MEMBER OF THE UOB GROUP

UOI Annual Report 2018

"/"
Joanne Pang

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

Contents

“/”

by Joanne Pang
Mixed media on cotton
140 x 150 cm

Ms Pang’s painting, “/”, is the design inspiration for this year’s Annual Report. The artist is a lecturer at LASALLE College of the Arts in Singapore and her painting received the Gold award in the Established Artist category in the 2018 UOB Painting of the Year (Singapore) Competition.

The painting title is also meant to be read as “either… or” and represents a strike in motion. It reflects the artist’s movements between action and inaction during the painting process as well as captures the concept of time passing and stopping. Through technique and medium, her painting strokes express the impact of force, dynamism and transformation.

The essence of the painting captures UOB’s approach to banking where due consideration is given before timely decisions are made for optimal impact.

UOB’s support of art is a natural extension of our commitment to our stakeholders in the communities in which we operate. The UOB Painting of the Year competition, in its 37th year in 2018, is the Bank’s flagship art programme held across four Southeast Asian countries.

About United Overseas Insurance Limited

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

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

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

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

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

Chairman's Statement

The Company will remain committed to creating sustainable value for its stakeholders.

2018 Performance

The Singapore economy grew by 3.2 per cent in 2018, marginally lower than growth attained in 2017. The manufacturing and service sectors continued to be the main contributors. The construction sector contracted as compared to the previous year.

Against this economic backdrop, premium rate continued to be eroded in the local general insurance market due to unabated and intense competition. Although the insurance sector expanded 5.3 per cent, the market as a whole recorded an underwriting loss of $96.7 million.

Under these challenging market conditions, the Company continued to maintain its underwriting discipline of ensuring premiums are commensurate with risks underwritten and that high standards of service should not be sacrificed for top line growth. Although these guiding principles rendered it more difficult to grow the business, they have helped the Company over the years to develop a portfolio of loyal clients and insurance intermediaries who share its values. These principles have also helped the Company to deliver positive underwriting results. This prudential approach, which involved weeding out accounts with consistently poor claims experience, has increasingly affected organic growth. The selective pruning of the portfolio combined with the challenges in securing new business had slowed premium inflow culminating in a marginally negative growth situation for this financial year as against the preceding year.

For the financial year ended 2018 (FY2018), the Company achieved a gross premium income of $103.3 million which was marginally lower than that in the previous year. Notwithstanding the lower gross premiums for FY2018, the Company achieved an underwriting profit of $24.5 million, the second highest attained since its inception in 1971. Although the underwriting profit was lower by 3.0 per cent when compared against the record profit in the previous year, it is nevertheless a credible performance especially when the market as a whole suffered losses.

Other income decreased to $1.3 million due mainly to unrealised losses in equity securities and unit trusts, resulting from adverse market conditions caused by fears of monetary tightening and ongoing trade conflicts between the US and China. Net profit before tax was at $25.8 million, a decrease of 33.1 per cent due mainly to lower investment income.

The Company continues to enjoy a financial strength rating of 'A+' (Superior), an issuer credit rating of 'aa-' and a stable outlook from A.M. Best, a leading independent international credit rating agency for the insurance industry. The Company's ratings are among the highest ratings awarded by A.M. Best to any insurer or reinsurer in Southeast Asia. According to A.M. Best, the Company's ratings reflect its balance sheet strength, which A.M. Best categorises as very strong, as well as its very strong operating performance, neutral business profile and appropriate enterprise risk management.

The Board recommends a final one-tier tax-exempt dividend of 8.5 cents per share and a special one-tier tax-exempt dividend of 5 cents per share. Together with the interim dividend of 8.5 cents, the total dividend for FY2018 will be 22 cents per share, the same as that in the previous year.

2019 Prospects

Amid the many global uncertainties, Singapore and other regional economies will likely face more challenges in 2019. Given the intense competition and inadequate premium pricing in the local insurance market, the Company's time-tested underwriting prudence will continue to be maintained as it grows its business. In addition to its continued focus on cross-selling initiatives with the parent bank in Singapore and elsewhere in the region, every endeavour will continue to be made to identify new opportunities and further develop the insurance intermediary segment of the market. The Company will also be committing more resources to the digitalisation of its insurance services as it is fast becoming an essential part of insurance operations.

The investment markets will continue to be affected by many uncertainties arising particularly from geopolitics and trade tensions. Notwithstanding the difficult environment, the Company will continue to strive for better returns from its investments.

Sustainability

The Company will remain committed to creating sustainable value for its stakeholders. We will identify and manage sustainability impacts, risks and opportunities that are most material to the Company's long-term business success. Please refer to the Sustainability Report for more information on the Company's performance with respect to its material environmental, social and governance (ESG) factors.

Acknowledgement

On behalf of the Board, I wish to thank our clients, brokers, agents, reinsurers and shareholders for their steadfast support and our staff for their dedication and hard work. I would also like to thank my fellow directors for their commitment and wise counsel.

Wee Cho Yaw
Chairman

February 2019

Board of Directors

as at 12 February 2019

Wee Cho Yaw

Chairman
Non-Independent and Non-Executive

First appointed as a director: 17 February 1971
Last re-elected as a director: 13 April 2018

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

Board Committee Positions

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

Current Directorships in Other Listed Companies

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

Other Principal Commitments

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

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

- Far Eastern Bank (Chairman Emeritus and Adviser) (till May 2018)
- United Overseas Bank (Chairman Emeritus and Adviser) (till April 2018)
- Singapore Land (Chairman) (till October 2014)

Education and Achievements

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

David Chan Mun Wai

Managing Director and Chief Executive
Non-Independent and Executive

First appointed as a director: 10 March 1994
Last re-elected as a director: 13 April 2017
Appointed as Managing Director: 1 January 1996

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

Board Committee Positions

- Nil

Current Directorships in Other Listed Companies

- Singapore Reinsurance Corporation (Deputy Chairman)

Other Principal Commitments

- Nil

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

- Nil

Education and Achievements

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

Wee Ee Cheong

Non-Independent and Non-Executive

First appointed as a director: 20 March 1991
Last re-elected as a director: 21 April 2016

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

Board Committee Positions

- Nil

Current Directorships in Other Listed Companies

- United Overseas Bank (Director)

Other Principal Commitments

- United Overseas Bank (Deputy Chairman and Chief Executive Officer)
- United Overseas Bank (China) (Chairman)
- PT Bank UOB Indonesia (Deputy President Commissioner)
- United Overseas Bank (Malaysia) (Deputy Chairman)
- United Overseas Bank (Thai) Public Company (Deputy Chairman)

- The Association of Banks in Singapore (Council Member)
- The Institute of Banking & Finance (Council Member)
- Board of Governors of the Singapore-China Foundation (Member)
- Indonesia-Singapore Business Council (Member)
- Singapore Chinese Chamber of Commerce & Industry (Honorary Council Member)
- Visa APCEMEA Senior Client Council (Member)
- Nanyang Academy of Fine Arts (Patron)
- Wee Foundation (Director)

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

- Far Eastern Bank (Alternate Director) (till May 2018)

Education and Achievements

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

Hwang Soo Jin

Non-Independent[1] and Non-Executive

First appointed as a director: 17 February 1971
Last re-elected as a director: 13 April 2018

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

Board Committee Positions

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

Current Directorships in Other Listed Companies

- Singapore Reinsurance Corporation (Chairman Emeritus and Senior Adviser)
- Haw Par Corporation (Director)
- United Industrial Corporation (Director)

Other Principal Commitments

- Nil

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

- Singapore Land (Director) (till August 2014)

Education and Achievements

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

Yang Soo Suan

Non-Independent[1] and Non-Executive

First appointed as a director: 20 March 1991
Last reappointed as a director: 21 April 2016

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

Board Committee Positions

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

Current Directorships in Other Listed Companies

- United Industrial Corporation (Director)

Other Principal Commitments

- Nil

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

- United International Securities (Director) (till December 2015)
- Singapore Land (Director) (till August 2014)

Education and Achievements

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

1 Messrs Hwang Soo Jin and Yang Soo Suan are non-independent directors under the Insurance (Corporate Governance) Regulations 2013 and independent directors under the MAS Guidelines[2].

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

Board of Directors

as at 12 February 2019

N Ganesan

Independent and Non-Executive

First appointed as a director: 27 July 2011
Last re-elected as a director: 13 April 2017

Formerly the Managing Director of The Insurance Corporation of Singapore and President of the Life Insurance Association, Singapore, Mr Ganesan has more than 30 years' experience in the financial sector.

Board Committee Positions
- Audit Committee (Member)

Current Directorships in Other Listed Companies
- Nil

Other Principal Commitments
- Nil

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

Education and Achievements
- Bachelor of Arts (Hons) in Economics, University of Malaya
- Master of Business Administration, Harvard University

Professor Ho Yew Kee

Independent and Non-Executive

First appointed as a director: 1 June 2015
Last re-elected as a director: 13 April 2018

Professor Ho is the Associate Provost (SkillsFuture and Staff Development) of Singapore Institute of Technology. Previously, he served as the Head of the Department of Accounting and Vice Dean (Finance & Administration), NUS Business School, National University of Singapore. Professor Ho has also held academic positions in Monash University and Carnegie Mellon University.

Board Committee Position
- Remuneration Committee (Member)

Current Directorships in Other Listed Companies
- Nil

Other Principal Commitments
- St Luke's Hospital (Director)
- St Luke's Eldercare (Director)
- Dover Park Hospice Governing Council (Member)
- Prison Fellowship Singapore (Director)
- Christian Business Men's Committee (Singapore) (Director)

Past Directorships in Listed Companies and Principal Commitments held over the Preceding Five Years
- Tax Academy of Singapore (Director) (till July 2017)
- Accounting and Corporate Regulatory Authority (Director) (till March 2017)
- SATA CommHealth (Director) (till June 2014)

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

Chng Hwee Hong

Independent and Non-Executive

First appointed as a director: 28 January 2016
Last re-elected as a director: 13 April 2017

Mr Chng was an Executive Director of Haw Par Corporation prior to his retirement in 2012. He was appointed as a member of the Sub-Committee on Maximising Value from Land as a Scarce Resource of the Economic Strategies Committee and a member of the Singapore-Sichuan Trade & Investment Committee. Active in community work, Mr Chng currently serves in a number of community and non-profit organisations.

Board Committee Position
- Audit Committee (Member)

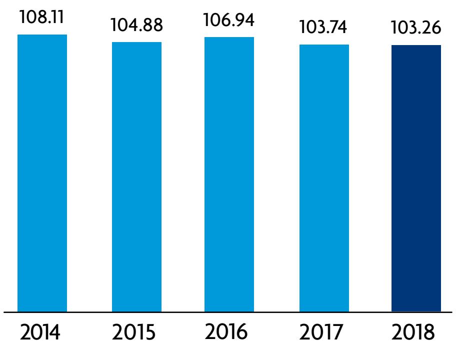
Current Directorships in Other Listed Companies
- United Industrial Corporation

Other Principal Commitments
- Singapore Corporation of Rehabilitative Enterprises (Chairman)
- Industry & Services Co-operative (Chairman, Board of Trustees)
- National Council Against Drug Abuse (Member)

Past Directorships in Listed Companies and Principal Commitments held over the Preceding Five Years
- Yuhua Citizens' Consultative Committee (Chairman) (till March 2017)
- Kong Meng San Phor Kark See Monastery (co-opted Audit Committee Chairman) (till February 2016)

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

Financial Highlights

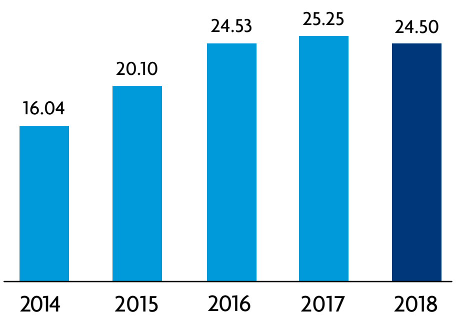


Gross Premium ($ million)

Gross Premium

Over the last five years, the Company had maintained its gross premium at $100 million or more. In 2018, gross premium decreased by 0.5% due mainly to market-wide erosion of premium rates and the Company's risk control efforts to weed out unprofitable businesses and catastrophe prone offshore insurance accounts.

$103.26 million
- 0.5 %

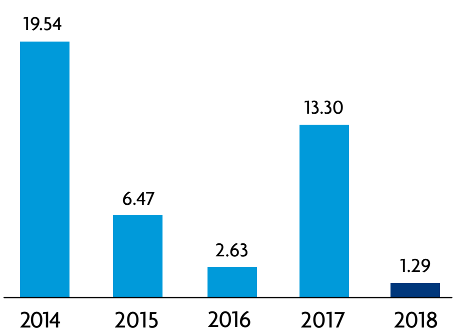


Insurance Underwriting Profit ($ million)

Insurance Underwriting Profit

The Company achieved an underwriting profit of $24.50 million in 2018, a decrease of 3.0% over that of 2017 due to lower gross premium written resulted from the Company's continuous effort in pruning its reinsurance accounts with catastrophe prone risks.

$24.50 million
-3.0%



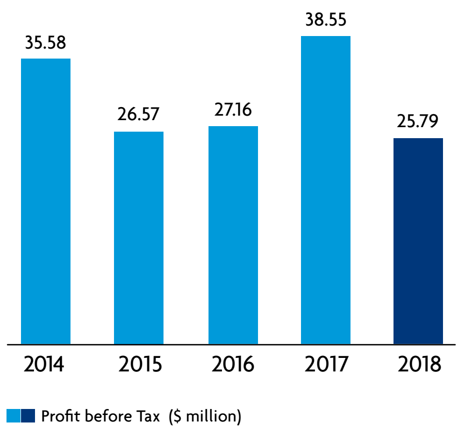
Other Income ($ million)

Other Income

Other income decreased by $12.01 million to $1.29 million as compared to $13.30 million in the previous period. This was mainly due to unrealised loss from revaluation of "fair value through profit or loss" investments which unexpectedly declined from an unrealised gain of $10.37 million as at 31 December 2017 to a lower unrealised gain of $4.45 million as at 31 December 2018.

$1.29 million
- 90.3%

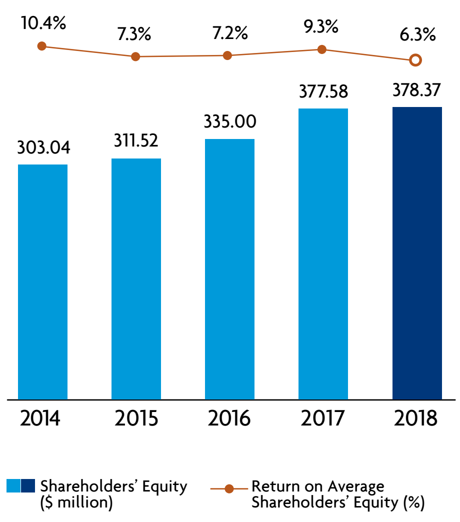
Financial Highlights



Profit Before Tax

Profit before tax decreased by 33.1% to $25.79 million as compared with 2017 mainly due to lower profits made from investments.

$25.79 million
- 33.1%



Shareholders' Equity/Return on Average Shareholders' Equity

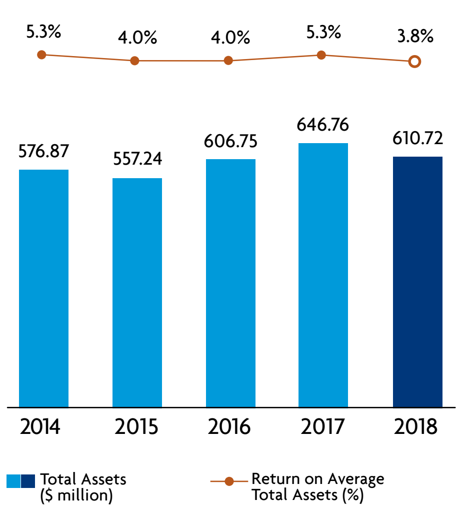
The Company's shareholders' equity as at 31 December 2018 increased by 0.2% to $378.37 million when compared with the preceding year. The increase was due to profits from its insurance operation and investing activities offset by dividends paid during the year. Return on average shareholders' equity was 6.3% in 2018 as compared with 9.3% in 2017.

Shareholders' Equity

$378.37 million
+ 0.2%

Return on Average Shareholders' Equity

+ 6.3%
- 3.0% pt



Total Assets/Return on Average Total Assets

The total assets of the Company saw a decrease of 5.6% to $610.72 million as at 31 December 2018 due mainly to reduction in reinsurers' share of technical balances as the underwriting result of the Company's ceded business improved. Return on average total assets decreased from 5.3% in 2017 to 3.8% in 2018.

Total Assets

$610.72 million
- 5.6%

Return on Average Total Assets

+ 3.8%
- 1.5% pt

Five-Year Company Financial Summary

Key Indicators	2014	2015	2016	2017	2018
Profit for the Financial Year ($'000)					
Gross premium	108,114	104,883	106,943	103,744	**103,258**
Insurance underwriting profit	16,044	20,098	24,525	25,248	**24,495**
Other income	19,535	6,474	2,631	13,300	**1,293**
Profit before tax	35,579	26,572	27,156	38,548	**25,788**
Selected Balance Sheet Items As At Year-end ($'000)					
Total assets	576,870	557,235	606,745	646,756	**610,724**
Net technical balances	90,285	87,757	85,097	79,572	**72,740**
Shareholders' equity	303,036	311,519	335,002	377,580	**378,374**
Financial Ratios					
Earnings per share - basic and diluted (cents)	49.6	36.6	37.8	53.9	**39.0**
Return on average shareholders' equity (ROE) (%)	10.4	7.3	7.2	9.3	**6.3**
Return on average total assets (ROA) (%)	5.3	4.0	4.0	5.3	**3.8**
Incurred loss ratio (%) [1]	41.4	36.1	27.0	21.6	**22.8**
Net commissions ratio (%) [2]	(2.0)	(10.4)	(9.5)	(8.9)	**(13.8)**
Management expenses ratio (%) [3]	24.6	28.2	28.0	29.1	**31.8**
Underwriting profit ratio (%) [4]	36.0	46.1	54.5	58.2	**59.2**
Declared dividend per share (cents)					
Interim	3.0	3.0	3.0	3.0	**8.5**
Special	2.0	2.0	2.0	5.0	**5.0**
Final	12.0	12.0	12.0	14.0	**8.5**
Total	17.0	17.0	17.0	22.0	**22.0**
Net assets value per share ($)	5.0	5.1	5.5	6.2	**6.2**

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

2018 in Review

The keen competition and slow economic growth that affected the business environment in 2017 continued through the whole of 2018. The general insurance market in Singapore grew by 5.3 per cent but sustained underwriting losses totalling S$96.7 million. Close to two-thirds of the general insurance companies were in the red reflecting the tough market conditions under which all were operating.

Given such tough market conditions, we remained prudent in our underwriting approach and focused our efforts on the three major segments of our business which are Personal Line Insurance, Corporate Insurance and Regional Insurance. To this end, we continued to grow our personal and commercial insurances by tapping on the UOB Group's local and regional network and by further deepening our business relationships with selected insurance intermediates.

As part of our ongoing strategy to improve operational efficiencies and to strengthen product capabilities, we accelerated our digitalisation drive and made several improvements in our business processes. The Company continued to focus on human capital management with more employee development programmes and training courses geared towards supporting our digitalisation and business automation initiatives.

Personal-Line Insurance

The personal-line insurance segment remained as one of the Company's significant contributors to premium growth.

