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Co. Reg. No. 197100152R

PUBLIC DISCLOSURE

IN PURSUANCE OF MAS NOTICE 124 "PUBLIC DISCLOSURE REQUIREMENTS" FOR FINANCIAL YEAR ENDED 31 DECEMBER 2024

Disclaimer: This Public Disclosure contains certain information about the Company's business activities and performance for the financial year ended 31 December 2024 and financial position as at 31 December 2024. It is prepared in pursuance of MAS Notice 124 issued pursuant to section 154(4) of the Insurance Act 1966. It contains information given in summary form and does not purport to be complete. It is not to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. This document should be considered with professional advice when deciding if an investment is appropriate. The Company accepts no liability whatsoever with respect to the use of this document or its content.

PUBLIC DISCLOSURE
IN PURSUANCE OF MAS NOTICE 124 "PUBLIC DISCLOSURE REQUIREMENTS"
FOR FINANCIAL YEAR ENDED 31 DECEMBER 2024

1. Information about the licensed insurer's profile, including the nature of its business, key business segments, a general description of its key products, the external environment in which it operates, its objectives and its strategies in place to achieve these objectives.

Company Profile

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

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 Company maintained its financial strength rating of A+ (Superior), along with an issuer credit rating of 'aa-' and a stable outlook from AM Best. These ratings are the highest awarded by AM Best to general insurance companies in Southeast Asia, reflecting UOI's balance sheet strength, strong operating performance, and appropriate enterprise risk management ("ERM").

Nature of Business and Key Products

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.

External Environment

The Company is a licensed general insurer in Singapore and has a representative office in Yangon, Myanmar. Through the acceptance of reinsurance, the Company also has business exposure in other countries in Southeast Asia and other parts of the world.

Member of the UOB Group

<u>Objectives and Strategies</u>

UOI's 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. The Company's strategic focus is to grow our business in Singapore and key ASEAN markets through building products and services to meet the evolving insurance needs of individuals and businesses and expanding our distribution channels to create more accessibility for our customers. We ensure that customer centricity is at the core of everything we do and aim to be the employer of choice for people in Singapore.

Gross premiums for the Singapore general insurance market grew by 6.2% in 2024, with onshore business contributing 67.4% of this growth. The industry also recorded a profit of $642.3 million, of which 34.1% were derived from onshore business.

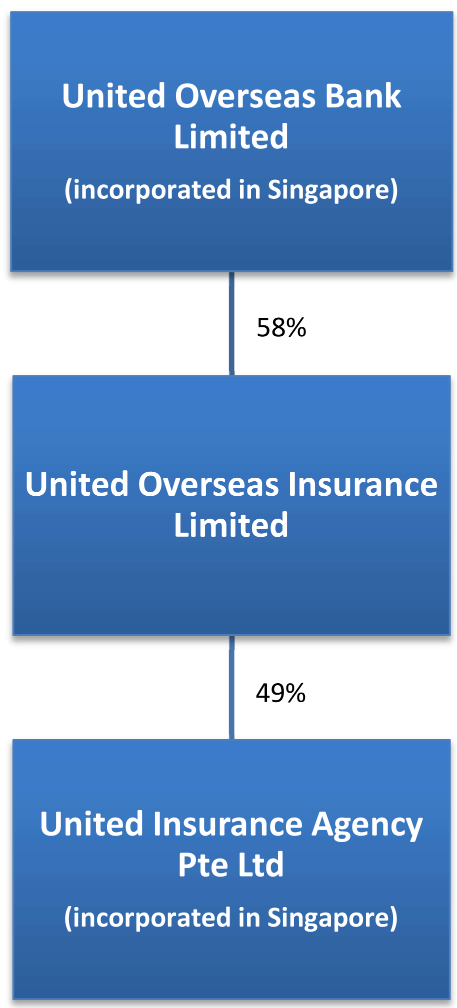
In 2024, we progressed from the foundation built in 2023 and continued executing our strategy for sustainable growth. This included building our digital platform and establishing new partners. We deepened our collaboration with UOB not only in Singapore but in the region, and increased our retail distribution in non-bancassurance channels, demonstrating our commitment to expanding our market reach.

Continuing our investments in talent and technology, we embraced technologies to enhance operational efficiencies, ensuring scalability with every process. Our focus on service excellence resulted in an improvement in our customer satisfaction scores and increased customer retention, reinforcing our strategic focus on customer centricity.

As we prepare our employees for the future, our learning and development programmes were enhanced in digital areas, as well as underwriting and distribution. We actively integrated established team members with newcomers as well as gave back to the communities that UOI has served for more than 50 years.

2. **The Corporate Structure of the licensed insurer, which must include the name, place of incorporate or establishment and shareholding structure of all the following persons:**
   (i) the ultimate holding company of the licensed insurer;
   (ii) any material holding company of the licensed insurer;
   (iii) any material subsidiary of the licensed insurer;
   (iv) any material change to the information required to be disclosed.

   <u>Corporate Structure</u>



3. **Key features of the licensed insurer's corporate governance framework, internal controls and risk management, including information on how these are implemented.**

Key Features of Corporate Governance Framework

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"); and

(c) the Guidelines on Corporate Governance for Designated Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore issued by the Monetary Authority of Singapore on 9 November 2021 ("MAS Guidelines"), which comprises the Code of Corporate Governance that was issued on 6 August 2018 last amended on 11 January 2023 ("2018 Code") and additional guidelines from the MAS.

