

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

January - June 2021



Hogan
Lovells

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Changes in insurance regulation: Mainland China

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Requirements in relation to insurance intermediaries' informatization work	<p>On 12 January 2021, the China Banking and Insurance Regulatory Commission (CBIRC) issued the <i>Regulating the Informatization Work of Insurance Intermediaries Measures</i> (Insurance Intermediaries Measures), which took effect on 1 February 2021.</p> <p>The stipulations in the Insurance Intermediaries Measures can be divided into three parts:</p> <ul style="list-style-type: none"> • In terms of general requirements, Insurance Intermediaries must perform certain duties, including compliance, formulating strategies, designing an efficient management mechanism and so forth in relation to informatization work. • In terms of establishing an information system, the system must record details of business, financial, and personnel management information; generate data files meeting the regulatory requirements, and realize data connections with the relevant information insurance intermediary regulatory systems by technical means. • In terms of the informatization work, CBIRC will focus on inspecting of insurance intermediaries in situations where non-compliance, emergency, or leakages of personal information have occurred. 	Effective date: 1 February 2021	<p>CBIRC Notice (12 January 2021): http://www.cbirc.gov.cn/view/pages/ItemDetail.html?docId=958270&itemId=915</p> <p>CBIRC Q&A (12 January 2021): http://www.cbirc.gov.cn/view/pages/ItemDetail.html?docId=958272&itemId=915</p>
Insurance asset management companies rating rules	<p>On 12 January 2021, CBIRC released the <i>Regulatory Ratings of Insurance Asset Management Companies Interim Measures</i> (Rating Insurance Manager Measures). The Rating Insurance Manager Measures will be implemented on a pilot basis from 31 December 2021,</p>	Effective date: 1 January 2022	<p>CBIRC Notice (12 January 2021): http://www.cbirc.gov.cn/view/pages/ItemDetail.html?docId=958402&itemId=915</p>

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	<p>but regulatory measures will not be adopted during the period. The Rating Insurance Manager Measures will be implemented on a full scale from 1 January 2022.</p> <p>The Rating Insurance Manager Measures introduced five indicators to measure regulatory ratings, including corporate governance, internal controls, and asset management capabilities. The full score is 100 points, with 20, 30, 25, 15, and 10 points allocated to each of the five indicators respectively. Based on the points obtained, insurance asset management companies will be classified into four classes: companies will be rated as Class A if over 86 points are obtained, B if between 70-85 points are obtained, C if a score of 60-70 points is achieved and D for a points score below 60. Any violation of the Rating Insurance Manager Measures may result in a downgrade. Regulatory ratings will be kept for a year, and the companies are subject to differentiated regulatory treatment based on their classification.</p> <p>Overall, the higher the class, the more favorable the regulatory measures. For example, for a Class A company, regulation will mainly be exercised off site, various regulatory indicators will be regularly monitored, and appropriate support will be provided in market access, business scope, product offerings and innovation, and other aspects. Contrast this with the position for a Class D company, where continuous regulatory scrutiny will be applied, off-site regulation and on-site inspection will be strengthened, its high-risk businesses will be restricted in accordance with law, it will be urged to take measures to improve its operating situation and reduce its risk level, and when necessary, regulatory measures will be taken in accordance with to the law such as restricting its business scope</p>		

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	and ordering it to stop accepting new business.		
Administrative measures on solvency of insurance companies	<p>CBIRC revised the <i>Administration of the Solvency of Insurance Companies Provisions</i> (Solvency Provisions), which were implemented with effect from 1 March 2021.</p> <p>The revised Solvency Provisions set out a three-pillar framework of solvency regulation, including quantitative capital requirements, qualitative regulatory requirements, and a market constraint mechanism. The regulatory indicators of solvency are expanded into core solvency adequacy ratio, comprehensive solvency adequacy ratio, and comprehensive risk rating. Insurance companies that meet all three indicators are deemed to meet the solvency standards.</p> <p>Key obligations for insurance companies under this provision are listed below:</p> <ul style="list-style-type: none"> • An insurance company that meets all the following three regulatory requirements is a company with up-to-standard solvency: <ol style="list-style-type: none"> 1. Its core solvency adequacy ratio not less than 50 percent. 2. Its comprehensive solvency adequacy ratio not less than 100 percent. 3. Its comprehensive risk status is rated at Class B or above. • An insurance company not meeting any of the above requirements shall be a company with substandard solvency. • Insurance companies must establish a solvency risk management system and 	<p>Effective date: 1 March 2021</p>	<p>CBIRC Notice (25 January 2021): http://www.cbirc.gov.cn/view/pages/ItemDetail.html?docId=962012&itemId=915&generaltype=0</p> <p>CBIRC Q&A (25 January 2021): http://www.cbirc.gov.cn/view/pages/ItemDetail.html?docId=962009&itemId=915&generaltype=0</p>

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	<p>mechanism, and formulate a three-year rollover capital plan.</p> <p>They must also disclose solvency figures every quarter.</p>		
<p>Specifying the administration of reputation risks of banking and insurance institutions</p>	<p>CBIRC released the Administration of Reputational Risks of Banking and Insurance Institutions Measures (for Trial Implementation) (the Reputational Risks Measures), which took effect on 8 February 2021.</p> <p>The Reputational Risks Measures clarify the definitions of reputational risk and reputation incidents, as well as the principle of reputational risk management. Banking and insurance institutions must establish a sound system on reputational risk management based on seven aspects of predictive evaluation, including risk monitoring, response, information reporting, accountability, and so forth.</p> <p>In addition, it also requires that institutions to do a good job in day-to-day risk management through risk screening, emergency drills, public supervision, reputation accumulation, as well as internal auditing.</p>	<p>Effective date: 8 February 2021</p>	<p>CBIRC Notice (8 February 2021): http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=967212&itemId=915&generaltype=0</p> <p>CBIRC Q&A (8 February 2021): http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=967211&itemId=915&generaltype=0</p>
<p>Decision on revising the detailed implementing rules for the administration of foreign-funded insurance companies</p>	<p>The CBIRC released the <i>Decision on Revising People's Republic of China Foreign-Funded Insurance Companies Administrative Regulations Detailed Implementing Rules</i>, which took effect on 19 March 2021.</p> <p>There are three key changes. First, the types of foreign investors that are allowed to invest in insurance companies is broadened from foreign insurance companies only to foreign insurance companies, foreign insurance groups, and other foreign financial institutions. The specific market access</p>	<p>Effective date: 19 March 2021</p>	<p>CBIRC Notice (19 March 2021): http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=971698&itemId=928</p> <p>CBIRC Q&A (19 March 2021): https://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=971674&itemId=916&generaltype=0</p>

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	<p>conditions are also provided for the new types of foreign investors.</p> <p>Second, certain shareholder change and market access requirements were added, including requiring foreign investment national security review where the foreign investment in an insurance company will impact or may impact upon national security.</p> <p>Third, the restrictions on foreign shareholdings in foreign-funded life insurance companies were scrapped. Foreign insurance groups can now hold up to a 100 percent stake in foreign-funded life insurance companies, up from the previous threshold of 51 percent.</p>		
<p>Specifying the procedures during licenses administration of banking and insurance institutions</p>	<p>On 7 May 2021, CBIRC released the <i>Licenses Held by Banking and Insurance Institutions Administrative Measures</i> (the License Administrative Measures), which were implemented from 1 July 2021.</p> <p>The License Administrative Measures specify the procedures for obtaining, holding, amending, and cancelling administrative permits.</p> <p>Major takeaways can be summarized as follows: licenses held by banking and insurance institutions are consolidated into three categories: financial business licenses, insurance licenses, and insurance intermediary licenses. The license must indicate the name and address of the institution, business scope, date of approval, date of issuance, and issuing authority. When a license is first issued, renewed or replaced upon being lost or destroyed, the license holder will not be required to make an announcement in designated media. Provisions and time limits for banking and insurance institutions to</p>	<p>Effective date: 1 July 2021</p>	<p>CBIRC Notice (7 May 2021): http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=982005&itemId=915</p> <p>CBIRC Q&A (7 May 2021): http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=982004&itemId=915</p>

