

LIA
Code of
**Life Insurance
Practice**



LIA CODE OF LIFE INSURANCE PRACTICE

The information in this LIA Code is of general nature, and does not give any life insurance customer any right or cause of action whatsoever to take legal action against LIA or its members.

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1 Introducing LIA Code

1.1 Terms we use

In this Code, “you” refers to the prospective buyer or policyholder, and “we/us” refer to the life insurance company (also known as “life insurer”). “Representative” refers to a person acting for a licensed or exempt Financial Adviser (FA) such as an FA firm, insurer, bank, general insurance broker, securities firm or a finance company. “Days” refer to the calendar days, unless otherwise stated.

1.2 About the Code

The Code of Practice tells you about practices followed by members of the Life Insurance Association Singapore (LIA). The members are life insurance companies.

The Code informs you of the standards of servicing you can expect across all life insurers from buying a policy, servicing the policy to making a claim, as well as handling of complaints and disputes.

If a life insurer fails to meet any of the standards, you may lodge a complaint with the life insurer. Please refer to paragraph 6 on “Managing and servicing your complaint”. However, the Code does not give anyone the right to take legal action against any life insurer.

Softcopies of this Code can be downloaded from the LIA website at: www.lia.org.sg

1.3 What is covered

The Code covers life insurance policies issued to an individual.

The Code supplements the rules and regulations governing the conduct of the life insurance industry.

1.4 What is not covered

Accident & Health Insurance and Group Insurance

For example, Integrated Shield Plans are subject to specific regulations and procedures.

Financial advisory guidance

The Code does not give information and financial advisory guidance on what life insurance products to buy. We have separate documents to help you, the prospective buyer, understand from whom or where insurance can be bought, the advice you will receive based on facts about yourself, the documents explaining how the policy benefits work, and the fees and charges to be paid. Such information helps you to decide which product to buy.

http://www.lia.org.sg/consumers/library/consumer_guides:

- *Your Guide to Life Insurance*
- *Your Guide to Participating Policies*
- *Your Guide to Investment-Linked Insurance Plans*
- *Your Guide to Health Insurance*

Nomination of insurance beneficiaries

The Code does not give information on how you can make nominations. We have a separate document to help you.

- *Your Guide to the Nomination of Insurance Nominees*

The Singapore regulations do not apply to all policies. For insurance nomination, some life insurers follow the regulations of their foreign home country.

2 Our commitments to you

2.1 Protecting your interest

All life insurers that are members of LIA are licensed and supervised by the Monetary Authority of Singapore (MAS).

Besides the MAS, for CPF schemes and CPF-included products, the Central Provident Fund Board also exercises oversight; for health insurance schemes and products, the Ministry of Health also exercises oversight.

Licensed life insurers are required to comply with all relevant laws and regulations, including general laws governing business corporations. In addition, they are to follow guidelines issued by the MAS and LIA.

All members of LIA use only representatives who have met all relevant regulations and requirements, and are found in the MAS Register of Representatives. The Register is a public list of individuals who provide financial advisory services. You can search the Register by entering a “representative number” to find out if the person you are dealing with is a genuine representative or if your representative is currently in good standing.

2.2 Treating customers fairly

- Treating our customers fairly is most important to us.
- Our advertising and promotional materials are clear, easy to understand and not misleading.
- We conduct our marketing activities such as roadshows in a responsible and professional manner.
- We design a range of products and services to meet different needs.
- We give you clear and relevant information to help you make informed decisions.
- If you buy with advice, our representatives are trained to give you quality advice and a recommendation on which product is appropriate for you.
- If you come in person and we assess that you lack or may lack the mental capacity to deal with your policy on your own, we will safeguard your interest by the way we handle your request.
- We handle your claims promptly and in a fair manner.
- We handle your complaints promptly in an independent and fair manner.

2.3 Confidentiality

We take proper steps to keep information relating to policyholders confidential.

We comply with the Personal Data Protection Act (PDPA), which safeguards the collection, use or disclosure of personal data.

Members of LIA also follow two Codes on the PDPA issued by the Association:

Code of Practice for Life Insurers

It lays down best practices for life insurers on how they may carry out requirements under the PDPA.