Where UOI's practices deviate from the MAS Guidelines and/or the 2018 Code, an explanation is provided. A summary of the express disclosures required under the 2018 Code and the supplementary MAS Guidelines can be found on pages 34 and 35 of the Company's 2024 Annual Report, which is available in its official website: https://www.uoi.com.sg/uoi/about/investor_relations.html.

The Company has put in place a Corporate Governance Structure, which comprises the following key features:

- Risk Management and Compliance Organisation Structure of UOI;
- Board Committees and Terms of Reference'
- The Role and Responsibilities of Audit and Risk Committee ("ARC");
- Management Committees and Terms of Reference;
- Shareholder Rights and Engagement; and
- Ethical Standards.

The Company's whistle-blowing policy is designed to foster a culture of openness, accountability and transparency, and it is guided by best practices and regulatory guidelines. Available on the Company's intranet, it 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 ARC chairman (c/o Company Secretary, 80 Raffles Place, UOB Plaza 2, Singapore 048624). All whistle-blowing reports received are investigated independently by the ARC with the assistance of the internal auditor or an external independent consultant firm, where appropriate. Reprisal in any form against whistle-blowers who have acted in good faith is prohibited.

Directors, employees and UOB personnel involved in providing services to UOI must 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 certain prescribed situations.

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 market practices.

Management Controls

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 five risk dimensions. Each dimension has a defined risk tolerance limit. Management reviews the framework and proposed changes are submitted to the ARC for endorsement before the revised framework is approved by the Board. The Chief Executive Officer 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 of the Company's Annual Report 2024, which is available in its official website.

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. The SCDC works closely with all operational units to further the interests of the Company and meets at least quarterly with the Chief Executive Officer to chart out, execute and monitor outcomes of the strategies. It is also actively involved in mentoring our talents who show potential for leadership roles and aptitude for more complex work.

The *Management Committee* ("MC") monitors the overall operational matters of the Company. It formulates, reviews and approves strategies and action plans, determines the allocation of resources and monitors the execution of strategic plans and key performance indicators.

The *Risk Management and Compliance Committee* ("RMCC") oversees all risk management, corporate governance and compliance issues affecting the Company. These issues may arise from regulatory authorities, industry associations, UOB, auditors and other relevant bodies, or due to changes in the operating environment, innovation, technological advancements and climate change. The RMCC also approves risk management and compliance policies and oversees their implementation to meet the regulatory requirements applicable to the Company. It monitors the implementation of risk management policies and procedures by all divisions. As part of its risk monitoring function, it receives updates from the Underwriting and Claims Committee, the Credit Control Committee and the Information Security Committee which address key risks arising from the Company's core business activities.

The *Underwriting and Claims Committee* ("UCC") establishes underwriting and claims policies and procedures and monitors compliance with such policies and procedures by all divisions. 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 that the Company's retention is appropriate, and that adequate reinsurance protection is in place. Issues arising from claims development and provisions are dealt with in an objective, fair and timely manner.

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

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

The *Information Security Committee* ("ISC") sets the direction and priority, and provides guidance, for the development and enhancements to the information security infrastructure and related procedures and guidelines. It also evaluates and implements recommendations from cybersecurity consultants and reviews the Company's network design and other infrastructure and security controls. The ISC also fosters and maintains an information security culture through education and appropriate policies, systems, processes and practices.

The *Investment Committee* ("IC") oversees the Company's investment activities to ensure that they are carried out in accordance with the Company's investment policy that has been approved by the Board.

4. **Quantitative and qualitative information about the licensed insurer's enterprise risk management framework including its asset-liability management ("ALM") for its entire business and, where appropriate, at a segmented level as appropriate to the business of the insurer. The licensed insurer must disclose the methodology and key assumptions employed in the measurement of assets and liabilities for ALM purposes, and any capital or provisions held as a consequence of a mismatch between assets and liabilities**.

<u>Enterprise Risk Management ("ERM") Framework</u>

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

Along these risk dimensions, UOI has developed a risk tolerance framework, which comprises 3 levels. Level 1 of the framework contains the risk tolerance statements, which are defined for each risk dimension. These set the Company's overall appetite for risk, which guides further decisions for Levels 2 and 3. Level 2 identifies the risks categories for each risk. Level 3 identifies the risk metrics and risk tolerance limits used to measure and monitor the risk categories.

<u>Asset-Liability Management ("ALM")</u>

ALM is the practice of managing a business so that decisions and actions taken with respect to all assets and liabilities are coordinated. ALM looks at all risks arising from an insurer's assets in relation to its liabilities, including insurance risk, liquidity risk, market risks (including interest rate risk, foreign currency risk and equity risk) and counterparty risk.

As a general insurer, the Company accepts the transfer of uncertainty from its policyholders and seeks to add value through the aggregation and management of these risks. The inherent uncertainty in the insurance operation has translated into uncertainty in the Company's cash outflow requirements.

It is the Company's policy to maintain adequate liquidity and sufficient marketable assets to meet its cash outflows requirement at all times, including unexpected cash outflow arising from exceptionally large catastrophic claims.

In order to match the unexpected cash outflow requirements, the Company is cautious in its choice of asset types and holds sufficient liquid and marketable assets which provide the Company with acceptable level of liquidity risk, market risks and counterparty risk, taking into account the Company's risk tolerances and objectives for growth and profit.

