



MEMBER OF THE UOB GROUP

UOI Annual Report 2020

Forging a Sustainable Future



United We Stand
He Shu

Our mission is to be a premier insurer in the Asia Pacific region, committed to providing quality products, excellent customer service while upholding strong corporate governance and enhancing shareholders' value.



United We Stand

He Shu

Chinese ink on rice paper

69 x 91 cm

United We Stand, a Highly Commended artwork of the 2020 UOB Painting of the Year (Singapore) competition, Established Artist Category, is the design inspiration for this year's Annual Report. Ms He Shu's artwork reflects the strength of the human spirit in overcoming difficulties, especially in the tumultuous year that was beset by the global COVID-19 pandemic.

Through the orchids blossoming in the harsh environment, Ms He plants in our minds the power and beauty of solidarity. The butterflies symbolise how the smallest effort can seed the biggest impact. In the words of the artist, "Where there are winds of change, we shall press on with great fortitude to find new waves of transformation. Adapt and learn fast in this changing world, turn anxiety into action, turn waste into energy, turn challenges into opportunities."

Likewise, in 2020, UOB continued to forge ahead sustainably, relying on our time-tested values, strong balance sheet, robust risk management approach and entrepreneurial roots to guide our customers, colleagues and the community through to better times.

As the leading patron of art in Asia, UOB sees the value of art in its power to unify, to heal and to open us to possibilities. In its 39th year in 2020, the Bank's flagship art programme, the UOB Painting of the Year competition, is currently held across four Southeast Asian markets in which UOB has a deep presence.



About United Overseas Insurance Limited

Founded in 1971, United Overseas Insurance Limited (UOI) very quickly made its mark in the business community and in just seven years, UOI was listed on the Singapore Exchange. UOI's profitable growth over the years reflects its financial strength and prudence.

The Company's principal activities are the underwriting of general insurance business and reinsurance. General insurance covers a broad spectrum of classes of insurance, among which are fire, marine, motor, engineering, general accident and liability business.

UOI has received a financial strength rating of 'A+' (Superior) and an issuer credit rating of 'aa-' from A.M. Best.

The Company is located at 3 Anson Road, #28-01 Springleaf Tower, Singapore 079909, and its Singapore and international operations are supported by prominent insurance brokers, agents and international reinsurance companies. UOI has a representative office in Yangon, Myanmar.

UOI provides management services for Union (2009) Limited (formerly known as Overseas Union Insurance, Limited).

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Chairman's Statement



“We will continue to identify and manage sustainability impacts, risks and opportunities that are most material to the Company’s long-term business success.”

2020 Performance

The Singapore economy contracted by 5.4 per cent in 2020, which was in contrast to the 1.3 per cent growth attained in 2019. The construction and service sectors led the decline, shrinking by 35.9 per cent and 6.9 per cent respectively. The manufacturing sector grew by 7.3 per cent as compared to the 1.5 per cent decline in the previous year.

Amidst the exceptional circumstances with nine months subjected to lockdown and other restrictions due to the COVID-19 pandemic, the local insurance industry displayed unexpected resilience, growing by 4.8 per cent with 44.3 per cent attributed to offshore business. The bottom line also recorded a profit of \$128.6 million. This was however insignificant as it emanated from some 38 insurers. It was also due to the reduction in the number of claims in industrial and road accidents because of the slowdown in construction activities and considerably less vehicular traffic. Intense competition continued with little sign of any improvement in premium rates.

For the year under review, the Company’s gross premium income from underwriting decreased to \$96.9 million (FY2019: \$105.9 million) due largely to the exceptional operating environment brought about by the pandemic and prevailing intense competition. In the final count after deducting for claims and other expenses, an underwriting profit of \$21.1 million was achieved. Although this is 13.9 per cent lower than the underwriting profit of \$24.4 million in the previous year, it is nevertheless credible bearing in mind the challenging circumstances which included the need to set aside higher provision for outstanding and incurred but not reported (IBNR) claims.

Other income decreased to \$8.5 million (FY2019: \$21.8 million) due mainly to unfavourable investment market conditions and the absence of gains from the disposal of equity securities and unit trusts in FY2019. The total net profit before tax was \$29.5 million, a decrease of 36.2 per cent when compared to the record profit achieved previously (FY2019: \$46.3 million), due mainly to the decline in investment income. Total comprehensive

income, which includes the performance of investments measured at fair value through other comprehensive income, decreased to \$20.8 million.

It is noteworthy that the Company continues to enjoy a financial strength rating of ‘A+’ (Superior), an issuer credit rating of ‘aa-’ and a stable outlook from A.M. Best, a leading independent international credit rating agency for the insurance industry. These ratings are the highest awarded by A.M. Best to general insurance companies within the insurance industry in Southeast Asia. In the opinion of A.M. Best, the Company’s ratings reflect its balance sheet strength, its very strong operating performance, neutral business profile and appropriate enterprise risk management.

The Board recommends a final one-tier tax-exempt dividend of 8.5 cents per share and a special one-tier tax-exempt dividend of 4 cents per share. Together with the interim dividend of 8.5 cents, the total dividend for FY2020 will be 21 cents per share.

2021 Prospects

The COVID-19 pandemic may impact the wellbeing of mankind for some years to come. Consequently, Singapore and the rest of the global economies will likely continue to face grave challenges in 2021 and beyond. Claims experience may deteriorate given the prevailing adverse business conditions and unavoidable worsening in extreme weather conditions brought about by climate change. In light of the intense competition in the local insurance market, the Company will enhance its judicious underwriting prudence so as to achieve growth with the desirable kind of business. In addition to its continued focus on cross-selling initiatives with the parent bank in Singapore and elsewhere in the region, the Company will devote more efforts to developing the insurance intermediary business and digitalising its insurance services, which is fast becoming an essential part of insurance operations, not only to raise internal productivity but also to keep abreast with changing market trends.



Chairman's Statement

The investment markets will continue to be affected by many uncertainties arising particularly from the pandemic, geo-political developments and global trade tensions. The Company will continue to be vigilant and prudent in managing its investments.

Sustainability

As a responsible corporate citizen, the Company is committed to creating sustainable value for its stakeholders and to contributing to the broader concept of sustainability for society. We will identify and manage material events as they emerge. While managing the risks, we will also seek out business opportunities for profitable exploitation. In the process, the Company will not overlook the importance of being service oriented at all times. For more information on this subject, please refer to the Sustainability Report prepared by management with the guidance of the Board. You will note the progress made based on the framework of environmental, social and governance factors.

50th Anniversary

The Company will be celebrating its 50th Anniversary in 2021. Shareholders may recall that at the end of its first year of operation, the Company's shareholders' fund was a mere \$2.1 million. Since then, the Company has grown shareholders' fund to a sizable \$424.4 million as at 31 December 2020. In the last ten years, the shareholders' fund grew at a compound annual growth rate of more than 7 per cent. The continuous growth reflects the consistency in operating performance, particularly in underwriting. This has ensured the regularity of annual dividend payment at a reasonable rate, which is a policy the Board is firmly committed to.

The success of the Company over the last half a century has been due largely to the unwavering support given by all our stakeholders. Looking ahead, I am confident that with your continued support and the diligence of our Management and employees in implementing the Board's policies, the enhancement of shareholders' value will continue.

UOI Building

For the first time in its history, the Company has its own building at 146 Robinson Road which it purchased for self-occupation and investment income. It is currently being retrofitted to provide a modern and conducive work environment for our employees. The move is expected to be completed by the fourth quarter of 2021.

Acknowledgement

On behalf of the Board, I wish to thank our clients, brokers, agents, reinsurers and shareholders for their steadfast support and our employees for their dedication and hard work in spite of the social challenges arising from the COVID-19 pandemic. I would also like to thank my fellow directors for their commitment and wise counsel.

Last but not least, I must express our deep appreciation of the timely assistance and leadership extended to us by the Government during one of the most challenging periods in our entire history.

Wee Cho Yaw
Chairman

February 2021



Board of Directors

As at 19 February 2021

Wee Cho Yaw, 92

Chairman

Non-Independent and Non-Executive

First appointed as a director: 17 February 1971

Last re-elected as a director: 13 April 2018

A distinguished banker with more than 60 years' experience, Dr Wee is a veteran in the banking, insurance, real estate and hospitality industries. He has received numerous awards and accolades at the national and regional levels for his business achievements and support of education, community welfare and the business community.

Board Committee Positions

- Nominating Committee (Member)
- Remuneration Committee (Chairman)

Current Directorships in Other Listed Companies

- UOL Group (Chairman)
- Haw Par Corporation (Chairman)
- United Industrial Corporation (Chairman)

Other Principal Commitments

- United Overseas Bank (Chairman Emeritus and Honorary Adviser)
- United Overseas Bank (Malaysia) (Chairman Emeritus and Honorary Adviser)
- United Overseas Bank (China) (Supervisor)
- United Overseas Bank (Thai) Public Company (Chairman)
- Pan Pacific Hotels Group (Chairman)
- Marina Centre Holdings (Chairman)
- Nanyang Technological University (Pro-Chancellor)
- Singapore Chinese Chamber of Commerce & Industry (Honorary President)
- Singapore Federation of Chinese Clan Associations (Honorary President)
- Singapore Hokkien Huay Kuan (Honorary President)
- Wee Foundation (Chairman)
- Chung Cheng High School (Chairman)

Past Directorships in Listed Companies and Principal Commitments held over the Preceding Five Years

- PT Bank UOB Indonesia (President Commissioner) (till October 2019)
- United Overseas Bank (Malaysia) (Chairman Emeritus and Adviser) (till April 2019)
- Far Eastern Bank (Chairman Emeritus and Adviser) (till May 2018)
- United Overseas Bank (Chairman Emeritus and Adviser) (till April 2018)

Education and Achievements

- Chinese high school education
- ASEAN Business Advisory Council Legacy Award for Singapore (2017)
- Honorary Doctor of Letters, Nanyang Technological University (2014)
- The Distinguished Service Order, Singapore National Day Award (2011)
- *The Asian Banker* Lifetime Achievement Award (2009)
- Honorary Doctor of Letters, National University of Singapore (2008)
- Credit Suisse-Ernst & Young Lifetime Achievement Award (2006)
- Businessman of the Year, Singapore Business Awards (2001 and 1990)

David Chan Mun Wai, 66

Managing Director and Chief Executive

Non-Independent and Executive

First appointed as a director: 10 March 1994

Last re-elected as a director: 12 April 2019

Appointed as Managing Director: 1 January 1996

A chartered insurer with more than 40 years' experience in the insurance industry, Mr Chan is the Deputy Chairman, director and member of the Executive, Audit, Nominating, Remuneration and Investment Committees of Singapore Reinsurance Corporation. He was previously President of the General Insurance Association of Singapore.

Board Committee Positions

- Nil

Current Directorships in Other Listed Companies

- Singapore Reinsurance Corporation (Deputy Chairman)

Other Principal Commitments

- Nil

Past Directorships in Listed Companies and Principal Commitments held over the Preceding Five Years

- Nil

Education and Achievements

- Bachelor of Business Administration, University of Singapore
- Chartered Insurance Institute, UK (Fellow)



Board of Directors

Wee Ee Cheong, 68

Non-Independent and Non-Executive

First appointed as a director: 20 March 1991

Last re-elected as a director: 12 April 2019

A career banker with more than 40 years' experience, Mr Wee is also active in the banking and financial services industry and the community through his involvement in various industry-based organisations. He was previously Deputy Chairman of the Housing & Development Board and a director of the Port of Singapore Authority, UOL Group and Pan Pacific Hotels Group.

Board Committee Positions

- Nil

Current Directorships in Other Listed Companies

- United Overseas Bank (Director)

Other Principal Commitments

- United Overseas Bank (Deputy Chairman and Chief Executive Officer)
- United Overseas Bank (China) (Chairman)
- PT Bank UOB Indonesia (President Commissioner)
- United Overseas Bank (Malaysia) (Deputy Chairman)
- United Overseas Bank (Thai) Public Company (Deputy Chairman)
- The Association of Banks in Singapore (Vice Chairman)
- The Institute of Banking & Finance (Council Member)
- Board of Governors of the Singapore-China Foundation (Member)
- Indonesia-Singapore Business Council (Member)
- Singapore Chinese Chamber of Commerce & Industry (Honorary Council Member)
- Nanyang Academy of Fine Arts (Patron)
- Wee Foundation (Director)

Past Directorships in Listed Companies and Principal Commitments held over the Preceding Five Years

- Visa AP Senior Client Council (Member) (till March 2020)
- Far Eastern Bank (Alternate Director) (till May 2018)

Education and Achievements

- Master of Arts (Applied Economics), American University, Washington, DC
- Bachelor of Science (Business Administration), American University, Washington, DC
- Public Service Star (2013)

Hwang Soo Jin, 85

Non-Independent¹ and Non-Executive

First appointed as a director: 17 February 1971

Last re-elected as a director: 13 April 2018

Mr Hwang is a chartered insurer with more than 50 years' experience. He is an honorary fellow of the Singapore Insurance Institute and a Justice of the Peace.

Board Committee Positions

- Nominating Committee (Chairman)
- Remuneration Committee (Member)

Current Directorships in Other Listed Companies

- Haw Par Corporation (Director)
- United Industrial Corporation (Director)

Other Principal Commitments

- Singapore Reinsurance Corporation (Senior Advisor and Chairman Emeritus)

Past Directorships in Listed Companies and Principal Commitments held over the Preceding Five Years

- Singapore Reinsurance Corporation (Director) (till April 2019)

Education and Achievements

- Chartered Insurance Institute, UK (Chartered Insurer)
- Singapore Insurance Institute (Honorary Fellow)
- Asia Insurance Industry Awards, Lifetime Achievement Award (2013)

1 Mr Hwang Soo Jin is a non-independent director under the Insurance (Corporate Governance) Regulations 2013 and independent director under the prevailing SGX-ST Listing Rules, MAS Guidelines² and Code of Corporate Governance (6 August 2018).

2 "MAS Guidelines" means the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (3 April 2013). It comprises the Code of Corporate Governance that was issued in 2012 for companies listed on the SGX-ST and supplementary principles and guidelines added by the MAS.



Board of Directors

Yang Soo Suan, 84

Non-Independent¹ and Non-Executive

First appointed as a director: 20 March 1991

Last re-elected as a director: 12 April 2019

An architect by training with close to 50 years' experience in professional practice, Mr Yang is a life fellow member of the Singapore Institute of Architects and a fellow member of the Singapore Society of Project Managers.

Board Committee Positions

- Audit Committee (Member)
- Nominating Committee (Member)
- Remuneration Committee (Member)

Current Directorships in Other Listed Companies

- United Industrial Corporation (Director)

Other Principal Commitments

- Nil

Past Directorships in Listed Companies and Principal Commitments held over the Preceding Five Years

- Nil

Education and Achievements

- Bachelor of Architecture (Hons) in Design, Town Planning and Building, Melbourne University, Australia
- Singapore Institute of Architects (Life Fellow)
- Singapore Society of Project Managers (Fellow)
- Public Service Star (1996)

Professor Ho Yew Kee, 57

Independent

First appointed as a director: 1 June 2015

Last re-elected as a director: 12 June 2020

Professor Ho is the Associate Provost (SkillsFuture) and Cluster Director, Design and Specialised Businesses at the Singapore Institute of Technology. He was previously the Head of the Department of Accounting and Vice Dean

(Finance & Administration) of the NUS Business School. He has also held academic positions in Monash University and Carnegie Mellon University. Professor Ho is also actively involved in community work and serves on the boards of several not-for-profit organisations.

Board Committee Position

- Audit Committee (Member)
- Remuneration Committee (Member)

Current Directorships in Other Listed Companies

- Nil

Other Principal Commitments

- Christian Business Men's Committee (Singapore) (Director)
- Commonwealth Association of Accountants (Guarantee) Limited (Council Member)
- CPA Australia – Singapore Division (Council Member)
- National Kidney Foundation (Director)
- Prison Fellowship Singapore (Director)
- St Luke's Eldercare (Director)

Past Directorships in Listed Companies and Principal Commitments held over the Preceding Five Years

- Dover Park Hospice (Director) (till August 2020)
- St Luke's Hospital (Director) (till January 2020)
- Tax Academy of Singapore (Director) (till July 2017)
- Accounting and Corporate Regulatory Authority (Director) (till March 2017)

Education and Achievements

- Bachelor of Economics (Hons), Monash University, Australia
- Master of Economics, Monash University, Australia
- Master of Science in Industrial Administration, Carnegie Mellon University, USA
- Doctor of Philosophy (Accounting), Carnegie Mellon University, USA
- Institute of Singapore Chartered Accountants (Fellow Chartered Accountant)
- CPA Australia (Fellow Certified Practising Accountant)
- Singapore Institute of Directors (Fellow)
- CFA Institute, USA (Chartered Financial Analyst)
- Public Service Medal (2020)

¹ Mr Yang Soo Suan is a non-independent director under the Insurance (Corporate Governance) Regulations 2013 and independent director under the prevailing SGX-ST Listing Rules, MAS Guidelines and Code of Corporate Governance (6 August 2018).



Board of Directors

Chng Hwee Hong, 70 *Independent*

First appointed as a director: 28 January 2016
Last re-elected as a director: 12 June 2020

Mr Chng was an executive Director of Haw Par Corporation prior to his retirement in 2012. He was a member of the Sub-Committee on Maximising Value from Land as a Scarce Resource of the Economic Strategies Committee of Singapore and a member of the Singapore-Sichuan Trade & Investment Committee. Mr Chng is also actively involved in community and social work and serves in a number of community and not-for-profit organisations.

Board Committee Position

- Audit Committee (Chairman)

Current Directorships in Other Listed Companies

- United Industrial Corporation (Director)

Other Principal Commitments

- Yellow Ribbon Singapore (Chairman)
- Industry & Services Co-operative Society (Chairman, Board of Trustees)
- Ministry of Home Affairs – Criminal Law Advisory Committee (Review) (Member)
- National Council Against Drug Abuse (Member)
- Justice of the Peace

Past Directorships in Listed Companies and Principal Commitments held over the Preceding Five Years

- Yuhua Citizens' Consultative Committee (Chairman) (till March 2017)

Education and Achievements

- Bachelor of Science (Hons) in Applied Chemistry, University of Singapore
- Diploma in Business Administration, University of Singapore
- Diploma in Management Studies, University of Chicago and Singapore National Productivity Board
- Graduate Certificate in International Arbitration, National University of Singapore
- Public Service Award (2014)
- Public Service Star (2020)

Chua Kim Leng, 51 *Independent*

First appointed as a director: 1 February 2020
Last re-elected as a director: 12 June 2020

Mr Chua stepped down from his role as Special Advisor (Financial Supervision) at the Monetary Authority of Singapore (MAS) in 2018 after 25 years of distinguished service at the organisation. At MAS, he was the Assistant Managing Director in charge of the Banking and Insurance Group where he was responsible for the licensing and supervision of banks, insurance and finance companies, and anti-money laundering supervision for the financial sector. He was also a member of its Executive Committee where he was involved in policy making and the overall oversight of the authority.

Currently, he sits on the boards of the Casino Regulatory Authority and other financial institutions, and provides consultancy and training services.

Board Committee Positions

- Audit Committee (Member)

Current Directorships in Other Listed Companies

- Teho International Inc (Director)

Other Principal Commitments

- Casino Regulatory Authority (Director)
- ICHX Tech (Director)
- Sygnum Bank AG (Director)

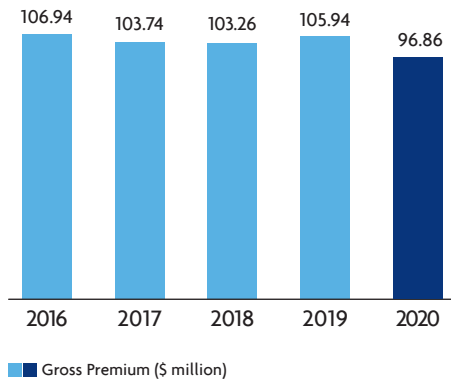
Past Directorships in Listed Companies and Principal Commitments held over the Preceding Five Years

- Sygnum (Director) (till December 2020)
- Ternary Fund Management (till December 2020)

Education and Achievements

- Bachelor of Business Administration (Honours), National University of Singapore
- Public Administration Medal (2014)

Financial Highlights

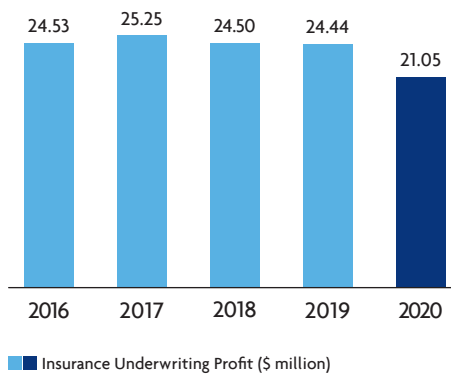


Gross Premium

The Company had achieved gross premium above \$100 million for many years. However, in 2020, gross premium was below \$100 million as business activities were affected by the COVID-19 pandemic.

\$96.86 million
- 8.6%

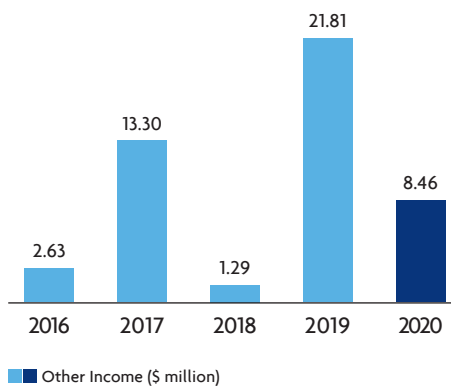
In spite of the COVID-19 pandemic, the Company continued to initiate a number of projects to digitalise its services and roll out new products which are expected to bear fruit in the coming years.



Insurance Underwriting Profit

The Company achieved an underwriting profit of \$21.05 million. This was a decrease of 13.9% over that of 2019 largely due to higher net claims incurred and lower commission income as a result of the COVID-19 pandemic.

\$21.05 million
- 13.9%



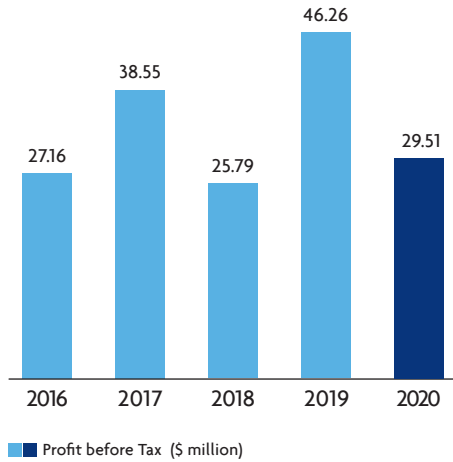
Other Income

Other income decreased by \$13.35 million to \$8.46 million as compared to \$21.81 million in the previous period. This was mainly due to weak market sentiments as a result of the COVID-19 pandemic, higher dividend income and higher gains from the sales of investment recorded last year which were not repeated in the current year.

\$8.46 million
- 61.2%



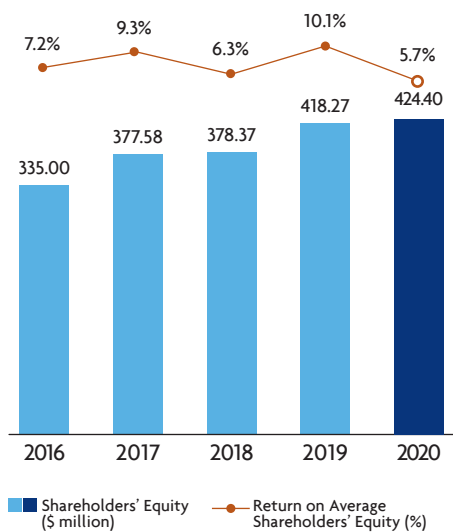
Financial Highlights



Profit Before Tax

Profit before tax decreased by 36.2% to \$29.51 million as compared with 2019. It was mainly due to lower gross premium, higher claims incurred and lower investment profits.

\$29.51 million
- 36.2%

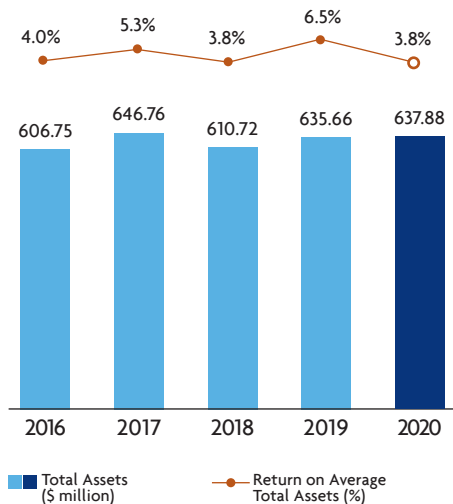


Shareholders' Equity/Return on Average Shareholders' Equity

The Company's shareholders' equity continued to grow. As at 31 December 2020 it increased by 1.5% to \$424.40 million when compared with the preceding year. The increase was due to profits from insurance operation and investing activities. Return on average shareholders' equity was 5.7% in 2020 as compared with 10.1% in 2019.

Shareholders' Equity
\$424.40 million
+ 1.5%

Return on Average Shareholders' Equity
5.7%
- 4.4% pt



Total Assets/Return on Average Total Assets

The total assets of the Company increased by 0.3% to \$637.88 million as at 31 December 2020. Return on average total assets was lower at 3.8% in 2020.

Total Assets
\$637.88 million
+ 0.3%

Return on Average Total Assets
3.8%
- 2.7% pt



Five-Year Company Financial Summary

Key Indicators	2016	2017	2018	2019	2020
Profit for the Financial Year (\$'000)					
Gross premium	106,943	103,744	103,258	105,943	96,857
Insurance underwriting profit	24,525	25,248	24,495	24,443	21,052
Other income	2,631	13,300	1,293	21,814	8,455
Profit before tax	27,156	38,548	25,788	46,257	29,507
Selected Balance Sheet Items as at Year-end (\$'000)					
Total assets	606,745	646,756	610,724	635,664	637,882
Net technical balances	85,097	79,572	72,740	71,089	67,840
Shareholders' equity	335,002	377,580	378,374	418,272	424,399
Financial Ratios					
Earnings per share - basic and diluted (cents)	37.8	53.9	39.0	66.1	39.4
Return on average shareholders' equity (ROE) (%)	7.2	9.3	6.3	10.1	5.7
Return on average total assets (ROA) (%)	4.0	5.3	3.8	6.5	3.8
Incurred loss ratio (%) ¹	27.0	21.6	22.8	25.8	28.2
Net commissions ratio (%) ²	(9.5)	(8.9)	(13.8)	(17.6)	(14.2)
Management expenses ratio (%) ³	28.0	29.1	31.8	34.0	35.2
Underwriting profit ratio (%) ⁴	54.5	58.2	59.2	57.7	50.8
Declared dividend per share (cents)					
Interim	3.0	3.0	8.5	8.5	8.5
Special	2.0	5.0	5.0	7.0	4.0
Final	12.0	14.0	8.5	8.5	8.5
Total	17.0	22.0	22.0	24.0	21.0
Net asset value per share (\$)	5.5	6.2	6.2	6.8	6.9

Note:

- 1 Incurred loss ratio is computed by dividing net claims incurred by net earned premium.
- 2 Net commission ratio is computed by dividing net commission by net earned premium.
- 3 Management expenses ratio is computed by dividing management expenses for insurance operations by net earned premium.
- 4 Underwriting profit ratio is computed by dividing net underwriting profit by net earned premium.



2020 in Review

In 2020, the gross premium for the Singapore general insurance market grew by 4.8 per cent with offshore business contributing more than 44.3 per cent of this growth. With the turnaround in underwriting results of some major classes of business notably motor and work injury compensation, the insurance market showed an underwriting profit of \$128.6 million. Keen competition continued to prevail for the smaller accounts although the hard global insurance market caused substantial increases in premiums for the larger accounts across all lines of business.

2020 was a period of uncertainty and volatility. The impact of the COVID-19 pandemic extended beyond human lives and health to changing businesses and our way of life. Amid the raging pandemic and ongoing keen competition in the local insurance market, the Company placed high importance on operational resilience during the pandemic while forging ahead to execute adaptive business strategies to address the evolving challenges in a very difficult business environment.

Client-Centricity

Client-centricity remains a cornerstone of UOI's business model that requires building and managing business relationships and is people-driven. In 2020, despite the restricted movements, closure of business activities and working from home, our business engagement teams adopted alternative non face-to-face interactions to uphold our proven client-centric business strategy. Virtual meetings and collaborations became the norm. Retaining renewal business was an important business driver due to downsizing and lesser new business opportunities in the economic downturn.

The outbound travel insurance portfolio was severely affected due to travel restrictions that had decimated travel-related businesses across the world. In light of this pandemic, we stepped up non-travel related product launches using the digital platform and introduced some COVID-19 coverage to address the insurance needs of our customers. Product development will continue to be a driving force in our client-centric business strategy.

During the year, we continued to expand our agency network for new streams of income and to tap business opportunities when the market slowly recovers in the coming months.

Investment in Digital Technology

Client-centricity remains a key driver in our digitalisation of products and services. Although 2020 was a recession year, the Company accelerated its investments to support ongoing improvements in IT infrastructure, digitalisation and business process automation.

Ongoing enhancement projects to improve our digital platform for customers and agents continued unabated amid the pandemic. The upgrading of our core application system into a web-based integrated insurance digital platform and new application systems to meet business requirements are on track to meet their target completion timelines even though there were some delays during the circuit breaker period.

As part of our strategic digital affinity with UOB, we started a collaboration with an Insurtech firm to introduce more innovative lines of business to meet shifting customer, channel and distributor behaviours. Speed of delivery and convenience are key factors in gaining competitive advantage in general insurance and the Company aims to excel in these areas across diverse segments. For its digital transformation journey, the strategy is to integrate the digital capability of various partners to set up a strong customer ecosystem to retain customer loyalty and improve customer propositions.

Initiatives for business process automation also gained momentum during the year. Even before the pandemic crisis, high operational costs need to be managed downward and the automation drive means radical automation of work and processes as opposed to standard re-engineering. In this area, we rolled out two key initiatives for work injury claims and investment-related transactions that will not only replace manual processing but also boost the use of data and technology to determine loss patterns, valuation changes driven by asset movements and asset liability management.

The Company formed a cross-functional task group in the third quarter of 2020 to implement a company-wide document and workflow management system to drive radical business process automation. The terms of reference for this task group are to streamline and/or automate existing communication channels and process workflows, reduce paper usage to improve its environmental footprint and optimise office space. The task group is currently evaluating various suitable application solutions and service providers with target implementation in the second half of 2021.

Regional Insurance

In 2020, the Company maintained its prudent underwriting approach in its offshore segment while leveraging UOB's regional network to grow its offshore insurance portfolio. As some overseas markets are prone to natural catastrophes, risk selection remains the key priority, with adequate reinsurance protection to manage these offshore risks.

Within the region, our main markets are Malaysia, Indonesia and Thailand.

2020 in Review

Prudence in Investment Management

Global investment growth fundamentals appeared to be fine at the start of 2020. However, by late February, global investment markets went into a tailspin as the COVID-19 coronavirus turned into a global pandemic. The fall in global equity markets in the first quarter was the sharpest in history as it was the fastest drop from a market peak to a full bear market contraction of 20 per cent.

In an effort to tide workers and businesses over a difficult economic environment caused by the pandemic, Governments proactively put in place funding, measures and legislation that helped mitigate the negative impact of the virus. Consequently, despite the fact that global economic activities had plummeted in the wake of the dislocations brought about by COVID-19 pandemic, global markets rallied from the lows at the end of the first quarter. By the end of the fourth quarter, risk assets were rallying to close off a strong year on the back of constructive US election results and successful vaccine trials.

For the full year of 2020, the MSCI All Country World Index (ACWI) gained 14.3 per cent in Singapore Dollar terms. Unlike the global markets which are more broad-based, the performance of Singapore market relied more on the financial and property sectors. As such, the Singapore market declined 9.1 per cent in 2020.

Due to the underperformance of the Singapore market, the overall performance of the Company's investment portfolio in 2020 was affected.

During the year, the Company acquired 146 Robinson Road for self-occupation and rental income. It is being retrofitted to provide a modern, conducive and safe work environment for the staff. The Company plans to move in by the fourth quarter of 2021.

Operational Resilience amidst COVID-19 Pandemic

In line with the advisories from the Singapore Government and the DORSCON Orange Alert, the Company's Crisis Management Team (CMT) activated our pandemic response business continuity plans. The Company also established a Safe Management and Monitoring Plan to align with the requirements of Safe Management Measures issued during the pandemic.

During this challenging period, it was business as usual. However the Company put in supportive measures for various stakeholders notably employees, customers and intermediaries.

For our employees, the Company provided a safe workplace, job security and additional resources to facilitate working in the new normal.

To create a safe workplace, the Company introduced alternative work arrangements and provided a clean and safe working environment. We practised strict safe distancing, staggered work/lunch hours and split teams. Personal protection equipment such as disposable masks and hand sanitisers were given freely to employees and we increased the cleaning frequency of our office premises. Our Work From Home (WFH) policy outlined the eligibility criteria for employees to work from home and set out guidelines on how to work effectively in a conducive home environment to ensure the smooth running of the Company's business and operations with due regard for internal control and risk management.

Staff development programmes continued with more virtual training sessions. At all times, we maintained continuous communications with our employees on safe management measures and changes in operational matters via email circulars, chat groups etc.

Supportive measures for intermediaries included full sales and service support, special credit arrangements and webinars. As for customers, we stepped up online customer services, provided flexible premium payment plans and COVID-19 coverage.

There is now a positive outlook with the availability of vaccines but the global pandemic continues to evolve with resurgence and virus variants causing more restrictive border movements. The situation in 2021 will remain uncertain and volatile. Maintaining stakeholders' wellness, operational resilience and sustainable performance will continue to be our priorities.



