quarter. Such financing is to be monitored as part of leverage management.</li> <li>4. States that supervision is to be conducted based on a look-through approach.</li> </ol>	<p>Release date: 12 February 2018</p>	<p><a href="http://bxjg.circ.gov.cn/web/site0/tab5176/info4099382.htm">http://bxjg.circ.gov.cn/web/site0/tab5176/info4099382.htm</a></p> <p>(CIRC's official notice with full text in Chinese)</p> <p><a href="http://bxjg.circ.gov.cn/web/site0/tab5207/info4099152.htm">http://bxjg.circ.gov.cn/web/site0/tab5207/info4099152.htm</a></p> <p>(CIRC's accompanying notice and Q&amp;A in Chinese)</p>

	<p>5. Prohibits certain acts, such as use of funds secured via NBWD for business other than investments of the subsidiary, or making loans to a third party.</p> <p>6. Prohibits the use of NBWD for the purpose of obtaining credit overseas or other illegal trade activities.</p>		
CIRC proposes standard for severe penalties	<p>The CIRC published a consultation paper on the standard for severe penalties and severe violations of laws and regulations (the "<b>Consultation Paper</b>").</p> <p>According to the Consultation Paper, "severe penalties" include insurance related severe penalties and non-insurance related severe penalties.</p> <p>Once an insurer is found to be liable to a severe penalty, or there has been a severe violation of the law, it may face restrictions on its business. Non-insurers who are found to be in severe violation will not be permitted to carry on any insurance related business for several years.</p> <p>The Consultation Paper also stipulates regulations relating to severe penalties for responsible persons and branch organizations.</p>	The news was published by CN Stock on 8 February 2018	<p><a href="http://news.cnstock.com/news/bwxx-201802-4186583.htm">http://news.cnstock.com/news/bwxx-201802-4186583.htm</a></p> <p>(Media Report in Chinese)</p>
CIRC amends Regulations of the PRC on the Administration of Foreign Insurance Companies	<p>On 13 February 2018, the CIRC published amendments to the Regulations of the PRC on the Administration of Foreign Insurance Companies, Measures for the Administration of Representative Offices of Foreign Insurance Institutions in China, Measures relating to the Management of Subordinate Debt of Insurers, and Regulations on the Qualifications of Directors, Supervisors and Senior Management of Insurance Companies.</p> <p>Adjustments have been made to</p>	Release date: 23 February 2018	<p><a href="http://bxjg.circ.gov.cn/web/site0/tab5176/info4099680.htm">http://bxjg.circ.gov.cn/web/site0/tab5176/info4099680.htm</a></p> <p>(CIRC's official notice with full text in Chinese)</p> <p><a href="http://bxjg.circ.gov.cn/web/site0/tab5207/info4099684.htm">http://bxjg.circ.gov.cn/web/site0/tab5207/info4099684.htm</a></p> <p>(CIRC's accompanying</p>

	<p>provisions relating to notarization of documents relating to the establishment of foreign insurance companies, notarization of documents relating to the establishment of, and significant changes to, foreign insurers' representative offices in China, legal opinions on insurers' issuance of subordinated debt by private placement, notarization of the Chinese translation of documents relating to the appointment of directors, supervisors and senior management of insurers.</p>		<p>notice in Chinese)</p>
<p>CIRC publishes Insurance Company Asset and Liability Management Regulations</p>	<p>The CIRC published a notice (the "<b>Notice</b>") regarding the issuance and trial operation of the Insurance Company Asset and Liability Management Regulations (Nos.1 to 5), which took effect on 28 February 2018.</p> <p>Since the implementation of C-ROSS, the Asset and Liability Management Regulations is an important regulatory tool developed by the CIRC, and covers qualitative assessment rules, quantitative assessment rules and management reporting rules.</p> <p>The Notice requires that during the trial period, insurers should prepare and submit to the CIRC their asset and liability management report within 30 days after the end of each quarter, in accordance with Insurance Company Asset and Liability Management Regulation No. 5: Asset and Liability Management Report. From 2019 onwards, annual reports must be delivered to the CIRC by 31 May each year.</p> <p>Upon formal implementation, the CIRC will divide insurers into four categories (Categories A, B, C and D) based on their respective management quality and compliance status. Insurers with high management quality and</p>	<p>Release date: 1 March 2018</p>	<p><a href="http://bxjg.circ.gov.cn/web/site0/tab5176/info4100777.htm">http://bxjg.circ.gov.cn/web/site0/tab5176/info4100777.htm</a> (CIRC's official notice with full text in Chinese)</p> <p><a href="http://bxjg.circ.gov.cn/web/site0/tab7923/info4101187.htm">http://bxjg.circ.gov.cn/web/site0/tab7923/info4101187.htm</a> (CIRC's press conference on 1 March 2018 in Chinese)</p> <p><a href="http://bxjg.circ.gov.cn/web/site0/tab5207/info4100765.htm">http://bxjg.circ.gov.cn/web/site0/tab5207/info4100765.htm</a> (CIRC's accompanying notice in Chinese)</p>



