

For immediate release

Media Release

Life Insurance Industry records S\$3.87B in weighted new business premiums for YTD 3Q 2022

Singapore, 10 November 2022 — The Life Insurance Association, Singapore (LIA Singapore) today announced a set of industry results for the period January to September 2022 (YTD 3Q 2022).

Singapore's life insurance industry achieved a total of S\$3.87 billion in weighted new business premiums¹ for YTD 3Q 2022, a decrease of 5.9% as compared to a year ago. However, total number of new policies taken up for the same period increased by 12.8% to 1.48 million.

Mr Khor Hock Seng, President, LIA Singapore, said, "The geopolitical uncertainty across the world, a volatile and uncertain macroeconomic environment and sustained inflationary pressures coupled with rising costs of living has impacted overall demand for life insurance products in the third quarter of 2022. Despite this, the people in Singapore recognise the importance of insurance within their financial portfolio and continue to seek protection.

Our immediate priority is to support individuals and families in Singapore as they review their long-term protection and financial priorities, especially in these challenging times. The recent inclusion of a consolidated view of insurance policies on the Singapore Financial Data Exchange (SGFinDex) will also enable us to play a bigger role in helping them in financial planning²."

Increase in uptake of annual premium products in the third quarter

Uptake of annual premium products increased by 7.2% in 3Q 2022 as compared to 3Q 2021, an increase of S\$48.9 million in weighted new business premiums. This helped narrow the gap between YTD 3Q 2022 at \$1.91 billion and YTD 3Q 2021 at \$2.07 billion.

Single-premium products, however, recorded a decrease of 31.7% in weighted premiums in 3Q 2022 as compared to 3Q 2021. This translated into a 3.9% year-on-year dip in weighted premiums as of 3Q 2022. The decline is primarily attributed to the volatility in the global equity markets that affected investment-linked products and rising interest rates that intensified the competition for shorter-term endowment products with other financial products in the market.

¹ *Weighted new business premiums measures premiums collected on new policies and 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.*

² *'Financial Planning for Singaporeans Enhanced with Insurance Data on SGFinDex' (Nov 2, 2022) Monetary Authority of Singapore.*
<https://www.mas.gov.sg/news/media-releases/2022/financial-planning-for-singaporeans-enhanced-with-insurance-data-on-sqfindex>

Integrated Shield Plans (IPs) remained a priority health insurance product

Total new business premiums³ for individual health insurance for YTD 3Q 2022 amounted to S\$255.8 million. Overall, IPs and IP rider premiums accounted for 84.5% (S\$216.2 million) and the remaining 15.5% (S\$39.6 million) comprised other medical plans and riders.

About 40,000 more Singaporeans and Permanent Residents were covered by IPs from the same time a year ago. In total, 2.88 million lives – approximately 70 per cent of Singapore residents – are protected by IPs, which provide coverage on top of MediShield Life.

Growth in number of policies purchased online

The number of new policies purchased directly online continues to increase to 603,116 in YTD 3Q 2022 compared to 370,528 in YTD 3Q 2021.

These online purchases totalled S\$106 million in weighted premiums, accounting for 2.7% of the weighted new business premiums in YTD 3Q 2022.

Increase in claims payouts

Between January to September 2022, the life insurance industry paid out S\$8.71 billion to policyholders and beneficiaries, an increase of 14.8% compared to the same period last year.

Of this amount, S\$7.57 billion was for policies that matured. The remaining S\$1.14 billion was for death, total and permanent disability and critical illness claims.

OTHER HIGHLIGHTS FOR YTD 3Q2022

Product classification

Par products accounted for 43% of new sales while non-par products accounted for 35%. Investment-linked products made up the remaining 22%. Compared to YTD 3Q 2021, the business mix of Par, Non-Par and ILP products by total weighted new business premium have remained stable.

Product license classification

Insurers holding “Normal” licenses contributed 98% of weighted new business premium, while “Defined Market Segments” (DMS) insurers⁴ made up the remaining 2% for YTD 3Q 2021.

³ 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.

⁴ DMS insurers are registered with MAS to conduct only non-CPF business and with minimum policy size.

Distribution channels

New business from the different distribution channels is as follows:

Distribution Channel	By Weighted NB Premium (%)	By Number of Policies (%)
Tied Representatives	32.6%	30.8%
Bank Representatives	35.1%	6.1%
Financial Adviser Representatives ⁵	26.5%	18.9%
Online Direct Channel ⁶	2.7%	40.7%
Others (i.e. <i>products sold without intermediaries</i>)	3.1%	3.5%

Manpower in the industry

Employment in the life industry increased by 4.8% compared to the corresponding period in 2021. This brings Singapore life insurance industry's workforce to 9,145 employees as at 30 September 2022.

As at 30 September 2022, 14,353 representatives held exclusive contracts with companies that operate a tied-agency force.

LOOKING FORWARD

Mr Khor Hock Seng, President, LIA Singapore said, "Top on our agenda is supporting individuals and families in these trying times and we will continue to support consumers in their financial planning journey."

"The industry will also continue to pursue and update our protection gap study to better understand and develop initiatives to help people in Singapore better meet their mortality and critical illness protection needs. This nationwide study is conducted once every five years."

"Moving into 2023, we expect that the business climate for the life insurance industry will remain challenging in the short to medium term, especially with Singapore's economy projected to grow slower in 2023 amidst challenges in the external environment. There are also concerns of continued market volatility and inflationary pressures. Despite these, we are confident of the resilience of Singapore's life insurance industry, and we will continue to be strategic in our investments to innovate for the benefit of consumers here."

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Note to Editor: Details of the life insurance industry results for YTD 3Q2022 are available at <https://www.lia.org.sg/news-room/industry-performance/>

⁵ Financial Adviser (FA) Representatives include representatives of "related FA firms". A related FA firm is a wholly-owned subsidiary of an insurance company.

⁶ 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".

IN SUMMARY

New Business Sales (Weighted Basis)

Comparison with Corresponding Period	Jan – Sep 2022 S\$	Jan – Sep 2021 S\$	Change
Single Premium	1,955.2 million	2,034.3 million	-3.9%
Annual Premium	1,910.3 million	2,072.4 million	-7.8%
Total	3,865.5 million	4,106.7 million	-5.9%

Comparison with Corresponding Quarter	Jul – Sep 2022 S\$	Jul – Sep 2021 S\$	Change
Single Premium	514.2 million	752.9 million	-31.7%
Annual Premium	724.1 million	675.2 million	7.2%
Total	1,238.2 million	1,428.1 million	-13.3%

Life Insurance Association, Singapore (LIA Singapore)

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

The industry's 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. Member companies are committed to developing 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 the government, and business leaders, and other key stakeholders. For more information, please visit www.lia.org.sg

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