UOI in the Community



Colleagues walked for charity as they complete their first UOB Global Heartbeat Virtual Run/Walk



Colleagues and their families unite in spirit as they collectively walked, jogged or ran to raise funds for the vulnerable communities affected by the pandemic.

Supporting Our Community

At UOI, we believe in giving back to the communities in which we operate.

Many social and sports events were cancelled to reduce social interactions during the COVID-19 pandemic. However, this has not stopped us in our efforts to foster social inclusiveness and to support those affected by the global pandemic. In its 14th edition, the UOB Heartbeat Run/Walk, our annual flagship volunteering and fundraising event was expanded to 17 markets globally through a virtual format to keep the good going.

Even though we were unable to meet physically, UOI colleagues and their families ran and walked distances around neighbourhoods and the Central Business District for charity. Through these efforts, UOI contributed to the total mileage of more than 200,000 km achieved by UOB Group.

This collective efforts saw the Group donating an additional S\$75,000 to 17 charities and welfare organisations as part of the #UnitedForYou COVID-19 Relief Programme. The global programme had already directed more than S\$1.65 million in 2020 to help frontline healthcare workers and vulnerable members of the community overcome the challenges of COVID-19.

Caring for Our Environment

As part of our ongoing sustainability efforts, we organise regular awareness programmes for our colleagues to reuse and to repurpose office materials, alongside current practices of recycling paper waste and used printer cartridges.

Other green initiatives include enhancements to the workflow management systems that helped to cut down on paper usage, thus reducing our environmental footprint.

United Overseas Insurance Limited

(Incorporated in Singapore)

31 December 2020

Governance

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Corporate Governance

UOI complies with the following regulations, rules, guidelines and/or best practices:

- (a) the Insurance (Corporate Governance) Regulations (Insurance Regulations) that are applicable to UOI as a Tier 2 insurer;
- (b) the listing rules of the Singapore Exchange Securities Trading Limited (SGX-ST);
- (c) all material aspects of the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (MAS Guidelines) issued by the Monetary Authority of Singapore (MAS) in 2013; and
- (d) the Code of Corporate Governance 2018 issued on 6 August 2018 (2018 Code).

The MAS Guidelines comprise the Code of Corporate Governance that was issued in 2012 (2012 Code) and supplementary principles and guidelines added by the MAS. Where UOI's practices deviate from the MAS Guidelines and/or the 2018 Code, an explanation is provided. A summary of the disclosures required under the 2018 Code and the supplementary MAS Guidelines can be found on pages 30 and 31.

Board Matters

Board Duties

The Board oversees the business affairs of UOI and has written terms of reference for the performance of its duties, which are principally to:

- provide strategic direction, entrepreneurial leadership and guidance;
- approve business plans and annual budgets;
- ensure that financial statements are true and fair;
- monitor financial performance;
- determine capital structure;
- declare dividends;
- approve major acquisitions and divestments;
- review risk management framework and risk management system;
- oversee the performance of Senior Management;
- set company values and standards;

- consider sustainability issues when formulating the Company's strategies;
- determine environmental, social and governance (ESG) factors that are material to the business and oversee the management and monitoring of the ESG factors;
- perform succession planning; and
- establish a board diversity policy.

Board Approval

Board approval is required for material matters such as business plans and annual budgets, major acquisitions and divestments, issue of shares, capital, dividend and other distributions, and announcements of financial results. If a matter is reserved for the decision of the Board or any of its committees in its terms of reference, its decision must be sought before Management may act on it.

Board Delegation

The Board has established the Audit Committee (AC), Nominating Committee (NC) and Remuneration Committee (RC) to assist it in the discharge of its duties. The written terms of reference of the committees are reviewed annually for continued relevance, and approved by the Board. UOI does not have a board risk committee because the AC helps to oversee risk management matters. An executive committee is not required because UOI's current scope of business and scale of operations can be overseen by the Board directly, and the directors are easily available for consultation and decision-making, when required.

After each meeting, the NC, RC and AC give a short report on the matters discussed and decisions made to the Board. Minutes of the meetings are circulated to the Board when they are finalised, except where there is a conflict of interest.

Key Processes

Meetings of the Board and Board Committees and the annual general meeting (AGM) are scheduled well in advance. Additional meetings are held as required. Materials for the meetings contain all information necessary for Directors to make informed decisions. These are made available in advance with sufficient time for careful review. Directors have the option of receiving the materials for Board and Board Committee meetings via a secure portal on tablets provided by the Company.

A Director who is unable to attend a meeting in person may participate via telephone and/or video conference or make his views known through another Director or the company secretary. In 2020, due to the COVID-19 pandemic and the need for safe distancing, most of the meetings of the Board and the Board Committees were held virtually.



Corporate Governance

Board and Board Committee decisions are made by a majority vote at meetings or through written resolutions circulated to all members (except where there is a conflict of interest). Minutes of all meetings and written resolutions are maintained by the Company.

Managing Potential Conflicts of Interests

Directors who have personal, professional or business interests in matters that may conflict with the interests of the Company must disclose such interests to the Company, recuse themselves from the discussions and abstain from voting on the matters.

Directors have to notify UOI in a timely manner of any change in their interests. Before a Director accepts any additional appointment, the Board must be satisfied that the additional appointment will not give rise to any conflict of interest or hamper him in the discharge of his duties to UOI. This also ensures that directors have sufficient time to attend to the affairs of the Company.

Board Independence and Composition

Overview of the Board

- 8 members
 - Wee Cho Yaw (*Chairman*)
 - David Chan Mun Wai (*Managing Director and Chief Executive*)
 - Wee Ee Cheong
 - Hwang Soo Jin
 - Yang Soo Suan
 - Ho Yew Kee
 - Chng Hwee Hong
 - Chua Kim Leng
- Tenure
 - 3 have served fewer than 9 years
 - 5 have served more than 9 years
- Separation of roles of Chairman and Managing Director and Chief Executive
- Non-executive Chairman

There are currently eight members on the Board. Every year, the NC reviews the size and composition of the Board, the independence of directors and whether they remain fit and proper and qualified for office. When assessing the independence of each Director, the NC is guided by the criteria in the Insurance Regulations, SGX-ST Listing Rules, MAS Guidelines and the 2018 Code.

The Insurance Regulations defines a director as independent if he is independent from any management and business relationship with the insurer, independent from any substantial shareholder of the insurer; and has not served on the Board of the insurer for a continuous period of nine years or longer.

Under the prevailing SGX-Listing Rules, a director is not independent if:

- he is employed or has been employed by the issuer or any of its related corporations in the current or any of the past three financial years; or
- he has an immediate family member who is employed or has been employed by the issuer or any of its related corporations in the current or any of the past three financial years, and whose remuneration is or was determined by the remuneration committee of the issuer.

From 1 January 2022, where a director has served for an aggregate period of more than nine years, his continued appointment as an independent director must be approved in separate resolutions by (i) all shareholders; and (ii) all shareholders excluding those shareholders who are the directors and the chief executive officer and their respective associates.

The MAS Guidelines allows the Board to consider a Director of more than nine years' standing as independent if the Board, after performing a rigorous review, is satisfied that he is independent. The Board does this by reviewing whether a Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement.

The 2018 Code defines an independent director as one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, substantial shareholders or officers that could interfere, or be reasonably perceived to interfere with the exercise of the Director's independent business judgement in the best interests of the company.

In assessing a Director's independence, in addition to the above regulatory requirements, the NC also takes into account the Director's conduct and contributions during and outside of the meetings, his other appointments, relationships with UOI Management and substantial shareholders, and his response to questions relating to independence and fitness and propriety in a self-assessment questionnaire.



Corporate Governance

The NC's assessment of the independence status of each Director is as follows:

- Professor Ho Yew Kee, and Messrs Chng Hwee Hong and Chua Kim Leng are independent. Each of them has been on the Board for less than nine years. None of their immediate family members is employed by UOI or its related corporations in the current or past three financial years. They have demonstrated independence in conduct, character and judgement, and have no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement in the best interests of the Company;
- Mr David Chan Mun Wai is non-independent and executive. He is UOI's Managing Director and Chief Executive;
- Dr Wee Cho Yaw and Mr Wee Ee Cheong are non-independent and non-executive. Dr Wee Cho Yaw is a substantial shareholder of United Overseas Bank Limited (UOB), the parent company of UOI. Mr Wee Ee Cheong is a substantial shareholder and Director, and the chief executive officer of UOB; and
- Messrs Hwang Soo Jin and Yang Soo Suan are non-executive. They are non-independent under the Insurance Regulations (as each has served for more than nine continuous years), but have been determined by the NC to be independent under the prevailing SGX-ST Listing Rules, MAS Guidelines and the 2018 Code. They are not connected to any substantial shareholder and are independent from any management or business relationship with UOI or its related corporations or officers. Neither they nor their respective immediate family members was employed by UOI or its related corporations in the current or past three financial years. The NC has conducted a rigorous review and concluded that their character, conduct and judgement have not been compromised despite their long service on the Board and they have remained objective and impartial.

The current composition of the Board meets the requirement of the Insurance Regulations that at least one-third of the Board comprises independent directors and the SGX-ST Listing Rule requirement that at least two non-executive directors are independent and free of any material business or financial connection with UOI. It also meets the requirements of the 2018 Code that at least half of the directors are independent where the Chairman is not independent. The Board is of the view that it has an appropriate level of independence and diversity of thought to enable it to make decisions in the best interests of UOI.

Name of Director	ED/ NED ¹	Independence status ² under			Number of meetings attended in 2020					
		Insurance Regulations	SGX-ST listing rules	MAS Guidelines/ 2018 Code	AGM	EGM	Board	NC	RC	AC
Wee Cho Yaw	NED	NID	NID	NID	–	•1	•4	1	•1	–
David Chan Mun Wai	ED	NID	NID	NID	1	1	4	–	–	–
Wee Ee Cheong	NED	NID	NID	NID	•1	1	4	–	–	–
Hwang Soo Jin	NED	NID	ID	ID	1	1	4	•1	1	–
Yang Soo Suan ³	NED	NID	ID	ID	1	–	4	1	1	4
N Ganesan ⁴	NED	ID	ID	ID	1	1	2	–	–	2
Ho Yew Kee	NED	ID	ID	ID	1	1	4	–	1	4
Chng Hwee Hong ⁵	NED	ID	ID	ID	1	1	4	–	–	•4
Chua Kim Leng ⁶	NED	ID	ID	ID	1	–	4	–	–	2
Number of meetings held in 2020					1	1	4	1	1	4

1 "ED" means executive director and "NED" means non-executive director.

2 "ID" means independent director and "NID" means non-independent director. The independence status is determined as at February 2021.

3 Mr Yang Soo Suan stepped down as the AC Chairman on 12 June 2020 but remained as an AC Member.

4 Mr N Ganesan retired as Director and AC Member on 12 June 2020.

5 Mr Chng Hwee Hong was appointed as the AC Chairman on 12 June 2020.

6 Mr Chua Kim Leng was appointed to the Board on 1 February 2020 and to the AC on 12 June 2020.

• Denotes chairman.



Corporate Governance

The profiles of the Directors can be found in the Board of Directors section. Collectively, the Directors possess skills and expertise in insurance business, accounting, management, strategic planning, investment and regulatory compliance. The diversity of background, professional qualifications, expertise, age, credentials and tenure among the Directors allows for a wider range of perspectives and analyses.

Every year, Directors are assessed on whether they remain fit and proper for office using a questionnaire based on the MAS Guidelines on Fit and Proper Criteria. The NC has reviewed each Director's profile and response to the questionnaire and observed no change in the circumstances of the Directors since their assessment in the previous year. It has assessed that each Director remains fit and proper and qualified for office and nothing has come to its attention that any Director may have any issue that would disqualify him from office. The NC considers a board size of eight to nine members appropriate for overseeing UOI's affairs after taking into account UOI's business and scope of operations and the need for progressive board renewal.

Chairman and Managing Director/Chief Executive

The Chairman is non-executive. The roles of the Board Chairman and the Managing Director/Chief Executive are separate. The Chairman, Dr Wee Cho Yaw, and the Managing Director/Chief Executive Mr David Chan are not related to each other by family ties.

As Chairman of the Board, Dr Wee Cho Yaw sets the agenda for Board meetings, ensures timely and comprehensive information is given to Directors to make informed decisions, and promotes open and candid discussions. He ensures good corporate governance is observed and encourages constructive dialogue with shareholders at general meetings.

Mr David Chan is the Managing Director/Chief Executive. He leads the management team in seeking business opportunities and implementing strategies approved by the Board, oversees the Company's operations and ensures that the Company's system of internal controls and risk management is adequate and effective. He is assisted by the key management personnel. As a member of the Board and the leader of the management team, Mr David Chan ensures that the Board is kept fully apprised of material developments affecting the business. He also facilitates effective communication between the Board and Management.

Lead Independent Director

The Board is of the view that it is not necessary to appoint a lead independent director because there is a strong independent element on the Board. The independent Directors ensure that matters affecting stakeholders and customers receive proper consideration and are handled objectively in the best interest of the Company. Complaints may be lodged with any Director or relayed to the Company through established channels listed on its website.

Time Commitment and Performance

At the end of each year, each Director performs a confidential self-assessment and an assessment of the work performed by the Board and Board Committees by completing a questionnaire. The assessments are submitted directly to the company secretary who collates the results for the NC to evaluate and make its recommendations to the Board. The NC is of the view that it was not necessary to engage an external facilitator to perform the assessment as all Directors were able to speak candidly throughout the process.

The factors that the NC considers in assessing the effectiveness of the Board and Board Committees include UOI's financial and share performance, conformity with accounting standards, compliance with applicable laws and regulations, the opinions and feedback of regulators and rating agencies, overall achievement of the Board and the Directors' responses in the questionnaire which includes an assessment of the adequacy and effectiveness of the Company's system of internal controls and risk management.

The review of each Director's performance took into account:

- competence and commitment to the role including commitment of time;
- attendance at Board and Board Committee meetings and at the AGM;
- participation in Board and Board Committee discussions;
- other Directorships and principal commitments; and
- advice and counsel given during and outside of meetings.

The attendance record of Directors in 2020 is shown on page 18.



Corporate Governance

The NC is satisfied that each Director has devoted time and effort to attend to UOI's affairs and has contributed to the effectiveness of the Board and Board Committees. The NC is of the opinion that it is not necessary to limit the number of directorships that Directors may hold because each Director knows best the number of appointments he is capable of handling. Further, the ability of a Director to accept another appointment is subject to the prior review of the Board.

Selection Process, Appointment and Re-Election

Any Director may nominate candidates for the Board. The NC reviews the suitability of candidates for appointment having regard to the board diversity policy. The Board seeks diversity in terms of business experience, skills, age, gender, ethnicity and culture among other attributes when reviewing potential candidates. It also considers the candidates' current commitments, independence, qualification for office, personal attributes and whether he would have sufficient time to commit to UOI's affairs.

At least one-third of the Directors retire from office by rotation at the AGM every year and all Directors are subject to retirement and re-election at least once every three years. The NC takes into account the competencies, commitment, contribution and performance of a Director in recommending that Director for re-election. New Directors have to stand for re-election at the first AGM following their appointments. Appointments of Directors and the Board Chairman are subject to the approval of the MAS.

The Board has nominated Dr Wee Cho Yaw, and Messrs Hwang Soo Jin and David Chan for re-election by rotation at the upcoming AGM as each of them continues to make valuable contributions. The NC was of the view that each of them has been diligent in the discharge of his duties as a Director. As Mr Hwang Soo Jin has served more than nine years on the Board, his designation as an independent Director will be subject to the votes of all shareholders, and to a second vote of all shareholders excluding those shareholders who are the directors and chief executive officer and their respective associates in accordance with the SGX-ST Listing Rules. Please refer to pages 132 to 137 for additional information on the Directors seeking re-election.

Induction and Continuous Development

New Directors receive an induction soon after they join the Board. They receive a manual that contains the Constitution of the Company, the terms of reference of the Board and Board Committees, Articles of Directorship, Code of Corporate Governance, Code of Conduct and extracts of applicable laws and regulations. The Articles of Directorship set out a Director's term of office, duties, responsibilities, remuneration and disclosure obligations. The Articles and any subsequent amendment are approved by the Board and apply to all Directors irrespective of when they were appointed. The induction for new Directors includes a meeting with key management personnel and briefings on UOI's corporate development, culture, values, organisational structure, business, operations and financial performance.

The NC oversees the training programme and budget for Directors' continuous training. In-house training was conducted in 2020 on various subjects including cyber security, technology risks and digital transformation. The training was provided by internal and external specialists. Directors also attended conferences/seminars conducted by the Singapore Institute of Directors. The NC is of the view that the 2020 training programme has equipped Directors with the skills and knowledge necessary to discharge their duties.

Succession Planning for Key Management Positions

The NC reviews the succession plan for the position of chief executive officer, and other key management positions. The Managing Director assists the NC in identifying and preparing suitable candidates for key management positions. Candidates are mentored, receive training on the job, and exposed to job rotation. If there is no suitable candidate, the Company will recruit from external sources. The NC will continue to monitor the progress made in grooming these talents and building a succession pipeline. The NC also reviews the reasons behind the resignation of senior executives.



Corporate Governance

Access to Information, Management and Company Secretary

Directors have unfettered access to information, Management, and the internal and external auditors. Comprehensive reports on the Company's operations and financial position are given to Directors in advance, with ample time for them to prepare for meetings. Senior executives are present at meetings to provide additional information or clarification as needed. If necessary, professional advisers are invited to brief the Board or Board Committees. The common memberships in the Board Committees facilitate information sharing between the Board Committees and contribute to an holistic view of matters under the purview of different Board Committees.

The appointment and removal of the company secretary is decided by the Board. Directors have separate and independent access to the company secretary who assists them in the discharge of their duties, attends all Board and Board Committee meetings, advises on governance matters and applicable laws, coordinates the induction of new Directors and facilitates Directors' attendance at seminars and training courses.

Directors may seek independent professional advice at UOI's expense should they need advice on any matter in order to discharge their duties. The company secretary will assist the Directors in such instances.

Composition of Board Committees

The NC conducts an annual review of the size and composition of the Board Committees to assess if any change is needed. The composition of the committees is changed from time to time for fresh perspectives and as part of board succession planning.

Nominating Committee

NC membership

- Hwang Soo Jin (*chairman*), Wee Cho Yaw and Yang Soo Suan
- Majority of members, including the chairman, are independent Directors pursuant to the prevailing SGX-ST Listing Rules, MAS Guidelines and the 2018 Code

The main responsibilities of the NC are:

- to recommend the appointment, re-election and retirement of Directors;
- to assess the performance of the Board, Board Committees and each Director;

- to determine the independence of Directors;
- to perform succession planning for the Board and the key management personnel; and
- to review the progress made in the implementation of the board diversity policy.

Its main activities are outlined in pages 17 to 20.

Remuneration Matters

Remuneration Committee

RC membership

- Wee Cho Yaw (*chairman*), Hwang Soo Jin, Yang Soo Suan and Ho Yew Kee
- Majority of members are independent Directors pursuant to the prevailing SGX-ST Listing Rules, MAS Guidelines and the 2018 Code

The RC's main responsibilities are:

- to establish a remuneration policy and framework that are in line with the Company's strategic objectives, corporate values and prudent risk-taking;
- to determine the level and structure of remuneration that are appropriate and proportionate to the sustained performance and value creation of the Company and to promote the long-term success of the Company; and
- to review and to recommend the remuneration for Directors and key management personnel.

The Board has determined that Dr Wee Cho Yaw, a non-independent Director, shall remain as the RC chairman because of his in-depth experience in remuneration matters.

Remuneration and Disclosure

UOI adopts those aspects of the UOB Group remuneration policy that are relevant to the Company with appropriate adjustment for the insurance industry. The policy sets out the principles and philosophies adopted to provide competitive remuneration terms that would attract, motivate and retain employees. The service of an external remuneration consultant was not required during the year under review.



Corporate Governance

Directors' Remuneration

In recommending the fees to be paid to Directors, the RC takes into account the Directors' responsibilities as well as UOI's size, scope of business and its financial performance in that year. Mr David Chan, the Managing Director/Chief Executive and the only executive Director on the Board, is remunerated as a key management personnel. He does not receive any Director fee.

Non-executive Directors are paid a basic fee for service on the Board and additional fees for service on Board Committees. During the year, the RC reviewed and recommended that the structure of the Directors' fees remain unchanged, save for an adjustment to the fee structure of the AC in view of its increased responsibilities over the years.

The annual fee structure for the Board and Board Committees for 2020 is set out below. The proposed Directors' fees are subject to shareholders' approval at the forthcoming AGM.

No Director is involved in the deliberation or determination of his own remuneration.

Fee Structure	Chairman	Member
Basic Retainer Fee	\$40,000	\$22,500
Audit Committee	\$15,000	\$12,000
Nominating Committee	\$7,500	\$5,000
Remuneration Committee	\$7,500	\$5,000

Details of the total fees and other remuneration paid/payable by the Company to the Directors for the financial year ended 31 December 2020 are disclosed in the table below:

	Directors' fees	Base or fixed salary	Variable performance bonus	Benefits-in-kind and others	Total
\$500,000 to \$749,999					
David Chan Mun Wai	–	51.8%	40.5%	7.7%	100%
Below \$250,000					
Wee Cho Yaw	\$52,500	–	–	–	\$52,500
Wee Ee Cheong ¹	\$22,500	–	–	–	\$22,500
Hwang Soo Jin	\$35,000	–	–	–	\$35,000
Yang Soo Suan	\$46,000	–	–	–	\$46,000
N Ganesan ²	\$17,250	–	–	–	\$17,250
Ho Yew Kee	\$39,500	–	–	–	\$39,500
Chng Hwee Hong	\$37,500	–	–	–	\$37,500
Chua Kim Leng	\$34,500	–	–	–	\$34,500
Total Directors' Fees	\$284,750	–	–	–	\$284,750

¹ Director's fee payable to Mr Wee Ee Cheong will be paid to United Overseas Bank Limited.

² Mr N Ganesan retired on 12 June 2020.

Corporate Governance

Employee Remuneration

UOI's remuneration framework is designed to encourage sustained performance and value creation for the Company in the long term. Value creation is measured based on metrics, including financial performance, dividend yield, net asset value, shareholder fund, over a five-to-ten year period. Remuneration programmes are designed to support the Company's business strategy and objectives, and aligned to a pay-for-performance philosophy. This is achieved by linking remuneration to financial, non-financial and individual performance, and by being flexible in responding to dynamic business needs. The remuneration package comprises fixed salaries, variable bonuses and benefits. To ensure salaries are appropriate and proportionate to performance, they are benchmarked against comparable roles in the insurance industry. Variable bonuses are granted based on the performance of UOI and the individual. Care is taken to ensure that employees are not rewarded for short-term gains that are made through taking excessive or undue risks. UOI has decided that the risk management and human resource policies and practices in the Company are such that it is not necessary to have a variable performance bonus deferral policy.

UOI's key management personnel consist of the Managing Director/Chief Executive, one General Manager and four Assistant General Managers. The names of the General Manager and Assistant General Managers can be found in the Corporate Information section.

Each year, the RC reviews the performance of the Managing Director/Chief Executive before recommending his remuneration package for the Board's approval. The variable performance bonus pool for other key management personnel and executives is also recommended by the RC taking into consideration the performance of the company and the individual, while the performance bonuses for the other employees are based on a formula agreed with the Singapore Insurance Employees' Union.

The RC also reviews the terms of contract of key management personnel to ensure that the contracts contain fair and reasonable termination clauses.

The Company operates in an intensely competitive environment and the skills required in the insurance industry are highly specialised. The competition for talent in the financial services industry is intense. There are other comparable non-listed general insurance companies operating in Singapore which are not required to disclose similar information. Disclosure will put UOI at a disadvantage when competing for talent. The Company will continue to disclose the remuneration of the Managing Director/Chief Executive in bands of \$250,000.

The Company does not have any employee share option or share based incentive scheme or plan.

No employee of the Company was a substantial shareholder of UOI or an immediate family member of any Director, Chief Executive or substantial shareholder of UOI during the financial year ended 31 December 2020.

Accountability and Audit

Audit Committee

AC membership

- Chng Hwee Hong (*chairman*), Yang Soo Suan, Ho Yew Kee and Chua Kim Leng (appointed 12 June 2020)
- All members, including the chairman, are independent and non-executive Directors pursuant to the prevailing SGX-ST Listing Rules, MAS Guidelines and 2018 Code.

The AC's duties include reviewing and, where appropriate, approving the following:

- financial statements and quality of, and any significant change in, accounting policies and practices;
- adequacy and effectiveness of internal accounting control systems and internal controls;
- risk management policies, frameworks and systems and adequacy of measures taken in relation to material risks;
- nature and extent of the significant risks that the Company is willing to take in achieving its strategic objectives and value creation;
- approach in identifying, measuring and monitoring its key and emerging risks and the governance and measurement of these risks;
- assurance provided by the Managing Director/Chief Executive and other key management personnel regarding the adequacy and effectiveness of the Company's risk management and internal control system;
- appointment, reappointment, removal (if necessary), evaluation, remuneration and terms of engagement of the internal and external auditors;
- internal and external audit plans and reports;
- scope and results of the internal and external audits;
- effectiveness, independence, knowledge, competence and objectivity of the external auditor and internal auditor;



Corporate Governance

- performance and appointment of the certifying actuary;
- policies and procedures for handling fraud and whistle-blowing cases;
- interested person transactions and material related party transactions; and
- the Company's business and financial sustainability practices in light of its long-term strategic goals.

The AC has authority to investigate any matter within its terms of reference. It has the full cooperation of Management and the internal and external auditors to discharge its functions properly.

The internal and external auditors report their significant audit findings and recommendations to the AC independently. At least once a year, the AC meets separately with the internal and external auditors in the absence of Management.

The AC investigates whistle-blowing cases. Please refer to page 29 for more information on the whistle-blowing policy.

Changes in accounting standards which may have a direct impact on financial statements are often discussed during AC meetings. Additional sessions may be arranged, where appropriate.

The AC reviews the financial statements (half-year and full-year) and financial highlights (first and third quarter results), and makes its recommendation to the Board for approval. In its review, the AC assesses the accounting policies and practices applied and any judgement made that may have a significant impact on the financial statements/highlights. The AC discusses key audit matters with Management and the external auditor.

For the financial year ended 31 December 2020, the external auditor has given UOI an unqualified opinion on the Company's financial statements and has also noted no anomalies in the systems and procedures of controls in the areas audited.

The external auditor has identified the following key audit matters: (a) valuation of technical balances; (b) valuation of property recognised as investment property and fixed assets; and (c) application of SFRS(I) 9 Financial Instruments.

In relation to the key audit matter on the technical balances, the AC is cognisant of the uncertainties inherent in the insurance business and takes note of Management's evaluation of the challenges posed by the COVID-19 pandemic and the global recession. The AC further notes that the Company's annual estimation of the technical balances as compared with the

external actuary's estimation has been consistently prudent over the years. This is a testimony to the efficacy of the Company's systems and control for such technical balances.

The same extent of financial prudence applies to the Company's management of its investment portfolio, estimation of credit loss provisions and valuation of the investment property which was measured at fair value based on an independent valuer's valuation. In respect of these key audit matters, the Board will continue to exercise oversight and provide Management with adequate resources to handle them.

The Company has transitioned from SFRS(I) 1-39 *Financial Instruments* to SFRS(I) 9 *Financial Instruments* (SFRS(I) 9). Measures taken by Management on changes in the financial reporting requirements continue to be monitored by the AC. The external auditor assessed the methodology deployed and the accounting standard adopted as appropriate.

Internal Auditor

The internal auditor, PricewaterhouseCoopers Risk Services Pte. Ltd., performs its duties in accordance with the Internal Audit Charter, the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors and other relevant best practices. The internal auditor has confirmed that it has received appropriate access to information and cooperation from Management to perform its duties.

The internal auditor adopts a risk-based approach in the audit of the Company's internal controls. It develops the audit work plan independently after meeting with Management. The audit plan, together with information on the personnel involved in the audit, is then reviewed and approved by the AC. The audit reports and significant findings are reported to the AC on a quarterly basis. The internal auditor has unfettered access to the AC. The AC may request the internal auditor to assist in the review of specific topics. In 2020, the internal auditor reviewed the state of UOI's technology infrastructure, following which the internal auditor recommended enhancements.

Each year, the internal auditor performs a self-assessment of its performance which is reviewed by the AC. In its assessment of the internal auditor, the AC took into account the interaction between the internal auditor and Management, its conduct of the audit and the quality of the reports submitted. The AC is satisfied that the internal auditor is independent, effective and has adequate resources, including suitably qualified and experienced staff, to perform the internal audit function.



Corporate Governance

External Auditor

Ernst & Young LLP, the current external auditor, is registered with the Accounting and Corporate Regulatory Authority (ACRA). The partner in charge of auditing the Company is rotated every five financial years in accordance with the SGX-ST Listing Rules. The AC recommends the appointment or reappointment of the external auditor to the Board who in turn recommends it to shareholders for approval. The AC approves the terms of engagement of the external auditor and reviews the external auditor's audit plan and reports. More information on the work carried out by the external auditor can be found in the Independent Auditor's Report.

Before recommending the reappointment of the external auditor to the Board, the AC assesses the effectiveness, independence, knowledge, competence and objectivity of the external auditor. In performing its assessment, the AC is guided by the Guidance to Audit Committees on Evaluation of Quality of Work Performed by External Auditors (ACRA/SGX-ST), ACRA's Audit Quality Indicators Disclosure Framework, and the Guidebook for Audit Committees in Singapore (MAS/ACRA/SGX-ST). The external auditor is also required to perform a self-assessment.

The AC also takes into account the quality of the external auditor's work, quarterly affirmation of independence and relationships with UOI, as well as the audit and non-audit fees paid to the external auditor. During the financial year, the external auditor was engaged to prepare compliance transfer pricing documentation based on the new Income Tax (Transfer Pricing Documentation) Rules. The non-audit fee payable to the external auditor was equivalent to approximately five per cent of the audit fee for the year. The AC was of the view that the non-audit fee paid to the external auditor did not affect its independence. Particulars of the audit and non-audit fees for the financial year are disclosed in Note 6 to the Financial Statements.

The AC is of the view that the external auditor was effective, independent and objective in its audit of the Company in 2020 and that it has the requisite expertise and resources to be the external auditor for the next financial year. The Board has therefore nominated Ernst & Young LLP for reappointment at the forthcoming AGM. UOI has complied with Rule 712 of the SGX-ST Listing Rules with regard to the appointment of the auditing firm.

Risk Management and Controls

The AC helps the Board to oversee the risk management functions of UOI. The NC recommended, and the Board agreed, that there is no need to establish a separate board risk committee or appoint an independent chief risk officer since UOI is a relatively small company and its business and setup are not complex.

UOI's system of risk management and internal controls involves management oversight and control, risk identification and management, as well as audits. The Company has put in place an Enterprise Risk Management Framework which is commensurate with the Company's level of activity, type of business and risk profile. Under the framework, key risks are identified and managed based on four risk dimensions. Each dimension has a defined risk tolerance limit.

Management reviews the framework and risk tolerance limits annually and proposed changes are submitted to the AC for endorsement before the revised framework and risk tolerance limits are approved by the Board. The Managing Director/Chief Executive, and the management committees are responsible for the continued development of risk management practices and implementation of systems and controls for managing material risks effectively. UOI has established policies and procedures which are appropriate for the nature, complexity and materiality of the Company's activities. More information on the management committees, risk dimensions and key risk types under UOI's Enterprise Risk Management Framework can be found in the Risk Management section.

The external and internal auditors conduct independent audits and report on any material non-compliance or lapse in internal controls. The auditors evaluate the overall adequacy and effectiveness of the Company's risk management processes and internal control systems. The internal auditor has performed an independent review of certain processes in the Company's operations in 2020 in accordance with the two-year cycle audit plan.

As a member of the UOB Group, UOI has access to the UOB Group's policies, guidelines and procedures. UOI adapts these policies and guidelines to suit UOI's business operations where applicable. As technology is widely used in the conduct of business and daily life, the AC has been increasing its attention on cybersecurity and technology risk management in recent years. It has also focused on climate change risk given the increasing occurrence of unusual climate and weather events.



Corporate Governance

Adequacy and Effectiveness

Each year, self-assessment tools are used to evaluate the Company's compliance with internal controls and risk management processes. The AC and Management have performed an assessment of UOI's system of risk management and internal controls, including financial, operational, compliance and information technology controls. The result of Management's assessment is reviewed by the AC.

The Board has conducted its own review of the adequacy and effectiveness of UOI's system of risk management and internal controls. In its review, the Board took into account the work performed by the internal and external auditors, Management and the AC, and opinions of the internal and external auditors and the AC. The Board has received assurance from the Managing Director/Chief Executive and the Head of Corporate Services (including Finance) that the system of risk management and internal controls is adequate and effective, the financial records have been properly maintained and the financial statements give a true and fair view of UOI's operations and finances.

Following its review and with the concurrence of the AC, the Board opined that the Company's system of risk management and internal controls (including financial, operational, compliance and information technology controls) was adequate and effective as at 31 December 2020. The Board notes that no system of risk management and internal controls can provide absolute assurance against material error, loss or fraud, and that the Company's system of risk management and internal controls provides reasonable but not absolute assurance that the Company will not be affected by any adverse event which may be reasonably foreseen.

Shareholder Rights and Engagement

Shareholder Rights and Conduct of Shareholder Meetings

UOI treats all shareholders fairly and equitably. Material information on the Company's financial performance and business are disclosed on UOI website and the SGX website so that shareholders can make informed decisions on their investment in UOI shares.

All shareholders are entitled to attend and participate in the proceedings at general meetings. The notice of general meeting, related information and a proxy form are sent to shareholders at least 14 days before the meeting. The notice of meeting is also published on the UOI website and the SGX website. Each substantial matter is proposed as a separate and distinct resolution at the general meeting. Explanatory notes to the resolutions to be voted on are provided in the notice.