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	obtain, renew or return licenses were also unified.		
Principles of banking and insurance institutions corporate governance	<p>On 2 June 2021, CBIRC released the <i>Corporate Governance Principles for Banking and Insurance Institutions</i> (the Corporate Governance Principles). The Corporate Governance Principles took effect from 2 June 2021 and apply to commercial banks and insurance companies that are lawfully incorporated in China. It should be noted that the scope of the Corporate Governance Principles is limited to insurance group (holding) companies, property insurance companies, reinsurance companies, and life insurance companies and it does not cover insurance intermediaries.</p> <p>The Corporate Governance Principles clarify the rights and obligations of shareholders and the authority of the general meeting of shareholders. They emphasize the election, responsibilities and performance by the board of directors of its duties, especially with respect to independent directors, and specifies the composition and authority of the board of directors and special committees. Under the Corporate Governance Principles, the board of directors must be composed of at least five members, consisting of executive directors (directors who also assume senior management roles) and non-executive directors (including independent directors). An insurance company may establish various special committees, such as strategy committee, audit committee, nomination committee, remuneration committee, related-party transaction control committee, risk management committee, consumer protection committee. Besides, an insurance company must have Asset-Liability Management Committee. In the audit committee, nomination committee, remuneration committee, related-party transaction control committee, risk management committee, the independent directors must take no less</p>	<p>Effective date: 2 June 2021</p>	<p>CBIRC Notice (2 June 2021): http://www.cbirc.gov.cn/view/pages/ItemDetail.html?docId=989067&itemId=915</p> <p>CBIRC Q&A (2 June 2021): http://www.cbirc.gov.cn/view/pages/ItemDetail.html?docId=988986&itemId=915</p>

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	<p>than one third seats and the main roles within those committees must be assumed by independent directors.</p> <p>It also sets down good corporate governance guidelines for banks and insurance companies:</p> <ul style="list-style-type: none"> (a) Clear equity structure. (b) Proper organizational structure. (c) Clear division of duties and responsibilities. (d) Scientific development strategies. (e) High standard code of professional ethics. (f) Effective risk management and internal controls. (g) Proper information disclosure mechanism. (h) Reasonable incentivization and restraint mechanisms. (i) A good stakeholder protection mechanisms. (j) Strong sense of social responsibility. 		
<p>Qualifications and responsibilities of directors, supervisors, and senior executives of insurance companies</p>	<p>CBIRC released the <i>Qualifications of Directors, Supervisors and Senior Executives of Insurance Companies Administrative Provisions</i> (the Qualification Provisions), which were implemented from 1 July 2021.</p> <p>The Qualification Provisions set down rules on the procedures for being approved to take up office, supervision and management requirements, and legal responsibilities in relation to directors, supervisors, and senior executives qualification.</p> <p>Key definitions and requirements are as follows:</p>	<p>Effective date: 1 July 2021</p>	<p>CBIRC Notice (21 June 2021): http://www.cbirc.gov.cn/view/pages/ItemDetail.html?docId=991284&itemId=915&generaltype=0</p> <p>CBIRC Q&A (21 June 2021): http://www.cbirc.gov.cn/view/pages/ItemDetail.html?docId=991279&itemId=915&generaltype=0</p>

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	<ul style="list-style-type: none"> • Senior executives in this Qualification Provisions includes: <ul style="list-style-type: none"> (a) General manager, deputy general manager, and assistant to general manager of a parent company. (b) Secretary of the board of directors, chief actuary, person-in-charge of compliance, person-in-charge of finance, and person-in-charge of audit of a parent company. (c) General manager, deputy general manager, and assistant to general manager of a provincial branch company. (d) General manager of any other branch company or central subbranch company. (e) Management personnel with the same official powers as aforesaid senior executives. • Directors, supervisors, and senior executives of an insurance company must hold an undergraduate diploma or above, or a bachelor's degree or above. • The chairman of the board of directors of an insurance company must have more than five years of financial work experience or more than ten years of economic work experience (of which, not less than three years of financial work experience). 		<p>CBIRC Notice (21 June 2021):</p> <p>http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=991237&itemId=928</p>

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	<p>On the same day the CBIRC issued a separate circular to tighten qualification management of branches operated by insurance companies' provincial subsidiaries. Under the circular, branch managers must hold bachelor or higher degrees and have at least three years of work experience in the financial industry or at least five years of experience in economic work; academic requirement can be relaxed to an undergraduate degree in special circumstances.</p>		

Changes in insurance regulation: Hong Kong

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<p>Applications for new insurance intermediaries licences by deemed licensees</p>	<p>The Insurance Authority (the IA) announced in a circular the launch of the licence application process for deemed licensees, i.e. insurance agents and brokers who were previously registered with the self-regulatory bodies prior to 23 September 2019 and are deemed to be licensed with the IA until 22 September 2022.</p> <p>It is expected that in early 2022, the IA will announce a cut-off date, and, if an application is not submitted by an intermediary by the cut-off date, the IA will not be able to guarantee the processing of such licence application before 22 September 2022.</p>	<p>Deemed licence would be available until 22 September 2022</p>	<p>IA Circular (8 January 2021): https://www.ia.org.hk/en/legislative_framework/circulars/reg_matters/files/Cir_dd_08012021_Applications_for_new_licences_by_deemed_licensees.pdf</p>
<p>Prescribed Scenarios for Long Term Insurance Business (Prescribed Scenarios) in relation to Guideline on Enterprise Risk Management (GL21)</p>	<p>The IA published the Prescribed Scenarios in relation to GL21, which shall be adopted for the first Own Risk and Solvency Assessment (ORSA) Report that is required for the financial year ended 31 December 2021. The IA will review the Prescribed Scenarios for the next ORSA Report and may revise some of the scenarios in the future having regard to market conditions.</p> <p>The Prescribed Scenarios include market risk scenario, life insurance risk scenario, market risk with life insurance risk scenario, and compound scenario. These are designed for a long term insurer to consider in its ORSA Report, the risk to its capital position of multiple severe events or stresses happening at the same time, and the management actions it would take in the event of such extreme events or stresses. The IA may request insurers to test</p>	<p>/</p>	<p>IA Circular (11 January 2021): https://www.ia.org.hk/en/legislative_framework/circulars/reg_matters/files/cir_20210111.pdf</p> <p>Appendix to Circular: https://www.ia.org.hk/en/legislative_framework/circulars/reg_matters/files/cir_20210111_appendix_1.pdf</p>

