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PUBLIC DISCLOSURE

IN PURSUANCE OF MAS NOTICE 124 "PUBLIC DISCLOSURE REQUIREMENTS" FOR FINANCIAL YEAR ENDED 31 DECEMBER 2014

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1. Information about its company profile, including the nature of its business, 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.

<u>Company Profile</u>

United Overseas Insurance Limited (UOI or the Company) is a limited liability company incorporated and domiciled 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 of UOI is United Overseas Bank Limited (UOB), incorporated in Singapore, which owns 58% of the issued share capital of the Company.

On 29 April 2014, A.M. Best upgraded the Companyõs financial strength rating to A+ (Superior) from A (Excellent) and issuer credit rating to ñaa-ñ from ña+ò. According to A.M. Best, the ratings reflect UOIõs excellent risk-adjusted capitalisation, outstanding operating performance and well-established presence in the personal and small and medium enterprise (SME) insurance market in Singapore. The ratings also acknowledge UOIõs enhanced enterprise risk management framework.

<u>Nature of Business and Key Products</u>

The Companyõs principal activities are the underwriting of general insurance and reinsurance business which covers a broad spectrum of classes of insurance, including fire, marine, motor, engineering, general accident and liability insurance.

<u>External Environment</u>

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.

<u>Objectives and Strategies</u>

The Companyõs main objectives are to provide appropriate risk management solutions for selected market segments which will result in an enhanced customer experience.

To achieve these objectives, the Company relies on its proven business strategies and continues to focus on market segments in which it has competitive advantages. Generating business from both direct clients and insurance intermediaries and leveraging particularly on the synergies with UOB Group’s network in Singapore and in the region, the Company’s business strategies are directed at selling personal insurance through direct marketing, developing corporate insurance programmes for small and medium enterprises and expanding its regional business.

2. **Key features of its corporate governance framework and management controls, including information on the implementation of the framework and controls.**

Key Features of Corporate Governance Framework

UOI is committed to upholding good corporate governance and is guided in this regard by the following:

- Insurance (Corporate Governance) Regulations;
- Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore;
- Code of Corporate Governance for companies listed on the Singapore Exchange;
- Singapore Exchange Securities Trading Limited Listing Manual (SGX-ST Listing Manual); and
- Any other rules, regulations, guidelines, codes and the like which may be issued from time to time by the relevant authorities.

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

- UOI Board, Audit Committee (AC) and other Board Committees;
- Management and Risk Committees;
- Communication with Shareholders; and
- Ethical Standards.

The Company has a code on dealing in securities for its directors and employees. The Company also has a whistle-blowing policy which is overseen by the AC. Under the policy, an employee can raise any concern to UOB Group Audit about possible improprieties in financial or other matters without fear of reprisal. All reports received are accorded confidentiality and investigated independently by UOB Group Audit.

In addition, UOB Group Audit performs the internal audit function for UOI, adopting the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors and other relevant best practices. The Head of UOB Group Audit has assured the AC that UOB Group Audit is adequately resourced to perform the internal audit function for UOI. The Head of UOB Group Audit reports directly to the AC.

Management Controls

Various management and risk 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 *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 can emanate from regulatory authorities, industry associations, parent company, auditors and other relevant bodies. 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. Appropriate risk management strategies are applied to address the variety of underwriting risks accepted. Issues arising from claims development and provisions are dealt with judiciously. It also monitors the compliance of such policies and procedures by all operational units pertaining to insurance risks.

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 are identified, addressed and managed accordingly.

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 risks.

3. **Quantitative and qualitative information about its 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 shall 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 categorized and managed under a number of 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 and details in the subsequent levels. In Level 2, the risks that impact UOI in each risk dimension are placed into various risk categories. In Level 3, risk matrices that can be used to measure and quantify each risk category are identified and risk tolerance limits are set so that they can be addressed in daily business operations.

<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 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 time.