As at 31 December 2024, the Company's total liabilities was adequately covered by liquid assets comprising bank balances, fixed deposits and marketable investments as follows:

Liquid Assets and Total Liabilities	**31 Dec 2024 S$'000**	**31 Dec 2023 S$'000**
Liquid Assets		
Bank balances and fixed deposits	99,408	67,612
Marketable investments	385,207	391,280
Total Liquid Assets	**484,615**	**458,892**
Liabilities		
Non-trade creditors and accrued liabilities	9,385	8,173
Lease liabilities	24	25
Amount owing to related companies	2,344	879
Derivative financial liabilities	2,776	-
Tax payable	10,758	11,413
Deferred tax liabilities	2,242	1,023
Insurance contract liabilities	106,082	121,566
Reinsurance contract liabilities	1,897	1,681
	135,508	**144,760**
Surplus Liquid Assets	**349,107**	**314,132**

Note: Figures are extracted from UOI's audited financial statements, which were prepared in accordance with Singapore Financial Reporting Standards (International).

As at 31 December 2024, there was no mismatch between assets and liabilities.

5. **Quantitative and qualitative information on all of the licensed insurer's reasonably foreseeable and relevant material insurance risk exposures, and the management of such risk exposures, including:**
    a) **its objectives and policies, models and techniques for the management of insurance risk exposures and underwriting process controls;**
    b) **the nature, scale and complexity of risks arising from insurance contracts;**
    c) **the use of reinsurance or other forms of risk transfer;**
    d) **an understanding of the interaction between capital adequacy and risk; and**
    e) **a description of risk concentrations.**

<u>Insurance Risk Exposures</u>
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.

<u>Objectives, Policies, Models and Techniques for Management of Insurance Risk and Underwriting Process Controls</u>
As the general insurance business encompasses a wide range of different insurance products, the 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 and employees. The Company has developed a robust underwriting framework to ensure that all risks accepted meet the underwriting guidelines issued to our pool of experienced underwriters. This framework allows for the proper selection of risks at adequate but competitive pricing of our products.

The Company has put in place processes and internal control systems over the acceptance, renewal, accumulation and concentration of insurance risks as well as the placement of reinsurance.

Under the Company's ERM framework, insurance risk is one of the two risk categories in the risk dimension of earnings. Through the monitoring and controlling of various risk levers and risk metrics, the Company manages the insurance risks it has accepted and the accumulation, concentration, reinsurance and retention of these risks.

<u>Nature, Scale and Complexity of Risks arising from Insurance Contracts</u>
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 the obligation 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 and incurred but not enough reported, as well as direct and indirect claim expenses.

Both the premium and claims liabilities are reviewed and certified annually by an external independent actuary.

Interaction between Capital Adequacy and Insurance Risks

The estimates of premium and claim liabilities are sensitive to various factors and uncertainties. The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual value of premium and claim liabilities can vary from the initial estimates.

The Company is required to satisfy the Fund Solvency and Capital Adequacy Requirements prescribed under the Singapore Insurance Act 1966. The Company monitors its capital level on a regular basis to assess whether such requirements are met, and reports to the MAS its fund solvency and capital adequacy positions each quarter and annually.

As at 31 December 2024, the Company's capital adequacy ratio was 425% (2023: 415%), which exceeded the minimum regulatory requirement.

The following table shows the sensitivity of the Company's financial resources and capital adequacy ratio to a possible change in the net technical provision with all other variables held constant:

Interaction between capital adequacy and insurance risk	**Increase / Decrease**	**Impact on Financial Resources S$'000**	**Impact on Capital Adequacy Ratio (Percent Point)**
2024 Net technical provision	-5% +5%	+3,635 -3,635	+6.94 -7.42
2023 Net technical provision	-5% +5%	+3,586 -3,586	+7.42 -7.07

Risk Concentrations

The Company's businesses are primarily derived from Singapore and the region and are segregated into separate insurance fund accounts in accordance with the requirement of the Singapore Insurance Act 1966.

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. Breakdown of the Company's gross premiums written into these insurance funds are as follows:

Gross Premiums Written	**SIF S$'000**	**OIF S$'000**	**Total S$'000**
2024	85,836 (77%)	25,046 (23%)	110,882 (100%)
2023	77,493 (76%)	24,885 (24%)	102,378 (100%)

In 2024, 77% of the Company's gross premiums written were derived from Singapore policies. Therefore, geographically, there is an inherent concentration of insurance risks in the Company's insurance portfolio.

Use of Reinsurance

The Company has developed a reinsurance management strategy which manages the 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 insurance service result, providing the Company with competitive advantage, sound and diversified reinsurance securities and developing long-term strategic partnership with key reinsurers.

The Company has formalised guidelines on Financial Security of Reinsurers, Selection and Management. In addition, it has established guidelines on Credit Risk Limit for Reinsurers, which limits the volume of business that the Company cedes to any one individual reinsurer or reinsurance group during a year. The limit is set based on the reinsurer's country of domicile, financial strength credit rating and its size of shareholders' fund.

6. Quantitative and qualitative information about its determination of technical provisions, including future cash flow assumptions, the rationale for the choice of discount rates, and a description of methodology used to determine technical provisions and the licensed insurer must present this information by material insurance business segments.