Shareholders may attend and vote at general meetings in person or by proxy. The rules for the appointment of proxies are set out in the notice of general meeting and proxy form. Shareholders who are not relevant intermediaries as defined in the Companies Act may appoint up to two proxies to attend, to speak and to vote at general meetings in their place. Nominee companies and custodian banks which are relevant intermediaries may appoint more than two proxies. Investors who hold shares through such nominee companies and custodian banks may attend and vote as proxies of the nominee companies or custodian banks. The completed proxy forms must be deposited at the place specified in the notice of general meeting at least 72 hours before the time set for holding the general meeting. UOI currently does not implement voting in absentia by mail or electronic means.

At each general meeting, each ordinary share carries one vote and electronic poll-voting services are provided by an independent contractor. Shareholders and proxies are briefed on the procedures before voting commences. The votes cast for or against each resolution are tallied and displayed immediately at the close of voting. An independent scrutineer is also present to validate the voting results before they are announced on the SGX website on the same day as the general meeting.

In 2020, due to the outbreak of the COVID-19 pandemic, the AGM was convened and held electronically pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (COVID-19 Meetings Order). As the situation has not abated and due to public health and safety concerns, the 2021 AGM will also be convened and held electronically pursuant to the COVID-19 Meetings Order. Please refer to the Notice of AGM for further details on the alternative arrangements for the AGM.

Engagement with Shareholders

To ensure equal access to information by all shareholders and other stakeholders, all pertinent information relating to the Company is disclosed in a timely manner via the UOI website (www.uoi.com.sg) and the SGX website. The Investor Relations webpage on the UOI website contains the latest financial highlights, financial results, annual report and other corporate information.

The Company announces financial highlights for the first and third quarters and financial results for the second quarter (half-year) within 45 days from the end of the quarter. The full-year financial results are announced within 60 days from the end of the financial year.



Corporate Governance

The annual report is made available at least 14 days before the AGM, which is held within four months from the financial year end. The annual report, which is available on the Company's website and the SGX website, contains the audited financial statements, AGM notice, proxy form and other pertinent information.

Shareholders who are present at a general meeting are given adequate time to ask questions relating to the resolutions to be passed at the meeting and Directors and Management is in attendance at the meeting. The minutes of general meetings will be posted on the UOI website.

In 2020, because of the COVID-19 pandemic, shareholders were invited to submit their questions in advance of the general meeting and answers were published on the Company's website and the SGX website before the date of the meeting.

Shareholders, analysts and other stakeholders may provide feedback to the Company's Investor Relations team whose contact details are in the Corporate Information section and on the UOI website.

Dividend Payment

Dividends recommended or declared for payment are announced on the SGX website. Interim dividends are paid within 30 days after they are declared and final dividends are paid within 30 days after they are approved by shareholders at the AGM. The Company's dividend policy aims to pay sustainable dividends to shareholders over the long term by balancing the Company's growth with prudent capital management.

Managing Stakeholder Relationships

Engagement with Stakeholders

UOI has adopted a stakeholder engagement policy to assist the Company in identifying its primary stakeholders and their concerns.

The policy also sets out the approach to be taken by UOI in engaging its stakeholders. Particulars of UOI's engagement with its stakeholders can be found in the Sustainability Report.

Related Party Transactions and Interested and Person Transactions

The AC reviews all interested person transactions and material related party transactions to assess if the transactions are undertaken in the ordinary course of business, on normal commercial terms and at arm's length. All Directors have to declare any interest which could conflict with UOI's interest and abstain from voting on matters in which they have an interest. Information on related party transactions is disclosed in the Notes to the Financial Statements. The particulars of interested person transactions entered into during 2020 are disclosed in the table on the next page.



Corporate Governance

Interested Person Transactions

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
United Overseas Bank Limited	Controlling shareholder	<p>UOB provided the following services to UOI:</p> <ul style="list-style-type: none"> • telemarketing service valued at approximately \$2.8 million; • web and digital services valued at approximately \$1,000; • corporate secretarial and tax services valued at \$58,000; • marketing service at UOB branches. Fees payable are based on sales generated; and • end user support service valued at approximately \$49,000 . 	Nil
United Overseas Bank Limited	Controlling shareholder	<p>UOI purchased 146 Robinson Road at the price of \$52 million. The price was based on an independent valuation by Colliers International Consultancy & Valuation (Singapore) Pte Ltd. The transaction was approved by shareholders at an extraordinary general meeting held on 18 February 2020.</p>	Nil



Corporate Governance

Material Contracts

Save as may be disclosed on the SGX website or herein, no material contract involving the interest of the Managing Director/Chief Executive, any Director or controlling shareholder of UOI has been entered into by the Company since the end of the previous financial year, and no such contract subsisted as at 31 December 2020.

Ethical Standards

Code of Conduct

UOI has a written Code of Conduct (Code) which lays down the principles of personal and professional integrity and behaviour expected of all employees. The principles covered in the Code include:

- fair dealing with customers in the conduct of business;
- maintaining confidentiality of customer information;
- protection of personal data;
- equal opportunity for employees on the basis of merit;
- zero tolerance of any kind of discrimination, bullying, harassment or other forms of degrading behaviour that is inimical to the existence of a safe and harmonious working environment;
- maintaining professional independence and objectivity;
- compliance with applicable laws and regulations, including competition and anti-trust law;
- zero tolerance of bribery, corruption and illegal or unethical dealings, including insider trading and facilitation payments; and
- whistle-blowing.

Employees are required to read the Code when they join the Company and whenever the Code is revised. All employees are required to refresh their knowledge of the Code annually through an e-learning course.

Whistle-blowing Policy

UOI's whistle-blowing policy provides for any person to report in confidence, anonymously or otherwise, any impropriety in financial or other matters. The policy also sets out the procedures by which whistle-blowing cases are investigated. Whistle-blowing reports may be sent to the AC chairman (c/o Company Secretary, 80 Raffles Place, UOB Plaza 1, Singapore 048624). All whistle-blowing reports received are investigated independently by the AC with the assistance of the internal auditor or an external independent consultant firm. UOI prohibits reprisal in any form against whistle-blowers who have acted in good faith.

Securities Dealing

Directors, employees and UOB personnel involved in providing services to UOI have to observe a code on dealing in securities. The code requires them to adhere to applicable laws on insider dealings at all times and prohibits dealings in UOI's securities in the following situations:

- on short-term considerations; and
- during the period commencing two weeks before the announcement of the Company's financial highlights for each of the first and third quarters of the financial year, and one month before the announcement of the Company's half-year and full-year financial results. The Company does not deal and advises its Directors and employees not to deal in its securities during the prohibited dealing periods and whenever they are in possession of price-sensitive information.

Directors and the Managing Director/Chief Executive must notify the Company of their interests in the securities of UOI and its related corporations within two business days after they acquire or dispose of such interests or become aware of any change in interests so that the Company can announce it on the SGX website, where applicable.



Corporate Governance

Summary of disclosures – Express disclosure requirements in the 2018 Code and Supplementary MAS Guidelines

Principles and provisions of the 2018 Code – Express disclosure requirements	Page reference
Provision 1.2 The induction, training and development provided to new and existing directors.	20
Provision 1.3 Matters that require board approval.	16
Provision 1.4 Names of the members of the board committees, terms of reference, any delegation of the board's authority to make decisions, and a summary of each board committee's activities.	16-26
Provision 1.5 The number of meeting of the board and board committees held in the year, as well as the attendance of every board member at these meetings.	18
Provision 2.4 The board diversity policy and progress made towards implementing the board diversity policy, including objectives.	18-20
Provision 4.3 Process for the selection, appointment and reappointment of directors to the board, including criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates.	20
Provision 4.4 Where the board considers a director to be independent notwithstanding the existence of a relationship between the director with the company, its related corporation, its substantial shareholders or its officers, which may affect his or her independence, such relationship and the reasons for considering him/her as independent should be disclosed.	Not applicable
Provision 4.5 The listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, the NC's and board's reasoned assessment of the ability of the director to diligently discharge his or her duties.	5-8, 20
Provision 5.2 How the assessment of the board, its board committees and each director has been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.	18-19
Provision 6.4 The company discloses the engagement of any remuneration consultants and their independence.	Not applicable
Provision 8.1 The company discloses the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) each individual director and the CEO; and (b) at least top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.	22-23



Corporate Governance

Principles and provisions of the 2018 Code – Express disclosure requirements	Page reference
Provision 8.2 Names and remuneration of employees who are substantial shareholders of the company, or are immediate family member of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000. The disclosure should states clearly the employee’s relationship with the relevant director or the CEO or substantial shareholder.	Not applicable
Provision 8.3 All forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company, including the details of employee share schemes.	22-23
Provision 9.2 The Board should disclose whether it has received assurance from: (a) the CEO and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company’s operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company’s risk management and internal control systems.	26
Provision 11.3 Directors’ attendance at general meetings of shareholders held during the financial year.	18
Provision 12.1 The steps to solicit and understand the views of shareholders.	27
Provision 13.2 The strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	27, 40-41
Supplementary MAS Guidelines – Express disclosure requirements	Page reference
Guideline 1.16 An assessment of how induction, orientation and training provided to new and existing directors meet the requirements as set out by the NC to equip the board and the respective board committees with relevant knowledge and skills in order to perform their roles effectively.	20
Guideline 2.13 Names of the members of the board executive committee (EXCO) and the key terms of reference of the EXCO, explaining its role and the authority delegated to it by the board.	Not applicable
Guideline 4.13 Resignation or dismissal of key appointment holders.	Not applicable
Guideline 4.14 Deviation and explanation for the deviation from the internal guidelines on time commitment.	19-20
Guideline 11.14 Names of the members of the board risk committee and the key terms of reference of the board risk committee, explaining its role and the authority delegated to it by the board.	Not applicable
Guideline 17.4 Material related party transactions.	27-29



Sustainability

Our Commitment to Sustainability

Established in 1971, UOI has been serving the insuring public for almost half a century. It remains the only indigenous general insurer listed on the Singapore Exchange. Since its inception, it has been growing from strength to strength with a widening clientele. In its constant effort to maximise shareholder value, the Company has not lost sight of the importance of embracing certain important moral values to guide it in its role as an insurer, in particular, and as a responsible corporate citizen, in general.

As a general insurer, UOI is a trustee of a mutual fund whereby the losses of a few are shared by many. Premiums are pooled together, claims are deducted and surpluses are accumulated and used to fund capital requirements of businesses or deployed into investments that are beneficial to society. Through careful management of this mutual fund, UOI facilitates the transfer of risks from insureds, supports economic activities, contributes to government revenue by way of taxes, creates jobs and provides funding for investments and corporate finance.

UOI has a corporate culture of contributing to society. The Board Chairman, Dr Wee, is a well known philanthropist who gives generous and extensive support for social and charitable causes. Among his many roles in social and non-profit organisations, Dr Wee was appointed as a council member of the newly formed National University of Singapore in 1980 and the Pro-Chancellor of Nanyang Technological University in 2004. Under Dr Wee's influence and leadership, other members of the Board and Management also actively contributed to society in their respective areas of involvement. In addition, UOI was at the forefront of giving active support in setting up and providing leadership in the early days for the National Crime Prevention Council, National Fire and Civil Emergency Preparedness Council, General Insurance Association of Singapore, Insurance Ombudsman Committee and the Asean Insurance Council.

Values such as honesty, sense of fair play, social conscience, the constant pursuit of excellence in professionalism and commitment for the long-term success are very much embedded in the Company's daily operational practices across the board.

The recent development of sustainability which implicitly and explicitly covers most of our corporate values and widens to include broader environmental issues as a management objective is therefore not an entirely new concept to us. The internationalisation and adoption of universal standards in sustainability reporting have, however, given us an excellent opportunity to deepen and redefine our commitment to sound and principled approach in our continued services to the public. It is with this in mind that we have prepared this report and thus rendered our processes in greater transparency.

About This Report

This report is UOI's fourth annual sustainability report prepared in accordance with the "GRI Standards: Core option." We have adopted the GRI Standards for our sustainability reporting due to its international recognition and acceptability. The report is also prepared in accordance with SGX-ST Listing Rules (711A and 711B) – Sustainability Reporting. The report also outlines UOI's support of the UN Sustainable Development Goals (SDGs).

This report details our progress in managing our material Environmental, Social and Governance (ESG) topics including risks and opportunities. The report covers the period from 1 January 2020 to 31 December 2020.

Reporting Principles

We have applied the reporting principles contained in the GRI Standards (GRI 101: Foundation 2016) to develop the contents of this report. Using the GRI principles of stakeholder inclusiveness, sustainability context, materiality and completeness, we have determined the sustainability topics and disclosures to be included in this report. Guided by the GRI reporting principles, this report focuses on issues that reflect UOI's material impacts on the economy, the environment and society and which are of interest to our stakeholders.

We have applied the GRI principles of accuracy, reliability, clarity, comparability, timeliness and balance to maintain the quality of the reported content.

Restatements

We have adjusted the carbon dioxide emissions for 2018 and 2019 due to the revisions made by the Energy Market Authority in emission factors. The adjustments are minor and do not have a material impact on our emissions figures.

External Assurance

UOI's current practice is to rely on internal checks and verifications for data presented in its sustainability report, instead of seeking external assurance.

Availability

This report, as a part of our Annual Report, is available on UOI's website in PDF format for viewing and download.

Feedback

Any questions or feedback relating to this report may be sent to contactus@uoi.com.sg



Sustainability

ESG PERFORMANCE HIGHLIGHTS

MATERIAL ESG FACTORS	2020	2019	2018
Environmental			
Electricity consumption (kWh)	326,499	314,607	317,764
Energy intensity (kWh/employee)	3,170	3,178	3,210
CO ₂ emissions (tonnes)	133	129	134
CO ₂ emissions intensity (tonnes/employee)	1.29	1.30	1.35
Office paper use (kg)	14,875	17,135	24,611
Office paper use intensity (kg/employee)	144	173	249
Paper recycled (kg)	2,470	1,880	6,700
Non-hazardous waste (kg)	7,259	6,886	8,007
Non-hazardous waste intensity (kg/employee)	70	70	81
Notes: Energy and emissions refer to purchased electricity.			
SOCIAL			
Employees			
Full-time employees	103	99	99
New hires	20	10	12
Female employees (%)	83	82	84
Female managers and supervisors (%)	84	84	86
Female Heads of Department (%)	38	43	50
Average hours of training per employee	20	34	18
Annual employee turnover rate (%)	9	8	3
GOVERNANCE			
Compliance with the Insurance (Corporate Governance) Regulations (Insurance Regulations)	✓	✓	✓
Compliance with the listing rules of the Singapore Exchange Securities Trading Limited (SGX-ST)	✓	✓	✓
Compliance with all material aspects of the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (MAS Guidelines) issued by the Monetary Authority of Singapore (MAS) in 2013	✓	✓	✓
Compliance with the Code of Corporate Governance 2018 issued on 6 August 2018 (2018 Code)	✓	✓	✓



Sustainability

Board Statement

At UOI, the Board is committed to building a sustainable and resilient business. Supported by the Management Committee (MC), the Board constantly assesses and addresses material economic, social, environmental, and governance risks and opportunities. The Board provides direction and guidance to the management for effectively managing sustainability issues. The Board considers sustainability topics in framing and reviewing business strategy, determines the environmental, social and governance (ESG) factors material to creating sustainable value for the business and stakeholders and oversees the management and monitoring of the material ESG issues presented in sustainability reporting.

Sustainability Governance

UOI's Board plays an active role in overseeing and implementing sustainability strategies. In discharging its fiduciary duty to ensure strong governance, the Board is constantly guided by the principle of the pursuit of excellence. With the staunch support of the Board, Management has put in place a robust system of controls and risk management which ensures that UOI's operations and dealings with its stakeholders uphold high standards of professionalism, ethical values and social responsibility. UOI's credible standard of governance can be illustrated in the following achievements:

- In 2019, UOI was awarded the Best Risk Management Award (Silver) by the Singapore Institute of Directors and Sustainability Award (Mid Cap Runner Up) by the Securities Investors Association of Singapore.
- As at 31 December 2020, UOI's capital adequacy ratio was 449% which was well above the regulatory minimum requirement of 125%.
- UOI continues to enjoy a financial strength rating of 'A+' (Superior), an issuer credit rating of 'aa-' and a stable outlook from A.M. Best, a leading independent international credit rating agency for the insurance industry.
- Absence of any significant adverse finding in internal and external audits.
- Absence of any significant complaint by customers and claimants.

The MC, which includes senior executives from key functions, is chaired by the Managing Director and Chief Executive, who is also a member of the Board. Guided by the Board, the MC is responsible for preparing this sustainability report.

The MC reviews and assesses the sustainability context, material ESG issues, report content and scope, and topics to be included in the report. Upon completion of the review and assessment, the MC proposes the material factors and ESG targets for the Board's approval.

A cross-functional project team has the responsibility for collecting and verifying ESG performance data for reporting.

Sustainability Management

Management is responsible for implementing the sustainability strategies and overseeing operational matters through senior executive committees. These committees and their responsibilities are as follows:

Risk Management and Compliance Committee: examines all risk management, corporate governance and compliance issues affecting the Company, including ESG risks.

Underwriting and Claims Committee: establishes underwriting and claims policies and procedures, and monitors the compliance of such policies and procedures by all operational units. The committee monitors underwriting risks and oversees the development of any new underwriting policy and strategy.

Investment Committee: monitors and manages the Company's investment portfolios, ensuring sound and responsible economic performance.

For more detailed information about the functions of various committees, please refer to the Risk Management section of this Annual Report.

Sustainability Strategy

As a leading local general insurance company in Singapore, UOI aims to be a trusted provider of insurance solutions. Delivering exceptional client experience consistently is our topmost priority. We remain committed to creating long-term sustainable economic value. Sustainability is embedded in our governance and strategy. Our policies and actions are guided by high standards of ethics, integrity, professionalism, transparency and governance.

We manage our material ESG risks and opportunities by nurturing a compliance culture, adopting fair dealing practices, protecting personal data and customer privacy and offering insurance solutions to meet the needs of our customers.

Sustainability

In an increasingly complex and challenging operating environment driven by geopolitics, globalisation, climate change, disruptive technologies and shifting demographics, UOI remains fully committed to support our clients in particular and the community in general in their efforts to overcome and recover from adverse circumstances. By facilitating risk transfer, UOI is able to play a part in providing peace of mind to the insuring public. However, in our underwriting, we do not lose sight of the importance of “Safety First” in fire and accident prevention, and apply differentiating premium rating between good and bad risks to promote and contribute to a safer environment at home, at the workplace and on the road.

Understanding the new developments and wider trends that are relevant to our business, identifying and mitigating the risks, looking for opportunities for growth and formulating action plans are the pillars of our sustainability strategy. In adopting this approach, UOI acknowledges the challenge, identifies and prioritises the areas that it can make significant contribution, taking into account the resources available.

Significant Developments and Trends

We have identified below some of the more significant developments and trends that have an impact on our activities going forward within the ESG framework:

1. Climate Change

In recent years, extreme weather conditions resulting from climate change have caused billions of dollars of losses to the insurance industry worldwide. In the longer run, it is feared that with the continuing worsening weather conditions and accelerated melting of the icebergs and glaciers, rising sea levels could become a serious threat to mankind. Many low lying island states and coastal areas of numerous countries will likely be submerged unless early preventive actions are taken. As an insurer, the likely consequences of catastrophic losses to properties and of human lives are therefore a matter of grave concern in two directions: (a) the ability to continue to provide insurance protection to such vulnerable areas and (b) the impact on the solvency of the Company as an insurer. Going forward, we will take appropriate steps to manage the risks arising. In particular, we will keep contact with the research centre at Nanyang Technological University (NTU).

2. COVID-19

The outbreak of the pandemic has disrupted almost entirely the normalcy of everyday life that we have been used to. It has caused the loss of an unprecedented number of lives and in asset values as well as negative growth in the world economy. What will be the “new normal”, it is as yet unclear as the devastation continues. One thing certain, however, is that life can never be the same again. As an insurer involved in all aspects of human endeavours, we have to be fully geared to meet the challenges of whatever changes ahead.

3. Technological Disruption

The arrival of digitalisation has drastically and radically affected many aspects of human economic activities. It enables retail transactions in goods and services to be conducted electronically without physical presence. This dramatic change which has come to be known as E-commerce, requires the setting up of digital platforms by the vendors. Therefore, an insurer as a vendor of services has to keep up with the change not only to facilitate sales but also to develop new products to cater to the changing requirements of insuring public. Much resources are allocated to our own internal development in this direction and close attention paid to other technological innovations such as the application of big data analytics and FinTech to ensure our existential relevance.

In all business endeavours where there is risk there is also opportunity. As a corporate citizen, we will continue to strive by managing the risk as best as we can and exploiting the opportunity available to us to our best advantage so as to benefit all our stakeholders. Bearing in mind our many obligations, our sustainability in terms of financial viability must however be a prerequisite to our wider role to make meaningful contributions to society.

In this connection, the Task Force on Climate-related Financial Disclosures (TCFD) has identified two broad categories of risks: risks related to the transition to a lower-carbon economy and risks related to the physical impacts of climate change. Businesses, including insurers, are ever more expected to act on climate risks and opportunities to minimise the impact on their long-term financial performance.

Other trends that continue to be of significance to the insurance sector include over-regulation, terrorism, generational changes, rising healthcare costs and geopolitical conflict leading to departure from multilateralism and international relations and trades.



Sustainability

Our Response

Strong Governance

In the face of disruption to business and uncertainties in the investment markets arising from COVID-19, global recession, geopolitics and climate changes, strong leadership and governance are more important now than ever. The Board and Management are fully aware of their fiduciary duties and responsibilities, and have put in place adequate systems of controls and procedures. In this regard, the role of the Audit Committee is particularly important and it has been expanded to include the oversight of risk management. The Board oversees the business affairs of UOI, provides strategic direction and guidance, monitors financial performance, sets company values and standards and supervises the Management in all important business plans and projects. The Audit Committee reviews financial statements, interested person transactions, internal control systems and risk management policies, appoints and evaluates the internal and external auditors, and approves internal and external audit plans and reports. With a tradition of strong governance, UOI's policies and actions are guided by high standards of professionalism, ethics, integrity, transparency and governance which will ensure the Company's long-term sustainability.

A detailed explanation of the Company's governance can be found in Corporate Governance on pages 16 to 31 in our Annual Report 2020.

Judicious Underwriting

In view of extreme weather and rising sea levels arising from climate change, the Company will continue underwriting risks judiciously. UOI will continue to be vigilant in monitoring the accumulation of risks and sustainability of its value chain which includes its reinsurers who supply reinsurance capacity to the Company. A prudent management of risks is fundamental to the Company's business, bearing in mind the financial resources available, the high risk nature of insurance business and the importance of staying well above the regulatory solvency requirement all the time. This safeguards not only the interest of UOI's shareholders but also that of its customers, employees and business associates.

Resilience

We have introduced a series of measures to protect and support our people during the COVID-19 pandemic, including strict safe distancing measures, higher frequency of cleaning of workplace, free masks and antiseptic handrub for our staff. In line with the guidelines and advisories issued by the Singapore Government to minimize the spread of COVID-19, UOI's Crisis Management Team (CMT) has implemented Work from Home (WFH) for employees who are able to perform their duties working from home and Alternate Work Day Arrangement (AWDA) for employees who have to perform their roles within the office during the circuit breaker period.

Where there is challenge, there is opportunity. UOI is actively monitoring market trends and looking into offering new products that can help customers manage their risks better during the pandemic outbreak.

Digital Capabilities

We continue to invest in our digital transformation to enhance the customer experience. We have been augmenting our digital capabilities to be more efficient and productive. As we transition more of our products and processes online, we are also constantly upgrading our measures for personal data protection and cybersecurity. Securing our IT infrastructure remains a top priority for us. We are also investing in constant training of our people to build a digitally savvy workforce.

Responsible Investing

We have embedded ESG considerations in our investment decisions. United Overseas Bank Asset Management (UOBAM), our fund manager, is committed to integrating ESG evaluation into its investment process across all investment asset classes. A signatory of the United Nations (UN) Principles for Responsible Investment, UOBAM uses a combination of tools, including sustainability ratings for assessing the ESG performance of companies.

Green Insurance

We are exploring the potential opportunities in green insurance solutions that support environmentally friendly lifestyles, products and projects. We also keep a close eye on rapid technological advancements, many of them disruptive in nature, and the challenges they pose in the assessment and underwriting of risks.



Sustainability

Material ESG Factors

We use the GRI principles to regularly assess UOI's material economic, social, environmental, and governance impacts and the issues that are important to our stakeholders. We consider the wider sustainability trends, emerging risks and opportunities for the insurance sector and regulatory developments in identifying the most relevant topics for reporting. The outcomes of the materiality process guide our approach to sustainability.

In 2020, we carried out a comprehensive review of our material topics included in the preceding sustainability report with help from an external sustainability expert. Based on the review, we have streamlined our material factors under eight themes

to prioritise strategically more important issues. Previously reported workplace factors of 'Attracting, developing and retaining talent', 'Employee engagement and satisfaction' and 'Diversity and inclusion' have been consolidated into a new theme, namely, 'Talent Management', to reflect a more coherent approach. 'Social impact of the business', 'Demographic change' and 'Community' have been combined into a new factor known as 'Society', considering their interconnectedness.

We have continued to integrate the UN Sustainable Development Goals (SDGs) into our reporting process. As part of the materiality review, we have identified the individual SDG targets which are supported by our material factors.

An overview of UOI's material factors is presented in the following table.

Material ESG Factors	GRI Standards	Topic Boundary	Management Approach
Highly Material Factors			
Client Satisfaction	<ul style="list-style-type: none"> Marketing and Labelling Customer Privacy 	The impact occurs across our customer base through our product features, pricing, underwriting, claim settlement processes and customer service and also through our agents and bancassurance partners.	Conduct our business professionally and ethically to deliver value and fair dealing outcomes to our customers.
Digitalisation	<ul style="list-style-type: none"> Customer Privacy 	The impact occurs within the organisation through improved efficiency and productivity as well as outside the organisation through enhanced customer experience.	Accelerate and increase digitalisation of business and automation of delivery of insurance services and process.
Regulations	<ul style="list-style-type: none"> Socio-Economic Compliance Anti-Corruption Customer Privacy Product and Service Labelling Marketing Communications 	Because of the strict regulations governing that insurance sector, our compliance policies have a positive impact on customer satisfaction.	Maintain zero breaches of cybersecurity, and personal data protection measures, and zero incidents of non-compliance with laws and regulations.
Financial and Economic Performance	<ul style="list-style-type: none"> Economic Performance Indirect Economic Performance 	We make an impact on society by underwriting financial risks for our individual and commercial customers. Our economic impacts include tax contributions and job creation.	<p>Optimise financial performance to improve shareholder value and provide job security to employees.</p> <p>Maintain strong capital adequacy and solvency.</p>



Sustainability

Material ESG Factors	GRI Standards	Topic Boundary	Management Approach
Material Factors			
Responsible Investment	<ul style="list-style-type: none"> Product Portfolio (G4 Financial Services Sector Disclosures) 	The impact occurs outside of our organisation through our investment decisions.	Embedded ESG considerations in our investment decisions.
Climate Change	<ul style="list-style-type: none"> Product Portfolio (G4 Financial Services Sector Disclosures) 	The impact occurs outside of our organisation through our underwriting of insurance risks, investment decisions and green insurance solutions.	<p>Focus on prudent underwriting of insurance risks and consider climate change concerns in investment decisions.</p> <p>Explore developing solutions that support climate change mitigation.</p>
Talent Management	<ul style="list-style-type: none"> Employment Training and Education Diversity and Equal Opportunity 	The impact occurs within our organisation through professional development of our people and building an inclusive workplace.	<p>Attract, develop and retain talent.</p> <p>Nurture an inclusive workplace.</p>
Building a risk-focused organisational culture	<ul style="list-style-type: none"> Training and Education 	The impact occurs within our organisation through building risk management skills and capabilities.	Build a risk-focused organisation through ongoing training on risk management.
Important Factors			
Environment	<ul style="list-style-type: none"> Energy Greenhouse Gas Emissions 	Even as a relatively small user of energy and resources, our impact on the environment is minimal, we strive to reduce our environmental footprint and support government green initiatives.	Minimise our direct impact on the environment by using resources efficiently.
Society	<ul style="list-style-type: none"> Local Communities 	Our impact on society is through our involvement with community development initiatives and by serving the insurance needs of society.	<p>Committed to be a responsible corporate citizen and to contribute to various social programmes.</p> <p>Monitor trends in claims and share relevant information with clients to help them in loss prevention and loss reduction, leading to a safer environment for the community.</p> <p>Meet insurance needs of individuals and businesses through appropriate products.</p>







Sustainability

UN Sustainable Development Goals

In our 2019 Sustainability Report, we explained how we have aligned our material focus areas with the United Nation's Sustainable Development Goals (SDGs). Building on our previous work, we have made progress in achieving a deeper integration of our priorities with specific SDG targets. Through this integration, we aim to develop a better understanding of our contribution to sustainable development.

An overview of how our focus on material factors supports the individual SDG targets is outlined in the following table.

Contributing to the UN Sustainable Development Goals

Material ESG Topics	SDG Targets Supported	SDGs
Client Satisfaction	Target 8.10. Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all	
Digitalisation	Target 9.1. Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human wellbeing, with a focus on affordable and equitable access for all	
Regulations	Target 16.3. Promote the rule of law at the national and international levels and ensure equal access to justice for all 16.5 Substantially reduce corruption and bribery in all their forms	
Financial and Economic Performance	Target 8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors	
Responsible Investment	Target 7.3. By 2030, double the global rate of improvement in energy efficiency	
Climate Change	Target 13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	
Talent Management	Target 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	
Building a risk-focused organisation culture	Target 16.3. Promote the rule of law at the national and international levels and ensure equal access to justice for all	



Sustainability

Our Stakeholders

We engage with a board range of groups, institutions and individuals who may be affected by our business activities or who are important to our business goals. Our ongoing interaction with stakeholders helps us understand their concerns, needs and expectations relating to our products and services. Listening to our stakeholders also helps us prioritise ESG issues.

Stakeholder insights are regularly discussed in internal management meetings to help us develop suitable insurance plans and solutions for our customers and focus our strategies on the right issues.

An overview of our engagement activities is presented in the following table:

Our Stakeholders	What They Expect	How We Engage	How We Respond
Customers	<ul style="list-style-type: none"> • Adequate cover • Affordable premiums • Clarity in policy terms and conditions • Fast claim settlements • Respect and fair treatment • Products tailored to their needs 	<ul style="list-style-type: none"> • Product brochures and communications • Web portal • Customer Services • Through the sales process • Through claims process • 24-hour hotline for UOI customers for specific products 	<ul style="list-style-type: none"> • Via a customer-centric business approach • Hiring of skilled personnel • Adherence to Industry code of practice • Adherence to Employee Code of Conduct • Employees' behavioural service standards • Product training for employees and sales personnel • Product development that aligns with customers' needs • Product review committee to assess all new products • Niche products to match customers' needs • Annual review of agents to ensure their suitability for serving our customers
Employees	<ul style="list-style-type: none"> • Conducive work environment • Trust and respect • Job satisfaction • Skills training • Career advancement • Work-life balance • Job security • Safe workplace 	<ul style="list-style-type: none"> • Intranet, emails and meetings • Team bonding activities and events • Performance appraisal • Internal customers survey • Reward programme • Conduct workplace safety assessment regularly 	<ul style="list-style-type: none"> • Compliance with Workplace Safety and Health Act • Employment policies and practices that promote inclusivity, diversity, fair treatment, safe working conditions, reward and recognition for performance, teamwork, work-life balance, and career growth • Flexi-work arrangements • Annual training plan

Sustainability

Our Stakeholders	What They Expect	How We Engage	How We Respond
Agents and Brokers	<ul style="list-style-type: none"> • Attractive sales commission and incentives • Product training and development • After-sales support • Fast claims settlements • Payment of commission as agreed • Competitive products and pricing • Wide coverage • Underwriting expertise 	<ul style="list-style-type: none"> • Regular meetings with Agents and Brokers • Dedicated Account Relationship Managers • Product briefings • Networking sessions with Brokers 	<ul style="list-style-type: none"> • Agreement with clear terms and conditions • Regular training opportunities • Agency management framework
Regulators	<ul style="list-style-type: none"> • Compliance with applicable regulations • Adherence to various sector-specific guidelines • Fair dealing 	<ul style="list-style-type: none"> • Attendance of briefings and consultations organised by regulatory agencies • Communication through emails and letters 	<ul style="list-style-type: none"> • Compliance with applicable rules and guidelines • Robust management of risks • Sound underwriting policy and strategies • Promptly responding to requests for information
Trade Associations	<ul style="list-style-type: none"> • Support through membership subscriptions 	<ul style="list-style-type: none"> • Attendance of industry seminars and conferences 	<ul style="list-style-type: none"> • Membership of relevant associations such as the General Insurance Association of Singapore
Investors	<ul style="list-style-type: none"> • Consistent returns • Good governance • Sustainable growth of business • High standards of ethics and integrity 	<ul style="list-style-type: none"> • Annual General Meeting (AGM) • Dedicated Investor Relations pages on UOI website • Dedicated Investor Relations Officer 	<ul style="list-style-type: none"> • Professional and ethical conduct • An experienced management team that runs the business efficiently and generates optimum returns • Sustainable business growth policies and strategies • Prudent business planning and risk management • Good governance, transparency and disclosure
Community	<ul style="list-style-type: none"> • Good corporate citizenship • Support for social causes 	<ul style="list-style-type: none"> • Various community outreach activities 	<ul style="list-style-type: none"> • Participation in the parent company's and organisation of our own community initiatives and employee volunteering programmes • Support for green policies and measures promoted by the government



Sustainability

Membership of Associations

UOI engages with industry and insurance sector associations through membership.

