Asia Pacific Insurance - Singapore

Guide for Insurance Sales, Advisory and Distribution

| Contents |
| --- |
| To generate table of contents, right-click here and select **Update Field.** |

# What are the different types of insurance intermediaries in the market and do they need to hold any licenses and minimum qualification to conduct business?

Third-party intermediaries in the market include tied agents who distribute insurance products for insurers that they represent, independent financial advisers and insurance brokers who source insurance products for insureds or policyholders, and banks that enter into bancassurance with selected insurers to distribute the insurers’ products.

Entities that distribute or provide advice concerning life products (whether acting on behalf of insurers or policyholders) will need to hold a financial adviser’s license or, if eligible, be registered with the Monetary Authority of Singapore (MAS) as an exempt financial adviser under the Financial Advisers Act (FAA). Insurance brokers who arrange general and long-term accident and health policies for policyholders will need to be registered as an insurance broker with the MAS under the Insurance Act (IA), or if eligible, be registered as an exempt insurance broker. Insurance agents who arrange general insurance products only on behalf of insurers do not need to hold a license, but must be registered with the General Insurance Association of Singapore (GIA).

Individual representatives who are involved in the sale or advice of insurance products will be subject to minimum qualification and exam requirements depending on the types of insurance involved. These include possessing the Certificate in General Insurance (CGI) qualification (for general insurance), health insurance module conducted by the Singapore College Insurance (for health insurance) and/or Modules 5, 9 and 9A of the Capital Markets and Financial Advisory Services Examination (for life insurance). Exemptions may apply, for example, where a representative confines its sale and advisory activities for life policies only with accredited or institutional investors.

# Is it mandatory for insurers to offer customers the option of purchasing insurance products directly from them without going through financial advisers or intermediaries?

Licensed life insurers in Singapore who serve the retail market are required to manufacture and offer simple term and whole life insurance products with total and permanent disability cover and optional critical illness rider that customers can buy directly from the life insurers.

# Do agreements between insurers and their agents need to take a certain form?

Agreements with GIA-registered insurance agents should follow the form of the written agency agreement prescribed by the GIA (although customization is permitted). Other than this, there is generally no specific requirement with respect to the forms of agreement between insurers and intermediaries. In practice, terms relating to the appointment of any distributors or agents, remuneration, ownership of and rights
to client information, and allocation of liabilities and indemnities arising from any mis-selling or other misconduct should be set out clearly in the agreement.

# Can insurers pay volume-based commission to their appointed agents?

Various rules apply with respect to the payment of commissions or other remuneration to appointed agents and other insurance intermediaries, depending on the types of insurance products and insurance intermediaries.

Licensed life insurers in Singapore are prohibited from paying sales or volume-based commissions and other remuneration to intermediaries who provide financial advice to retail investors with respect to life policies, unless it meets certain criteria. For example, for regular premium life policies, insurers are required to pay out commissions over a minimum period of six years, with commissions paid in the first year capped at 55% of the total commissions agreed.

For non-profit commissions, insurers are also prohibited from paying insurance brokers (who arrange general or long-term accident and health policies on behalf of insureds) fixed or variable sales commission based solely on all or any of the following: (a) the number of contracts arranged, (b) total premiums paid payable; and (c) total sums insured.

Other than the specific rules some of which are illustrated above, insurers should abide by general principles of upholding fair practices and standards of conduct, managing conflicts or misalignment of interests adequately and avoid running into any conduct that may be construed as fraudulent or deceptive activities, when determining the commission and remuneration terms for their appointed agents and other intermediaries.

# Are insurers liable for any mis-selling of its agents or appointed distributors?

Insurers may potentially ring-fence some liabilities arising from any mis-selling of its agents or appointed distributors through seeking appropriate protections (such as limitation on authorities, exclusion of liabilities or indemnities) in the contract with agents or distributors, and ensuring that the appointed agents or distributors are not seen as “agent” of the insurer in the legal sense. However, insurers may be separately liable for failing to comply with any related regulatory or compliance requirements, for example, where an insurer has failed to discharge its obligations in ensuring that the appointed agents or distributors’ staff are duly registered or licensed, or possess relevant minimum qualification. Therefore, it is important for insurers to conduct appropriate due diligence on their appointed agents and distributors, and incorporate appropriate safeguards in the agreements.

# Are there rules on the number of insurers that insurance brokers need to present to their customers?

There are no specific minimum requirements. However, insurance brokers and financial advisers who source for insurance products for potential policyholders or insureds would be subject to various conduct of business rules, including ensuring fairness and reasonableness, acting in the best interest of the client and where applicable ensuring reasonableness or suitability of products offered or recommended to the clients. Therefore, effectively, insurance brokers and financial advisers who act for prospective policyholders or insured should offer appropriate comparison of products and/or product providers.

# Can insurance brokers receive commission from both insurers and their customers? If so, can they be volume-based commission?

Insurance brokers may receive commission from insurers provided that disclosure requirements are satisfied. Insurance brokers may also receive service fees from their customers. The receipt of commission and other remuneration from insurers are subject to various rules as explained in item 4 above.