	<p>compliance status will be allocated to category A, and will be afforded supportive regulatory policies. Insurers with poor management quality and compliance status will be allocated to categories C and D, and may be subject to specific policies to increase supervision in respect of their business, use of funds and solvency.</p> <p>Thesupervision measures based on the classification of insurance companies will not be implemented during the trial period.</p>		
<p>CIRC publishes amended Administrative Measures for Equity Interests in Insurance Companies</p>	<p>On 7 March 2018, the CIRC published amended <i>Administrative Measures for Equity Interests in Insurance Companies</i> (the "<b>Measures</b>").</p> <p>The Measures redesign the framework for the process of investing in insurance companies, and mainly include the following:</p> <ol style="list-style-type: none"> <li>1. Regulations applicable before a person becomes a shareholder, including qualification of shareholders, method of obtaining shares, and requirements relating to the capital investment;</li> <li>2. Regulations applicable after a person becomes a shareholder, including rules on the conduct of shareholders and management of the rights of shareholders of insurance companies; and</li> <li>3. Rules relating to the supervision of equity interest, including accountability mechanisms in relation to violation of rules.</li> </ol> <p>The Measures aim to address issues such as "fake" contributions of shareholder funds, nominee shareholdings in breach of law, and avoidance of regulation by intransparent ownership structures.</p> <p>For more details, please see our client alert: <a href="#">web</a></p>	<p>Release date: 7 March 2018</p>	<p><a href="http://bxjg.circ.gov.cn/web/site0/tab5176/info4101516.htm">http://bxjg.circ.gov.cn/web/site0/tab5176/info4101516.htm</a></p> <p>(CIRC's official notice with full text in Chinese)</p> <p><a href="http://bxjg.circ.gov.cn/web/site0/tab7923/info4101520.htm">http://bxjg.circ.gov.cn/web/site0/tab7923/info4101520.htm</a></p> <p>(CIRC's official Q&amp;A in Chinese)</p> <p><a href="http://bxjg.circ.gov.cn/web/site0/tab7926/info4101603.htm">http://bxjg.circ.gov.cn/web/site0/tab7926/info4101603.htm</a></p> <p>(CIRC's press conference on 7 March 2018 in Chinese)</p>

<p>New disclosure requirements for insurance companies to be effective in July</p>	<p>Based on news report, the Amendments to the Measures for Insurance Company Information Disclosure will take effect on 1 July 2018.</p> <p>The amended version requires insurers to disclose more details in relation to their operations, such as insurance liability reserve funds, actual controllers and its controlling conditions, and more details in relation to risk management, product management, major incidents and corporate governance.</p>	<p>The news was published by CN Stock on 27 March 2018</p>	<p><a href="http://news.cnstock.com/news/bwxx-201803-4203468.htm">http://news.cnstock.com/news/bwxx-201803-4203468.htm</a></p> <p>(Media Report in Chinese)</p>
<p>CIRC and CBRC merged into CBIRC</p>	<p>On 8 April 2018, the CIRC and CBRC have officially been merged into China Banking and Insurance Regulatory Commission ("<b>CBIRC</b>"). The CBIRC will assume the responsibility to supervise the banking and insurance industries. The responsibilities of the China Banking Regulatory Commission and the CIRC for drafting banking and insurance related legislation and prudential regulations will be assigned to the People's Bank of China.</p>	<p>Release date: 9 April 2018</p>	<p><a href="http://www.cbirc.gov.cn/chinese/newShouDoc/EB7840D7EA7344CEBFA044E5CDE33DA.html">http://www.cbirc.gov.cn/chinese/newShouDoc/EB7840D7EA7344CEBFA044E5CDE33DA.html</a></p> <p>(CBIRC's official notice in Chinese)</p>



