

**LIA ANNUAL LUNCHEON 2019**

**Speech by Mr. Khor Hock Seng, President of LIA Singapore  
On March 6, 2019  
At 12.35pm**

Guest-of-Honour Ms. Ho Hern Shin, Assistant Managing Director (Banking & Insurance),  
Monetary Authority of Singapore,

Distinguished guests,

Members of the Media,

Ladies and Gentlemen,

A very good afternoon to all.

**Introduction:**

1. Welcome to the 17<sup>th</sup> Annual Luncheon of the Life Insurance Association, Singapore and thank you for joining us this afternoon.
2. On behalf of the newly elected Management Committee, I would like to take this opportunity to extend our sincere appreciation to members of LIA Singapore for placing your trust in us.
3. Together with newly elected Deputy Presidents Nishit Majmudar and Kevin Stone, I look forward to a year of working in close collaboration with members and our regulators to steward Singapore's life insurance industry, especially in the current climate of global uncertainty.
4. On this end, I would also like to take this opportunity to extend our gratitude to the 2018 Management Committee including Patrick Teow who served two terms as President of the Association, and Ken Ng, who completed his fifth term as Deputy President. I think they deserve a round of applause.

5. We will continue to build on the foundations you have established.

### **Overview of industry performance in 2018**

6. Despite turbulence in the closing months of 2018, Singapore's life insurance industry outpaced the Singapore economy and recorded a four per cent growth in weighted new business premiums which totaled S\$4.23 billion for the year – exceeding the S\$4 billion mark for the second consecutive year.
7. There were some note-worthy industry highlights from 2018 I'd also like to share.
  - a. Firstly, the continued increase in the level of protection in Singapore, with sum assured for new business recording an annual growth of seven per cent. This reflects the industry's efforts to help consumers bridge their protection gaps.
  - b. There was also significant growth in the uptake of retirement policies, with a 48 per cent increase in the number of retirement policies taken up last year compared to 2017, reflecting positive results from life insurers' efforts to educate individuals on the importance of retirement as member companies continue to introduce innovative products to help more Singaporeans better prepare for their golden years.
8. In 2018, the Association also developed two best practice guidelines for Integrated Shield Plan (IP) providers based on recommendations by the Health Insurance Task Force (HITF) This is part of the industry's pro-active efforts to ensure continued accessibility of healthcare in Singapore.
  - a. The first is a set of guidelines for IP insurers to establish a Pre-Authorisation Framework for policyholders to obtain a review and pre-approval for a medical treatment to be claimed under their IPs.
  - b. The second is for IP insurers to set-up a Panel of Preferred Healthcare Providers which IP insurers are confident of offering appropriate and cost-effective medical services to policyholders.
9. IP insurers have been pro-active in adopting the HITF recommendations to mitigate claims cost inflation in Singapore, and we expect the effects of these initiatives to begin showing in 3-4 years.

### **Commitment to elevating professionalism of the industry**

10. 2018 also saw the implementation of the remaining initiatives from the Financial Advisory Industry Review (FAIR). Two new documents – the Cover Page and a Bundled Product Disclosure Document – were introduced to help consumers gain a clear understanding of key features of life insurance policies.
11. Beyond FAIR, we are committed to an ongoing quest to enhance professional practices and conduct including the conduct of tied intermediaries.
12. We must always guard against any deficit of trust which will invariably shortchange our customers, our stakeholders and our workforce.

### **Priorities for 2019 against expected muted growth for the year**

13. We expect slower growth in 2019 given the current global uncertainties and market volatility. This was also outlined in the Finance Minister's recent Budget speech.
14. In his speech, Minister Heng highlighted the need for the government, companies, and SMEs to be agile in adapting to the changing environments as we look to build a strong, united Singapore together in the next bicentennial and beyond,
15. The life insurance industry will need to be agile to tackle challenges as they come along.
16. Our three focus areas for 2019 – some of which build on the efforts spearheaded by our predecessors – are to:
  1. Transform a workforce for the future,
  2. Drive innovations to increase the accessibility of insurance, and
  3. Step up public education in collaboration with partners, to help bridge the mortality and critical illness protection gaps.