During the year, we continued to drive various business initiatives for this segment working closely with the UOB Group and its major insurance agents. Our telemarketing campaigns, lead generation activities and product promotions continued to be key growth drivers. We customised our products to align with our distribution channels by expanding the number of selected UOB branches for the in-branch sales of our products, and by increasing the number of available products in our on-line application system. Joint travel insurance promotions remained as one of the key business initiatives between the Company and the UOB Group. Ongoing efforts to grow premium income include improving our outreach programmes to the employees of our existing customers.

In 2018, we also focused on customer retention and introduced several loyalty programmes to encourage the renewal of policies. We stepped-up the enhancement of our business processes and application systems to support our business activities. An example is the use of short message services to remind our customers of the renewal dates of the policies.

Corporate Insurance

To grow our premium portfolio for this market segment, we continued to work closely with the UOB Group, UOB Group-linked companies and selected insurance intermediaries.

During the year, we enhanced our business-to-business application system to better support the sales of our insurance packages to UOB's SME customers. Bank referrals for corporate insurance and the development of insurance schemes for UOB-related businesses remained the major contributor to our business growth.

We also strengthened our business teams to uphold excellent service and to provide enhanced product suites while maintaining flexible and prudent underwriting in this competitive market segment.

Regional Insurance

Over the years, the Company has directed efforts towards growing its offshore insurance business. This offshore segment has been nurtured prudently as some overseas markets are prone to natural catastrophes. Risk selection remains a key priority and adequate reinsurance protection has been put in place to manage these offshore risks. We leverage on UOB's regional network to further grow our offshore insurance portfolio.

The opening up of the insurance market in Myanmar brought in newer players and in certain parts of the business, the premiums charged are not commensurate with the risks carried. Nevertheless, we remain engaged in Myanmar and will selectively grow our business there.

UOI in the Community

UOI rallies our employees and their families, both young and old, to run or walk for a good cause every year at the UOB Heartbeat Run/Walk.

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

Every year, we participate in the UOB Heartbeat Run/Walk, UOB Group's flagship fundraising event to help improve the lives of underprivileged and special needs children across the region. In 2018, close to 140 UOI employees and their families participated in the annual event – twice as many as the year before.

As part of our efforts to promote inclusivity, UOI organised a hands-on cooking workshop for 98 UOI employee volunteers in partnership with Dignity Kitchen, Singapore's first and only community food court run by people with disabilities and the socially disadvantaged. Guided by stall owners from Dignity Kitchen, our employee volunteers learnt to prepare dishes that were eventually served to 80 beneficiaries.

Mr David Chan, Managing Director of UOI, leads employee volunteers to cook for the underprivileged as part of supporting inclusive communities.

United Overseas Insurance Limited
(Incorporated in Singapore)

31 December 2018

Governance

Corporate Governance

UOI is committed to upholding good corporate governance. The Company has complied with the Insurance (Corporate Governance) Regulations (Insurance Regulations) that are applicable to UOI as a Tier 2 insurer, the listing rules of the Singapore Exchange Securities Trading Limited (SGX-ST) as well as all material aspects of the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (MAS Guidelines) issued by the Monetary Authority of Singapore (MAS) in 2013. The MAS Guidelines comprise the Code of Corporate Governance that was issued in 2012 for companies listed on the SGX-ST (2012 Code) and supplementary principles and guidelines added by the MAS. Where UOI's practices differ from the MAS Guidelines, an explanation is provided. A summary of the disclosures required under the MAS Guidelines can be found on pages 23 to 26.

Board Matters

(Principles 1 to 6, MAS Guidelines)

Board Duties

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

- provide strategic direction, entrepreneurial leadership and guidance;
- approve business plans and annual budgets;
- ensure that financial statements are true and fair;
- monitor financial performance;
- determine capital structure;
- declare dividends;
- approve major acquisitions and divestments;
- review risk management framework and system;
- oversee the performance of Senior Management;
- set company values and standards;
- consider sustainability issues when formulating the Company's strategies;
- determine environmental, social and governance (ESG) factors that are material to the business and oversee the management and monitoring of the ESG factors;
- perform succession planning; and
- establish a board diversity policy.

Board Approval

Board approval is required for material matters such as business plans and annual budgets, major acquisitions and divestments, issue of shares and other capital, dividends and other distributions and announcements of the quarterly and full-year financial results.

Board Delegation

The Board has established the Audit Committee (AC), Nominating Committee (NC) and Remuneration Committee (RC) to assist it in discharging its duties. The terms of reference of the committees are reviewed annually for continued relevance and approved by the Board. UOI does not have a board risk committee because the AC also helps to oversee risk management matters. UOI also does not have an executive committee because its current scope of business and scale of operations can be overseen by the Board directly.

The NC, RC and AC give short reports of their meetings to the Board after each meeting, followed by the full minutes when they are finalised. The subsequent pages contain more information on these committees.

Key Processes

Meetings of the Board and Board Committees and the annual general meeting (AGM) are scheduled well in advance. Additional meetings are held as required. Directors are provided with comprehensive information and have sufficient time to review the material before the meetings so that they can make their decisions on a fully-informed basis.

A director who is unable to attend a meeting in person may participate via telephone and/or video conference or make his views known through another director or the company secretary.

Board and Board Committee resolutions are approved by majority vote at the meeting or through written resolutions circulated to all members. Minutes of all meetings and written resolutions are maintained by the Company.

Managing Potential Conflicts of Interests

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

Directors have to notify UOI in a timely manner of any change in their interests. For directors to accept any additional appointment, the Board must be satisfied that such additional appointment will not give rise to any conflict of interest or hamper such directors from discharging their statutory duties to UOI. The Board of Directors section of this report contains a list of the directors' current directorships in other listed companies and other principal commitments.

Corporate Governance

Board Independence and Composition

Overview of the Board

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

There are currently eight members on the Board. Every year, the NC assists the Board to review the size and composition of the Board, the independence of directors and that they remain fit and proper and qualified for office. The NC is guided by the criteria in the Insurance Regulations, SGX-ST listing rules and MAS Guidelines in assessing the independence of each director.

According to the Insurance Regulations, a director is independent if he is independent from substantial shareholders of the company, does not have management and business relationships with the company and has not served on the board of the company for nine continuous years or more.

The MAS Guidelines allow the Board to consider a director of more than nine years' standing as independent if the Board, after performing a rigorous review of the way the director has discharged his duties, is satisfied that he is independent.

In determining a director's independence, the NC takes into account each director's conduct and contributions during meetings and outside of meetings. Account is also taken of the nature of his other appointments, his relationships with UOI, Management and substantial shareholders and his response to questions relating to independence, fitness and propriety in a self-assessment questionnaire.

The table on page 15 sets out the NC's assessment of directors' independence. The bases of the NC's assessment are as follows:

- Messrs N Ganesan, Ho Yew Kee and Chng Hwee Hong are independent and non-executive. Each of them has been on the board for fewer than nine years, does not have any management or business relationship with UOI and is independent from substantial shareholders. None of their immediate family members is employed by UOI or its related corporations. Their advice, comments and questions during meetings and on other occasions demonstrate their objectivity and independence of mind;

- Mr David Chan Mun Wai is non-independent and executive, as he is UOI's Managing Director and Chief Executive;

- Dr Wee Cho Yaw and Mr Wee Ee Cheong are non-independent and non-executive. Dr Wee Cho Yaw is a substantial shareholder of United Overseas Bank Limited (UOB), the parent company. Mr Wee Ee Cheong is a substantial shareholder and director and the chief executive officer of UOB; and

- Messrs Hwang Soo Jin and Yang Soo Suan are non-independent under the Insurance Regulations (as each has served for more than nine continuous years), but have been determined by the NC to be independent under the SGX-ST listing rules and MAS Guidelines. They are not connected to any substantial shareholder and are independent from any management or business relationship with UOI or its related corporations or officers. Neither they nor their respective immediate family members was employed by UOI or its related corporations in the past three financial years. The NC has conducted a rigorous review of the manner in which they have discharged their duties as director and concluded that they continue to remain objective and impartial despite their long service and familiarity with UOI and Management. The NC is further of the view that Mr Hwang Soo Jin's directorship in Singapore Reinsurance Corporation Limited, a reinsurance business counterparty of UOI, has not compromised his independence and objectivity in the discharge of his duties as a UOI director. Mr Hwang Soo Jin and Mr Yang Soo Suan are non-executive directors.

The current composition of the Board meets the requirement of the Insurance Regulations that at least one-third of the Board comprises independent directors and the SGX-ST Listing Rule requirement that at least two non-executive directors are independent and free of any material business or financial connection with UOI.

Name of director	ED/ NED[1]	Independence status[2] under: Insurance Regulations	SGX-ST listing rules	MAS Guidelines	Number of meetings attended in 2018: AGM	Board	NC	RC	AC
Wee Cho Yaw	NED	NID	NID	NID	• 1	• 4 / 4	1 / 1	• 1 / 1	–
David Chan Mun Wai	ED	NID	NID	NID	1	4 / 4	–	–	–
Wee Ee Cheong	NED	NID	NID	NID	1	4 / 4	–	–	–
Hwang Soo Jin	NED	NID	ID	ID	1	4 / 4	• 1 / 1	1 / 1	4 / 4
Yang Soo Suan	NED	NID	ID	ID	0	4 / 4	1 / 1	1 / 1	• 4 / 4
N Ganesan	NED	ID	ID	ID	1	4 / 4	–	–	4 / 4
Ho Yew Kee	NED	ID	ID	ID	1	4 / 4	–	–	–
Chng Hwee Hong	NED	ID	ID	ID	1	4 / 4	–	–	4 / 4
Number of meetings held in 2018					**1**	**4**	**1**	**1**	**4**

1. "ED" means executive director and "NED" means non-executive director.
2. "NID" means non-independent director and "ID" means independent director.
• Denotes chairman.

The profiles of the directors can be found in the Board of Directors section. Collectively, the directors possess skills and expertise in insurance business, accounting, management, strategic planning and investment. These are competencies essential to UOI's business. The diversity of professional qualifications, expertise, credentials and tenure among the directors allows for different perspectives on UOI's business and affairs. To ensure that all directors remain fit and proper for office, every director is assessed annually using a questionnaire based on the MAS Guidelines on Fit and Proper Criteria, the contents of which are substantially similar to, but more extensive than, Appendix 7.4.1 of the SGX-ST Listing Rules. The NC has reviewed each director's profile and responses to the questionnaire and observed no change in the circumstances of the directors since their assessment in the previous year. It has assessed that each director remains fit and proper and qualified for office. The NC considers a board size of eight to nine members appropriate for overseeing UOI's affairs after taking into account UOI's nature and scope of operations and the need for progressive board renewal.

The Board has nominated Messrs Yang Soo Suan, Wee Ee Cheong and David Chan Mun Wai for re-election by rotation at the annual general meeting this year as each of them continues to make valuable contributions based on their years of experience in the insurance industry.

Chairman and Managing Director and Chief Executive

The roles of the Board Chairman and the Managing Director and Chief Executive are separate and are held by unrelated individuals.

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

Mr David Chan is the Managing Director and Chief Executive. He leads the management team in seeking business opportunities, oversees the Company's operations and ensures that the Company's system of internal controls and risk management is adequate and effective. He is assisted in his task by the key management personnel. Mr David Chan will continue in his role as Managing Director and Chief Executive upon his re-election.

Corporate Governance

Lead Independent Director

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

Time Commitment and Performance

At the end of each year, each director performs a confidential self-assessment and an assessment of the work performed by the Board and Board Committees by completing a questionnaire. The assessments are submitted directly to the company secretary who collates the results for the NC to evaluate and make its recommendations to the Board. The NC was of the view that it was not necessary to engage an external facilitator for the assessment.

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

The review of each director's performance took into account the following:

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

The attendance record of directors in 2018 is shown on page 15. The directors are principally resident in Singapore.

The NC is satisfied that each director has devoted time and effort to attend to UOI's affairs and has contributed to the effectiveness of the Board and Board Committees. The NC does not believe in limiting the number of directorships that UOI directors may hold because each director knows best the number of appointments he is capable of handling.

Selection Process, Appointment and Re-Election

The NC recommends suitable candidates for appointment to the Board having regard to the board diversity policy. It also considers the candidates' current commitments, independence, qualification for office, personal attributes and whether he would have sufficient time to commit to UOI's affairs. Any director may nominate candidates to the NC. Appointments of directors and the board chairman are subject to the approval of the MAS.

At least one-third of the directors retire from office by rotation at the AGM every year. The NC takes into account the performance of a director in recommending the director for re-election. New directors have to stand for election at the first AGM following their appointment. The names of directors who are seeking re-election at the 2019 AGM are set out in the Notice of AGM.

Orientation and Continuous Development

An induction is organised for new directors. They are given a manual that contains the constitution of the Company, the terms of reference of the Board and Board Committees, Articles of Directorship, Code of Corporate Governance, Code of Conduct and extracts of applicable laws and regulations. The Articles of Directorship set out a director's term of office, duties, responsibilities, remuneration and disclosure obligations. The Articles and any subsequent amendment are approved by the Board and apply to all directors irrespective of when they were appointed. The induction for new directors includes meetings with key management personnel and briefings on UOI's corporate development, organisational structure, business, operations and financial performance.

The NC oversees the training programme and budget for directors. In-house training was conducted in 2018 on various subjects including cyber security and new developments in accounting standards. Several directors also attended conferences/seminars conducted by the Singapore Institute of Directors. The NC believes that the 2018 training programme has equipped directors with the necessary knowledge to discharge their duties.

Succession Planning for Key Management Positions

The NC reviews the succession plan for the chief executive officer (CEO), whose appointment is subject to MAS approval, and also for other key management positions. UOI identifies and prepares suitable internal candidates for key management positions through mentoring, training and job rotation. If there is no suitable candidate, the Company will recruit from external sources. The NC also reviews the reasons behind senior executive resignations.

Access to Information

Directors have unfettered access to information, Management and the internal and external auditors. Comprehensive reports on the Company's operations and financial position are given to directors in advance, with ample time for them to prepare for meetings. Senior executives are present at the meeting to provide additional information or clarification as needed. When necessary, professional advisers are invited to brief the Board or Board Committees. Common membership in the Board Committees facilitates information-sharing and contributes to a holistic view of certain matters covered by separate Board Committees.

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

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

Composition of Board Committees

The NC conducts an annual review of the size and composition of the Board Committees to assess if any change is needed. The Board also decided that Dr Wee Cho Yaw, a non-independent director, shall remain as the RC chairman because of his in-depth experience in remuneration matters and he is most suited to continue to head the RC. The composition and duties of Board Committees can be found on subsequent pages of this report.

Nominating Committee

NC membership
• Hwang Soo Jin *(chairman),* Wee Cho Yaw and Yang Soo Suan
• Majority of members, including the chairman, are independent directors pursuant to the MAS Guidelines

The main responsibilities of the NC are:

- to recommend the appointment, re-election and retirement of directors;
- to assess the performance of the Board, Board Committees and each director;
- to determine the independence of directors;
- to perform succession planning; and
- to recommend a board diversity policy.

Its main activities are outlined on pages 14 to 17.

Remuneration Matters

(Principles 7 to 9, MAS Guidelines)

Remuneration Committee

RC membership
• Wee Cho Yaw *(chairman)*, Hwang Soo Jin, Yang Soo Suan and Ho Yew Kee *(appointed on 12 February 2019)*
• Majority of members are independent directors pursuant to the MAS Guidelines
• All members are non-executive directors

The RC's main responsibilities are:

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

Remuneration and Disclosure

UOI adopts the remuneration policy of the UOB Group with variations appropriate for the insurance business. The policy sets out the principles and philosophies adopted to attract, motivate and retain employees and directors to provide good stewardship and effective management. The service of an external remuneration consultant was not required during the year under review.

All non-executive directors do not receive options, share-based incentives or bonuses from the Company. These directors are paid a basic fee for service on the Board and additional fees for service on Board Committees. In recommending the fees to be paid to directors, the RC takes into account the directors' responsibilities as well as UOI's size, scope of business and performance. Mr David Chan, the Managing Director and the only executive director on the Board, is remunerated as a key management personnel. He does not receive any director's fee. The proposed directors' fees are subject to shareholders' approval at the AGM.

UOI's remuneration approach is linked to the type of performance that will create and add lasting value for the Company. The remuneration framework is designed towards serving the long-term interest of the Company. The remuneration package comprises fixed salaries, variable bonuses and welfare benefits. Salaries are benchmarked against comparable roles in the insurance industry, while variable bonuses are granted based on the performance of UOI and the individual. Care is taken to ensure that employees are not rewarded for short-term gains that come through taking excessive or undue risks. The remuneration package for the Managing Director and Chief Executive is recommended by the RC each year for the Board's approval. The variable performance bonus pool for other key management personnel and executives is also recommended by the RC each year while the performance bonuses for the other employees are based on a formula agreed with the Singapore Insurance Employees' Union. UOI has a variable performance bonus deferral policy to be applied as appropriate. It does not have any employee share-based incentive scheme.

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

UOI's key management personnel consist of the Managing Director and Chief Executive and three Assistant General Managers. The names of the Assistant General Managers can be found in the Corporate Information section. The Company operates in a highly competitive environment. The skills required in the insurance industry are very specialised. Mindful of employees' right to privacy and also for business reasons, UOI has decided not to disclose the remuneration of key executives whether individually or in the aggregate. For these reasons, the Company continues to disclose the remuneration of each director and the Managing Director and Chief Executive in bands of $250,000 in the Directors' Statement. No immediate family member of a director or the Managing Director and Chief Executive is in the employ of UOI.

Accountability and Audit
(Principles 10 to 13, MAS Guidelines)

Audit Committee

AC membership
• Yang Soo Suan *(chairman)*, Hwang Soo Jin, N Ganesan and Chng Hwee Hong
• All members, including the chairman, are independent and non-executive directors pursuant to the MAS Guidelines

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

- financial statements and quality of, and any significant change in, accounting policies and practices;
- adequacy and effectiveness of internal accounting control systems and internal controls;
- risk management policies, frameworks and systems and adequacy of measures taken in relation to material risks;
- nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation;
- approach in identifying, measuring and monitoring its key and emerging risks and the governance and measurement of these risks;
- assurance provided by the CEO and other key management personnel regarding the adequacy and effectiveness of the Company's risk management and internal control system;
- appointment, reappointment, removal (if necessary), evaluation, remuneration and terms of engagement of the internal and external auditors;
- internal and external audit plans and reports;
- scope and results of the internal and external audits;
- effectiveness, independence, knowledge, competence and objectivity of the external auditor;
- adequacy, effectiveness and efficiency of the internal audit function;
- performance and appointment of the certifying actuary;
- policies and procedures for handling fraud and whistleblowing cases; and
- interested person transactions and material related party transactions.

The AC has authority to investigate any matter within its terms of reference. The AC has the full cooperation of Management and the internal and external auditors to discharge its functions properly. The internal and external auditors report their significant audit findings and recommendations to the AC independently. At least once a year, the AC meets separately with the internal and external auditors in the absence of Management.

The AC reviews the policies and procedures for handling fraud and whistleblowing cases, which are reported to the AC for review and investigation, if necessary. Please refer to page 23 for more information on the whistleblowing policy.

AC members are kept abreast of changes in accounting standards which may have a direct impact on financial statements by the external auditor.

Each quarter, the AC meets to review the financial statements and makes its recommendation to the Board for approval. In its review, the AC assesses the accounting policies and practices applied and any judgement made that may have a significant impact on the financial statements. The AC has discussions with Management and the external auditor over key audit matters (KAMs), which may provide greater insight to the audited financial statements.

For the third year running, the AC notes with satisfaction that in those key areas of audit on the Company's financial statements, the external auditor has not found any anomalies in the systems and procedures of controls applicable in each of the areas audited. The external auditor continued to give UOI an unqualified opinion in 2018.