# Changes in insurance regulation: Hong Kong

## January - March 2018

Subject	Update	Key date	Link
Insurance levy	<p>On 1 January 2018 the Insurance (Levy) Order (the "<b>Order</b>") and the Insurance (Levy) Regulation (the "<b>Regulation</b>") came into effect.</p> <p>The HKIA collects the levy from policyholders via the insurers as a percentage of premiums paid. An incremental approach will be taken in order to reduce the impact on policyholders. The levy rate will start at 0.04% and increase gradually on a yearly basis until it reaches the target level of 0.1%.</p> <p>A levy cap is imposed on general insurance policies and long term insurance policies respectively. The maximum levy payable for various premium payment patterns is set out in the Order.</p> <p>Insurers must remit the levy collected from policyholders in accordance with the Order to the HKIA, together with a return relating to the remittance, not later than two months after the end of each relevant period. All relevant periods end on 31 March and 30 September each year, except that the first relevant period ends on 31 March 2018, covering a three-month period from January to March 2018.</p> <p>In reporting to the HKIA any non-payment of levy, the insurer has to demonstrate that it has reasonably endeavoured to collect the levy from the policyholder. Examples on "reasonable endeavours" include sending reminders to the policyholder at least three times within six months via email, letter, SMS or any other appropriate means after the levy</p>	Effective date: 1 January 2018	<p>Link to the Order: <a href="https://www.elegislation.gov.hk/hk/cap41J">https://www.elegislation.gov.hk/hk/cap41J</a></p> <p>Link to the Regulation: <a href="https://www.elegislation.gov.hk/hk/cap41I">https://www.elegislation.gov.hk/hk/cap41I</a></p> <p>Link to a HKIA explanatory note: <a href="https://www.ia.org.hk/en/infocenter/faqs/files/CollectionofLevyonInsurancePremium.pdf">https://www.ia.org.hk/en/infocenter/faqs/files/CollectionofLevyonInsurancePremium.pdf</a></p> <p>Further documents in relation to collection of the levy: <a href="https://www.ia.org.hk/en/infocenter/faqs/annual_authorization_fee_and_levy.html">https://www.ia.org.hk/en/infocenter/faqs/annual_authorization_fee_and_levy.html</a></p>

	<p>payment due date.</p> <p>For further details in relation to the levy payment, please see the links in the columns to the right.</p>		
<p>Implementation of Hong Kong Financial Reporting Standard 17 (Insurance Contracts)</p>	<p>On 10 January 2018 the HKIA issued a circular (the "<b>Circular</b>") in relation to Hong Kong Financial Reporting Standard 17 (Insurance Contracts) ("<b>HKFRS 17</b>").</p> <p>That accounting standard is a word-for-word adoption of IFRS 17 issued by the International Accounting Standards Board.</p> <p>The adoption of HKFRS 17 will have significant implications for the financial statements of insurers prepared in accordance with Hong Kong Financial Reporting Standards.</p> <p>The effective date of HKFRS 17 is 1 January 2021. To support stakeholders such as insurers in the implementation of HKFRS 17, an implementation support group has been established.</p> <p>Insurers are advised under the Circular to liaise with their accountants and auditors in relation to HKFRS 17 to make necessary preparations and arrangements for its implementation.</p>	<p>Circular to insurers: 10 January 2018</p> <p>Effective date of new standard: 1 January 2021</p>	<p>Circular to insurers:</p> <p><a href="https://www.ia.org.hk/en/legislative-framework/circulars/reg_matters/files/cir_20180110.pdf">https://www.ia.org.hk/en/legislative-framework/circulars/reg_matters/files/cir_20180110.pdf</a></p> <p>Link to HKFRS 17: <a href="http://app1.hkicpa.org.hk/hksaebk/HKSA_Members_Handbook_Master/updates/update211.pdf">http://app1.hkicpa.org.hk/hksaebk/HKSA_Members_Handbook_Master/updates/update211.pdf</a></p>
<p>Inauguration of Insurance Complaints Bureau</p>	<p>The Insurance Complaints Bureau ("<b>ICB</b>") was inaugurated on 16 January 2018 to supersede The Insurance Claims Complaints Bureau in providing a cost-effective and efficient alternative dispute resolution mechanism to help resolve all insurance disputes arising from personal insurance policies.</p> <p>The ICB is an independent and impartial organization initiated by the insurance industry to provide</p>	<p>Inauguration on 16 January 2018</p>	<p>Link to ICB website: <a href="http://www.icb.org.hk/en/introduction.html">http://www.icb.org.hk/en/introduction.html</a></p>