Some of our association memberships include:

- General Insurance Association of Singapore
- Singapore National Employers Federation
- Singapore Business Federation

Marketplace

UOI is a client-centric organisation focused on providing a positive customer experience. We consistently strive to maintain our role as a responsible and innovative player in the insurance sector.

Besides ensuring that we offer insurance products that best fit the needs of Singapore's insuring public, we also operate with the highest ethical and professional standards when dealing with and engaging our customers and other stakeholders.

Our Insurance Operation

Client Satisfaction

Client-centricity is a hallmark of UOI's organisational culture. Our employees are constantly trained to understand clients' needs. A client-centric mindset helps us to build trust and grow our business.

Designed to meet our clients' needs, our insurance products provide the right coverage and affordable premium. UOI provides a number of mandatory insurance products such as motor insurance, domestic helper insurance, and work injury compensation at competitive pricing to help clients meet their legal obligations.

Our dedicated client satisfaction task force regularly reviews and implements customer service excellence initiatives. The task force continually looks for ways to improve client satisfaction.

Ongoing Target

Conduct our business professionally and ethically, that delivers value and fair dealing outcomes to our customers

2020 Performance

No incidents of non-compliance concerning product and service information and labeling or marketing communications

Fair Dealing

Fair dealing is a core principle of our client-centric culture. Treating clients fairly and respectfully is central to our values. We maintain transparency in our selling and marketing practices. Our policy is to help customers make an informed decision when buying an insurance policy. We provide our clients with adequate information, explanation, quality advice and recommendations that they need to choose the right product.

We require our agents to explain all the main features of the products and services that we offer and provide a product summary highlighting essential details of cover and benefits, significant restrictions, warranties or exclusions, any significant conditions or obligations which our customers must meet.

Our advertising and promotional materials, as well as our product information, are transparent, simplified and straightforward.

Free Look Period

After purchasing a policy, our clients have a "Free Look" period of 14 to 30 business days from the date of receiving the policy document for some of our insurance products. Customers of these products may cancel the policy within this period for a full refund of their premium if they decide not to continue with the insurance purchased.

Fair Claim Processing

We are committed to handling claims and complaints fairly, reasonably and promptly.

We ensure that claim procedures are clearly explained to clients at the time of selling and that policyholders know how to make a claim under their insurance policy. We also provide detailed information about claim procedures on our website. Customers can also get in touch with our friendly claim executives to enquire about our claim procedures.

Our goal is to acknowledge all claims within three business days of receiving them. Once we have received all the necessary information and a full investigation has been completed, we then decide the outcome as soon as practical.

Takaful

We have built the business infrastructure to support the selling and servicing of Syariah-compliant products such as Takaful. Takaful is a form of Islamic insurance founded on the principles of equitability and transparency and advocates collective responsibility and cooperation.

In Takaful, contributions paid by policyholders are kept in a Tabarru Fund or Donation (for designated purposes) Fund which is used to pay for claims and costs for operating the scheme.



Sustainability

Digitalisation

We have embarked on transforming our business by adopting digital technologies. We believe artificial intelligence, machine learning and data analytics will play a crucial role in enhancing the client experience. For example, the use of Big Data will enable us to develop tailored and personalised insurance offerings for our clients. The Internet of Things will allow us to enhance our customers' access to insurance products and services more holistically.

Digital platforms will also help speed up processes and lower operational costs.

Digitalisation

2020 Target	2020 Performance	2021 Target
Deliver our insurance services on a digital platform by 2022	There are significant investments in the improvement of our IT infrastructure. Progress is on track	Automate and be able to deliver our insurance services on a digital platform by 2022

We have been investing in our IT infrastructure and management information system to support the digitalisation of products and services. Our digitalisation programme aims to address the challenges posed by rapid technological advances, shifting business environment, stringent regulatory requirements and customers' evolving requirements. Our digitalisation strategy is to build a customer service-oriented digital platform, leverage data analytics and digital marketing to improve the delivery of insurance products and reduce operational costs by process automation.

Many of our products and services are already available over mobile and web-based digital marketing and e-commerce platforms. Customers can buy our travel insurance products via e-commerce platforms including online B2C portals available on UOI, UOB and UOB Travel Planners' websites and UOB Mobile Banking. Our customers can also get an instant quote and purchase our travel insurance products on our secure internet platform. Our B2B online application system is deployed to UOI's agents to facilitate the sales of our travel insurance.

Our online service delivery strategy is to engage technologically savvy clients on their platform(s) of choice via a multi-touchpoint digital journey.

Our B2B online application system supports the telemarketing sales of motor insurance to UOB customers.

Our digital drive is also helping us reduce our environmental footprint. We have transitioned several of our processes relating to insurance proposals, processing, approvals, renewals, and billing to the electronic transmission methods that make the entire process more efficient and minimise the use of paper. Our customers can also play their part for the environment by opting for a soft copy of their policy document.

Our customer outreach programmes for personal line insurance products have started relying more on direct electronic mailers, mobile text messages and digital web-based marketing, further reducing the use of paper.

We recognise the need to continuously enhance our bancassurance business model, especially in the utilisation of a new digital platform for claims servicing and policy administration.

Digitalisation Training

Our digitalisation drive also includes staff development programmes, especially to drive innovation in key areas such as marketing, underwriting and claims servicing in a digital operating environment.

In 2020, our employees participated in relevant training workshops to enhance their proficiency in using a number of digital applications to serve our customers more efficiently.

Regulatory Compliance

The Monetary Authority of Singapore regulates UOI's business operation. We take regulatory compliance seriously and maintain a zero-tolerance policy for the breach of any applicable laws.

The Company's Risk Management and Compliance Committee provides oversight of all regulatory compliance matters. Operational manuals and toolkits are readily accessible to guide our employees on regulatory compliance.

UOI employees also refresh their knowledge annually through training programs on regulatory compliance topics that include insider trading and market misconduct, anti-money laundering, anti-bribery, banking secrecy, computer misuse and cybersecurity, and fair dealing.



Sustainability

There were no incidents of non-compliance with laws or regulations in the social and economic area in the reported period.

Socio-economic Compliance

2020 Target	2020 Performance	2021 Target
Maintain zero breaches of laws and regulations	No incidents of regulatory non-compliance	Maintain zero breaches of laws and regulations

Our Business Practices

Anti-corruption

UOI maintains a zero-tolerance approach to fraud and corruption. UOI is committed to complying with anti-bribery laws. Our policy prohibits all employees from offering, accepting or authorising any form of bribes.

There was no incident of corruption during the reported period.

Anti-Corruption

2020 Target	2020 Performance	2021 Target
Maintain zero breaches of laws and regulations	No incidents of corruption	Maintain zero breaches of laws and regulations

Code of Practice

UOI is committed to selling insurance products responsibly. We have adopted the Singapore General Insurance Code of Practice, issued by the General Insurance Association of Singapore, which also includes Service Standards of General Insurers.

The Code of Practice sets clear and consistent standards for the insurance industry to improve policyholders' confidence and trust through transparency in comprehensive insurance products. The Code of Practice seeks to establish transparency in the insurance products as well as insurance practices to enable policyholders to make informed choices when making purchasing decisions.

Customer Privacy and Data Security

UOI complies with the Personal Data Protection Act of Singapore to protect the privacy of our customers. A privacy notice outlining how UOI manages personal data including the purposes for which personal data may have been or may be collected, used and disclosed is publicly available on our website.

UOI is committed to maintaining the best and most robust privacy practices to ensure our customers' data security. Our measures to strengthen cybersecurity include implementing a security system that safeguards the confidentiality of our customers' account information and their particulars through multiple levels of firewalls between our internal computer systems and our internet servers.

There were no substantiated complaints received concerning breaches of customer privacy in the reported period.

Customer Privacy

2020 Target	2020 Performance	2021 Target
Maintain zero breaches of laws and regulations	No substantiated complaints concerning breaches of customer privacy were received	Maintain zero breaches of laws and regulations

Our Participation in Market Pools

Motor Insurers' Bureau

UOI contributes to the Motor Insurers' Bureau, an independent body funded by all motor insurers in Singapore whose primary purpose is to compensate road users for bodily injury in road accidents caused by untraced or uninsured motorists.

Suppliers

Our supply chain mainly includes suppliers of IT equipment, office equipment and consumables, utilities, banks, legal advisors, providers of telemarketing and direct marketing services, loss adjusters and claim handling service providers. Our broader value chain includes reinsurers, agents and brokers who market and sell our insurance products.

People

Our employees are our most important assets. Fostering a talented, engaged and skilled workforce is essential to serving our customers. Our approach is to recruit, develop and retain the right talent to support our sustained growth.

UOI has been working very closely with the union. Our remuneration policy is in compliance with tripartite agreement with the union. Over the years, we have enjoyed a good working relationship with the union and there has been no dispute over labour issues.

Sustainability

In line with the government's national policies on equality and conducive social environment, we uphold fair employment practices that foster a more compassionate multiracial society. Our policies uphold diversity, inclusion, engagement, mutual respect, teamwork, meritocracy, and employee wellbeing.

As at the end of 2020, UOI employed 103 people, of which 84 per cent were permanent employees. The average age of an employee was 49 years, with many being long-serving staff.

UOI achieves outstanding employee relations, resulting in very low staff turnover. About 50 per cent of our employees have been with the UOI family for more than 20 years as shown in the table below:

Years of Service of Employees

0 to 10	11 to 20	21 to 30	31 to 40	41 and above
42%	8%	20%	23%	7%

Employee Health and Wellbeing

Safety, wellbeing and health of our people became our foremost priority this year amid the COVID-19 pandemic. The pandemic introduced an unexpected risk to the safety of our employees. We introduced a series of measures to protect and support our people during the pandemic, including stricter social distancing measures, higher frequency of cleaning of workplace, free masks and antiseptic handrub, Work from Home and Alternate Work Day Arrangement for employees, where appropriate.

Diversity

We continue to nurture a diverse and inclusive workplace, and promote gender diversity. Women's representation in our workforce is 83 per cent, and they account for 84 per cent of the managerial and supervisory positions.

In 2020, we rehired 15 retiring employees, including 12 women.

Talent Management

Our goal is to attract, develop and retain the best talent in the industry. We benchmark our employee turnover against the national insurance sector turnover rates published by the Department of Manpower Research and Statistics Department of Singapore's Ministry of Manpower. Our employee turnover rate has consistently remained lower than the industry trends.

We conduct exit interviews for all departing employees to understand their reasons for leaving and use the insights to review and update our HR policies.

In 2020, 9 employees, including 3 male and 6 female staff, left UOI.

Talent Management

2020 Target	2020 Performance	2021 Target
Achieve a staff turnover rate to be lower than the national insurance sector turnover rates	Our turnover rate was 9 per cent as against the national insurance sector turnover rate of 14 per cent	Achieve a staff turnover rate to be lower than the national insurance sector turnover rates
Refresh training programs for all full-time and contract staff on relevant topics and achieve 100 per cent passing rate	Training programs have been refreshed and 100 per cent passing rate has been achieved	Refresh training programs for all full-time and contract staff on relevant topics and achieve 100 per cent passing rate
100 per cent fulfilment of training hours for Front-End Operatives within the calendar year	77.8 per cent fulfilment of training hours from Front-End Operations has been achieved	100 per cent fulfilment of training hours for Front-End Operatives within the calendar year

Training

We constantly invest in developing our people to equip them with the relevant skills and knowledge required to successfully meet stakeholders' needs. Our frequent in-house training sessions conducted by our pool of experienced underwriters and claim handlers provide ongoing learning to employees.

We believe ongoing learning of our employees is crucial to support our customers and stakeholders. Topics conducted during the year included digitalisation, cybersecurity and risk management. Our employees also attended the following programmes, some of which were e-learning modules:

- New Norm - Opportunities Through Claims
- COVID-19 Trending Claims & Underwriting Issues
- Mitigating Lightning & Surge Damages to Solar and Wind Farms by Adopting International Standards
- Hydropower Tunnel Failures - Risks & Causes
- Update on COVID-19: Trending Claims & Underwriting Issues
- Understanding Offshore Winds & Marine Warranty Survey
- Navigating Our Way Through Chaotic Times
- Break the Chain of Infection Workshop
- Odyssey 5 Workshop
- UOB Infinity Workshop
- Accident Care Refund Plan
- Basic Understanding of Claims Under United Property Protection Policy



Sustainability

- Basic Understanding of Revised Risk-based Capital (RBC2) Framework
- Briefing & Product Training - Cyber Insurance
- Briefing on Nimbus E-Claims B2C & B2B
- Briefing on Work Injury Compensation Act 2019
- COVID-19 Coverage Under Hospital Income Plan
- Critical Illness Framework 2019
- Direct Marketing (DM) Products Training
- DM System Training
- Prevention of Money Laundering & Combating the Financing of Terrorism
- Sales Upload Process & Anti Money Laundering (AML) Report
- Streamline Claim Process
- System & Process Training
- United Small Medium Enterprise (SME) Business Plan Training
- United SME Webinar

In 2020, only 77.8 per cent fulfilment of training hours had been achieved from the staff whom are Front-End Operations (FEOs). In accordance to the COVID-19 relief measures for Continuing Professional Development (CPD) requirements for 2020, the Monetary Authority of Singapore (MAS) has informed all direct insurers on 16 April 2020 that it has worked with General Insurance Association (GIA) to provide an additional 12 months for individuals involved as FEOs to fulfill the CPD requirements for 2020. As such, the balance of the training hours required will be added to the minimum training requirement in 2021.

Risk-focused Organisational Culture

As a general insurance business, building a risk-aware organisational culture is essential for our success. Maintaining a robust risk management capability is also the best protection for our policyholders. Hence we have a number of ongoing initiatives that help our employees develop a sound understanding of risks. We regularly review the Company's tolerance limits and risk metrics to ensure they remain relevant and have measures in place to monitor compliance by all employees.

A Board-approved Enterprise Risk Management Framework is at the heart of our risk management approach. With a clearly defined risk tolerance statement and operational tolerance limits, the framework is reviewed and updated at least once a year and regularly communicated to managers at all levels.

Managers are expected to cascade the risk tolerance limits to their respective units.

UOI's Risk Management and Compliance Committee (RMCC) is responsible for monitoring and managing risks, including unquantifiable but identifiable risks. The risks include strategic, reputational, cyber, geo-political, earthquake and other catastrophes, automation technology, climate change such as extreme drought, rains, rising sea levels and business process outsourcing.

The RMCC is assisted by the Underwriting and Claims Committee (UCC) and Credit Control Committee (CCC) which address the key risks arising from the Company's core business activities. These committees meet monthly to consider matters relating to underwriting, claims handling, reinsurance, credit, asset allocation, concentration, investment management, liquidity, foreign exchange, operational risks as well as the identified and emerging risks falling within their jurisdiction. Insights from the deliberations are shared with all other staff members through departmental meetings.

The RMCC also looked into the innovative use of technologies in business processes, such as offering insurance products and processing claims via mobile app, and further explored the impact of the "new normal" environment arising from COVID-19 on people's lifestyle. The pandemic and the ensuing 'lockdown' have accelerated the growth of e-commerce, online shopping, online learning, e-entertainment and e-payment. Remote working and tele-conferencing have been shown to be feasible and telecommuting will become permanent features in the workplace. The greater application of technology will enable every individual/company to seek opportunities globally with ease and from the comfort of their home/office. For example, AI, IOT, virtual and augmented reality (VR & AR) and big data will all feature hugely in the new era.

Co-working or flexible workspace will likely replace traditional leasing to become the "new normal".

Building a Risk-focused Organisation

2020 Target	2020 Performance	2021 Target
Refresh training programs on relevant risk related topics with 100 per cent passing rate for all full-time and contract staff	Training programs have been refreshed and 100 per cent passing rate has been achieved	Refresh training programs on relevant risk related topics with 100 per cent passing rate for all full-time and contract staff
Staff to attend at least 3 risk related training programmes	All staff have attended at least 3 risk related training programmes	Staff to attend at least 3 risk related training programmes



Sustainability

Risk Management Training

In 2020, our employees completed training on a number of risk topics:

- Evolving Underwriting Considerations in the New Normal
- COVID-19 Trending Claims & Underwriting Issues
- Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT)
- Banking Secrecy, Computer Misuse & Cybersecurity
- Foreign Account Tax Compliance Act (FATCA) & Common Reporting Standard (CRS) General Awareness
- Fraud Awareness Program
- Insider Trading & Market Misconduct
- IT Security Awareness
- MAS Fair Dealing
- Operational Risk Management (ORM) Begins with Me
- Social Media
- UK Bribery Act
- UOB Code of Conduct
- UOB IT Security
- UOB Risk Culture & Code of Conduct
- Enterprise Risk Management Framework
- Framework for the Understanding of Risks
- Code of Practice (General Insurance Association)
- Prevention of Money Laundering & Combating the Financing of Terrorism (CFT)

We also require our employees to complete annual training on the Code of Conduct and relevant regulatory compliance matters.

Our people performance data is presented in the charts below.

Freedom of Association

We support our employees' right to freedom of association and collective bargaining in accordance with the local laws. UOI has actively engaged the Singapore Insurance Employees' Union (SIEU) since 2004 when we signed our first collective bargaining agreement with the union. The agreement, reviewed and revised every three years, covers employment benefits for bargainable employees, which comprise nearly 38 per cent of UOI's workforce.

Performance Management

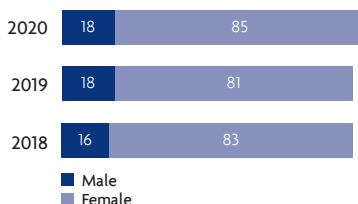
We enable our employees to perform to the best of their abilities by providing ongoing development and learning opportunities. Our policies ensure performance is rewarded fairly.

Our performance management process empowers employees and their managers to engage in an open and trusted dialogue to help achieve their personal development goals while meeting UOI's business objectives.

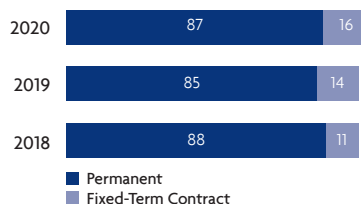
Employee performance is assessed against Key Performance Indicators (KPI) established at the beginning of each year. The managers and their respective staff discuss the progress of these KPIs throughout the year. Performance feedback dialogues are conducted half-yearly and formal appraisals take place at the end of the year.

All permanent employees participated in performance and career development reviews in the reported period.

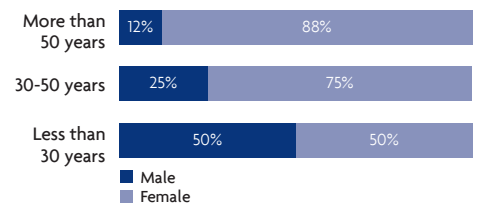
Full Time Employees by Gender



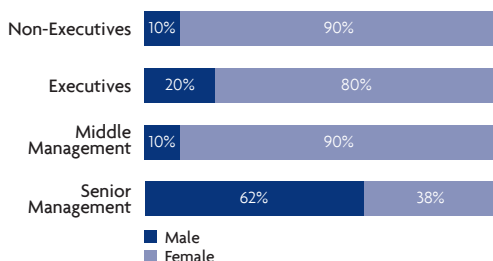
Employee by Employment Contract



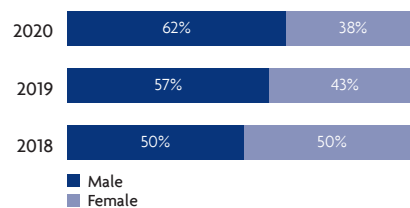
Age and Gender Diversity



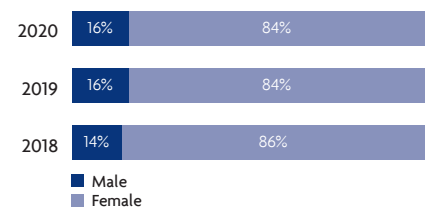
Gender Diversity by Employee Category



Gender Diversity: HODs

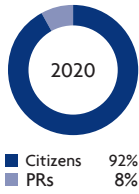


Gender Diversity: Managers and Supervisors

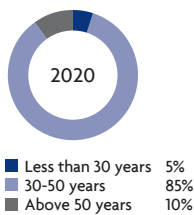


Sustainability

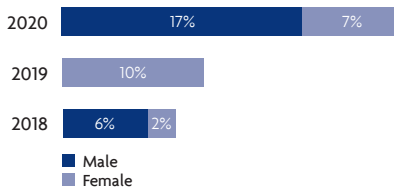
Local Employees



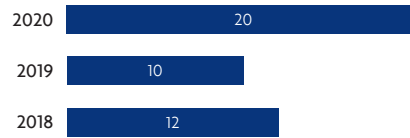
New Hiring by Age



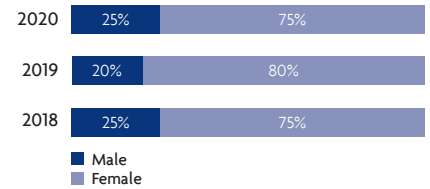
Employee Turnover by Gender



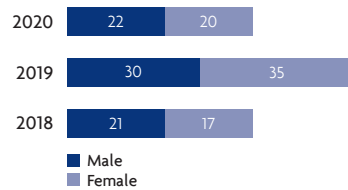
New Hires



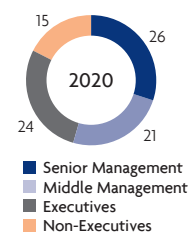
New Hires by Gender



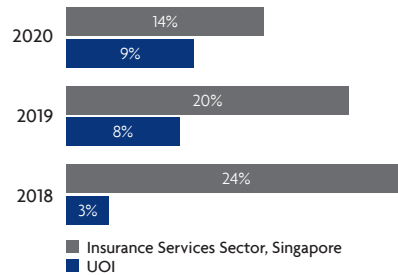
Average Training Hours per Employee (By Gender)



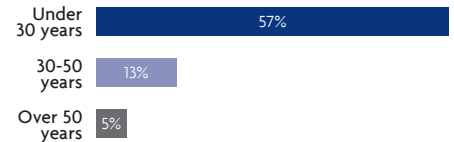
Average Training Hours by Management Category



Annual Employee Turnover



Employee Turnover by Age (2020)



Environment

As a low-lying island city state, Singapore is particularly vulnerable to the impacts of climate change. The Centre for Climate Research Singapore has projected that Singapore could experience an increase in daily mean temperature of 1.4 to 4.6 degrees Celsius towards end of this century and mean sea level rise of up to 1 metre by 2100.

In anticipation of the impacts of climate change, various government agencies have been working hard to invest in infrastructure ahead of the curve to make our country more resilient against weather vagaries. For example, the Public Utility Board has developed a diversified water supply strategy which includes local catchment water, imported water, NEWater and desalinated water as buffers against dry spells. On 4 March 2020, the government announced that Singapore will plant one million trees and develop more and better connected green spaces over the next 10 years.

Although UOI's direct impact on the environment is relatively small and immaterial, there is still a role that we can play as a corporate citizen. We are committed to minimising the environmental footprint of our activities as much as possible.

UOI's environmental impact stems mainly from the use of electricity and paper in our head office. We measure our electrical and paper consumption and paper recycling for monitoring and reporting purposes.

Our efforts to reduce electricity consumption include switching off lights and equipment that are not in use. We promote the judicious use of paper and recycling in our office through employee awareness.

We continue to transition to digital forms and collaterals that also reduce paper consumption. We encourage our customers to receive their travel insurance policy documents in soft copy to save paper. In 2020, we formed a task group to implement a digital document management system which will reduce paper consumption.

We have been reporting our consumption of office paper every year. We have also started tracking other uses of paper in our office such as envelopes, policy jackets and letterheads. In 2020, our paper usage on these items was 7,033 kg. Please refer to the chart below for more data for our paper use and recycling.



Sustainability

We have embedded ESG considerations in our investment decisions. United Overseas Bank Asset Management (UOBAM), our fund manager, is committed to integrating ESG evaluation into its investment process across all investment asset classes. A signatory of the United Nations (UN) Principles for Responsible Investment, UOBAM uses a combination of tools, including sustainability ratings for assessing the ESG performance of companies. Currently, UOI's Investment Committee monitors the exposure of our investment portfolio to sectors with high environmental risk exposure based on S&P's ESG risk score.

Climate Change

Climate change poses significant environmental and socio-economic risks for societies. The world is already experiencing more frequent extreme weather events which scientists attribute to global warming caused by greenhouse gas emissions. The Intergovernmental Panel on Climate Change ("IPCC") has projected that continued carbon emissions would likely lead to global warming of 1.5 degrees Celcius above pre-industrial levels between 2030 and 2052. The increase in global temperatures will increase the probability of rising sea levels, severe weather spells, natural disasters, loss of biodiversity, pandemics and mass migration of populations.

As a small and low-lying city-state, climate change is an existential threat to Singapore. The mean annual temperature in Singapore has been rising with 2015 to 2018, which are amongst the warmest years on record. An orderly transition to a lower-carbon economy has become a key national priority. Reaffirming its commitment, Singapore submitted its enhanced Nationally Determined Contribution and Long-Term Low-Emissions Development Strategy document to the United Nations Framework Convention on Climate Change (UNFCCC) in March 2020.

The potential damage from climate change has profound implications for the insurance sector by way of more claims and indirect exposure from investment activities. Insurance companies must understand and address climate change risks including physical risks, liability risks and transition risks.

At UOI, we support the Singapore government's efforts to become a low-carbon global city-state by reducing the nation's greenhouse gas emissions. In 2020, we participated in consultations hosted by the Monetary Authority of Singapore (MAS) on the

proposed Environmental Risk Management guidelines for financial institutions, including insurers. MAS has issued the Guidelines on Environmental Risk Management to enhance financial institutions' resilience to and management of environmental risk. The guidelines seek to set out wide-ranging practices about financial institutions' governance, risk management and disclosure of environmental risk. We are committed to working with MAS and other stakeholders to enhance the resilience of the sector.

Responsible Investment

We are committed to investing our funds responsibly. As part of the ESG evaluation process, our fund manager UOBAM generates assessments and ratings using ESG data together with company reports and publications. Various investment teams utilise these ESG ratings and assessments to complement their respective investment methodologies.

UOBAM publishes and disseminates ESG related information to its relevant stakeholders, and has plans to make available all its active ownership activities and reports in the near future.

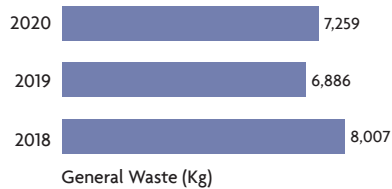
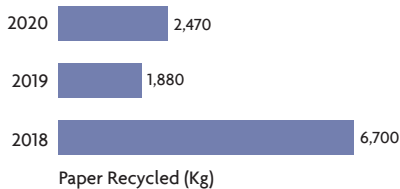
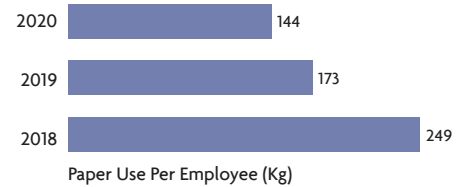
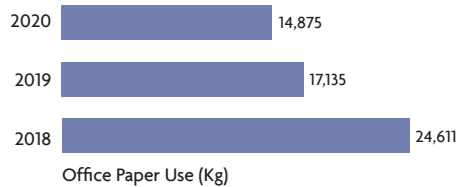
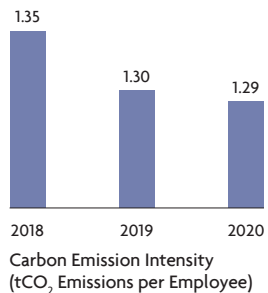
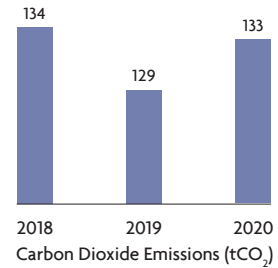
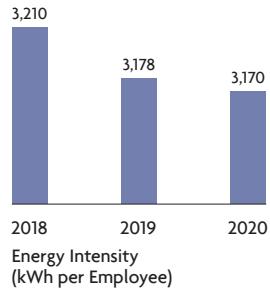
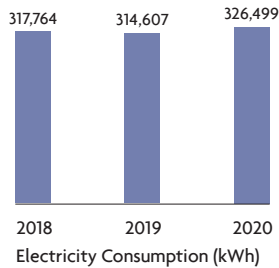
Responsible Investment

2020 Target	2020 Performance	2021 Target
Ensure that our fund manager applies economic and ESG evaluation into our investment process across all investment asset classes	Our fund manager, UOBAM, has integrated ESG evaluation into its investment process across all investment asset classes	Ensure that our fund manager applies economic and ESG evaluation into our investment process across all investment asset classes



Sustainability

Presented below is a summary of UOI's direct environmental impacts.



Society

UOI remains committed to supporting our customers and communities to recover and rebuild in challenging times.

As a general insurance business, we make a positive contribution to the local economy. Our insurance plans indemnify businesses and people against financial losses and make them more resilient. Our insurance products promote road safety, home safety and workplace safety.

Insurance provides a useful service to society by protecting people and businesses from financial losses arising from physical, moral, environmental and man-made hazards. We use our core capability to protect businesses and individuals against unexpected financial damage. Our insurance plans offer risk-focused solutions that make our society more

resilient by providing companies and people peace of mind and indemnifying them for financial losses. As risks become more complex due to climate change and technological changes, businesses can rely on our insurance plans to mitigate unforeseen losses and disruptions.

We actively monitor trends in claims and share relevant information with clients to help them in loss prevention and loss reduction, leading to a safer environment for the community.

Our funds are invested in a responsible manner in businesses that meet our fund manager's ESG criteria.

Our business model creates direct and indirect jobs in the local economy, providing income opportunities for our agents, brokers and other service providers.

Sustainability

Demographic Change

Ageing societies and longer life expectancy present new challenges as well as opportunities for the insurance sector. A quarter of Singapore's population is estimated to be aged 65 and over by 2030. The ageing population is likely to lead to a rise in healthcare and caregiving costs.

In line with the demographic shift, Singapore has increased the retirement age, allowing more seniors to continue to work. This may cause a potential increase in workplace injuries and subsequent rise in the cost of insurance products. At the same time, there will also be healthier and wealthier seniors with lifestyle needs, such as travelling for leisure. UOI is well placed to benefit from this trend by continuously upgrading our products, notably the Travel Insurance Package.

In line with the demographical changes, we have increased the eligible enrolment age for our Personal Accident plans (PA Builder and Accident Care Refund Plan) from 59 years to 65 years. Our older plans can now be renewed up to the age of 85 years instead of the earlier 70 years. Our Personal Accident (PA) Plan (SilverCare) caters to UOB customers aged between 45 to 69 years old.

Small and Medium Enterprises (SMEs)

We offer insurance products tailored to protect SMEs against financial losses arising from damage of their assets and consequential loss of income. Collaborating with UOB, we offer BizCare to UOB's Business Banking customers. BizCare is a comprehensive business insurance package that provides coverage against loss and damage to contents, work injury compensation and other types of protection.

To help small businesses, we work with various government agencies to offer insurance coverage so that they can obtain the necessary working capital.

Loan Insurance Scheme

The Loan Insurance Scheme (LIS) was a joint insurance programme with Enterprise Singapore, a government agency to help companies and small businesses secure trade financing from local banks. As an approved insurer for the Scheme, UOI insures UOB's loans to their borrowers against insolvency. UOI participated in the LIS since 2012 until the scheme ended in November 2020.

Community

As a responsible corporate citizen, we support various social programmes. Our employees regularly volunteer in community programmes organised by United Overseas Bank (UOB), our parent company.

For the 2020 UOB Global Heartbeat Virtual Run/Walk, we have clocked more than 200,000 km and raised more than \$75,000. This was conducted in October 2020.

There was a global fundraising initiative for the #UnitedForYou COVID-19 Relief Fund in May 2020 where we raised more than \$1.65m globally.

Economic and Financial Performance

UOI remains committed to creating long-term value for our investors and stakeholders by pursuing sustainable growth strategies. We strive to optimise financial performance to improve shareholder value and provide job security to employees. Our target is to continue to achieve underwriting profit and positive investment return. Maintaining strong capital adequacy and solvency remains at the core of financial resilience.

UOI's economic performance over the years is a testament to our financial acumen, business prudence and good governance.

Please refer to the Financial Report section of this Annual Report to read about our financial performance, which includes how we create and distribute value.



