

**For immediate release**

## *Media Release*

# **Life insurance industry records S\$1.21B in new business premiums for 1Q 2022**

- *Industry records two per cent dip compared to same period last year*
- *Total of S\$2.29B paid out to policyholders and beneficiaries from 1 January 2022 to 31 March 2022*

**Singapore, 12 May 2022** — The Life Insurance Association, Singapore (LIA Singapore) today announced a set of industry results for the period January 2022 to March 2022 (1Q2022).

Singapore's life insurance industry recorded a total of S\$1.21 billion in weighted new business premiums<sup>1</sup> for 1Q2022, a slight two per cent dip compared to 1Q2021.

**Mr Khor Hock Seng, President, LIA Singapore**, said, "Life insurance was one of the few sectors that grew over the past two years as consumers increasingly recognised the importance of life insurance as a crucial component to financial planning and protection."

"As the country steadily emerges from the pandemic's headwinds, life insurers have noted the sustained popularity of single-premium products for their relatively attractive yields," he said.

### **Significant uptake of single-premium products**

Single-premium products recorded a 21 per cent quarter-on-quarter increase in weighted premiums amounting to S\$655.4 million in total for 1Q2022.

- a. Single-premium par and non-par products comprised 88 per cent of all single-premium purchases; single-premium linked products made up the remaining 12 per cent.
- b. CPFIS-included products comprised four per cent; and cash-funded products accounted for the remaining 96 per cent.

### **Reduced sales of annual premium products**

Sales of annual premium products recorded a reduction of 20 per cent from the same period last year, amounting to S\$555.1 million in total weighted annual premiums.

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<sup>1</sup> *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.*

## Growth in number of policies purchased online

The number of new policies purchased online significantly rose to 214,372 in 1Q2022 compared to 88,565 in 1Q2021.

These are purchases transacted online by customers without financial advisory. Specifically, micro-insurance products sold by an insurer had contributed to the large increase in the policy count observed.

These online purchases totalled S\$27 million in weighted premiums, accounting for two per cent of the total weighted premiums for 1Q2022.

## Integrated Shield Plans (IPs) remained a major health insurance product

Forty thousand more Singaporeans and Permanent Residents were covered by IPs as of 31 March 2022. In total, 2.86 million lives – approximately 70 per cent of Singapore residents – are protected by IPs, which provide coverage on top of MediShield Life.

Total new business premiums<sup>2</sup> for individual health insurance for 1Q2022 amounted to S\$82.9 million. Overall, IPs and IP rider premiums accounted for 83 per cent (S\$69.1 million) and the remaining 17 per cent (S\$13.8 million) comprised other medical plans and riders.

## Claims payouts

Between 1 January 2022 and 31 March 2022, the life insurance industry paid out S\$2.29 billion to policyholders and beneficiaries. Of this amount, S\$1.92 billion was for policies that matured. The remaining S\$364 million was for death, critical illness or disability claims.

## OTHER HIGHLIGHTS FOR 1Q2022

### Product classification

Par products accounted for 45 per cent of new sales while non-par products accounted for 31 per cent. Investment-linked products made up the remaining 24 per cent.

The business mix of par, non-par and ILP products have remained stable, compared to the same quarter in 2021.

### Distribution channels

New business from the different channels is as follows:

Distribution Channel	By Weighted Premium (%)	By Number of Policies (%)
Tied Representatives	31.3	28.6
Bank Representatives	39.9	6.5

<sup>2</sup> 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.

Financial Adviser Representatives <sup>3</sup>	24.4	17.1
Online Direct Channel <sup>4</sup>	2.3	45.0
Others ( <i>products sold without intermediaries, e.g. ElderShield</i> )	2.1	2.8

### Product license classification

As of 31 March 2022, insurers holding “Normal” licenses contributed 98 per cent of new sales, while “Defined Market Segments” (DMS) insurers<sup>5</sup> made up the remaining two per cent of new sales for 1Q2022.

### Manpower in the industry

Employment in the life industry remained stable compared to the corresponding period in 2021, with 165 new hires. This brings Singapore life insurance industry’s workforce to 8,873 employees as at 31 March 2022. In the same period, 14,540 representatives held exclusive contracts with companies that operate a tied-agency force.

### LOOKING FORWARD

“At an industry level, life insurers are working to build capacity in sustainable operations and offer green insurance products to consumers. By June 2022, all member insurers will have adopted MAS’ Guidelines on Environmental Risk Management, within target implementation timeline.”

“Concurrently, life insurers remain focused on digitalisation, including supporting the establishment of a Singapore Financial Data Exchange (SGFinDex). Information on insurance policies will soon be available in the next phase of the platform, to help Singaporeans make more holistically informed financial planning decisions.”

“Both efforts are underpinned by workforce transformation. To support employees amid the evolving nature of jobs, the life insurance sector has forged inter-industry partnerships to develop curriculum on digital literacy and sustainable risk management,” said **Mr Khor Hock Seng, President, LIA Singapore.**

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*Note to Editor: Details of the life insurance industry results for 1Q2022 are available at <https://www.lia.org.sg/news-room/industry-performance/>*

<sup>3</sup> Financial Adviser (FA) Representatives include representatives of “related FA firms”. A related FA firm is a wholly-owned subsidiary of an insurance company.

<sup>4</sup> 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”.

<sup>5</sup> 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 – Mar 2022 S\$	Jan – Mar 2021 S\$	Change
Single Premium	655.4 million	541.6 million	21%
• Linked	80.3 million	109.1 million	-26%
• Non-linked	575.1 million	432.5 million	33%
Annual Premium	555.1 million	692.8 million	-20%
Total	1,210.5 million	1,234.4 million	-2%

Comparison with Last Quarter	Jan – Mar 2022 S\$	Oct – Dec 2021 S\$	Change
Single Premium	655.4 million	547.4 million	20%
• Linked	80.3 million	103.8 million	-23%
• Non-linked	575.1 million	443.6 million	30%
Annual Premium	555.1 million	726.7 million	-24%
Total	1,210.5 million	1,274.1 million	-5%

## 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

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

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### For more information, please contact:

Lee [Swee Kiang](#) (Mr.)  
Executive Director, LIA Singapore  
Email: [lee.sweekiang@lia.org.sg](mailto:lee.sweekiang@lia.org.sg)

[Louise](#) Lam (Ms.)  
Ogilvy Singapore  
Tel: +65 6213 6986 / +65 9739 9863  
Email: [louise.lam@ogilvy.com](mailto:louise.lam@ogilvy.com)