



# PROTECTION GAP 2017



## MORTALITY PROTECTION GAP

The mortality protection gap represents the financial gap to cover needs of dependents over a defined period in the event of death.

MORTALITY PROTECTION GAP		MORTALITY PROTECTION NEEDS	
	AVG. PER EA ADULT		AVG. PER EA ADULT
2017	\$355BN (20%)	2017	\$1,547BN (100%)*
	\$169,673	2017	\$738,783
2012	\$262BN (20%)*	2012	\$1,193BN (100%)
	\$137,520	2012	\$654,870

EA = Economically Active; as individuals employed and contributing to the production and distribution of goods and services.

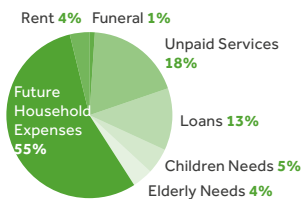
## CRITICAL ILLNESS (CI) PROTECTION GAP

INAUGURAL STUDY

The CI protection gap represents the financial gap to cover family needs during the assumed CI recovery period of five years, until the insured is able to return to work, or to adjust his or her lifestyle needs.

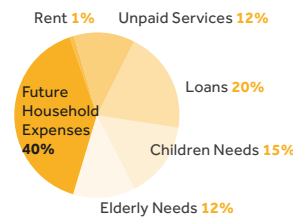
CI PROTECTION GAP		CI PROTECTION NEEDS	
	AVG. PER EA ADULT		AVG. PER EA ADULT
2017	\$538BN (80%)	2017	\$663BN (100%)
	\$256,826	2017	\$316,603

## WHAT IS THE COVERAGE FOR?



### RULE OF THUMB

Approximately **9x - 10x annual income** Avg. mortality protection coverage amount required for an economically active adult in Singapore



### RULE OF THUMB

Approximately **3.9x annual income** Avg. CI protection coverage amount required for an economically active adult in Singapore

## HOW MUCH COVERAGE DOES AN AVERAGE POLICYHOLDER HAVE? \*\*

2.65

AVG. NO. OF POLICIES WITH MORTALITY COVERAGE PER POLICYHOLDER

\$290,086

AVG. MORTALITY COVERAGE PER POLICYHOLDER

< 1

AVG. NO. OF STANDALONE CI POLICIES PER POLICYHOLDER

\$128,861

AVG. CI COVERAGE PER POLICYHOLDER

## WHAT HAS CHANGED SINCE 2012?

THE 20% PROTECTION GAP REMAINS UNCHANGED, REFLECTING CORRESPONDING INCREASES IN WAGES, SAVINGS AND INSURANCE COVERAGE. HOWEVER, THERE HAS BEEN A RISE IN THE ABSOLUTE AMOUNT OF PROTECTION NEEDS AND GAP.

PROTECTION NEEDS IN 2012:	25% INCREASE	PROTECTION NEEDS IN 2017:
\$2,617B		\$3,251B
FUNERAL COSTS 19		FUNERAL COSTS 21
UNPAID SERVICES 379		UNPAID SERVICES 599
LOANS 239		LOANS 435
CHILDREN NEEDS 149		CHILDREN NEEDS 166
ELDERLY NEEDS 68		ELDERLY NEEDS 129
NEEDS OF REMAINING ADULTS 1,682		NEEDS OF REMAINING ADULTS 1,789
RENT 80		RENT 112

Note: The increase of the protection needs is partially offset by the increase of the spouse's income due to an increase in the wages and higher proportion of working spouses.

## WHY LOOK AT THE CI STUDY NOW?



MORE PEOPLE ARE LIVING LONGER BUT IN POORER HEALTH<sup>1</sup>



SURVIVAL RATES AFTER CI IS ALSO HIGHER DUE TO MEDICAL ADVANCEMENTS<sup>2</sup>



HAVING CI PROTECTION WILL HELP CUSHION THE FINANCIAL IMPACT, ESPECIALLY FROM A SUDDEN INCOME LOSS<sup>3</sup>

## NEXT STEPS



### QUALITATIVE STUDY

Provide insights for the development of targeted initiatives to more effectively help individuals bridge their own protection gaps

KNOWLEDGE GAP  
PERCEPTION GAP  
OPPORTUNITIES & BARRIERS



### ENHANCED EDUCATION EFFORTS THROUGH DIRECT ENGAGEMENT ONLINE

Continue driving awareness through educational initiatives



### INTRODUCE STANDARD INDUSTRY-WIDE DIGITAL CALCULATOR

Introduce Singaporeans to take charge of their health and protection needs



### REGULAR PROGRESS REVIEW

Study to be conducted on periodic basis with constant enhancements for e.g., leveraging data analytics

<sup>1</sup> 2012 mortality study restated to allow for other savings (cash and deposits) as part of resources available which is a component newly added in the 2017 study. Excluding other savings, the total Mortality gap in the 2012 study was \$5462bn.

\* After deduction of spousal income

\*\* Regardless of economic status

Note: Calculated based on 2016 annual income of \$81,663 per Economically Active Adult according to the General Household Survey 2015

Sources:

<sup>1</sup> TODAY: Singaporeans living longer; but need to shorten years spent in ill health <http://bit.ly/2GMKySB>

<sup>2</sup> ST: More people getting cancer since 2010 <http://bit.ly/2EGpbSa>

<sup>3</sup> ST: When things get critical, how healthy is your plan? <http://bit.ly/2GQzVOC>

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