

Customer Knowledge Assessment

Under the new MAS Notice on Recommendations on Investment Products (FAA-N16), investment-linked life insurance policies (ILPs) are classified as an unlisted "Specified Investment Product" (SIP).

Financial Planners are required to conduct a "Customer Knowledge Assessment" (CKA) to assess whether the customer has the relevant knowledge or experience to understand the risks and features of an unlisted SIP.

From 1 January 2012, a customer who is assessed to possess the knowledge or experience may decide to purchase an unlisted SIP without receiving advice. However, whether the product is suitable or not is the customer's responsibility and he is warned that he has forfeited his right to file a civil claim for alleged financial loss.

Nevertheless, the Financial Planner is required to offer to provide advice to such customers in every case.

For customers who are assessed to not possess the knowledge or experience, they may not purchase an unlisted SIP without receiving advice. Such customers may buy on condition that advice has been provided.

If the customer is positively assessed, he may buy more of the same or similar product during the ensuing one year from that Financial Planner who had assessed him without having to undergo fresh CKAs. In all other situations, the CKA is to be conducted for each and every sale.