Sustainability

GRI Content Index

Global Reporting Initiative (GRI) Content Index 'In accordance' – Core		
GRI Standard	Disclosure	Page Number, URL (s) and/or Reference
General Disclosures		
GRI 102: General Disclosures 2016		
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102-2	Activities, brands, products, and services	2
102-3	Location of headquarters	2, 77, 140
102-4	Location of operations	2, 77, 140
102-5	Ownership and legal form	2, 77
102-6	Markets served	2, 116
102-7	Scale of the organisation	2, 9-11, 33, 45, 70-73
102-8	Information on employees and other workers	33, 45, 47
102-9	Supply chain	44
102-10	Significant changes to the organisation and its supply chain	None
102-11	Precautionary principle or approach	35, 50
102-12	External initiatives	36, 39, 49
102-13	Membership of associations	42
Strategy		
102-14	Statement from senior decision-maker	3
102-15	Key impacts, risks, and opportunities	35-39
Ethics and Integrity		
102-16	Values, principles, standards and norms of behaviour	29, 32, 44, 49
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102-18	Governance structure	16-31
102-19	Delegating authority	16, 34
102-20	Executive-level responsibility for economic, environmental, and social topics	34
102-21	Consulting stakeholders on economic, environmental, and social topics	26-27, 37, 40-41
102-22	Composition of the highest governance body and its committees	5-8, 16-19, 23
102-23	Chair of the highest governance body	18
102-24	Nominating and selecting the highest governance body	20
102-25	Conflicts of interest	17, 27, 133-135
102-26	Role of highest governance body in setting purpose, values, and strategy	16, 34
102-27	Collective knowledge of highest governance body	20
102-28	Evaluating the highest governance body's performance	19-20
102-29	Identifying and managing economic, environmental, and social impacts	34
102-30	Effectiveness of risk management processes	25-26
102-31	Review of economic, environmental, and social topics	34
102-32	Highest governance body's role in sustainability reporting	34



Sustainability

Global Reporting Initiative (GRI) Content Index 'In accordance' – Core		
GRI Standard	Disclosure	Page Number, URL (s) and/or Reference
GRI 102: General Disclosures 2016		
Stakeholder Engagement		
102-40	List of stakeholder groups	40-41
102-41	Collective bargaining agreements	47
102-42	Identifying and selecting stakeholders	40-41
102-43	Approach to stakeholder engagement	40-41
102-44	Key topics and concerns raised	40-41
Reporting Practice		
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102-46	Defining report content and topic boundaries	37-38
102-47	List of material topics	37-38
102-48	Restatements of information	32
102-49	Changes in reporting	37
102-50	Reporting period	32
102-51	Date of most recent report	March 2020
102-52	Reporting cycle	32
102-53	Contact point for questions regarding the report	32
102-54	Claims of reporting in accordance with the GRI Standards	32
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103-3	Evaluation of the management approach	37, 39
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	70, 73, 95-96
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GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its boundaries	37
103-2	The management approach and its components	37, 39
103-3	Evaluation of the management approach	37, 39
GRI 203: Indirect Economic Impacts 2016		
203-2	Significant indirect economic impacts	51



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Global Reporting Initiative (GRI) Content Index 'In accordance' – Core		
GRI Standard	Disclosure	Page Number, URL (s) and/or Reference
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GRI 103: Management Approach 2016		
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GRI 205: Anti-corruption 2016		
205-2	Communication and training about anti-corruption policies and procedures	47
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GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its boundaries	38
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103-3	Evaluation of the management approach	38, 48-49
GRI 302: Energy 2016		
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GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its boundaries	38
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GRI 305: Emissions 2016		
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GRI 103: Management Approach 2016		
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103-2	The management approach and its components	43, 48-49
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GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	48-49
306-2	Management of significant waste-related impacts	48-49
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306-4	Waste diverted from disposal	33, 50
Employment		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its boundaries	38
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Global Reporting Initiative (GRI) Content Index 'In accordance' – Core		
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Training and Education		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its boundaries	38
103-2	The management approach and its components	38, 45-47
103-3	Evaluation of the management approach	38, 45-47
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	33, 48
404-3	Percentage of employees receiving regular performance and career development reviews	47
Diversity and Equal Opportunity		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its boundaries	38
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103-3	Evaluation of the management approach	38, 45
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GRI 103: Management Approach 2016		
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GRI 413: Local Communities 2016		
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GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its boundaries	37
103-2	The management approach and its components	37, 42
103-3	Evaluation of the management approach	37, 42
GRI 417: Marketing and Labeling		
417-2	Incidents of non-compliance concerning product and service information and labeling	42
417-3	Incidents of non-compliance concerning marketing communications	42



Sustainability

Global Reporting Initiative (GRI) Content Index 'In accordance' – Core

GRI Standard	Disclosure	Page Number, URL (s) and/or Reference
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GRI 103: Management Approach 2016		
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103-2	The management approach and its components	37, 44
103-3	Evaluation of the management approach	37, 44
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	44
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GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its boundaries	37
103-2	The management approach and its components	37, 44
103-3	Evaluation of the management approach	37, 44
GRI 419: Socio-economic Compliance 2016		
419-1	Non-compliance with laws and regulations in the social and economic area	44



Risk Management

As the management of risks is fundamental to the financial soundness and integrity of the Company, risk evaluation has always been an integral part of the Company's business strategy development. The Company's risk management philosophy is that returns must be commensurate with the business risks taken and all residual risks must be within its risk appetite. It has maintained and continuously seeks improvement to its processes and systems for identification, assessment, monitoring and management of all reasonably foreseeable and relevant material risks. These robust processes and systems are documented in its Enterprise Risk Management (ERM) framework.

The Company is committed to maintaining a strong and effective ERM framework and is guided by the principles and provisions in the MAS Notice 126 "Enterprise Risk Management for Insurers".

The Board has overall responsibility for determining the type and level of business risks that the Company undertakes to achieve its corporate objectives. The Board has delegated to the Management the authority to formulate, review and approve policies and processes on identifying, monitoring and managing risk exposures within the Company's ERM framework. Major policy decisions and proposals affecting the Company's risk exposures approved by Management are subject to review by the Board. Significant changes to the Company's ERM framework require the Board's approval.

Management of the Company has the responsibility of operationalising the Company's ERM framework and establishing and implementing appropriate systems and controls in managing and mitigating risks arising from its business operations. The systems and controls are designed to identify, assess, manage and monitor, rather than eliminate, the risks in the Company's business operations and can only provide reasonable and not absolute assurance.

Various committees, comprising the managerial staff of the Company, meet regularly to deliberate on matters relating to the key types of risks under their respective supervision.

The **Strategic Corporate Development Committee (SCDC)** is responsible for the development and implementation of strategies that will enhance the Company's position and progress in specific areas. Members of the SCDC work closely with all operational units to further the interests of the Company. It meets quarterly with the Managing Director to chart out, execute and monitor outcomes of the strategies and are actively involved in talent management.

The **Management Committee** monitors the overall operational matters of the Company. It formulates, reviews and approves policies and strategies relating to the monitoring and management of operational risks and develops appropriate action plans across all business and support units. It also sets strategic directions of the Company, determines the allocation of resources and monitors the execution of strategic plans and key performance indicators.

The **Risk Management and Compliance Committee** addresses all risk management, corporate governance and compliance issues affecting the Company. These issues include compliance matters emanated from regulatory authorities, industry associations, parent company, auditors and other relevant bodies as well as challenges arising from innovation, technological advancement and climate change. It monitors the implementation of risk management policies and procedures by all operational units. It also develops and implements compliance policies, procedures and guidelines to meet the regulatory requirements applicable to the Company. As part of its risk management monitoring function, it receives reports from committees which address the key risks emanating from the Company's core business activities namely the Underwriting and Claims Committee and Credit Control Committee.

The **Underwriting and Claims Committee** establishes underwriting and claims policies and procedures and monitors the compliance of such policies and procedures by all operational units. It also monitors market trends and developments that may affect the Company's underwriting and claims policies. Appropriate risk management strategies are applied to address the variety of underwriting risks accepted to ensure the Company's retention is appropriate and adequate reinsurance protection is in place. Issues arising from claims development and provisions are dealt with judiciously.

The **Credit Control Committee** establishes credit control policies and procedures and ensures that the premium collection process is implemented by all operational units. It approves write-off of bad debts and develops action plans to improve collection or initiate remedial recovery actions.

The **Business Development Committee** develops and executes business plans of the Company, reviews business performance and formulates action plans to enhance business performance. Market trends and changes in business risks and product affecting are identified, addressed and managed accordingly.



Risk Management

The **Information Security Committee** is to set direction and priority, and provide guidance for the development and enhancements to the security infrastructure and associated procedures and guidelines, including evaluation and implementation of recommendations from cybersecurity consultants and review the Company's network design, other infrastructure and security controls. Other roles include fostering and maintaining a data security culture through education and appropriate policies, systems, processes and practices.

In addition, the **Investment Committee**, which comprises senior managerial staff of UOI, investment specialists from its parent company and representatives of its fund manager, meets regularly to monitor and manage the Company's investment.

Under the Company's ERM framework, risks are categorised and managed under four risk dimensions.

(1) Risk Dimension - Earnings

Underwriting Risk

The principal activity of the Company is the underwriting of general insurance business. As general insurance business encompasses a wide range of different insurance products, a prudent management of risks is fundamental to our business. This safeguards not only the interest of our shareholders but also that of our customers and employees. The Company has developed a robust underwriting framework to ensure that risks accepted meet with all the underwriting guidelines issued to our trained pool of underwriters. This framework allows for the proper selection of risks at adequate but competitive pricing for our products.

Reinsurance Risks

Reinsurance refers to the cession of a portion of risks assumed by an insurer to another insurer or reinsurer.

The Company's business activities lie primarily in Singapore and the region. Geographically, there is an inherent concentration of insurance risks in the Company's insurance portfolio. Based on historical experience of loss frequency and severity of similar risks and in similar geographical zones, the Company has developed its reinsurance strategy to manage such concentration of insurance risks.

In particular, a written Reinsurance Management Strategy has been approved by the Board to set guiding principles and objectives for the Company to manage its reinsurance risks and ensure that a prudent and appropriate reinsurance protection programme is in place. Significant changes to the Strategy are subject to review by the Board annually.

Premium and Claims Liability Risk

One of the purposes of insurance is to enable policyholders to protect themselves against financial losses arising from uncertain future events. Insurance companies facilitate the transfer of risks from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in these insurance risks is inevitably reflected in the financial statements of insurance companies. The uncertainty in the financial statements principally arises in the technical provisions, which include the provisions of premium and claims liabilities.

Premium liabilities refer to the reserves for unearned premium and include liabilities for all benefits, claims and expenses, acquisition costs, maintenance costs and policyholders' experience refund to be incurred after the balance sheet date. Claims liabilities refer to obligation, whether contractual or otherwise, to make future payments in relation to all claims that have been incurred as at the balance sheet date and include reserves for claims reported, incurred but not reported (IBNR) and incurred but not enough reported (IBNER), as well as direct and indirect claim expenses. The Company's unearned premium reserves are calculated based on formula generally accepted by the industry while its outstanding claims liabilities are reviewed by our experienced claims officers. Both the premium and claims liabilities are reviewed and certified annually by an external independent actuary.

Generally, premium and claims liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is the past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future premium and claims liabilities will not develop exactly as projected and may vary from our projection.

Risk Management

The other uncertainties arising under insurance contracts will include:

- uncertainty as to whether an event has occurred which would give rise to a policyholder suffering an insured loss;
- uncertainty as to the extent of policy coverage and limits applicable; and
- uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring.

There may be significant reporting lag between the occurrence of the insured event and the time it is actually reported to the Company. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim. There are many factors that will determine the level of uncertainty such as inflation, inconsistent judicial interpretations, legislative changes and claims handling procedures.

The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual cost of settlement of premium and claims liabilities can vary substantially from the initial estimates.

Investment Risk

The Company's investment objective is to invest in quality investment for long-term appreciation and to achieve a reasonable return annually. The Company has appointed a professional fund manager to manage its investments in pursuant to its Board-approved investment policy. Through regular meetings with the fund manager and performance reports, the Company reviews and monitors the performance of its investment funds. The Company has also established a policy to address the selection, review and management of its fund manager.

Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices, other than interest or exchange rates. The Company is exposed to market price risk arising from its investments which may include quoted equity securities, debt securities, unit trusts, hedge funds, exchange-traded funds (ETFs) and derivatives contracts used for hedging purposes. The Company has established a Board-approved investment policy, which sets strategic asset allocation and maximum exposure limits for its investment portfolio.

Foreign Exchange Risk

The Company has transactional currency exposures arising from its offshore insurance business. The Company is also exposed to foreign exchange risk arising from its investing activities. When it is necessary, the Company enters into forward contracts to manage its foreign exchange exposure arising from its investments denominated in foreign currencies. Other than the exposure arising from its investing activities, the Company does not consider its exposure to foreign exchange risk to be significant.

Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's operating cash outflow commitment is substantially independent of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the interest income on the Company's fixed deposits and the fair value of debt securities. When it is necessary, the Company uses interest rate futures to manage its interest rate risk.

(2) Risk Dimension - Operational

Operational Risk

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, strategy, people, systems and frauds or from external events which may include geopolitics, climate change, disruptive technological change and natural catastrophes. Potential loss may be in the form of financial loss or other damages, for example, loss of reputation and public confidence that will impact the Company's credibility and ability to transact, maintain liquidity and obtain new business. The Company has put in place processes for monitoring, controlling and reporting of significant operational risks.

Business Continuity Risk

The Company has formulated a comprehensive Business Continuity Management Plan and annual test-run is conducted to ensure its readiness to handle a range of targeted events that could affect the Company's business operations.



Risk Management

(3) Risk Dimension - Capital

Insolvency Risk

Insolvency risk refers to the risk that an entity is unable to meet its financial obligations and regulatory capital adequacy requirements. The Company has consistently maintained its capitalisation higher than the local regulatory requirements, put in place monitoring controls to ensure that its solvency and capitalisation meet internal targets and maintained adequate financial resources as buffers.

(4) Risk Dimension - Liquidity

Liquidity Risk

Due to the nature of its business and type of assets being held, the Company is not exposed to significant liquidity risk. The Company has formulated a liquidity policy to manage its liquidity risk. It is the Company's policy to maintain adequate liquidity at all times, honour all cash outflow commitments on an ongoing basis and avoid raising funds from credit facilities or through the forced sale of investments.

Credit Risk

The Company has credit control policies in place to ensure that sales made to customers and recoveries from reinsurers are duly collected. The Company has also established a selection and management policy for its reinsurers to ensure that they are financially sound and set maximum exposure limits for its reinsurers based on their financial strength.

United Overseas Insurance Limited

(Incorporated in Singapore)

31 December 2020

Financial Report

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Directors' Statement

for the financial year ended 31 December 2020

The directors are pleased to present their statement to the members together with the audited financial statements of the Company for the financial year ended 31 December 2020.

Opinion of the directors

In the opinion of the directors,

- (i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company holding office as at the date of this report are:

Wee Cho Yaw (*Chairman*)
 David Chan Mun Wai (*Managing Director and Chief Executive*)
 Wee Ee Cheong
 Hwang Soo Jin
 Yang Soo Suan
 Ho Yew Kee
 Chng Hwee Hong
 Chua Kim Leng (*appointed on 1 February 2020*)

Arrangements to Enable Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' Interests in Shares and Debentures

According to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act Chapter 50, the interests of the directors who held office as at 31 December 2020 in the share capital of the Company and related corporations were as follows:

	Number of ordinary shares			
	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
	At 31.12.2020	At 1.1.2020	At 31.12.2020	At 1.1.2020
The Company				
<i>United Overseas Insurance Limited</i>				
Wee Cho Yaw	38,100	38,100	–	–
Hwang Soo Jin	100,000	100,000	–	–
David Chan Mun Wai	21,000	21,000	–	–
Ho Yew Kee	1,000	–	–	–
Chng Hwee Hong	100	–	–	–

Directors' Statement

for the financial year ended 31 December 2020

Directors' Interests in Shares and Debentures (continued)

	Number of ordinary shares			
	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
	At 31.12.2020	At 1.1.2020	At 31.12.2020	At 1.1.2020
Holding Company				
<i>United Overseas Bank Limited</i>				
Wee Cho Yaw	21,599,798	21,599,798	290,003,084	290,003,084
Wee Ee Cheong	3,081,455	3,081,455	173,701,487	173,701,487
David Chan Mun Wai	6,787	6,654	–	–
Ho Yew Kee	1,065	1,065	–	–

Directors' Remuneration

The proposed annual fee structure for the Board for 2020 is set out below. The proposed directors' fees are subject to shareholders' approval at the forthcoming Annual General Meeting.

Fee Structure	Chairman \$	Member \$
Basic Fee	40,000	22,500
Audit Committee	15,000	12,000
Nominating Committee	7,500	5,000
Remuneration Committee	7,500	5,000

Details of the total fees and other remuneration paid/payable by the Company to the directors for the financial year ended 31 December 2020 are as follows:

	Directors' fees	Base or fixed salary	Variable performance bonus	Benefits-in-kind and others	Total
\$500,000 to \$749,999					
David Chan Mun Wai	–	51.8%	40.5%	7.7%	100%
Below \$250,000					
Wee Cho Yaw	\$52,500	–	–	–	\$52,500
Wee Ee Cheong ¹	\$22,500	–	–	–	\$22,500
Hwang Soo Jin	\$35,000	–	–	–	\$35,000
Yang Soo Suan	\$46,000	–	–	–	\$46,000
N Ganesan ²	\$17,250	–	–	–	\$17,250
Ho Yew Kee	\$39,500	–	–	–	\$39,500
Chng Hwee Hong	\$37,500	–	–	–	\$37,500
Chua Kim Leng	\$34,500	–	–	–	\$34,500
Total Directors' Fees	\$284,750	–	–	–	\$284,750

¹ Director's fee payable to Mr Wee Ee Cheong will be paid to United Overseas Bank Limited.

² Mr N Ganesan retired on 12 June 2020.



Directors' Statement

for the financial year ended 31 December 2020

Share Options

There was no share option granted by the Company during the financial year.

No share was issued during the financial year pursuant to any exercise of options to take up unissued shares of the Company.

There was no unissued share of the Company under option as at 31 December 2020.

Audit Committee

The Audit Committee comprises four members, all of whom are non-executive and independent directors. The members of the Audit Committee are:

Chng Hwee Hong (*Chairman, with effect from 12 June 2020*)

Yang Soo Suan¹

Ho Yew Kee

Chua Kim Leng (*appointed on 12 June 2020*)

The Audit Committee has reviewed the financial statements, the internal and external audit plans and audit reports, the external auditor's evaluation of the system of internal accounting controls, the scope and results of internal and external audit procedures, the adequacy of internal audit resources, the cost effectiveness, independence and objectivity of external auditor, the significant findings of internal audit investigations and interested person transactions. The reviews were made with the internal and external auditors, the Managing Director and/or other senior management staff, as appropriate.

Auditor

The Audit Committee has nominated Ernst & Young LLP for reappointment as auditor of the Company and Ernst & Young LLP has expressed its willingness to be reappointed.

On behalf of the Board of Directors,

Wee Cho Yaw
Chairman

David Chan Mun Wai
Managing Director and
Chief Executive

Singapore
19 February 2021

¹ Mr Yang Soo Suan is a non-independent director under the Insurance (Corporate Governance) Regulations 2013 and independent director under the prevailing SGX-ST Listing Manual, MAS Guidelines² and Code of Corporate Governance (6 August 2018).

² "MAS Guidelines" means the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (3 April 2013). It comprises the Code of Corporate Governance that was issued in 2012 for companies listed on the SGX-ST and supplementary principles and guidelines added by the MAS.



Independent Auditor's Report

for the financial year ended 31 December 2020

Independent Auditor's Report to the Members of United Overseas Insurance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Overseas Insurance Limited (the Company), which comprise the balance sheet as at 31 December 2020, the profit and loss statement, statement of comprehensive income, insurance revenue account, and the statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of technical balances

The Company's technical balances on the balance sheet, which include the reserve for outstanding claims and reserve for unexpired risks, contain an element of uncertainty inherent in the insurance business. We identified this as a key audit matter as the estimation of technical balances is complex as it involves a high degree of professional judgement requiring actuarial skills. In addition, there was an increase in the level of estimation uncertainty arising from the changes in market and economic conditions brought upon by the COVID-19 pandemic. With regard to the reserve for outstanding claims, the claims department will set up a loss reserve upon notification and after assessing the claim information provided. The claims information is then aggregated and considered as a whole to determine the total estimate of the ultimate losses that will be incurred in respect of the insurance policies underwritten for each line of business. The modelling for the loss reserves takes into account the claims experience, claims development, market conditions, as well as matters that are sensitive to the legal, economic, and various other factors and uncertainties, in order to arrive at the estimation of the ultimate losses. The reserve for unexpired risk is computed based on the premiums booked, nature of the policies and generally accepted valuation basis. Management reviews the claims and premiums, the inputs into the models, and they also engage a certified independent actuary to review the estimation of ultimate losses and reserve for unexpired risks to ensure that the technical balances are adequate.



Independent Auditor's Report

for the financial year ended 31 December 2020

Key Audit Matters (continued)

Valuation of technical balances (continued)

In auditing the technical balances, we performed test of controls, test of details, and analytical review procedures on the Company's technical balances. We also compared the actuarial valuation methodologies and assumptions used by management with industry data and against recognised actuarial practices. Our procedures included a review of the assumptions used by the independent qualified certifying actuary and rationale for conclusions made thereon, an assessment of the consistency of valuation methodologies applied against prior years, and an assessment of whether changes made to the actuarial models are in line with our understanding of business developments, and our expectations derived from market experience in the light of the current market and economic conditions brought upon by the COVID-19 pandemic. In addition, we performed an independent analysis and re-computation of the technical balances of selected classes of business, focusing on the largest reserves. We also compared our independent analysis to those performed by the management and obtained explanations for any significant differences.

We also assessed the adequacy of disclosures in relation to technical balances. The Company's disclosures related to technical balances are included in Note 2(h) (Reserve for Unexpired Risks), Note 2(i) (Deferred Acquisition Costs), Note 2(j) (Claims Paid and Reserve for Outstanding Claims), Note 4(a) (Insurance Risks), Note 16 (Reserve for Unexpired Risks), Note 17 (Deferred Acquisition Costs) and Note 18 (Reserve for Outstanding Claims).

Valuation of investments and application of SFRS(I) 9 Financial Instruments ("SFRS(I) 9")

The Company invests a significant portion of its funds in financial instruments that comprise mainly fixed income securities and equity shares. These investments are measured at fair value with the corresponding fair value changes recognised in the profit and loss statement or in other comprehensive income. The valuation is performed by the Company using valuation inputs which have been classified in accordance with the fair value hierarchy stated in SFRS(I) 13 Fair Value Measurement. New investments during the year were assessed to determine its classification and measurement category in accordance with SFRS(I) 9. This assessment may be complex and requires significant judgement by the management. In addition, the calculation of the Company's expected credit loss ("ECL") on its financial assets are subject to significant judgement and estimation uncertainty. Accordingly, we identified the valuation of investments and application of SFRS(I) 9 as a key audit matter.

In auditing the Company's valuation of investments, we assessed the processes and key controls relating to valuation of investments including the management's considerations of the potential impact the COVID-19 pandemic has on the valuation of the investments. We ascertained the existence of the investments through direct confirmations with the custodian and fund manager. We also performed an independent price verification on the investments using external quotes.

In auditing the application of SFRS(I) 9, we assessed the Company's classification and measurement methodology and accounting policies for compliance with the requirements of SFRS(I) 9. We reviewed the Company's business model assessment and the contractual cash flows characteristics assessment and tested such analysis to the underlying contracts on a sampling basis. We also assessed the Company's ECL methodology to evaluate its application against the requirements of SFRS(I) 9. We evaluated the design of the ECL model including the model build, approval process, ongoing monitoring, validation of the key assumptions such as the default rate and forward-looking adjustments used in the determination of the ECL factor to compute the ECL provision, model governance as well as arithmetic accuracy.

We also assessed the adequacy of disclosures in relation to the Company's investments with the relevant disclosure requirements. The Company's disclosures related to its investments are included in Note 2(p) (Financial Instruments), Note 2(q) (Impairment of Financial Assets) and Note 26 (Investments).



Independent Auditor's Report

for the financial year ended 31 December 2020

Key Audit Matters (continued)

Valuation of property recognised as investment property and fixed assets

During the year, the Company acquired a property. The cost of the property was split and recorded as investment property and fixed assets according to usage. Both the investment property and fixed assets were carried at fair value as at 31 December 2020 based on independent external valuation. We identified this as a key audit matter as the valuation process involves significant judgement in determining the appropriate valuation methodology to be used and in determining the underlying assumptions to be applied. The valuations are sensitive to key assumptions applied, including those relating to capitalization rate and prevailing market conditions, i.e. a change in assumptions may have an impact to the valuation. In addition, there was an increase in the level of estimation uncertainty arising from the changes in market and economic conditions brought upon by the COVID-19 pandemic.

In auditing the Company's valuation of the property, we considered the objectivity, independence and expertise of the external property valuer. We discussed with management and the external property valuer the valuation process, methods, and key assumptions used in determining the valuation of the property. We assessed if the valuation methodology and techniques used were adequate and consistent with appraisal methodology given the circumstances of the property in the Singapore market. We also assessed the reasonableness of the significant assumptions (such as the adjustments factors used to adjust for comparable properties and localities after taking into the adjustments like location, size, age/condition) in the valuation report to observable market data, including considerations of potential impact COVID-19 pandemic has on the valuation of the property.

We also assessed the adequacy of disclosures in relation to the Company's property with the relevant disclosure requirements. The Company's disclosures related to the property are included in Note 2(m) (Fixed Assets and Depreciation), Note 2(n) (Investment Property), Note 27 (Investment Property) and Note 28 (Fixed Assets).

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The Company's annual report is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.



Independent Auditor's Report

for the financial year ended 31 December 2020

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Independent Auditor's Report

for the financial year ended 31 December 2020

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit responsible for this independent auditor's report is Philip Ng.

Ernst & Young LLP

Public Accountants and
Chartered Accountants

Singapore
19 February 2021



Profit and Loss Account

for the financial year ended 31 December 2020

	Note	2020 \$'000	2019 \$'000
Insurance underwriting profit		21,052	24,443
Other income:			
Dividend income from investments	5(a)	3,553	7,744
Interest income from investments	5(b)	8,896	8,617
Interest on fixed deposits and bank balances from:			
– Holding company		11	102
– Other financial institutions		238	749
Rental income from property	5(c), 27	1,006	–
Net losses on disposal of fixed assets		–	(1)
Miscellaneous income		64	312
Net fair value losses on interest rate futures – realised		–	(3,008)
Net fair value gains on interest rate futures – unrealised		–	882
Net fair value losses on mandatorily measured at fair value through profit or loss (FVTPL) investments - unrealised		(46)	(3,697)
Net fair value losses on investment property – unrealised	27	(1,382)	–
Net gains on disposal of mandatorily measured at FVTPL investments		–	12,461
Net gains on disposal of fair value through other comprehensive income (FVOCI) investments	19	761	918
Write-back/(provision) of expected credit loss on debt securities at FVOCI	33(d)	26	(73)
Amortisation of premium on investments		(781)	(243)
Net fair value (losses)/gains on financial derivatives – realised		(2,057)	1,073
Net fair value gains on financial derivatives – unrealised	21	3,885	1,019
Exchange losses		(3,335)	(3,121)
		(1,507)	(1,029)
Less			
Management expenses not charged to insurance revenue account:			
– Management fees		(1,326)	(1,171)
– Other operating expenses		(1,058)	(749)
Non-underwriting income		8,455	21,814
Profit before tax		29,507	46,257
Tax expense	9(a)	(5,403)	(5,865)
Profit, net of tax		24,104	40,392
Profit attributable to:			
Equity holders of the Company		24,104	40,392
Earnings per share:			
Basic and diluted	10	39.41 cents	66.05 cents

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

Statement of Comprehensive Income

for the financial year ended 31 December 2020

	Note	2020 \$'000	2019 \$'000
Net profit		24,104	40,392
Other comprehensive (loss)/income:			
Items that will not be reclassified to profit or loss:			
Net fair value (losses)/gains on equity securities at FVOCI		(8,321)	6,288
Tax related to the above		1,284	(1,108)
		(7,037)	5,180
Items that may be reclassified subsequently to profit or loss:			
Debt securities at FVOCI			
Changes in fair value		5,294	10,156
Transfer to profit or loss on disposal	19	(761)	(918)
Changes in allowance for expected credit loss	33(d)	(26)	73
Tax related to the above	15	(770)	(1,531)
		3,737	7,780
Other comprehensive (loss)/income for the financial year, net of tax		(3,300)	12,960
Total comprehensive income for the financial year, net of tax		20,804	53,352
Total comprehensive income attributable to equity holders of the Company		20,804	53,352

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.



Insurance Revenue Account

for the financial year ended 31 December 2020

	Note	Fire \$'000	General Accident \$'000	Marine \$'000	2020 Total \$'000	2019 Total \$'000
Gross premium written		43,317	51,864	1,676	96,857	105,943
Reinsurance premium ceded		(23,214)	(33,445)	(650)	(57,309)	(62,683)
Net premium written		20,103	18,419	1,026	39,548	43,260
Movement in net reserve for unexpired risks	16	(21)	2,633	36	2,648	(1,222)
Movement in net deferred acquisition costs	17	33	(808)	(2)	(777)	310
Net earned premium		20,115	20,244	1,060	41,419	42,348
Less						
Gross claims paid		8,601	18,773	772	28,146	33,066
Reinsurance claims recoveries		(4,734)	(11,147)	(2)	(15,883)	(19,250)
Net claims paid	18	3,867	7,626	770	12,263	13,816
Change in net outstanding claims		(475)	409	(535)	(601)	(2,873)
Net claims incurred	18	3,392	8,035	235	11,662	10,943
Gross commission		9,492	8,161	306	17,959	20,738
Reinsurance commission		(11,488)	(12,118)	(226)	(23,832)	(28,179)
Net commission		(1,996)	(3,957)	80	(5,873)	(7,441)
Management expenses:						
Staff costs	7	3,424	4,101	132	7,657	8,672
Depreciation	28,29	809	968	31	1,808	1,413
Foreign exchange gain/(loss)		(1)	(1)	–	(2)	43
Impairment losses on owner-occupied property	6,28	341	409	13	763	–
Other operating expenses	6	1,947	2,330	75	4,352	4,275
Total outgoing		7,916	11,885	566	20,367	17,905
Insurance underwriting profit transferred to profit and loss account		12,199	8,359	494	21,052	24,443

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

Balance Sheet

as at 31 December 2020

	Note	2020 \$'000	2019 \$'000
Share capital			
– Issued and fully paid	12	91,733	91,733
Reserves			
General reserve	14	22,880	22,880
Revaluation on investment reserve	19	43,607	47,363
Retained profits		266,179	256,296
Total equity attributable to equity holders of the Company		424,399	418,272
Liabilities			
Insurance creditors	20	10,254	10,780
Non-trade creditors and accrued liabilities	20	7,288	6,557
Lease liabilities	29	1,159	2,368
Amount owing to related companies	20	1,465	640
Derivative financial liabilities	21	1,290	84
Tax payable	9(b)	8,605	7,210
Deferred tax liabilities	15	9,049	10,009
Deferred acquisition costs – reinsurers' share	17	8,787	9,424
Gross technical balances			
– Reserve for unexpired risks	16	49,040	56,473
– Reserve for outstanding claims	18	116,546	113,847
		213,483	217,392
		637,882	635,664
Assets			
Bank balances and fixed deposits	22	59,742	92,965
Insurance debtors	23	9,913	16,827
Non-trade debtors and accrued interest receivables	23	4,786	8,905
Derivative financial assets	21	6,839	1,748
Associated company	25	1	1
Investments	26	398,142	404,167
Investment property	27	27,591	–
Fixed assets	28	24,866	825
Right-of-use assets	29	1,231	2,556
Deferred acquisition costs – gross	17	7,025	8,439
Reinsurers' share of technical balances			
– Reserve for unexpired risks	16	29,479	34,264
– Reserve for outstanding claims	18	68,267	64,967
		637,882	635,664
		637,882	635,664

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.



Statement of Changes in Equity

for the financial year ended 31 December 2020

	Note	Attributable to equity holders of the Company				Total \$'000
		Share capital \$'000	General reserve \$'000	Revaluation on investment reserve \$'000	Retained profits \$'000	
Balance at 1 January 2020		91,733	22,880	47,363	256,296	418,272
Profit net of tax		–	–	–	24,104	24,104
Other comprehensive income for the financial year, net of tax		–	–	(3,300)	–	(3,300)
Total comprehensive income for the financial year, net of tax		–	–	(3,300)	24,104	20,804
Transfer of fair value reserves of equity securities at FVOCI upon disposal, net of tax	19	–	–	(456)	456	–
Dividend for Year 2019	11	–	–	–	(9,479)	(9,479)
Dividend for Year 2020	11	–	–	–	(5,198)	(5,198)
Balance at 31 December 2020		91,733	22,880	43,607	266,179	424,399
Balance at 1 January 2019		91,733	22,880	34,523	229,238	378,374
Profit net of tax		–	–	–	40,392	40,392
Other comprehensive income for the financial year, net of tax		–	–	12,960	–	12,960
Total comprehensive income for the financial year, net of tax		–	–	12,960	40,392	53,352
Transfer of fair value reserves of equity securities at FVOCI upon disposal, net of tax	19	–	–	(120)	120	–
Dividend for Year 2018	11	–	–	–	(8,256)	(8,256)
Dividend for Year 2019	11	–	–	–	(5,198)	(5,198)
Balance at 31 December 2019		91,733	22,880	47,363	256,296	418,272

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

Cash Flow Statement

for the financial year ended 31 December 2020

	Note	2020 \$'000	2019 \$'000
Cash Flows from Operating Activities			
Profit before tax		29,507	46,257
Adjustments for:			
Movement in net reserve for unexpired risks	16	(2,648)	1,222
Movement in net deferred acquisition costs	17	777	(310)
Movement in net reserve for outstanding claims	18	(601)	(2,873)
Net fair value gains on financial derivatives – unrealised	21	(3,885)	(1,019)
Net fair value gains on interest rate futures – unrealised		–	(882)
Impairment losses on owner-occupied property	28	763	–
Net fair value losses on investment property - unrealised	27	1,382	–
Depreciation	28,29	1,808	1,413
Interest paid	29	41	69
Net fair value losses on mandatorily measured at FVTPL investments – unrealised		46	3,697
Net gains on disposal of mandatorily measured at FVTPL investments		–	(12,461)
Net gains on disposal of FVOCI investments		(761)	(918)
Net losses on disposal of fixed assets		–	1
Amortisation of premium on investments		781	243
(Write-back)/provision of expected credit loss on debt securities at FVOCI	33(d)	(26)	73
Dividend income from investments	5(a)	(3,553)	(7,744)
Interest income from investments	5(b)	(8,896)	(8,617)
Interest on fixed deposits and bank balances		(249)	(851)
Exchange losses		3,268	2,962
Operating profit before working capital changes		17,754	20,262
Changes in working capital:			
Trade and other receivables		10,693	(9,980)
Trade and other payables		205	(4,212)
Amount owing to related companies		825	74
Cash generated from operations		29,477	6,144
Tax paid	9(b)	(4,454)	(5,202)
Interest paid		(41)	(69)
Net cash flows from operating activities		24,982	873

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.



