

For immediate release

Media Release

Boost in protection coverage in Singapore driven by efforts of Financial Adviser Representatives and Tied Representatives

*Industry ended the year strong with a 14.4% boost in the fourth quarter
compared to the same period in 2022*

Singapore, 15 February 2024 — The Life Insurance Association, Singapore (LIA Singapore) today announced the full year industry results for the period January to December 2023 (YTD 4Q 2023), ending the year strong with a 14.4% growth in weighted new business premiums¹ for Q4 2023 compared to Q4 2022.

A total of S\$4.90 billion in weighted new business premiums was achieved for YTD 4Q 2023, with a 4.0% increase in non-par funds to S\$1.84 billion compared to S\$1.77 billion in the previous year. Total weighted new business premiums recorded in 2023 dipped by 3.9% compared to a year ago, primarily due to a drop in the single premium business.

There was, however, an overall increase in demand for regular premium non-par products such as Term and Health Insurance plans.

Despite the challenging macro-environment, Singapore's life insurance industry continues to make strides in helping to narrow the nation's protection gap recording a year-on-year increase of 1.9% in total sum assured in YTD 4Q 2023, with 37.9% attributed to Financial Adviser (FA) Representatives and another 37.3% to Tied Representatives.

There was also a 1.9% increase in the number of lives covered by health insurance. Approximately 60,000 more Singaporeans and Permanent Residents were covered by IPs at the end of 2023 compared to the same time a year ago. In total, 2.93 million lives – approximately 70% of Singapore residents – are protected by IPs and IP riders which provide coverage on top of MediShield Life.

Mr Dennis Tan, President, LIA Singapore, said, "Global headwinds, slowing economic growth coupled with geopolitical tensions, rising interest rates and elevated inflationary pressures had impacted overall demand for life insurance products especially in earlier 2023. Despite these challenges, as the year progresses, the life insurance industry continues to recover and demonstrate resilience as we help more individuals get more adequately protected."

¹ *Weighted new business premiums measures premiums collected on new policies by taking into account (1) 10 per cent of the value of single premium products, (2) all of a year's premiums for annual premium products, and (3) adjusted value for products with premium payment durations of less than 10 years. The figure is calculated as follows: 10% Single Premium Insurance + 100% Annual Premium Insurance + Adjusted premium for Insurance with premium payment durations of less than 10 years.*

Increased uptake of both annual and single premium products in the fourth quarter

The industry saw a boost in take-up of plans in the final quarter of 2023. This is reflected in the increase in total weighted new business premiums for annual premium products which recorded a 15.5% increase in Q4 2023 compared to Q4 2022. This translates to an increase of S\$86.4 million – growing 9.7% over Q3 2023 as Singapore’s life insurance industry continue to meet the evolving needs of Singapore residents.

Single premium products recorded an increase of 12.2% in weighted premiums for the fourth quarter of 2023, when compared to the same period in 2022. Q4 2023 recorded the only increase in uptake of single premium products in the year, bringing total weighted premiums of single premium products to S\$1.54 billion for YTD 4Q 2023.

This may be attributed to the rising interest rates which stayed high and a volatile macroeconomic environment which hit consumers investment sentiments and preference across various financial products in the market.

Demand for Integrated Shield Plans (IPs) remained strong

Total weighted new business premiums for Individual Health Insurance for YTD 4Q 2023 was at S\$441.1 million, with a 14.9% increase in Q4 2023 compared to the same period in 2022. IPs and IP rider premiums accounted for 85% and the remaining 15% comprised other medical plans and riders. Total new business premiums² for IPs and IP riders for YTD 4Q 2023 amounted to S\$373.3 million, a 21.9% increase compared to YTD 4Q 2022.

Increase in claims payouts

In 2023, the life insurance industry paid out S\$13.58 billion to policyholders and beneficiaries, an increase of 16.2% compared to the same period last year.

Of this amount, S\$11.76 billion was for policies that matured. The remaining S\$1.82 billion was for death, total and permanent disability and critical illness claims.

OTHER HIGHLIGHTS FOR YTD 4Q 2023

Product classification

Par products accounted for 30% of total weighted new business premiums while non-par products accounted for 37%. Investment-linked products made up the remaining 33%.