Code of Conduct for Tied Agents of Life Insurers

It lays down minimum standards for agents when they carry out duties and responsibilities under the PDPA.

3 Buying life insurance

3.1 Application form

The application form can be in a paper format or digital format.

Life insurance is based on “good faith”, so we rely on you to tell us in the application form important facts you know or ought to know, and to give us the information that we ask for. If you are not sure whether the information is important, do tell us in any case, and this includes any information you have verbally told your representative.

You should read and understand the application form or any other forms (regardless whether paper or digital) before you sign on them. Please do not sign any blank form that is not filled in. Please also put the date when you are signing any form.

If you buy through our online channel with no advice, we have safeguards on screen to help you be comfortable before submitting the application.

Before the application is accepted by us, if there is a change in your health or a change to the information given in your application form, you need to inform us without delay.

3.2 Processing your application to buy

An application can be accepted, counter-offered or declined by us. It can also be withdrawn at your request.

We will inform you of our decision to accept, counter-offer or decline your application within 30 days after we receive all information relevant to your application.

If we need to ask your doctor(s) for medical report(s), this may take more than 90 days, and in such a case, the actual length of time taken to complete your purchase is not within our control.

If we offer you modified terms of cover, we will need your acceptance to these terms before we can issue your policy.

3.3 Your new policy

A policy is a legal contract of life insurance.

We will give you the new policy document within 30 days from the date of policy issuance, which means that the application is approved and the full premium has been received by us.

Do read all the documents contained in the package. It is important to fully understand the benefits, i.e. what is and is not covered and the conditions of the cover. Cover will vary from policy to policy and life insurer to life insurer.

You can ask us for a copy of your filled-in application form. We will highlight to you the important conditions in your contract.

3.4 Free-look period

We will give you at least 14 days from the date you receive the policy document to be sure that you want to keep the policy.

If we post the policy to you, the 14 days will start seven days from the date of posting.

You may cancel the policy within this period and get a refund of premium without interest after we have deducted for expenses incurred such as medical examination fee and any administration charge.

If your policy is an investment-linked type of policy, we will refund premium without interest after we have deducted for expenses incurred in issuing the policy. The amount is based on the market value of your selected funds and this could mean that you get back less than the original investment.

4 Managing and servicing your policy

4.1 Life insurer's right to end the policy

After your policy has been in force for a certain period of time (usually one or two years), we cannot treat the policy as if it had never been issued (i.e. cannot contest the policy).

However, if we can prove fraud, we have the right to end the policy even after this period of time. It is possible that we may refund all premiums paid - without interest and less any policy debt or any medical or other expenses paid by us in connection with this policy.

4.2 Age incorrectly given

If your age was incorrectly stated in the policy document, we may adjust the benefits we will pay accordingly:

- If the age was understated, the benefit we will pay is based on the premium rate for your true age applied to the amount of premiums you have paid.
- If the age was overstated, we will refund any excess premiums paid without interest.

If you were not eligible for insurance at your true age, we have the legal right to treat your policy as if it had never been issued and in which case, we will refund the premiums paid without interest after we have deducted for any amounts owing to us.

4.3 Committing suicide

If you commit suicide within the period stated in the policy, we will not pay the death benefit from the policy.

4.4 Losing your policy

A policy is a legal contract of life insurance.

If you lose your original policy document, please contact us and we will give you a copy of your policy document.

We may charge you for the copy.

4.5 Notice of change to policy term

Some policies allow us to change the premium, cover or benefits of the policy.

If we need to modify any of the original terms of your policy, we will tell you at least 30 days before the modification takes place. We will explain to you the existing term and the intended modification and give you a choice to accept the modified term or reject it and end your cover.

4.6 Notice of renewal

For yearly renewable policies

We will tell you at least 30 days before your cover ends to give you time to consider and arrange for continuing cover.

We will give you extra time ("grace period") of at least 30 days after the premium due date to make payment to renew the policy. During this grace period, the policy continues to be valid.

