

**9th LIA ANNUAL LUNCHEON
3 MARCH 2010
RAFFLES HOTEL, SINGAPORE**

Speech by Tan Hak Leh, President of LIA Singapore (2010-11)

Guest of Honour, Mr Low Kwok Mun, Executive Director, Insurance Supervision
Department, Monetary Authority of Singapore

Distinguished guests from public agencies, trade associations and professional bodies
of the financial services sector

Friends and colleagues from the life insurance industry

Ladies and gentlemen

1 It is a great honour and privilege to be the President of the Life Insurance Association of Singapore. On behalf of Philip, Neal and myself, I want to thank all members of LIA for entrusting us with the responsibility to lead this esteemed organisation.

2 This is the first time in the history of the LIA that we have two deputy presidents. It is a move to further strengthen our ability to respond to an increasingly complex and demanding business environment as well as to better represent the diverse membership within the Association.

2009 - A challenging year but business fundamentals remain strong

3 2009 was a challenging year for the life insurance industry in Singapore. The industry was not spared from the adverse effect of the global financial crisis. But the fundamentals of our business remain strong.

4 While total new business in 2009 declined by 18 per cent, due to a sharp drop in single premium investment products, annual premium business comprising mostly protection and long term savings products continued to grow in 2009. Total number of inforce policies increased by 9 per cent to 11.3 million policies and total sum assured increased by 11 per cent to \$461 billion. Persistency rate of inforce policies remained high at 97.7 per cent throughout the financial crisis. This means that our policyholders were able to retain their valuable insurance coverage and their plans to save for future financial needs were not disrupted.

5 On the consumer front, we are pleased to note an increase in Consumer Satisfaction Index for the life insurance industry. We are one of the few industries that experienced a positive improvement despite the hostile external environment, as shown in the latest Consumer Satisfaction Index of Singapore 2009.

6 This is testament to the resilience and maturity of the life insurance industry in Singapore as well as the robustness of the regulatory framework in which we operate.

More need to be done in 2010 to achieve LIA vision

7 However, a lot more need to be done to achieve our vision, which 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”. With the worst of the

financial crisis behind us, we aim to devote more resources to work towards achieving this vision in 2010.

8 I would like to elaborate on LIA's three key areas of focus in 2010.

Promote protection and long term savings

9 The life insurance industry is uniquely positioned to provide protection against death, disability, illnesses and the cost of hospitalisation and surgeries. Our industry also plays an integral role to help our consumers save to meet their long term financial needs, such as retirement or child education funding.

10 LIA and its members had conducted numerous surveys and studies on these two needs. The results repeatedly showed an obvious protection gap. An average working adult in Singapore has life insurance protection of about 3.5 times of annual income, while he needs is closer to 11 times. In addition, even amongst those aware of the need to secure their financial future, less than half actually have a plan to do so.

11 While ensuring adequacy of insurance protection and long term savings often seems less urgent than meeting other practical short-term finances, such important decisions not to be delayed till it is too late.

12 To this end, LIA will be embarking on an extensive series of "Know Your Financial Health Workshops", which will last for 3 months starting from 2nd quarter 2010. Through these workshops we aim to reach out to various market segments via different media and venues, to help consumers understand their financial health and urge them to take concrete steps towards securing their financial future.

Raise industry standards

13 One key role of LIA is to set industry guidelines that aim to raise the standards of practice amongst its members on a wide range of activities relating to the managing and distribution of life insurance products.

14 LIA is proud to be the first trade association in Singapore and the region to introduce industry standards on needs-based sales process of financial products in January 2001. We also have in place standards on training and competency of life insurance representatives and guidelines on product disclosure. These standards and guidelines have served the industry well.

15 With the increasing focus on fair dealing, as set out in the MAS Fair Dealing Guidelines, and to meet the needs of the changing environment, LIA will be embarking on a review of these guidelines to ensure that they remain relevant and effective in delivering the desired outcome.

Increase competitiveness and productivity

16 The long term success of the life insurance industry hinges on our ability to continuously increase our competitiveness and productivity.

17 This requires us to attract sufficient talents into the industry. We must also continuously increase the productivity competency of every individual working in this industry, whether they are front-line insurance advisers, marketing or customer service officers, or back-room underwriting, actuarial or business operations personnel.

18 LIA aims to play an active role to help promote the rewarding and fulfilling career development opportunities in this industry.

Conclusion

19 In conclusion, the life insurance industry in Singapore has weathered the global financial crisis and emerged relatively unscathed. The fundamentals of our business remain strong.

20 We look forward to working closely with our members and all other stakeholders to further promote the importance of protection and long term savings, raise the standards of practice amongst all players and participants, and work towards increasing the competitiveness and productivity of the life insurance industry in Singapore.

21 Thank you.