Mindful of the element of uncertainty inherent in the insurance business as pointed out by the external auditor and the importance of ensuring accuracy in the estimation, the AC will continue to be vigilant in its watch over Management to ensure that high standards of professional expertise are sustained to enable Management to judiciously conduct the complex task of evaluating the technical balances. It is noteworthy that in this regard, an additional safeguard is in force in that a mandatory actuarial evaluation is required to be conducted annually by an external actuary approved by the regulatory authority. Since the introduction of the regulatory requirement, UOI's own annual estimation as compared with that of the actuary's has been found to be prudent. This reflects the extent of financial prudence which is also applied to UOI's management of its investment portfolio and estimated credit loss (ECL) provisions.

On 1 January 2018, UOI transitioned from SFRS(I) 1-39 *Financial Instruments* to SFRS(I) 9 *Financial Instruments* (SFRS(I) 9). The AC maintains a close watch on measures taken by Management to keep up with the changes in the requirements in the financial reporting standards and notes with satisfaction that the revised methodology and accounting standard adopted has been assessed as appropriate by the external auditor.

The AC also helps the Board to oversee the risk management functions of UOI.

Internal Auditor

In 2017, PricewaterhouseCoopers Risk Services Pte. Ltd. (PwC) was appointed as the internal auditor of UOI for two years. The AC has reappointed PwC in 2018 for another two-year term from 2019. The internal auditor performs its duties in accordance with the Internal Audit Charter, the *International Standards for the Professional Practice of Internal Auditing* set by The Institute of Internal Auditors and other relevant best practices. The internal auditor has confirmed that it has received appropriate access to information and cooperation from Management to perform its duties.

The internal auditor adopts a risk-based approach in the audit of the Company's internal controls. It develops the audit work plan independently after it has met with Management on the scope of audit. The audit plan is then reviewed and approved by the AC. The AC may request the internal auditor to assist in the review of specific topics. The internal auditor highlights significant audit findings and reports the progress of remediation of audit findings to the AC.

Having observed the conduct of, and reviewed the reports submitted by PwC, the AC is satisfied that PwC is independent and has adequate resources including suitably qualified and experienced staff to perform the internal audit function.

External Auditor

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

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

In its assessment, the AC takes into account the external auditor's work, quarterly affirmation of independence and relationships with UOI, as well as the audit and non-audit fees paid to the external auditor. During the financial year, the external auditor was not paid any non-audit fee. The audit fees for the financial year are disclosed in the Notes to the Financial Statements.

The AC is of the view that the external auditor was effective, independent and objective in its audit of the Company in 2018 and that it has the requisite expertise and resources to be the external auditor for the next financial year. The AC has therefore nominated Ernst & Young LLP for reappointment at the forthcoming AGM. UOI has complied with Rule 712 of the SGX-ST Listing Manual with regard to the appointment of the auditing firm.

Risk Management and 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 four risk dimensions. Each dimension has a defined risk tolerance limit. Management reviews the framework annually and proposed changes are submitted to the AC for endorsement before the revised framework is approved by the Board. The Managing Director and Chief Executive and six 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 consistent with the nature, complexity and materiality of the Company's activities and compliance with such policies and procedures is monitored. More information on the management committees, risk dimensions and key risk types under UOI's enterprise risk management framework can be found in the Risk Management section.

The external and internal auditors conduct independent audits and report on any material non-compliance or lapse in internal controls. The auditors evaluate the overall adequacy and effectiveness of the Company's risk management processes and internal control systems. The internal auditor has performed an independent review of certain processes in the Company's accounting operations in 2018 in accordance with the two-year cycle audit plan.

As UOI is part of the UOB Group, it is able to tap the UOB Group for best practices in risk management.

Adequacy and Effectiveness

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

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

Following its review and with the concurrence of the AC, the Board has formed the view that the Company's system of risk management and internal controls (including financial, operational, compliance and information technology controls) was adequate and effective as at 31 December 2018. As no system of risk management and internal controls can provide absolute assurance against material error, loss or fraud, the Company's system of risk management and internal controls provides reasonable but not absolute assurance that the Company will not be affected by any adverse event which may be reasonably foreseen.

Shareholder Rights and Responsibilities
(Principles 14 to 16, MAS Guidelines)

Shareholder Rights and Conduct of Shareholder Meetings

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

All shareholders are entitled to attend and participate in the proceedings at general meetings. A notice of a general meeting, related information and a proxy form are sent to shareholders within the statutory timeline of at least 14 days before the meeting. The notice of meeting is published in certain widely-read local newspapers and on SGXNet and the UOI website. Each substantial matter is proposed as a separate and distinct resolution at the general meeting. Explanatory notes to the resolutions to be voted on are provided in the notice.

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

At each general meeting, adequate time is allocated for shareholders to ask questions and give their views on the agenda items. Each ordinary share carries one vote and electronic poll-voting services are provided by an independent contractor. Shareholders and proxies are briefed on the procedures before voting commences. The votes cast for or against each resolution are tallied and displayed immediately at the close of voting. At every general meeting, the Company appoints an independent scrutineer to validate the voting results before they are announced on SGXNet on the same day as the general meeting.

Communication with Shareholders

To ensure equal access to information by all shareholders and other stakeholders, all pertinent information relating to the Company is disclosed in a timely manner via SGXNet and the UOI website (www.uoi.com.sg). The Investor Relations webpage on the UOI website contains the latest financial results, annual report and other corporate information. The first three quarters' financial results are announced within 45 days from the end of the quarter and the full-year financial results are announced within 60 days from the financial year end. The annual report is sent to all registered shareholders at least 14 days before the AGM, which is held within four months from the financial year end. The annual report, which is available online and in print, contains the audited financial statements, AGM notice, proxy form and other pertinent information. It is also available on SGXNet and the UOI website.

Shareholders who are present at a general meeting are given adequate time to ask questions relating to the resolutions to be passed at the meeting. Directors and Management and, where necessary, the Company's professional advisers are in attendance at the meeting. Their names and those of the directors present at the general meeting are recorded in the minutes of general meetings which are available to shareholders upon request.

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

Dividend Payment

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

Related Party Transactions and Interested Person Transactions

(Principle 17, MAS Guidelines)

The AC reviews all interested person transactions and material related party transactions to assess if the transactions are undertaken in the ordinary course of business, on normal commercial terms and at arm's length. All directors and the Managing Director and Chief Executive have to declare any interest which could conflict with UOI's interest and abstain from voting on matters in which they have an interest. Information on related party transactions is disclosed in the Notes to the Financial Statements. The particulars of interested person transactions entered into during 2018 are disclosed in the table on the next page.

Corporate Governance

Interested Person Transactions

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
United Overseas Bank Limited	UOB provided the following services to UOI: • telemarketing service valued at approximately $2.1 million; • web and digital services valued at approximately $30,000; • corporate secretarial and tax services valued at $58,000; • marketing service at UOB branches with effect from 2018. Fees payable to be based on sales generated.	Nil
Union (2009) Limited	UOI leased its premises at 3 Anson Road, 28th and 29th floors, Springleaf Tower, Singapore 079909 from Union (2009) Limited at a rent of $108,854.80 per month for three years from 1 December 2018. The rent for the lease was supported by an independent valuation.	Nil

Material Contracts

No material contract involving the interest of the Managing Director and Chief Executive, any director or controlling shareholder of UOI has been entered into by the Company since the end of the previous financial year, and no such contract subsisted as at 31 December 2018, save as may be disclosed on SGXNet or herein.

Ethical Standards

Code of Conduct

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

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

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

Whistleblowing Policy

UOI's whistleblowing policy provides for an individual to report in confidence, anonymously or otherwise, any impropriety in financial or other matters. Whistleblowing reports may be sent to the AC chairman (c/o Company Secretary, 80 Raffles Place, UOB Plaza 1, Singapore 048624).

The policy also sets out the procedures by which whistleblowing cases are investigated. All whistleblowing reports received are investigated independently by the AC with the assistance of the internal auditor or an external independent consultant firm. UOI prohibits reprisal in any form against whistleblowers who have acted in good faith.

Securities Dealing

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

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

Directors and the chief executive must notify the Company of their interests in the securities of UOI and its related corporations. When there is a change of interest, they must notify the Company within two business days after they acquire or dispose of such interests or become aware of any change in interests so that the Company can announce it on SGXNet.

Summary Of Disclosures

Principles and guidelines in MAS Guidelines (incorporating 2012 Code) with express disclosure requirements	Page reference
Guideline 1.3 Delegation of authority, by the Board to any board committee, to make decisions on certain board matters	13
Guideline 1.4 The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings	15
Guideline 1.5 The type of material transactions that require board approval under guidelines	13
Guideline 1.6 The induction, orientation and training provided to new and existing directors	16
Guideline 1.16 An assessment of how these programmes meet the requirements as set out by the NC to equip the Board and the respective board committees with relevant knowledge and skills in order to perform their roles effectively	16
Guideline 2.3 The Board should identify in the company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the 2012 Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed	14

Corporate Governance

Principles and guidelines in MAS Guidelines (incorporating 2012 Code) with express disclosure requirements	Page reference
Guideline 2.4 Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed	14
Guideline 2.13 Names of the members of the board executive committee (EXCO) and the key terms of reference of the EXCO, explaining its role and the authority delegated to it by the Board	Not applicable
Guideline 3.1 Relationship between the Chairman and the CEO where they are immediate family members	Not applicable
Guideline 4.1 Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	14-17
Guideline 4.4 The maximum number of listed company board representations which directors may hold should be disclosed	16
Guideline 4.6 Process for the selection, appointment and reappointment of new directors to the Board, including the search and nomination process	16
Guideline 4.7 Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent	4-6, 14-15
Guideline 4.13 Resignation or dismissal of key appointment holders	Not applicable
Guideline 4.14 Deviation and explanation for the deviation from the internal guidelines on time commitment referred to in Guidelines 4.4 and 4.10	16
Guideline 5.1 The Board should state in the company's Annual Report how assessment of the Board, its board committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's Annual Report	14-17
Guideline 7.1 Names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board	17-18
Guideline 7.3 Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the company	Not applicable

Principles and guidelines in MAS Guidelines (incorporating 2012 Code) with express disclosure requirements	Page reference
Principle 9 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration	17-18
Guideline 9.1 Remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO)	17-18, 48, 81
Guideline 9.2 Fully disclose the remuneration of each individual director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives	48
Guideline 9.3 Name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of $250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel	17-18, 100
Guideline 9.4 Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds $50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of $50,000	Not applicable
Guideline 9.5 Details and important terms of employee share schemes	Not applicable
Guideline 9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met	17-18

Corporate Governance

Principles and guidelines in MAS Guidelines (incorporating 2012 Code) with express disclosure requirements	Page reference
Guideline 11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems. The commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems. The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems	20
Guideline 11.14 Names of the members of the board risk committee and the key terms of reference of the board risk committee, explaining its role and the authority delegated to it by the Board	Not applicable
Guideline 12.1 Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board	15, 18-20, 49
Guideline 12.6 Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	20, 80
Guideline 12.7 The existence of a whistleblowing policy should be disclosed in the company's Annual Report	23
Guideline 12.8 Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	16, 19
Guideline 15.4 The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings	20-21
Guideline 15.5 Where dividends are not paid, companies should disclose their reasons	Not applicable
Guideline 17.4 Material related party transactions	21-22

Sustainability

Our Commitment To Sustainability

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

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

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

About This Report

This report is UOI's second annual sustainability report prepared for the compliance of the Singapore Exchange's (SGX) sustainability reporting requirements as set out in the Listing Rules 711A and 711B, and is in accordance with the SGX Sustainability Reporting Guide and the Global Reporting Initiative (GRI) Standards for sustainability reporting issued by the Global Reporting Initiative. The report has been prepared in accordance with the "GRI Standards: Core option". A GRI Content Index has been included at the end of this report to indicate the page location of various disclosures.

This report covers the Environmental, Social and Governance (ESG) performance of all business operations of UOI unless indicated otherwise for FY2018.

ESG data provided in this report has been extracted from the primary internal records and documents to ensure accuracy. Internationally accepted measurement units have been used to present data.

Reporting Principles

We have applied the GRI Standards' reporting principles (GRI 101: Foundation) in developing the report. The Principles for Defining Report Content have been used to determine the topics to be covered in the report based on UOI's impact on the environment, society and economy, and the interests of our stakeholders.

We have used the Principles for Defining Report Quality to ensure the quality of information presented in the report.

Reporting Process

We have followed the reporting process in accordance with the GRI Standards. UOI's Management Committee, which includes senior executives from key functions, is responsible for providing the overall direction for preparing the Company's sustainability report. The Committee's responsibilities include reviewing, assessing and determining the sustainability context, material ESG issues, report content and boundaries, scope and topics to be included in the report. Formal and informal feedback from a range of internal and external stakeholders received throughout the year has been taken into account to determine the material topics to be covered in the report. The Committee is supported by a project team, which is responsible for collecting and verifying ESG performance data.

Restatements

Carbon dioxide emission attributable to the purchased electricty has been restated as the grid emission factor for 2016 and 2017 published by the Energy Market Authority was slightly revised.

External Assurance

UOI has relied on internal checks and verifications for data accuracy, instead of obtaining external assurance for this GRI-based sustainability report.

Availability

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

Feedback

We welcome feedback from stakeholders. Please send your feedback or enquiries about this report to contactus@uoi.com.sg

Sustainability Approach

Right from the beginning, the Company has committed to growing its business sustainably by maximising value for its stakeholders through adherence to and the adoption of responsible business principles and practices. UOI is a leading local general insurance company in Singapore. As such, we live and operate by high standards of ethics, integrity and governance.

While it is our business philosophy to deliver an exceptional client experience through innovative and high-quality products and impeccable customer service, we are also mindful of our social and environmental obligations. Besides closely monitoring, carefully assessing and constantly seeking to minimise the environmental impacts of our operations, integrating responsible investment principles wherever possible, we also actively participate in community initiatives organised by the Company and our parent company, United Overseas Bank (UOB).

Sustainability

Our sustainability approach is two-pronged. Firstly, we identify and address the most material environmental, social and governance (ESG) impacts and risks in our business operations. Secondly, we actively seek opportunities in new and green business growth areas, such as insurance solutions that support environmentally friendly lifestyles and projects.

Through judicious risk management and our expertise as a General Insurance company, we help individual, business and industrial customers manage financial risks in an unfortunate event of a loss by facilitating risk transfer and we advocate home, workplace and industrial safety via our insurance products.

Our underwriting terms and policy aim to encourage safety consciousness and avoidance and prevention of physical and moral hazards, thus minimising the risk of economic wastage arising from loss and damage to the insured interests. Meanwhile, our loss control management helps promote a safety culture, loss prevention and loss reduction leading to a safer environment for the community.

Board Statement

At UOI, the Board provides direction and guidance to the management for addressing risks and opportunities arising from sustainability issues. The Board has considered sustainability in formulating and reviewing business strategy, determined the environmental, social and governance (ESG) factors material to creating sustainable value for the business and stakeholders, and overseen the management and monitoring of the material ESG issues presented in this report.

Sustainability Governance

Under the Board's guidance, the Management implements sustainable business strategies and oversees operational matters of the Company through senior executive committees. The Management Committee comprises senior management executives representing all key functions of UOI and is chaired by the Managing Director and Chief Executive, who is also a member of the Board.

Supporting our responsible business principles are other management and risk committees, including:

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

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

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

You can read more about the functions of the various committees in the Risk Management section of this Annual Report.

Material ESG Issues

In formulating this report, we focus on our most significant ESG risks, impacts and opportunities. These have been identified by our senior executives from their accumulated experience and are in accordance with the GRI Standards including the principles on materiality and stakeholder inclusiveness.

The potential impacts of our business operations, insights from our daily engagement with a wide range of stakeholders, business and sustainability reporting trends, and sectoral challenges were all considered in determining UOI's material ESG factors. Our approach is also in line with GRI on the Financial Services Sector Disclosures regarding identification of sector-specific issues.

A summary of UOI's Highly Material and the Material ESG Factors is presented as follows:

Material Factors	Relevant GRI Standards Topic	Where the Impact Occurs	UOI's Involvement
Highly Material Factors			
Client Satisfaction	• Product and Service Labelling	Outside	Direct and Indirect
Demographical change	• Local Communities	Outside	Indirect
Social impact of the business	• Local Communities	Outside	Indirect
Digitalisation, privacy and data security	• Customer Privacy	Within and Outside	Direct
Regulations	• Compliance • Product and Service Labelling • Marketing Communications	Within and Outside	Direct
Financial and economic performance	• Economic Performance • Indirect Economic Performance	Within and Outside	Direct and Indirect

Material Factors	Relevant GRI Standards Topic	Where the Impact Occurs	UOI's Involvement
Material Factors			
Responsible investment	• Product Portfolio *(G4 Financial Services Sector Disclosures)*	Outside	Indirect
Climate change	• Economic Performance	Outside	Indirect
Attracting, developing and retaining talent	• Employment • Training and Education	Within	Direct
Diversity and inclusion	• Diversity and Equal Opportunity	Within	Direct
Building a risk-focused organisation culture	• Training and Education	Within and Outside	Direct
Employee engagement and satisfaction	• Employment	Within	Direct
Important Factors *(Considered important but not material)*			
Environmental impacts of own operations	• Energy • Greenhouse Gas emissions	Outside	Direct
Community	• Local Communities	Outside	Indirect

The following are the goals and targets that have been set for the Highly Material ESG factors:

Highly Material Factors	Goals and Targets
Client Satisfaction	Continue with our long established customer-centricity culture and provide customers with appropriate risk transfer advices • Maintain a dedicated client satisfaction task force which regularly monitors and implements customer service excellence initiatives • Maintain our commitment to acting fairly and respectfully to our customers • Continue to monitor and improve client satisfaction
Demographical change	Identify risk and opportunities from changing demographics • Improve UOI's product offering and monitor product trends at the local and international markets that caters to demographic changes
Social impact of the business	Support social causes • Monitor trends in claims and share relevant information with clients to help them in loss prevention and loss reduction, leading to a safer environment for the community • Participate actively in community initiatives and employee volunteering programs
Digitalisation, privacy and data security	Accelerate digitalisation of business and customer data security • Increase digitalisation of delivery of insurance services and process automation • Maintain zero breaches in cyber security and personal data protection
Regulations	Maintain regulatory compliance and awareness of relevant compliance requirements • Maintain zero incidents of non–compliance with laws and regulations • Refresh training programs for all full-time and contract staff on relevant regulatory compliance topics and achieve 100% passing rate
Financial and economic performance	Optimise financial performance to improve shareholder value and provide job security to employees • Continue to achieve underwriting profit and positive investment return • Maintain strong capital adequacy and solvency

Sustainability

Our Main Challenges

We have identified a number of challenges facing UOI as a company and the insurance sector as a whole.

Broad sectoral challenges include fears of over-regulation, terrorism, climate change, cyber threats and political uncertainties in certain parts of the world. In Singapore, challenges for the insurance sector include an ever-ageing population, increasing medical costs, prolific fraud risks, accelerated technological advancements, higher customer service demands and disruptive business models threatening the existence of conventional businesses.

Digitalisation will continue to play a pivotal role in the success of insurance service providers. Integration of technology and analytics into the Company's operations will require a balance between providing traditional human interaction in customer service, and 24/7 services and support delivered via technological platforms. Regardless of the balance, it will be necessary to introduce new infrastructure and specialised information technology (IT) roles, such as data scientists and digital specialists.

The increasing use of IT across our business also comes with a higher exposure to cyber-security threats and the need to comply with the necessary data protection procedures.

We are committed to addressing these challenges in an innovative yet pragmatic and responsible manner.

