

Insurance Advisory

Insurance Nomination Law - Easy Reference



Brought to you by the Wealth Management Committee to help you understand important matters that affect your financial well-being.

A Legal Means of Distributing Insurance Benefits According to Your Wish

**Effective from
1 Sep 2009**

- For policies issued before 1 September 2009, the new law is generally applicable if
 - No prior nomination has been made under those policies, OR
 - No spouse and/or children were appointed as nominees at the inception of those policies
- There are two types of nomination:
 - Trust Nomination
 - Revocable Nomination

TRUST NOMINATION

All policy benefits (living benefits and death benefits) from the policy belong to the Nominees.

- Policyholder must get the written consent of all nominees (consent from parent/guardian required for nominees below the age of 18) or the trustee of the policy before he/she may:
 - Make any change to the policy,
 - Revoke the trust policy,
 - Take a loan under the policy, or
 - Surrender the policy.
- Only the spouse and/or children may be nominated.
- In the event of bankruptcy, the proceeds are generally protected from creditors.
- A Will has no impact on a Trust Nomination made previously.

REVOCABLE NOMINATION

Policyholder continues to retain full rights and ownership over the policy.

- Policyholder may change or revoke the nomination at any time without the consent of the nominees.
- Only the death benefit will be payable to the nominees.
- Any legal entity (i.e., individual, association or corporation), including the spouse and / or children, may be nominated. Nomination of an animal will be regarded as invalid.
- In the event of bankruptcy, the proceeds will not be protected from creditors.
- A Will may revoke a Revocable Nomination made previously.

