

General insurance sector highlights continued increase in motor claims amid overall flat growth in 1H2018

Numerous proactive initiatives being pursued to leverage digital technologies to prevent claims costs inflation across segments

SINGAPORE, 25 September 2018 – The General Insurance Association of Singapore (GIA) today announced continued flat growth for 1H2018, with a marginal 1.1% increase in total gross premiums, amounting to S\$2.07 billion.

S\$'000

Gross premium for major segments			
Segment	As at 30 June 2017	As at 30 June 2018	% increase / (decrease)
Fire	260,667	260,103	(0.2%)
Motor	615,403	600,881	(2.4%)
WIC	207,007	205,461	(0.7%)
Personal Accident	190,778	191,408	0.3%
Health	290,949	322,887	11.0%

Table 1. Gross premium comparison across major segments – The sector recorded growth for Personal Accident and Health insurance segments; while Fire, Motor and Work Injury Compensation recorded declines in gross premiums for 1H2018.

Underwriting profits for 1H2018 declined 94.5% to S\$3.14 million, as claims costs increased significantly across key segments such as Motor insurance and Work Injury Compensation (WIC) insurance.

S\$'000

Underwriting profit / loss for major segments			
Segment	As at 30 June 2017	As at 30 June 2018	% increase / (decrease)
Fire	10,602	2,095	(80.2%)
Motor	17,160	(12,632)	(173.6%)
WIC	1,366	(5,990)	(538.6%)
Personal Accident	9,464	8,072	(14.7%)
Health	(14,005)	(12,702)	9.3%

Table 2. Underwriting profit / loss comparison across major segments – The sector recorded underwriting losses across most segments, with a slight improvement for the Health insurance segment.

“There is a need for greater collaboration between our sector and other stakeholders, focusing on areas such as improving efficiencies through digitalisation, as we continue to ensure effectiveness and accessibility of insurance products. This is in keeping with the Industry Transformation Programme¹, ensuring sustained growth and competitiveness of the economy by working closely with the government and private sectors to address issues within each sector; as well as realising our vision of becoming a global insurance marketplace².

¹Industry Transformation Maps (2017). Ministry of Trade and Industry Singapore. Available at: <https://www.mti.gov.sg/MTIInsights/SiteAssets/Pages/ITM/Images/Fact%20sheet%20on%20Industry%20Transformation%20Mars%20-%20revised%20as%20of%2031%20Mar%202017.pdf>

² Singapore as a Global Insurance Marketplace (2013). Monetary Authority of Singapore. Available at: <http://www.mas.gov.sg/news-and-publications/speeches-and-monetary-policy-statements/speeches/2013/singapore-as-a-global-insurance-marketplace.aspx>

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Against this backdrop, our top priorities include working with key stakeholders to reduce the severity and frequency of motor accidents, and leveraging digital technologies to continuously develop and enhance the GIA Fraud Management System (FMS), to lower and mitigate claims costs inflation, “said GIA President, Karl Hamann.

Motor insurance: promoting road safety and combating fraudulent claims

This is the third consecutive quarter the sector has incurred a loss in this segment, which accounts for more than a quarter of the sector’s total revenue. Gross premiums for the motor insurance segment fell by 2.4% to S\$600.9 million in 1H2018.

Overall, there is slight dip of 4.3% in the number of reported motor accidents. However, this was overshadowed by the significantly higher increase of 11.8% in incurred claims, totalling S\$291.3 million.

As a first measure, the sector is proactively seeking public awareness and education efforts on the need for road safety and working closely with stakeholders such as the Singapore Road Safety Council (SRSC) on their road safety campaigns.

This is in addition to the Motor Claims Framework (MCF) and FMS, which the sector is constantly tracking and enhancing, to contain claims costs and identify false insurance claims.

WIC insurance: Supporting the Safe and Healthy Workplace vision

There was a slight 0.7% dip in gross premiums for WIC segment totalling S\$205.5 million on a year-on-year basis for first half 2018.

Similar to the motor insurance segment, the significant increase of 17.4% in incurred claims to S\$88.4 million resulted in an underwriting loss. This weak performance reflects the increased fatal and major injuries reported for the construction sector by the Workplace Safety and Health (WSH) Council³.

The sector is encouraged by the Singapore government’s initiatives to enhance Singapore’s standards and aspirations to become a country renowned for best practices in WSH⁴.

We laud recent initiatives such as the introduction of the Construction Safety Innovation Award⁵, as well as the Tripartite Strategy Committee’s recommendations to have more stringent and standardised procurement criteria for contractors⁶. The sector supports and looks forward to working closely with relevant stakeholders to further this agenda.