Cash Flow Statement

for the financial year ended 31 December 2020

	Note	2020 \$'000	2019 \$'000
Cash Flows from Investing Activities			
Proceeds from disposal of investments		231,342	345,369
Purchase of investments		(232,439)	(318,705)
Purchase of investment property	27	(28,973)	–
Purchase of owner-occupied property	28	(24,582)	–
Purchase of fixed assets	28	(705)	(715)
Placement in long-term fixed deposits		(21)	(4)
Dividend received from investments		3,558	7,716
Interest received from investments		9,175	8,340
Interest received on fixed deposits and bank balances		305	828
Net cash flows (used in)/from investing activities		(42,340)	42,829
Cash Flows from Financing Activity			
Leases paid	29	(1,209)	(1,182)
Dividend paid	11	(14,677)	(13,454)
Cash flows used in financing activity		(15,886)	(14,636)
Net (decrease)/increase in cash and cash equivalents		(33,244)	29,066
Cash and cash equivalents at beginning of year		90,532	61,466
Cash and cash equivalents at end of year		57,288	90,532

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	2020 \$'000	2019 \$'000
Cash and bank balances (Note 22 (a))	32,269	16,679
Fixed deposits placement less than 3 months (Note 22 (b))	25,019	73,853
Cash and cash equivalents	57,288	90,532
Fixed deposits placement more than 3 months (Note 22 (b))	2,454	2,433
	59,742	92,965

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.



Notes to the Financial Statements

for the financial year ended 31 December 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General

United Overseas Insurance Limited (the Company) is a limited liability company domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The Company is a member of the United Overseas Bank Group. The holding company which is also the ultimate holding company is United Overseas Bank Limited, incorporated in Singapore, which owns 58% of the issued share capital of the Company.

The address of the Company's registered office is as follows:

80 Raffles Place
UOB Plaza
Singapore 048624

The address of the Company's principal place of business is as follows:

3 Anson Road
#28-01, Springleaf Tower
Singapore 079909

2 Significant Accounting Policies

(a) Basis of Preparation

The financial statements of the Company, which are presented in Singapore dollars (\$) and rounded to the nearest thousand (\$'000) except when otherwise indicated, have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) as required by the Companies Act.

The preparation of the financial statements in conformity with SFRS(I) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Except as otherwise stated, the financial statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of investment property, owner-occupied property, financial assets and all financial derivatives.

(b) Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the applicable new and revised standards which are effective for annual periods beginning on or after 1 January 2020.

Changes during the financial year

The Company adopted the following reporting standards during the financial year:

- Amendments to References to the Conceptual Framework in SFRS(I) standards
- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*
- Amendments to SFRS(I) 3 *Business Combinations: Definition of a Business*
- Amendments to SFRS(I) 9 *Financial Instruments*, SFRS(I) 1-39 *Financial Instruments: Recognition and Measurement* and SFRS(I) 7 *Financial Instruments: Disclosures: Interest Rate Benchmark Reform*
- Amendments to SFRS(I) 16 *Leases: COVID-19-Related Rent Concessions*

The adoption of these standards did not have material effect on the financial performance or position of the Company.



Notes to the Financial Statements

for the financial year ended 31 December 2020

2 Significant Accounting Policies (continued)

(c) Standards Issued but Not Yet Effective

The Company has not adopted the following standards applicable that have been issued but not yet effective:

	Effective for annual periods beginning on or after
(i) Amendments to SFRS(I) 9 <i>Financial Instruments</i> , SFRS(I) 1-39 <i>Financial Instruments: Recognition and Measurement</i> and SFRS(I) 7 <i>Financial Instruments: Disclosures</i> , SFRS(I) 4 <i>Insurance Contracts</i> , SFRS(I) 16 <i>Leases: Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
(ii) Amendments to SFRS(I) 1-16 <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
(iii) Amendments to SFRS(I) 1-37 <i>Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
(iv) Annual Improvements to SFRSs 2018-2020	1 January 2022
(v) SFRS(I) 17 <i>Insurance Contracts</i>	1 January 2023
(vi) Amendments to SFRS(I) 1-1 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i>	1 January 2023
(vii) Amendments to SFRS(I) 10 <i>Consolidated Financial Statements</i> and SFRS(I) 1-28 <i>Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

Except for SFRS(I) 17 *Insurance Contracts*, the directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application.

SFRS(I) 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the Company is required to choose either a modified retrospective approach or a fair value approach.

The Company is evaluating the impact of the new standard on its financial statements and related disclosures and plans to adopt the new standard on the required effective date.

(d) Revenue Recognition

(i) Premium income

Premium income from direct and facultative reinsurance business is taken up as income at the time a policy is issued which approximates the inception date of the risk.

Premium income from treaty reinsurance is taken up in the insurance revenue account based on statements received up to the time of closing of the books.

(ii) Investment income

Dividend income is recognised when such dividends are declared. Interest income is accounted for on an accrual basis using the effective interest method. Profits or losses on disposal of investments are recognised in the profit and loss statement, or in other comprehensive income.



Notes to the Financial Statements

for the financial year ended 31 December 2020

2 Significant Accounting Policies (continued)

(e) Government Grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is deducted on a systematic basis over the periods of the related costs. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

(f) Reinsurance

The Company assumes and/or cedes reinsurance in the normal course of business. Reinsurance assets primarily include balances due from both insurance and reinsurance companies for ceded insurance liabilities. Amounts due to reinsurers are determined in a manner consistent with the associated reinsured policies and in accordance with the reinsurance contract.

(g) Product Classification

All the Company's existing products are insurance contracts as defined in SFRS(I) 4. Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or where at inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insurance event and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period.

(h) Reserve for Unexpired Risks

Reserve for unexpired risks comprises the sum of unearned premium reserves and premium deficiency reserves.

Unearned premium reserves are calculated on the following basis:

- (i) Unearned premium reserves, other than for marine cargo and inward treaties, are calculated using the 1/24th method based on gross premiums written less premiums on reinsurances.
- (ii) Unearned premium reserves on marine cargo direct business are calculated at 25% of the gross premiums written less premiums on reinsurances.
- (iii) Unearned premium reserves on inward treaties are calculated at 40% of gross premiums written less premiums on reinsurances.

Premium deficiency reserves are derived using actuarial methods on loss statistics and are recognised when the expected value of claims and expenses attributable to the unexpired periods of policies in force at the balance sheet date for any line of business exceeds the unearned premium reserves in relation to such policies.

Reserve for unexpired risks are compared with the report issued by a certifying actuary, which is prepared for a valuation of the premium liabilities in accordance with Section 37 of the Insurance Act, Cap. 142, on a yearly basis.

(i) Deferred Acquisition Costs

Commission and other acquisition costs incurred during the financial period that vary with and are related to securing new insurance contracts and/or renewing existing insurance contracts, but which relates to subsequent financial periods, are deferred to the extent that they are recoverable out of future revenue margins. Deferred acquisition costs (DAC) are calculated using the 1/24th method on actual commission. All other acquisition costs are recognised as an expense when incurred.

An impairment review is performed at each reporting date and the carrying value is written down to the recoverable amount.



Notes to the Financial Statements

for the financial year ended 31 December 2020

2 Significant Accounting Policies (continued)

(j) Claims Paid and Reserve for Outstanding Claims

Claims are charged against the insurance revenue account when incurred based on the estimated liability for compensation owed to policyholders or damage suffered by third party claimants. They comprise direct and indirect claims settlement costs, including loss adjustment expenses and professional fees, and arise from events that have occurred up to the balance sheet date even if they have not been reported to the Company.

Provision is made for the estimated costs of all claims notified but not settled as at the balance sheet date using the best information available at that time for individual cases. Provision is also made for the estimated costs of claims incurred but not reported (IBNR) as at the balance sheet date using statistical methods and compared with the assessment of a certifying actuary as required under the Insurance Act. The Company does not discount its reserve for outstanding claims. Any reduction or increase in the reserve is dealt with in the insurance revenue account of the year in which the reduction or increase arises. Any difference between the estimated cost and subsequent settlement is dealt with in the insurance revenue account of the year in which settlement takes place. For claims from assumed reinsurance, an additional reserve is made based on developmental trends as discerned in the running-off of outstanding claims in respect of prior underwriting years.

As explained in Note 4, the assumptions used to estimate the reserve require judgement and are subject to uncertainty.

Liabilities and related assets under liability adequacy test

Insurance contracts are tested for adequacy by comparing current estimates of all future contractual cash flows with the carrying value of the liability. Where a shortfall is identified, an additional reserve is made and the Company recognises the deficiency in profit or loss for the financial year.

(k) Provisions

Provisions are recognised when the Company has a legal or constructive obligation where as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

(l) Trade and Other Debtors

Trade debtors comprise receivables related to insurance contracts and include amounts due from policyholders, agents and reinsurers. Loss allowance is measured at an amount equal to lifetime ECL with impairment loss recognised in the profit or loss. The additional accounting policies applicable to trade and other debtors can be found in Note 2(q).

(m) Fixed Assets and Depreciation

All items of fixed assets are initially recorded at cost. The cost of an item of fixed asset is recognised as an asset if, and only if, it is probable that future economic benefits associated with them will flow to the Company and the cost of the item can be measured reliably. Owner-occupied property is stated at fair value less accumulated depreciation and impairment allowance.

Valuation for owner-occupied property is performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in Other Comprehensive Income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.



Notes to the Financial Statements

for the financial year ended 31 December 2020

2 Significant Accounting Policies (continued)

(m) Fixed Assets and Depreciation (continued)

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Subsequent to recognition, other fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated so as to write off the cost of fixed assets on a straight-line basis over the expected useful lives of the assets concerned. The annual rates used for this purpose are:

	%
Furniture and fixtures	10
Office equipment	20 to 33 1/3
Motor vehicles	20
Owner-occupied property	2

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down to its recoverable amount and the impairment loss is charged to the profit or loss. If, in subsequent periods, circumstances and events that led to the provision for impairment in value cease to exist, a write-back up to the full provision may be made, net of depreciation which would have been recognised in the profit or loss had the provision not been made.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the profit or loss in the year the asset is derecognised.

(n) Investment Property

Investment property consists of leasehold office premises located at 146 Robinson Road.

Investment properties are properties that are either owned by the Company or right-of-use assets that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise of completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.



Notes to the Financial Statements

for the financial year ended 31 December 2020

2 Significant Accounting Policies (continued)

(n) Investment Property (continued)

Investment properties is derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property, the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(o) Impairment of Non-financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent to those from other assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses are recognised in the profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. For such assets, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

Notes to the Financial Statements

for the financial year ended 31 December 2020

2 Significant Accounting Policies (continued)

(p) Financial Instruments

(i) *Classification*

Financial instruments and financial liabilities are classified as follows:

Financial instruments at fair value through profit or loss

Financial instruments within a held for trading business model are classified and measured at fair value through profit or loss (FVTPL). Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Debts instruments

The debt instruments with contractual cash flows that represent solely payments of principal and interest are classified and measured as follows:

- at amortised cost (AC) if they are held within a business model whose objective is to collect contractual cash flows from the assets;
- at FVOCI if the objective of the business model is both for collection of contractual cash flows and for sale; or
- at FVTPL (designated) if so designated to eliminate or reduce accounting inconsistency.

Equity instruments

Equity instruments are classified and measured at FVTPL unless elected at inception to be classified and measured at FVOCI.

Financial liabilities

Financial liabilities are classified and measured at amortised cost (AC). They may be designated at FVTPL at initial recognition if they meet the following criteria:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities on a different basis;
- the assets and liabilities are managed on a fair value in accordance with a documented risk management or investment strategy; or
- the financial instrument contains an embedded derivative that would otherwise require bifurcation.

For financial liabilities that are designated at FVTPL, the fair value changes attributable to own credit risk are taken to other comprehensive income unless this would create accounting mismatch, in which case such fair value changes are taken to profit or loss.



Notes to the Financial Statements

for the financial year ended 31 December 2020

2 Significant Accounting Policies (continued)

(p) Financial Instruments (continued)

(ii) *Measurement*

Initial measurement

Financial instruments are recognised initially at their fair value which is generally the transaction price, reduced by loss allowance for financial assets at AC. Directly attributable transaction costs are included as part of the initial cost for financial instruments that are not measured at FVTPL.

Subsequent measurement

Held for trading financial instruments and those designated as FVTPL measured at fair value with fair value changes recognised in the income statement.

Financial instruments classified as FVOCI are measured at fair value with fair value changes taken to the fair value reserve. For debt assets, the fair value change in the fair value reserve is taken to the income statement upon disposal or impairment of the assets. For equity instruments elected to be classified as FVOCI, only dividend income is recognised in profit or loss.

All other financial instruments are measured at amortised cost using the effective interest method less allowance for impairment.

Interest and dividend income on all non-derivative financial instruments at FVTPL are recognised separately from fair value changes. The effective interest rate applied to Stage 1 and Stage 2 financial assets is on their gross carrying amount. For Stage 3 financial assets, the effective interest rate is applied to the net carrying amount.

Fair Value Determination

Fair values of financial assets and financial liabilities with active markets are determined based on the market bid and ask prices respectively at the balance sheet date. For financial instruments with no active markets, fair values are established using valuation techniques such as making reference to recent transactions or other comparable financial instruments, discounted cash flow method and option pricing models. Valuation inputs include spot and forward prices, volatilities, correlations and credit spreads.

(iii) *Recognition and derecognition*

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instruments. All regular way purchases and sales of financial assets that require delivery within the period generally established by regulation or market convention are recognised on the settlement date.

Financial instruments are derecognised when the contractual rights to cash flows and risks and rewards associated with the instruments are substantially transferred, cancelled or expired. On derecognition, the difference between the carrying amount of the instruments and the consideration received/paid, less the accumulated gain or loss that has been recognised in equity are recognised in the profit and loss statement, or in other comprehensive income.

Notes to the Financial Statements

for the financial year ended 31 December 2020

2 Significant Accounting Policies (continued)

(q) Impairment of Financial Assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments held at FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at FVOCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument.

In certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(r) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(s) Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.



Notes to the Financial Statements

for the financial year ended 31 December 2020

2 Significant Accounting Policies (continued)

(s) Financial Liabilities (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Company has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(ii) *Financial liabilities at amortised cost*

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(t) Trade and Other Creditors

Liabilities for trade and other creditors and amounts owing to related companies are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Notes to the Financial Statements

for the financial year ended 31 December 2020

2 Significant Accounting Policies (continued)

(u) Foreign Currency

(i) *Functional currency*

The financial statements of the Company are presented in Singapore dollars, which is the functional currency of the Company.

(ii) *Transactions and balances*

Foreign currency monetary assets and liabilities are converted to Singapore dollars at the rates of exchange ruling at the balance sheet date. Foreign currency transactions during the year are converted into the functional currency using the rates of exchange ruling on the transaction dates. Exchange differences are taken up in the insurance revenue accounts or in profit or loss as appropriate.

Exchange differences on non-monetary items, such as unit trusts, ETFs and equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Exchange differences on non-monetary items; such as equities classified as FVOCI financial assets, are recognised in other comprehensive income and accumulated under the revaluation on investment reserve in equity.

(v) Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(w) Deferred Income Tax

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the financial statements at the balance sheet date. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.



Notes to the Financial Statements

for the financial year ended 31 December 2020

2 Significant Accounting Policies (continued)

- (x) **Cash and Cash Equivalents**
Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash and bank balances, and fixed deposits.
- (y) **Dividend Distribution**
Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders.
- (z) **Employees' Benefits**
- (i) **Defined contribution plan**
As required by law, the Company makes contributions to the state pension scheme, the Central Provident Fund (CPF). CPF contributions are recognised in compensation expense in the same period as the employment that gives rise to the contributions.
- (ii) **Employees' leave entitlement**
Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.
- (aa) **Leases**
- (i) **As lessee**
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.
- Right-of-use assets**
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date, an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:
- Property 3 years
 - Office equipment 3 to 5 years
- If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.
- The right-of-use assets are also subject to impairment as described in Note 2(o).

Notes to the Financial Statements

for the financial year ended 31 December 2020

2 Significant Accounting Policies (continued)

(aa) Leases (continued)

(i) As lessee (continued)

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(ii) As lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Company's investment property is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(ab) Associate

An associate is an entity over which the Company has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Company's investment in material associate is accounted for using the equity method.

The Company accounts for its investments in associate using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Company's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Company's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.



Notes to the Financial Statements

for the financial year ended 31 December 2020

2 Significant Accounting Policies (continued)

(ab) Associate (continued)

Under the equity method, the investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Company's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associate. Distributions received from associate reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate, the Company recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Company and associate are eliminated to the extent of the interest in the associate.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Company determines whether it is necessary to recognise an additional impairment loss on the Company's investment in associate. The Company determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate is prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

(ac) Share Capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(ad) Segment Reporting

The Company is organised into operating segments based on its separate fund accounts in accordance with the Singapore Insurance Act (Chapter 142). Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

(ae) Related Parties

A related party is a person or entity that is related to the Company.

- (i) A person or a close member of that person's family is related to the Company if that person:
 - (a) has control or joint control over the Company;
 - (b) has significant influence over the Company; or
 - (c) is a member of the key management personnel of the Company or of a parent of the Company.
- (ii) An entity is related to the Company if any of the following conditions applies:
 - (a) The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member);
 - (c) Both entities are joint ventures of the same third party;
 - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (e) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
 - (f) The entity is controlled or jointly controlled by a person identified in (i); and
 - (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Notes to the Financial Statements

for the financial year ended 31 December 2020

3 Principal Activities

The principal activities of the Company is the underwriting of general insurance business. There have been no significant changes in the nature of these activities during the financial year.

4 Judgements and Inherent Uncertainty in Accounting Estimates

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Insurance Risks

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

As general insurance business encompasses a wide range of different insurance products, a prudent management of risks is fundamental to the Company's business. This safeguards not only the interest of its shareholders but also that of its customers. The Company has developed a robust underwriting framework to ensure that all risks accepted meet with its guidelines and standards.

The Company's business is primarily derived from Singapore and the region. Geographically, there is an inherent concentration of insurance risks in the Company's insurance portfolio. The Company has developed a reinsurance management strategy which manages such concentration of insurance risks based on historical experience of loss frequency and severity of similar risks and in similar geographical zones. The primary objectives of the Company's reinsurance management strategy include protection of shareholders' fund, smoothing out the peaks and troughs of underwriting result, providing the Company with competitive advantage, sound and diversified reinsurance securities and developing long-term strategic partnership with key reinsurers.

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance is inevitably reflected in the financial statements of insurance companies. The principal uncertainty in the Company's financial statements primarily arises in the technical reserves which include the reserves of premium and claim liabilities. The premium liabilities comprise reserve for unexpired risks, net of deferred acquisition cost while the claim liabilities comprise reserve for outstanding claims and their values are carried in the balance sheet as disclosed in Notes 16, 17 and 18 to the financial statements.

Although the premium and claim liabilities are estimated based on management's best knowledge and judgement of current facts including consultations with its certifying actuary as at the balance sheet date, the actual outcome may differ from the estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

For general insurance contracts, claims reserve, compromising provision for claims reported by policyholders and claims incurred but not reported (IBNR) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the balance sheet date. The provisions are revised continuously as part of a regular ongoing process as claims are settled and further claims are reported.



Notes to the Financial Statements

for the financial year ended 31 December 2020

4 Judgements and Inherent Uncertainty in Accounting Estimates (continued)

(a) Insurance Risks (continued)

(i) *Estimation process*

The claims reserve estimation process involves estimation of reserve of outstanding reported claims (case reserves), and estimation of additional reserves for IBNR and expected future movements in the estimated ultimate liabilities associated with outstanding reported claims incurred but not enough reported (IBNER). Case reserves are set and periodically reviewed by the claims department. IBNR and IBNER reserves are determined by the Company after taking into account the certifying actuary's assessment. The total claim liabilities are subject to a yearly actuarial review and at year end a formal actuarial report will be provided on the adequacy of the Company's claim liabilities.

In forming their view on the adequacy of the claims reserve, the actuary uses a variety of statistical projection techniques like the Chain Ladder and Bornhuetter-Ferguson methods. Claims reserve is separately analysed by class of business and it is intended to provide a minimum of 75% level of assurance of adequacy, and as such include a provision for adverse deviation (PAD) beyond the best estimate of the claim liabilities.

The best estimates for premium liabilities have been determined such that the total liability reserve would be adequate to pay for future claims and expenses in servicing the unexpired policies as of the valuation date.

(ii) *Assumptions*

The principal assumption underlying the actuarial estimate of the claim liabilities is that the past claims development experience of the Company is indicative of likely future claims development, both in terms of expected amounts and variability around those expected amounts. In estimating the required claims reserve, actuary also considers business strategy, trends in claims frequency and severity, rate of settlement, and the impact of changes in the underwriting and claims handling policies of the Company. There is typically a lot of judgement involved in estimating the claim liabilities.



Notes to the Financial Statements

for the financial year ended 31 December 2020

4 Judgements and Inherent Uncertainty in Accounting Estimates (continued)

(a) Insurance Risks (continued)

(iii) Sensitivities

The estimates of premium and claim liabilities are an inherently uncertain process. The uncertainty may be due to a number of factors, which include variation in the mix of risks insured, changes in social and legal environments, which affect the final settlement costs of unsettled claims, and changes in claim management procedures and, as a consequence of this uncertainty, the eventual value of premium and claim liabilities can vary from the initial estimates.

The following table shows an analysis of sensitivity performed by the certifying actuary on the technical balances on gross and net (i.e. reserve for unexpired risks and reserve for outstanding claims, net of reinsurers' share and deferred acquisition cost), profit before tax and equities.

	Change in assumptions	Impact on gross liabilities \$ million	Impact on net liabilities \$ million	Impact on profit before tax \$ million	Impact on equity \$ million
As at 31 December 2020					
Provision for adverse deviation margin	+20%	2.17	0.94	(0.35)	(0.29)
Loss ratio	+20%	11.82	4.60	(4.01)	(3.33)
Claims handling expenses	+20%	1.01	1.01	(0.42)	(0.35)
As at 31 December 2019					
Provision for adverse deviation margin	+20%	2.16	0.98	(0.35)	(0.29)
Loss ratio	+20%	10.66	5.12	(4.50)	(3.73)
Claims handling expenses	+20%	0.98	0.98	(0.35)	(0.29)

(b) Leases – estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

(c) Impairment Losses on Financial Assets

The measurement of impairment losses under SFRS(I) 9 across relevant financial assets requires judgement, in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used. For more details on the Company's ECL methodology and assumptions and loss allowance recognised for the year ended 31 December 2020, refer to Note 33(d).



Notes to the Financial Statements

for the financial year ended 31 December 2020

4 Judgements and Inherent Uncertainty in Accounting Estimates (continued)

(d) Revaluation of owner-occupied and investment property

The Company carries its investment property at fair value, with changes in fair value being recognised in profit or loss. In addition, it measures the owner-occupied property at fair value less accumulated depreciation and impairment allowance.

The Company engaged real estate valuation experts to assess fair value as at 31 December 2020. The fair value of the owner-occupied and investment property are determined by independent real estate valuation experts using the market comparable. The key assumptions used to determine the fair value of the investment property are provided in Note 27.

The carrying amount of the Company's investment property and owner-occupied property as at 31 December 2020 was \$51,000,000. The details can be found in Notes 27 and 28 respectively.

5 Other Income

	2020	2019
	\$'000	\$'000
(a) Dividend income from:		
– Equity securities at FVOCI	3,553	7,216
– Unit trusts and ETFs mandatorily measured at FVTPL	–	528
	3,553	7,744
(b) Interest income from:		
– Debt securities measured at FVOCI	8,896	8,617
(c) Rental income from:		
– Investment property (Note 27)	1,006	–

Notes to the Financial Statements

for the financial year ended 31 December 2020

6 Management Expenses

Included in management expenses are the following:

	Charged to insurance revenue accounts	
	2020 \$'000	2019 \$'000
Depreciation on:		
Right-of-use assets (Note 29)	1,325	1,321
Owner-occupied property (Note 28)	410	–
Furniture and fixtures (Note 28)	9	22
Office equipment (Note 28)	60	66
Motor vehicles (Note 28)	4	4
	1,808	1,413
Auditor's remuneration:		
Payable to the auditors of the Company		
– Audit fees	170	168
– Non-audit fees	7	16
	177	184
Foreign exchange (gains)/losses	(2)	43
Impairment losses on owner-occupied property (Note 28)	763	–
License/ levy	188	183
Printing and stationery	68	105
Upkeep of application software	761	846
Allowance for bad debts written off	10	1

7 Staff Information (Including an Executive Director)

	2020 \$'000	2019 \$'000
Wages, salaries and other employee benefits	6,771	7,829
Central Provident Fund contribution	886	843
	7,657	8,672
	2020	2019
Number of persons employed at the end of year	103	99

As part of the COVID-19 reliefs provided by the Singapore government, the Company received the Jobs Support Scheme of \$1,382,000 in 2020. This has been included under wages, salaries and other employee benefits.



Notes to the Financial Statements

for the financial year ended 31 December 2020

8 Directors' Remuneration

The number of directors of the Company whose total remuneration from the Company falls into the following bands is:

	2020	2019
\$750,000 to \$999,999	–	1
\$500,000 to \$749,999	1	–
\$250,000 to \$499,999	–	–
Below \$250,000	8	7
Total	9	8

9 Income Tax

(a) Tax Expense

The tax expense attributable to profit is made up of:

	2020	2019
	\$'000	\$'000
On the profit of the year:		
Singapore current income tax (Note 9(b))	5,752	6,828
Transfer (to)/from deferred taxation (Note 15)	(349)	39
	5,403	6,867
Overprovision in respect of prior financial years	–	(1,002)
Income tax expenses recognised in profit and loss	5,403	5,865

The tax expense on the results of the Company for the financial year differs from the theoretical amount that would arise by applying the Singapore statutory income tax rate to profit before tax due to the following:

	2020	2019
	\$'000	\$'000
Profit before tax	29,507	46,257
Tax calculated at a tax rate of 17% (2019: 17%)	5,016	7,864
Singapore statutory stepped income exemption	–	(17)
Exempt income	(963)	(1,041)
Expenses not deductible for tax purposes	1,741	436
Income not subject to tax	(448)	(262)
Income from qualifying debt securities and offshore insurance, taxed at a rate of 10%	(140)	(136)
Overprovision in respect of prior financial years	–	(1,002)
Others	197	23
Actual tax expense	5,403	5,865

Notes to the Financial Statements

for the financial year ended 31 December 2020

9 Income Tax (continued)

(b) Movement in Tax Payables

	2020	2019
	\$'000	\$'000
Balance at beginning of the financial year	7,210	6,562
Income tax paid	(4,454)	(5,202)
Current financial year's tax payable on profit	5,752	6,828
Tax relating to net gains on disposal of FVOCI equity securities	97	24
Overprovision in respect of prior financial years	-	(1,002)
Balance at end of financial year	8,605	7,210

10 Earnings Per Share

Earnings per share is calculated by dividing the profit after tax attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2020	2019
	\$'000	\$'000
Net profit	24,104	40,392
Weighted average number of ordinary shares ('000)	61,155	61,155
Basic and diluted earnings per share (cents)	39.41	66.05

11 Dividend Paid

	2020	2019
	\$'000	\$'000
Interim dividend of 8.5 cents per share (one-tier tax-exempt) (2019: 8.5 cents per share one-tier tax-exempt in respect of the financial year 2019), in respect of the financial year 2020	5,198	5,198
Special dividend of 7 cents per share (one-tier tax-exempt) (2019: 5 cents per share one-tier tax-exempt in respect of the financial year 2018), in respect of the financial year 2019	4,281	3,058
Final dividend of 8.5 cents per share (one-tier tax-exempt) (2019: 8.5 cents per share one-tier tax-exempt in respect of the financial year 2018), in respect of the financial year 2019	5,198	5,198
	14,677	13,454

The directors have proposed a final one-tier tax-exempt dividend of 8.5 cents per share and a special one-tier tax-exempt dividend of 4 cents per share in respect of the financial year ended 31 December 2020 amounting to \$7,644,000. These financial statements do not reflect this dividend payable, which, if approved at the forthcoming Annual General Meeting, will be accounted for in the shareholders' equity as an appropriation of retained profits in the year ending 31 December 2021.



Notes to the Financial Statements

for the financial year ended 31 December 2020

12 Share Capital

	2020		2019	
	No. of shares issued '000	\$'000	No. of shares issued '000	\$'000
Issued and fully paid, at beginning and end of financial year	61,155	91,733	61,155	91,733

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

13 Capital Management

The Company's capital management policy is to enhance shareholder value, deliver sustainable returns to shareholders, support business growth and maintain an adequate capital position to meet policyholders' obligations, regulatory requirements and the underlying risks of the Company's business and operations. Capital includes equity attributable to the owners of the Company less the investment reserve. There have been no changes to the Company's basis in determining capital.

The Company's capital management processes include the following key measures:

- observing an established dividend policy, which aims to support the Company's business needs, comply with regulatory requirements and reward shareholders reasonably;
- setting appropriate risk limits to control the Company's exposure in the underlying risks of its business and operations;
- investing the Company's funds in liquid and marketable securities and following an appropriate asset allocation strategy to maintain high liquidity and achieve the Company's objective in growth and preservation of capital; and
- stress-testing the Company's financial conditions and capital adequacy under various stress scenarios to assess and enhance the Company's financial stability.

The Company is also required to maintain a minimum amount of capital and solvency requirements as prescribed under the Singapore Insurance Act (Chapter 142) and relevant Regulations. The Company has complied with such requirements during the financial year. The Company monitors its capital level on a regular basis to assess whether the capital adequacy requirements have been met.

The Company has no borrowings, contingent liabilities and loan capital as at 31 December 2020. There was no change in the Company's capital management objectives, policies and processes during the years ended 31 December 2020 and 31 December 2019.

The Company's equity as at 31 December 2020 was \$424,399,000 (2019: \$418,272,000).

14 General Reserve

In each financial year, a certain amount of retained profits may be transferred to general reserve of the Company. The general reserve has not been earmarked for any particular purpose. In the year of 2020, there is no transfer of retained profits to general reserve.



Notes to the Financial Statements

for the financial year ended 31 December 2020

15 Deferred Tax Liabilities

Deferred tax liabilities as at 31 December relate to the following:

	Balance sheet		Profit and loss	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Differences in tax depreciation	15	26	(11)	(4)
Differences in tax depreciation – ROU assets	11	–	11	–
Differences in interest receivable	–	353	(353)	56
Differences in expected credit loss	(52)	(56)	4	(13)
Deferred income tax related to other comprehensive income:				
Revaluation of investments				
– Balance at 1 January	9,686	7,071	–	–
– Net (losses)/gains on fair value changes of FVOCI equity securities	(1,381)	1,084	–	–
– Net gains on fair value changes of FVOCI debt securities	770	1,531	–	–
Balance at 31 December	9,049	10,009		
Deferred income tax expense			(349)	39

16 Reserve for Unexpired Risks

Movements in reserve for unexpired risks:

	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year	56,473	(34,264)	22,209	56,170	(35,183)	20,987
Movement in reserve during the financial year	(7,433)	4,785	(2,648)	303	919	1,222
Balance at end of the financial year	49,040	(29,479)	19,561	56,473	(34,264)	22,209

17 Deferred Acquisition Costs

	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year	8,439	(9,424)	(985)	8,175	(9,470)	(1,295)
Movement in deferred acquisition cost during the financial year	(1,414)	637	(777)	264	46	310
Balance at end of the financial year	7,025	(8,787)	(1,762)	8,439	(9,424)	(985)



Notes to the Financial Statements

for the financial year ended 31 December 2020

18 Reserve for Outstanding Claims

Reserve for outstanding claims will become payable and materialise into claims paid as and when the amounts of insured losses suffered by policyholders or third party claimants are ascertained and agreed, without any contractual maturity date. The timing of future cash outflow arising from the reserve is not ascertainable but is likely to fall within six years.

The reserve is sensitive to many factors such as interpretation of circumstances, legislative changes, judicial decisions and economic conditions and is also subject to uncertainties such as:

- uncertainty as to whether an event has occurred which would give rise to a policyholder or a third party claimant an insured loss;
- uncertainty as to the extent of policy coverage and limits applicable; and
- uncertainty as to the amount of insured loss suffered by a policyholder or a third party claimant as a result of the event occurring.