## **Priority #1: Transforming a workforce for the future**

17. The life insurance industry has a corporate workforce of more than 8,000 employees<sup>1</sup>.
18. A significant headcount of 2,000 were added over the last three years as life insurers pursue business expansion and digital innovations.
19. Recruitment was concentrated in the areas of data analytics, cyber security, operations, healthcare, and marketing.
20. Our industry is undergoing a transition as demand for professionals with advanced technological skills continues to rise. Technologies such as robotic process automation, artificial intelligence, natural language software, and advanced analytics are accelerating the need for talent transformation.
21. Even as we look to attract more talent to join the industry, there is a critical need for the current workforce to be upskilled so that we make more productive use of their time, talent, and experience. Do companies need to consider transitioning to a more flexible and virtual working environment?
22. These are questions that we need to seriously ask ourselves.
23. Talent transformation will be a top priority for the Association moving forward, and we will explore ways to transform our industry's workforce.
24. We want to keep ahead in moving our people towards higher-value jobs before they are displaced by the introduction of new technologies.
25. Importantly, we want technologies to enable our people to deliver better and differentiated capabilities to better serve customers, supporting our efforts to bridge the protection gap in Singapore.
26. The industry continues to work closely with the Institute of Banking and Finance (IBF) following the successful launch of the Careers Connect Centre last year.
27. While the government, industry, and member companies work towards developing a workforce for the future, the onus is also on individuals to step up and out of their comfort zone to expand their skillsets, remaining not just relevant but ahead of the digitalisation

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<sup>1</sup> As at end December 2018

wave. Being nimble and adaptive to changing environments are critical to our continued progress.

28. Two in five financial professionals in Singapore identified the importance of picking up new skills for today's digital world but, at the same time, find no urgency to do so. Approximately 4 in 5 are not fully aware of the training openings available to them, according to recent IBF survey finding<sup>2</sup>.
29. This needs to change and I believe that, if everybody takes personal responsibility to play their part, we will have success in transforming ourselves into a workforce of the future together.

### **Priority #2: Driving innovations to make insurance more accessible**

30. While digitalisation is pushing us to re-train and upskill our workforce faster than ever before, we are also chasing digital innovations to increase the efficiency and effectiveness in making insurance more accessible to more people.
31. Leveraging advanced technologies is a key priority for our member companies as the industry pursues innovations to make insurance more accessible; helping more individuals better meet their protection, savings, and investment needs.
32. Member companies are pursuing innovations across multiple levels to make insurance more easily accessible. This includes innovations in product design, engaging with customers, and in value-added services being provided, amongst others.
33. There is a growing need for life insurers to consider how best to respond to emerging consumer desires for increased personalisation and flexibility of insurance plans and services offered. The question then is, how can all this be done without compromising on issues of compliance and privacy?
34. We will take guidance from principles set to promote Fairness, Ethics, Accountability & Transparency - FEAT - in the use of AI and data analytics.
35. FEAT, shared by MAS at last year's Fintech Fest, is a global first where MAS – together with the financial industry – came together to establish guidelines on the responsible use

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<sup>2</sup> <https://www.businesstimes.com.sg/government-economy/in-reskilling-financial-sector-a-new-point-of-sale>

of such advanced technologies in decision-making and to mitigate potential risks of systematic misuse.

36. It is with this guidance that the industry will continue to innovate and pursue digitalisation initiatives that enhance the customer experience and increase the accessibility of insurance while, concurrently, supporting Singapore's sustainability agenda.

### **Priority #3: Enhancing public education to help bridge the protection gap**

37. Public education is central in our efforts to help more individuals in Singapore bridge their mortality and critical illness protection gaps.

38. Last year, the Association completed the qualitative research component of our Protection Gap Study. The findings have been insightful, informing us on how best we can – at an industry level – move the needle in increasing the protection levels in Singapore.

39. We will share findings from the study in the coming months alongside key initiatives – primarily focusing on public education – which the industry will be spearheading.

40. The Association is also in discussions with MAS and other key stakeholders to explore collaborations on public education efforts, especially given the successful re-introduction of MoneySense, Singapore's national financial literacy programme, last year.

### **Conclusion**

41. Bill Gates once said, "Success today requires the agility and drive to constantly rethink, reinvigorate, react, and reinvent".

42. This will be our mantra as we brace ourselves for potential headwinds in 2019.

43. At the same time, as an industry, we will not lose sight of our long-term goals that is:

- a. invest in our people and continue to set the highest standards of professionalism for ourselves,
- b. leverage customer-centric digital innovations in a responsible and secure manner, and

c. for us to take on an even more significant role in helping to bridge the protection gap in Singapore.

44. These efforts can only be achieved with the active contribution of all parties involved.

45. To this end, and on behalf of LIA Singapore, I thank the Monetary Authority of Singapore, the Ministry of Health, and the CPF Board for supporting and working closely with us over the years.

46. I would also like to express appreciation to the LIA Management Committee and sub-committees, the Secretariat, industry colleagues, and all our partners - past and present - for your contributions and dedication in progressing the industry together.

47. Thank you.