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	scenarios in addition to the Prescribed Scenarios.		
<p>Profits tax concessions for insurance-related businesses to commence on 19 March 2021</p>	<p>The <i>Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Business) Ordinance 2020 (the Ordinance)</i>, which was enacted in July 2020, reduces the profits tax rate by 50 percent for all general reinsurance business of direct insurers, selected general insurance business of direct insurers and selected insurance brokerage business. For the purpose of effecting the profits tax concessions, the Government gazetted the following subsidiary legislation:</p> <ul style="list-style-type: none"> • The <i>Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Ordinance 2020 (Commencement) Notice</i>, which appoints 19 March 2021 to be the date for the Ordinance to become effective. • The <i>Inland Revenue (Profits Tax Concessions for Insurance-related Businesses) (Threshold Requirements) Notice</i>, which prescribes threshold requirements for determining whether the relevant activities of the specified insurance-related business are, or are arranged to be, conducted in Hong Kong. 	/	<p>Government news (15 January 2021): https://www.info.gov.hk/gia/general/202101/15/P2021011400482.htm</p>
<p>Consultation conclusions on the Insurance (Special Purpose Business) Rules (SPB Rules)</p>	<p>The IA published consultation conclusions on the draft SPB Rules in respect of restrictions on the sale of insurance-linked securities (ILS) issued in Hong Kong.</p> <p>The draft SPB Rules impose restrictions on the sale of ILS, which are useful and effective risk management tools that enable insurers and reinsurers to offload insured risks onto the capital</p>	/	<p>IA Circular (19 January 2021): https://www.ia.org.hk/en/infocenter/press_releases/20210119_1.html</p> <p>Consultation Conclusions: https://www.ia.org.hk/en/infocenter/files/Consultation_Conclusions_on</p>

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	<p>markets by way of securitization, but which may also be unsuitable products for ordinary retail investors. The said restrictions include spelling out the scope of eligible ILS investors, a minimum investment sum and the penalties for contraventions of sales restrictions.</p> <p>Respondents to the public consultation proposed a lower minimum investment sum to facilitate market development, maintain liquidity in the secondary market and make Hong Kong a more competitive ILS domicile. Based on the responses received, the IA proposes to adjust the threshold to US\$250,000.</p>		<p>Draft Insurance Special Purpose Business Rules EN.pdf</p> <p>Consultation Paper: https://www.ia.org.hk/en/infocenter/files/Consultation_Paper_on_Draft_Insurance_Special Purpose Business Rules EN.pdf</p>
<p>Insurance Authority extends the validity of temporary facilitative measures to 30 June 2021</p>	<p>The IA issued a circular to authorized long-term insurers announcing the extension of temporary facilitative measures for non-face-to-face distribution of specific protective insurance products to 30 June 2021.</p> <p>Products covered by the temporary facilitative measures include Qualifying Deferred Annuity Policy, Voluntary Health Insurance Scheme products, term life policies, and refundable policies without substantial savings component or renewable policies without cash value that provide insurance protection. Insurers and intermediaries can distribute those products via different non-face-to-face means, such as digital, telemarketing, postal or video conferencing, but are required to make upfront disclosure at the point-of-sale and provide an extended cooling-off period of no less than 30 calendar days for the protection of policy holders.</p>	<p>Temporary facilitative measures would be available until 30 June 2021</p>	<p>IA Circular (24 February 2021): https://ia.org.hk/en/legislative_framework/circulars/reg_matters/files/Circular_24022021.pdf</p>
<p>Statements issued by the Financial</p>	<p>The FATF issued a statement advising its members to refer to the list of high-risk jurisdictions subject to a call for</p>	<p>/</p>	<p>IA Circular (12 March 2021): https://www.ia.org.hk/e</p>

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<p>Action Task Force (FATF)</p>	<p>action adopted in February 2020, namely Iran and the Democratic People's Republic of Korea. This is in light of the fact that the FATF has since February 2020 paused the relevant review process due to the COVID-19 pandemic.</p> <p>In addition, the FATF issued an updated statement on Jurisdictions under Increased Monitoring. The statement sets out the list of jurisdictions that have committed to swiftly resolve strategic deficiencies in their regime to counter money laundering, terrorist financing, and proliferation financing within agreed timeframes and are subject to increased monitoring.</p> <p>The FATF also published various other outcomes of its recent plenary which may be of interest to insurance institutions, including the approval of the public consultation on a new guidance on proliferation financing risk assessment and mitigation as well as an update to the FATF guidance for virtual assets and virtual asset service providers.</p>		<p>n/legislative_framework/circulars/antimoney_laundering/files/Cirdd20210312.pdf</p>
<p>Commencement of the group-wide supervision framework and regulatory regime of insurance-linked securities business</p>	<p>Legislative amendments on the group-wide supervision (GWS) framework and regulatory regime of ILS business became effective on 29 March 2021. These amendments seek to expand the scope of insurable risks for captives, thus transforming Hong Kong into a preferred domicile for captives formed by state-owned enterprises from the Mainland, multinational conglomerates and local corporates. Coupled with the tax concessions for all general reinsurance business of direct insurers, selected general insurance business of direct insurers and selected insurance brokerage business, these initiatives will give impetus to the development of</p>	<p>Effective date of legislative amendments on GWS framework and ILS regulatory regime: 29 March 2021</p>	<p>IA Press Release (29 March 2021): https://www.ia.org.hk/en/infocenter/press_releases/20210329.html</p>

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	<p>marine and specialty risks insurance in Hong Kong.</p> <p>The IA has engaged closely with key industry stakeholders in developing the Guideline on Group Supervision, which spells out principles and standards for designated insurance holding companies on a wide range of areas, including enterprise risk management, corporate governance, capital requirements and public disclosure.</p>		
<p>Premium levy rate to be adjusted to 0.1 percent on 1 April 2021</p>	<p>In accordance with the schedule set out in the <i>Insurance (Levy) Order</i> under the <i>Insurance Ordinance (Cap. 41)</i>, starting from 1 April 2021, the premium levy rate will be adjusted to 0.1 percent of the insurance premium per policy year, with the levy cap set at HK\$100 for life insurance policies and HK\$5,000 for general insurance policies.</p> <p>Except for certain policies that are exempt from the levy by law, policy holders of all new or in-force life insurance policies and general insurance policies (such as travel, motor, property and household insurance) will have to pay the levy along with their premium payment. The IA collects the premium levies from policy holders via insurance companies.</p>	<p>Adjusted premium levy would apply from 1 April 2021</p>	<p>IA Press Release (31 March 2021): https://www.ia.org.hk/en/infocenter/press_releases/20210331.html</p>
<p>Details of the Pilot Insurance-linked Securities Grant Scheme announced by the Insurance Authority</p>	<p>The IA announced the details of the two-year Pilot ILS Grant Scheme (the Grant Scheme) promulgated in the 2021-22 Budget.</p> <p>The Grant Scheme provides an incentive for insurance companies and organizations to issue ILS in Hong Kong, while efforts are being made in parallel to map out a new regulatory scheme for Special Purpose Insurers set up in this regard.</p>	<p>/</p>	<p>IA Press Release (3 May 2021): https://www.ia.org.hk/en/infocenter/press_releases/20210503_1.html</p>

