

For immediate release

Clarification on disclosure of expense ratio required for Par Fund Updates: All insurers in compliance with industry requirements

24 September 2020

We refer to the article in The Business Times titled '[Scrutiny to rise on insurers' practice of charging expenses to par funds](#)' on September 21, 2020.

Currently Total Expense Ratio (TER) disclosure only required within product summary which is provided when new par products are offered for sale

In 2018, the industry agreed on a calculation methodology for the TER. The TER as an explicit disclosure requirement currently applies only to the product summary which is provided when new Par products are offered for sale. All insurers are in compliance with this requirement.

There is no explicit requirement for insurers to disclose either expense ratio, TER or investment ratio in Par Fund Updates

For the Par Fund Update (PFU), an insurer is required to comment on key factors affecting par fund bonus allocation. The PFU is provided to policy owners, typically annually, after they have been issued par policies by their insurer/s. There is **no** explicit requirement for an insurer to disclose an expense ratio, TER or investment expense ratio in the PFU.

For the recent PFU released by Par insurers, some insurers have chosen to disclose the investment expense ratio in their PFU and have labelled it appropriately as the investment expense ratio, so that policy owners are not misled into thinking that TER is presented.

There are others who have chosen to disclose TER in their PFU.

LIA Singapore will consider standardisation of expense ratio disclosure for consistency and ease of comparison

We recognise that the different variations in disclosure of expense ratio types may be confusing for policyholders seeking to make a comparison across the PFUs, if they have received PFUs from different insurers.

Given that most insurers disclose some form of expense ratio in the PFU, LIA will consider, for consistency, if standardisation would be helpful.

We will also discuss at which level should such ratios be minimally made available, in order to facilitate policy owners' comparison across different insurers' PFU.