Our Stakeholders

We interact with a wide range of stakeholders: groups, institutions or individuals on whom our business decisions may have an impact or who have the potential to affect our business through their opinions or actions.

We believe in treating any and all stakeholders with openness and respect. It is necessary that we gather feedback from our key stakeholders in order to make strategically informed business decisions that also prioritise key ESG issues.

To achieve this, we regularly engage our stakeholders through various formal and informal channels. Insights gleaned from these interactions are regularly shared at and discussed in internal management meetings to help us develop a better understanding of stakeholder concerns, prioritise material issues and create the most value for our stakeholders and UOI.

Presented below are our principal stakeholders, their expectations of us and how we engage them.

Our Stakeholders	What They Expect	How We Engage	How We Respond
Customers	• Adequate cover • Affordable premiums • Clarity in policy terms and conditions • Fast claim settlements • Respect and fair treatment • Products tailored to their needs	• Product brochures and communications • Web portal • Customer Services • Through sales process • Through claims process • 24-hour hotline for UOI customers for specific products	• Via a customer-centric business approach • Hiring of skilled personnel • Adherence to Industry code of practice • Adherence to Employee's Code of Conduct • Employees' behavioural service standards • Product training for employees and sales personnel • Product development that align with customers' needs • Product review committee to assess all new products • Niche products to match customers' needs • Annual review of agents to ensure their suitability in serving our customers

Our Stakeholders	What They Expect	How We Engage	How We Respond
Employees	• Conducive work environment • Trust and respect • Job satisfaction • Skills training • Career advancement • Work-life balance • Job security	• Intranet, emails and meetings • Team bonding activities and events • Performance appraisal • Internal customers survey • Reward programme	• Employment policies and practices that promote inclusivity, diversity, fair treatment, safe working conditions, reward and recognition for performance, teamwork, work-life balance, and career growth • Flexi-work arrangements • Annual training plan
Agents and Brokers	• Attractive sales commission and incentives • Product training and development • After sales support • Fast claims settlements • Payment of commission as agreed • Competitive products and pricing • Wide coverage • Underwriting expertise	• Regular meetings with Agents and Brokers • Dedicated Account Relationship Managers • Product briefings • Networking sessions with Brokers	• Agency agreement with clear terms and conditions • Regular training opportunities • Agency management framework
Regulators	• Compliance with applicable regulations • Adherence to various sector-specific guidelines • Fair dealing	• Attendance of briefings and consultations organised by regulatory agencies • Communication through emails and letters	• Compliance with applicable rules and guidelines • Robust management of risks • Sound underwriting policy and strategies • Promptly responding to requests for information
Trade Associations	• Support through membership subscriptions	• Attendance of industry seminars and conferences	• Membership of relevant associations such as the General Insurance Association of Singapore
Investors	• Consistent returns • Good governance • Sustainable growth of business • High standards of ethics and integrity	• Annual General Meeting (AGM) • Dedicated Investor Relations pages on UOI website • Dedicated Investor Relations Officer	• Professional and ethical conduct • Experienced management team that runs the business efficiently and generates optimum returns • Sustainable business growth policies and strategies • Prudent business planning and risk management • Good governance, transparency and disclosure
Community	• Good corporate citizenship • Support for social causes	• Various community outreach activities	• Participation in the parent company's and organise our own community initiatives and employee volunteering programmes

Sustainability

Membership of Associations

UOI participates in relevant industry associations and forums through memberships and collaborations. This allows us to engage a broader audience of stakeholders, as well as keep abreast of emerging trends, challenges and opportunities in the insurance sector.

Some of our association memberships include:

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

Our Marketplace

Customer centricity is a cornerstone of UOI's business model.

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

We consistently strive to maintain our role as a responsible and innovative player in the financial sector and be a caring and nurturing employer.

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

Our Insurance Operation

Client Satisfaction

We offer insurance products at an affordable premium to our customers, including coverage, which is required by law and is mandatory for relevant businesses and individuals. Examples of mandatory insurance products include motor insurance, domestic helper insurance and work injury compensation insurance.

Fair Selling

We are committed to acting fairly and respectfully when dealing with customers. Our advertising and promotional materials, as well as our product information, are transparent, clear and straightforward.

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

We provide sufficient and relevant information, explanation and advice for customers to make an informed decision before committing to buying an insurance policy.

Free Look Policy

Some of our insurance products offer a "Free Look" period of 14 to 30 business days from the date of receiving the policy document. Customers of these products who decide not to continue with the insurance purchased and who have made no claim may return the original policy document to the respective intermediary or us within this period for a full refund of their premium.

Fair Claim Processing

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

At the time of selling, we ensure that claim procedures are clearly explained to customers and that policyholders know how to make a claim under their insurance policy. Customers can also visit our website or call our friendly claim executives to find out more about our claim procedures.

We strive to acknowledge all claims within three business days of receiving them. After we have received all necessary information and a full investigation has been completed, we then decide the outcome as soon as practicable.

Demographic Change

Singapore's population is ageing with an estimated quarter of the population aged 65 and over by 2030. This presents many challenges as well as opportunities for the insurance sector.

Many of these ageing and aged people are likely to have medical conditions in some form and this will lead to rising healthcare and caregiving costs. Some of these elderly may need to go on working past retirement due to a shrinking population and there is a need to relieve the burden of care on the smaller working population. This presents insurers with challenges as it may cause a potential increase in workplace injuries and subsequent rise in the cost of insurance products.

Whenever possible, UOI shares the claims trends with customers and provides them with practical tips on preventing workplace-related injuries.

There will also be healthier and wealthier seniors who may have the disposable income to enjoy a more lavish lifestyle after retirement, which includes new luxury consumer products and services and extraordinary holiday packages.

By continuously upgrading our products, notably the Travel Insurance Package, UOI is well placed to benefit from this upward consumerism trend.

UOI has a Personal Accident (PA) plan (SilverCare) that caters to UOB customers aged between 45 to 69 years old.

Furthermore, the eligibility enrolment age for our Personal Accident plans (PA Builder and Accident Care Refund Plan) that have been launched over the last few years has increased from age 59 to age 65 in view of Singapore's demographical and mortality rate changes. Another point to note for our older plans is that our policy is now renewable up to the age of 85 years instead of 70 years.

Products for Small and Medium Enterprises (SMEs)

To meet the security needs of small businesses, we offer insurance products tailored to protect SMEs against the damage of their assets and any subsequent loss of income.

In collaboration with UOB, we offer BizCare to UOB's Business Banking customers. BizCare is a comprehensive business insurance package that provides coverage against loss and damage to contents, work injury compensation and other types of protection.

Loan Insurance Scheme

UOI is a Participating Financial Institution in the Loan Insurance Scheme, a joint programme with Enterprise Singapore that helps companies and small businesses secure trade financing loans from banks. UOI is one of the approved insurers for the Scheme, insuring UOB's loans to their borrowers against insolvency.

Takaful

UOI offers the Syariah-compliant Takaful. This form of Islamic insurance is founded on the principles of equitability and transparency, and advocates collective responsibility and cooperation.

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

Digitalisation

Digitalisation has been and will continue to be a hugely disruptive game changer in insurance and many other sectors.

The Internet of Things will enable us to enhance our customers' access to insurance products and services in a more holistic manner. The evolution of technology has also led customers to expect the convenience of buying insurance products online. Automating certain business functions will also help us to reduce operational costs.

UOI is accelerating its digitalisation programme to meet the challenges posed by rapid technological advances, changing business environment, stringent regulatory requirements and customers' emerging demands. The critical components of our digitalisation strategy encompass building a customer service-oriented digital platform, leveraging on data analytics and digital marketing to improve the delivery of insurance products and reducing operational costs by process automation.

Our online service delivery strategy is to engage technologically savvy customers on their platform(s) of choice via a multi-touchpoint digital journey. Using Big Data, we will then be able to craft more personalised and relevant insurance propositions and associated messaging for improved effectiveness.

To enable a wider reach, we distribute our products and services over mobile and web-based digital marketing and e-commerce platforms.

For instance, UOI has a secure internet platform where customers can get an instant quote and purchase our travel insurance products. Customers can also buy our travel insurance products via e-commerce platforms like online B2C portals available on UOI, UOB and UOB Travel Planners' websites and UOB Mobile Banking. Our B2B online application system is deployed to UOI's agents to facilitate the sales of our travel insurance.

UOI also has a B2B online application system for the telemarketing sales of motor insurance to UOB customers.

We have successfully converted several of our processes relating to insurance proposals, processing, approvals, renewals, and billing to the electronic transmission methods that make the entire process more efficient and minimise the use of paper. The paper savings extend to our customers who can play their part for the environment by opting for a soft copy of their policy document.

Currently, our customer outreach programmes for personal line insurances rely more on direct electronic mailers, mobile text messages and digital web-based marketing.

To continue to outperform our competitors in an ever-changing business environment and customer expectations, as well as more stringent regulatory requirements, UOI will continue to capitalise on constantly evolving technological advances by investing in the requisite robust IT infrastructure and associated digital resources.

We recognise the need to continuously enhance our bancassurance business model, especially in utilization of new digital platform for claims servicing and policy administration. We will also carry on with our staff development programmes, especially to drive innovation in key areas such as marketing, underwriting and claims servicing.

Our Business Practices

Anti-corruption

UOI has a zero-tolerance position against fraud and corruption and our policy bars bribery and corruption. There was no confirmed incident of corruption during the reported period.

Code of Practice

UOI is committed to selling insurance products responsibly. In addition to rules and regulations governing the conduct of the general insurance industry, we also adhere to the Singapore General Insurance Code of Practice, issued by the General Insurance Association of Singapore, which also includes Service Standards of General Insurers.

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

Sustainability

Customer Privacy and Data Security

In an increasingly digital world where customer data is stored electronically, UOI is committed to maintaining the best and most robust privacy practices to ensure our customers' data security.

We have taken several measures to strengthen cyber security. These include a security system that safeguards the confidentiality of our customers' account information and their particulars through multiple levels of firewalls between our internal computer systems and our internet servers.

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

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

Our Participation in Market Pools

Motor Insurers' Bureau

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

Suppliers

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

Our Investment Operation

As we are committed to investing our funds responsibly, our fund managers also consider ESG factors in their investment decisions.

Regulatory Compliance

UOI's business operation is regulated by the Monetary Authority of Singapore in accordance with the Insurance Act. We take regulatory compliance seriously and maintain a zero-tolerance policy for the breach of any applicable laws.

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

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

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

Our People

UOI is committed to building a capable, passionate and engaged team of employees to deliver the highest standard of service that our clients can trust. This will help ensure the sustainable growth of our business.

We employed 99 people as at the end of 2018, of which 89 per cent were permanent employees. The average age of an employee was 51 years with many long-serving staff.

Our Human Resource policies promote diversity, inclusion, engagement, mutual respect, teamwork, meritocracy and employee wellbeing.

Promoting Diversity and Inclusion

UOI respects diversity and is committed to developing an inclusive workplace. Women account for 84 per cent of the total workforce and represent 82.1 per cent of managerial and supervisory positions.

Taking the ageing population in our stride, UOI rehired 10 retiring employees that included eight women, in 2018, whose rich experience and skills will help mentor identified successors.

Attracting and Retaining Talent

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

Three employees left UOI in 2018, two of whom were in the age group of over 50 years and one employee was in the age group of 30-40 years.

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

Developing People

We invested in training our employees, helping them to acquire the relevant skills and knowledge to successfully understand the business landscape and meet stakeholders' needs. Some of these training sessions were conducted internally by our pool of very experienced underwriters and claim handlers.

Our employees also attended a variety of in-house briefings, talks and workshops in 2018. Professional development courses attended by our employees included United Foreign Domestic Worker Insurance, Maid Insurance For Nimbus & Core System, Managing Reinsurance Claims, Special Liability Insurance - Excess Liability Umbrellas, and Legal Issues in WICA Claims, Introductory Course to General Insurance Principles and Concepts, Respond to Service Challenges, the Management and Leadership Aspects Of Secretarial & Admin Practices, ICDL Perform Spreadsheet

Functions (Excel 2016) and Digital HR for the Digital Economy and the GRI Standards for Sustainability Reporting.

We constantly invest in developing leadership capabilities. Leadership training attended by our employees in 2018 included Leadership Effectiveness, Leadership With Mentoring, Handling Difficult & Challenging People at the Workplace and Handling Difficult Customers Professionally.

Building A Risk-focused Organisational Culture

As UOI accepts the transfer of risks from clients and seeks to add value through the aggregation and management of these risks, we actively nurture a strong culture of risk awareness so that our employees possess a deep understanding of risks. We regularly review and monitor the Company's tolerance limits and risk metrics to ensure compliance. This superior risk management capability is the best protection for our policyholders.

UOI's risk-management approach comprises several initiatives and programmes throughout the Company.

A Board-approved Enterprise Risk Management Framework, with a clearly defined risk tolerance statement and operational tolerance limits, is reviewed and updated at least once a year and regularly communicated to managers at all levels.

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

The RMCC receives reports from various risk committees, which address the key risks emanating from the Company's core business activities namely the Underwriting and Claims Committee (UCC) and Credit Control Committee (CCC). These committees, comprising the managerial staff of UOI, meet monthly to deliberate on issues relating to underwriting, claims handling, reinsurance, credit, asset allocation, concentration, investment management, liquidity, foreign exchange, operational risks as well as the identified and emerging risks falling within their jurisdiction. Insights are then disseminated to all other staff members through departmental meetings.

In February 2018, in light of emerging risks and climate changes, the Audit Committee recommended that the management of insurance risks be included in future risk management reports.

The topics of automation technology and climate change were discussed at the RMCC meetings in 2018. The discussions focused on pertinent issues like the application of automation technology in business activities and recent events arising from climate changes. The RMCC also deliberated on these issues' likely impact on the Company's risk exposures. We have already included climate change as one of the risk factors when we monitor UOI's risk accumulation across classes of business to determine the limit of its catastrophe risk protection.

Besides risks, we also identified business opportunities that may arise from evolving trends. For instance, new products could be developed to insure risks emerging from automation technology, such as recovery expenses, liability arising from security breaches, business interruptions and the loss of data, intellectual property and reputational risk from cyber-crimes.

Automation technology is also slated to result in more effective disaster prevention and more efficient post-event damage assessments.

It is important that our employees' working knowledge remain updated. That is why we provide learning opportunities to managers at all levels, especially the younger executives. We involve them in identifying and resolving risk and strategic issues by coaching them and giving them opportunities to conduct research in relevant risk topics and participate in various risk committees and task forces.

During 2018, we conducted training for our managerial staff on a number of risk topics including Anti-Money Laundering and Terrorist Financing -Basic, Banking Secrecy, Computer Misuse & Cybersecurity, Insider Trading and Market Misconduct, IT Security Awareness, UK Bribery Act, Fraud Awareness Program, FATCA and CRS General Awareness, ORM Begins with Me, Insights into Claim Fraud and Disruptive Technologies and Cyber Risks, MAS Fair Trading.

All UOI employees are also required to go through annual training on the Code of Conduct and regulatory compliance matters that are relevant to our business operations.

Freedom of Association

We respect our employees' right to freedom of association and collective bargaining in accordance with the local laws. UOI has actively engaged the Singapore Insurance Employees' Union (SIEU) since 2004 when we signed our first collective bargaining agreement with the union. The agreement, reviewed and revised every three years, mainly covers employment benefits for bargainable employees, which comprise nearly 31 per cent of UOI's workforce.

Managing Performance

UOI believes in a meritocratic culture that promotes performance excellence. We are committed to objectively and fairly supporting the development of our people and justly rewarding stellar performance.

Our performance management practice allows employees and their managers to engage in an open, employee-centric and business-focused dialogue to help achieve their personal development goals and those of UOI.

Sustainability

Established at the beginning of each year, the progress of these goals and any challenges in achieving them are regularly discussed by the managers and their respective staff throughout the year. Performance feedback dialogues are conducted halfway through the year and formal appraisals at the year's end.

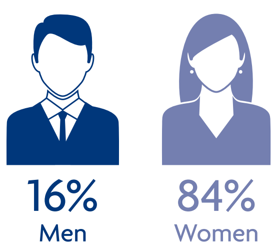
Employees are assessed on Key Performance Indicators and competencies, which are defined based on an employee's grade and values.

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

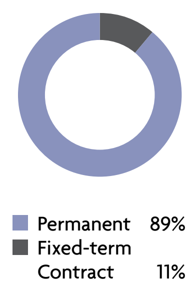
Our People – Performance Charts

Main highlights of our people performance are illustrated in the charts below.

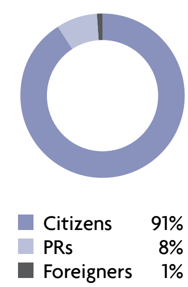
Gender Profile



Employee Profile

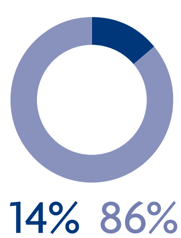


Local Employees

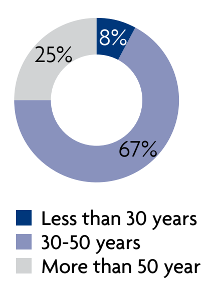


Gender Diversity: HODs

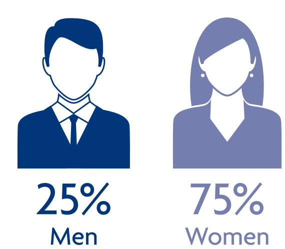
Gender Diversity: Managers and Supervisors



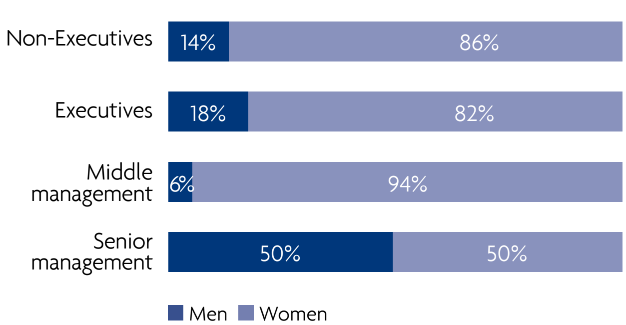
New Hiring by Age



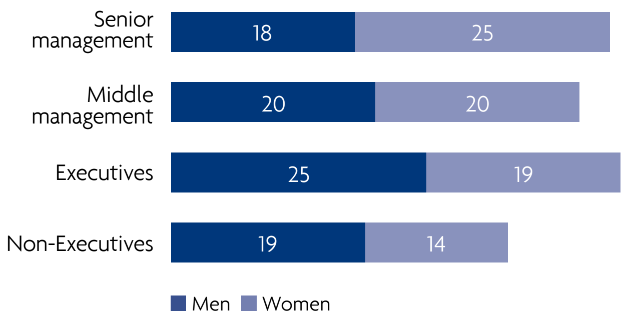
New Hiring by Gender



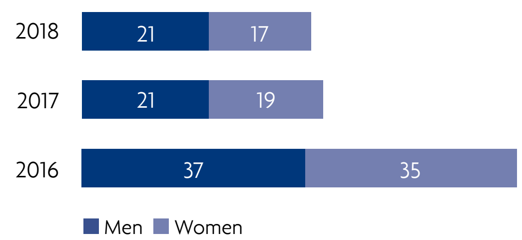
Gender Diversity by Employee Category (2018)



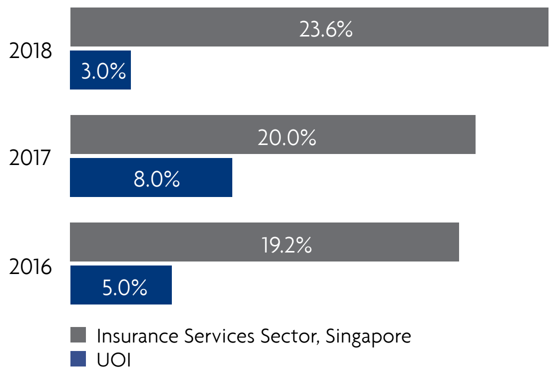
Average Training Hours by Management Category (2018)



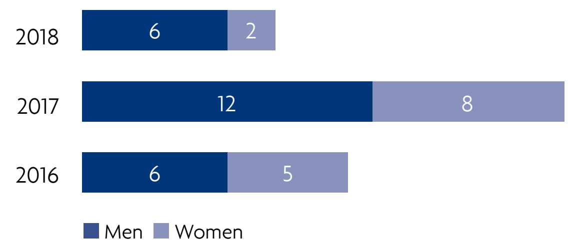
Average Training Hours per Employee (By Gender)



Annual Employee Turnover (%)



Employee Turnover by Gender (%)



Sustainability

Our Environment

We are committed to reducing the environmental footprint of our operations.