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<p>Conduct In Focus looks at conduct issues for insurance agents selling insurance from temporary booths</p>	<p>The IA published its latest issue of Conduct In Focus, featuring the recent trend of insurance agents promoting insurance products in public places such as temporary booths and vacant retail outlets and related possible conduct issues.</p> <p>An issue the IA observes is that certain "self-made" marketing materials and banners used in these sale activities to "hook" the customer's attention, may sometimes not be approved by the insurance agents' appointing principals, as required by the <i>Code of Conduct for Licensed Insurance Agents</i>. The IA also emphasizes the importance of providing adequate time and information to prospective customers during these activities, so they can make informed decisions.</p>	/	<p>IA Press Release (17 May 2021): https://www.ia.org.hk/en/infocenter/press_releases/20210517.html</p> <p>IA Circular (17 May 2021): https://www.ia.org.hk/en/legislative_framework/circulars/reg_matters/files/20210517Circular_for_Conduct_in_Focus.pdf</p>
<p>Publication of the Guideline on Group Supervision (GL32)</p>	<p>Following the legislative amendments on the GWS framework on 29 March 2021, the IA published the GL32 to set out principles and standards for designated insurance holding companies on various issues such as capital requirements and enterprise risk management.</p> <p>The GL32 came into effect on 14 May 2021.</p>	/	<p>IA Circular (17 May 2021): https://www.ia.org.hk/en/legislative_framework/circulars/reg_matters/files/Circular_17052021.pdf</p> <p>GL32: https://ia.org.hk/en/legislative_framework/files/GL32_En.pdf</p>
<p>Insurance Authority extends the validity of temporary facilitative measures to 30 September 2021</p>	<p>The IA issued a circular to authorized long-term insurers announcing the extension of temporary facilitative measures for non-face-to-face distribution of specific protective insurance products to 30 September 2021. The scope of products covered and the implementation details of the measures remain unchanged.</p>	Temporary facilitative measures would be available until 30 September 2021	<p>IA Press Release (27 May 2021): https://www.ia.org.hk/en/infocenter/press_releases/20210527.html</p> <p>IA Circular (27 May 2021): https://www.ia.org.hk/en/legislative_framework</p>

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	<p>Products covered by the temporary facilitative measures include Qualifying Deferred Annuity Policies, Voluntary Health Insurance Scheme products, term life policies, and refundable policies without substantial savings component or renewable policies without cash value that provide insurance protection. Insurers and intermediaries can distribute those products via different non-face-to-face means, such as digital, telemarketing, postal or video conferencing, but are required to make upfront disclosure at the point-of-sale and provide an extended cooling-off period of no less than 30 calendar days for the protection of policy holders.</p>		<p>/circulars/reg_matters/files/Circular_27052021.pdf</p>

Changes in insurance regulation: Singapore

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Insurance (Approved Marine, Aviation, and Transit Insurers) (Amendment) Regulations 2021	<p>The United Kingdom – Singapore Free Trade Agreement (UKSFTA) was signed on 10 December 2020. Under the UKSFTA, Singapore committed to liberalize the cross-border supply of international marine, aviation and goods in transit insurance and broking.</p>	Deemed effective date: 1 January 2021	MAS Circular (4 January 2021): https://www.mas.gov.sg/regulation/circulars/id01_21
Insurance (Approved Marine, Aviation and Transit Insurance Brokers and Approved Reinsurance Brokers) (Amendment) Regulations 2021	<p>In order to give effect to Singapore's commitments under the UKSFTA, the Monetary Authority of Singapore (MAS) has amended the <i>Insurance (Approved Marine, Aviation and Transit Insurers) Regulations</i> and <i>Insurance (Approved Marine, Aviation and Transit Brokers and Reinsurance Brokers) Regulations</i> with effect from 1 January 2021.</p>		
Technology Risk Management Guidelines	<p>Following the completion of its consultation in 2019, MAS has issued a set of guidelines on managing technology risk for financial institutions (FIs) in Singapore.</p> <p>The Guidelines set out risk management principles and best practices to guide FIs to establish sound and robust technology risk governance and oversight, as well as maintain IT and cyber resilience. Amongst other matters, the Guidelines:</p> <ul style="list-style-type: none"> (a) Introduce additional guidance on the roles and responsibilities of the board and senior management. (b) Call for more stringent assessments regarding third party vendors and other entities that 	/	MAS Guideline (18 January 2021): https://www.mas.gov.sg/regulation/guidelines/technology-risk-management-guidelines

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	<p>have access to the IT systems of the FI.</p> <p>(c) Encourage FIs to establish and continuously improve their IT processes and controls to preserve the confidentiality, integrity, and availability of their data and IT systems.</p>		
<p>Consultation Paper on Proposed Revisions to Enterprise Risk Management, Investment and Public Disclosure Requirements for Insurers</p>	<p>MAS consulted in Q1 2021 in respect of its proposals to enhance the current requirements relating to enterprise risk management, investment risk management, and public disclosure practices for insurers, which involve potential revisions to the following Notices:</p> <p>(a) MAS Notice 124 on Public Disclosure Requirements.</p> <p>(b) MAS Notice 125 on Investments of Insurers.</p> <p>(c) MAS Notice 126 on Enterprise Risk Management.</p> <p>The proposed changes set out by MAS in the consultation paper are designed to strengthen insurers' risk management practices, which include enhancing liquidity risk management and stress testing processes, to help prevent insurance sector vulnerabilities and exposures developing into systemic risks.</p>	<p>Consultation opened on 19 February 2021 and closed on 19 March 2021</p>	<p>MAS Consultation (19 February 2021): https://www.mas.gov.sg/publications/consultations/2021/cp-on-proposed-revisions-to-enterprise-risk-mgt-investment-n-public-disclosure-req-for-insurers</p>
<p>Risk Management and Operational Resilience in a Remote Working Environment</p>	<p>MAS and the Association of Banks in Singapore (ABS) jointly issued a paper on managing new risks that could emerge from extensive remote</p>	<p>/</p>	<p>MAS Information Paper (2 March 2021): https://www.mas.gov.sg/publications/monographs-or-information-paper/2021/risk-</p>

Subject	Update	Key date	Link
	<p>working arrangements adopted by FIs as a result of the COVID-19 pandemic.</p> <p>The paper highlights possible risks to FIs in the areas of operations, technology and information security, fraud and staff misconduct, and legal and regulatory risks, and is intended to:</p> <ul style="list-style-type: none"> (a) Raise awareness of key remote working risks in the financial sector. (b) Share good practices adopted by FIs to mitigate remote working risks. (c) Encourage all FIs to adopt good practices on risk mitigation (as set out in the paper), on a risk-proportionate basis according to their risk profiles and business activities. 		management-and-operational-resilience-in-a-remote-working-environment
Amendments to Reports of Auditors in Insurance Returns	<p>MAS has made amendments to the Independent Auditor's Report and Independent Auditor's Supplementary Report in the following insurance returns legislations:</p> <ul style="list-style-type: none"> (a) Forms and Annexes and Notes to the Forms Used for the Purposes of the Insurance (Lloyd's Asia Scheme) Regulations. (b) MAS Notice 129 on Insurance Returns (Accounts and Statements). (c) MAS Notice 130 on Insurance Returns (Accounts and 	<p>Effective Date: 16 March 2021</p>	<p>MAS Circular (15 March 2021): https://www.mas.gov.sg/regulation/circulars/id05_21</p>

Subject	Update	Key date	Link
	<p>Statements) for Captive Insurers.</p> <p>(d) MAS Notice 131 on Insurance Returns (Accounts and Statements) for Special Purpose Reinsurance Vehicles.</p> <p>(e) MAS Notice 212 on Insurance Returns (Accounts and Statements) for Marine Mutual Insurers.</p> <p>These legislative amendments take into account revisions to the <i>Singapore Standards on Auditing</i> in recent years.</p>		
<p>Study on future workplace</p>	<p>MAS and ABS jointly issued the <i>Study on Future Workplace</i> (Study) to enhance the resilience of future workplaces of FIs in Singapore.</p> <p>The Study is intended to provide FIs with clear guidance and strategic advice in mitigating the challenges of the COVID-19 pandemic, with respect to the workplaces of the FIs.</p> <p>The Study sets out good practices and recommendations for FIs to review and redesign their workplaces, to better support the well-being and safety of their employees and enhance workplace resilience to future pandemics.</p>	/	<p>MAS Information Paper (23 March 2021): https://www.mas.gov.sg/publications/monographs-or-information-paper/2021/study-on-future-workplace</p>
<p>Consultation on the Proposed Revisions to the CG Guidelines</p>	<p>MAS consulted in Q2 2021 in respect of proposed revisions to the <i>Guidelines on Corporate Governance for Designated Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers</i> which are incorporated in Singapore (CG Guidelines).</p>	<p>Consultation opened on 7 May 2021 and closed on 18 June 2021</p>	<p>MAS Consultation (7 May 2021): https://www.mas.gov.sg/publications/consultations/2021/consultation-paper-on-revisions-to-the-guidelines-on-corporate-governance</p>

