

**For immediate release**

*Media Release*

## ***Meeting protection needs remains a priority in Singapore, highlighted by the continued uptake in annual premium policies for YTD Q3 2023***

- *Uptake of annual premium policies surged by 24.9% compared to the same period last year, underscoring the sustained demand by customers for protection policies, serviced primarily through Tied and Financial Adviser (FA) Representatives*
- *Total weighted new business premiums grew by 5.0% in Q3 2023, reversing the declining trend in the previous two quarters*

**Singapore, 10 November 2023** — The Life Insurance Association, Singapore (LIA Singapore) today announced a set of industry results for the period January 2023 to September 2023 (YTD Q3 2023).

Amidst the global economic uncertainty, sustained inflationary pressures and ongoing geopolitical tensions, Singapore's life insurance industry recorded a total of S\$3.5 billion in weighted new business premiums<sup>1</sup> for YTD Q3 2023, a decrease of 9.7% compared to a year ago. Single-premium policies decreased 43.5% in weighted premiums over the same period last year, totalling S\$1.1 billion for YTD Q3 2023. However, Q3 2023 total weighted premium recorded a modest 5% growth over Q3 2022, driven by annual premium policies growth, reversing the declining trend in total weighted premiums in the previous two quarters in 2023.

Annual premium policies continue to see strong demand, registering a quarter-on-quarter increase of approximately 9.8% in Q3 2023 to \$886.9m, up from \$807.5 million in Q2 2023.

Total weighted new business premiums continue to decline compared to a year ago, driven by a drop in single premiums policies amidst the backdrop of the ongoing global economic uncertainty. Although Singapore's economy is expected to gradually improve over the year and in 2024, prospects for the Singapore economy remain muted in the near term as economists cut their forecast for Singapore's economic growth this year to 1 per cent, down from an earlier projection in June of 1.4 per cent<sup>2</sup>.

In-force premiums for Group Life & Health continues to show steady growth with a 13% increase in Q3 2023 from Q3 2022 to record a total \$2.2 billion to date.

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<sup>1</sup> *Weighted new business premiums measures premiums collected on new policies by taking into account (1) 10 per cent of the value of single premium policies, (2) all of a year's premiums for annual premium policies, 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.*

<sup>2</sup> *Economists cut Singapore's 2023 growth forecast to 1%: MAS survey (6 Sept 2023), Channel NewsAsia. Available at: <https://www.channelnewsasia.com/singapore/singapore-economy-growth-forecast-cut-gdp-mas-survey-3749361>*

## **Increased uptake of annual premium policies shows greater prioritisation of getting better protected**

Despite the macroeconomic headwinds, demand for annual premium policies remain strong as the take-up of annual premium policies increased by 24.9% in YTD Q3 2023 as compared to YTD Q3 2022, amounting to S\$2.4 billion in total weighted annual premiums.

Tied representatives led the charge in getting \$40.1 billion sum assured in the first nine months of 2023, accounting for a notable 37.9% of the total amount of sum assured for YTD Q3 2023. Following closely, Financial Adviser (FA) Representatives<sup>3</sup> added another \$39.0 billion in sum assured, accounting for 37.0% of the total amount sum assured in the same period. The industry recorded a total of \$105.6 billion in total sum assured during YTD Q3 2023, expanding 3.1% over the same period last year.

## **Integrated Shield Plans (IPs) are a stable cornerstone of health insurance coverage for Singaporeans and Permanent Residents**

In the first nine months of 2023, nearly 113,000 Singaporeans and Permanent Residents took up IPs. Till date, a total of 2.91 million lives – approximately 70% of Singapore residents – are protected by IPs which provide coverage on top of MediShield Life.

Total new business premiums<sup>4</sup> for individual health insurance for YTD Q3 2023 amounted to S\$321.1 million, an increase of 25.5% compared to the same period last year. Overall, IPs and IP rider premiums accounted for 84.1% (S\$270.0 million) and the remaining 15.9% (S\$51.1 million) comprised other medical plans and riders in YTD Q3 2023.

### **Claims payouts**

The life insurance industry paid out S\$10.1 billion to policyholders and beneficiaries in the first nine months of 2023, a 16% increase compared to the same period last year.

Of this amount, S\$8.8 billion was for policies that matured, with a significant portion being wealth accumulation plans with fixed maturity periods. The remaining S\$1.3 billion was for death, critical illness or disability claims for more than 15,000 policies.

## **OTHER HIGHLIGHTS FOR YTD Q3 2023**

### **Product classification**

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

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

<sup>4</sup> 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.