We will respond to you in the following ways:

- Explain the renewal terms being offered and tell you about any changes to the cover, premium, service or insurer if any.
- Advise that you need to tell us about important changes to your health or occupation, and whether you are involved in dangerous sports or pastimes where there is a high risk of injury.
- If we decide to not renew your policy, we will inform and explain this to you.
- If we decide to renew your policy, we will confirm this with you within 14 days of the renewal date.

If you have a valid GIRO or credit card arrangement, successful deduction of premium means that you accepted the renewal terms.

For guaranteed yearly renewable policies

Generally, we will tell you at least 30 days before your cover ends that your policy will be automatically renewed, including any change to the premium amount, upon our receipt of premium payment.

We will confirm with you that the policy has been automatically renewed.

4.7 Making changes to your policy

There are various ways for you to make your request to change such as by phone, in writing or through online mode.

However, different life insurers have different practices. Depending on the life insurer, for all types of changes or only for certain types of changes, certain ways of making your request are not accepted for identification and security reasons.

Further, not all changes are permitted. What can be changed will vary from policy to policy, and from life insurer to life insurer. Please contact the insurer concerned for guidance.

We will respond to you in the following ways:

- Tell you the progress of your request within 14 days from receipt of your request.
- Give you documents that you need to have by law.
- Give you full details of any premiums or charges that you need to pay or that we will return to you.
- Give you a receipt as proof of payment if you paid by cash. If you paid by cheque, credit card, bank transfer, direct debit or on standing instruction, no receipt will be issued. This is because such payments are recorded by your bank.
- Send the refund to you within 14 days from the day we tell you about the change. If the refund is to go into your CPF or Supplementary Retirement Scheme (SRS) account, it may take more than 14 days.

4.8 Regular reports

For single premium or recurrent single premium investment-linked policies, we will provide you with a monthly statement on the value of your policy. For regular premium investment-linked policies, we will provide you with an annual statement on the value of your policy. For all investment-linked policies, we will update you on the performance of each selected fund at least twice a year.

For participating policies, we will send you a statement on the annual bonus or dividend for each of your policies once a year.

4.9 Taking a policy loan

If your policy has a cash value and the policy allows for it, you may apply for a loan secured on the policy. The cash value is the amount we will pay you if you decide to end your policy. The amount of loan and the rate of interest to be charged will vary from policy to policy and from life insurer to life insurer.

We will tell you the interest rate we charge at the time you take out the loan. From then on, we will let you know of any change to the interest rate at least 30 days before the change takes place.

We will tell you the total amount to be repaid at least once a year.

Your policy will automatically cease if the total amount of loan to be repaid plus interest built up is more than the cash value of your policy. When this happens, we will let you know that the policy has come to an end within 14 days of it happening.

4.10 Cashing in and ending your policy

The cash value is the amount we will pay you if you decide to end your policy.

- Single premium whole life and endowment policies usually have a cash value straightaway. If you cash in a single premium policy, you will need to pay a cash-in charge.
- Regular premium whole life and endowment policies usually start building up a cash value after about three years.
- Investment-linked policies have a cash value, which is the current value of the units in the policy.

- Buying a regular premium whole life, endowment or investment-linked policy usually incurs high costs and any cash value payable on early termination may be less than the total premiums paid.
- Term insurance policies do not have a cash value.

Please look at your policy contract for detailed information.

4.11 Continuing your policy with no further premiums paid

If you do not pay the premium due and there is enough cash value in your policy and the policy allows for it, we can keep your policy going by taking one of the following options:

Automatic loan for your premium

After the grace period given to pay the premium due, a loan is given that is equal in value to the full premium owed. We will continue to do this for as long as you do not pay premiums.

You will need to pay interest on all the loans. We will let you know of any change to the interest rate at least 30 days before the change takes place. We will tell you the total amount to be repaid at least once a year.

Your policy coverage will automatically cease if the total amount of loan to be repaid plus interest built up is more than the cash value of your policy. When this happens, we will let you know that the policy has come to an end within 14 days of it happening.

Changing the policy to an extended term insurance

If you do not wish to continue paying the full premium, you can change the policy to an extended term insurance (ETI). The conditions for doing this will vary from insurer to insurer.

When that happens, your policy will no longer have any cash-in value and there will be an end date for the ETI. Any supplementary coverage for critical illnesses or disability may also end.