	<p>consumers with a convenient and freely accessible platform handling all insurance-related disputes of a monetary nature.</p> <p>In addition to the existing adjudication service to handle claim-related complaints, the ICB will also offer mediation services to handle non-claim related disputes. The new mediation service is expected to commence operation in Q2 2018.</p>		
<p>Guideline on Anti-Money Laundering and Counter-Terrorist Financing – Expectations on insurers and early alerts in relation to sanctions imposed by the United Nations Security Council</p>	<p>On 2 February 2018 the HKIA issued a circular (the "<b>Circular</b>") to set out expected actions that should be taken in connection with sanctions imposed by the United Nations Security Council ("<b>UNSC</b>") and provide an update on the streamlined process by which insurers are informed of updates to the United Nations (Anti-Terrorism Measures) Ordinance ("<b>UNATMO</b>") and/or the United Nations Sanctions Ordinance ("<b>UNSO</b>").</p> <p>The Circular outlines that when conducting sanctions screening of customers and payments, insurers should pay regard to countries, individuals, entities and activities included in UNSC sanctions resolutions and sanctions lists as soon as practicable after they are promulgated by the UNSC and regardless of whether the relevant sanctions have been implemented in Hong Kong via UNSO or otherwise. Screening of customers and payments should include customers and transactions:</p> <p>a) involving individuals or entities named in UNSC sanctions resolutions or sanctions lists, whether as customers or payors/payees;</p>	<p>Circular to insurers: 2 February 2018</p>	<p>Circular to insurers:  <a href="https://www.ia.org.hk/en/legislative-framework/circulars/antimoney_laundering/files/cir_a_ml_20180202_L.pdf">https://www.ia.org.hk/en/legislative-framework/circulars/antimoney_laundering/files/cir_a_ml_20180202_L.pdf</a></p>

	<p>b) connected with countries included in UNSC sanctions resolutions (high-risk jurisdictions); or</p> <p>c) associated with activities named in UNSC sanctions resolutions or sanctions lists.</p> <p>In addition, insurers should ensure that they fulfil their obligations with regard to customer due diligence (including enhanced due diligence), transaction monitoring and record-keeping under Schedule 2 to the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance and suspicious transaction reporting under the Organized and Serious Crimes Ordinance, the UNATMO or the Drug Trafficking (Recovery of Proceeds) Ordinance.</p> <p>Furthermore, to help enhance the effectiveness of screening and other actions with regard to United Nations sanctions, the HKIA will, with effect from 2 February 2018, issue email alerts whenever new or revised sanctions resolutions or sanctions lists relating to terrorism, terrorist financing and proliferation are promulgated by the UNSC.</p>		
<p>Effective date of Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) (Amendment) Ordinance</p>	<p>On 9 February 2018 the HKIA issued a circular (the "<b>Circular</b>") to remind insurers that the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) (Amendment) Ordinance 2018 (the "<b>Amendment Ordinance</b>") would come into operation on 1 March 2018.</p> <p>The Amendment Ordinance:</p> <p>a) relaxes the threshold of beneficial ownership from the current "not less than 10%" to "more than 25%", having regard to the</p>	<p>Circular to insurers: 9 February 2018</p> <p>Effective date of Amendment Ordinance: 1 March 2018</p>	<p>Circular to insurers:  <a href="https://www.ia.org.hk/en/legislative-framework/circulars/antimoney_laundering/files/aml_tec-6-45_CE_20180209.pdf">https://www.ia.org.hk/en/legislative-framework/circulars/antimoney_laundering/files/aml_tec-6-45_CE_20180209.pdf</a></p> <p>The Amendment Ordinance:  <a href="https://www.gld.gov.hk/egazette/pdf">https://www.gld.gov.hk/egazette/pdf</a></p>