As our environmental impacts come mainly from the use of electricity and paper in our office, our own environmental footprint is relatively small and not considered material.

We strive to minimise electricity consumption by switching off lights and equipment that are not in use. We encourage our employees to minimise the use of paper and recycle paper whenever possible. We measure our electrical and paper consumption and paper recycling for monitoring and reporting purposes.

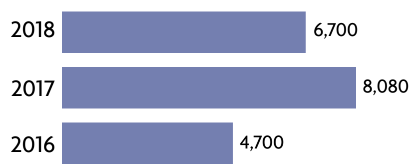
We also provide customers with the option to receive their travel insurance policy documents in soft copy to save paper.

We do not currently assess environmental footprint of our investment portfolio but it remains under consideration.

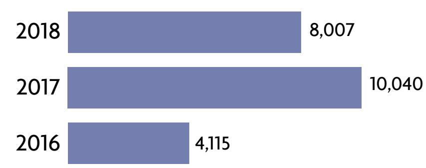
Presented below is a summary of our environmental impacts.

Our Environment - Performance Charts

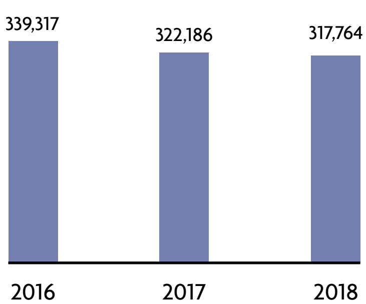
Office Paper Consumption (Kg)



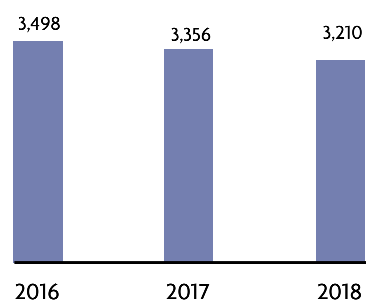
Paper Recycled (Kg)



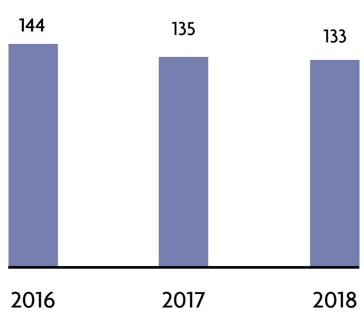
General Waste (Kg)



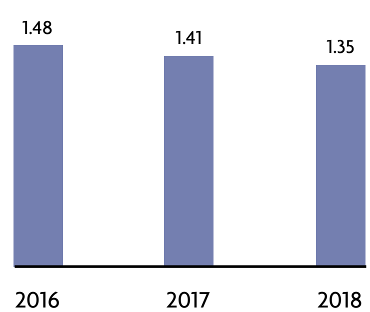
Electricity Consumption (kWh)



Energy Intensity (kWh per Employee)



Carbon Emission from Purchased Electricity (tCO2)



Carbon Emission Intensity (tCO2 Emissions per Employee)

Climate Change

Climate change presents many potential risks and opportunities for the insurance sector.

For instance, Singapore is facing and will continue to experience increasingly extreme weather conditions such as rising temperatures, prolonged dry spells and more intense rainfall, which has already led to several flash floods over the years. The mean annual temperature in Singapore has been rising with 2015 to 2018 being amongst the warmest years on record.

With these new claim risks comes the opportunity for innovative insurance solutions that can help businesses, governments and communities mitigate climate change risks by embracing low-carbon technologies and economies.

Our Community

We continue to commit ourselves to be a responsible corporate citizen and contribute to various social programmes.

Employee Volunteering

UOI employees regularly volunteer in community programmes organised by UOB. In 2018, our employee volunteers supported the following programmes:

- Marsh & McLennan Walk & Jog for Children with Cancer
- UOB Heart Beat Walk for Community Chest/National Council of Social Service beneficiaries. The beneficiaries included Autism Association (Singapore) - Eden School, Association for Persons with Special Needs - Chaoyang School, Cerebral Palsy Alliance Singapore School and Dyslexia Association of Singapore
- UOI's Cook, Bake and Serve at Dignity Kitchen

In 2018, our employees volunteered 943 hours in various community initiatives as against 140 hours in the prior year.

Our Economic Performance

We are committed to the sustainable growth of our business to create value for our investors and stakeholders.

Financial Performance

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

Indirect Economic Impact

As a general insurance business, we play an important role in the local economy. Our insurance plans help businesses and individuals manage their potential financial losses caused by mishaps, which may then mitigate any disruptions to business operations and livelihoods.

Our insurance products enable businesses to transfer their risk in their operations, thus ensuring greater peace of mind.

Our insurance cover enhances businesses' access to capital from financial institutions. This is especially vital for small businesses, for whom we work with various government agencies to offer insurance coverage so that they can obtain the necessary working capital.

We also participate in the Special Risk Pool programme. This helps to extend insurance cover for risks that are difficult to get insurance coverage for due to their high or complex risk profile.

Our business creates direct and indirect job opportunities in the local economy, including income opportunities to agents, brokers, and other service providers.

Sustainability

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

GRI Standard	Disclosure	Page Number, URL and/or Reference
GRI 101: Foundation 2016		
General Disclosures		
GRI 102: General Disclosures 2016	102-1 Name of the organisation	2
	102-2 Activities, brands, products and services	2, 77
	102-3 Location of headquarters	2
	102-4 Location of operations	2
	102-5 Ownership and legal form	2, 61, 113
	102-6 Markets served	2, 102
	102-7 Scale of the organisation	7-9, 34, 56
	102-8 Information on employees and other workers	34, 36
	102-9 Supply chain	34
	102-10 Significant changes to the organisation and its supply chain	None
	102-11 Precautionary Principle or approach	38
	102-12 External initiatives	27, 33, 34
	102-13 Membership of associations	32
	Strategy	
	102-14 Statement from senior decision-maker	3
	Ethics and Integrity	
	102-16 Values, principles, standards and norms of behaviour	27
	Governance	
	102-18 Governance structure	13-26
	Stakeholder Engagement	
	102-40 List of stakeholder groups	30-31
	102-41 Collective bargaining agreements	35
	102-42 Identifying and selecting stakeholders	30-31
	102-43 Approach to stakeholder engagement	30-31
	102-44 Key topics and concerns raised	30-31
	Reporting Practice	
	102-45 Entities included in the consolidated financial statements	50, 95
	102-46 Defining report content and topic Boundaries	27, 28
	102-47 List of material topics	28-29
	102-48 Restatements of information	27
	102-49 Changes in reporting	No changes
	102-50 Reporting period	27
	102-51 Date of most recent report	March 2018
	102-52 Reporting cycle	27
	102-53 Contact point for questions regarding the report	27
	102-54 Claims of reporting in accordance with the GRI Standards	27

GRI Standard	Disclosure	Page Number, URL and/or Reference
General Disclosures (continued)		
	102-55 GRI Content Index	40-42
	102-56 External assurance	27
Economic Performance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	28, 39
	103-2 The management approach and its components	39
	103-3 Evaluation of the management approach	39
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	81, 82, 83
Indirect Economic Impacts		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	28, 39
	103-2 The management approach and its components	39
	103-3 Evaluation of the management approach	39
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	39
Anti-corruption		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	33, 34
	103-2 The management approach and its components	33, 34
	103-3 Evaluation of the management approach	33, 34
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	33, 34
	205-3 Confirmed incidents of corruption and actions taken	33
Energy		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	29
	103-2 The management approach and its components	38
	103-3 Evaluation of the management approach	38
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	38
	302-3 Energy intensity	38
Emissions		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	29
	103-2 The management approach and its components	38, 39
	103-3 Evaluation of the management approach	38, 39
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	38
	305-4 GHG emission intensity	38
Effluents and Waste		
RI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	38
	103-2 The management approach and its components	38
	103-3 Evaluation of the management approach	38
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal methods	38

Sustainability

GRI Standard	Disclosure	Page Number, URL and/or Reference
General Disclosures (continued)		
Employment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	29
	103-2 The management approach and its components	34
	103-3 Evaluation of the management approach	34
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	34, 36, 37
Training and Education		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	29
	103-2 The management approach and its components	34, 35
	103-3 Evaluation of the management approach	34, 35
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	37
	404-3 Percentage of employees receiving regular performance and career development reviews	35-36
Diversity and Equal Opportunity		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	29
	103-2 The management approach and its components	34
	103-3 Evaluation of the management approach	34
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	36, 37
Local Communities		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	29
	103-2 The management approach and its components	39
	103-3 Evaluation of the management approach	39
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments and development programmes	39
Customer Privacy		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	28
	103-2 The management approach and its components	34
	103-3 Evaluation of the management approach	34
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	34
Socio-economic Compliance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	28
	103-2 The management approach and its components	34
	103-3 Evaluation of the management approach	34
GRI 419: Socio-economic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	34

Risk Management

As the management of risks is fundamental to the financial soundness and integrity of the Company, risk evaluation forms an integral part of the Company's business strategy development. The Company's risk management philosophy is that returns must be commensurate with the business risks taken and has put in place processes and systems to identify, assess, monitor and manage all reasonably foreseeable and relevant material risks. These processes and systems have been articulated into a robust Enterprise Risk Management (ERM) framework.

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

The Company's Board-approved ERM framework provides for the identification and assessment and management of the key risks, including emerging risks, and how they are translated into management actions for strategic planning and capital management. Significant changes to the Company's ERM framework require the Board's approval.

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

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

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

The **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 as well as technological advancement and the physical environment, such as climate change. It monitors the implementation of risk management policies and procedures by all operational units. It also develops and implements compliance policies, procedures and guidelines to meet the regulatory requirements applicable to the Company. As part of its risk management monitoring function, it receives reports from committees which address the key risks emanating from the Company's core business activities namely the Underwriting and Claims Committee and Credit Control Committee.

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

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

The **Business Development Committee** develops and executes business plans of the Company, reviews business performance and formulates action plans to enhance business performance. Market trends and changes in business risks and product offering 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.

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

Risk Management

(1) Risk Dimension – Earnings

Underwriting Risk

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

Reinsurance Risks

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

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

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

Premium and Claims Liability Risk

One of the purposes of insurance is to enable policyholders to protect themselves against 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 uncertainty in the financial statements principally arises in the technical provisions, which include the provisions of premium and claims liabilities.

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

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

The other uncertainties arising under insurance contracts will include:

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

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

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

Investment Risk

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

Market price risk

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

Foreign exchange risk

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

Interest rate risk

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

(2) Risk Dimension – Operational

Operational Risk

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

Business Continuity Risk

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

(3) Risk Dimension – Capital

Insolvency Risk

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

(4) Risk Dimension – Liquidity

Liquidity risk

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

Credit risk

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

United Overseas Insurance Limited
(Incorporated in Singapore)

31 December 2018

Financial Report

Directors' Statement

for the financial year ended 31 December 2018

The directors are pleased to present their statement to the members together with the audited financial statements of the Company for the financial year ended 31 December 2018.

Opinion of the directors

In the opinion of the directors,

(i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Wee Cho Yaw *(Chairman)*
David Chan Mun Wai *(Managing Director and Chief Executive)*
Wee Ee Cheong
Hwang Soo Jin
Yang Soo Suan
N Ganesan
Ho Yew Kee
Chng Hwee Hong

Arrangements to enable directors to acquire shares or debentures

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

Directors' Statement

for the financial year ended 31 December 2018

Directors' interests in shares and debentures

According to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act Chapter 50, the interests of the directors who held office as at 31 December 2018, in the share capital of the Company and related corporations were as follows:

	Number of ordinary shares			
	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
	At 31.12.2018	At 1.1.2018	At 31.12.2018	At 1.1.2018
The Company				
United Overseas Insurance Limited				
Wee Cho Yaw	**38,100**	38,100	**–**	–
Hwang Soo Jin	**100,000**	100,000	**–**	–
David Chan Mun Wai	**21,000**	21,000	**–**	–
Holding Company				
United Overseas Bank Limited				
Wee Cho Yaw	**21,599,798**	21,136,589	**290,003,084**	283,788,114
Wee Ee Cheong	**3,056,455**	3,356,455	**173,701,487**	169,683,878
David Chan Mun Wai	**6,654**	6,511	**–**	–
Ho Yew Kee	**1,065**	1,065	**–**	–

Directors' Remuneration

Details of the total fees and other remuneration paid/payable by the Company to the directors for the financial year ended 31 December 2018 are as follows:

	Directors' fees	Base or fixed salary	Variable performance bonus	Benefits-in-kind and others	Total
$500,000 to $749,999					
David Chan Mun Wai	–	50.2%	41.7%	8.1%	100%
Below $250,000					
Wee Cho Yaw	$52,500	–	–	–	$52,500
Wee Ee Cheong[1]	$22,500	–	–	–	$22,500
Hwang Soo Jin	$45,000	–	–	–	$45,000
Yang Soo Suan	$45,000	–	–	–	$45,000
N Ganesan	$32,500	–	–	–	$32,500
Ho Yew Kee	$22,500	–	–	–	$22,500
Chng Hwee Hong	$32,500	–	–	–	$32,500
Total Directors' Fees	**$252,500**	**–**	**–**	**–**	**$252,500**

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

Share options

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

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

There was no unissued share of the Company under option as at 31 December 2018.

Audit Committee

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

Yang Soo Suan *(Chairman)*
Hwang Soo Jin
N Ganesan
Chng Hwee Hong

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

Auditor

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

On behalf of the Board of Directors,

Wee Cho Yaw
Chairman

David Chan Mun Wai
Managing Director

Singapore
12 February 2019

Independent Auditor's Report

for the financial year ended 31 December 2018

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Overseas Insurance Limited (the Company), which comprise the balance sheet as at 31 December 2018, the profit and loss statement, statement of comprehensive income, insurance revenue account, and the statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the financial position of the Company as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

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

Key Audit Matters (continued)

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

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

Adoption of SFRS(I) 9 Financial Instruments and valuation of investments
(i) Adoption of SFRS(I) 9 Financial Instruments

On 1 January 2018, the Company transitioned from SFRS(I) 1-39 *Financial Instruments* to SFRS(I) 9 *Financial Instruments* (SFRS(I) 9). The standard introduces new requirements for the classification and measurement of financial assets and financial liabilities, and the impairment of financial assets, which are further elaborated in Note 2(b) (Changes in Accounting Policies) of the financial statements. In line with SFRS(I) 9 requirements, the Company assessed the contractual cash flows characteristics of its debt securities and equity securities and the Company's business model and has classified the instruments either as fair value through profit or loss, fair value through other comprehensive income with recycling or fair value through other comprehensive income without recycling accordingly. Arising from SFRS(I) 9, the Company provided for impairment loss based on the expected credit loss (ECL) model.

In auditing the adoption of SFRS(I) 9, we have obtained an understanding of the Company's implementation process for determining the impact of the adoption of the new standard, including understanding of the changes to the Company's systems, processes and controls.

For classification and measurement, we assessed the Company's classification and measurement methodology and accounting policies for consistency with SFRS(I) 9 requirements, we reviewed the Company's business model assessment and the contractual cash flows characteristics assessment and tested such analyses to the underlying contracts on a sample basis. In addition, we also reviewed the impact arising from the changes in classification and measurement to the financial statements.

For ECL, we assessed the Company's ECL methodology such as the design of the ECL model including the model build, approval process, ongoing monitoring, validation of the key assumptions such as the default rate and forward looking adjustments used in the determination of the ECL factor used in the calculation of the ECL provision, model governance as well as arithmetic accuracy as to whether it is in line with SFRS(I) 9 requirements. In addition, we also reviewed the impact arising from the changes in classification and measurement to the financial statements.

We also assessed the adequacy of the Company's disclosures relating to the adoption of SFRS(I) 9. The Company's disclosures relating to the initial adoption of SFRS(I) 9 are included in Note 2(b) (Changes in Accounting Policies).

(ii) Valuation of investments

The Company invests a significant portion of its funds in financial instruments that comprise mainly of fixed income securities, unit trusts and equity shares. These investments are measured at fair value with the corresponding fair value changes recognised in the profit and loss statement, or in other comprehensive income. The valuation is performed by the Company using valuation inputs which have been classified in accordance with the fair value hierarchy stated in SFRS(I) 13 – Fair Value Measurement.

Key Audit Matters (continued)

Adoption of SFRS(I) 9 Financial Instruments and valuation of investments (continued)

(ii) Valuation of investments (continued)

In auditing the Company's investments, we assessed the processes and key controls relating to valuation of these investments. In addition, we confirmed these balances with the custodian and fund manager and performed independent price verification on a sample of investments. We also considered whether the disclosures in relation to the Company's investments comply with the relevant disclosure requirements. The Company's disclosures related to its investments are included in Note 2(n) (Financial Instruments), Note 2(o) (Impairment of Financial Assets) and Note 26 (Investments).