Estimation Process of Technical Provisions

Technical provisions include the reserves of premium and claim liabilities. The premium liabilities comprise reserve for unexpired risks, net of deferred acquisition cost, while claim liabilities comprise reserve of outstanding claims.

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

The claims liabilities consist of the estimation of reserve of outstanding reported claims ("case reserves"), and estimation of reserves for incurred but not reported claims ("IBNR") and estimation of reserves for 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 claim liabilities are reviewed by the certifying actuary yearly and a formal actuarial report will be provided on the assessment of the adequacy of the Company's claim liabilities at year-end.

In forming their view on the adequacy of the claims liabilities, the actuary uses a variety of statistical projection techniques such as the Chain Ladder and Bornhuetter-Ferguson methods. Claims liabilities are separately analysed by class of business to ensure a minimum of 75% level of adequacy which includes a provision for adverse deviation ("PAD") beyond the best estimate of the claim liabilities.

Determination of Technical Provisions

In determination of technical provisions, the Company has relied on historical data and other quantitative and qualification information. There is a limitation on the accuracy of the estimates in that there is an inherent uncertainty in any estimates of claim liabilities and unexpired risk reserves. This is due to the fact that claims liabilities are subject to the outcome of events yet to occur, e.g. the likelihood of claimants bringing lawsuits, the size of damage awards, changes in the standards of liability and attitudes of claimants towards settlement of their claims. Both claim liabilities and unexpired risk reserves are also subject to changes in the reinsurance market and to events, which have not yet occurred, e.g. the recoverability of reinsurance claims.

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 judgement involved in estimating the claim liabilities.

The Company has not made any special assumptions about the level of future claim inflation. Inflation is implicitly accounted for to the extent that it exists in the historical claim experience. The projected claims cost represents the Company's best estimate of the ultimate value of claims on an undiscounted basis.

Technical Provisions by Segment

The Company's technical provisions by insurance fund accounts maintained in accordance with the Singapore Insurance Act are as follows:

Net Technical Provisions	As at 31 Dec 2024		
	SIF S$'000	OIF S$'000	Total S$'000
Reserve for unexpired risks, net of deferred acquisition cost	21,136 (80%)	5,280 (20%)	26,416 (100%)
Reserve for outstanding claims	24,088 (52%)	22,199 (48%)	46,287 (100%)

Net Technical Provisions	As at 31 Dec 2023		
	SIF S$'000	OIF S$'000	Total S$'000
Reserve for unexpired risks, net of deferred acquisition cost	21,281 (79%)	5,619 (21%)	26,900 (100%)
Reserve for outstanding claims	23,193 (52%)	21,635 (48%)	44,828 (100%)

UOI

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7. Quantitative and qualitative information about its capital adequacy to enable the reader to evaluate the licensed insurer's objectives, policies and processes for managing capital and to assess its capital adequacy. The licensed insurer must disclose its generic solvency requirements as imposed by legislation or otherwise directed by the Authority (other than solvency requirements that the Authority has directed the licensed insurer to keep confidential), the capital available to cover regulatory capital requirements, and information on any internal model used to determine capital resources and requirements.

Capital Management Objectives, Policies and Processes

The Company has an established Capital Management Policy to manage its capital for its business needs and regulatory compliance.

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.

In accordance with its Capital Management Policy, the Company has established a Dividend Policy, retention limits for insurance risks, guidelines on asset allocation for investments, and controls to ensure compliance with the Risk-Based Capital Framework.

Economic and Regulatory Capital

Under its ERM framework, UOI uses the regulatory Risk-Based Capital model to quantify its significant risks. The Company's economic capital target is to maintain a capital adequacy well above the minimum regulatory capital adequacy requirement. The Company uses risk metrics to manage its capital adequacy ratio within specific risk tolerance limits and to ensure that strong capitalisation and capital adequacy ratio are maintained.

Capital Adequacy

The Company is required to satisfy the Fund Solvency and Capital Adequacy Requirements prescribed under the Singapore Insurance Act 1966. The Company monitors its capital level on a regular basis to assess whether such requirements are met, and reports to the MAS its fund solvency and capital adequacy positions each quarter and annually.

As at 31 December 2024, the Company's capital adequacy ratio was 425% (2023: 415%), which exceeded the minimum regulatory requirement.

8. **Quantitative and qualitative information about the licensed insurer's financial instruments and other investments by class, including:**
   a) **investment objectives;**
   b) **policies and processes;**
   c) **values, assumptions and methods used for general purpose financial reporting and solvency purposes, as well as an explanation of the differences (where applicable); and**
   d) **information concerning the level of sensitivity to market variables associated with the disclosed amounts.**

<u>Investment Objectives</u>

The Company's investment objective is to invest in quality investment for long-term appreciation and to achieve a reasonable return annually.

<u>Policies and Processes</u>

The Company's investment policy and guidelines are established by its Investment Committee and approved by the Board. The Investment Committee reviews the investment portfolio monthly to ensure compliance with the Company's investment policy and guidelines.

The Company's investment portfolio is managed by a professional fund manager, UOB Asset Management Ltd. The Board and the Investment Committee meets the fund manager regularly to review the performance of the investment portfolio.

Under the ERM framework, UOI's investment risk is managed through the monitoring and controlling of two risk levers, namely the Return Target and Asset Allocation Strategy, which are measured and quantified by various risk metrics and are managed within their corresponding risk tolerance limits.