	<p>prevailing Financial Action Task Force standard and international practice;</p> <p>d) introduces flexibility to measures permitted to be taken for verifying a customer's identity, in the light of technological development in the methods used by financial institutions for obtaining information relating to customers; and</p> <p>e) removes a sunset clause so that financial institutions will have the flexibility to rely on solicitors, accountants, trustee and corporate service provider licensees as well as other financial institutions (including a foreign financial institution in the same parent group) as intermediaries to carry out customer due diligence measures.</p>		<p><a href="#">/20182205/es1201822054.pdf</a></p>
<p>Revised guideline on Anti-Money Laundering and Counter-Terrorist Financing</p>	<p>On 23 February 2018 the HKIA issued a circular (the "<b>Circular</b>") informing insurers of a revised guideline on Anti-Money Laundering and Counter-Terrorist Financing (the "<b>Revised Guideline</b>") to reflect the recently enacted Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) (Amendment) Ordinance 2018 ("<b>Amendment Ordinance</b>").</p> <p>The Circular highlights that the Revised Guideline makes the amendments referred to in the preceding entry on the circular issued on 9 February 2018, and also changes the record-keeping period from "six years" to "at least five years".</p>	<p>Circular to insurers: 23 February 2018</p>	<p>Circular to insurers:  <a href="https://www.ia.org.hk/en/legislative-framework/circulars/antimoneylaundering/files/aml_tec-6-45_CE_20180223.pdf">https://www.ia.org.hk/en/legislative-framework/circulars/antimoneylaundering/files/aml_tec-6-45_CE_20180223.pdf</a>          Marked up version of guideline:  <a href="https://www.ia.org.hk/en/legislative-framework/circulars/antimoneylaundering/files/Appendix_A.PDF">https://www.ia.org.hk/en/legislative-framework/circulars/antimoneylaundering/files/Appendix_A.PDF</a></p>



# Changes in insurance regulation: Singapore

## January - March 2018

Subject	Update	Key dates	Links
<p>Regulation of sign-on incentives for insurance agents</p>	<p>On 7 March 2018, The Monetary Authority of Singapore ("MAS") released a consultation paper on measures to address risks arising from large scale movements of financial advisory ("FA") representatives from one FA firm to another. This followed concern over movements of a large agency team from one life insurer to another.</p> <p>The MAS noted that recently, when recruiting representatives from competitors, FA firms used large sign-on incentives that were paid up-front, but subject to clawback if the FA representative failed to meet future sales targets. Such incentive schemes increase the risk of mis-selling and improper switching of insurance policies due to the FA representatives engaging in aggressive sales tactics in order to meet sales targets and avoid their sign-on incentive being clawed back.</p> <p>In summary, the MAS proposes four measures to address these issues:</p> <ol style="list-style-type: none"> <li>a. Sales targets for the first year that are tied to sign-on incentives should be capped at the representative's average annual sales in the preceding 3 years. For subsequent years, the sales target should be set at a reasonable level based on the representatives' past performance. The sales targets are subject to supervisory review by MAS.</li> <li>b. Sign-on incentives should be spread over at least 6 years, with the first year payment capped at</li> </ol>	<p>Consultation paper dated 7 March 2018</p> <p>Guidelines of the Life Insurance Association of Singapore dated 14 March 2018</p>	<p>Consultation paper:  <a href="http://www.mas.gov.sg/~media/MAS/News%20and%20Publications/Consultation%20Papers/Consultation%20Paper%20on%20Measures%20to%20address%20the%20risks%20posed%20by%20the%20use%20of%20signon%20incentives%20in%20the%20recruitment%20of%20financial%20advisory%20representatives.pdf">http://www.mas.gov.sg/~media/MAS/News%20and%20Publications/Consultation%20Papers/Consultation%20Paper%20on%20Measures%20to%20address%20the%20risks%20posed%20by%20the%20use%20of%20signon%20incentives%20in%20the%20recruitment%20of%20financial%20advisory%20representatives.pdf</a></p> <p>Guidelines of the LIA:  <a href="http://www.lia.org.sg/system/files/news/2018/03/MU7218.pdf">http://www.lia.org.sg/system/files/news/2018/03/MU7218.pdf</a></p>

	<p>50% of the representative's average annual remuneration in the preceding 3 years. The remaining sign-on incentives are to be spread evenly over at least the next 5 years.</p> <p>c. If within two years after the representative's departure, the percentage of insurance policies serviced by the representative at his previous FA firm which remain in force falls below a certain threshold, FA firms will be required to claw back the representative's sign-on incentives.</p> <p>d. FA firms must put in place robust controls to monitor the conduct of their newly recruited representatives for a minimum period of 2 years. This includes appointing an independent external party to conduct customer call-backs to verify that the sales and advisory process has been properly conducted.</p> <p>The persistency clawback (third bullet point above) and the enhanced monitoring (fourth bullet point above) only applies to mass recruitment scenarios, meaning the movement of 30 or more representatives from the same FA firm within a 60-day rolling period.</p> <p>The public consultation ended on 9 April 2018.</p> <p>On 14 March 2018 the Life Insurance Association of Singapore issued guidelines to its members which were co-created with the MAS and reflect the above four measures.</p>		
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# Changes in insurance regulation: Indonesia