Other Information

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants

Singapore
12 February 2019

Profit and Loss Account

for the financial year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Insurance underwriting profit		24,495	25,248
Other income:			
Dividend income from investments	5a	3,704	3,233
Interest income from investments	5b	7,925	8,192
Interest on fixed deposits and bank balances from:			
– Holding company		56	12
– Other financial institutions		331	318
Miscellaneous income		151	34
Net fair value gains on interest rate futures – realised		125	–
Net fair value losses on interest rate futures – unrealised	21	(882)	–
Net fair value losses on mandatorily measured at fair value through profit or loss (FVTPL) investments – unrealised		(5,980)	–
Net losses on disposal of mandatorily measured at FVTPL investments		(1,003)	–
Net losses on disposal of fair value through other comprehensive income (FVOCI) investments	19	(482)	–
Net gains on disposal of available-for-sale investments	19	–	2,223
Net write-back of expected credit loss on debt securities at FVOCI		64	–
Amortisation of (premium)/discount on investments		(49)	61
Net fair value (losses)/gains on forward contracts – realised		(3,235)	5,568
Net fair value (losses)/gains on forward contracts – unrealised	21	(1,204)	3,623
Exchange gains/(losses)		3,389	(8,353)
		(1,050)	838
Add/(Less)			
Management expenses not charged to insurance revenue account:			
– Management fees		(1,058)	(1,054)
– Other operating expenses		(559)	(557)
Non-underwriting income		1,293	13,300
Profit before tax		25,788	38,548
Tax expense	9a	(1,957)	(5,600)
Profit, net of tax		23,831	32,948
Profit attributable to:			
Equity holders of the Company		23,831	32,948
Earnings per share:			
Basic and diluted	10	38.97 cents	53.88 cents

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

Statement of Comprehensive Income

for the financial year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Net profit		23,831	32,948
Other comprehensive income :			
Items that will not be reclassified to profit or loss :			
Net fair value loss on equity securities at FVOCI		(1,214)	–
Tax related to the above		206	–
		(1,008)	–
Items that may be reclassified subsequently to profit or loss :			
Debt securities at FVOCI			
Changes in fair value		(6,640)	–
Transfer to profit or loss on disposal	19	482	–
Changes in allowance for expected credit loss	31(d)	(64)	–
Tax related to the above	15	1,058	–
Available-for-sale financial assets:			
Changes in fair value		–	26,352
Transfer to profit or loss on disposal		–	(2,223)
Tax related to the above	15	–	(4,103)
		(5,164)	20,026
Other comprehensive income for the financial year, net of tax		(6,172)	20,026
Total comprehensive income for the financial year, net of tax		17,659	52,974
Total comprehensive income attributable to equity holders of the Company		17,659	52,974

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

Insurance Revenue Account

for the financial year ended 31 December 2018

	Note	Fire $'000	General Accident $'000	Marine $'000	2018 Total $'000	2017 Total $'000
Gross premium written		41,583	58,336	3,339	103,258	103,744
Reinsurance premium ceded		(22,218)	(38,433)	(2,004)	(62,655)	(62,015)
Net premium written		19,365	19,903	1,335	40,603	41,729
Movement in net reserve for unexpired risks	16	886	5	(87)	804	1,546
Movement in net deferred acquisition costs	17	(180)	149	16	(15)	78
Net earned premium		20,071	20,057	1,264	41,392	43,353
Less						
Gross claims paid		10,041	28,861	458	39,360	30,510
Reinsurance claims recoveries		(5,137)	(18,714)	(24)	(23,875)	(17,168)
Net claims paid	18	4,904	10,147	434	15,485	13,342
Change in net outstanding claims		(3,701)	(2,577)	250	(6,028)	(3,979)
Net claims incurred	18	1,203	7,570	684	9,457	9,363
Gross commission		8,646	10,009	366	19,021	18,908
Reinsurance commission		(12,039)	(12,226)	(479)	(24,744)	(22,776)
Net commission		(3,393)	(2,217)	(113)	(5,723)	(3,868)
Management expenses :						
Staff costs	7	3,276	4,596	263	8,135	7,780
Rental expenses	28	526	738	42	1,306	1,306
Other operating expenses		1,499	2,103	120	3,722	3,524
Total outgoing		3,111	12,790	996	16,897	18,105
Insurance underwriting profit transferred to profit and loss account		16,960	7,267	268	24,495	25,248

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

Balance Sheet

as at 31 December 2018

	Note	2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Share capital				
– Issued and fully paid	12	91,733	91,733	91,733
Reserves				
General reserve	14	22,880	22,880	22,880
Revaluation on investment reserve	19	34,523	49,717	29,691
Retained profits		229,238	213,250	190,698
Total equity attributable to equity holders of the Company		378,374	377,580	335,002
Liabilities				
Insurance creditors	20	15,516	13,755	21,163
Non-trade creditors and accrued liabilities	20	5,706	5,674	4,138
Amount owing to related companies	20	566	1,968	2,140
Derivative financial liabilities	21	882	–	1,775
Tax payable	9	6,562	8,334	7,478
Deferred tax liabilities	15	7,355	10,524	6,416
Deferred acquisition costs – reinsurers' share	17	9,470	9,354	9,298
Gross technical balances				
– Reserve for unexpired risks	16	56,170	64,153	62,972
– Reserve for outstanding claims	18	130,123	155,414	156,363
		232,350	269,176	271,743
		610,724	646,756	606,745
Assets				
Bank balances and fixed deposits	22	63,895	54,452	59,648
Insurance debtors	23	11,310	11,655	20,780
Non-trade debtors and accrued interest receivables	23	4,114	3,082	3,172
Derivative financial assets	21	645	1,849	1
Associated company	25	1	1	1
Investments	26	408,828	427,401	380,741
Fixed assets	27	203	247	224
Deferred acquisition costs – gross	17	8,175	8,074	7,940
Reinsurers' share of technical balances				
– Reserve for unexpired risks	16	35,183	42,362	39,635
– Reserve for outstanding claims	18	78,370	97,633	94,603
		610,724	646,756	606,745
		610,724	646,756	606,745

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

Statement of Changes in Equity
for the financial year ended 31 December 2018

	Note	Share capital $'000	General reserve $'000	Revaluation on investment reserve $'000	Retained profits $'000	Total $'000
		Attributable to equity holders of the Company				
Balance at 1 January 2018						
– as previously reported		91,733	22,880	49,717	213,250	377,580
– effect of adopting SFRS(I) 9	2(b), 19	–	–	(9,616)	9,569	(47)
– as restated		91,733	22,880	40,101	222,819	377,533
Profit net of tax		–	–	–	23,831	23,831
Other comprehensive income for the financial year, net of tax		–	–	(6,172)	–	(6,172)
Total comprehensive income for the financial year, net of tax		–	–	(6,172)	23,831	17,659
Transfer of fair value reserves of equity securities at FVOCI upon disposal, net of tax	19	–	–	594	(594)	–
Dividend for Year 2017	11	–	–	–	(11,620)	(11,620)
Dividend for Year 2018	11	–	–	–	(5,198)	(5,198)
Balance at 31 December 2018		91,733	22,880	34,523	229,238	378,374
Balance at 1 January 2017		91,733	22,880	29,691	190,698	335,002
Profit net of tax		–	–	–	32,948	32,948
Other comprehensive income for the financial year, net of tax		–	–	20,026	–	20,026
Total comprehensive income for the financial year, net of tax		–	–	20,026	32,948	52,974
Dividend for Year 2016	11	–	–	–	(8,561)	(8,561)
Dividend for Year 2017	11	–	–	–	(1,835)	(1,835)
Balance at 31 December 2017		91,733	22,880	49,717	213,250	377,580

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

Cash Flow Statement

for the financial year ended 31 December 2018

	2018 $'000	2017 $'000
Cash Flows from Operating Activities		
Profit before tax	25,788	38,548
Adjustments for:		
Movement in net reserve for unexpired risks	(804)	(1,546)
Movement in net deferred acquisition costs	15	(78)
Movement in net reserve for outstanding claims	(6,028)	(3,979)
Net fair value losses/(gains) on forward contracts - unrealised	1,204	(3,623)
Net fair value losses/(gains) on interest rate futures - unrealised	882	–
Depreciation	94	94
Net fair value losses on mandatorily measured at FVTPL investments – unrealised	5,980	–
Net losses on disposal of mandatorily measured at FVTPL investments	1,003	–
Net losses on disposal of FVOCI investments	482	–
Net gains on disposal of available-for-sale investments	–	(2,223)
Amortisation of premium/(discount) on investments	49	(61)
Net write-back of expected credit loss on debt securities at FVOCI	(64)	–
Dividend income from investments	(3,704)	(3,233)
Interest income from investments	(7,925)	(8,192)
Interest on fixed deposits and bank balances	(387)	(330)
Exchange differences	(3,408)	8,223
Operating profit before working capital changes	13,177	23,600
Changes in working capital:		
Trade and other receivables	(647)	9,121
Trade and other payables	1,793	(5,872)
Amount owing to related companies	(1,402)	(172)
Cash generated from operations	12,921	26,677
Tax paid	(5,365)	(4,738)
Net cash flows from operating activities	7,556	21,939
Cash Flows from Investing Activities		
Proceeds from disposal of investments	77,654	193,057
Purchase of investments	(70,875)	(221,528)
Purchase of fixed assets	(50)	(117)
Proceeds from/(Placement in) long-term fixed deposits	6,163	(3,255)
Dividend received from investments	3,706	3,276
Interest received from investments	7,883	8,251
Interest received on fixed deposits and bank balances	387	322
Net cash flows from/(used in) investing activities	24,868	(19,994)

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

Cash Flow Statement

for the financial year ended 31 December 2018

	2018 $'000	2017 $'000
Cash Flows from Financing Activity		
Dividend paid	(16,818)	(10,396)
Cash flows used in financing activity	(16,818)	(10,396)
Net increase/(decrease) in cash and cash equivalents	15,606	(8,451)
Cash and cash equivalents at beginning of year	45,860	54,311
Cash and cash equivalents at end of year	61,466	45,860

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

	2018 $'000	2017 $'000
Cash and bank balances (Note 22 (a))	16,165	16,527
Fixed deposits placement less than 3 months (Note 22 (b))	45,301	29,333
Cash and cash equivalents	61,466	45,860
Fixed deposits placement more than 3 months (Note 22 (b))	2,429	8,592
	63,895	54,452

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

Notes to the Financial Statements
for the financial year ended 31 December 2018

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

1 General

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

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

The address of the Company's registered office is as follows:
80 Raffles Place
UOB Plaza
Singapore 048624

The address of the Company's principal place of business is as follows:
3 Anson Road
#28-01, Springleaf Tower
Singapore 079909

2 Significant Accounting Policies

(a) Basis of Preparation

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

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

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

(b) Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the applicable new and revised standards which are effective for annual periods beginning on or after 1 January 2018. The adoption of these standards did not have any effect on the financial performance or position of the Company except for SFRS(I) 9, Financial Instruments. The details of the impact of the adoption of SFRS(I) 9 are disclosed in Note 2 (b).

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

- SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)
- SFRS(I) 9 Financial Instruments
- SFRS(I) 15 Revenue from Contracts with Customers
- SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration
- Amendments to FRS incorporated within SFRS(I):
  - Amendments to FRS 40: Transfers of Investment Property
  - Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions
  - Amendments to FRS 104: Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts

Notes to the Financial Statements

for the financial year ended 31 December 2018

2 Significant Accounting Policies (continued)

(b) Changes in Accounting Policies (continued)

First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))

These financial statements for the year ended 31 December 2018 are the first the Company has prepared in accordance with SFRS(I). Accordingly, the Company has prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. In preparing the financial statements, the Company's opening balance sheet was prepared as at 1 January 2017, the Company's date of transition to SFRS(I).

There was no impact on the financial statements on application of SFRS(I).

SFRS(I) 9 Financial Instruments

On 1 January 2018, the Company adopted SFRS(I) 9 Financial instruments, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Company has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained profits at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVTPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018.

The Company's debt instruments have contractual cash flows that are solely payments of principal and interest. The Company has a single business model. For debt instruments that were classified as available-for-sale (AFS) previously, the Company's business model is to hold the debt instrument to collect contractual cash flows and sell, and accordingly classified and measured them at FVOCI when it applied SFRS(I) 9. There was no significant impact arising from classification and measurement of these instruments under SFRS(I) 9.

SFRS(I) 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income.

For equity securities, the Company reclassified its previously held AFS unit trust and exchange-traded funds (ETF) to FVTPL while the Company elected to reclassify its previously held AFS quoted equity securities at FVOCI. As a result of the change in classification of the Company's equity securities previously classified and measured at FVOCI to FVTPL, the revaluation on investment reserve of $10,049,000 related to those investments that were previously included in the revaluation on investment reserve were transferred to retained profits as at 1 January 2018.

In addition, the cumulative impairment charge of $1,536,000 that were previously recognised in profit or loss that were related to previously held AFS equity investments were reversed from retained profits, to revaluation on investment reserve as at 1 January 2018.

2 Significant Accounting Policies (continued)

(b) Changes in Accounting Policies (continued)

Impairment

SFRS(I) 9 requires, the Company to record expected credit loss (ECL) on all of its financial assets measured at amortised cost or FVOCI. The Company previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

Upon adoption of SFRS(I) 9, the Company recognised impairment on the Company's debt securities of $316,000. The impairment recognised arising from adoption of SFRS(I) 9 above resulted in a corresponding decrease in retained profits of $316,000 as at 1 January 2018.

Overall Impact

The following table shows the impact of the adoption of SFRS(I) 9 on transition date, 1 January 2018.

	FRS 39 carrying amount on 31 December 2017 $'000	Re-classifications $'000	Re-measurements $'000	SFRS(I) 9 carrying amount on 1 January 2018 $'000	Retained profits effect on 1 January 2018 $'000	Revaluation on investment reserve on 1 January 2018 $'000
FVTPL						
Unit trusts/ETFs previously classified as AFS	–	101,155	–	101,155	–	–
Unit trusts/ETFs reclassified from AFS to FVTPL	–	–	–	–	10,049	(10,049)
Tax impact	–	–	–	–	(1,700)	1,700
FVTPL balance, reclassifications and remeasurements as at 1 January 2018	–	101,155	–	101,155	8,349	(8,349)
FVOCI						
Equity securities previously classified as AFS	89,461	–	–	89,461	–	–
Reversal of impairment losses for AFS equity securities	–	–	–	–	1,536	(1,536)
Unit trusts/ETFs previously classified as AFS	101,155	(101,155)	–	–	–	–
Debt securities previously classified as AFS	236,785	–	–	236,785	–	–
Remeasurement of debt securities (ECL impairment provision)	–	–	(316)	(316)	(316)	–
Tax impact	–	–	–	–	–	269
FVOCI balance, reclassifications and remeasurements as at 1 January 2018	427,401	(101,155)	(316)	325,930	1,220	(1,267)
Total effect of SFRS(I) 9 to retained profits and revaluation on investment reserve					9,569	(9,616)

2 Significant Accounting Policies (continued)

(b) Changes in Accounting Policies (continued)

The corresponding tax impact to the Company arising from the adoption of SFRS(I) 9 resulted in a decrease of deferred tax liabilities of $1,969,000 and an increase in tax payable amounting to $1,700,000.

Other than the above, the accounting policies applied by the Company in the financial year were consistent with those adopted in the previous financial year.

(c) Standards Issued but Not Yet Effective

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

		Effective for annual periods beginning on or after
(i)	SFRS(I) 16 Leases	1 January 2019
(ii)	SFRS(I) INT 23 Uncertainty over Income Tax Treatments	1 January 2019
(iii)	Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation	1 January 2019
(iv)	Amendments to SFRS(I) 1-28 Long-term Interests in Associates and Joint Ventures	1 January 2019
(v)	Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
(vi)	Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate and Joint Venture	Date to be determined

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application.

The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 is described below.

SFRS(I) 16 Leases

SFRS(I) 16 introduces a single lessee accounting model. A lessee is required to recognise a right-of-use asset (representing its right to use the underlying leased asset) and a lease liability (representing its obligation to make lease payments) for all leases unless they are short term or of low value. Lessor accounting remains substantially unchanged and a lessor continues to account for its leases as operating leases or finance leases accordingly.

The Company is currently assessing the impact of SFRS(I) 16 which is likely not going to be significant, and plans to adopt the new standard on the required effective date.

2 Significant Accounting Policies (continued)

(d) Revenue Recognition

(i) *Premium income*

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

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

(ii) *Investment income*

Dividend income is recognised when such dividends are declared. Interest income is accounted for on an accrual basis using the effective interest method. Profits or losses on disposal of investments are taken to profit or loss.

(e) Product Classification

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

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

(f) Reserve for Unexpired Risks

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

Unearned premium reserves are calculated on the following basis:

(i) Unearned premium reserves, other than for marine cargo and inward treaties, are calculated using the 1/24th method based on gross premiums written less premiums on reinsurances.

(ii) Unearned premium reserves on marine cargo direct business are calculated at 25% of the gross premiums written less premiums on reinsurances.

(iii) Unearned premium reserves on inward treaties are calculated at 40% of gross premiums written less premiums on reinsurances.

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

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

(g) Deferred Acquisition Costs

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

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

2 Significant Accounting Policies (continued)

(h) Reinsurance

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

(i) Claims Paid and Reserve for Outstanding Claims

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

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

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

Liabilities and related assets under liability adequacy test

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

(j) Provisions

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

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

(k) Trade and Other Debtors

Trade debtors comprise receivables related to insurance contracts and include amounts due from policyholders, agents and reinsurers. Prior to 1 January 2018, bad debts are written off when identified and specific provisions for impairment are made for those debts considered to be doubtful. Other debtors including amount owing by related companies are recognised and carried at amortised cost less an allowance for doubtful debts on any uncollectible amounts. After 1 January 2018, a loss allowance is measured at an amount equal to lifetime ECL with impairment loss recognised in the profit or loss. The additional accounting policies applicable to trade and other debtors can be found in Note 2(o).

2 Significant Accounting Policies (continued)

(l) Fixed Assets and Depreciation

All items of fixed assets are initially recorded at cost. The cost of an item of fixed asset is recognised as an asset if, and only if, it is probable that future economic benefits associated with them will flow to the Company and the cost of the item can be measured reliably.

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

	%
Furniture and fixtures	10
Office equipment	20 to 33 1/3
Motor vehicles	20

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

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

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

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

(m) Impairment of Non-financial Assets

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

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

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

2 Significant Accounting Policies (continued)

(m) Impairment of Non-financial Assets (continued)

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

(n) Financial Instruments – from 1 January 2018

(i) *Classification*

Financial instruments and financial liabilities are classified as follows:

Financial instruments at fair value through profit or loss

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

Debts instruments

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

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

Equity instruments

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

Financial liabilities

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

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

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

2 Significant Accounting Policies (continued)

(n) Financial Instruments – from 1 January 2018 (continued)

(ii) *Measurement*

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

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

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

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

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

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

(iii) *Recognition and derecognition*

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

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

2 Significant Accounting Policies (continued)

(o) Impairment of Financial Assets – from 1 January 2018

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

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

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

(p) Offsetting of Financial Instruments

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

(q) Financial Assets – before 1 January 2018

Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instruments.

Financial assets are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition.

Subsequent measurement

The Company classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and, where allowed and appropriate, reevaluates this at every reporting date.

2 Significant Accounting Policies (continued)

(q) Financial Assets – before 1 January 2018 (continued)

(i) *Financial assets at fair value through profit or loss*
This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified into this category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management. Financial derivatives are classified as held for trading unless they are designated as hedging instruments.

The Company does not designate any financial assets not held for trading as financial assets at fair value through profit or loss.

(ii) *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company intends to sell in the short term or that it has designated as at fair value through profit or loss or available-for-sale. Cash and bank balances, fixed deposits, receivables arising from insurance contracts and other debtors are classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

(iii) *Held-to-maturity investments*
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities - other than those that meet the definition of loans and receivables - that the Company's management has the positive intention and ability to hold to maturity.

(iv) *Available-for-sale financial assets*
Available-for-sale financial assets are non-derivative financial assets that at initial recognition are either designated in this category or not classified in any of the other categories. Under some rare circumstances, a non-derivative financial asset that has been classified in other categories at initial recognition can be reclassified into the available-for-sale category.

Regular way purchases and sales of financial assets are recognised on settlement date – the date that an asset is delivered to or by the Company. Regular way purchase or sale refers to purchase or sale of financial assets that require delivery of assets within the time frame generally established by regulation or convention of the marketplace concerned.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Investments in equity instruments classified as available-for-sale financial assets whose fair value cannot be reliably measured are measured at cost less impairment loss. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method. Financial derivatives with positive and negative fair values are presented as assets and liabilities in the balance sheet respectively.

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the profit or loss in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of investment securities classified as available-for-sale are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Gains and losses on loans and receivables and held-to-maturity investments are recognised in profit or loss when the loans and receivables and held-to-maturity investments are derecognised or impaired, as well as through the amortisation process.

2 Significant Accounting Policies (continued)

(q) Financial Assets – before 1 January 2018 (continued)

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where they have been transferred and the Company has also transferred substantially all risks and rewards of ownership.