Subject	Update	Key date	Link
	<p>The proposed revisions take into account developments in international standards and good practice and seek to move some provisions currently in the CG Guidelines, including the key responsibilities of the board, to the <i>Banking (Corporate Governance) Regulations 2005</i> and <i>Insurance (Corporate Governance) Regulations 2013</i> for mandatory compliance.</p>		
<p>Guidelines on Criteria for the Registration of an Insurance Broker</p>	<p>These guidelines set out the licensing admission criteria for persons applying for registration as an insurance broker, including:</p> <ul style="list-style-type: none"> (a) Who needs to register as an insurance broker. (b) Criteria that will be taken into consideration when assessing applications. 	<p>Previous version: 29 September 2006 (cancelled)</p>	<p>MAS revised Guideline (28 June 2021): https://www.mas.gov.sg/regulation/guidelines/criteria-for-the-registration-of-an-insurance-broker</p>
<p>Guidelines on Risk Management Practices – Board and Senior Management</p>	<p>MAS issued the <i>Guidelines on Risk Management Practices – Board and Senior Management</i>, which are intended to highlight the corporate governance roles of board and senior management with respect to risk management practices for FIs, and are broadly applicable to all FIs. In supervising an FI, MAS will take into account the implementation of these Guidelines when assessing the quality of board and senior management oversight. Amongst other matters, the Guidelines provide for:</p> <ul style="list-style-type: none"> (a) The roles and responsibilities of the board and senior management of an FI, regarding risk management. (b) Risk culture and risk appetite of an FI. 	<p>/</p>	<p>MAS revised Guideline (28 June 2021): https://www.mas.gov.sg/regulation/guidelines/guidelines-on-risk-management-practices-board-and-senior-management</p>

Subject	Update	Key date	Link
	<p>(c) Risk management systems and frameworks of an FI.</p> <p>(d) Guidelines on reporting any substantive changes in the FI's business activities, structure and overall condition to MAS.</p>		
<p>Guidelines on Fit and Proper Criteria</p>	<p>MAS revised the <i>Guidelines on Fit and Proper Criteria</i> on 28 June 2021, with effect from 1 July 2021. Such Guidelines set out the fit and proper criteria applying to all 'relevant persons' carrying on an activity regulated by MAS, and include:</p> <p>(a) Definitions of 'relevant persons' and scope of application of the Guidelines.</p> <p>(b) Criteria for considering if a relevant person is fit and proper.</p>	<p>Effective date: 1 July 2021</p>	<p>MAS revised Guideline (28 June 2021): https://www.mas.gov.sg/regulation/guidelines/guidelines-on-fit-and-proper-criteria</p>
<p>Consequential Amendments to Notices Arising from the Banking (Amendment) Act 2020</p>	<p>Merchant banks previously approved under the <i>MAS Act</i> will now be licensed under the <i>Banking Act</i> instead.</p> <p>The <i>Banking (Amendment) Act 2020</i> introduced a new licensing framework for merchant banks in the Banking Act.</p> <p>Consequential amendments had to be made to various notices that make reference to "merchant banks."</p> <p>These affected notices are:</p> <p>(a) MAS Notice 133 on Valuation and Capital Framework for Insurers.</p>	<p>Effective Date of consequential amendments: 1 July 2021</p>	<p>MAS Circular (30 June 2021): https://www.mas.gov.sg/regulation/circulars/i11_21</p>

Subject	Update	Key date	Link
	<p>(b) MAS Notice 211 on Minimum and Best Practice Training and Competency Standards for Direct General Insurers.</p> <p>(c) MAS Notice 307 on Investment-Linked Policies.</p> <p>(d) MAS Notice IA/PP-N03.1 on Insurance Deposits.</p> <p>(e) MAS Notice 314 on Prevention of Money Laundering and Countering the Financing of Terrorism – Direct Life Insurers.</p> <p>(f) MAS Notice 109 on Lending of Singapore Dollar to Non-Resident Financial Institutions.</p>		

Changes in insurance regulation: Indonesia

January – June 2021

Subject	Update	Key date	Link
<p>Assessment of the soundness level of insurance companies, Sharia insurance companies, reinsurance company, and Sharia reinsurance company</p>	<p>The Indonesian Financial Services Authority (<i>Otoritas Jasa Keuangan</i> or OJK) previously issued <i>OJK regulation No.28/POJK.05/2020 on the Assessment of the Soundness Level of Non-bank Financial Institutions</i>. To further regulate the assessment of soundness level of Insurance Companies, Sharia Insurance Companies, Reinsurance Company, and Sharia Reinsurance Companies, the OJK has issued <i>OJK Circular Letter No.1/SEOJK.05/2021 on Assessment of the Soundness Level of Insurance Companies, Sharia Insurance Company, Reinsurance Companies, and Sharia Reinsurance Companies</i> (SEOJK 1/2021).</p> <p><i>SEOJK 1/2021</i> regulates several provisions, namely:</p> <ul style="list-style-type: none"> • General principles in assessing the soundness of a company. • Procedures for assessing the soundness of the company individually which set out the mechanism for assessing the soundness level of the company. • Assessment of the good corporate governance factors for the company. • Risk profile factor which consists of nine types of risks, namely inherent risk over strategic, operational, insurance, credit, market, liquidity, legal, compliance , and reputational risks. • Assessment of profitability factor. • Assessment of capital factor. • Assessment of soundness level composite rating in five ratings. • Assessment procedures of consolidated company soundness level. 	<p>OJK Regulation effective as of 15 January 2021</p>	<p>OJK Regulation (15 January 2021):</p> <p>https://www.ojk.go.id/id/regulasi/Pages/Penilaian-Tingkat-Kesehatan-Perusahaan-Asuransi,-Perusahaan-Asuransi-Syariah,-Perusahaan-Reasuransi.aspx</p>

Subject	Update	Key date	Link
<p>Risk Management Implementation for Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, and Sharia Reinsurance Companies</p>	<ul style="list-style-type: none"> Reporting that should be made by a company. <p>To further regulate the implementation of risk management of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, and Sharia Reinsurance Companies, the OJK has issued <i>OJK Circular Letter No.8/SEOJK.05/2021 on Risk Management Implementation for Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, and Sharia Reinsurance Companies</i> (SEOJK 8/2021).</p> <p>By issuance of <i>SEOJK 8/2021</i>, the previous regulation governing this matter i.e. <i>OJK Circular Letter No. 10/SEOJK.05/2016</i> is no longer valid for insurance companies, reinsurance companies, Sharia insurance companies, Sharia reinsurance companies including Sharia business units of insurance companies and reinsurance companies (each a Company).</p> <p><i>SEOJK 8/2021</i> regulates several provisions, including:</p> <ul style="list-style-type: none"> The application of risk management must be adjusted to the objectives, business policies, size, and complexity of the company's business by taking into account the development of conditions and potential problems faced. The Company must have and implement a written risk management strategy, policy, and procedure. Risk management strategies, policies and procedures can be stated in the form of the Company's risk management internal guidelines. Implementation of risk management for the Company refers to the 	<p>OJK Regulation effective as of 5 February 2021</p>	<p>OJK Regulation (5 February 2021):</p> <p>https://www.ojk.go.id/id/regulasi/Pages/Penerapan-Manajemen-Risiko-bagi-Perusahaan-Asuransi,-Perusahaan-Asuransi-Syariah,-Perusahaan-Reasuransi.aspx</p>