Values, Assumptions and Methods used for Financial Reporting and Solvency Purposes

The valuations of investments as at 31 December 2024 and comparative figures for the preceding year for solvency and general financial reporting purposes are as follows:

Valuation as at 31 Dec 2024	For Solvency Purposes S$'000	For Financial Reporting S$'000	Difference S$'000
Bank balances & fixed deposits	99,408	99,408	-
Equity securities in corporations	132,232	132,232	-
Unit trusts	29,153	29,153	-
Debt securities	225,491	223,822	1,669
Investment in associated company	63	1	62
Total value of investments	**486,347**	**484,616**	**1,731**

Valuation as at 31 Dec 2023	For Solvency Purposes S$'000	For Financial Reporting S$'000	Difference S$'000
Bank balances & fixed deposits	67,612	67,612	-
Equity securities in corporations	128,955	128,955	-
Unit trusts	18,692	18,692	-
Debt securities	245,620	243,633	1,987
Investment in associated company	129	1	128
Total value of investments	**461,008**	**458,893**	**2,115**

The Company's investments in equity securities and unit trusts are measured at their market value for both financial reporting and solvency purposes.

For financial reporting purposes, debt securities are measured at fair value, which are either quoted market prices or dealer quotes. For solvency purposes, debt securities are measured at their net realisable value (fair value + accrued interest).

Investment in associated company is measured at cost for financial reporting and at net realisable value for solvency purposes.

Sensitivity to Market Variables

The Company's investments are exposed to a variety of financial risks, including the effects of changes in equity market prices, foreign currency exchange rates and interest rates.

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 and interest rates.

The following table shows the sensitivity of the value of investments to a reasonable possible change in market prices of equity, unit trusts and debt securities, with all other variables held constant:

Sensitivity of investment valuation to market price risk	Increase / Decrease in market price	For Solvency Purposes S$'000	For Financial Reporting S$'000
2024	-2% +2%	-7,739 +7,739	-7,704 +7,704
2023	-2% +2%	-7,868 +7,868	-7,826 +7,826

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 necessary, the Company enters into forward contracts and total return swaps to manage its foreign exchange exposures arising from its investments denominated in foreign currencies.

Other than the exposures arising from its investing activities, the Company does not consider its exposure to foreign exchange risk to be significant.

The following table shows the sensitivity of the value of investments to a reasonable possible change in the Singapore dollar exchange rate against all other currencies, with all other variables held constant:

Sensitivity of investment valuation to foreign exchange risk	Increase / Decrease in S$ exchange rate	For Solvency Purposes S$'000	For Financial Reporting S$'000
2024	-5% +5%	-500 +500	-500 +500
2023	-5% +5%	-776 +776	-776 +776

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 following table shows the sensitivity of the value of investments to a reasonable possible change in market interest rates, with all other variables held constant:

Sensitivity of investment valuation to interest rate risk	Increase / Decrease in interest rate (basis point)	For Solvency Purposes S$'000	For Financial Reporting S$'000
2024	-10 +10	+429 -429	+429 -429
2023	-10 +10	+585 -585	+585 -585

9. **Quantitative and qualitative information on its financial performance in total and at a segmented level, including quantitative source of earnings analysis, claims statistics (including claims development), pricing adequacy, information on returns on investment assets and components of such returns.**

Financial Performance in Total and at Segment Level

Key Financial Performance Data	**2024 S$'000**	**2023 S$'000**	**%**
Profit for the financial year			
Insurance revenue	113,508	94,448	+20.2
Insurance service result	19,948	22,990	-13.2
Non-underwriting income	14,423	10,658	+35.3
Profit before tax	33,930	33,210	+2.2
Breakdown of profit before tax by segment			
- Singapore Insurance Fund	24,731	24,469	+1.1
- Offshore Insurance Fund	3,950	4,467	-11.6
- Shareholders' Fund	5,249	4,274	+22.8
Profit before tax	33,930	33,210	+2.2
Selected balance sheet items as at year-end			
Insurance/Reinsurance contract liabilities	107,979	123,247	-12.4
Shareholders' equity	468,742	442,461	+5.9
Total assets	604,250	587,221	+2.9
Breakdown of total assets by segment			
- Singapore Insurance Fund	279,689	292,526	-4.4
- Offshore Insurance Fund	56,600	54,716	+3.4
- Shareholders' Fund	267,961	239,979	+11.7
Total assets	604,250	587,221	+2.9

(Source: Annual Report 2024)

Insurance revenue increased by S$19.1 million as a result of optimisation of current business, transformative initiatives and higher releases of contractual service margin for services provided.

Insurance service result decreased by 13.2% to S$19.9 million due to higher insurance service expenses driven by an increase in incurred claims.

Non-underwriting income was S$14.4 million as compared to S$10.7 million in the corresponding period last year due to an increase in interest earned from fixed deposits and higher dividend income from investments

Overall, profit before tax increased by 2.2% to $33.9 million due to higher investment profits, partially offset by a reduction in insurance service result.