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 2014, the Companyøs 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 2014 S$'000**	**31 Dec 2013 S$'000**
Liquid Assets		
Bank balances and fixed deposits	60,284	47,269
Marketable investments	353,423	347,403
Total Liquid Assets	**413,707**	**394,672**
Liabilities		
Insurance creditors	14,678	20,473
Non-trade creditors and accrued liabilities	2,990	3,187
Amount owing to related companies	2,094	9,326
Derivative financial liabilities	1,208	850
Tax payable	8,617	5,833
Deferred tax liabilities	4,545	3,578
Deferred acquisition cost ï reinsurersô share	9,947	9,890
Gross technical balances		
- Reserve for unexpired risks	64,007	65,143
- Reserve for outstanding claims	165,748	170,095
Total Liabilities	**273,834**	**288,375**
Surplus Liquid Assets	**139,873**	**106,297**

(Notes: Figures are extracted from UOIøs audited financial statements for the financial year ended 31 December 2014, which were prepared in conformity with Singapore Financial Reporting Standards. Reserve for unexpired risks and outstanding claims are compared with report issued by an external professional actuary to ensure they are not less than the actuaryøs projections, which are prepared for the valuation of premium and claims liabilities in accordance with Section 37 of the Insurance Act, Cap. 142, on a yearly basis.)

As at 31 December 2014, there is no mismatch between assets and liabilities.

4. **Quantitative and qualitative information on all its 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 an 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 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 manage its insurance risk exposures and control its underwriting processes, and ensure that all risks accepted meet with its guidelines and standards.

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

Under the Company's ERM framework, insurance risk is identified as one of the risk categories of the risk dimension of earnings. Through the monitoring and controlling of various risk levers and risk matrices, the Company manages the insurance risks it has accepted and the 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 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 provisions which include the provisions of premium and claim liabilities. The premium liabilities comprise reserve for unexpired risks, net of deferred acquisition cost, while the claim liabilities comprise provision for outstanding claims.

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.

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.

Pursuant to the Insurance Act and Insurance (Valuation and Capital) Regulations 2004, all Singapore licensed insurers are required to maintain a capital adequacy of not less than a generic 120% of its total risk requirements or S$5 million, whichever is the higher, or otherwise directed by the Authority.

As at 31 December 2014, the Companyʼs capital adequacy ratio was 425.94% (2013: 381.53%), which exceeded the minimum regulatory requirement.

The following table shows the sensitivity of the Companyʼs 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)
2014 Net technical provision	-5% +5%	+4,596 -4,596	+14.09 -13.62
2013 Net technical provision	-5% +5%	+4,640 -4,640	+13.52 -13.05

Risk Concentrations

The Companyʼs 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 (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. Breakdown of the Companyʼs gross premiums written into these insurance funds are as follows:

Gross Premiums Written	SIF S$'000	OIF S$'000	Total S$'000
2014	89,161 (82%)	18,953 (18%)	108,114 (100%)
2013	90,113 (82%)	19,339 (18%)	109,452 (100%)

In 2013 and 2014, 82% 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.

<u>Use of Reinsurance</u>

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 are to protect its shareholders’ fund, smooth out the peaks and troughs of underwriting result, provide the Company with competitive advantage, maintain sound and diversified reinsurance securities and develop long-term strategic partnership with key reinsurers.

The Company has formalised a policy on Financial Security of Reinsurers. In addition, it has a written guideline 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.

5. Quantitative and qualitative information about the 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 (e.g. risk adjustment methodology) which shall be presented in appropriate segments.

Estimation Process of Technical Provisions

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

The best estimates for 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 provision estimation process involves estimation of reserve of outstanding reported claims (case reserves), and estimation of additional reserves for incurred but not reported claims (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 provision, the actuary uses a variety of statistical projection techniques like the Chain Ladder and Bornhuetter-Ferguson methods. Claims provision is separately analysed by insurance fund and by class of business and it is intended to provide a minimum of 75% level of assurance of adequacy, and therefore include 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 ultimate liabilities for claims is 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 (which include future cash flow arising from claim settlements and future case reserve movements) and variability around those expected amounts. In estimating the required claims provision, 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.