Subject	Update	Key date	Link
	<p>standard guidelines for the implementation of insurance risk management in Attachment I to the <i>SEOJK 8/2021</i>, which includes:</p> <ol style="list-style-type: none"> 1) Four pillars of Risk Management Implementation, namely: <ol style="list-style-type: none"> (a) Active supervision of the board of directors, board of commissioners, and Sharia supervisory board. (b) Adequacy of risk management policies and procedures and determination of risk limits. (c) The adequacy of the risk identification, measurement, control, and monitoring process, as well as the risk management information system. (d) Comprehensive internal control system. 2) Implementation of risk management for each type of risk, which includes strategic, operational, insurance, credit, market, liquidity, legal, compliance, and reputation risks. 3) Risk profile assessment, which includes an assessment of inherent risk and an assessment of the quality of risk management implementation. The assessment of the Company's risk profile is carried out by referring to the <i>OJK Regulation number</i> 		

Subject	Update	Key date	Link
	<p><i>28/POJK.05/2020</i> concerning the Assessment of the Soundness of Non-Bank Financial Services Institutions.</p> <ul style="list-style-type: none"> • The Company must have an organizational structure that refers to Attachment II to <i>the SEOJK 8/2021</i>, which includes: <ol style="list-style-type: none"> 1. The organizational structure of the risk management committee, which consists of: <ol style="list-style-type: none"> (a) Membership of the risk management committee. (b) The authority and responsibility of the risk management committee. 2. The organizational structure of the risk management function, which consists of: <ol style="list-style-type: none"> (a) Organizational structure. (b) The independence of the risk management function. 3. Relationship between business and operational functions with the risk management function. • Companies are required to have written policies and procedures to manage inherent risk in the development or expansion of business activities. 		
<p>Form and Structure of Periodic Report for Insurance Company and</p>	<p>The OJK issued <i>OJK Circular Letter No.9/SEOJK.05/2021 on Form and Composition of Periodic Reports for Insurance Companies and Reinsurance Companies</i> (SEOJK 9/2021) on 1 March 2021. SEOJK 9/2021 come into effect 2</p>	<p>OJK Regulation effective as of 1 May 2021</p>	<p>OJK Circular (1 March 2021): https://www.ojk.go.id/id/regulasi/Pages/-Bentuk-dan-Susunan-Laporan-</p>

Subject	Update	Key date	Link
<p>Reinsurance Company</p>	<p>months after 1 March 2021 (i.e. 1 May 2021).</p> <p>SEOJK 9/2021 were issued in connection with the mandate of <i>Article 6 of OJK regulation No.55/POJK.05/2017 on Insurance Company Periodic Reports</i> and <i>Article 7 paragraph 3, Article 14 paragraph 5, Article 15 paragraph 5, and Article 19 of OJK regulation No.24/POJK.05/2019 on Business Plan for Non-Bank Financial Services Institutions.</i></p> <p>Key aspects of <i>SEOJK 9/2021</i> include:</p> <ul style="list-style-type: none"> • Form and structure of periodic reports, which explains the format of preparation and reports. • Procedures for submission of reports, which explains the procedures and mechanism for submitting various reports including periodic reports. <p>By issuance of <i>SEOJK 9/2021</i>, the previous provisions governing this matter are revoked and no longer applicable, namely:</p> <ol style="list-style-type: none"> (a) OJK circular letter No.1/SEOJK.05/2018. (b) Attachment I and Attachment III of OJK circular letter No.17/SEOJK/05/2017 on Report on Implementation of Placement of Reinsurance/Retrocession. (c) Roman III Number 4 letter a and Attachment II in OJK circular letter No.10/SEOJK.05/2016 		<p>Berkala-Perusahaan-Asuransi-dan-Perusahaan-Reasuransi.aspx</p>

Subject	Update	Key date	Link
	<p>on Guideline on Implementation of Risk Management and Self-Assessment Report on Implementation of Risk Management for Non-Bank Financial Institutions.</p>		
<p>Form and Structure of Periodic Report for Sharia Insurance Company and Sharia Reinsurance Company and Shariah Business Unit</p>	<p>The OJK issued <i>OJK Circular Letter No.10/SEOJK.05/2021 on Form and Composition of Periodic Reports for Sharia Insurance Companies and Sharia Reinsurance Companies and Shariah Business Units</i> (SEOJK 10/2021) on 1 March 2021. <i>SEOJK 10/2021</i> will come into effect 2 months after 1 March 2021 (i.e. 1 May 2021).</p> <p><i>SEOJK 10/2021</i> was issued in connection with the mandate of <i>Article 6 of OJK regulation No.55/POJK.05/2017 on Insurance Company Periodic Reports</i> and <i>Article 7 paragraph 3, Article 14 paragraph 5, Article 15 paragraph 5, and Article 19 of OJK regulation No.24/POJK.05/2019 on Business Plan for Non-Bank Financial Services Institutions</i>.</p> <p>Key aspects of <i>SEOJK 9/2021</i> include:</p> <ul style="list-style-type: none"> • Form and structure of periodic reports, which explains the format of preparation and reports. • Procedures for submission of reports, which explains the procedures and mechanism for submitting various reports including periodic reports. <p>By issuance of <i>SEOJK 9/2021</i>, the previous provisions governing this matter are revoked and no longer applicable, namely:</p>	<p>OJK Regulation effective as of 1 May 2021</p>	<p>OJK Circular (1 March 2021):</p> <p>https://www.ojk.go.id/id/regulasi/Pages/Bentuk-dan-Susunan-Laporan-Berkala-Perusahaan-Asuransi-Syariah,-Perusahaan-Reasuransi-Syariah,-dan-Unit-Syariah-.aspx</p>

Subject	Update	Key date	Link
	<p>(a) OJK circular letter No.2/SEOJK.05/2018.</p> <p>(b) Attachment II and Attachment IV of OJK circular letter No.17/SEOJK/05/2017 on Report on Implementation of Placement of Reinsurance/Retrocession.</p> <p>(c) Roman III Number 4 letter a and Attachment II in OJK circular letter No.10/SEOJK.05/2016 on Guideline on Implementation of Risk Management and Self-Assessment Reports on Implementation of Risk Management for Non-Bank Financial Institutions.</p>		
<p>Application of Risk Management During the Utilization of Information Technology by Nonbank Financial Service Institutions</p>	<p>The OJK issued <i>OJK Regulation No.4/POJK.05/2021 on Application of Risk Management During the Utilization of Information Technology by Nonbank Financial Service Institutions</i> (POJK 4/2021) on 9 March 2021. <i>POJK 4/2021</i> came into effect on the date of its promulgation on 17 March 2021.</p> <p>According to <i>POJK 4/2021</i>, the Nonbank Financial Service Institutions (<i>Lembaga Jasa Keuangan Nonbank – LJKNB</i>) must implement effective risk management during the use of any information technology (IT), which must at least encompass the following elements:</p> <ol style="list-style-type: none"> 1. Active supervision of Boards of Directors and Boards of Commissioners. 	<p>OJK Regulation effective as of 17 March 2021</p>	<p>OJK Regulation (9 March 2021):</p> <p>https://www.ojk.go.id/id/regulasi/Documents/Pages/Penerapan-Manajemen-Risiko-dalam-Penggunaan-Teknologi-Informasi-oleh-Lembaga-Jasa-Kuangan-Nonbank/pojk%204-2021.pdf</p>

Subject	Update	Key date	Link
	<ol style="list-style-type: none"> 2. Implementation of adequate policies and procedures relating to the utilization of IT. 3. Implementation of adequate processes relating to the identification, measurement, control, and monitoring of IT-related risks. 4. Internal control systems for the use of IT. <p>In addition, LJKNB are also required to implement IT policies and procedures in a consistent and continuous manner.</p> <p><i>POJK 4/2021</i> applies to the following LJKNB:</p> <ol style="list-style-type: none"> 1. Insurance companies, which consist of: <ol style="list-style-type: none"> (a) Insurance companies. (b) Reinsurance companies. (c) Sharia insurance companies. (d) Sharia reinsurance companies. (e) Insurance brokerage companies. (f) Reinsurance brokerage companies. (g) Insurance loss appraisal companies. 2. Pension funds. 3. Financing institutions, which consist of: <ol style="list-style-type: none"> (a) Finance companies. (b) Sharia finance companies. 		

