

General insurance sector achieves stable growth in 2018 as motor insurance segment makes a strong recovery to record profits of S\$9.96 million

GIA Insurance Fraud Tip-off (GIFT) reward scheme officially launched to encourage members of public to help combat insurance fraud and keep insurance accessible

SINGAPORE, 5 March 2019 – The General Insurance Association of Singapore (GIA) today reported stable growth of a 3.4% annual increase in total gross premiums amounting to S\$3.81 billion for FY2018.

The sector recorded positive results for the motor insurance segment with a significant 137% increase in underwriting profit for the year totalling S\$9.96 million, reversing the S\$27.2 million underwriting loss recorded in 2017. This is attributed to numerous factors such as effectiveness of key industry initiatives including the Fraud Management System (FMS), Motor Claims Framework and proactive consumer education efforts.

GIA also official launched the **GIA Insurance Fraud Tip-off (GIFT) reward scheme** today, where a reward of up to S\$10,000 will be given to individuals for reporting insurance fraud cases with evidence that leads to prosecution and conviction of offenders. Reports are to be submitted online at: <https://gia.org.sg/consumers/contact.html>, with evidence proving the wrongdoing.

The Association also introduced numerous initiatives in 2018 to better address emerging trends and market challenges affecting the sector. This includes working with relevant stakeholders such as the Ministry of Manpower (MOM) on enhancing Work Injury Compensation (WIC) insurance¹, and establishing a Medical Insurance Workgroup (MIW) to work alongside the Life Insurance Association of Singapore (LIA Singapore) on the implementation of the Health Insurance Task Force (HITF) recommendations.

These efforts are aimed at helping to mitigate significant increases in claims costs for the WIC insurance and health insurance segments which contributed to the sector's 64.8% decline in underwriting profit for FY2018 totalling S\$37.7 million.

Underwriting Performance for Major Classes (S\$'000)			
Class	As at 31 December 2017	As at 31 December 2018	% Increase/(Decrease)
Motor	(27,176)	9,961	136.7%
Health	(28,028)	(44,170)	(57.6%)
Fire	41,205	22,361	(45.7%)
Personal Accident	11,734	19,023	62.1%
Work Injury Compensation	30,706	(3,605)	(111.7%)

Table 1. Underwriting profit / loss comparison across major segments.

¹ Changes to work injury law to improve insurance cover (1 Feb 2019). The Straits Times. Available at: <https://www.straitstimes.com/business/changes-to-work-injury-law-to-improve-insurance-cover>

Gross Premiums for Major Classes (S\$'000)			
Class	As at 31 December 2017	As at 31 December 2018	% Increase/(Decrease)
Motor	1,111,274	1,105,270	(0.5%)
Health	500,044	583,249	16.6%
Fire	458,791	470,773	2.6%
Personal Accident	363,084	369,710	1.8%
Work Injury Compensation	337,846	344,024	1.8%

Table 2. Gross premium comparison across major segments.

“We will continue to focus on driving progress and building resilience as we adapt to the global economic uncertainties in 2019 where global growth is expected to moderate. Our key priorities for the year include investing in digital technologies to manage claims cost inflation, developing our human capital, and addressing climate change challenges,” said GIA President, Karl Hamann.

Motor insurance: Successful turnaround to record underwriting profit in 2018

Underwriting profits for the segment picked up in the second half of 2018, after three consecutive quarters of incurring losses, to record underwriting profit amounting to S\$9.96 million for FY2018. This reflects a significant 137% increase from the corresponding period in 2017.

This turnaround is primarily attributed to a 1.5% decrease in incurred claims, reflecting efforts of effective fraud management initiatives by the sector as well as a decline in the number of road traffic accidents in 2018².

The **GIFT reward scheme** which was officially launched today is another initiative by the Association to increase participation of all stakeholders to collectively combat insurance fraud and mitigate claims costs inflation to ensure that insurance in Singapore remains accessible. GIA also continues to work closely with stakeholders such as the Singapore Road Safety Council (SRSC) to educate road users on the importance of road safety.

Overall, the motor insurance segment recorded S\$1.1 billion in gross premiums for FY2018, a slight 0.5% dip compared to the previous year.

WIC insurance: Collaborations to update WIC insurance

The WIC insurance segment recorded a 1.8% increase in gross premiums from the corresponding period in 2017, amounting to S\$344 million.