# Can agents or appointed distributors offer rebates on insurance premiums or other special concessions to the customers?

Any rebates of commission or other special concessions offered should not unduly influence the financial decisions of customers, amount to aggressive sale tactics or be relied on as the basis of recommendation of the insurance products. Any alteration of insurance premiums should be authorized by the insurer.

# Can insurers appoint offshore agents or accept business from offshore brokers?

While there is no specific prohibition on Singapore insurers appointing offshore agents or accepting business from offshore brokers, it is likely that the insurer will attract licensing or regulatory issues in the offshore jurisdiction. Therefore, insurers should consider the laws of the offshore jurisdiction before accepting business from offshore brokers or appointing offshore agents.

In the reverse, Singapore agents and brokers are restricted from soliciting insurance business for offshore insurers who are not licensed in Singapore. However, if an insurance broker is approached by clients to advise on or arrange life policies with offshore insurers on a reversed-inquiry basis, the broker may do so if it relates to offshore risks. For onshore risks, the broker cannot negotiate the life policies on
behalf of the clients even if it is made at the request of the client, unless MAS approval is obtained.

# Are there specific requirements on selling products through call centers, telemarketing or other distribution channels?

Specific rules apply to telemarketing of accident and health policies, such as offering the call recipient to seek advice on the product or to consider whether the policy is suitable for them, and keeping records of the tele-conversation. Sale of Medisave-approved products that are sold via telemarketing cannot be concluded over telephone. Particular attention will also need to be paid on personal data legislation.

Marketing and distribution of insurance products at retailers and public places to retail customers are subject to guidelines and market conduct standards imposed by the MAS. For example, financial institutions are required to conduct call backs and surveys for all customers prospected at retailers and public places before or within the free-look period, conduct regular mystery shopping and site visits to monitor the sales and
marketing practices of their representatives, ensure that remuneration and incentives paid to representatives do not lead to aggressive sale tactics, and gifts offered to customers do not unduly influence their decision to purchase the product.

# Are there specific requirements on selling products through online channels?

The standards applicable to the sale and advisory process will also apply equally to sales through online channels. Insurance companies are required to comply with technology risk management guidelines when offering financial services through online platforms, and ensure that they formulate security controls, system availability and recovery capabilities commensurate with the level of risk exposure for online services.
Examples include implementing two-factor authentication to avoid unauthorized access, implement security controls to ensure confidentiality and integrity of data, and maintain high resiliency and availability of online systems. There are also specific maximum unscheduled downtime and recovery time objective that insurers and financial intermediaries will need to comply with. Specific rules apply to direct purchase
insurance products sold online.

# Can insurers share client information with insurance agents and brokers and vice versa? What data privacy or confidentiality laws apply?

Insurers, agents and brokers owe a general common law duty to their clients and third parties to ensure client information that is of confidential nature is not subject to unauthorized disclosure. In addition, the handling of personal data is subject to the Singapore Personal Data Protection Act 2012. Generally, insurers, agents and brokers must notify clients of the purpose for which their personal data is collected for and obtain consent from the clients for the use and disclosure of their personal data. Transfer of personal data outside the jurisdiction of Singapore is also subject to additional requirements, such as ensuring that the receiving jurisdiction has privacy safeguards of equivalent standards. To the extent that an insurer is receiving client’s personal data through an intermediary and vice versa, the recipient should take steps to ensure that notification to and consent from the client has been obtained for the disclosure of personal data and the purposes
contemplated.

©Copyright © 2025 Baker & McKenzie. All rights reserved. **Ownership**: This documentation and content (Content) is a proprietary resource owned exclusively by Baker McKenzie (meaning Baker & McKenzie International and its member firms). The Content is protected under international copyright conventions. Use of this Content does not of itself create a contractual relationship, nor any attorney/client relationship, between Baker McKenzie and any person. **Non-reliance and exclusion**: All Content is for informational purposes only and may not reflect the most current legal and regulatory developments. All summaries of the laws, regulations and practice are subject to change. The Content is not offered as legal or professional advice for any specific matter. It is not intended to be a substitute for reference to (and compliance with) the detailed provisions of applicable laws, rules, regulations or forms. Legal advice should always be sought before taking any action or refraining from taking any action based on any Content. Baker McKenzie and the editors and the contributing authors do not guarantee the accuracy of the Content and expressly disclaim any and all liability to any person in respect of the consequences of anything done or permitted to be done or omitted to be done wholly or partly in reliance upon the whole or any part of the Content. The Content may contain links to external websites and external websites may link to the Content. Baker McKenzie is not responsible for the content or operation of any such external sites and disclaims all liability, howsoever occurring, in respect of the content or operation of any such external websites. **Attorney Advertising**: This Content may qualify as “Attorney Advertising” requiring notice in some jurisdictions. To the extent that this Content may qualify as Attorney Advertising, PRIOR RESULTS DO NOT GUARANTEE A SIMILAR OUTCOME. **Reproduction**: Reproduction or copying of the Content on this Site without express written authorization is strictly prohibited.