² With effect from 1 January 2016, MediShield Life premiums have been excluded from LIA statistics. New Business premiums refer to the premium due to the new business sold in the year, as well as incremental premiums from any repricing of plans, and change in age-band of the insureds.

Distribution channels

New business received from the various channels is as follows:

Distribution Channel	By Weighted Premium (%)	By Number of Policies (%)
Tied Representatives	31.1	36.7
Bank Representatives	32.8	9.4
FA Representatives ³	31.7	27.8
Online Direct Channels ⁴	1.7	22.1
Others (<i>products sold without intermediaries</i>)	2.7	4.0

Product license classification

As at 31 December 2023, insurers holding “Normal” licenses contributed 98% of total weighted new business premiums, while “Defined Market Segments” (DMS) insurers⁵ made up the remaining 2% for YTD 4Q 2023.

Manpower in the industry

Employment in the life industry increased by 3.5% compared to the corresponding period in 2022. This brings Singapore life insurance industry’s workforce to 9,737 employees as at 31 December 2023 as it continues to drive digital transformation initiatives.

In the same period, 13,771 representatives held exclusive contracts with companies that operate a tied-agency force.

LOOKING FORWARD

Mr Dennis Tan, President, LIA Singapore, said, “Cost of living is a key concern amongst many in Singapore, and the life insurance industry is committed to finding ways to support members of the community address their protection and financial needs. We will do this through innovations in product design and more effective business processes, amongst others.

We will also continue to take a long-term view and pursue initiatives to ensure the wellbeing of Singapore’s population and to support the nation’s net-zero transition goals.

Just as we seek to protect the life and health of people, we are equally serious about protecting the earth and our collective future.”

– END –

Note to Editor: Details of the life insurance industry results for YTD 4Q 2023 are available at <https://www.lia.org.sg/news-room/industry-performance/>

³ FA Representatives include representatives of “related FA firms”. A related FA firm is a wholly-owned subsidiary of an insurance company.

⁴ Online Direct Channel is a new data point from January 2019, and it refers to “any web portal or application in the internet created, developed and maintained or operated by a life insurer, on which a client may purchase a life policy”.

⁵ DMS insurers are registered by MAS to conduct only non-CPF business and with minimum policy size.

IN SUMMARY

New Business Sales (Weighted Basis)

Comparison with Corresponding Period	Jan – Dec 2023 S\$ (million)	Jan – Dec 2022 S\$ (million)	Change (%)
Single Premium	1,542.1	2,345.1	-34.2
Annual Premium	3,358.9	2,753.2	22.0
Total	4,901.0	5,098.3	-3.9

Comparison with Corresponding Quarter	Oct – Dec 2023 S\$ (million)	Oct – Dec 2022 S\$ (million)	Change (%)
Single Premium	437.5	389.9	12.2
Annual Premium	973.3	843.0	15.5
Total	1,410.8	1,232.9	14.4

Comparison with Last Quarter	Oct – Dec 2023 S\$ (million)	Jul – Sep 2023 S\$ (million)	Change (%)
Single Premium	437.5	413.6	5.8
Annual Premium	973.3	886.9	9.7
Total	1,410.8	1,300.5	8.5

Note: Total sales figures are subject to rounding formula

Life Insurance Association, Singapore (LIA Singapore)

Established in 1962, the Life Insurance Association, Singapore (LIA Singapore) is the not-for-profit trade body of life insurance product providers and life reinsurance providers based in Singapore and licensed by the Monetary Authority of Singapore (MAS).

Vision and Mission

The vision of member companies is *to provide individuals with peace of mind and to promote a society where every person is prepared for life's changing cycles and for those situations unforeseen.*

They are *committed to being a progressive life insurance industry by collectively enhancing consumer understanding, promoting industry best practices, and through the association fostering a spirit of collaboration and mutual respect with government and business leaders.*

Values underpinning the association and its members

Unified	in our resolve to deliver innovative solutions where every individual's needs are best met.
Professional	in the way we conduct ourselves and in the counsel we give.
Ethical	in ensuring our policyholders' interests are managed with utmost integrity.
Fair	in how we strive to provide favourable outcomes to both our policyholders and shareholders.
Open & honest	in all that we do to build an environment of trust and transparency.
Proactive	in the steps we take to give our people the skills and knowledge to provide sound solutions at all times.

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