Changing the policy to a paid-up policy

You can keep your policy going for the rest of the policy term with a reduced sum insured. The conditions for doing this will vary from insurer to insurer.

4.12 Notice of the end of your policy

We will let you know that your policy has come to an end within 30 days from the end of the grace period. If your policy ends in this way, you may reinstate it within a certain time (usually two years), only if you meet certain conditions.

4.13 Transferring your policy

Assignment

If your policy allows for it, you can transfer (“assign”) your policy to another person or organisation. You need to give us a written notice if you want to do this. You are responsible for making sure that the transfer is legally valid.

The law does not permit certain types of policies to be transferred, such as those under CPF Investment Scheme (CPFIS), Home Protection Scheme (HPS), Supplementary Retirement Scheme (SRS), Section 73 of the Conveyancing and Law of Property Act (CLPA) or Trust Nomination.

5 Handling your claim

We have information and clear instructions on our website on how to make a claim. You can also contact your representative or call us.

We handle your claims promptly and in a fair manner.

5.1 Making a claim

You or the person making a claim must give us a notice in writing of the claim within 30 days of the event or as soon as possible. There are conditions which relate to a time limit or expiration date for making a claim.

Commonly we acknowledge receipt of your notice of claim within seven days.

Within 14 days of us receiving the notice of claim, we will let you know whether we need any more information.

We will keep you informed of the progress of the claim and whether we are waiting for a response from you.

5.2 Our decision-making

We will not reject a claim or treat your policy as if it had never been issued unless you did not give us information, which was:

- an important (“material”) fact asked for in the application form and which would have affected our decision on your application had you answered the question; and
- a fact known to you; and
- a fact we would have reasonably expected you to disclose.

We will reject your claim if it involves fraud, deception or deliberate giving of false information.

Within 21 days of us receiving full information for claim assessment, we will let you know of our decision to accept or reject the claim.

5.3 Settling a claim

For straightforward cases, we will pay a claim within 14 days of receiving all of the required documents. For more complex cases, more time may be needed and you will be kept informed of the progress.

For death claims, we will pay interest if we pay a claim, more than two months from the date we received your written notice of the death. The interest will apply from the date you give notice until the date we make the payment.

We will work out the interest using the interest rates published by the LIA on its website. The LIA updates this interest rate every three months. After we have worked out the interest, we will add it to the amount we will be paying.

For a policy bought with your CPF or SRS savings, if any claim is paid whilst you are living, the law requires the amount to be put into your CPF or SRS account.

A death claim will be paid to the trustee, nominee, executor, administrator or “Proper Claimant” as defined by the Insurance Act. For payments to a Proper Claimant, we may pay up to the first \$150,000 and any remaining amount will be paid to the administrator of your estate.

5.4 Policy search

If you wish to find out if a deceased family member had taken up any policy or policies with our company, please enquire with us. The contact details of all members of LIA are available at: <https://www.lia.org.sg/about-us/membership/>

The LIA does not have the power to enquire with all members on your behalf.

6 Managing and servicing your complaint

We have information and clear instructions on our website on how to make a complaint. You can also contact your representative or call us.

We handle your complaints promptly in an independent and fair manner.

6.1 Making a complaint

- Give us details such as policy number, name, contact numbers and the exact nature of your complaint, including the background, i.e. what has taken place so far, and the documents to support your case.
- We will acknowledge your complaint within two business days.
- Within 15 business days after the date of receipt of your complaint, we will give you an interim response if a final response has not been sent.
- Within 30 business days after the date of receipt of your complaint, we will give you the final response. If this is not possible, we will write to tell you the reasons for the delay and to indicate a reasonable timeframe within which you can expect to receive our final response.
- If the outcome of your complaint is not to your satisfaction, you can write to us to appeal and we will respond to your appeal within 14 business days.
- We maintain a Complaints Register to record and monitor the status and outcome of complaints.

7 Resolving your dispute

If you are dissatisfied with our final response to you, we will refer you to an independent disputes resolution organisation known as the Financial Industry Disputes Resolution Centre (FIDReC), if appropriate.

FIDReC does not take on all types of complaints or disputes. Contact FIDReC for more information.