Pricing Adequacy

Year 2024	Gross premium written S$'000	(a) Net earned premium S$'000	(b) Underwriting Profit S$'000	Underwriting Profit Ratio (b) / (a) x 100%
UOI	110,882	57,109	15,582	27.3%
Industry	10,796,099	4,986,541	642,310	12.9%

Year 2023	Gross premium written S$'000	(a) Net earned premium S$'000	(b) Underwriting Profit S$'000	Underwriting Profit Ratio (b) / (a) x 100%
UOI	102,378	43,638	15,836	36.3%
Industry	10,161,066	4,427,557	608,079	13.7%

(Source of data for the industry: The General Insurance Association of Singapore)

For the year ended 31 December 2024, UOI attained an underwriting profit ratio of 27.3% (2023: 36.3%) which is higher than the average margin of 12.9% achieved by the industry (2023: 13.7%).

As the Company achieves underwriting profit consistently since 1973 and enjoys profit margin better than the industry's average, the pricing of the Company's insurance products should be adequate.

Claims Statistics, including Claims Development

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

31 December 2024 $'000	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Gross of reinsurance											
Estimates of undiscounted gross cumulative claims											
At end of accident year	49,497	67,666	50,098	45,449	44,683	52,362	40,341	48,166	42,767	42,064	
One year later	48,664	67,916	43,213	41,787	36,934	44,423	30,121	26,107	30,640		
Two years later	45,692	65,144	41,472	39,786	37,673	43,679	29,572	25,008			
Three years later	41,671	57,644	39,067	37,023	33,890	41,544	27,680				
Four years later	40,072	54,276	37,580	34,451	32,179	39,798					
Five years later	38,159	51,984	35,115	32,706	31,530						
Six years later	36,923	50,131	33,557	32,284							
Seven years later	36,191	49,313	33,048								
Eight years later	35,274	49,188									
Nine years later	35,084										
Cumulative gross claims paid	34,764	47,815	32,174	30,010	27,173	33,517	19,929	15,268	14,077	6,008	
Gross liabilities - accident years from 2015 to 2024	320	1,373	874	2,274	4,357	6,281	7,751	9,740	16,563	36,056	85,589
Gross liabilities - accident years before 2015											1,407
Gross liabilities for incurred claims included in the statement of financial position (Note 10.1.1)											86,996

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

31 December 2024 $'000	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Net of reinsurance											
Estimates of undiscounted net cumulative claims											
At end of accident year	24,872	24,275	20,090	17,621	17,567	18,395	18,360	19,705	20,295	22,950	
One year later	20,214	22,206	19,530	17,455	15,792	16,112	14,226	11,630	13,911		
Two years later	19,353	21,555	19,370	17,685	16,252	16,836	15,464	12,981			
Three years later	17,530	20,418	18,248	16,623	15,002	15,898	14,943				
Four years later	16,462	18,890	17,177	15,395	14,249	15,475					
Five years later	15,693	17,764	16,375	14,791	14,213						
Six years later	15,218	16,994	15,948	14,952							
Seven years later	14,839	16,719	15,716								
Eight years later	14,580	16,703									
Nine years later	14,413										
Cumulative net claims paid	14,219	16,254	15,221	13,736	12,177	12,984	11,903	8,619	8,593	7,062	
Net liabilities - accident years from 2015 to 2024	194	449	495	1,216	2,036	2,491	3,040	4,362	5,318	15,888	35,489
Net liabilities - accident years before 2015											820
Net liabilities for incurred claims included in the statement of financial position (Note 10.1.1)											36,309

(Source: Annual Report 2024)

Returns on Investment Assets and Components of Such Returns

The following table shows the Company's returns on investment assets and components of such returns:

Returns on Investment	**2024 S$'000**	**2023 S$'000**	**Difference S$'000**
Investment income and expenses by components			
- Dividend income from investments	7,277	5,885	1,392
- Interest income from investments	7,134	8,377	(1,243)
- Interest on bank balances and fixed deposits	2,736	1,614	1,122
- Rental income from investment property	694	647	47
- Miscellaneous income	9	49	(40)
- Net fair value gains/(losses) on mandatorily measured at FVTPL investments – realised	1,349	(866)	2,215
- Net fair value gains/(losses) on mandatorily measured at FVTPL investments – unrealised	(478)	1,997	(2,475)
- Net losses on disposal of fair value through other comprehensive income (FVOCI) investments	(616)	(122)	(494)
- Write-back of expected credit loss on debt securities at FVOCI	57	53	4
- Amortisation of discount on investments	184	96	88
- Net fair value gains on financial derivatives – realised	1,078	3,097	(2,019)
- Net fair value losses on financial derivatives – unrealized	(7,993)	(2,829)	(5,164)
- Exchange gains/(losses)	6,393	(2,990)	9,383
	(522)	(2,722)	2,200
- Management fees	(1,295)	(1,320)	25
- Depreciation on property	(279)	(279)	-
- Other operating expenses	(1,827)	(2,751)	924
Investment and other income	14,423	10,658	3,765
Investment assets by components			
- Bank balances and fixed deposits	99,408	67,612	31,796
- Equity securities in corporations	132,232	128,955	3,277
- Unit trusts	29,153	18,692	10,461
- Debt securities	223,822	243,633	(19,811)
- Investment in associated company	1	1	-
Total value of investments at year end	484,616	458,893	25,723

(Source: Annual Report 2024)

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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 1966.

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 Singapore Financial Reporting Standards (International).

