

For immediate release

Media Release

Continued uptake in annual premium policies in 1H 2023 reflects increasing prioritisation of meeting protection needs in Singapore

Uptake of annual premium policies increased by 26.3% over the same period last year, reflecting the continued demand for protection policies primarily through Tied and Financial Adviser (FA) Representatives

Singapore, 11 August 2023 — The Life Insurance Association, Singapore (LIA Singapore) today announced a set of industry results for the period January 2023 to June 2023 (1H 2023).

Against the backdrop of economic uncertainty, Singapore's life insurance industry recorded a total of S\$2.2 billion in weighted new business premiums¹ for 1H 2023, a decrease of 16.7% compared to a year ago. Single-premium policies decreased 52.0% in weighted premiums over the same period last year, amounting to S\$691.0 million in total for 1H 2023.

Growth, however, was recorded for annual premium policies which saw a quarter-on-quarter increase of approximately 16.8% in Q2 2023 to \$807.5 million compared to \$691.2 million in Q1 2023.

The decrease in weighted new business premiums, driven by a drop in single premiums policies comes amidst the nation's uncertain economic growth in the first half of the year² as economists further scale back on their growth forecast³ which may impact Singapore's growth in the second half of 2023. Demand for single premium policies continue to see a decline amid a volatile macroeconomic environment and rising interest rates in an increasingly competitive marketplace.

In-force premiums for Group Life & Health continues to show steady growth with a 15% increase in Q2 2023 from Q2 2022 to record a total \$2.17 billion to date.

Focus on protection: Increase in uptake of annual premium policies

Despite the macroeconomic headwinds, it is encouraging to note that demand for annual premium policies remain strong as the take-up of annual premium policies increased by 26.3% in 1H 2023 as compared to 1H 2022, amounting to S\$1.5 billion in total weighted premiums.

Tied representatives led the charge in getting \$25.6 billion sum assured in the first half of 2023, accounting for a notable 38.9% of the total amount of sum assured for 1H 2023. Financial Adviser (FA)

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.*

² *'Singapore's GDP Grew by 0.7 per cent in the Second Quarter of 2023' (July 14, 2023) Ministry of Trade and Industry Singapore. Available at: <https://www.mti.gov.sg/Newsroom/Press-Releases/2023/07/Singapore-GDP-Grew-by-0.7-Per-Cent-in-the-Second-Quarter-of-2023>*

³ *'Economists cut Singapore's 2023 growth forecast to 1.4% amid global slowdown: MAS Survey' (Jun 14, 2023) Channel NewsAsia. Available at: <https://www.channelnewsasia.com/singapore/singapore-economy-growth-forecast-cut-private-sector-economists-june-3560346>*

Representatives⁴ were closely behind, securing another \$23.4 billion in sum assured, accounting for 35.6% of the total amount sum assured in 1H 2023. The industry recorded a total of \$65.8 billion in total sum assured during 1H 2023, growing 3.8% over the same period last year.

Integrated Shield Plans (IPs) remains a critical component of health insurance coverage

Approximately 72,000 Singaporeans and Permanent Residents took up new IPs as of 30 June 2023. In total, 2.9 million lives – approximately 71% of Singapore residents – are protected by IPs which provide coverage on top of MediShield Life.

Total new business premiums⁵ for individual health insurance for 1H 2023 amounted to S\$206.0 million, an increase of 32.1% compared to the same period last year. Overall, IPs and IP rider premiums accounted for 83.9% (S\$172.8 million) and the remaining 16.1% (S\$33.2 million) comprised of other medical plans and riders in 1H 2023.

Claims payouts

Between 1 January 2023 and 30 June 2023, the life insurance industry paid out S\$6.0 billion to policyholders and beneficiaries, a 1% increase compared to the same period last year.

Of this amount, S\$5.16 billion was for policies that matured. The remaining S\$838.6 million was for death, critical illness or disability claims for more than 9,900 policies.

