

MEDIA RELEASE

For immediate release

Protection gap of Singaporeans has narrowed: Results of LIA 2011 Protection Gap Study

Singapore, 3 August 2012: The 2011 Protection Gap Study commissioned by the Life Insurance Association (LIA) indicated that the protection gap of working adults in Singapore has shrunk considerably over last 5 years. The 2011 Protection Gap Study was conducted by Towers Watson, a global consulting firm, as an update to the protection gap study carried out in 2006.

The study examined the protection needs of working adults in Singapore which took into consideration their financial commitments that included on-going expenses for dependants, outstanding loans and other expenses, as well as income of the surviving spouse. It also analysed life insurance policies purchased by working adults as well as employer-sponsored group life insurance coverage, based on information provided by members of LIA. The study made reference to the Census 2010 for information such as marital status, number of dependants and house income, to assess the overall protection gap.

Based on the 2011 study, key findings for the average working adult in Singapore are as follows:

- A working adult requires an average protection need of S\$626,000, which translates to approximately 10 times of his or her annual salary
- Total life insurance coverage of a working adult in 2011 amounts to S\$319,500, which is equivalent to about 5 times of their annual salary

- The average protection gap of a working adult is S\$242,500 or 3.7 times of their annual income, after taking into account CPF savings

Taking into account the size and profiles of the entire working adult population in Singapore, the corresponding findings for the entire working adult population in Singapore in 2011 are as follows:

- Protection needs of the working adult population amounts to S\$1.2 trillion
- Total life insurance coverage for working adults in 2011 was S\$609 billion
- Protection gap for working adult population in Singapore amounts to S\$462 billion

Compared to the 2006 study, the average protection gap for a working adult narrowed by half from 7.6 times his or her annual income in 2006 to 3.7 times in 2011. The protection gap of the total population saw a marginal decline from S\$525.5 billion to S\$462 billion, due to the growth in the working adult population.

Mr Tan Hak Leh, President of the LIA, said: "We are heartened that our concerted efforts to increase the level of insurance coverage among Singaporeans have made significant strides. Be it in good times or in times of uncertainty, there should be no compromise in ensuring that you are financially prepared for life's unforeseen situations.

Adequate coverage means that you and your dependants can continue to sustain their lifestyle in the event of such unfortunate circumstances.

The protection needs for each individual can vary substantially depending on several dynamics ranging from the family profile, the number of dependants within the family, and the life stage needs of the family. Thus, it is important for Singaporeans to seek professional advice from their insurance adviser regularly to ensure that they are able to identify their goals and needs as well as establish their priorities. Singaporeans will be able to do so through a thorough financial needs analysis, as their insurance adviser will be able to assess and recommend suitable life insurance options that can

help them achieve their financial goals and needs, ensuring that they are adequately covered at all times.”

Added Mr Tan: “While we are encouraged that the gap between Singaporeans’ protection needs and the existing level of coverage they have has shrunk, we are determined to further our efforts in helping Singaporeans close their protection gap.

“The LIA and its members are committed to helping serve these needs,” Mr Tan concluded.

Life Insurance Association, Singapore (LIA)

Established in 1962, the Life Insurance Association, Singapore (LIA) 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.

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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