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Segment information (continued)

	SIF $'000	OIF $'000	SHF $'000	Total $'000
For Year 2024				
Insurance revenue	82,756	30,752	–	113,508
Insurance service expense	(42,152)	(21,814)	–	(63,966)
Insurance service result before reinsurance contracts held	40,604	8,938	–	49,542
Net expenses from reinsurance contracts	(23,033)	(6,561)	–	(29,594)
Insurance service result	17,571	2,377	–	19,948
Insurance finance expenses for insurance contracts issued	(823)	(101)	–	(924)
Reinsurance finance income for reinsurance contracts held	479	4	–	483
Net insurance service and financial result	17,227	2,280	–	19,507
Dividend income from investments	3,063	619	3,595	7,277
Interest income from investments	4,039	693	2,402	7,134
Interest on fixed deposits and bank balances	1,390	571	775	2,736
Net write-back of expected credit loss on investments	28	5	24	57
Amortisation of discount/(premium) on investments	188	51	(55)	184
Rental income from investment property	–	–	694	694
Miscellaneous income	3	1	5	9
Net fair value gains on mandatorily measured at FVTPL investments - realised	670	228	451	1,349
Net fair value losses on mandatorily measured at FVTPL investments - unrealised	(182)	(95)	(201)	(478)
Net losses on disposal of FVOCI investments	(364)	(86)	(166)	(616)
Net fair value gains on financial derivatives - realised	632	101	345	1,078
Net fair value losses on financial derivatives - unrealised	(4,360)	(847)	(2,786)	(7,993)
Exchange gains	3,448	722	2,223	6,393
	(280)	(24)	(218)	(522)
Less				
Other management expenses:				
- Depreciation on property	–	–	(279)	(279)
- Management fees	(718)	(135)	(442)	(1,295)
- Other operating expenses	(333)	(158)	(1,336)	(1,827)
Total non-underwriting income	7,504	1,670	5,249	14,423
Profit before tax	24,731	3,950	5,249	33,930
Tax expense	(3,028)	(971)	(127)	(4,126)
Profit, net of tax	21,703	2,979	5,122	29,804
Segment total assets as at 31 December 2024	279,689	56,600	267,961	604,250
Segment total liabilities as at 31 December 2024	111,677	17,028	6,803	135,508

(Source: Annual Report 2024)

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Segment information (continued)

	SIF $'000	OIF $'000	SHF $'000	Total $'000
For Year 2023				
Insurance revenue	66,691	27,757	–	94,448
Insurance service expense	(21,354)	(17,949)	–	(39,303)
Insurance service result before reinsurance contracts held	45,337	9,808	–	55,145
Net expenses from reinsurance contracts	(25,597)	(6,558)	–	(32,155)
Insurance service result	19,740	3,250	–	22,990
Insurance finance expenses for insurance contracts issued	(820)	(117)	–	(937)
Reinsurance finance income for reinsurance contracts held	481	18	–	499
Net insurance service and financial result	19,401	3,151	–	22,552
Dividend income from investments	2,348	491	3,046	5,885
Interest income from investments	4,584	846	2,947	8,377
Interest on fixed deposits and bank balances	1,042	411	161	1,614
Net write-back of expected credit loss on investments	25	5	23	53
Amortisation of discount/(premium) on investments	62	48	(14)	96
Rental income from investment property	–	–	647	647
Miscellaneous income	43	–	6	49
Net fair value losses on mandatorily measured at FVTPL investments - realised	(467)	(102)	(297)	(866)
Net fair value gains on mandatorily measured at FVTPL investments - unrealised	998	335	664	1,997
Net losses on disposal of FVOCI investments	(32)	(19)	(71)	(122)
Net fair value gains on financial derivatives - realised	1,646	335	1,116	3,097
Net fair value losses on financial derivatives - unrealised	(1,491)	(306)	(1,032)	(2,829)
Exchange losses	(1,696)	(316)	(978)	(2,990)
	(1,541)	(287)	(894)	(2,722)
Less				
Other management expenses:				
- Depreciation on property	–	–	(279)	(279)
- Management fees	(711)	(145)	(464)	(1,320)
- Other operating expenses	(1,283)	(267)	(1,201)	(2,751)
Total non-underwriting income	5,068	1,316	4,274	10,658
Profit before tax	24,469	4,467	4,274	33,210
Tax expense	(3,481)	(335)	(132)	(3,948)
Profit, net of tax	20,988	4,132	4,142	29,262
Segment total assets as at 31 December 2023	292,526	54,716	239,979	587,221
Segment total liabilities as at 31 December 2023	116,849	20,334	7,577	144,760

(Source: Annual Report 2024)

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Segment information (continued)

Information about Major External Customers

For the year ended 31 December 2024 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 their location and non-current assets are as follows:

	Revenue for		Non-current assets as at	
	2024	2023	**2024**	2023
	$'000	$'000	**$'000**	$'000
Singapore	**92,522**	75,339	**38,599**	39,844
ASEAN countries	**13,313**	12,488	**–**	–
Others	**7,673**	6,621	**–**	–
	113,508	94,448	**38,599**	39,844

The Company's non-current assets presented above consist of fixed assets (including property for its own occupancy) and right-of-use assets.

(Source: Annual Report 2024)

10. Quantitative and qualitative information on its investment risk, including quantitative information on its currency risk, market risk, credit risk and concentration risk, and qualitative information on its management of investment risk exposures, use of derivatives for hedging investment risks and internal policies on the use of derivatives.

Investment risk

The Company's investment objective is to invest in quality investment for long-term appreciation and to achieve a reasonable return annually. Through regular meetings with the Company's appointed fund manager and the 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.