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, full ultimate value 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 2014**		
	SIF S$'000	**OIF S$'000**	**Total S$'000**
Reserve for unexpired risks, net of deferred acquisition cost	22,277 (86%)	3,660 (14%)	25,937 (100%)
Reserve for outstanding claims	54,597 (83%)	11,379 (17%)	65,976 (100%)

Net Technical Provisions	**As at 31 Dec 2013**		
	SIF S$'000	**OIF S$'000**	**Total S$'000**
Reserve for unexpired risks, net of deferred acquisition cost	23,193 (86%)	3,846 (14%)	27,039 (100%)
Reserve for outstanding claims	54,901 (83%)	10,858 (17%)	65,759 (100%)

Legend: SIF – Singapore Insurance Fund
OIF – Offshore Insurance Fund

6. Quantitative and qualitative information about 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 shall disclose its generic solvency requirements as imposed by legislation or otherwise directed by the Authority, the capital available to cover regulatory capital requirements, and information on any internal model used to determine capital resources and requirements.

<u>Capital Management Objectives, Policies and Processes</u>
The Company has an established Capital Management Policy to manage its capital for its business needs and regulatory compliance.

The Company's policy is to achieve a strong capital adequacy ratio, above the minimum regulatory requirement, through its operations and internal resources so as to maintain financial stability, meet capital funding needs for business operations and project high confidence to customers, business partners and regulators.

As measures to implement its Capital Management Policy, the Company has established a dividend policy, retention limits for insurance risks, guidelines on asset allocation, an asset-liability management policy and controls to ensure regulatory compliance.

<u>Economic and Regulatory Capital</u>
Under its ERM framework, UOI uses the regulatory risk-based capital (RBC) 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 matrices to manage its capital adequacy ratio within specific risk tolerance limits and to ensure that strong capitalization and capital adequacy ratio are maintained.

<u>Capital Adequacy</u>
Pursuant to the Insurance Act and Insurance (Valuation and Capital) Regulations 2004, all Singapore licensed insurers are required to maintain a capital adequacy of not less than a generic 120% of its total risk requirements or S$5 million, whichever is the higher, or otherwise directed by the Authority.

The Company's capital adequacy ratios as at 31 December 2014 and in the preceding year exceeded the minimum regulatory capital requirements as follows:

Capital Adequacy Ratio	**As at 31 Dec 2014 S$'000**	**As at 31 Dec 2013 S$'000**
UOI's capital adequacy ratio	425.94%	381.53%
Minimum capital adequacy ratio	120.00%	120.00%

7. **Quantitative and qualitative information about its 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.**

Investment Objectives

The Company's investment objectives are to invest in quality, liquid and marketable investment for long-term appreciation and to achieve an absolute contribution to the Company's profit.

Policies and Processes

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

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

Under the ERM framework, UOI's investment risk is managed through the monitoring and controlling of two risk levers, namely the Absolute Return Target and Asset Strategy, which are measured and quantified by various risk matrices 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 2014 and comparative figures for the preceding year for solvency and general financial reporting purposes are as follows:

Valuation as at 31 Dec 2014	**For Solvency Purposes S$'000**	**For Financial Reporting S$'000**	**Difference S$'000**
Bank balances & fixed deposits	60,435	60,284	151
Equity securities in corporations	140,998	140,998	-
Unit trusts	62,364	62,364	-
Debt securities	151,569	150,061	1,508
Investment in associated company	489	1	488
Total value of investments	**415,855**	**413,708**	**2,147**

Valuation as at 31 Dec 2013	**For Solvency Purposes S$'000**	**For Financial Reporting S$'000**	**Difference S$'000**
Bank balances & fixed deposits	47,499	47,269	230
Equity securities in corporations	155,740	155,740	-
Unit trusts	41,987	41,987	-
Debt securities	151,230	149,676	1,554
Investment in subsidiary[1] and associated company	7,852	4,941	2,911
Total value of investments	**404,308**	**399,613**	**4,695**

Bank balances and fixed deposits held as collateral against performance bonds issued on behalf of policyholders are excluded from the Company's balance sheet for financial reporting purposes.