## Distribution channels

New business from the different channels is as follows:

Distribution Channel	By Weighted Premium (%)	By Number of Policies (%)
Tied Representatives	30.5	35.8
Bank Representatives	35.3	9.5
Financial Adviser Representatives <sup>5</sup>	29.8	26.4
Online Direct Channel <sup>6</sup>	1.8	24.6
Others ( <i>products sold without intermediaries</i> )	2.6	3.7

## Product license classification

As of 30 September 2023, insurers holding “Normal” licenses contributed 99% of new sales, while “Defined Market Segments” (DMS) insurers<sup>7</sup> made up the remaining one per cent of new sales.

## Manpower in the industry

Employment in the life insurance industry increased by 6.9% 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. There is also an increase in the number of claims-related roles in the industry, a likely response to the nation’s greying population and an overall increased need for more health insurance and claims servicing. This brings Singapore life insurance industry’s workforce to 9,779 employees as of 30 September 2023.

In the same period, 13,741 representatives held exclusive contracts with companies that operate a tied-agency force.

## LOOKING FORWARD

Mr Dennis Tan, President, LIA Singapore, said, “We are confident that Singapore’s life insurance industry will continue to remain resilient despite global economic uncertainties and geopolitical tensions. Our commitment remains to help individuals get better protected and enhance their financial wellbeing.

Member companies are pursuing initiatives to support economically active (EA) Singaporeans and Permanent Residents, including platform workers, in narrowing their mortality and critical illness protection gaps based on insights from our Protection Gap Study<sup>8</sup>.

<sup>5</sup> Financial Adviser (FA) Representatives include representatives of “related FA firms”. A related FA firm is a wholly-owned subsidiary of an insurance company.

<sup>6</sup> 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”.

<sup>7</sup> DMS insurers are registered by MAS to conduct only non-CPF business and with minimum policy size.

<sup>8</sup> Singapore’s Critical Illness Protection Gap Narrows While Mortality Protection Gap Remains Relatively Unchanged: Protection Gap Study 2022, LIA Singapore. Available at: <https://www.lia.org.sg/news-room/media-releases/2023/singapore-s-critical-illness-protection-gap-narrows-while-mortality-protection-gap-remains-relatively-unchanged-protection-gap-study-2022/>

LIA Singapore, together with the Monetary Authority of Singapore (MAS), Association of Banks in Singapore (ABS) and the Association of Financial Advisers launched a Basic Financial Planning Guide in October 2023. Through this guide, we hope to provide Singaporeans with additional tips that to better prepare them for various stages of life as we support efforts to enhance their financial wellbeing, especially against the backdrop of the rising cost of living and sustained inflationary pressures.

While we look at providing support to address immediate and mid-term challenges, LIA Singapore also takes a long-term view of our responsibilities. LIA Singapore's Sustainability Sub-committee will continue to chart the industry's sustainability initiatives and work with member companies to further Singapore's sustainability agenda."

**– END –**

*Note to Editor: Details of the life insurance industry results for YTD Q3 2023 are available at <https://www.lia.org.sg/news-room/industry-performance/>*

## IN SUMMARY

### New Business Sales (Weighted Basis)

Comparison with Corresponding Period	Jan – Sep 2023 S\$ (million)	Jan – Sep 2022 S\$ (million)	Change (%)
Single Premium	1,104.6	1,955.2	-43.5
Annual Premium	2,385.6	1,910.3	24.9
Total	3,490.2	3,865.5	-9.7

Comparison with Corresponding Quarter	Jul – Sep 2023 S\$ (million)	Jul – Sep 2022 S\$ (million)	Change (%)
Single Premium	413.6	514.2	-19.6
Annual Premium	886.9	724.1	22.5
Total	1,300.5	1,238.3	5.0

Comparison with Last Quarter	Jul – Sep 2023 S\$ (million)	Apr – Jun 2023 S\$ (million)	Change (%)
Single Premium	413.6	349.0	18.5
Annual Premium	886.9	807.5	9.8
Total	1,300.5	1,156.6	12.4

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

<b>Unified</b>	in our resolve to deliver innovative solutions where every individual's needs are best met.
<b>Professional</b>	in the way we conduct ourselves and in the counsel we give.
<b>Ethical</b>	in ensuring our policyholders' interests are managed with utmost integrity.
<b>Fair</b>	in how we strive to provide favourable outcomes to both our policyholders and shareholders.
<b>Open &amp; honest</b>	in all that we do to build an environment of trust and transparency.
<b>Proactive</b>	in the steps we take to give our people the skills and knowledge to provide sound solutions at all times.

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