Currency risk

The Company has transactional currency exposures arising from its offshore insurance business. It is also exposed to foreign exchange risk arising from its investment activities.

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 includes quoted equity securities, debt securities, private equity funds, and derivatives contracts used for hedging purposes.

Quantitative information for investment risk, currency risk and market risk can be found in Section 8.

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 credit control policies in place to ensure that sales made to customers and recoveries from reinsurers are duly collected. It 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.

The Company applies a simplified approach in calculating Expected Credit Loss ("ECL") on trade receivables. Besides, it also recognises an allowance for ECLs for all debt securities held at fair value through other comprehensive income.

Credit risk (continued)

Exposure to Credit Risk

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit ratings of counterparties:

	Credit ratings						
	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	Below BBB-	Not rated	Total
As at 31 December 2024							
Cash and cash equivalents	**–**	**8,535**	**90,873**	**–**	**–**	**–**	**99,408**
Loans and other receivables	**–**	**–**	**2,917**	**–**	**–**	**4,435**	**7,352**
Debt securities	**–**	**9,484**	**59,657**	**37,443**	**–**	**117,238**	**223,822**
Reinsurance contract assets	**3,129**	**7,469**	**30,949**	**1,083**	**–**	**2,523**	**45,153**
Total credit risk exposure	**3,129**	**25,488**	**184,396**	**38,526**	**–**	**124,196**	**375,735**
As at 31 December 2023							
Cash and cash equivalents	–	10,228	57,384	–	–	–	67,612
Loans and other receivables	–	–	–	–	–	4,630	4,630
Derivative financial assets	–	2,932	2,285	–	–	–	5,217
Debt securities	–	11,005	52,246	52,078	–	128,304	243,633
Reinsurance contract assets	2,240	40,727	5,661	–	–	1,479	50,107
Total credit risk exposure	2,240	64,892	117,576	52,078	–	134,413	371,199

The loss allowance provision for debt securities at FVOCI as at 31 December 2024 reconciles to the opening loss allowance for that provision as follows:

	2024 $'000	2023 $'000
As at 1 January	**213**	266
Write-back of ECL	**(57)**	(53)
As at 31 December	**156**	213

The Company's FVOCI measured debt securities are mainly graded from BBB- to AAA and as such, the Company has minimal credit risk. The Company's ECL loss allowance as at 31 December 2024 is based on 12-month ECL.

(Source: Annual Report 2024)

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.

Financial derivatives

The Company transacts in forward contracts and total return swaps to manage its foreign exchange exposure arising from investments in fixed income securities denominated in foreign currencies.

The table below shows the Company's foreign exchange forward contracts and total return swaps and their fair values measured by valuation technique with market observable inputs at the balance sheet date.

	2024			2023		
Recurring fair value measurements	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	**45,753**	**–**	**544**	184,792	5,217	–
Total return swaps Sell USD/ Buy SGD	**110,323**	**–**	**2,232**	–	–	–

(Source: Annual Report 2024)

11. **Quantitative and qualitative information on its liquidity risk, including quantitative information on its sources and uses of liquidity (considering liquidity characteristics of both assets and liabilities), and qualitative information on its liquidity risk exposures, management strategies, policies, and processes. The licensed insurer must disclose known trends, significant commitments, significant demands and reasonably foreseeable events that could potentially result in material improvement or deterioration in its liquidity.**

<u>Liquidity risk</u>
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.

<u>Maturity profile</u>

The table below summarises the maturity profile of the Company's assets and liabilities excluding the prepayments and insurance contract issued and reinsurance contracts held balances based on remaining undiscounted contractual obligations.

	2024				
	<3 months $'000	3 - 12 months $'000	> 1 year $'000	Total $'000	Carrying Amount $'000
Investments					
At FVTPL					
Unit trust*	29,153	–	–	29,153	29,153
Debt securities	–	–	5,048	5,048	4,692
At FVOCI					
Debt securities	37,934	29,851	159,438	227,223	219,130
Equity securities*	132,232	–	–	132,232	132,232
Non-trade debtors and accrued interest receivables excluding prepayments	7,223	–	–	7,223	7,223
Bank balances and fixed deposits	97,976	1,045	387	99,408	99,408
Investment property	28,530	–	–	28,530	28,530
Assets	333,048	30,896	164,873	528,817	520,368
Non-trade creditors and accrued liabilities	9,385	–	–	9,385	9,385
Lease liabilities	23	1	–	24	24
Amount owing to related companies	2,344	–	–	2,344	2,344
Derivative financial liabilities	2,776	–	–	2,776	2,776
Liabilities	14,528	1	–	14,529	14,529

* No maturity date

(Source: Annual Report 2024)

12. Where a licensed insurer uses any Non-GAAP financial measure for the purpose of any disclosure it makes to the public (whether under any one of the above sections or otherwise), the licensed insurer must, when making such disclosures:

(a) describe the formula or methodology of the measure; and

(b) provide appropriate disclaimer that the measure does not have a standardised definition within:

(i) the Accounting Standards;

(ii) any regulations, notices, or directions, that are issued under the Act; or

(iii) any codes, guidelines, policy statements or practice notes, that are issued by the Authority,

and hence, the disclosure may not be comparable with the disclosures made by other insurers.

The Company does not use any Non-GAAP financial measures for the purpose of any public disclosure.