

SINGAPORE GENERAL INSURANCE INDUSTRY SEES FLAT GROWTH, LOWER UNDERWRITING PROFIT IN 2017

Sector remains profitable and looks to forging a more competitive and progressive industry.

SINGAPORE, 14 March 2018 – The General Insurance Association of Singapore (GIA) announced today that total gross premiums for Singapore’s general insurance industry rose by 0.8% to S\$3.68 billion in 2017, close to the 0.6% growth recorded in 2016.

Reflecting Singapore’s mature economy and competitive market conditions in the general insurance sector, underwriting profit for the overall industry contracted to S\$107 million in 2017.

Performance was varied across the general insurance classes of business. Fire, Personal Accident, Marine Cargo and Hull were among the classes that registered increases in gross premiums in 2017. In contrast, the Motor, Health and Work Injury Compensation classes recorded declines.

GIA President, Mr A K Cher, said, “The general insurance industry experienced another year of minimal growth in 2017, reflective of the general business landscape and competitive insurance market conditions in Singapore. With these headwinds, the industry delivered a lacklustre performance.

GIA and its members continue to make strides in its digital journey with the launch of the Fraud Management System last year. We recognise that it is vital for the industry to continue embracing and investing in innovative solutions and emerging technologies to remain relevant and progressive.

Motor: Lower Average Premium in 2017

Motor insurance remains the largest segment in 2017 at over 30%. Gross premiums fell 3.3% to S\$1.1 billion. Incurred claims rose by 12%, an increase of S\$60 million over the previous year.

For the first time since 2010, the motor insurance segment generated an underwriting loss, losing \$27.2 million in 2017. Looking forward, individual insurers can be expected to conduct a review of the commercial viability of their motor insurance business.

The average motor premium eased by 3.9% to S\$1,155, resulting from increased competition in the largely saturated motor insurance market.

GIA looks to continue working closely with key partners and stakeholders like the Singapore Road Safety Council and Traffic Police towards improving education and awareness for road users in Singapore.

Health

With close to 14% market share, health insurance was the second largest class of business with premiums totalling S\$500 million in 2017, a marginal decline of 0.7%. The health segment posted a loss of S\$28 million, continuing the downtrend trend seen in 2016.

In the wake of medical inflation, rising healthcare costs is expected to remain a key factor influencing this segment.

Work Injury Compensation

This class contracted in 2017, with gross premiums falling by 4.1% to \$337.9 million due to weaker construction sector demand and competitive insurance market conditions.

Underwriting performance took an upswing, improving by 24.1% to S\$30.7 million, reflective of the improved workplace injury and fatality rates in 2017.

Fire

Among the major general insurance classes, gross premiums for the fire insurance segment delivered a healthy growth of 4.5% to S\$458.5 million in 2017. This growth is in line with the growing number of buildings being completed and rising asset valuations.

The fire insurance segment achieved an underwriting profit of S\$41.2 million, a strong growth compared with S\$19.8 million in 2016, largely driven by the decrease in fire incidents in residential and commercial premises.

Personal Accident

Total gross premiums for the personal accident segment rose by 3.2% to S\$363.1 million last year. Underwriting profit witnessed a drop to S\$11.7 million as claims paid increased by 29.5%.

The travel insurance sub-class continues to gain traction on the back of growing consumer awareness as Singaporeans travel more.

Marine Cargo & Hull

Both the marine cargo and hull classes recorded a drop in total premiums. The marine cargo sub-segment dipped by 0.6% to S\$268.6 million in 2017, down from S\$270.3 million in 2016. Gross premiums for the hull sub-segment also recorded a drop, at 11.4% to S\$507.1 million, a significant decline from S\$572.1 million seen in 2016.

Looking Ahead Into 2018

The general insurance industry continues to remain focused on the core areas of improving automation and embracing digital solutions to forge a stronger and more competitive sector.

The industry is expected to continue navigating challenges and headwinds in 2018 as market conditions persist.

Against this landscape, the sector looks to develop new and ongoing initiatives to raise standards and practices, and improve overall operational efficiency for the general insurance industry.

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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 inquiries, please contact:

GIA Corporate Communications

Jessica Li

Phone : (+65) 6202 9889

Email : jessica.li@gia.org.sg