## January - March 2018

Subject	Update	Key Date	Link
Reporting Form for Insurance and Reinsurance Companies	<p>The OJK has issued Circular Letter No. 1/SEOJK.05/2018 on the Form and Structure of the Periodical Report of Insurance and Reinsurance Companies (<b>SEOJK 1/2018</b>). The Circular Letter provides forms of periodical report for insurance and reinsurance companies.</p> <p>Under SEOJK 1/2018, there are four types of periodical reports, as follows:</p> <ol style="list-style-type: none"> <li>monthly report;</li> <li>quarterly report;</li> <li>annual report (consisting of financial and management information); and</li> <li>other reports.</li> </ol> <p>The above reports must be made using the forms attached to SEOJK 1/2018 and must be submitted through an online system (or email if the system is not available).</p>	Effective on 24 January 2018	<a href="https://www.ojk.go.id/id/regulasi/Pages/Bentuk-dan-Susunan-Laporan-Berkala-Perusahaan-Asuransi-dan-Perusahaan-Reasuransi.aspx">https://www.ojk.go.id/id/regulasi/Pages/Bentuk-dan-Susunan-Laporan-Berkala-Perusahaan-Asuransi-dan-Perusahaan-Reasuransi.aspx</a>
Reporting Form for Sharia Insurance	<p>The OJK has issued Circular Letter No. 2/SEOJK.05/2018 on Form and Structure of the Periodical Report of Sharia Insurance, Sharia Reinsurance Companies and Sharia Unit (<b>SEOJK 2/2018</b>). SEOJK 2/2018 provides forms of periodical report for sharia insurance, sharia reinsurance companies and sharia units.</p> <p>The periodical reports are the same as for insurance and reinsurance companies and the reports must be made using the forms attached to SEOJK 2/2018 and must be</p>	Effective on 24 January 2018	<a href="https://www.ojk.go.id/id/regulasi/Pages/Bentuk-dan-Susunan-Laporan-Berkala-Perusahaan-Asuransi-Syariah,-Perusahaan-Reasuransi-Syariah,-dan-Unit-Syariah.aspx">https://www.ojk.go.id/id/regulasi/Pages/Bentuk-dan-Susunan-Laporan-Berkala-Perusahaan-Asuransi-Syariah,-Perusahaan-Reasuransi-Syariah,-dan-Unit-Syariah.aspx</a>

Subject	Update	Key Date	Link
	submitted through an online system (or email if the system is not available).		
Reporting Form for Broker and Loss Adjuster Companies	<p>The OJK has issued Circular Letter No. 3/SEOJK.05/2018 on the Form and Structure of the Periodical Report of Insurance Broker, Reinsurance Broker and Loss Adjuster Companies (<b>SEOJK 3/2018</b>). SEOJK 3/2018 provides forms of periodical report for insurance broker, reinsurance broker and loss adjuster companies.</p> <p>Under SEOJK 3/2018, there are two types of periodical reports for insurance and reinsurance broker companies, as follows:</p> <ol style="list-style-type: none"> <li>a. half-yearly report; and</li> <li>b. annual report (consisting of financial and management information).</li> </ol> <p>Loss adjuster companies are required to submit annual reports.</p> <p>The above reports must be made using the forms attached to SEOJK 3/2018 and must be submitted through an online system (or email if the system is not available).</p>	Effective on 24 January 2018	<a href="https://www.ojk.go.id/id/regulasi/Pages/Bentuk-Susunan-Laporan-Berkala-Perusahaan-Pialang-Asuransi,-Reasuransi,-Perusahaan-Penilai-Kerugian-Asuransi.aspx">https://www.ojk.go.id/id/regulasi/Pages/Bentuk-Susunan-Laporan-Berkala-Perusahaan-Pialang-Asuransi,-Reasuransi,-Perusahaan-Penilai-Kerugian-Asuransi.aspx</a>

# Changes in insurance regulation: Vietnam

**January - March 2018**

No relevant updates for this quarter.



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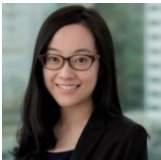
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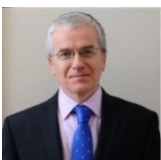


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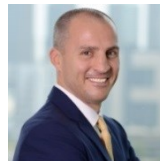


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