For the first time in five years, the WIC insurance segment experienced an underwriting loss, of S\$3.6 million, as net incurred claims increased by 20.4%, reflective of the increase in both

² Annual Road Traffic Situation 2018. Singapore Police Force. Available at: <https://www.police.gov.sg/news-and-publications/statistics?category=Road%20Traffic%20Situation>

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minor and major workplace injuries in 2018, as reported by the Workplace Safety and Health (WSH) Council³.

GIA will continue working closely with the MOM on proposed amendments to the Work Injury Compensation Act⁴ to improve coverage for workers and provide enhanced protection, against current trends and challenges.

The sector looks forward to working closely relevant stakeholders to enhance Singapore's standards and aspirations to be recognised for best practices in WSH⁵.

Health insurance: Tackling escalating healthcare costs in Singapore

Total gross premiums for the health insurance segment increased by 16.6%, to S\$583.3 million. However, net incurred claims increased by 18.2%, resulting in a S\$44.2 million underwriting loss.

Rising healthcare costs remains a nation-wide issue and the sector will continue working closely with LIA Singapore and the Ministry of Health (MOH) on the implementation of the HITF recommendations. The sector's efforts will be driven by the newly established Medical Insurance Workgroup (MIW).

Other segment updates

- The travel insurance segment recorded total gross premiums of S\$197.4 million and underwriting profit of S\$1.7 million.

This is the first time the sector is reporting figures for the travel insurance segment.

- The personal accident insurance segment (excluding travel insurance) recorded total gross premiums of S\$172.3 million and underwriting profit of S\$17.3 million.
- Total gross premiums for the fire insurance segment increased by 2.6%, totalling S\$470.8 million. The segment recorded underwriting profit of S\$22.4 million, a 45.7% decrease from the corresponding period in 2017, as net incurred claims increased by 35%. This is due to the increase in fire incidents in 2018⁶.

³ *Workplace Safety and Health Report 2018. Ministry of Manpower. Available at: <https://www.mom.gov.sg/~media/mom/documents/safety-health/reports-stats/wsh-national-statistics/wsh-national-stats-2018.pdf?la=en>*

⁴ *Public Consultation on Proposed Amendments to the Work Injury Compensation Act. Available at: <https://www.mom.gov.sg/newsroom/press-releases/2019/0131-public-consultation-on-proposed-amendments-to-the-work-injury-compensation-act>*

⁵ *WSH 2018 Plus (2018). Workplace Safety and Health Council. Available at: https://www.wshc.sg/files/wshc/upload/cms/file/WSH_2018_Plus.pdf*

⁶ *Fire, Emergency Medical Services and Enforcement Statistics 2018 News Release. Singapore Civil Defence Force. Available at: <https://www.scdf.gov.sg/docs/default-source/scdf-library/scdf-annual-statistics-2018.pdf>*

Other key 2019 industry initiatives

- **Guidelines on Sustainable Insurance Taskforce** – In line with 2019 Budget's focus on ensuring a sustainable environment for all, GIA, together with LIA Singapore, Singapore Reinsurers' Association (SRA) and Monetary Authority of Singapore (MAS), have set up this taskforce to drive the development of a localised set of sustainable insurance guidelines, guided by the United Nations Environment Programme Finance Initiative Principles for Sustainable Insurance. This follows a pro-active joint (re)insurance industry survey on sustainable insurance practices, which reflected the collective industry's support of the development of guidelines for greater integration of sustainable insurance practices in Singapore.
- **GIA Young Professionals Group (YPG)** – in our efforts to expand the talent pool and build a sustainable talent pipeline, work is underway to kick-start activities for the GIA YPG this year.

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About the General Insurance Association of Singapore (GIA)

Established in 1966, the General Insurance Association of Singapore (GIA) is the general insurance industry's trade association whose membership comprises 37 Ordinary Members licensed by the Monetary Authority of Singapore (MAS) to transact general insurance business in Singapore.

As a Trade Association, GIA works to make all aspects of insurance easier and more effective for consumers, agents and insurance companies in Singapore. It helps identify emerging trends and responds to issues affecting the General Insurance industry and seeks to promote the overall growth and development of the sector in Singapore.

For more information, please visit www.gia.org.sg

新加坡普通保险协会(General Insurance Association of Singapore; 简称: GIA)是新加坡普通保险公司的商业代表,于1966年成立,旨在为消费者、代理商和保险公司之间提供更高效率的,更可信的接触渠道,为消费者提供更全面的保险范围。目前,该协会共有37个会员公司。了解更多信息,请游览官方网站: www.gia.org.sg.

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