Subject	Update	Key date	Link
	<p>(c) Venture capital companies.</p> <p>(d) Sharia venture capital companies.</p> <p>(e) Infrastructure financing companies.</p> <p>4. Other financial service institutions, which consist of:</p> <p>(a) Pawnshops.</p> <p>(b) Guarantee institutions, which consists of:</p> <p>(i) Guarantee companies.</p> <p>(ii) Sharia guarantee companies.</p> <p>(iii) Re-guarantee companies.</p> <p>(iv) Sharia re-guarantee companies.</p> <p>(a) Providers of information technology-based lending services.</p> <p>(b) Indonesian export financing institutions.</p> <p>(c) Secondary housing finance companies.</p> <p>(d) Social security agencies.</p> <p>(e) PT Permodalan Nasional Madani (Persero), who use information technology when conducting business.</p> <ul style="list-style-type: none"> LJKNB with <u>total assets of more than IDR1 trillion</u> are required to have an IT steering committee that will primarily be responsible for making 		

Subject	Update	Key date	Link
	<p>recommendations to the Board of Directors relating to IT development plans, the preparation and assessment of IT policies, and the settlement of IT-related disputes.</p> <ul style="list-style-type: none"> • LJKNB with <u>total assets of up to IDR500 billion</u> are required to periodically back up all activity data that is processed through the use of IT. Meanwhile, LJKNB with <u>total assets of between IDR500 billion and IDR1 trillion</u> are required to operate data centers and must periodically back up all activity data that is processed through the use of IT. • LJKNB that have <u>total assets of more than IDR1 trillion and/or that carry out a majority of their business operations through the use of IT</u> are required to operate data centers and disaster recovery centers located within Indonesian territory. LJKNB are required to place the electronic system in the data center in a different location from the disaster recovery center taking into account geographical factors. • LJKNB are prohibited from placing electronic systems in data centers and/or disaster recovery centers outside Indonesia unless they have obtained approval from the OJK. <p>Electronic systems that can be placed in data centers and/or disaster recovery centers outside Indonesia are:</p>		

Subject	Update	Key date	Link
	<ol style="list-style-type: none"> <li data-bbox="587 468 995 757">1. The electronic systems used to support integrated analysis in order to comply with the provisions issued by the LJKNB origin country authorities which are global in nature, including trans-national. <li data-bbox="587 779 983 1068">2. An electronic system used for integrated risk management with the parent company, main entity, and/or other entities that have similar business activities in one LJKNB group outside Indonesia. <li data-bbox="587 1090 991 1491">3. An electronic system used in the context of implementing anti-money laundering and preventing terrorism financing in an integrated manner with the parent company, main entity, and/or other entities that have similar business activities in one LJKNB group outside Indonesia. <li data-bbox="587 1514 995 1767">4. Electronic systems used in the context of services to consumers globally, which require integration with the system electronics belonging to the LJKNB group outside Indonesia. <li data-bbox="587 1789 983 2078">5. Electronic system used for communication management with the parent company, main entity, and/or other entities that have similar business activities in one LJKNB group. 		

Subject	Update	Key date	Link
	6. Electronic systems used for internal management.		
Risk Management Implementation for Insurance Brokerage Company, Sharia Reinsurance Brokerage Company, and Loss Adjuster Company	<p>To further regulate the implementation of risk management of Insurance Brokerage Companies, Sharia Reinsurance Brokerage Companies, and Loss Adjuster Companies, the OJK has issued <i>OJK Circular Letter No.13/SEOJK.05/2021 on Risk Management Implementation for Insurance Brokerage Company, Sharia Reinsurance Brokerage Company, and Loss Adjuster Company</i> (SEOJK 13/2021).</p> <p>By issuance of SEOJK 13/2021, the previous regulation governing this matter i.e. <i>OJK Circular Letter No. 10/SEOJK.05/2016</i> is no longer valid.</p> <p><i>SEOJK 13/2021</i> regulates several provisions, namely:</p> <ul style="list-style-type: none"> • The application of risk management must be adjusted to the objectives, business policies, size, and complexity of the company's business by taking into account the development of conditions and potential problems faced. • The Company must have and implement a written risk management strategy, policy and procedure. • Risk management strategies, policies and procedures can be stated in the form of the Company's risk management internal guidelines. • Implementation of risk management for the Company refers to the standard guidelines for the implementation of insurance risk management in 	<p>OJK Regulation effective as of 12 April 2021</p>	<p>OJK Circular (12 April 2021):</p> <p>https://www.ojk.go.id/id/regulasi/Pages/Penerapan-Manajemen-Risiko-bagi-Perusahaan-Pialang-Asuransi,-Perusahaan-Pialang-Reasuransi,-dan-Perusahaan-Penilai-Kerugian.aspx</p>

Subject	Update	Key date	Link
	<p>Attachment I to the <i>SEOJK 8/2021</i>, which includes:</p> <ol style="list-style-type: none"> 1) Four pillars of Risk Management Implementation, namely: <ol style="list-style-type: none"> (a) Active supervision of the Board of Directors, Board of Commissioners. (b) Adequacy of risk management policies and procedures and determination of risk limits. (c) The adequacy of the risk identification, measurement, control and monitoring process, as well as the risk management information system. (d) Comprehensive internal control system. 2) Implementation of risk management for each type of risk, which includes the implementation of risk management for five types of risk, namely strategic, operational, legal, compliance, and reputation risks. 3) Assessment and ranking of the company's risk profile, which is carried out at least one time in one year. <ul style="list-style-type: none"> • The Company must have an organizational structure that refers to Attachment II to the <i>SEOJK 13/2021</i>, which includes: 		

Subject	Update	Key date	Link
	<ol style="list-style-type: none"> 1. The organizational structure of the risk management committee, which consists of: <ol style="list-style-type: none"> (a) Membership of the risk management committee. (b) The authority and responsibility of the risk management committee. 2. The organizational structure of the risk management function, which consists of: <ol style="list-style-type: none"> (a) Organizational structure. (b) The independence of the risk management function. 3. Relationship between business and operational functions with the risk management function. 		