³ Fewer workplace deaths, but construction sector saw more fatalities, major injuries (20 August 2018). TODAY. Available at: <https://www.todayonline.com/singapore/fewer-workplace-deaths-construction-sector-saw-more-fatalities-major-injuries>

⁴ WSH 2018 Plus (2018). Workplace Safety and Health Council. Available at: https://www.wshc.sg/files/wshc/upload/cms/file/WSH_2018_Plus.pdf

⁵ Innovation, technology underlie LTA safety awards (7 September 2018). The Straits Times. Available at: <https://www.straitstimes.com/singapore/transport/innovation-technology-underlie-lta-safety-awards>

⁶ Tripartite committee proposes tougher measures for companies with poor workplace safety records (30 August 2018). The Straits Times. Available at: <https://www.straitstimes.com/singapore/committee-proposes-tougher-measures-for-companies-with-poor-workplace-safety-records>

Health insurance: Tackling escalating healthcare costs in Singapore

The health insurance segment's gross premiums increased by 11% to total S\$322.9 million, contributed primarily by the persistent healthcare inflation in Singapore which was at 8.7% in 2017 compared to the global average rate of 5.4%⁷.

Underwriting losses improved 9.3% to S\$12.7 million.

To tackle the issue of escalating healthcare costs in Singapore more effectively, the association set up the Medical Insurance Workgroup (MIW), which will set out to conduct a feasibility study on setting up a Fraud Management System for medical insurance. The MIW will also work closely with the Life Insurance Association of Singapore (LIA Singapore) on the implementation of the Health Insurance Task Force (HITF) recommendations.

Other sector-led initiatives

- **Setting up GIA's Young Professionals Group (YPG)**, to expand the talent pool for the continued growth of the sector amid rapid digitalisation and evolving needs of consumers in Singapore. The YPG is expected to formally begin its activities in 2019.
- **Started the Construction & Engineering (C&E) Workgroup.** Our new workgroup is focusing on current trends and emerging developments in the Engineering insurance segment, with the objective of raising standards and developing our talent. We held our first presentation with over 170 industry practitioners. This first presentation focused on the topic of quality control and the second market presentation will be held in December this year.
- **Co-organised the inaugural GIA-IUMI conference** in April 2018 in association with the International Union Marine Insurance (IUMI), where industry leaders came together to explore and discuss key trends impacting the marine insurance and maritime industries. The conference was graced by guest-of-honour Dr Lam Pin Min, Minister of State for Transport and Health.
- **Hosted the industry's first Sustainable Insurance Masterclass** in February 2018, with support from the Monetary Authority of Singapore, where industry experts from the private and public sectors gathered to discuss the latest developments, and promote a progressive and sustainable insurance industry. This is also in conjunction with 2018 designated as the 'Year of Climate Action' in Singapore.

Individual member companies are already undertaking numerous environmental, social and governance efforts, and the industry stands ready to collaborate with relevant authorities and stakeholders to promote greater understanding and action for a more sustainable corporate environment in Singapore.

⁷ Singapore Budget 2018 addresses healthcare needs but costs remain a challenge (23 February 2018). The Business Times. Available at: <https://www.businesstimes.com.sg/opinion/singapore-budget-addresses-healthcare-needs-but-costs-remain-a-challenge>

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Looking forward

The sector maintains a conservative outlook for the rest of the year as we work towards managing rising claims costs and underwriting losses across several segments. The sector also continues to be at the forefront of emerging trends including cybersecurity, with GIA's first Cyber Risk Forum which took place in mid-September, discussing the need for greater cyber resilience and awareness within the insurance community.

As we actively play our part in contributing back to the community, GIA will be holding the annual Swing for Charity golf tournament in October 2018. Since its launch in 2006, the general insurance sector has donated over S\$2 million to 22 different beneficiaries.

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Established in 1966, the General Insurance Association of Singapore (GIA) is the general insurance industry's trade association whose membership comprises 36 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36个会员公司。了解更多信息,请游览官方网站: www.gia.org.sg.

For media queries, please contact:

GIA Corporate Communications

Jessica Li

Phone : (+65) 6202 9889

Email : jessica.li@gia.org.sg

Ogilvy Singapore

Amanda Chong

Phone : (+65) 6213 7781

Email : amanda.chong@ogilvy.com

Q Akashah

Phone : (+65) 6213 7881

Email : akashah.q@ogilvy.com