Movements in reserve for outstanding claims:

	2020			2019		
	Gross \$'000	Reinsurance \$'000	Net \$'000	Gross \$'000	Reinsurance \$'000	Net \$'000
Balance at beginning of the financial year	113,847	(64,967)	48,880	130,123	(78,370)	51,753
Claims paid during the financial year	(28,146)	15,883	(12,263)	(33,066)	19,250	(13,816)
Claims incurred	30,845	(19,183)	11,662	16,790	(5,847)	10,943
Balance at end of the financial year	116,546	(68,267)	48,279	113,847	(64,967)	48,880



Notes to the Financial Statements

for the financial year ended 31 December 2020

18 Reserve for Outstanding Claims (continued)

The following are the Company's actual claims compared with previous estimates on gross and net basis:

Accident Year	2010 & prior	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total (\$'000)
Estimate of claims incurred – gross												
– at end of accident year	44,992	50,653	80,354	51,991	49,497	67,666	50,098	45,449	44,683	52,362		
– one year later	54,297	53,641	79,297	54,793	48,664	67,916	43,213	41,787	36,934			
– two years later	51,295	51,420	64,022	52,172	45,692	65,144	41,472	39,786				
– three years later	48,677	46,423	59,966	47,179	41,671	57,644	39,067					
– four years later	43,555	43,229	54,375	40,311	40,072	54,276						
– five years later	41,559	40,962	50,165	38,627	38,159							
– six years later	39,181	38,166	46,124	35,887								
– seven years later	36,880	31,230	45,281									
– eight years later	36,472	31,085										
– nine years later	36,252											
Current estimate of cumulative claims incurred	36,252	31,085	45,281	35,887	38,159	54,276	39,067	39,786	36,934	52,362		
Less: cumulative claims paid to date	35,501	30,350	43,910	31,056	34,130	43,062	30,419	23,128	17,361	5,485		
Liability recognised in the balance sheet	1,859	751	735	1,371	4,831	4,029	11,214	8,648	16,658	19,573	46,877	116,546
Estimate of claims incurred – net												
– at end of accident year	22,500	24,853	27,458	22,829	24,872	24,275	20,090	17,621	17,567	18,395		
– one year later	26,822	23,624	26,472	22,111	20,214	22,206	19,530	17,455	15,792			
– two years later	25,989	23,702	25,101	21,096	19,353	21,555	19,370	17,685				
– three years later	25,338	21,261	22,665	18,894	17,530	20,418	18,248					
– four years later	22,218	19,585	20,438	17,041	16,462	18,890						
– five years later	21,350	18,495	19,545	16,173	15,693							
– six years later	20,134	17,410	17,858	15,033								
– seven years later	19,278	16,284	17,613									
– eight years later	19,046	16,160										
– nine years later	18,902											
Current estimate of cumulative claims incurred	18,902	16,160	17,613	15,033	15,693	18,890	18,248	17,685	15,792	18,395		
Less: cumulative claims paid to date	18,283	15,547	16,766	13,611	13,861	14,736	14,436	10,248	6,428	1,670		
Liability recognised in the balance sheet	1,454	619	613	847	1,422	1,832	4,154	3,812	7,437	9,364	16,725	48,279



Notes to the Financial Statements

for the financial year ended 31 December 2020

19 Revaluation on Investment Reserve

Revaluation on investment reserve records the cumulative fair value changes in FVOCI investments, net of deferred income tax, until they are derecognised or impaired.

	2020 \$'000	2019 \$'000
Balance at 1 January	47,363	34,523
Net change in the reserve, net of tax	(3,756)	12,840
Balance at 31 December	43,607	47,363
Net change in the reserve arises from:		
– Net (losses)/gains on fair value changes and changes in allowance for ECL during the financial year, net of tax	(2,668)	13,722
– Recognised in the profit and loss account on disposal of FVOCI debt securities, net of 17% tax (2019: 17%)	(632)	(762)
– Recognised in the retained profits on disposal of FVOCI equity securities, net of 17% tax (2019: 17%)	(456)	(120)
	(3,756)	12,840

20 Amount owing to Trade and Non-trade Creditors

(a) Amount owing to Policyholders, Agents and Reinsurers

	2020 \$'000	2019 \$'000
Amount owing to policyholders and agents	147	162
Amount owing to reinsurers	7,380	7,692
Amount retained from reinsurers	2,727	2,926
Insurance creditors	10,254	10,780
Non-trade creditors and accrued liabilities	7,288	6,557
Amount owing to related companies	1,465	640
Total financial liabilities carried at amortised cost	19,007	17,977

These amounts are non-interest bearing and are normally settled on 90-day term.

Notes to the Financial Statements

for the financial year ended 31 December 2020

20 Amount owing to Trade and Non-trade Creditors (continued)

(b) Amount Retained from Reinsurers

	2020		
	Gross carrying amount \$'000	Gross amount offset in the balance sheet \$'000	Amount in the balance sheet \$'000
Amount retained from reinsurers	2,750	(23)	2,727

	2019		
	Gross carrying amount \$'000	Gross amount offset in the balance sheet \$'000	Amount in the balance sheet \$'000
Amount retained from reinsurers	2,978	(52)	2,926

These amounts are interest bearing. They are normally settled on a yearly basis.

(c) Non-trade Creditors and Accrued Liabilities

These amounts are unsecured, non-interest bearing and repayable on demand.

(d) Amount owing to Related Companies

These amounts are unsecured, non-interest bearing and repayable on demand.



Notes to the Financial Statements

for the financial year ended 31 December 2020

21 Financial Derivatives

Financial derivatives are instruments whose values change in response to the change in prices of the underlying instruments.

The Company transacts in forward contracts to manage its foreign exchange exposure arising from investment in fixed income securities denominated in foreign currencies.

The table below shows the Company's foreign exchange forward contracts and their fair values measured by valuation technique with market observable inputs at the balance sheet date. The most frequently applied valuation techniques include forward and future pricing models. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates. They are classified as level 2 in the fair value hierarchy. These amounts do not necessarily represent future cash flows and amounts at risk of the forward.

Recurring fair value measurements	2020			2019		
	Contract/ notional amount \$'000	Derivative financial assets \$'000	Derivative financial liabilities \$'000	Contract/ notional amount \$'000	Derivative financial assets \$'000	Derivative financial liabilities \$'000
Foreign exchange forwards						
Sell USD/Buy SGD	291,767	6,839	–	225,477	1,748	–
Buy USD/Sell SGD	56,707	–	1,290	9,926	–	84

For the year ended 31 December 2020, the Company recognised net unrealised fair value gains on financial derivatives of \$3,885,000 (2019: net unrealised fair value gains \$1,901,000).

The foreign exchange forward contracts have maturity dates in March 2021 (2019: March 2020). Counterparties are mainly graded at A-1+.

Notes to the Financial Statements

for the financial year ended 31 December 2020

22 Bank Balances and Fixed Deposits

(a) Cash and Bank Balances

	2020	2019
	\$'000	\$'000
Bank balances with:		
Holding company	5,613	4,820
Other financial institutions	26,654	11,857
Cash on hand	2	2
	<u>32,269</u>	<u>16,679</u>

Cash and bank balances earn interest at rates based on daily deposit rates.

(b) Fixed Deposits

	2020	2019
	\$'000	\$'000
Fixed deposits with:		
Holding company	1,430	1,313
Other financial institutions	26,043	74,973
	<u>27,473</u>	<u>76,286</u>
Fixed deposits with:		
3 months or less	25,019	73,853
More than 3 months	2,454	2,433
	<u>27,473</u>	<u>76,286</u>

The Company's fixed deposits with the holding company and other financial institutions mature on varying dates within 6 months (2019: 6 months) from the financial year end and earn interest at the respective fixed deposit rates. The weighted average effective interest rate of these deposits at 31 December 2020 for the Company was 0.13% (2019: 1.32%) per annum.

	2020	2019
	\$'000	\$'000
Total bank balances and fixed deposits	<u>59,742</u>	<u>92,965</u>



Notes to the Financial Statements

for the financial year ended 31 December 2020

23 Loans and Receivables

	2020	2019
	\$'000	\$'000
Bank balances and fixed deposits	59,742	92,965
Amount due from policyholders and agents (Note 24(a))	4,290	5,081
Amount due from reinsurers (Note 24(b))	3,480	9,327
Amount retained by ceding companies (Note 24(c))	2,143	2,419
Insurance debtors	9,913	16,827
Non-trade debtors and accrued interest receivables (excluding prepayments of \$186,000 in 2020, \$117,000 in 2019)	4,600	8,788
Loans and receivables	74,255	118,580

All bank balances, fixed deposits, non-trade debtors and accrued interest receivables are placed with counterparties that are graded from A- to AA-. Amount due from reinsurers and ceding companies with counterparties that are mainly graded from B++ to AA+.

24 Amount Due from Policyholders and Agents, Reinsurers and Ceding Companies

The Company has arrangements to settle the net amount due to or from each counterparty on a 90-day term basis.

(a) Amount Due from Policyholders and Agents

	2020		
	Gross carrying amount \$'000	Gross amount offset in the balance sheet \$'000	Amount in the balance sheet \$'000
Amount due from policyholders and agents (Note 23)	5,482	(1,192)	4,290
Amount owing to policyholders and agents (Note 20)	(1,339)	1,192	(147)
	2019		
	Gross carrying amount \$'000	Gross amount offset in the balance sheet \$'000	Amount in the balance sheet \$'000
Amount due from policyholders and agents (Note 23)	5,900	(819)	5,081
Amount owing to policyholders and agents (Note 20)	(981)	819	(162)

These amounts are unsecured and non-interest bearing with payment terms not exceeding 90 days.

Notes to the Financial Statements

for the financial year ended 31 December 2020

24 Amount Due from Policyholders and Agents, Reinsurers and Ceding Companies (continued)

(b) Amount Due from Reinsurers

	2020		
	Gross carrying amount \$'000	Gross amount offset in the balance sheet \$'000	Amount in the balance sheet \$'000
Amount due from reinsurers (Note 23)	40,516	(37,036)	3,480
Amount owing to reinsurers (Note 20)	(44,416)	37,036	(7,380)
	2019		
	Gross carrying amount \$'000	Gross amount offset in the balance sheet \$'000	Amount in the balance sheet \$'000
Amount due from reinsurers (Note 23)	45,614	(36,287)	9,327
Amount owing to reinsurers (Note 20)	(43,979)	36,287	(7,692)

These amounts are unsecured and non-interest bearing with payment terms not exceeding 90 days.

(c) Amount Retained by Ceding Companies

	2020		
	Gross carrying amount \$'000	Gross amount offset in the balance sheet \$'000	Amount in the balance sheet \$'000
Amount retained by ceding companies (Note 23)	2,166	(23)	2,143
	2019		
	Gross carrying amount \$'000	Gross amount offset in the balance sheet \$'000	Amount in the balance sheet \$'000
Amount retained by ceding companies (Note 23)	2,471	(52)	2,419



Notes to the Financial Statements

for the financial year ended 31 December 2020

25 Associated Company

This represents the Company's investment in the following company:

Name of company	Country of incorporation & place of business	Principal activity	Cost of investment		% of paid-up capital held by the Company	
			2020	2019	2020	2019
			\$'000	\$'000	%	%
United Insurance Agency Pte Ltd*	Singapore	General Insurance Agent	1	1	49	49

* Audited by KPMG LLP, Singapore

The Company's investment in associate is considered immaterial and therefore does not apply equity accounting as at 31 December 2020.

26 Investments

Financial instruments as at 31 December 2020

	2020	2019
	\$'000	\$'000
Mandatorily measured at fair value through profit or loss		
– Unit trusts and ETFs	5,329	5,375
At fair value through other comprehensive income		
– Debt securities	262,867	281,009
– Equity securities	129,946	117,783
	392,813	398,792
Total	398,142	404,167
Net carrying amount		
Current	78,306	56,710
Non-current	319,836	347,457
	398,142	404,167

The debt securities bear an effective weighted average interest rate of 3.22% (2019: 3.59%) per annum with maturity dates from January 2021 to September 2031 (2019: October 2020 to July 2034). The other government securities bear an effective weighted average interest rate of 3.43% (2019: 3.82%) per annum with maturity dates from April 2024 to April 2025 (2019: April 2023 to January 2025).

The Company's debt securities and other government securities are all graded as investment grade.

Notes to the Financial Statements

for the financial year ended 31 December 2020

26 Investments (continued)

Fair value measurements

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- (a) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- (b) Level 2 – Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- (c) Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The investments are measured at fair value at 31 December as follows:

Recurring fair value measurements	2020			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Mandatorily measured at FVTPL				
– Unit trusts	5,329	–	–	5,329
At FVOCI				
– Debt securities	262,867	–	–	262,867
– Equity securities	129,946	–	–	129,946
	398,142	–	–	398,142
Recurring fair value measurements	2019			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Mandatorily measured at FVTPL				
– Unit trusts	5,375	–	–	5,375
At FVOCI				
– Debt securities	281,009	–	–	281,009
– Equity securities	117,783	–	–	117,783
	404,167	–	–	404,167

The fair value of investments traded in active markets is based on the quoted market bid prices at the balance sheet date. These investments are included in Level 1.

The fair value of investments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at the balance sheet date. Quoted market prices, dealer quotes or net tangible asset values for similar instruments as well as other techniques, such as estimated discounted cash flows are used to estimate fair value of these instruments. These investments are included in Level 2.

In infrequent circumstances, where a valuation technique for an investment is based on significant unobservable inputs, such instruments are included in Level 3.



Notes to the Financial Statements

for the financial year ended 31 December 2020

27 Investment Property

	2020 \$'000
Balance as at 1 January 2020	–
Additions	28,973
Net fair value loss recognised in profit or loss	(1,382)
Balance as at 31 December 2020	27,591

The following amounts are recognised in profit and loss:

	2020 \$'000
Rental income	1,006
Direct operating expenses (including repairs and maintenance) generating rental income	(303)
Profit arising from investment property	703

As at 31 December 2020, the investment property consists of leasehold office premises located at 146 Robinson Road, Singapore.

Investment property is stated at fair value, which has been determined based on valuations performed as at 1 December 2020. The valuation was performed by an independent valuer with a recognised and relevant professional qualification. The valuer analysed and studied recent sales evidence of similar properties in comparable localities that had been transacted in the open market.

The investment property was leased to third parties under operating leases, further summary details of which are included in Note 29.

Fair value measurements

The Company classified the fair value of its investment property as Level 3 as the valuation is determined based on direct comparison method, with the key unobservable inputs being market value based on existing use and the age of the building.

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop the investment properties or for repairs, maintenance or enhancements.

Notes to the Financial Statements

for the financial year ended 31 December 2020

28 Fixed Assets

	Owner-occupied property \$'000	Furniture and fixtures \$'000	Office equipment \$'000	Motor vehicles \$'000	Total \$'000
Cost					
At 1 January 2019	–	404	2,037	70	2,511
Additions	–	–	715	–	715
Disposals	–	–	(17)	–	(17)
At 31 December 2019 and 1 January 2020	–	404	2,735	70	3,209
Additions	24,582	–	705	–	25,287
Disposals	–	–	–	–	–
At 31 December 2020	24,582	404	3,440	70	28,496
Accumulated depreciation and impairment					
At 1 January 2019	–	337	1,917	54	2,308
Depreciation charge for the year	–	22	66	4	92
Disposals	–	–	(16)	–	(16)
At 31 December 2019 and 1 January 2020	–	359	1,967	58	2,384
Depreciation charge for the year	410	9	60	4	483
Impairment	763	–	–	–	763
Disposals	–	–	–	–	–
At 31 December 2020	1,173	368	2,027	62	3,630
Net book value					
At 31 December 2019	–	45	768	12	825
At 31 December 2020	23,409	36	1,413	8	24,866



Notes to the Financial Statements

for the financial year ended 31 December 2020

29 Leases

(a) Company as a lessee

The Company has lease contracts for various items of property and office equipment used in its operations. The lease of property has a lease term of 3 years, while office equipment have lease terms between 3 and 5 years.

The Company also has certain leases of office equipment with lease terms of 12 months or less, or with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Property \$'000	Office equipment \$'000	Total \$'000
Balance as at 1 January 2019	3,769	99	3,868
Depreciation charge for the year	(1,292)	(29)	(1,321)
Additions to right-of-use assets	–	9	9
Balance as at 31 December 2019 and 1 January 2020	2,477	79	2,556
Depreciation charge for the year	(1,295)	(30)	(1,325)
Additions to right-of-use assets	–	–	–
Balance as at 31 December 2020	1,182	49	1,231

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Total \$'000
Balance as at 1 January 2019	3,541
Additions	9
Accretion of interest	69
Payments	(1,251)
Balance as at 31 December 2019 and 1 January 2020	2,368
Additions	–
Accretion of interest	41
Payments	(1,250)
Balance as at 31 December 2020	1,159

The maturity analysis of lease liabilities are disclosed in Note 33(f).

Notes to the Financial Statements

for the financial year ended 31 December 2020

29 Leases (continued)

(a) Company as a lessee (continued)

The following are the amounts recognised in profit or loss:

	2020 \$'000	2019 \$'000
Depreciation charge on right-of-use assets	1,325	1,321
Interest expense on lease liabilities	41	69
Expense relating to short-term leases	(3)	5
Expense relating to leases of low-value assets	131	64
Total amount recognised in profit or loss	1,494	1,459

The Company had total cash outflows for leases of \$1,378,000 in 2020 (2019: \$1,320,000). The Company does not have non-cash additions to right-of-use assets and lease liabilities in 2020 (2019: \$9,000).

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide operational flexibility and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

(b) Company as a lessor

The Company has entered into operating leases on its investment property consisting of leasehold office premises (Note 27). These leases are negotiated for terms ranging from one to three years.

Rental income recognised by the Company during the year is \$1,006,000 (Note 5).

Future minimum rental receivable under non-cancellable operating leases as at 31 December 2020 are as follows:

	2020 \$'000
Within one year	688
After one year but within three years	220
More than three years	–
	908

As part of the COVID-19 reliefs provided by the Singapore government, the Company received \$127,000 being property tax rebate and rental waivers. During the year, \$156,000 was passed on to eligible tenants as rental waivers.

30 Commitments

(a) Capital Commitments

The Company has no lease contracts that have not yet commenced as at 31 December 2020.

(b) Renovation for 146 Robinson Road

At 31 December 2020, the Company has committed to upgrading and uplifting of the investment property at 146 Robinson Road. This is expected to be completed by Q4 2021.



Notes to the Financial Statements

for the financial year ended 31 December 2020

31 Related Party Transactions

The following related party transactions took place between the Company and related parties during the financial year on terms agreed by the parties concerned:

	2020 \$'000	2019 \$'000
Gross premium income from:		
– Holding company	5,553	5,354
– Related companies	471	469
– Associated companies of the holding company	1,041	1,151
Commission expenses paid to:		
– Holding company	6,913	8,263
– Related companies	40	141
– Associated company	624	634
Gross claims incurred/(written back) from:		
– Holding company	(252)	(3,947)
– Related companies	-	2
– Associated companies of the holding company	(28)	(523)
Lease payments paid to an associated company of the holding company	1,220	1,220
Management fee received from an associated company of the holding company	750	750
Management fee charged by a related company	1,325	1,171
Service fee charged by holding company	2,890	2,689
Interest income earned from holding company	11	102
Purchase of building from holding company		
– Investment property	28,132	-
– Owner-occupied property	23,868	-
Compensation of key management personnel		
– Directors of the Company	1,080	1,015
Directors' remuneration included fees, salary, bonus, Central Provident Fund contribution and other emoluments (including benefits-in-kind) computed based on costs incurred by the Company.		

Notes to the Financial Statements

for the financial year ended 31 December 2020

32 Segment Information

The Company is principally engaged in the business of underwriting general insurance. As the Company has different operating segments, its business are segregated into separate fund accounts in accordance with the requirements of the Singapore Insurance Act (Chapter 142).

As required under the Singapore Insurance Act, the Company has established and maintained a Singapore Insurance Fund (SIF) for insurance business relating to Singapore policies and an Offshore Insurance Fund (OIF) for insurance business relating to offshore policies. Shareholders' Fund (SHF) relates to the Company's investment activities of its non-insurance funds.

The segment information has been prepared in accordance with the Company's accounting policy and SFRS(I).

	SIF \$'000	OIF \$'000	SHF \$'000	Total \$'000
For Year 2020				
Gross premium written	71,020	25,837	–	96,857
Net earned premium	28,303	13,116	–	41,419
Net claims incurred	(6,604)	(5,058)	–	(11,662)
Net commission	7,482	(1,609)	–	5,873
Management expenses	(11,814)	(2,764)	–	(14,578)
Underwriting profit	17,367	3,685	–	21,052
Gross dividends from investments	1,158	221	2,174	3,553
Interest income from investments	4,804	1,024	3,068	8,896
Interest on fixed deposits and bank balances	149	57	43	249
Rental income from property	–	–	1,006	1,006
Net fair value gains on financial derivatives	953	51	824	1,828
Net fair value losses on FVTPL investments – unrealised	(23)	(23)	–	(46)
Exchange losses	(1,659)	(426)	(1,250)	(3,335)
Net fair value losses on investment property – unrealised	–	–	(1,382)	(1,382)
Net gains on disposal of FVOCI investments	358	160	243	761
Other expenses	(238)	(84)	(369)	(691)
Miscellaneous management expenses not charged to insurance revenue account – net	(782)	(178)	(1,424)	(2,384)
Profit before tax	22,087	4,487	2,933	29,507
Tax expense	(4,221)	(562)	(620)	(5,403)
Profit after tax	17,866	3,925	2,313	24,104
Segment total assets as at 31 December 2020	328,247	76,371	233,264	637,882
Segment total liabilities as at 31 December 2020	162,895	40,640	9,948	213,483



Notes to the Financial Statements

for the financial year ended 31 December 2020

32 Segment Information (continued)

	SIF \$'000	OIF \$'000	SHF \$'000	Total \$'000
For Year 2019				
Gross premium written	77,625	28,318	–	105,943
Net earned premium	29,456	12,892	–	42,348
Net claims incurred	(3,157)	(7,786)	–	(10,943)
Net commission	7,971	(530)	–	7,441
Management expenses	(11,730)	(2,673)	–	(14,403)
Underwriting profit	22,540	1,903	–	24,443
Gross dividends from investments	1,432	276	6,036	7,744
Interest income from investments	4,675	1,022	2,920	8,617
Interest on fixed deposits and bank balances	471	183	197	851
Net losses on disposal of fixed assets	(1)	–	–	(1)
Net fair value losses on financial derivatives	(42)	(25)	33	(34)
Net fair value losses on FVTPL investments – unrealised	(2,176)	(558)	(963)	(3,697)
Exchange losses	(1,692)	(344)	(1,085)	(3,121)
Net gains on disposal of FVTPL Investments	6,866	1,783	3,812	12,461
Net gains on disposal of FVOCI investments	463	181	274	918
Other income/(expenses)	146	(39)	(111)	(4)
Miscellaneous management expenses not included in insurance revenue account – net	(724)	(158)	(1,038)	(1,920)
Profit before tax	31,958	4,224	10,075	46,257
Tax expense	(4,836)	(277)	(752)	(5,865)
Profit after tax	27,122	3,947	9,323	40,392
Segment total assets as at 31 December 2019	347,018	87,695	200,951	635,664
Segment total liabilities as at 31 December 2019	162,984	44,233	10,175	217,392

Information about major external customers

For the year ended 31 December 2020 and the preceding period, the Company did not have any external customer whose premium income exceeded 10% of the Company's total revenue.

Geographical information

Geographical information of the Company's revenue derived from external customers based on location of insurance risks and non-current assets are as follows:

	Revenue for		Non-current assets as at	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Singapore	74,302	80,724	26,097	3,381
ASEAN countries	16,201	17,823	–	–
Others	6,354	7,396	–	–
	96,857	105,943	26,097	3,381

The Company's non-current assets presented above consist of fixed assets and right-of-use assets.

Notes to the Financial Statements

for the financial year ended 31 December 2020

33 Financial Risk Factors and Management

The Company's business activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates, interest rates and market prices. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

(a) Foreign Exchange Risk

The Company has transactional currency exposures arising from its offshore insurance business.

The Company is also exposed to foreign exchange risk arising from its investing activities. The Company transacts in forward contracts to manage its foreign exchange exposure arising from investments denominated in foreign currencies. Other than the exposure arising from investments denominated in foreign currencies, the Company does not consider its exposure to foreign exchange risk to be significant.

The Company monitors its exposure in each foreign currency as well as its aggregate exposure in all foreign currencies on a regular basis. The Company's net position in foreign currencies is as follows:

	Total net assets/(liabilities) position			
	2020		2019	
	Amount in foreign currency 1,000 units	Amount in reporting currency \$'000	Amount in foreign currency 1,000 units	Amount in reporting currency \$'000
Australian	(7)	(8)	(6)	(6)
Chinese Renminbi	1,323	282	2,782	529
Euro	–	–	1	2
Hong Kong Dollar	(44,586)	(7,810)	(41,533)	(7,273)
Indian Rupee	(46,756)	(994)	(55,899)	(1,183)
Indonesian Rupiah	(1,134,299)	(108)	(440,475)	(43)
Japanese Yen	(2,971)	(39)	(1,454)	(18)
Korean Won	6,149	7	(4,643)	(5)
Malaysian Ringgit	271	88	11,863	3,899
Thai Baht	(4,334)	(187)	7,202	326
US Dollar	32,336	42,734	14,528	19,526
		33,965		15,754

The following table shows the sensitivity of the Company's profit before tax and the Company's equity to a reasonable possible change in the Singapore dollar exchange rate against all other currencies, with all other variables held constant:

	Increase/ Decrease in \$ exchange rate	Effect on Profit before tax \$'000	Effect on equity net of tax \$'000
2020	+5%	400	(1,742)
	-5%	(400)	1,742
2019	+5%	158	(785)
	-5%	(158)	785

The method used for deriving sensitivity analysis and significant variables did not change from the previous year.



Notes to the Financial Statements

for the financial year ended 31 December 2020

33 Financial Risk Factors and Management (continued)

(b) Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's operating cash outflow commitment is substantially independent of changes in market interest rates.

The Company's exposure to the risk of changes in market interest rates relates primarily to the interest income on the Company's fixed deposits and the debt securities measured at fair value through other comprehensive income and through profit or loss. When it is necessary, the Company uses interest rate futures to manage its interest rate risk.

During 2020 and as at 31 December 2020, if interest rates had been 10 basis points higher/lower, with all other variables held constant, the Company's profit before tax for the year is estimated to be \$279,000 (2019: \$351,000) higher/lower, due mainly to higher/lower interest income on fixed deposits and fixed income securities. The Company's equity as at 31 December 2020 is estimated to be \$938,000 (2019: \$1,016,000) lower/higher due to unrealised loss/gain on fixed income securities.

The method used for deriving sensitivity analysis and significant variables did not change from the previous year.

(c) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than exchange or interest rates). The Company is exposed to market price risk arising from its investments comprising mainly quoted equity securities, debt securities and unit trusts. The Company has established an investment policy, which sets strategic asset allocation and maximum exposure limits for its investment portfolio. The quoted equity securities are listed on the Singapore Exchange or other regulated stock exchanges overseas.

At the balance sheet date, if the market prices of the equity investments had been 2% (2019: 2%) higher/lower with all other variables held constant, the Company's equity would have been \$2,157,000 (2019: \$1,955,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments.

The method used for deriving sensitivity analysis and significant variables did not change from the previous year.

(d) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Company has no significant concentration of credit risk.

The Company has credit control policies in place to ensure that sales made to customers and recoveries from reinsurers are duly collected. The Company has also established a selection and management policy for reinsurers to ensure that they are financially sound and set maximum exposure limits for its reinsurers based on their financial strength.

Notwithstanding the measures taken, the failure of one or more of the Company's policyholders, agents, ceding companies, reinsurers and other counter-parties including issuers of debt securities to honour their contractual obligations, may result in credit losses being incurred and this will adversely affect the Company's financial position.

Notes to the Financial Statements

for the financial year ended 31 December 2020

33 Financial Risk Factors and Management (continued)

(d) Credit Risk (continued)

The Company applies a simplified approach in calculating expected credit losses (ECLs) on trade receivables. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company recognises an allowance for ECLs for all debt securities not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

The Company generally considers that balances outstanding for more than 90 days as due. The ageing summary of balances due to the Company is as follows:

	2020				2019			
	Up to 3 months \$'000	3 to 6 months \$'000	Above 6 months \$'000	Total \$'000	Up to 3 months \$'000	3 to 6 months \$'000	Above 6 months \$'000	Total \$'000
Amount due from policyholders and agents (Note 24(a))	3,643	485	165	4,293	3,719	899	466	5,084
Less Expected credit loss	–	–	(3)	(3)	–	–	(3)	(3)
	<u>3,643</u>	<u>485</u>	<u>162</u>	<u>4,290</u>	<u>3,719</u>	<u>899</u>	<u>463</u>	<u>5,081</u>
Amount due from reinsurers (Note 24(b))	2,618	460	405	3,483	4,392	387	4,553	9,332
Less Expected credit loss	–	–	(3)	(3)	–	–	(5)	(5)
	<u>2,618</u>	<u>460</u>	<u>402</u>	<u>3,480</u>	<u>4,392</u>	<u>387</u>	<u>4,548</u>	<u>9,327</u>
							2020 \$'000	2019 \$'000

Movement in ECL accounts:

At 1 January							8	4
– Provision							(2)	4
At 31 December							<u>6</u>	<u>8</u>

As stated in Note 23, the Company's counterparties to its financial assets other than its FVOCI measured debt securities are mainly graded from B++ to AA+ and as such, the Company has minimal credit risk. The Company's ECL allowance as at 31 December 2020 is based on lifetime ECL.



Notes to the Financial Statements

for the financial year ended 31 December 2020

33 Financial Risk Factors and Management (continued)

(d) Credit Risk (continued)

The ageing summary of the gross receivables not subject to offsetting arrangements is as follows:

	2020				2019			
	Up to 3 months \$'000	3 to 6 months \$'000	Above 6 months \$'000	Total \$'000	Up to 3 months \$'000	3 to 6 months \$'000	Above 6 months \$'000	Total \$'000
Amount due from policyholders and agents (Note 24(a))	4,292	550	640	5,482	4,205	1,124	571	5,900
Amount due from reinsurers (Note 24(b))	32,681	3,466	4,369	40,516	33,786	2,812	9,016	45,614

The loss allowance provision for debt securities at fair value through other comprehensive income as at 31 December 2020 reconciles to the opening loss allowance for that provision as follows:

	2020 \$'000	2019 \$'000
As at 1 January 2019 – as previously reported	325	252
Loss allowance measured at:		
12-month ECL		
(Write-back)/provision of ECL	(26)	73
As at 31 December 2020	299	325

The Company's FVOCI measured debt securities are mainly graded from BBB- to AA+ and as such, the Company has minimal credit risk. The Company's ECL allowance as at 31 December 2020 is based on 12-month ECL.

Financial assets that are neither past due nor impaired

Amounts due from policyholders, agents and reinsurers that are neither past due nor impaired are mainly creditworthy debtors with good payment record with the Company. With regard to other financial assets of the Company, which comprise cash and bank balances, fixed deposits, receivables and investments, they are placed with or entered into with reputable financial institutions or companies with high credit rating and no history of default.

The Company's exposure to credit risk, arising from default of the counterparty, has a maximum exposure equal to the carrying amount of these assets in the balance sheet.

(e) Concentration Risk

An important element of managing both market and credit risks is to actively manage concentration to specific issuers, counterparties, industry sectors, countries and currencies. Both internal and regulatory limits are put in place to monitor and manage concentration risk. These limits are reviewed on a regular basis by the respective management committees. The Company's exposures are within the concentration limits set by regulators.



Notes to the Financial Statements

for the financial year ended 31 December 2020

33 Financial Risk Factors and Management (continued)

(f) Liquidity Risk

Liquidity risk is the risk that the Company is unable to meet its cash outflow commitment as and when they fall due. These commitments are generally met through cash and time deposits held by the Company and cash inflows generated from its operation, supplemented by assets readily convertible into cash. Liquidity risk may also arise if the cash flows related to assets and liabilities are mismatched.

Although the Company is not exposed to significant liquidity risk, it has formulated a liquidity policy to manage its liquidity risk. It is the Company's policy to maintain adequate liquidity at all times. The Company aims to honour all cash outflow commitments on an ongoing basis and to avoid raising funds from credit facilities or through the forced sale of investments.

Maturity profile

The table below summarises the maturity profile of the Company's assets and liabilities excluding the prepayments and technical balances based on remaining undiscounted contractual obligations.

	2020			Total \$'000	Carrying Amount \$'000
	<3 months \$'000	3 – 12 months \$'000	> 1 year \$'000		
Investments					
At FVTPL					
Unit trust*	5,329	–	–	5,329	5,329
At FVOCI					
Debt securities	528	3,859	246,784	251,171	262,867
Equities securities*	129,946	–	–	129,946	129,946
Insurance debtors	6,261	3,088	564	9,913	9,913
Non-trade debtors and accrued interest receivables excluding prepayments	4,600	–	–	4,600	4,600
Bank balances and fixed deposits	58,322	1,280	140	59,742	59,742
Derivative financial assets	6,839	–	–	6,839	6,839
Investment property	27,591	–	–	27,591	27,591
Assets	239,416	8,227	247,488	495,131	506,827
Insurance creditors	63	9,238	953	10,254	10,254
Non-trade creditors and accrued liabilities	7,288	–	–	7,288	7,288
Lease liabilities	209	935	26	1,170	1,159
Amount owing to related companies	1,465	–	–	1,465	1,465
Derivative financial liabilities	1,290	–	–	1,290	1,290
Liabilities	10,315	10,173	979	21,467	21,456

* No maturity date



Notes to the Financial Statements

for the financial year ended 31 December 2020

33 Financial Risk Factors and Management (continued)

(f) Liquidity Risk (continued)

Maturity profile (continued)

	2019			Total \$'000	Carrying Amount \$'000
	<3 months \$'000	3 – 12 months \$'000	> 1 year \$'000		
Investments					
At FVTPL					
Unit trust*	5,375	–	–	5,375	5,375
At FVOCI					
Debt securities	–	3,750	270,921	274,671	281,009
Equities securities*	117,783	–	–	117,783	117,783
Insurance debtors	8,111	8,341	375	16,827	16,827
Non-trade debtors and accrued interest receivables excluding prepayments	8,788	–	–	8,788	8,788
Bank balances and fixed deposits	91,549	976	440	92,965	92,965
Derivative financial assets	1,748	–	–	1,748	1,748
Assets	233,354	13,067	271,736	518,157	524,495
Insurance creditors	562	9,731	487	10,780	10,780
Non-trade creditors and accrued liabilities	6,230	–	327	6,557	6,557
Lease liabilities	209	1,043	1,170	2,422	2,368
Amount owing to related companies	640	–	–	640	640
Derivative financial liabilities	84	–	–	84	84
Liabilities	7,725	10,774	1,984	20,483	20,429

* No maturity date

Due to the nature of its business, the Company's claim liabilities, which comprise reserve for outstanding claims and the related reinsurers' share of those balances, are excluded from the above analysis as management are of opinion that, due to inherent uncertainties as to amount and timing, no meaningful maturity analysis of such items are practicable. The inherent liquidity risk assumed by the Company in this respect is mitigated by the Company's liquidity policy.

34 Fair Values of Financial Instruments

The carrying values of the financial assets and financial liabilities as at the balance sheet date approximate their fair values as shown in the balance sheet.

