

For immediate release

Media Release

Life Insurance industry's New Business Total Weighted Premium grew 32.2% in Q1 2024, marking strongest performance since 2020

Uptake of single premium policies increased by 46.4% and annual premium policies increased by 25.2% compared to the same period last year

Singapore, 14 May 2024 — The Life Insurance Association, Singapore (LIA Singapore) today announced a set of industry results for the period January 2024 to March 2024 (Q1 2024).

Singapore's life insurance industry recorded a total of S\$1.37 billion in weighted new business premiums¹ for Q1 2024, an increase of 32.2% compared to Q1 2023. Single premium policies recorded a 46.4% increase in weighted premiums amounting to S\$500.4 million in total for Q1 2024.

The increase in demand for single premium policies may be attributed to a less volatile macroeconomic environment, with Singapore's economy picking up in the Q1 2024². This quarter, Q1 2024 also marks the strongest performance for corresponding periods as compared to the previous years since the onset of the pandemic.

Focus on protection: Continued increase in uptake of annual premium policies and total sum assured

The industry also recorded an increased take-up of annual premium policies by 25.2% compared to the same period last year, amounting to S\$866.5 million in total weighted premiums. Continued uptake in annual premium policies showed a sustained trend where meeting protection needs are being prioritised in Singapore. This is further evidenced by the increase in the sales of non-participating products to 42% for this period.

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 2.7 per cent in the First Quarter of 2024' (April 12, 2024) Ministry of Trade and Industry Singapore. Available at: <https://www.mti.gov.sg/Newsroom/Press-Releases/2024/04/Singapore-GDP-Grew-by-2.7-Per-Cent-in-the-First-Quarter-of-2024>

Financial Advisory (FA) Representatives³ led the charge in getting \$12.6 billion sum assured in the first quarter of 2024, accounting for a notable 37.2% of the total amount of sum assured for the quarter. Tied representatives secured \$12.3 billion in sum assured, accounting for 36.3% of the total amount sum assured in Q1 2024. The industry recorded \$33.8 billion in total sum assured during this period. This is a boost of 11.9% compared to the same period last year where it was primarily driven by Tied Representatives who accounted for 39.6% of sum assured amounting to \$12.0 billion with FA Representatives accounting for 34.3% to drive \$10.4 billion in sum assured for Q1 2023.

Mr Dennis Tan, President, LIA Singapore, “The life insurance industry is starting the year positively by focusing and achieving progress in narrowing our nation’s protection gap as we grow the sector as a whole. While the concerns about the potential impact of the macro-economic environment remain pertinent, the industry continues to be agile to swiftly respond to consumer needs in Singapore. Our priority remains in helping the population meet their financial and protection needs.”

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

Approximately 35,000 more Singaporeans and Permanent Residents were covered by IPs as of 31 March 2024. In total, 2.94 million lives – approximately 70 % of Singapore residents – are protected by IPs, which provide coverage on top of MediShield Life.

Total new business premiums⁴ for individual health insurance for Q1 2024 amounted to S\$98.6 million, an increase of 5.3% compared to the same period last year. Overall, IPs and IP rider premiums accounted for 82.9% (S\$81.7 million) and the remaining 17.1% (S\$16.9 million) comprised of other medical plans and riders.

Medical inflation continues to be a challenge in Singapore and requires the joint efforts of all parties within the healthcare eco-system to actively manage. The life insurance industry is supportive of increased transparency across the entire healthcare system including clear value and quality of care metrics. The industry remains committed to working in close collaboration with regulators and the medical industry through the Multilateral Healthcare Insurance Committee to address this challenge.

Claims payouts

Between 1 January 2024 and 31 March 2024, the life insurance industry paid out S\$5.01 billion to policyholders and beneficiaries, an increase of 94.6% compared to the same period last year.

Of this amount, S\$4.55 billion was for policies that matured, significantly driven by the maturing of Single Premium policies during this quarter from some member insurers. The remaining S\$463 million was for death, critical illness or disability claims.

³FA Representatives include representatives of “related FA firms”. A related FA firm is a wholly-owned subsidiary of an insurance company.

⁴With 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.

OTHER HIGHLIGHTS FOR 1Q2023

Product classification

Par products accounted for 25% of new sales while non-par products accounted for 42%. Investment-linked products made up the remaining 33%. Non-par products represent the largest proportion of total weighted premiums for Individual Life & Health, contributing \$570m in Q1 2024.

Distribution channels

New business from the different channels is as follows:

| Distribution Channel | By Weighted Premium (%) | By Number of Policies (%) |
|--|-------------------------|---------------------------|
| Tied Representatives | 29.6 | 37.8 |
| Bank Representatives | 33.9 | 11.2 |
| FA Representatives | 32.6 | 32.4 |
| Online Direct Channel ⁵ | 1.5 | 14.2 |
| Others (products sold without intermediaries) | 2.3 | 4.4 |

Product license classification

As of 31 March 2024, insurers holding “Normal” licenses contributed 99% of new sales, while “Defined Market Segments” (DMS) insurers⁶ made up the remaining 1% of new sales for Q1 2024.

Manpower in the industry

Employment in the life industry increased by 1.6% compared to the corresponding period in 2023 with life insurers expanding in the areas of risk management. This brings Singapore life insurance industry’s workforce to 9,743 employees as at 31 March 2024.

In the same period, 13,297 representatives held exclusive contracts with companies that operate a tied-agency force.

⁵ 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”.

⁶ DMS insurers are registered by MAS to conduct only non-CPF business and with minimum policy size.

LOOKING FORWARD

Mr Dennis Tan, President, LIA Singapore, “There are expectations of stronger growth in the overall Finance and insurance sector, with median forecast of 3.4% in a recent survey by the Monetary Authority of Singapore (MAS), up from 2.5% in the December survey. As we pursue efforts to drive this growth, we remain cautiously optimistic and adaptable, noting also that the median forecast of headline inflation came in at 3.1%.⁷”

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Note to Editor: Details of the life insurance industry results for Q1 2024 are available at <https://www.lia.org.sg/news-room/industry-performance/>

⁷Economists raise Singapore’s 2024 growth forecast on hopes of global demand pickup: MAS survey’ (Mar 13, 2024) The Business Times. Available at: <https://www.straitstimes.com/business/economists-raise-singapore-s-2024-growth-forecast-on-hopes-of-global-demand-pickup-mas-survey>

IN SUMMARY

New Business Sales (Weighted Basis)

| Comparison with Corresponding Period | Jan – Mar 2024 S\$ (million) | Jan – Mar 2023 S\$ (million) | Change (%) |
|--------------------------------------|---------------------------------|---------------------------------|---------------|
| Single Premium | 500.4 | 341.9* | 46.4 |
| Annual Premium | 866.5 | 692.0 | 25.2 |
| Total | 1,366.9 | 1,033.9* | 32.2 |

**Updated figures, due to revisions made after release of Q1 2023 results*

Note: Total sales figures are subject to rounding formula

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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