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.

Investments in subsidiary and associated company are measured at cost for financial reporting and at net realisable value for solvency purposes.

[1] The subsidiary was dissolved on 29 July 2014 upon completion of members' voluntary liquidation.

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 valuation or future cash flows of an investment 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 and unit trust investments, 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**
2014	-2% +2%	-3,425 +3,425	-4,062 +4,062
2013	-2% +2%	-3,331 +3,331	-3,791 +3,791

Foreign Exchange Risk

The Company's investments can be affected by movements in the exchange rate between Singapore dollar and other currencies.

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**
2014	-5% +5%	-1,881 +1,881	-1,881 +1,881
2013	-5% +5%	-1,782 +1,782	-1,782 +1,782

Interest Rate Risk

Interest rate risk refers to the risk that the valuation or future cash flows of an investment 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**
2014	-10 +10	+607 -607	+607 -607
2013	-10 +10	+620 -620	+620 -620

8. Quantitative and qualitative information on 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	**2014 S$'000**	**2013 S$'000**	**%**
Profit for the financial year			
Gross premiums written	108,114	109,452	-1.2
Net earned premiums	44,560	43,990	+1.3
Underwriting profit	16,044	14,625	+9.7
Investment and other income	17,351	15,958	+8.7
Profit before tax	33,395	30,583	+9.2
Breakdown of profit before tax by segment			
- Singapore Insurance Fund	20,085	19,969	+0.6
- Offshore Insurance Fund	3,113	4,451	-30.1
- ShareholdersôFund	10,197	6,163	+65.5
Profit before tax	33,395	30,583	+9.2
Selected balance sheet items as at year-end			
Net technical provision	91,912	92,797	-1.0
Shareholdersôequity	303,036	280,938	+7.9
Total assets	576,870	562,007	+2.6
Breakdown of total assets by segment			
- Singapore Insurance Fund	350,518	348,187	+0.7
- Offshore Insurance Fund	64,161	54,224	+18.3
- ShareholdersôFund	162,191	159,587	+1.6
- Wholly-own subsidiary	-	9	N/M
Total assets	576,870	562,007	+2.6

(Source: Audited financial statements 2014. Further details can be obtained from UOIõs annual reports available at http://www.uoi.com.sg/uoi/about/investor_relations.html)

Gross premiums decreased by $1.3 million or 1.2% to $108.1 million due mainly to portfolio pruning by management while net earned premiums increased by $0.6 million or 1.3% to $44.6 million as compared to those of the preceding year. Underwriting profit increased by 9.7% to $16.0 million due mainly to higher net earned premium and lower net claims incurred.

Investment and other income increased by $1.4 million or 8.7% to $17.4 million as compared to $16.0 million in the corresponding period last year.

Consequently, overall profit before tax increased by 9.2% to $33.4 million.

Pricing Adequacy

Year 2014	Gross premiums written S$'000	(a) Net earned premiums S$'000	(b) Underwriting Profit S$'000	Underwriting Profit Ratio (b) / (a) x 100%
UOI	108,114	44,560	16,044	36.0%
Industry	4,737,085	3,039,796	343,756	11.3%

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

For the year ended 31 December 2014, UOI attained an underwriting profit ratio of 36.0% which is significantly higher than the margin of 11.3% achieved by the industry.

As the Company achieves underwriting profits consistently since 1973 and enjoys profit margin better than the industry's average, the Company believes that the pricing of its insurance products is adequate.