(r) Financial Liabilities

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

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

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

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

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

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

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

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

2 Significant Accounting Policies (continued)

(s) Impairment of Financial Assets – before 1 January 2018

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(i) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets are subject to impairment review at each balance sheet date. Impairment loss is recognised when there is objective evidence such as significant financial difficulty of the issuer/obligor, significant or prolonged decline in fair value below cost and adverse economic indicators that the recoverable amount of an asset is below its carrying amount.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income to profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss. Reversals of impairment losses on debt instruments are recognised in profit or loss if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

2 Significant Accounting Policies (continued)

(s) Impairment of Financial Assets – before 1 January 2018 (continued)

(iii) *Available-for-sale financial assets (continued)*

In the case of debt instruments, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

(t) Trade and Other Creditors

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

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

(u) Foreign Currency

(i) *Functional currency*

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

(ii) *Transactions and balances*

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

Exchange differences on non-monetary items, such as unit trusts, ETFs and equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Exchange differences on non-monetary items, such as equities classified as FVOCI (2017: available-for-sale) financial assets, are recognised in other comprehensive income and accumulated under the revaluation on investment reserve in equity.

(v) Current Income Tax

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

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

2 Significant Accounting Policies (continued)

(w) Deferred Income Tax

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

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

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

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

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

(x) Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash and bank balances, and fixed deposits.

(y) Dividend Distribution

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders.

(z) Employees' Benefits

(i) *Defined contribution plan*

As required by law, the Company makes contributions to the state pension scheme, the Central Provident Fund (CPF). CPF contributions are recognised in compensation expense in the same period as the employment that gives rise to the contributions.

(ii) *Employees' leave entitlement*

Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(aa) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2 Significant Accounting Policies (continued)

(ab) Associate

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

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

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

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

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

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

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

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

(ac) Share Capital

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

(ad) Segment Reporting

The Company is organised into operating segments based on its separate fund accounts in accordance with the Singapore Insurance Act (Chapter 142). Additional disclosures on each of these segments are shown in Note 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

2 Significant Accounting Policies (continued)

(ae) Related Parties

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

(i) A person or a close member of that person's family is related to the Company if that person:
   (a) has control or joint control over the Company;
   (b) has significant influence over the Company; or
   (c) is a member of the key management personnel of the Company or of a parent of the Company.

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

3 Principal Activities

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

4 Judgements and Inherent Uncertainty in Accounting Estimates

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

(a) Impairment Losses on Financial Assets

(i) *Impairment Losses on Financial Assets – from 1 January 2018*

The measurement of impairment losses under SFRS(I) 9 across relevant financial assets requires judgement, in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used. For more details on the Company's ECL methodology and assumptions and loss allowance recognised for the year ended 31 December 2018, refer to Note 31 (d).

(ii) Impairment Losses on Financial Assets – before 1 January 2018

The Company records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Company evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. There was no impairment loss recognised for available-for-sale financial assets for the financial year ended 31 December 2017.

4 Judgements and Inherent Uncertainty in Accounting Estimates (continued)

(b) Insurance Risks

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

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

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

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

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

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

(i) *Estimation process*

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

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

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

4 Judgements and Inherent Uncertainty in Accounting Estimates (continued)

(b) Insurance Risks (continued)

(ii) *Assumptions*

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

(iii) *Sensitivities*

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

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

	Change in assumptions	Impact on gross liabilities $ million	Impact on net liabilities $ million	Impact on profit before tax $ million	Impact on equity $ million
As at 31 December 2018					
Provision for adverse deviation margin	+20%	2.43	0.99	0.08	0.07
Loss ratio	+20%	12.21	4.95	(4.04)	(3.35)
Claims handling expenses	+20%	0.98	0.98	0.07	0.06
As at 31 December 2017					
Provision for adverse deviation margin	+20%	2.42	0.86	–	–
Loss ratio	+20%	11.98	5.07	(3.35)	(2.78)
Claims handling expenses	+20%	1.10	1.10	–	–

As the Company's estimates are higher than the certifying actuary's estimates under certain selected scenarios, the Company's profit and loss, and equity are not sensitive to changes in the variables tested in the selected scenarios.

5 Other Income

		2018 $'000	2017 $'000
(a)	Dividend income from:		
	– Equity securities at FVOCI	2,660	–
	– Unit trusts and ETFs mandatorily measured at FVTPL	1,044	–
	– Available-for-sale equity securities	–	2,732
	– Available-for-sale unit trusts and ETFs	–	501
		3,704	3,233
(b)	Interest income from:		
	– Debt securities measured at FVOCI	7,925	–
	– Available-for-sale debt securities	–	8,192
		7,925	8,192

6 Management Expenses

Included in management expenses are the following:

	Charged to insurance revenue accounts	
	2018 $'000	2017 $'000
Depreciation on:		
Furniture and fixtures	23	24
Office equipment	67	69
Motor vehicles	4	1
	94	94
Auditor's remuneration:		
Payable to the auditors of the Company – audit fees		
– Current year	156	148
– Overprovision in respect of prior year	–	(1)
	156	147
Foreign exchange (gain)/loss	(29)	130
Rental expenses	1,306	1,306
License/levy	177	183
Printing and stationery	123	160
Upkeep of application software	733	488
Allowance for bad debts written off	8	63
Writeback for allowance for doubtful debts	(8)	(60)

During the financial year, the Company did not engage the auditor in the provision of non-audit services.

7 Staff Information (Including an Executive Director)

	2018 $'000	2017 $'000
Wages, salaries and other employee benefits	7,343	7,017
Central Provident Fund contribution	792	763
	8,135	7,780

	2018	2017
Number of persons employed at the end of year	99	96

8 Directors' Remuneration

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

	2018	2017
$500,000 to $749,999	1	1
$250,000 to $499,999	–	–
Below $250,000	7	7
Total	8	8

9 Income Tax

(a) Tax Expense

The tax expense attributable to profit is made up of:

	2018 $'000	2017 $'000
On the profit of the year:		
Singapore current income tax (Note 9(b))	3,921	5,594
Transfer (to)/from deferred taxation (Note 15)	(57)	6
	3,864	5,600
Overprovision in respect of prior financial years	(1,907)	–
Income tax expenses recognised in profit and loss	1,957	5,600

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

	2018 $'000	2017 $'000
Profit before tax	25,788	38,548
Tax calculated at a tax rate of 17% (2017: 17%)	4,384	6,553
Singapore statutory stepped income exemption	(26)	(26)
Exempt income	(438)	(334)
Expenses not deductible for tax purposes	72	98
Income not subject to tax	–	(520)
Income tax rebate	(10)	(10)
Income from qualifying debt securities and offshore insurance, taxed at a rate of 10%	(297)	(360)
Overprovision in respect of prior financial years	(1,907)	–
Others	179	199
Actual tax expense	1,957	5,600

(b) Movements in Tax Payables

	2018 $'000	2017 $'000
Balance at beginning of the financial year	8,334	7,478
Effect of adopting SFRS(I) 9	1,700	–
Income tax paid	(5,365)	(4,738)
Current financial year's tax payable on profit	3,921	5,594
Tax relating to net losses on disposal of FVOCI equity securities	(121)	–
Overprovision in respect of prior financial years	(1,907)	–
Balance at end of the financial year	6,562	8,334

10 Earnings Per Share

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

	2018 $'000	2017 $'000
Net profit	**23,831**	32,948
Weighted average number of ordinary shares ('000)	**61,155**	61,155
Basic and diluted earnings per share (cents)	**38.97**	53.88

11 Dividend Paid

	2018 $'000	2017 $'000
Interim dividend of 8.5 cents per share (one-tier tax-exempt) (2017: 3 cents per share one-tier tax-exempt in respect of the financial year 2017), in respect of the financial year 2018	**5,198**	1,835
Special dividend of 5 cents per share (one-tier tax-exempt) (2017: 2 cents per share one-tier tax-exempt in respect of the financial year 2016), in respect of the financial year 2017	**3,058**	1,222
Final dividend of 14 cents per share (one-tier tax-exempt) (2017: 12 cents per share one-tier tax-exempt in respect of the financial year 2016), in respect of the financial year 2017	**8,562**	7,339
	16,818	10,396

The directors have proposed a final one-tier tax-exempt dividend of 8.5 cents per share and a special one-tier tax-exempt dividend of 5 cents per share in respect of the financial year ended 31 December 2018 amounting to $8,256,000. These financial statements do not reflect this dividend payable, which, if approved at the forthcoming Annual General Meeting, will be accounted for in the shareholders' equity as an appropriation of retained profits in the year ending 31 December 2019.

12 Share Capital

	2018		31 Dec 2017		1 Jan 2017	
	No. of shares issued '000	$'000	No. of shares issued '000	$'000	No. of shares issued '000	$'000
Issued and fully paid, at beginning and end of financial year	**61,155**	**91,733**	61,155	91,733	61,155	91,733

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

Notes to the Financial Statements
for the financial year ended 31 December 2018

13 Capital Management

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

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

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

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

The Company has no borrowings, contingent liabilities and loan capital as at 31 December 2018. There was no change in the Company's capital management objectives, policies and processes during the years ended 31 December 2018 and 31 December 2017.

The Company's equity as at 31 December 2018 was $378,374,000 (2017: $377,580,000, 1 Jan 2017: $335,002,000).

14 General Reserve

In each financial year, a certain amount of retained profits may be transferred to general reserve of the Company. The general reserve has not been earmarked for any particular purpose. In the year of 2018, there is no transfer of retained profits to general reserve.

15 Deferred Tax Liabilities

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

	Balance sheet			Profit and loss	
	2018	31 Dec 2017	1 Jan 2017	**2018**	2017
	$'000	$'000	$'000	**$'000**	$'000
Differences in tax depreciation	**30**	35	30	**(5)**	5
Differences in interest receivable	**297**	306	306	**(9)**	1
Differences in expect credit loss	**(43)**	–	–	**(43)**	–
Deferred income tax related to other comprehensive income:					
Revaluation of investments					
– Balance at 1 January	**10,183**	6,080	3,888	**–**	–
– Effect of adopting SFRS(I) 9	**(1,969)**	–	–	**–**	–
– Credited during the financial year directly against revaluation on investment reserve	**–**	4,103	2,192	**–**	–
– Net losses on fair value changes of FVOCI equity securities	**(85)**	–	–	**–**	–
– Net losses on fair value changes of FVOCI debt securities	**(1,058)**	–	–	**–**	–
Balance at 31 December	**7,355**	10,524	6,416		
Deferred income tax expense				**(57)**	6

16 Reserve for Unexpired Risks

Movements in reserve for unexpired risks:

	2018			2017		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Balance at beginning of the financial year	**64,153**	**(42,362)**	**21,791**	62,972	(39,635)	23,337
Movement in reserve during the financial year	**(7,983)**	**7,179**	**(804)**	1,181	(2,727)	(1,546)
Balance at end of the financial year	**56,170**	**(35,183)**	**20,987**	64,153	(42,362)	21,791

Notes to the Financial Statements
for the financial year ended 31 December 2018

17 Deferred Acquisition Costs

	2018			2017		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Balance at beginning of the financial year	8,074	(9,354)	(1,280)	7,940	(9,298)	(1,358)
Movement in deferred acquisition cost during the financial year	101	(116)	(15)	134	(56)	78
Balance at end of the financial year	8,175	(9,470)	(1,295)	8,074	(9,354)	(1,280)

18 Reserve for Outstanding Claims

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

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

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

Movements in reserve for outstanding claims:

	2018			2017		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Balance at beginning of the financial year	155,413	(97,632)	57,781	156,363	(94,603)	61,760
Claims paid during the financial year	(39,360)	23,875	(15,485)	(30,510)	17,168	(13,342)
Claims incurred	14,070	(4,613)	9,457	29,560	(20,197)	9,363
Balance at end of the financial year	130,123	(78,370)	51,753	155,413	(97,632)	57,781

18 Reserve for Outstanding Claims (continued)

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

Accident Year	2008 & prior	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total ($'000)
Estimate of claims incurred – **gross**												
– at end of accident year		33,901	41,749	44,992	50,653	80,354	51,991	49,497	67,666	50,098	45,449	
– one year later		34,687	43,718	54,297	53,641	79,297	54,793	48,664	67,916	43,213		
– two years later		32,437	41,440	51,295	51,420	64,022	52,172	45,692	65,144			
– three years later		29,598	38,125	48,677	46,423	59,966	47,179	41,671				
– four years later		27,205	34,661	43,555	43,229	54,375	40,311					
– five years later		25,430	33,576	41,559	40,962	50,165						
– six years later		23,734	31,450	39,181	38,166							
– seven years later		22,734	29,966	36,880								
– eight years later		22,364	29,030									
– nine years later		22,030										
Current estimate of cumulative claims incurred		22,030	29,030	36,880	38,166	50,165	40,311	41,671	65,144	43,213	45,449	
Less: cumulative claims paid to date		21,679	27,934	35,379	30,157	43,236	30,741	32,417	31,536	22,735	7,190	
Liability recognised in the balance sheet	1,068	351	1,096	1,501	8,009	6,929	9,570	9,254	33,608	20,478	38,259	**130,123**
Estimate of claims incurred – **net**												
– at end of accident year		14,784	20,394	22,500	24,853	27,458	22,829	24,872	24,275	20,090	17,621	
– one year later		12,433	20,277	26,822	23,624	26,472	22,111	20,214	22,206	19,530		
– two years later		12,347	19,860	25,989	23,702	25,101	21,096	19,353	21,555			
– three years later		10,625	18,338	25,338	21,261	22,665	18,894	17,530				
– four years later		9,760	17,172	22,218	19,585	20,438	17,041					
– five years later		9,181	16,533	21,350	18,495	19,545						
– six years later		8,688	15,464	20,134	17,410							
– seven years later		8,499	15,035	19,278								
– eight years later		8,355	14,713									
– nine years later		8,293										
Current estimate of cumulative claims incurred		8,293	14,713	19,278	17,410	19,545	17,041	17,530	21,555	19,530	17,621	
Less: cumulative claims paid to date		8,022	13,941	18,163	15,150	16,403	13,246	12,605	11,965	9,745	2,425	
Liability recognised in the balance sheet	902	271	772	1,115	2,260	3,142	3,795	4,925	9,590	9,785	15,196	**51,753**

19 Revaluation on Investment Reserve

Revaluation on investment reserve records the cumulative fair value changes in FVOCI (2017: available-for-sale) investments, net of deferred income tax, until they are derecognised or impaired.

	2018 $'000	2017 $'000
Balance at 1 January	**49,717**	29,691
Effect of adopting SFRS(I) 9	**(9,616)**	–
	40,101	29,691
Net change in the reserve, net of tax	**(5,578)**	20,026
Balance at 31 December	**34,523**	49,717
Net change in the reserve arises from:		
– Net (loss)/gain on fair value changes and changes in allowance for ECL during the financial year, net of tax	**(6,571)**	21,871
– Recognised in the profit and loss account on disposal of FVOCI debt securities, net of 17% tax (2017: 17%)	**399**	(1,845)
– Recognised in the retained profits on disposal of FVOCI equity securities, net of 17% tax (2017: nil)	**594**	–
	(5,578)	20,026

20 Amount Owing to Trade and Non-trade Creditors

	2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Amount owing to policyholders and agents	**147**	316	352
Amount owing to reinsurers	**12,525**	10,592	17,563
Amount retained from reinsurers	**2,844**	2,847	3,248
Insurance creditors	**15,516**	13,755	21,163
Non-trade creditors and accrued liabilities	**5,706**	5,674	4,138
Amount owing to related companies	**566**	1,968	2,140
Total financial liabilities carried at amortised cost	**21,788**	21,397	27,441

(a) Amount Owing to Policyholders, Agents and Reinsurers
These amounts are non-interest bearing and are normally settled on 90-day term.

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

(b) Amount Retained from Reinsurers

	2018		
	Gross carrying amount	Gross amount offset in the balance sheet	Amount in the balance sheet
	$'000	$'000	$'000
Amount retained from reinsurers	**2,891**	**(47)**	**2,844**

	31 Dec 2017		
	Gross carrying amount	Gross amount offset in the balance sheet	Amount in the balance sheet
	$'000	$'000	$'000
Amount retained from reinsurers	2,888	(41)	2,847

	1 Jan 2017		
	Gross carrying amount	Gross amount offset in the balance sheet	Amount in the balance sheet
	$'000	$'000	$'000
Amount retained from reinsurers	3,248	–	3,248

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

(c) Non-trade Creditors and Accrued Liabilities

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

(d) Amount Owing to Related Companies

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

21 Financial Derivatives

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

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

During the financial year, the Company also contracts in interest rate futures to hedge certain of the Company's fixed income securities against interest rate risk.

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

	2018			31 Dec 2017		
Recurring fair value measurements	**Contract/ notional amount**	**Derivative financial assets**	**Derivative financial liabilities**	Contract/ notional amount	Derivative financial assets	Derivative financial liabilities
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Foreign exchange forwards						
Sell USD/Buy SGD	**145,108**	**645**	**–**	162,990	1,849	–
Interest rate futures	**42,288**	**–**	**882**	–	–	–

	1 Jan 2017		
Recurring fair value measurements	Contract/ notional amount	Derivative financial assets	Derivative financial liabilities
	$'000	$'000	$'000
Foreign exchange forwards			
Sell USD/Buy SGD	93,978	1	1,775
Interest rate futures	–	–	–

For the year ended 31 December 2018, the Company recognised net unrealised fair value losses on financial derivatives of $2,086,000 (2017: net unrealised fair value gains $3,623,000).

The foreign exchange forward contracts have maturity dates in March 2019 (2017: February to March 2018, 1 January 2017: February to March 2017). Counterparties are mainly graded at A-1+.

The interest rate futures have maturity date in March 2019 (2017: nil, 1 January 2017: nil). Counterparties are mainly graded at A-1+.

22 Bank Balances and Fixed Deposits

(a) Cash and Bank Balances

	2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Bank balances with:			
Holding company	**4,971**	5,674	7,202
Other financial institutions	**11,192**	10,851	2,853
Cash on hand	**2**	2	2
	16,165	16,527	10,057

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

(b) Fixed Deposits

	2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Fixed deposits with:			
Holding company	**6,022**	1,361	2,552
Other financial institutions	**41,708**	36,564	47,039
	47,730	37,925	49,591
Fixed deposits with:			
3 months or less	**45,301**	29,333	44,254
More than 3 months	**2,429**	8,592	5,337
	47,730	37,925	49,591

The Company's fixed deposits with the holding company and other financial institutions mature on varying dates within 6 months (2017: 6 months, 1 January 2017: 6 months) from the financial year end and earn interest at the respective fixed deposit rates. The weighted average effective interest rate of these deposits at 31 December 2018 for the Company was 1.35% (2017: 0.91%, 1 January 2017: 0.55%) per annum.

