

For immediate release

Media Release

Increasing focus on protection as life Insurance industry sees a positive uptake in annual premium policies in 1Q 2023

Uptake of annual premium products increased by 24.7% quarter-on-quarter, reflecting the continued demand for protection policies primarily through Tied and Financial Advisory (FA) Representatives

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

Singapore's life insurance industry recorded a total of S\$1.05 billion in weighted new business premiums¹ for 1Q 2023, a decrease of 13.6% compared to 1Q 2022. Single-premium products recorded a 46.0% quarter-on-quarter decrease in weighted premiums amounting to S\$355.7 million in total for 1Q 2023.

This is against the backdrop of the nation's muted economic growth in the first quarter of the year² with concerns that a potential technical recession³ may further impact Singapore in 2023. The fall in demand for single-premium products may also be attributed to a volatile macroeconomic environment and rising interest rates in an increasingly competitive marketplace.

Focus on protection: Increase in uptake of annual premium policies

Bucking the trend, however, is the increased take-up of annual premium products by 24.7% quarter-on-quarter, amounting to S\$692.0 million in total weighted premiums.

Tied representatives led the charge in getting \$12.3 billion sum assured in the first quarter of 2023, accounting for a notable 40.3% of the total amount of sum assured for the quarter. Financial Advisory (FA) Representatives⁴ secured \$10.4 billion in sum assured, accounting for 34.1% of the total amount sum assured in 1Q 2023. The industry recorded \$30.5 billion in total sum assured during this period.

Mr Dennis Tan, President, LIA Singapore, "Despite uncertainties in the macroeconomic environment, Singapore's life insurance industry will remain focused on supporting Singapore's community in addressing their protection and financial needs.

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 0.1 per cent in the First Quarter of 2023' (April 14, 2023) Ministry of Trade and Industry Singapore. Available at: https://www.mti.gov.sg/Newsroom/Press-Releases/2023/04/Singapore-GDP-Grew-by-0_1-Per-Cent-in-the-First-Quarter-of-2023

³ 'Economists downgrade Singapore's 2023 growth forecast, warn of technical recession' (Apr 14, 2023) The Business Times. Available at: <https://www.businesstimes.com.sg/singapore/economists-downgrade-singapores-2023-growth-forecast-warn-technical-recession>

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

“On this end, the Life Insurance Association, Singapore, will be launching findings of our nationwide protection gap study, looking at the mortality and critical illness protection gaps that exist. We remain committed to driving efforts to get the community better protected.”

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

Approximately 40,000 more Singaporeans and Permanent Residents were covered by IPs as of 31 March 2023. In total, 2.89 million lives – approximately 71 per cent of Singapore residents – are protected by IPs, which provide coverage on top of MediShield Life.

Total new business premiums⁵ for individual health insurance for 1Q 2023 amounted to S\$93.6 million, an increase of 12.9% compared to the same period last year. Overall, IPs and IP rider premiums accounted for 81.3 per cent (S\$76.0 million) and the remaining 18.7 per cent (S\$17.5 million) comprised other medical plans and riders.

Claims payouts

Between 1 January 2023 and 31 March 2023, the life insurance industry paid out S\$2.57 billion to policyholders and beneficiaries, an increase of 12.5% compared to the same period last year.

Of this amount, S\$2.18 billion was for policies that matured. The remaining S\$398.6 million was for death, critical illness or disability claims.

OTHER HIGHLIGHTS FOR 1Q2023

Product classification

Par products accounted for 32 per cent of new sales while non-par products accounted for 37 per cent. Investment-linked products made up the remaining 31 per cent.

Distribution channels

New business from the different channels is as follows:

Distribution Channel	By Weighted Premium (%)	By Number of Policies (%)
Tied Representatives	31.2	35.5
Bank Representatives	34.9	9.1
Financial Adviser Representatives ⁶	27.7	23.8
Online Direct Channel ⁷	3.4	27.9
Others (<i>products sold without intermediaries</i>)	2.7	3.6

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 31 March 2023, insurers holding “Normal” licenses contributed 98 per cent of new sales, while “Defined Market Segments” (DMS) insurers⁸ made up the remaining two per cent of new sales for 1Q2023.

Manpower in the industry

Employment in the life industry increased by 8.1% compared to the corresponding period in 2022 with life insurers continuing to prioritise their respective digital transformations. This brings Singapore life insurance industry’s workforce to 9,588 employees as at 31 March 2023.

In the same period, 14,045 representatives held exclusive contracts with companies that operate a tied-agency force.

LOOKING FORWARD

Mr Dennis Tan, President, LIA Singapore, “With headwinds expected to impact us in the coming months, the life insurance industry will need to be nimble and adapt to changing consumer demands. The industry will continue to invest in digitalisation and talent to enhance efficiencies and customer experiences as we prioritise meeting the financial and protection needs of the community in Singapore.”

– END –

Note to Editor: Details of the life insurance industry results for 1Q2023 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.

IN SUMMARY

New Business Sales (Weighted Basis)

Comparison with Corresponding Period	Jan – Mar 2023 S\$	Jan – Mar 2022 S\$	Change
Single Premium	355.7 million	658.3 million*	-46.0%
Annual Premium	692.0 million	555.1 million	24.7%
Total	1,047.8 million	1,213.4 million*	-13.6%

**Updated figures, due to revisions made after release of Q1 2022 results*

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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