Claims Statistics, including Claims Development

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

Accident Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total S$'000
Estimated of claims incurred: **gross**											
- at end of accident year	19,476	25,614	35,096	36,694	33,901	41,749	44,992	50,653	80,354	51,991	
- 1 year later	19,879	27,680	34,685	39,358	34,687	43,718	54,297	53,641	79,297		
- 2 years later	18,708	24,376	34,065	38,386	32,437	41,440	51,295	51,420			
- 3 years later	17,317	22,937	31,464	35,064	29,598	38,125	48,677				
- 4 years later	16,241	21,228	29,600	33,879	27,205	34,661					
- 5 years later	15,328	20,105	28,846	29,886	25,430						
- 6 years later	13,778	18,172	22,126	26,408							
- 7 years later	11,820	16,183	15,541								
- 8 years later	11,541	16,094									
- 9 years later	11,429										
Current estimated of claims incurred	11,429	16,094	15,541	26,408	25,430	34,661	48,677	51,420	79,297	51,991	
Less: Cumulative claims paid to date	11,360	15,808	14,583	21,621	21,314	26,653	32,013	25,646	20,298	6,747	
Liability recognised in the balance sheet	**69**	**286**	**958**	**4,787**	**4,116**	**8,008**	**16,664**	**25,774**	**58,999**	**45,244**	**164,905**
Liability recognised in the balance sheet for 2004 & prior											**843**
Total reserve for outstanding claims											**165,748**

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

Accident Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total S$'000
Estimated of claims incurred: **net**											
- at end of accident year	8,343	9,785	11,076	13,528	14,784	20,394	22,500	24,853	27,458	22,829	
- 1 year later	8,724	10,003	10,554	13,997	12,433	20,277	26,822	23,624	26,472		
- 2 years later	8,228	8,750	10,766	14,496	12,347	19,860	25,989	23,702			
- 3 years later	7,617	8,095	9,262	12,737	10,625	18,338	25,338				
- 4 years later	6,971	7,292	8,388	12,251	9,760	17,172					
- 5 years later	6,440	6,789	8,004	11,656	9,181						
- 6 years later	5,786	6,099	7,144	10,956							
- 7 years later	5,232	5,565	6,845								
- 8 years later	5,141	5,618									
- 9 years later	5,083										
Current estimated of claims incurred	5,083	5,618	6,845	10,956	9,181	17,172	25,338	23,702	26,472	22,829	
Less: Cumulative claims paid to date	5,044	5,485	6,538	9,894	7,724	13,053	15,290	12,295	10,092	2,461	
Liability recognised in the balance sheet	**39**	**133**	**307**	**1,062**	**1,457**	**4,119**	**10,048**	**11,407**	**16,380**	**20,368**	**65,320**
Liability recognised in the balance sheet for 2004 & prior											**655**
Total reserve for outstanding claims											**65,975**

Returns on Investment Assets and Components of Such Returns

The following table shows the Companyös returns on investment assets and components of such returns:

Returns on Investment	**2014 S$'000**	**2013 S$'000**	**Difference S$'000**
Investment income and expenses by components			
- Dividend income from investment	5,826	5,253	573
- Interest income from investment	6,691	6,296	395
- Interest on bank balances and fixed deposits	109	86	23
- Miscellaneous Income	77	241	(164)
- Net fair value gains/(losses) on financial derivatives* ï realized	(2,179)	(504)	(1,675)
- Net fair value gains/(losses) on financial derivatives ï unrealized	(354)	(889)	535
- Net gains on sale of investments	5,812	6,514	(702)
- Impairment on investments	-	(1,550)	1,550
- Amortisation of investments	(79)	16	(95)
- Management fees	(968)	(956)	(12)
- Other expenses	(460)	(526)	66
- Exchange gains/(losses)	2,876	1,977	899
Investment and other income	17,351	15,958	1,393
Investment assets by components			
- Bank balances and fixed deposits	60,284	47,269	13,015
- Equity securities in corporations	140,998	155,740	(14,742)
- Unit trusts	62,364	41,987	20,377
- Debt securities	150,061	149,676	385
- Investment in subsidiary and associated company	1	4,941	(4,940)
Total value of investments at year end	413,708	399,613	14,095

* Financial derivatives are forward contracts used by the Company to manage its foreign exchange exposure arising from investment in debt securities denominated in foreign currencies.