Policyowners’ Protection Scheme – General Insurance
A Consumer Guide

Insurers in Singapore are licensed and supervised by the Monetary Authority of Singapore (MAS). Strong supervision over the insurer industry is an important tool to protect the interests of policy owners. The key elements of MAS supervision are: rigorous licensing process, sound financial requirements, risk-focused supervision and market surveillance. However, in seeking to promote and preserve stability in the financial system, MAS does not aim to prevent the failure or default of any insurer. Regulation or supervision cannot completely prevent insurers without making it impossible for insurers to operate effectively. It is therefore important to establish a compensation scheme for policy owners to reduce the financial impact on individuals should an insurer fail.

The purpose of this Guide is to help you understand how the Policyowners’ Protection Scheme (PPF Scheme) works.

WHAT IS POLICYOWNERS’ PROTECTION SCHEME?

The Policyowners’ Protection Scheme protects policy owners in the event an insurer fails. It is a compulsory arrangement under the General Insurance (Protection from Principal Risk and Compensation) Act and Work Injury Compensation Act and Singapore policies of specified lines issued by registered general insurers which are PPF Scheme members are covered. A Singapore policy issuer risks failure in Singapore if the insurer is a Singapore resident or has appointments established in Singapore. The specified lines covered are:

- Personal motor insurance policies
- Personal travel insurance policies
- Individual and group short-term accident and health insurance policies
- Personal surety and credit insurance policies
- Personal travel insurance policies
- Property (structure and contents) insurance policies
- Foreign domestic maid insurance policies
- Tuition Fee Protection Policies issued to individuals
- Personal accident insurance policies

WHAT ARE THE TYPES OF GENERAL INSURANCE POLICIES COVERED UNDER THE PPF SCHEME?

All compulsory insurance policies under the Motor Vehicles (Third Party Risk and Compensation) Act and Work Injury Compensation Act, and Singapore policies of specified lines issued by registered general insurers which are PPF Scheme members are covered. A Singapore policy issuer risks failure in Singapore if the insurer is a Singapore resident or has an appointment established in Singapore.

Protection is provided for the policy owners of general insurance policies which are covered under the PPF Scheme and issued by PPF Scheme members. The policy owners may be individual or non-individuals, such as companies.

WHAT TYPES OF GENERAL INSURANCE POLICIES ARE NOT COVERED UNDER THE PPF SCHEME?

General insurance policies that are not within the specified lines are not covered. Examples are:

- Property (结构 and Contents) Insurance Policies issued to non-individuals
- Tuition Fee Protection Policies issued to individuals

WHAT IS MY COMPENSATION ENTITLEMENT?

In the event an insurer which is a PPF Scheme member fails and you have a claim to make under an insured policy, you are entitled to the following compensation:

1. For a compulsory insurance policy under the Motor Vehicles (Third Party Risk and Compensation) Act and Work Injury Compensation Act, the full amount of any liability of the failed PPF Scheme member as provided for under the relevant legislation is payable.
2. For a Singapore policy of specified lines, the full amount of any liability of the failed PPF Scheme member to the insured policy owner under the terms of the insurance policy is payable.

Policy owners will be compensated for claims incurred, up to 30 days after the winding up order is made against the failed insurer. No caps are applicable to general insurance policies.

WHAT DOES A POLICYOWNER NEED TO DO WHEN HIS/HER GENERAL INSURER FAILS?

If your PPF scheme member fails, SDIC will provide details on the status of your policies. You do not need to file any special claims to be entitled to SDIC coverage. SDIC will make announcements through TV, newspapers and at the premises of the affected insurer.

WHO IS IN CHARGE OF THE POLICYOWNERS’ PROTECTION SCHEME?

The Singapore Deposit Insurance Corporation (SDIC) administers the Policyowners’ Protection Scheme in Singapore. SDIC is a company limited by guarantee under the Companies Act. The board of directors is accountable to the Minister in charge of the MAS.

WHO ARE THE POLICYOWNERS PROTECTED UNDER THE PPF SCHEME FOR GENERAL INSURANCE?

Protection is for policy owners of general insurance policies which are covered under the PPF Scheme and issued by PPF Scheme members. The policy owners may be individual or non-individuals, such as companies.

WHEN DOES THE POLICYOWNERS’ PROTECTION SCHEME APPLY?

There are no restrictions on the types of policies covered under the scheme. No caps are applicable for protection of your general insurance policies.

DO I NEED TO PAY PREMIUMS TO BE COVERED BY POLICYOWNERS’ PROTECTION SCHEME?

No. Coverage is automatic. Levies will be paid by the insurers.

HOW CAN I MAKE A CLAIM ON MY PERSONAL MOTOR INSURANCE POLICY IF MY GENERAL INSURER WHO IS A PPF SCHEME MEMBER FAILS?

You can file your claim with your new policy insurer, who will process your claim accordingly. The terms of payment under the claim are finalised. SDIC will pay you the finalised claim amount on receipt.