

**SINGAPORE GENERAL INSURANCE SECTOR:
PREMIUMS RISE 0.6% IN 2016**

*General insurance sector operating in a matured & competitive economy;
Industry remains profitable*

SINGAPORE, 14 March 2017 – Total gross premiums in Singapore’s general insurance industry rose 0.6% to \$3.7 billion in 2016, marginally slower than the 1.1% growth registered in 2015. Given Singapore’s economic maturity and intense competition in the general insurance sector, underwriting profit in 2016 for the overall industry fell slightly to \$257.6 million.

Results showed that the performance of the various general insurance classes of business was varied. Motor, Health, Fire, Personal Accident and Marine Cargo & Hull segments posted rises in gross premiums in 2016. In contrast, Work Injury and Compensation registered a decline in gross premiums.

General Insurance Association of Singapore (GIA) President A K Cher said, “The general insurance industry was challenged by both domestic and external headwinds in the past year. Against the many uncertainties, the industry still managed to deliver a fair performance.

Within the industry, members recognise the need to continue to improve processes and become more efficient to sustain its relevance in Singapore. GIA sees a growing role to help members explore emerging digital technologies and look towards collaborating with Insurtech and disruptive innovators to adapt to this changing environment.”

Motor: Premiums Remained Stable in 2016

The motor insurance segment generated \$1.2 billion in gross premiums and thus, continued to account for the largest slice of the general insurance industry with 32% share of total gross premiums in 2016. The contribution was the same in 2015.

Overall, the motor insurance industry continued to remain profitable, with underwriting profit at \$87.4 million.

Motor premiums remained mostly stable last year and average motor premium stood at \$1,202. The past year also saw several new market entrants, resulting in more choices for motorists.

Incurred claims slipped by 8.5% or \$45.7 million to \$494.4 million. This was largely a result of the industry's continued focus on improving its claims management efficiencies.

Looking ahead into 2017, motor premiums are likely to remain flat due to keen competition among existing insurers and from newcomers. GIA continues to reiterate the significance of its members exercising underwriting prudence in competing for motor business, in addition to adopting vigilant claims handling processes to sustain the healthy underwriting results.

Health Insurance

The health segment registered a 16% year-on-year increase in gross premiums to \$503.5 million - the largest growth seen across the various sub-classes in 2016. Continued interest in Singapore's universal health insurance scheme and growing interest in the population to ensure adequate health coverage drove demand.

However, the health sub-class incurred a loss of \$18.7 million in 2016, largely caused by the rising cost of providing medical and healthcare services as well as rising hospitalisation claims.

Fire

The fire insurance segment emerged as the third biggest growth segment, with gross premiums rising 9.7% to \$439.1 million on the back of increasing public awareness. Underwriting profit amounted to \$19.8 million in 2016, compared with \$12.5 million in 2015.

Personal Accident

Personal accident witnessed rising gross premiums and underwriting profit last year. Gross premiums rose 2% to \$351.9 million while underwriting profit gained 11% to \$34.6 million.

Travel insurance, a sub-component of the personal accident class, continued to gain traction as consumer awareness continued to increase.

Marine Cargo & Hull

Gross premiums for the marine cargo sub-segment increased by 6.9% to \$216.9 million. The hull sub-segment delivered \$485.8 million in 2016 gross premiums, up from \$431.8 million.

EMBARGOED UNTIL 14 MARCH 2017



Work Injury Compensation

This class contracted in 2016, with gross premiums falling by 9% to \$352.5 million.

The slowdown in private sector construction activity as well as intensifying competition in this market class contributed to the decline. Underwriting profit dipped by 34% to \$24.7 million.

Looking Ahead Into 2017

With growing interest within the general insurance industry to embrace sustainable practices, GIA will support members' initiatives that explore, understand and support environmental, social and governance (ESG) principles. We encourage our members to adopt existing global ESG platforms such as the UN Principles for Sustainable Insurance (UN PSI) and UN Principles for Responsible Investment (UN PRI).

GIA understands and recognises that its members already undertake some ESG efforts and stands ready to collaborate with relevant authorities, other stakeholders and members to promote greater understanding and action in this area. Specifically, GIA will work with the Monetary Authority of Singapore to support member companies through the provision of awareness building sessions and capability development workshops on ESG.

On the industry front, the challenges of the past year are expected to persist into 2017. Slower economic growth coupled with greater competition are likely to be recurring features in the operating environment.

Within this context, the general insurance industry will develop and drive new initiatives that will raise the standards and practices, and improve operational efficiency in the general insurance industry.

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