Changes in insurance regulation: Vietnam

January – June 2021

Subject	Update	Key date	Link
<p>New regulations on compulsory civil liability insurance</p>	<p>The Vietnamese Government issued <i>Decree No. 03/2021/ND-CP</i> on compulsory civil liability insurance of motor vehicle users (Decree 03), which has been further detailed by the <i>Ministry of Finance's Circular No. 04/2021/TT-BTC</i> (Circular 04).</p> <p>For motorcycles, motorized tricycles, mopeds (including electric mopeds), and similar vehicles, the minimum insurance duration is one year, and the maximum insurance duration is three years under the Law on Road Traffic (Group A Vehicles).</p> <p>For other motor vehicles (Group B Vehicles), the minimum insurance period is one year and the maximum insurance duration must conform to the validity period of periodic technical safety and environmental protections inspections which have a valid period of more than one year.</p> <p>Decree 03 sets out the level of liability insurance, which is the maximum amount that the insurance company can pay for damage to the health, life and property of third parties and passengers caused by motor vehicles in each accident occurred within the scope of insurance coverage. Circular 04 further details such level as follows:</p> <ul style="list-style-type: none"> (ii) In case of damage to health and life: VND150 million per person per accident. (iii) In case of property damage: VND50 million per accident for accident caused by Group A Vehicles, and VND 100 million per accident for 	<p>Effective Date of Decree 03: 1 March 2021.</p> <p>Effective Date of Circular 04: 1 March 2021</p>	<p>Decree 03 (15 January 2021):</p> <p>http://congbao.chinhphu.vn/loi-dung-van-ban-so-03-2021-nd-cp-33026</p> <p>Circular 04 (15 January 2021):</p> <p>http://datafile.chinhphu.vn/file-remote-v2/DownloadServlet?filePath=vbpq/2021/03/04-BTC.PDF</p>

Subject	Update	Key date	Link
	<p style="text-align: center;">accident caused by Group B Vehicles.</p> <p>There are certain exclusions from the liability of insurance companies, which include intentional acts of causing damage by motor vehicle owners, drivers or damage sufferers; intentional failure to fulfil the civil responsibility of drivers; under-age drivers; drivers who do not have valid license for driving motor vehicles or who drive motor vehicles while impaired by alcohol or illicit drugs; damage causing indirect consequences (i.e., decrease in commercial value, damage associated with the use, and exploitation of the damaged property); damage to stolen property or robbed following an accident; damage to special property (e.g., gold, silver, precious stones, and so on); war, terrorism, and earthquake.</p> <p>The time limit for claiming compensation is one year from the date of the accident, except for cases of delay due to objective and force majeure causes as prescribed by law. Within five working days from the date of accident, the insurance buyer and the insured must send the accident notice in writing or via electronic form to the insurance company. The time limit for compensation payment of the insurance company is 15 days from the date of receipt of a complete and valid insurance claim dossier and no later than 30 days from the date of receipt of a complete and valid insurance claim dossier for document verification. In the event of a refusal to compensate, the insurance company must notify the insurance buyer and the insured of the reasons in writing within 30 days from the date of receipt of a complete and valid insurance claim dossier.</p>		

Subject	Update	Key date	Link
<p>Proposed amendments to the Law on Insurance Business</p>	<p>The Ministry of Finance has proposed certain amendments to the Law on Insurance Business (the Insurance Law) in accordance with the National Assembly on the program to promulgate laws and ordinances in 2021, which were published for public commentary in Q1 and recently in Q3 of 2021.</p> <p>Conditions of foreign investors</p> <p>One of the proposed amendments from the Ministry of Finance is to codify and amend the conditions for foreign investors to invest and hold 10 percent or more equity in (a) local insurance and re-insurance companies or (b) insurance brokage companies, which are currently set out in Government-level decrees instead of the Insurance Law itself.</p> <p>For (a), the conditions include:</p> <ul style="list-style-type: none"> (i) The investor must be a foreign insurance or re-insurance company, financial, or insurance group. (ii) The investor is certified by a foreign competent authority that it is legally operating and in normal financial condition. (iii) The activity proposed for a license to perform in Vietnam is an activity that the investor has directly performed or is currently doing or has had at least in the most recent seven years. (iv) The investor has total assets of USD2 billion by the time of application for license, or a higher value as prescribed by the Government from time to time. 	/	<p>Draft law (5 October 2021):</p> <p>https://duthaonline.choi.vn/Pages/dsduthao/chitietduthao.aspx?id=7379#toanvanduthao</p>

Subject	Update	Key date	Link
	<p>(v) The investor has a written commitment to support the local insurance/ re-insurance company in terms of finance, technology, corporate governance, risk management, management and operation, and to ensure the local insurance/ re-insurance company implements regulations on financial safety and risk management in accordance with the Insurance Law.</p> <p>(vi) In the event that the investor authorizes a subsidiary that specializes in offshore investment to invest in Vietnam, such subsidiary must meet the conditions.</p> <p>For (b), the conditions include:</p> <p>(i) The investor must be an organization established under foreign law that has been directly carrying out or has a subsidiary company performing insurance brokerage activities for at least in the last five years.</p> <p>(ii) The investor is certified by a foreign competent authority that it is legally operating and in normal financial condition.</p> <p>Insurance contracts</p> <p>With respect to insurance contracts, the Ministry of Finance proposes to include in the Insurance Law (a) basic principles for conclusion and performance of insurance contracts, and (b) obligations to provide information of both the insurance buyer and the insurance company.</p>		

Subject	Update	Key date	Link
	<p>The basic principles include: (i) respecting the basic principles of the civil code; (ii) absolute honesty of the parties to an insurance contract; (iii) the insurance buyer must have an insurable interest in accordance with each type of insurance contract as prescribed in the Insurance Law; (iv) compensation amount received by the insured in any case will not exceed the actual damage in an insured event, except for life insurance, index insurance, parametric insurance, and health insurance; (v) in case of property insurance and liability insurance, the insured is responsible for transferring the right to compensation to the insurance company to claim against any third party at fault for liability; and (vi) insured risks must be unexpected and unforeseen risks when participating in insurance.</p> <p>The insurance buyer is obligated to fully and accurately disclose information about the insured object to the insurance company. In the event that the insurance buyer provides untruthful information, the insurance buyer must compensate for damage incurred to the insurance company due to the provision of untrue information.</p> <p>The insurance company has the right to cancel the insurance contract without paying compensation or paying insurance and to refund the insurance premium to the insurance buyer after deducting reasonable expenses as agreed in the insurance contract if the insurance buyer commits one of the following acts (i) intentionally providing false information in order to enter into an insurance contract in order to receive insurance payment or compensation; or (ii) failure to fulfill the obligation to</p>		

Subject	Update	Key date	Link
	<p>provide information to the insurance company.</p> <p>The insurance company is obligated to provide the insurance buyer with complete and accurate information related to the insurance contract, and to explain the insurance terms and conditions to the insurance buyer . In the event that the insurance company intentionally provides false information in order to procure entry into an insurance contract, the insurance buyer has the right to cancel the insurance contract and to have the premium paid refunded. The insurance company must indemnify and pay insurance premiums in the event of an insured event and compensate for losses incurred to the insurance buyer due to the provision of false information.</p> <p>Application of information technology in insurance business activities</p> <p>The Ministry of Finance encourages insurance companies to actively apply information technology in insurance business activities in order to provide better insurance products and services to insurance buyers. There are certain requirements proposed by the Ministry of Finance to ensure the security of performance of insurance business activities in cyberspace.</p> <p>Insurance fraud prevention and loss limitation</p> <p>The Ministry of Finance proposes to include regulations on the obligations of the insurance buyer and the insured when a loss occurs as well as preventing and limiting losses of the insurance company. The Ministry also proposes</p>		

Subject	Update	Key date	Link
	regulations that insurance companies are responsible for developing a process of exploitation, appraisal, and compensation to identify, fully and accurately assess necessary information about the insured person, insured object, insured beneficiary, relevant records, and documents before making an insurance decision, insurance payment/indemnity, insurance fraud prevention, money laundering terrorist financing.		

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