Life Insurance Association Singapore
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LIA GUIDELINES ON E-STATEMENTS AND PRACTICES TO PREVENT UNINTENDED LAPSATION OF POLICIES

PREAMBLE

1. There were feedback received from the public as follows:

   - The Use of e-statements such as premium notices may be disadvantageous for certain customer segments, particularly where there is auto-migration to e-statements without allowing an opt-out; and

   - Unintended lapsation of policies due to reasons such as non-receipt of annual premium notices or policyholders not knowing how to view e-statements. For instance, policyholders did not receive the annual premium notices (e.g. could be through hardcopy/SMS/email) and as a result, did not make payment and caused the policy to be terminated even though they had not intended for the policies to be terminated.

2. Certain practices of insurers might have resulted in such unintended consequences. Examples include:

   - Insurer changes over to e-statements without having first informed the policyholders and giving them the option to continue with hardcopy. Policyholders who are not digitally savvy or English-literate do not understand the SMS/email premium notifications and take no action (e.g. not getting their family member to help look at the SMS/email because they did not know it is important), resulting in a termination notice although it was not their intention to terminate the policy; or

   - Policyholder did not receive premium notice sent by the insurer through the usual mode (e.g. by post) due to change in contact details (e.g. mailing address), and the policy lapsed, because premium payment was not made. The policyholder remained unaware that the policy has lapsed because the insurer did not contact the policyholder through other means.

3. As insurers have different business models as a starting point, and may have made available different digital modes of written communication, LIA seeks to set certain baseline practices to provide guidance for the industry.

OBJECTIVE AND SCOPE

4. As **minimum requirements**, a set of guidelines on use of e-statements and actions to be taken for unintended lapsation has been issued for adoption by insurers. This is to balance the need for insurers to accelerate their digitalization processes with the need to accommodate certain specific customer segments, as well as to reduce the incidents of unintended policy lapses.

5. The guidelines apply to both individual Life and individual Health policies. Group policies are out of scope as they are subject to a separate set of processes.

6. Insurers may apply additional practices (or safeguards) based on their internal policies.

7. While insurers are committed to implementing these minimum requirements to prevent unintended lapsation of policies, it is equally important for policyholders to be aware and fulfil their obligations regarding premium payment of their policies. Policyholders are strongly encouraged to set up standing instructions for their premium payment to prevent lapses and to ensure the continued coverage of their insurance policies.

8. Insurers will reach out to policyholders according to the latest contact information insurers have on their records. Policyholders are encouraged to maintain up-to-date contact information of their relevant modes of communication with their insurers.

"E-STATEMENTS" THAT ARE WITHIN SCOPE

9. The guidelines will generally apply to **all written communications that are unilaterally issued** by insurers to their policyholders, with specific focus on those that can lead to policy lapsing if not promptly responded to by policyholders.

10. Examples of unilaterally issued communications include (but not limited to):

    - Policy contract
    - Premium notice
    - Bonus statement
    - Annual Bonus Update

11. "E" means "electronic" and refers to any soft mode of communication by insurers to their policyholders or in other words, it is not a physical hardcopy. "e-statement" includes, but is not limited to:

    - A statement that is provided in softcopy form (for example, PDF file) and delivered via an email;

    - A statement that is stated in an email itself, or where the email instructs the policyholder to click on the link provided to view and/or download a copy; or

    - A statement that is provided in an online portal or insurance mobile application ("app"), to view and/or download a copy.

MINIMUM REQUIREMENTS

- **FOR EXISTING POLICYHOLDERS**

12. Before making a change-over from hardcopy to e-copy:

    The insurer can choose to either adopt (a) and (c), or to adopt (b) and (c) below.

    a) Inform and provide your policyholders a choice to opt in for e-copy or continue with hardcopy,

    b) First inform your policyholders using hardcopy communication of the impending change-over to e-copy on a default basis, and provide your policyholders a choice to opt out, that is, to continue with hardcopy,

    c) Allow your policyholders to change their choice at any time.

13. For policyholders that have been switched to e-statements before the issuance of these guidelines, the insurer should allow policyholders to change their choice at any time.

