



Circular No. 4 of 2022

Date: 19th April 2022

Applicability of Policy Owner's Protection Fund ("POPF") Levy

The Financial Services Authority ("FSA") would like to draw the attention of all its licensees under the Insurance Act, 2008 ("the Act"), pertaining to the Policy Owner's Protection Fund ("POPF") Levy being charged by insurers to the policyholders.

As part of the FSA's objective of ensuring the fair treatment of policyholders under the Section 3(1)(c) of Act and in consideration of the importance of ensuring fair treatment to policyholders in line with Insurance Core Principle 19 issued by the International Association of Insurers Supervisors, the FSA, as the insurance authority for insurance business, is of the view that allowing for such practice, is not in line with the requirement of insurers to take into account the interests of consumers when distributing insurance products and services in a manner that is clear, fair and not misleading.

To note, section 89(1) of the Act provides that for the purposes of financing the expenditure of the POPF, a levy may be imposed from time to time by regulations **on registered insurers** carrying on –

- (a) general business under this Act (referred to in this section as "a business levy"); and
- (b) life business under this Act (referred to in this section as "a life business levy").

Furthermore, Regulation 7(2) and (3) of the Insurance (Policy Owner's Protection Fund) Regulations, 2009 stipulates that the general and life business levy respectively shall be equal to 1 percent of the gross premium income of the insurer as applicable and **NOT** the policyholders.

Therefore, the FSA hereby informs all licensed insurers that with effect from 1st May 2022, the POPF levy should no longer be charged on the policyholders as it is an obligation placed on the registered insurer **NOT** the policyholder.

Financial Services Authority