35 Authorisation of Financial Statements

The financial statements were authorised for issue in accordance with a resolution of the directors on 19 February 2021.

United Overseas Insurance Limited

(Incorporated in Singapore)

31 December 2020

Investor Reference

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Statistics of Shareholdings

as at 8 March 2021

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	121	6.80	1,841	0.00
100 – 1,000	384	21.59	253,013	0.41
1,001 – 10,000	994	55.87	3,850,060	6.30
10,001 – 1,000,000	275	15.46	15,884,802	25.98
1,000,001 and above	5	0.28	41,165,284	67.31
Total	1,779	100.00	61,155,000	100.00

Public Float

Under Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, at least 10 per cent of the total number of issued shares (excluding treasury shares, preference shares and convertible equity securities) of a listed company in a class that is listed must be at all times held by the public.

Based on information available to the Company as at 8 March 2021, approximately 41.3 per cent of the issued shares of the Company was held by the public and therefore, Rule 723 of the Listing Manual has been complied with.

Twenty Largest Shareholders (as shown in the Register of Members and Depository Register)

No.	Name	No. of Shares	%
1	Tye Hua Nominees Private Limited	35,707,500	58.39
2	Citibank Nominees Singapore Pte Ltd	2,221,050	3.63
3	Chong Chew Lim @ Chong Ah Kau	1,205,000	1.97
4	Maybank Kim Eng Securities Pte. Ltd.	1,026,734	1.68
5	Chen Siong Seng	1,005,000	1.64
6	Thia Cheng Song	825,000	1.35
7	Ng Poh Cheng	815,950	1.33
8	OCBC Securities Private Limited	813,803	1.33
9	DBS Nominees (Private) Limited	607,870	0.99
10	India International Insurance Pte Ltd – SIF	603,750	0.99
11	Chong Chin Chin (Zhang JingJing)	562,000	0.92
12	Chong Kian Chun (Zhang JianJun)	542,500	0.89
13	Ng Ean Nee Mrs Chee Ying Lin @ Ooi Ean Nee	500,000	0.82
14	Singapore Reinsurance Corporation Ltd – Shareholders	475,000	0.78
15	Chen Swee Kwong	455,000	0.74
16	United Overseas Bank Nominees (Private) Limited	417,300	0.68
17	Yeoh Phaik Ean	375,000	0.61
18	Tan Suat Lay @ Tan Suat Ngor	245,250	0.40
19	Estate of Thian Thin Khoon, deceased	225,274	0.37
20	Lim Yen Mie Betty	225,000	0.37
	Total	48,853,981	79.88

Substantial Shareholder (as shown in the Register of Substantial Shareholder)

Name of substantial shareholder	Shareholding registered in the name of substantial shareholder No. of Shares	Other shareholding in which the substantial shareholder is deemed to have an interest No. of Shares
United Overseas Bank Limited	–	*35,707,500

Note:

* United Overseas Bank Limited is deemed to have an interest in the 35,707,500 UOI shares held by Tye Hua Nominees Private Limited.



Notice of Annual General Meeting

United Overseas Insurance Limited

(Incorporated in the Republic of Singapore)

Company Registration No. 197100152R

Notice is hereby given that the 50th Annual General Meeting (AGM) of members of United Overseas Insurance Limited (Company) will be convened and held by electronic means on Friday, 23 April 2021 at 11:00am to transact the following business:

AS ORDINARY BUSINESS

- Resolution 1** To receive the Audited Financial Statements, the Directors' Statement and the Auditor's Report for the year ended 31 December 2020.
- Resolution 2** To declare a final one-tier tax-exempt dividend of 8.5 cents per share and a special one-tier tax-exempt dividend of 4 cents per share for the year ended 31 December 2020.
- Resolution 3** To approve Directors' fees of \$284,750 for 2020 (2019: \$262,500).
- Resolution 4** To reappoint Ernst & Young LLP as Auditor of the Company and authorise the Directors to fix its remuneration.
To re-elect the following Directors:
- Resolution 5** Dr Wee Cho Yaw (retiring by rotation)
- Resolution 6** Mr David Chan Mun Wai (retiring by rotation)
- Resolution 7** Mr Hwang Soo Jin (retiring by rotation)

Additional information on Dr Wee Cho Yaw and Messrs David Chan Mun Wai and Hwang Soo Jin can be found on pages 132 to 137 of the UOI Annual Report 2020.

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following ordinary resolutions:

- Resolution 8** "That for the purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the Singapore Exchange Securities Trading Limited (which will take effect from 1 January 2022), and subject to and contingent upon the passing of Resolution 7, and the passing of Resolution 9:
- (a) the appointment of Mr Hwang Soo Jin as an independent Director be and is hereby approved; and
 - (b) such approval shall continue in force until (i) the retirement or resignation of Mr Hwang Soo Jin as a Director, or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution, whichever is the earlier."
- Resolution 9** "That for the purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST) (which will take effect from 1 January 2022), and subject to and contingent upon the passing of Resolution 8, and the passing of this Resolution 9 by shareholders excluding the Directors and the chief executive officer of the Company and their respective associates as defined in the Listing Manual of the SGX-ST:
- (a) the appointment of Mr Hwang Soo Jin as an independent Director be and is hereby approved; and
 - (b) such approval shall continue in force until (i) the retirement or resignation of Mr Hwang Soo Jin as a Director, or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution, whichever is the earlier."



Notice of Annual General Meeting

United Overseas Insurance Limited

Resolution 10 “THAT authority be and is hereby given to the Directors to:

- (a) (i) issue ordinary shares in the capital of the Company (**Shares**) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, **Instruments**) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, notwithstanding that the authority conferred by this Resolution may have ceased to be in force,

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued Shares, excluding treasury shares and subsidiary holdings (as calculated in accordance with paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall be less than 10 per cent of the total number of issued Shares, excluding treasury shares and subsidiary holdings (as calculated in accordance with paragraph (2) below);
- (2) (subject to such manner of calculation and adjustment as may be prescribed by the Singapore Exchange Securities Trading Limited (**SGX-ST**)) for the purpose of determining the aggregate number of Shares that may be issued under paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares, excluding treasury shares and subsidiary holdings, at the time this Resolution is passed, after adjusting for:
 - (i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.”

In this Resolution 10, “**subsidiary holdings**” shall have the meaning ascribed to it in the Listing Manual of the SGX-ST.

Explanatory Notes to Resolutions

Resolution 2 is to approve the final and special dividends. The Transfer Books and Register of Members will be closed on 4 May 2021, for the preparation of the final and special dividends. Registrable transfers received up to 5:00pm on 3 May 2021 (record date) will be entitled to the final and special dividends. If approved, the final and special dividends will be paid on 14 May 2021.



Notice of Annual General Meeting

United Overseas Insurance Limited

Resolution 5 is to re-elect Dr Wee Cho Yaw as a director. Dr Wee is currently a non-executive and non-independent director. If re-elected, Dr Wee will continue as the Chairman of the Remuneration Committee and a member of the Nominating Committee.

Resolution 6 is to re-elect Mr David Chan Mun Wai as a director. Mr Chan is an executive and non-independent director. If re-elected, Mr Chan will continue in his role as managing director.

Resolution 7 is to re-elect Mr Hwang Soo Jin as a director. Mr Hwang is currently a non-executive director. Mr Hwang is a non-independent director under the Insurance (Corporate Governance) Regulations 2013 and an independent director under the MAS Guidelines¹ and Code of Corporate Governance (6 August 2018) (2018 Code).

If Resolution 7 is not passed, Resolutions 8 and 9 will be withdrawn. Please refer to the Notes to Resolutions 8 and 9 below.

Upon the passing of Ordinary Resolutions 7, 8 and 9, Mr Hwang Soo Jin will continue as a non-executive and non-independent director under the Insurance (Corporate Governance) Regulations 2013, and as an independent director under the MAS Guidelines, 2018 Code and Listing Manual of the SGX-ST, and as the Chairman of the Nominating Committee and a member of the Remuneration Committee.

Resolutions 8 and 9 are to approve the appointment of Mr Hwang Soo Jin as an independent Director under Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, which will take effect from 1 January 2022. This Rule provides that a Director will not be independent if he has been a Director for an aggregate period of more than nine years and his continued appointment as an independent Director has not been sought and approved in separate resolutions by (a) all shareholders; and (b) shareholders excluding the Directors and the chief executive officer (CEO) of the Company, and their respective associates.

Mr Hwang Soo Jin has served as an independent Director for an aggregate of more than nine years. The Company is accordingly seeking the requisite approvals under Rules 210(5)(d)(iii)(A) and (B) for Mr Hwang's continued appointment as an independent Director from 1 January 2022. If obtained, the requisite approvals will remain in force until (a) the retirement or resignation of Mr Hwang as a Director, or (b) the conclusion of the third Annual General Meeting following the passing of Resolutions 8 and 9, whichever is the earlier.

In seeking the requisite approvals under Rule 210(5)(d)(iii) for Mr Hwang to continue as an independent Director, the Company seeks to strike an appropriate balance between continuity and refreshment of its Board members. The Board believes that the Company will benefit from having Directors on its Board who, over time, have gained valuable insights into the Company, its business and the industry in which it operates.

Mr Hwang, together with Dr Wee Cho Yaw, founded UOI in 1971 and served as its managing director from 1971 till 1996 when he handed the reins to Mr David Chan Mun Wai, the current managing director. Mr Hwang is serving his 50th year on the Board. The Company has benefited greatly from the strong foundation laid down by him. In his role as director, he has remained steadfastly independent in overseeing UOI. Every decision he makes for UOI has always been in the best interest of UOI.

For more than five decades, Mr Hwang served on numerous public company boards ranging from manufacturing, finance, construction, property development, hospitality and others as well as a number of statutory boards. He was a Member of Parliament (1968–1984) and Deputy Speaker of Parliament of the Republic of Singapore (1981–1984). During his time in Parliament, he also served for several years first as member and later as chairman of the Public Accounts Committee.

He was twice elected president of the General Insurance Association of Singapore and served as chairman of the Insurance Ombudsman Council with mandates from both general and life insurance. For his long standing contributions to the insurance industry in Asia he was awarded the Lifetime Achievement Award by the Asia Insurance Industry in 2013.

¹ "MAS Guidelines" means the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (3 April 2013). It comprises the Code of Corporate Governance that was issued in 2012 for companies listed on the SGX-ST and supplementary principles and guidelines added by the MAS.



Notice of Annual General Meeting

United Overseas Insurance Limited

Having stepped down as chairman and director of Singapore Reinsurance Corporation of which he was a founding director, he is now chairman emeritus and senior advisor. He continues to give support to worthy charitable, social and cultural causes in particular by donating regularly to National Kidney Foundation, NHCS Heart to Heart Fund and the Asian Civilisations Museum among others.

Mr Hwang's length of service on the Board neither interferes with his exercise of independent judgment nor hinders his ability to act in the best interests of the Company. On this basis, the Board is of the view that Mr Hwang will be able to continue to discharge his duties independently with integrity and competency.

Under Rule 210(5)(d)(iii)(A), all shareholders may vote on Resolution 8.

Under Rule 210(5)(d)(iii)(B), the Directors and the CEO of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST) will abstain from voting on Resolution 9. The Company will disregard any votes cast by the Directors and the CEO of the Company, and their respective associates, in respect of their holdings of shares (if any) on Resolution 9. The Chairman of the Meeting will accept appointment as proxy for any other shareholder to vote in respect of Resolution 9, where such shareholder has given specific instructions in a validly completed and submitted proxy form as to voting, or abstentions from voting, in respect of Resolution 9.

If Resolution 8 is not passed, Resolution 9 will be withdrawn. For the avoidance of doubt, in such event, Mr Hwang Soo Jin will continue as an independent Director on the Board of the Company (under the MAS Guidelines, prevailing Listing Manual of the SGX-ST and 2018 Code) and as the Chairman of the Nominating Committee and a member of the Remuneration Committee until 1 January 2022 when Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST takes effect.

In any case, the Board and the Nominating Committee will at all times, comply with the provisions of the Insurance Regulations, the Listing Manual of the SGX-ST, the MAS Guidelines and the 2018 Code.

Resolution 10 is to empower the Directors to issue ordinary shares in the capital of the Company (**Shares**) and to make or grant instruments (such as warrants, debentures or options) convertible into Shares, and to issue Shares in pursuance of such instruments, up to an amount not exceeding in total 50 per cent of the total number of issued Shares, excluding treasury shares and subsidiary holdings, of which the number of Shares that may be issued other than on a *pro rata* basis to shareholders shall be less than 10 per cent of the total number of Shares that may be issued (**General Mandate**). For the purpose of determining the aggregate number of Shares that may be issued pursuant to the General Mandate, the percentage of issued Shares shall be based on the total number of issued Shares, excluding treasury shares and subsidiary holdings, at the time that Resolution 10 is passed, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 10 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of Shares.

By ORDER OF THE BOARD

Vivien Chan

Company Secretary

Singapore
1 April 2021



Notice of Annual General Meeting

United Overseas Insurance Limited

Notes

1. The UOI Annual Report 2020, this Notice of AGM, Additional Information on Directors Seeking Re-election, and the proxy form for the AGM may be accessed at the:
 - (a) UOI website: www.uoi.com.sg/uoi/index.html, and
 - (b) SGX website: www.sgx.com/securities/company-announcements
2. The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
3. Due to the current COVID-19 situation in Singapore, a member will not be able to attend the AGM in person. Members may participate in the AGM by taking the following steps:
 - (a) pre-registering to observe or listen to the AGM proceedings via “live” audio-visual webcast or “live” audio-only stream;
 - (b) submitting questions in advance of the AGM; and
 - (c) appointing the Chairman of the Meeting as proxy to attend, to speak and to vote on their behalf at the AGM.
4. The key dates/deadlines that members should take note of are summarised in the table below.

Key dates/ Deadline	Actions
20 April 2021, 11:00am (Tuesday)	<p><i>Deadline for pre-registration for the AGM</i></p> <ol style="list-style-type: none">1. Members must pre-register at https://online.meetings.vision/uoi-agm-registration for the “live” audio-visual webcast or “live” audio-only stream of the AGM proceedings.2. Members must fill in their name, NRIC/Passport/Company Registration number, shareholding type, mobile number and email address during the pre-registration in order for the Company to verify their status as members.3. Investors who hold shares through relevant intermediaries, including CPF and SRS investors, should contact their respective relevant intermediaries if they wish to observe or listen to the AGM proceedings, submit questions in advance of the AGM and/or appoint the Chairman of the Meeting as proxy to attend, to speak and to vote on their behalf at the AGM.4. Registrants whose names do not appear on the Company’s Register of Members/CDP Depository Register/CPF and SRS agent or operators’ lists as at 11:00am on 20 April 2021 will be rejected.
13 April 2021, 5:00pm (Tuesday)	<p><i>Deadline for CPF or SRS investors</i></p> <p>CPF or SRS investors should approach their respective Agent Banks/SRS operators to make arrangements for them to:</p> <ol style="list-style-type: none">(a) observe or listen to the AGM proceedings;(b) submit questions in advance of the AGM; and/or(c) appoint the Chairman of the Meeting as proxy to attend, to speak and to vote on their behalf at the AGM.



Notice of Annual General Meeting

United Overseas Insurance Limited

Key dates/ Deadline	Actions
<p>15 April 2021, 5:00pm (Thursday)</p>	<p><i>Deadline for submission of questions in advance</i></p> <ol style="list-style-type: none"> 1. Members will not be able to ask questions during the AGM, therefore it is important that they submit their questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the Meeting, in advance of the AGM. 2. Members can submit questions in the following manner: <ol style="list-style-type: none"> (a) by email: uoiagm@uoi.com.sg; or (b) by post: 3 Anson Road, #28-01 Springleaf Tower, Singapore 079909 (Attention: Mr Aaron Cheong). 3. To ensure that questions are received by the Company by the stipulated deadline, members are strongly encouraged to submit their questions via email. 4. When sending questions, members should also provide their full name and NRIC/Passport/Company Registration No. for verification. Mobile phone numbers provided will help the Company to reach out more easily if clarification is required. 5. The Company will endeavour to address substantial and relevant questions received from members before the AGM and the answers will be published at www.uoi.com.sg/uoi/index.html and the SGX website.
<p>20 April 2021, 11:00am (Tuesday)</p>	<p><i>Deadline for submission of proxy form to vote</i></p> <ol style="list-style-type: none"> 1. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his proxy to attend, to speak and to vote on his behalf at the AGM if such member wishes to exercise his voting rights at the AGM. 2. A member must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid. 3. The instrument appointing the Chairman of the Meeting as proxy must be downloaded, completed and signed/executed by the shareholder before submitting it to the Company in the following manner: <ol style="list-style-type: none"> (a) By post: United Overseas Insurance Limited, c/o Trusted Services Pte. Ltd., 456 Alexandra Road, #14-02 Fragrance Empire Building, Singapore 119962; or (b) Electronically: <ol style="list-style-type: none"> (i) via email: proxyform@trustedservices.com.sg; or (ii) via the pre-registration website: https://online.meetings.vision/uoi-agm-registration, <p>in each case not less than 72 hours before the time appointed for holding the AGM.</p> 4. Members are strongly encouraged to submit completed instruments appointing a proxy electronically via email or via the pre-registration website. 5. The Chairman of the Meeting, as proxy, need not be a member of the Company.



Notice of Annual General Meeting

United Overseas Insurance Limited

Key dates/ Deadline	Actions
22 April 2021, by 12 noon (Thursday)	<p>User ID and password to access the AGM proceedings</p> <ol style="list-style-type: none"> 1. Authenticated registrants will receive an email containing login credentials (unique user ID and password) and the link to access the “live” audio-visual webcast or a toll-free telephone number (toll-free applies to land line only; toll charges may apply if using mobile) and conference code to access the “live” audio-only stream of the AGM proceedings (Confirmation Email). 2. Registrants who do not receive the Confirmation Email by 12 noon on 22 April 2021 should contact the Company’s share registrar, Boardroom Corporate & Advisory Services Pte Ltd at (+65) 6536 5355 during office hours from 8:30am to 5:30pm, Monday to Friday or by email to srs.teamb@boardroomlimited.com.
23 April 2021, 11:00am (Friday)	<p>AGM</p> <ol style="list-style-type: none"> 1. The telephone line to access the “live” audio-only stream will open from 10:45am onwards. Members will be put on hold until the AGM commences at 11:00am. 2. The “live” audio-visual webcast will start when the AGM commences at 11:00am.
3 May 2021, 5:00pm (Monday)	<p>Dividend</p> <p>Record Date for determining entitlements to final and special dividends, subject to members approving the dividend payment at the AGM.</p>
14 May 2021 (Friday)	<p>Payment date for final and special dividends, subject to members approving the dividend payment at the AGM.</p>

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, to speak and to vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member’s personal data by the Company* for the purposes of the processing, administration and analysis by the Company* of the appointment of the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes, notes of discussion and other documents relating to the AGM (including any adjournment thereof), for publication of the names and comments of the members and proxy on the Company’s website, and in order for the Company* to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

* including the Company’s agents and/or service providers

Scan the QR
code to access
UOI Annual
Report 2020



Additional Information on Directors Seeking Re-election

Pursuant to SGX-ST Listing Manual – Appendix 7.4.1 (Information as at 19 February 2021)

Name of Director	Wee Cho Yaw
Date of appointment	17 February 1971
Date of last reappointment (if applicable)	13 April 2018
Age	92
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	In 1971, Dr Wee Cho Yaw together with Mr Hwang Soo Jin, founded UOI and has served as its chairman since then. Dr Wee's far-sighted business acumen is well recognised. Under his chairmanship, UOI has seen steady annual growth in net assets since inception. The Board whole-heartedly recommends the re-election of Dr Wee so that the Company can continue to benefit from his inspiring and enlightened leadership, wealth of experience as well as valuable guidance.
Whether appointment is executive, and if so, the area of responsibility	Non-executive
Job title (e.g. Lead ID, AC Chairman, AC member, etc)	<ul style="list-style-type: none"> • Non-executive and non-independent Director • Member of Nominating Committee • Chairman of Remuneration Committee
Professional qualifications	–
Working experience and occupation(s) during the past 10 years	<ul style="list-style-type: none"> • Chairman Emeritus and Honorary Adviser, United Overseas Bank (UOB) (2018 to current) • Chairman Emeritus and Adviser, UOB (2014 to 2018) • Chairman Emeritus, UOB (2013 to 2014) • Chairman, UOB (1974 to 2013) • Chairman Emeritus and Honorary Adviser, United Overseas Bank (Malaysia) (UOBM) (2019 to current) • Chairman Emeritus and Adviser, UOBM (2013 to 2019) • Chairman, UOBM (1994 to 2013) • Chairman, United Overseas Bank (Thai) Public Company (2004 to current) • Supervisor, United Overseas Bank (China) (2007 to current) • President Commissioner, PT Bank UOB Indonesia (1989 to 2019) • Chairman Emeritus and Adviser, Far Eastern Bank (FEB) (2013 to 2018) • Chairman, FEB (1984 to 2013) • Chairman, Haw Par Corporation (1978 to current) • Chairman, United Industrial Corporation (1992 to current) • Chairman, UOL Group (1973 to current) • Chairman, Pan Pacific Hotels Group (1982 to current) • Chairman, Marina Centre Holdings (1996 to current)
Shareholding interest in the listed issuer and its subsidiaries	38,100 UOI ordinary shares

Additional Information on Directors Seeking Re-election

Pursuant to SGX-ST Listing Manual – Appendix 7.4.1 (Information as at 19 February 2021)

Name of Director	Wee Cho Yaw
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or any of its principal subsidiaries	Father of Mr Wee Ee Cheong, who is a director of UOI and Deputy Chairman and Chief Executive Officer of UOB, a substantial shareholder. Dr Wee Cho Yaw is a substantial shareholder of UOB.
Conflict of interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other principal commitments ¹ including Directorships:	
Past (for the last five years)	<ul style="list-style-type: none"> • PT Bank UOB Indonesia (President Commissioner) (till October 2019) • United Overseas Bank (Malaysia) (Chairman Emeritus and Adviser) (till April 2019) • Far Eastern Bank (Chairman Emeritus and Adviser) (till May 2018) • United Overseas Bank (Chairman Emeritus and Adviser) (till April 2018)
Present	<ul style="list-style-type: none"> • United Overseas Bank (Chairman Emeritus and Honorary Adviser) • United Overseas Bank (Malaysia) (Chairman Emeritus and Honorary Adviser) • United Overseas Bank (China) (Supervisor) • United Overseas Bank (Thai) Public Company (Chairman) • Haw Par Corporation (Chairman) • United Industrial Corporation (Chairman) • UOL Group (Chairman) • Marina Centre Holdings (Chairman) • Pan Pacific Hotels Group (Chairman) • Wee Foundation (Chairman) • Chung Cheng High School (Chairman) • Nanyang Technological University (Pro-Chancellor) • Singapore Chinese Chamber of Commerce & Industry (Honorary President) • Singapore Federation of Chinese Clan Associations (Honorary President) • Singapore Hokkien Huay Kuan (Honorary President)

¹ "Principal Commitments" has the same meaning as defined in the Code of Corporate Governance 2018.



Additional Information on Directors Seeking Re-election

Pursuant to SGX-ST Listing Manual – Appendix 7.4.1 (Information as at 19 February 2021)

Name of Director	David Chan Mun Wai
Date of appointment	10 March 1994
Date of last reappointment (if applicable)	12 April 2019
Age	66
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Mr David Chan Mun Wai, a chartered insurer, joined UOI in 1990 and was appointed managing director in 1996. He grew the business under the guidance of the founders and built upon the strong foundation laid by his predecessor. As part of his duties as managing director, he is mentoring candidates with potential to succeed to positions in the C-suite. The Board unreservedly recommends that Mr David Chan Mun Wai be re-elected to continue in his role as UOI's managing director.
Whether appointment is executive, and if so, the area of responsibility	Executive
Job title (e.g. Lead ID, AC Chairman, AC member, etc)	<ul style="list-style-type: none"> Executive and non-independent Director Managing Director and Chief Executive
Professional qualifications	<ul style="list-style-type: none"> Bachelor of Business Administration, University of Singapore Chartered Insurance Institute, UK (Fellow)
Working experience and occupation(s) during the past 10 years	Managing Director of UOI (1996 to current)
Shareholding interest in the listed issuer and its subsidiaries	21,000 UOI ordinary shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or any of its principal subsidiaries	Nil
Conflict of interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other principal commitments ¹ including Directorships:	
Past (for the last five years)	Nil
Present	Singapore Reinsurance Corporation (Deputy Chairman)

¹ "Principal Commitments" has the same meaning as defined in the Code of Corporate Governance 2018.



Additional Information on Directors Seeking Re-election

Pursuant to SGX-ST Listing Manual – Appendix 7.4.1 (Information as at 19 February 2021)

Name of Director	Hwang Soo Jin
Date of appointment	17 February 1971
Date of last reappointment (if applicable)	13 April 2018
Age	85
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>Please refer to the Notes to Resolutions 7, 8 and 9 in the Notice of Annual General Meeting for the Board's comments on Mr Hwang's appointment.</p> <p>The Board firmly believes that re-electing Mr Hwang will be of tremendous benefit to UOI and strongly recommends his re-election.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-executive
Job title (e.g. Lead ID, AC Chairman, AC member, etc)	<ul style="list-style-type: none"> • Non-executive and non-independent Director under the Insurance (Corporate Governance) Regulations 2013 and Independent Director under the MAS Guidelines², Code of Corporate Governance (6 August 2018) and prevailing SGX-ST Listing Manual (until 31 December 2021) • Chairman of Nominating Committee • Member of Remuneration Committee
Professional qualifications	<ul style="list-style-type: none"> • Chartered Insurance Institute, UK (Chartered Insurer) • Singapore Insurance Institute (Honorary Fellow)
Working experience and occupation(s) during the past 10 years	<ul style="list-style-type: none"> • Senior Advisor and Chairman Emeritus, Singapore Reinsurance Corporation (2008 to current) • Chairman, Singapore Reinsurance Corporation (1984 to 2007) • Director, Singapore Reinsurance Corporation (1973 to 2019) • Director, Haw Par Corporation (1986 to current) • Director, United Industrial Corporation (2003 to current)
Shareholding interest in the listed issuer and its subsidiaries	100,000 UOI ordinary shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or any of its principal subsidiaries	Nil
Conflict of interest (including any competing business)	Nil

² "MAS Guidelines" means the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (3 April 2013). It comprises the Code of Corporate Governance that was issued in 2012 for companies listed on the SGX-ST and supplementary principles and guidelines added by the MAS.



Additional Information on Directors Seeking Re-election

Pursuant to SGX-ST Listing Manual – Appendix 7.4.1 (Information as at 19 February 2021)

Name of Director	Hwang Soo Jin
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other principal commitments ¹ including Directorships:	
Past (for the last five years)	<ul style="list-style-type: none"> Singapore Reinsurance Corporation (Director) (till April 2019)
Present	<ul style="list-style-type: none"> Haw Par Corporation (Director) United Industrial Corporation (Director) Singapore Reinsurance Corporation (Senior Advisor and Chairman Emeritus)

Name of Directors: Wee Cho Yaw, David Chan Mun Wai and Hwang Soo Jin

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.

- | | | |
|-----|---|----|
| (a) | Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No |
| (b) | Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No |
| (c) | Whether there is any unsatisfied judgement against him? | No |
| (d) | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No |
| (e) | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No |
| (f) | Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No |

Additional Information on Directors Seeking Re-election

Pursuant to SGX-ST Listing Manual – Appendix 7.4.1 (Information as at 19 February 2021)

Name of Directors: Wee Cho Yaw, David Chan Mun Wai and Hwang Soo Jin

- | | | |
|-----|---|----|
| (g) | Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No |
| (h) | Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No |
| (i) | Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No |
| (j) | Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: | |
| | (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or | No |
| | (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | No |
| | (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | No |
| | (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, | No |
| | in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | |
| (k) | Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No |



Proxy Form



UNITED OVERSEAS INSURANCE LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 197100152R

MEMBER OF THE UOB GROUP

1. The 50th Annual General Meeting (AGM) is being convened, and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions received and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Notice of AGM dated 1 April 2021.
3. The Notice of AGM and Additional Information on Directors Seeking Re-election may be accessed at the Company's website at www.uoi.com.sg/uoi/index.html, and the SGX website at www.sgx.com/securities/company-announcements.
4. Due to the current COVID-19 situation in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his proxy to attend, to speak and to vote on his behalf at the AGM if such member wishes to exercise his voting rights at the AGM.
5. CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective Agent Banks/SRS operators to submit their votes by 5:00pm on 13 April 2021.
6. By submitting an instrument appointing the Chairman of the Meeting as proxy, a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 1 April 2021.
7. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a member's proxy to attend, to speak and to vote on his behalf at the AGM.

I/We _____ (Name), NRIC/Passport/Co. Reg. No. _____

of _____ (Address)

being a member/members of United Overseas Insurance Limited (Company), hereby appoint the Chairman of the Meeting as my/our proxy, to attend, to speak and to vote for me/us on my/our behalf at the 50th Annual General Meeting (AGM) of members of the Company to be convened and held by way of electronic means on Friday, 23 April 2021 at 11:00am and at any adjournment thereof.

I/We direct the Chairman of the Meeting to vote for, against and/or to abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder.

No.	Ordinary Resolutions	No. of Votes For*	No. of Votes Against*	No. of Votes Abstaining*
1	Audited Financial Statements, Directors' Statement and Auditor's Report			
2	Final and special dividends			
3	Directors' fees			
4	Auditor and its remuneration			
5	Re-election (Dr Wee Cho Yaw)			
6	Re-election (Mr David Chan Mun Wai)			
7	Re-election (Mr Hwang Soo Jin)			
8	Mr Hwang Soo Jin's appointment as an independent director by all shareholders			
9	Mr Hwang Soo Jin's appointment as an independent director by shareholders (excluding the Directors and the chief executive officer of the Company and their respective associates)			
10	Authority to issue ordinary shares			

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" a resolution or to abstain from voting on the resolution in respect of all your votes, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise some and not all of your votes "For" and "Against" a resolution and/or to abstain from voting in respect of a resolution, please indicate the number of votes "For", "Against" and/or "Abstaining" in the boxes provided for the resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

Dated this _____ day of _____ 2021

Shares in	No. of Shares
(i) Depository Register	
(ii) Register of Members	
Total (see Note 1)	

Signature(s) or Common Seal of Members

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS FORM



Please
affix
a stamp
here

United Overseas Insurance Limited
c/o Trusted Services Pte. Ltd.
456 Alexandra Road
#14-02 Fragrance Empire Building
Singapore 119962

Fold here

NOTES TO PROXY FORM

1. If a member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited (CDP)), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. Due to the current COVID-19 situation in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his proxy to attend, to speak and to vote on his behalf at the AGM if such member wishes to exercise his voting rights at the AGM. This proxy form may be downloaded from the Company's website at www.uoi.com.sg/uoii/index.html, or the SGX website at www.sgx.com/securities/company-announcements or the AGM pre-registration website at <https://online.meetings.vision/uoii-agm-registration>. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his proxy, he must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective Agent Banks/SRS operators to submit their votes by 5:00pm on 13 April 2021.
4. The Chairman of the Meeting, as proxy, need not be a member of the Company.
5. The instrument appointing the Chairman of the Meeting as proxy must be downloaded, completed and signed/executed by the member before submitting it to the Company in the following manner:
 - (a) By post: United Overseas Insurance Limited, c/o Trusted Services Pte. Ltd., 456 Alexandra Road, #14-02 Fragrance Empire Building, Singapore 119962; or
 - (b) Electronically:
 - (i) via email: proxyform@trustedservices.com.sg; or
 - (ii) via the AGM pre-registration website: <https://online.meetings.vision/uoii-agm-registration>.in each case **not less than 72 hours** before the time appointed for holding the AGM.

Due to the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed instruments appointing a proxy electronically via email or via the AGM pre-registration website.
6. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of its duly authorised officer or attorney. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), be submitted together with the instrument of proxy either by post to the address stated in para 5 (a) above or by email to: proxyform@trustedservices.com.sg, failing which the instrument may be treated as invalid.
7. The Company shall be entitled to reject an instrument appointing the Chairman of the Meeting as proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing the Chairman of the Meeting as proxy if the member, being the appointer, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by the CDP to the Company.
8. Any alteration made in this instrument appointing the Chairman of the Meeting as proxy, must be initialled by the person who signs it.

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Corporate Information

As at 19 February 2021

Board of Directors

Wee Cho Yaw (*Chairman*)
David Chan Mun Wai (*Managing Director and Chief Executive*)
Wee Ee Cheong
Hwang Soo Jin
Yang Soo Suan
Ho Yew Kee
Chng Hwee Hong
Chua Kim Leng (*Appointed on 1 February 2020*)

Audit Committee

Chng Hwee Hong (*Chairman, with effect from 12 June 2020*)
Yang Soo Suan
Ho Yew Kee
Chua Kim Leng (*Appointed on 12 June 2020*)

Nominating Committee

Hwang Soo Jin (*Chairman*)
Wee Cho Yaw
Yang Soo Suan

Remuneration Committee

Wee Cho Yaw (*Chairman*)
Hwang Soo Jin
Yang Soo Suan
Ho Yew Kee

Secretary

Vivien Chan

General Manager

Andrew Lim Chee Hua

Assistant General Managers

Faridah Rahmat Ali
Andrew Tang Ming Leung
Kenny Lok Kian Meng
Aaron Cheong Chu Ming

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Website: uoi.com.sg

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UOB Plaza
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Company Registration No: 197100152R
Telephone: (65) 6222 2121
Facsimile: (65) 6534 2334

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Singapore Land Tower
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Facsimile: (65) 6536 1360

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7 Straits View
Marina One
East Tower, Level 12
Singapore 018936

External Auditor

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Philip Ng Weng Kwai
(*Appointed on 12 April 2019*)

Myanmar Representative Office

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Kyauktada Township
Yangon
Myanmar
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