

For immediate release

Life Insurance industry records S\$5.10B in weighted new business premiums for YTD 4Q 2022

Uptick in last quarter's performance as industry swiftly adapts to increasing demand for protection products

Singapore, 13 February 2023 — The Life Insurance Association, Singapore (LIA Singapore) today announced the industry results for the period January to December 2022 (YTD 4Q 2022).

A total of S\$5.10 billion in weighted new business premiums¹ was achieved for YTD 4Q 2022, a dip of 5.2% as compared to a year ago, mainly due to a drop in single premium business.

Mr Khor Hock Seng, President, LIA Singapore, said, "Global headwinds and slowing economic growth coupled with geopolitical uncertainty, rising interest rates and elevated inflationary pressures continue to impact overall demand for life insurance products. Despite these challenges, the life insurance industry continues to recover and demonstrate resilience as more individuals place greater emphasis on ensuring they are well-protected. This can be seen from an increase in demand for regular premium non-par products, e.g. Term and Health Insurance."

Uptake of annual premium products in the fourth quarter

The industry saw a boost in take-up in the final quarter of 2022, primarily driven by an increasing interest in protection products. This is reflected in the increase in total weighted new business premiums for Annual Premium plans which recorded a 16.0% increase in Q4 2022 compared to Q4 2021. This is also a notable increase of \$118.9 million – approximately 16.4% - compared to Q3 2022 as Singapore's life insurance industry pivoted to meet the protection needs of Singapore residents.

However, single premium products recorded a decrease of 28.8% in weighted premiums for the fourth quarter of 2022, when compared against the same period in 2021. This translated into a 9.2% year-on-year dip in weighted premiums amounting to S\$2.35 billion for YTD 4Q 2022. This may be attributed to the rising interest rates and a volatile macroeconomic environment which impacted consumers investment choice and preference across various financial products in the market.

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

Total weighted new business premiums for Individual Health Insurance for YTD Q4 2022 was at \$360.2 million – consistent with the previous year – with a 13.5% increase in Q4 2022 compared to the same period in 2021. Of which, IPs and IP rider premiums accounted for 85% and the remaining 15% comprised other medical plans and riders.

¹ *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.*

Total new business premiums² for IPs and IP riders for YTD 4Q 2022 amounted to S\$306.2 million, a 2.5% increase compared to YTD 4Q 2021.

About 40,000 more Singaporeans and Permanent Residents were covered by IPs at the end of 2022 compared to the same time a year ago. In total, 2.89 million lives – approximately 70% of Singapore residents – are protected by IPs and IP riders which provide coverage on top of MediShield Life.

Increase in claims payouts

Between January and December 2022, the life insurance industry paid out S\$11.69 billion to policyholders and beneficiaries, an increase of 10.6% compared to the same period last year.

Of this amount, S\$10.13 billion was for policies that matured. The remaining S\$1.56 billion was for death, total and permanent disability and critical illness claims.

OTHER HIGHLIGHTS FOR YTD 4Q 2022

Product classification

Par products accounted for 40% of total weighted new business premiums while non-par products accounted for 35%. Investment-linked products made up the remaining 25%.

Distribution channels

New business received from the various channels is as follows:

Distribution Channel	By Weighted Premium (%)	By Number of Policies (%)
Tied Representatives	34.7	32.0
Bank Representatives	31.6	5.9
Financial Adviser Representatives ³	27.9	19.7
Online Direct Channels ⁴	2.8	39.0
Others (<i>products sold without intermediaries</i>)	2.9	3.3

² 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.

³ Financial Adviser (FA) Representatives include representatives of "related FA firms". A related FA firm is a wholly-owned subsidiary of an insurance company.

⁴ 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".

Product license classification

As at 31 December 2022, insurers holding “Normal” licenses contributed 97% of total weighted new business premiums, while “Defined Market Segments” (DMS) insurers⁵ made up the remaining 3% for YTD 4Q 2022.

Manpower in the industry

Employment in the life industry increased by 8.4% compared to the corresponding period in 2021. This brings Singapore life insurance industry’s workforce to 9,402 employees as at 31 December 2022.

In the same period, 14,352 representatives held exclusive contracts with companies that operate a tied-agency force.

LOOKING FORWARD

Mr Khor Hock Seng, President, LIA Singapore, said, “In 2023, as consumers become more aware of the importance of protecting themselves and their loved ones, life insurers will also continue to prioritise and adjust key initiatives according to the evolving needs of consumers. Through the upcoming nationwide protection gap study, which is conducted once every five years, life insurers will be able to better understand and identify various protection gaps and develop key initiatives that help meet individuals’ mortality and critical illness protection needs.

Financial planning for individuals has also been enhanced with the inclusion of life insurers into the SGFinDex platform. The integration of insurance data into the platform will provide individuals with a comprehensive view of their finances as well as easy access to information on their life insurance policies, allowing life insurers to play an integral role in consumers financial planning journey.

In 2023, the life insurance industry is expected to face several challenges such as a volatile macroeconomic environment brought about by sustained inflationary pressures, a slower than expected growth of Singapore’s economy and external geopolitical uncertainties. Despite these, the industry will remain resilient and continue to ensure the seamless use of digital tools and solutions to enhance the digitalization journey and experience for consumers.”

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Note to Editor: Details of the life insurance industry results for YTD 4Q 2022 are available at <https://www.lia.org.sg/news-room/industry-performance/>

⁵ 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 – Dec 2022 S\$	Jan – Dec 2021 S\$	Change
Single Premium	2,345.1 million	2,581.6 million	-9.2%
Annual Premium	2,753.2 million	2,799.1 million	-1.6%
Total	5,098.3 million	5,380.7 million	-5.2%

Comparison with Corresponding Quarter	Oct – Dec 2022 S\$	Oct – Dec 2021 S\$	Change
Single Premium	389.9 million	547.4 million	-28.8%
Annual Premium	843.0 million	726.7 million	16.0%
Total	1,232.9 million	1,274.1 million	-3.2%

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

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.

For more information, please contact:

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

Timothy Tham (Mr.)
Ogilvy Singapore
Tel: +65 9626 2745
Email: timothy.tham@ogilvy.com