FIDReC
36 Robinson Road #15-01
City House, Singapore 068877

Phone: +65 6327 8878 Web: www.fidrec.com.sg
Fax: +65 6327 8488

If you are dissatisfied with the final decision of FIDReC, you are free to reject the decision and pursue your complaint through other recourse, including taking legal action.

8 Contacting us

- You can contact the LIA Singapore in the following ways:

Email: lia@lia.org.sg
Web: www.lia.org.sg

- Contact details of the members of LIA Singapore (i.e. life insurance companies) are stated at:

<https://www.lia.org.sg/about-us/membership/>

9 Disclaimer

The Code does not give any life insurance customer any right or cause of action whatsoever to take legal action against LIA or its members.

Appendix 1

Service standards of life insurers

Item	Transaction	Response time (based on calendar days unless otherwise stated)	From this point/step/action
3.2	Processing your application to buy		
	Accept or decline your application	Within 30 days	After we receive all information relevant to your application
3.3	Your new policy		
	Give you policy document	Within 30 days	From the date we issue policy document
3.4	Free-look period		
	Give you time, to be sure you want to keep your policy	At least 14 days	From the date you receive policy document
4.5	Notice of change to policy term		
	Tell you of intended modifications to any of the original terms of your policy	At least 30 days	Before the modification takes place
4.6	Notice of renewal		
	<u>Yearly renewable policies</u> Tell you your cover is due for renewal, and the terms being offered	At least 30 days	Before your cover ends
	Give you time to pay premiums	At least 30 days	After the premium due date
	Tell you your cover is renewed	Within 14 days	From the renewal date
	<u>Guaranteed yearly renewable policies</u> Tell you that your cover will be auto-renewed upon us receiving your premiums	At least 30 days	Before your cover ends
4.7	Making changes to your policy		
	Tell you the progress of your request of changes	Within 14 days	From the date we receive your request
	Refund you	Within 14 days	From the date of change

4.8	Regular reports		
	<u>Single Premium or Recurrent Single Premium Investment-linked policies</u> Provide you a statement on the value of your policy	Once a month	-
	<u>Regular Premium Investment-linked policies</u> Provide you a statement on the value of your policy	Once a year	-
	<u>Investment-linked policies</u> Update you on the performance of each selected fund	At least twice a year	-
	<u>Participating policies</u> Send you a statement on the annual bonus or dividend of policy	Once a year	-
4.9	Taking a policy loan		
	Tell you the interest rate we charge	At point you take up loan	-
	Tell you of a change to interest rate we charge on your policy loan	At least 30 days	Before the change takes place
	Tell you total amount of policy loan to be repaid	At least once a year	-
	Tell you the policy has auto-ceased if the total amount of loan to be repaid plus interest built up is more than the cash value of your policy	Within 14 days	From the date of it happening
4.11	Continuing your policy with no further premiums paid		
	Tell you of a change to interest rate we charge on the automatic loan for your premium	At least 30 days	Before the change takes place
	Tell you total amount to be repaid	At least once a year	-

	Tell you the policy has auto-ceased if the total amount of loan to be repaid plus interest built up is more than the cash value of your policy	Within 14 days	From the date of it happening
4.12	Notice of the end of your policy		
	Tell you your policy has come to an end	Within 30 days	From the end of grace period
5.1	Making a claim		
	Acknowledge your claim notice	Within 7 days	From the date we receive your claim notice
	Tell you whether we need more information from you	Within 14 days	From the date we receive your claim notice
	Tell you whether we accept or reject the claim	Within 21 days	From the date we receive full information for claims assessment
5.3	Settling a claim		
	Pay claim (for straight forward cases)	Within 14 days	From the date we receive all required documents
6.1	Making a complaint		
	Acknowledge your complaint	Within 2 business days	From the date we receive your complaint
	Give you an interim response if a final response has not been sent	Within 15 business days	
	Give you a final response; or write to tell you the reasons for the delay and indicate a reasonable time frame within which you can expect to receive our final response	Within 30 business days	
	Respond to your appeal (as you were dissatisfied with the outcome)	Within 14 business days	From the date we receive your appeal