14. The policy intent here is that communications should be given to policyholders in a **mode of their choice** so that they will be readily received. Insurers may charge an administrative fee[1] for all policyholders opting for hardcopy, but could consider to waive the fee for policyholders on a case-by-case basis, particularly for policyholders who have difficulties with e-statements.

- **FOR NEW POLICYHOLDERS**

15. **Where the insurer is fully digitalized** and does not issue any hardcopy communications at all, or where the insurer provides a product exclusively through digital channels (e.g mobile app and/or web portal), it must upfront, **at point of sale** through distributors or in the Application Form, clearly communicate to applicants of this modus operandi and inform that all servicing statements will be provided **only** in e-copy.

16. Otherwise, the insurer can choose to adopt (a) or (b):

    a) Provide applicants a choice to opt for e-copy or hardcopy in the Application Form and allow your policyholders to change their choice at any time; or

    b) Inform applicants in the Application Form that servicing statements will be provided in e-copy on a default basis, and provide information to your policyholders on how they may opt out, that is, to receive hardcopy statements. Policyholders should be allowed to change their choice at any time.

17. Same as point 14 above, the policy intent here is that communications should be given to policyholders in a **mode of their choice** so that they will be readily received. Insurers may charge an administrative fee for all policyholders opting for hardcopy, but could consider to waive the fee

[1] Insurers may charge an administrative fee and the specifics of such charges (including how often they are applied or whether they are based on per notification or by transaction type) will be determined by each insurer. For avoidance of doubt, this set of guidelines are not intended to override any Monetary Authority of Singapore (MAS) regulations, notices and guidelines, and insurers should, at all times, ensure compliance with MAS' regulatory requirements.

for policyholders on a case-by-case basis, particularly for policyholders who have difficulties with e-statements.

UNINTENDED LAPSATION OF POLICIES

18. Any unintended lapse of policy should be avoided as much as possible.

19. The insurer is to carry out all actions as tabulated below:

		ACTION BY INSURER	
		For Policyholders	**For their Servicing Representative**
A	**Notification on premium due**	• Notify policyholders through at least one (1) mode of communication, e.g. Hardcopy, email, SMS or App notification. • Avail notice on the customers' portal for easy retrieval by the policyholders, where possible. • For policies on monthly recurring arrangements such as GIRO or credit card mode, insurers are not required to send the premium due notification. Insurer will notify policyholders when the GIRO deduction fails through at least one (1) mode of communication, e.g. Hardcopy, email, SMS or App notification.	Notify of the upcoming renewal/deduction through the relevant portal, email, SMS, App notification or other available communication mode.
B	**Notification on Policy Lapse**	• Notify policyholders of policy lapse through two (2) different modes of communication, e.g. Hardcopy, email, SMS or App notification, as specified by the insurers. • Avail notice on the customers' portal for easy retrieval by policyholders, where possible.	Notify of the policy lapse through the relevant portal, email, SMS, App notification or other available communication mode for them to reach out to the policyholders as best as they can (e.g. by phone call, text message or visits) to inform them of the policy lapse and advise the policyholders on the timeline and action required.
C	**Reinstate-ment of lapsed policy**	• Assess, based on the merits/specifics of each case, whether to waive the Health Declaration and reinstate a lapsed policy with original coverage if	

		the lapsation is unintended by the policyholder. • As part of goodwill, insurers can consider setting a timeframe, to be determined at insurer's discretion and such timeframe would be made known to policyholders, to waive the Health Declaration so long as payment is received within this stipulated period from the lapsed date.	

20. For each lapsed policy, the insurer must make a record of such efforts made to serve as evidence, when required.

MONITORING OF POLICY LAPSATION

21. In addition to annual submission of data to the MAS, during periods of significant change (e.g. corporate merger/acquisition, change in scheme provider or mandatory change in payment mode), the insurer must monitor its lapse statistics of affected portfolios closely, and take prompt remedial actions as and when required e.g. when there is unusually high volume of policy lapsation.

22. The insurer may decide on the period of monitoring and frequency of data collection and analysis.

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