OTHER HIGHLIGHTS FOR 1H2023

Product classification

Par products accounted for 33% of new sales while non-par products accounted for 36%. Investment-linked products made up the remaining 31%.

Distribution channels

New business from the different channels is as follows:

Distribution Channel	By Weighted Premium (%)	By Number of Policies (%)
Tied Representatives	30.9	35.4
Bank Representatives	35.3	9.2
Financial Adviser Representatives ⁶	29.1	24.8
Online Direct Channel ⁷	2.0	26.9
Others (<i>products sold without intermediaries</i>)	2.7	3.7

⁴ FA Representatives include representatives of "related FA firms". A related FA firm is a wholly-owned subsidiary of an insurance company.

⁵ 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.

⁶ Financial Adviser (FA) Representatives include representatives of "related FA firms". A related FA firm is a wholly-owned subsidiary of an insurance company.

⁷ 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 of 30 June 2023, insurers holding “Normal” licenses contributed 99% of new sales, while “Defined Market Segments” (DMS) insurers⁸ made up the remaining 1% of new sales for 1H2023.

Manpower in the industry

Employment in the life insurance industry increased by 8.9% compared to the corresponding period in 2022 with life insurers hiring more IT talents as the industry continues to prioritise their respective digital transformations needs. This brings Singapore life insurance industry’s workforce to 9,640 employees as of 30 June 2023.

In the same period, 13,838 representatives held exclusive contracts with companies that operate a tied-agency force.

LOOKING FORWARD

Mr Dennis Tan, President, LIA Singapore, “As we face a volatile economic landscape with no clear signs of headwinds abating, the life insurance industry must embrace agility and continue to actively listen and cater to the ever-changing demands of consumers.

In July this year, the Insurance Culture and Conduct Steering Committee (ICCS) unveiled the Insurance Trust Indicator Study⁹, showcasing commendable levels of trust in Singapore’s insurance sector. Recognising that trust must be earned, the industry remains dedicated to collaborating with all stakeholders in reinforcing and fortifying this trust in the insurance industry.

Furthermore, in the coming weeks, the Life Insurance Association will release the results of our nationwide Protection Gap Study, which delves into the existing gaps in mortality and critical illness coverage. Notably, this study will, for the first time, include the protection gaps of platform workers, marking a significant step towards better safeguarding the needs of our community.

The life insurance industry will also continue to explore digitalisation initiatives while cultivating a pool of talent, aimed at bolstering operational efficiencies and elevating customer experiences. Our central focus remains on addressing the financial and protection needs of Singapore’s community as we navigate the global headwinds and challenges.”

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Note to Editor: Details of the life insurance industry results for 1H2023 are available at <https://www.lia.org.sg/news-room/industry-performance/>

⁸ DMS insurers are registered by MAS to conduct only non-CPF business and with minimum policy size.

⁹ ‘Press release: Inaugural Insurance Trust Indicator Study shows good levels of trust in Singapore’s insurance industry’ (Jul 26, 2023). Insurance Culture and Conduct Steering Committee. Available at: <https://www.lia.org.sg/media/3926/iccs-press-release-20230726.pdf>

IN SUMMARY

New Business Sales (Weighted Basis)

Comparison with Corresponding Period	Jan – Jun 2023 S\$ (million)	Jan – Jun 2022 S\$ (million)	Change (%)
Single Premium	691.0	1,441.0	-52.0
Annual Premium	1,498.7	1,186.2	26.3
Total	2,189.7	2,627.2	-16.7

Comparison with Corresponding Quarter	Apr – Jun 2023 S\$ (million)	Apr – Jun 2022 S\$ (million)	Change (%)
Single Premium	349.0	782.8	-55.4
Annual Premium	807.5	631.1	28.0
Total	1,156.6	1,413.9	-18.2

Comparison with Last Quarter	Apr – Jun 2023 S\$ (million)	Jan – Mar 2023 S\$ (million)	Change (%)
Single Premium	349.0	341.9	2.1
Annual Premium	807.5	691.2	16.8
Total	1,156.6	1,033.1	12.0

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.

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