	2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Total bank balances and fixed deposits	**63,895**	54,452	59,648

23 Loans and Receivables

	2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Bank balances and fixed deposits	**63,895**	54,452	59,648
Amount due from policyholders and agents (Note 24 (a))	**4,955**	5,858	4,698
Amount due from reinsurers (Note 24 (b))	**4,870**	3,411	13,460
Amount retained by ceding companies (Note 24 (c))	**1,485**	2,386	2,622
Insurance debtors	**11,310**	11,655	20,780
Non-trade debtors and accrued interest receivables (excluding prepayments of $112,000 in 2018, $363,000 in 2017, $348,000 on 1 January 2017)	**4,002**	2,719	2,824
Loans and receivables	**79,207**	68,826	83,252

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

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

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

(a) Amount Due from Policyholders and Agents

	2018		
	Gross carrying amount $'000	Gross amount offset in the balance sheet $'000	Amount in the balance sheet $'000
Amount due from policyholders and agents (Note 23)	6,711	(1,756)	4,955
Amount owing to policyholders and agents (Note 20)	(1,903)	1,756	(147)

	31 Dec 2017		
	Gross carrying amount $'000	Gross amount offset in the balance sheet $'000	Amount in the balance sheet $'000
Amount due from policyholders and agents (Note 23)	6,645	(787)	5,858
Amount owing to policyholders and agents (Note 20)	(1,103)	787	(316)

	1 Jan 2017		
	Gross carrying amount $'000	Gross amount offset in the balance sheet $'000	Amount in the balance sheet $'000
Amount due from policyholders and agents (Note 23)	5,774	(1,076)	4,698
Amount owing to policyholders and agents (Note 20)	(1,428)	1,076	(352)

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

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

(b) Amount Due from Reinsurers

	2018		
	Gross carrying amount $'000	Gross amount offset in the balance sheet $'000	Amount in the balance sheet $'000
Amount due from reinsurers (Note 23)	42,339	(37,469)	4,870
Amount owing to reinsurers (Note 20)	(49,994)	37,469	(12,525)

	31 Dec 2017		
	Gross carrying amount $'000	Gross amount offset in the balance sheet $'000	Amount in the balance sheet $'000
Amount due from reinsurers (Note 23)	43,358	(39,947)	3,411
Amount owing to reinsurers (Note 20)	(50,539)	39,947	(10,592)

	1 Jan 2017		
	Gross carrying amount $'000	Gross amount offset in the balance sheet $'000	Amount in the balance sheet $'000
Amount due from reinsurers (Note 23)	40,010	(26,550)	13,460
Amount owing to reinsurers (Note 20)	(44,113)	26,550	(17,563)

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

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

(c) Amount Retained by Ceding Companies

	2018		
	Gross carrying amount $'000	Gross amount offset in the balance sheet $'000	Amount in the balance sheet $'000
Amount retained by ceding companies (Note 23)	1,532	(47)	1,485

	31 Dec 2017		
	Gross carrying amount $'000	Gross amount offset in the balance sheet $'000	Amount in the balance sheet $'000
Amount retained by ceding companies (Note 23)	2,427	(41)	2,386

	1 Jan 2017		
	Gross carrying amount $'000	Gross amount offset in the balance sheet $'000	Amount in the balance sheet $'000
Amount retained by ceding companies (Note 23)	2,622	–	2,622

25 Associated Company

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

Name of company	Country of incorporation & place of business	Principal activity	Cost of investment			% of paid-up capital held by the Company		
			2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	2018 %	31 Dec 2017 %	1 Jan 2017 %
United Insurance Agency Pte Ltd*	Singapore	General Insurance Agent	1	1	1	49	49	49

* Audited by KPMG LLP, Singapore

The Company's investment in associate is considered immaterial and therefore does not apply equity accounting as at 31 December 2018.

26 Investments

(a) Financial instruments as at 31 December 2018

	2018 $'000
Mandatorily measured at fair value through profit or loss	
– Debt securities	1,937
– Unit trusts and ETFs	111,700
	113,637
At fair value through other comprehensive income	
– Debt securities	219,023
– Equity securities	76,168
	295,191
Total	408,828
Net carrying amount	
Current	23,609
Non-current	385,219
	408,828

(b) Financial instruments classified as available-for-sale as at 31 December 2017 and 1 January 2017

	31 Dec 2017 Fair value $'000	1 Jan 2017 Fair value $'000
(i) Current		
Equity shares in corporations	29,484	28,025
Debt securities in corporations	1,737	16,608
	31,221	44,633
(ii) Non-current		
Equity shares in corporations	59,977	49,825
Unit trusts and ETFs	101,155	79,703
Debt securities in corporations	230,095	194,280
Other Government securities	4,953	12,300
	396,180	336,108
Total	427,401	380,741

26 Investments (continued)

The debt securities bear an effective weighted average interest rate of 3.42% (2017: 3.47%, 1 January 2017: 3.89%) per annum with maturity dates from August 2019 to May 2028 (2017: June 2018 to December 2049, 1 January 2017: July 2017 to December 2049). The other government securities bear an effective weighted average interest rate of 3.99% (2017: 3.99%, 1 January 2017: 4.06%) per annum with maturity dates from April 2024 to January 2025 (2017: April 2024 to January 2025, 1 January 2017: November 2020 to January 2025).

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

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

(a) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;

(b) Level 2 – Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

(c) Level 3 – Unobservable inputs for the asset or liability.

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

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

	2018			
Recurring fair value measurements	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Mandatorily measured at FVTPL				
– Debt securities	1,937	–	–	1,937
– Unit trusts and ETFs	111,700	–	–	111,700
At FVTOCI				
– Debt securities	219,023	–	–	219,023
– Equity securities	76,168	–	–	76,168
	408,828	–	–	408,828

	31 Dec 2017			
Recurring fair value of available-for-sale investment measurements	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Equity shares in corporations	89,461	–	–	89,461
Debt securities in corporations	231,832	–	–	231,832
Other Government securities	4,953	–	–	4,953
Unit trusts and ETFs	101,155	–	–	101,155
	427,401	–	–	427,401

26 Investments (continued)

Fair value measurements (continued)

Recurring fair value of available-for-sale investment measurements	1 Jan 2017 Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Equity shares in corporations	77,850	–	–	77,850
Debt securities in corporations	210,888	–	–	210,888
Other Government securities	12,300	–	–	12,300
Unit trusts and ETFs	79,703	–	–	79,703
	380,741	–	–	380,741

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

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

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

27 Fixed Assets

	Furniture and fixtures $'000	Office equipment $'000	Motor vehicles $'000	Total $'0000
Cost				
At 1 January 2017	422	1,958	49	2,429
Additions	–	96	21	117
Disposals	–	(54)	–	(54)
At 31 December 2017 and 1 January 2018	422	2,000	70	2,492
Additions	–	50	–	50
Disposals	(18)	(13)	–	(31)
At 31 December 2018	**404**	**2,037**	**70**	**2,511**
Accumulated depreciation				
At 1 January 2017	308	1,848	49	2,205
Depreciation charge for the year	24	69	1	94
Disposals	–	(54)	–	(54)
At 31 December 2017 and 1 January 2018	332	1,863	50	2,245
Depreciation charge for the year	23	67	4	94
Disposals	(18)	(13)	–	(31)
At 31 December 2018	**337**	**1,917**	**54**	**2,308**
Net book value				
At 1 January 2017	114	110	–	224
At 31 December 2017	90	137	20	247
At 31 December 2018	**67**	**120**	**16**	**203**

Fully Depreciated Assets
Original cost of fully depreciated assets still in use as at 31 December 2018 amounted to $2,041,000 (2017: $2,026,000, 1 January 2017: $1,940,000).

28 Commitments

At the balance sheet date, the Company has rental commitments under a non-cancellable operating lease. The minimum lease payments are:

	2018 **$'000**	31 Dec 2017 $'000	1 Jan 2017 $'000
Lease which expires:			
Within one year	**1,306**	1,198	1,306
Between one and three years	**2,504**	–	1,198
	3,810	1,198	2,504

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to $1,306,000 (2017: $1,306,000, 1 January 2017: $1,306,000).

29 Related Party Transactions

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

	2018 $'000	2017 $'000
Gross premium income from:		
– Holding company	6,488	7,108
– Related companies	49	45
– Associated companies of the holding company	991	999
Commission expenses paid to:		
– Holding company	7,600	7,352
– Related company	82	76
– Associated company	687	703
Gross claims incurred/(written back) from:		
– Holding company	308	(834)
– Related companies	(10)	(21)
– Associated companies of the holding company	978	(83)
Rental paid to an associated company of the holding company	1,306	1,306
Management fee received from an associated company of the holding company	750	750
Management fee charged by a related company	1,058	1,054
Service fee charged by holding company	2,125	2,242
Interest income earned from holding company	56	12
Compensation of key management personnel		
– Directors of the Company	995	908

Directors' remuneration included fees, salary, bonus, Central Provident Fund contribution and other emoluments (including benefits-in-kind) computed based on costs incurred by the Company.

30 Segment Information

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

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

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

	SIF $'000	OIF $'000	SHF $'000	Total $'000
For Year 2018				
Gross premium written	78,589	24,669	–	103,258
Net earned premium	29,396	11,996	–	41,392
Net claims incurred	2,946	6,511	–	9,457
Net commission	(6,251)	528	–	(5,723)
Management expenses	10,688	2,475	–	13,163
Underwriting profit	22,013	2,482	–	24,495
Gross dividends from investments	1,331	256	2,117	3,704
Interest income from investments	4,299	937	2,689	7,925
Interest on fixed deposits and bank balances	182	138	67	387
Net fair value losses on financial derivatives	(2,822)	(623)	(1,751)	(5,196)
Net fair value losses on mandatorily measured at FVTPL investments – unrealised	(3,174)	(721)	(2,085)	(5,980)
Net losses on disposal of mandatorily measured at FVTPL Investments	(623)	(66)	(314)	(1,003)
Net losses on disposal of FVOCI investments	(240)	(77)	(165)	(482)
Other income	168	(9)	7	166
Exchange gains	1,817	422	1,150	3,389
Management expenses not charged to insurance revenue account – net	(645)	(136)	(836)	(1,617)
Profit before tax	22,306	2,603	879	25,788
Tax expense	(1,462)	69	(564)	(1,957)
Profit after tax	20,844	2,672	315	23,831
Segment total assets as at 31 December 2018	346,259	77,880	186,585	610,724
Segment total liabilities as at 31 December 2018	185,302	38,337	8,711	232,350

30 Segment Information (continued)

	SIF $'000	OIF $'000	SHF $'000	Total $'000
For Year 2017				
Gross premium written	79,049	24,695	–	103,744
Net earned premium	31,298	12,055	–	43,353
Net claims incurred	5,309	4,054	–	9,363
Net commission	(5,065)	1,197	–	(3,868)
Management expenses	10,002	2,608	–	12,610
Underwriting profit	21,052	4,196	–	25,248
Gross dividends income from investments	1,201	209	1,823	3,233
Interest income from investments	4,443	904	2,845	8,192
Interest on fixed deposits and bank balances	173	109	48	330
Net fair value gains on financial derivatives	4,948	1,120	3,123	9,191
Net gains on disposal of available-for-sale investments	1,472	215	536	2,223
Other income	63	9	23	95
Exchange losses	(4,462)	(1,023)	(2,868)	(8,353)
Management expenses not charged to insurance revenue account – net	(631)	(134)	(846)	(1,611)
Profit before tax	28,259	5,605	4,684	38,548
Tax expense	(4,698)	(335)	(567)	(5,600)
Profit after tax	23,561	5,270	4,117	32,948
Segment total assets as at 31 December 2017	373,031	85,149	188,576	646,756
Segment total liabilities as at 31 December 2017	215,170	45,386	8,620	269,176

Information about major external customers
For the year ended 31 December 2018 and the preceding period, the Company did not have any external customer whose premium income exceeded 10% of the Company's total revenue.

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

	Revenue for		Non-current assets as at	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Singapore	**81,181**	82,164	**203**	247
ASEAN countries	**16,574**	16,379	**–**	–
Others	**5,503**	5,201	**–**	–
	103,258	103,744	**203**	247

The Company's non-current assets presented above consist of fixed assets only.

31 Financial Risk Factors and Management

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

(a) Foreign Exchange Risk

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

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

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

	Total net assets/(liabilities) position			
	2018		2017	
	Amount in foreign currency	Amount in reporting currency	Amount in foreign currency	Amount in reporting currency
	1,000 units	$'000	1,000 units	$'000
Australian	2	2	–	–
Chinese Renminbi	371	66	(4,015)	(821)
Euro	–	–	2	3
Hong Kong Dollar	(40,277)	(7,053)	(19,635)	(3,496)
Indian Rupee	(2,396,089)	(225)	23,160,876	2,362
Indonesian Rupiah	(118,484)	(2,376)	(65,829)	(1,458)
Japanese Yen	(2,265)	(28)	(5,669)	(76)
Korean Won	(4,658)	(6)	(13,212)	(16)
Malaysian Ringgit	(704)	(234)	2,725	899
New Taiwan Dollar	–	–	46,158	2,073
Sterling Pound	(4)	(7)	–	–
Thai Baht	(3,279)	(137)	414	21
US Dollar	19,741	26,900	24,218	32,352
		16,902		31,843

31 Financial Risk Factors and Management (continued)

(a) Foreign Exchange Risk (continued)

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

	Increase/ Decrease in $ exchange rate	Effect on profit before tax $'000	Effect on equity net of tax $'000
2018	+ 5%	494	291
	– 5%	(494)	(291)
2017	+ 5%	(477)	1,718
	– 5%	477	(1,718)

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

(b) Interest Rate Risk

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

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

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

During 2018 and as at 31 December 2018, if interest rates had been 10 basis points higher/lower, with all other variables held constant, the Company's profit before tax for the year is estimated to be $267,000 (2017: $278,000) higher/lower, due mainly to higher/lower interest income on fixed deposits and fixed income securities. The Company's equity as at 31 December 2018 is estimated to be $728,000 (2017: $1,253,000) lower/higher due to unrealised loss/gain on fixed income securities.

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

31 Financial Risk Factors and Management (continued)

(c) Market Price Risk

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

At the balance sheet date, if the market prices of the equity investments and debt securities had been 2% (2017: 2%) higher/lower with all other variables held constant. The Company's equity would have been $4,900,000 (2017: $3,164,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments and debt securities.

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

(d) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Company has no significant concentration of credit risk.

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

Notwithstanding the measures taken, the failure of one or more of the Company's policyholders, agents, ceding companies, reinsurers and other counter-parties including issuers of debt securities to honour their contractual obligations, may result in doubtful or bad debts being incurred and this will adversely affect the Company's financial position.

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

The Company recognises an allowance for expected credit losses (ECLs) for all debt securities not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

31 Financial Risk Factors and Management (continued)

(d) Credit Risk (continued)

The Company generally considers that balances outstanding for more than 90 days as due. The ageing summary of balances due to the Company is as follows:

	2018				31 Dec 2017			
	Up to 3 months $'000	**3 to 6 months $'000**	**Above 6 months $'000**	**Total $'000**	Up to 3 months $'000	3 to 6 months $'000	Above 6 months $'000	Total $'000
Amount due from policyholders and agents (Note 24 (a))	**3,544**	**1,160**	**253**	**4,957**	4,253	1,378	235	5,866
Less Allowance for doubtful debts	**–**	**–**	**–**	**–**	–	–	(8)	(8)
Less Expected credit loss	**–**	**–**	**(2)**	**(2)**	–	–	–	–
	3,544	**1,160**	**251**	**4,955**	4,253	1,378	227	5,858
Amount due from reinsurers (Note 24 (b))	**4,163**	**488**	**221**	**4,872**	2,616	47	748	3,411
Less Expected credit loss	**–**	**–**	**(2)**	**(2)**	–	–	–	–
	4,163	**488**	**219**	**4,870**	2,616	47	748	3,411

	1 Jan 2017			
	Up to 3 months $'000	3 to 6 months $'000	Above 6 months $'000	Total $'000
Amount due from policyholders and agents (Note 24 (a))	3,888	472	406	4,766
Less Allowance for doubtful debts	–	–	(68)	(68)
	3,888	472	338	4,698
Amount due from reinsurers (Note 24 (b))	12,677	34	749	13,460
Less Expected credit loss	–	–	–	–
	12,677	34	749	13,460

31 Financial Risk Factors and Management (continued)

(d) Credit Risk (continued)

	2018 $'000	2017 $'000
Movement in allowance accounts relating to trade receivables:		
At 1 January	8	68
Writeback	(8)	(60)
At 31 December	–	8
Movement in ECL accounts:		
At 1 January	–	–
Provision	4	–
At 31 December	4	–

As stated in Note 23, the Company's counterparties to its financial assets other than its FVOCI measured debt securities are mainly graded from B++ to AA+ and as such, the Company has minimal credit risk. The Company's ECL loss allowance as at 31 December 2018 is based on lifetime ECL.

The ageing summary of the gross receivables not subject to offsetting arrangements is as follows:

	2018				31 Dec 2017			
	Up to 3 months $'000	3 to 6 months $'000	Above 6 months $'000	Total $'000	Up to 3 months $'000	3 to 6 months $'000	Above 6 months $'000	Total $'000
Amount due from policyholders and agents (Note 24 (a))	5,048	1,327	336	6,711	4,892	1,422	331	6,645
Amount due from reinsurers (Note 24 (b))	34,409	4,402	3,528	42,339	36,009	3,073	4,276	43,358

	1 Jan 2017			
	Up to 3 months $'000	3 to 6 months $'000	Above 6 months $'000	Total $'000
Amount due from policyholders and agents (Note 24 (a))	4,708	576	490	5,774
Amount due from reinsurers (Note 24 (b))	33,895	3,654	2,461	40,010

31 Financial Risk Factors and Management (continued)

(d) Credit Risk (continued)

The loss allowance provision for debt securities at fair value through other comprehensive income as at 31 December 2018 reconciles to the opening loss allowance for that provision as follows:

	Note	2018 $'000	2017 $'000
As at 1 January 2018 – as previously reported		–	–
Effect of adopting SFRS(I) 9	2b	316	–
As restated		316	–
Loss allowance measured at:			
12-month ECL			
– writeback of ECL		(64)	–
Lifetime ECL		–	–
As at 31 December 2018		252	–

The Company's FVOCI measured debt securities are mainly graded from BBB- to AA+ and as such, the Company has minimal credit risk. The Company's ECL loss allowance as at 31 December 2018 is based on 12-month ECL.

Financial assets that are neither past due nor impaired
Amounts due from policyholders, agents and reinsurers that are neither past due nor impaired are mainly creditworthy debtors with good payment record with the Company. With regard to other financial assets of the Company, which comprise cash and bank balances, fixed deposits, receivables and investments, they are placed with or entered into with reputable financial institutions or companies with high credit rating and no history of default.

The Company's exposure to credit risk, arising from default of the counterparty, has a maximum exposure equal to the carrying amount of these assets in the balance sheet.

(e) Concentration Risk

An important element of managing both market and credit risks is to actively manage concentration to specific issuers, counterparties, industry sectors, countries and currencies. Both internal and regulatory limits are put in place to monitor and manage concentration risk. These limits are reviewed on a regular basis by the respective management committees. The Company's exposures are within the concentration limits set by regulators.

(f) Liquidity Risk

Liquidity risk is the risk that the Company is unable to meet its cash outflow commitment as and when they fall due. These commitments are generally met through cash and time deposits held by the Company and cash inflows generated from its operation, supplemented by assets readily convertible into cash. Liquidity risk may also arise if the cash flows related to assets and liabilities are mismatched.

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

31 Financial Risk Factors and Management (continued)

(f) Liquidity Risk (continued)

Maturity profile

The table below summaries the maturity profile of the Company's assets and liabilities excluding the prepayments and technical balances based on remaining undiscounted contractual obligations.

	2018				
	< 3 months $'000	3 – 12 months $'000	> 1 year $'000	Total $'000	Carrying amount $'000
Investments					
At FVTPL					
Debt securities	–	–	2,000	2,000	1,937
Equities, unit trusts and ETFs*	111,700	–	–	111,700	111,700
At FVOCI					
Debt securities	5,470	3,550	215,041	224,061	219,023
Equities, unit trusts and ETFs*	76,168	–	–	76,168	76,168
Insurance debtors	7,707	3,133	470	11,310	11,310
Non-trade debtors and accrued interest receivables excluding prepayments	4,002	–	–	4,002	4,002
Bank balances and fixed deposits	62,489	1,086	320	63,895	63,895
Derivative financial assets	645	–	–	645	645
Associated company*	1	–	–	1	1
Fixed assets	203	–	–	203	203
Assets	268,385	7,769	217,831	493,985	488,884
Insurance creditors	4,958	8,949	1,609	15,516	15,516
Non-trade creditors and accrued liabilities	5,706	–	–	5,706	5,706
Amount owing to related companies	566	–	–	566	566
Derivative financial liabilities	882	–	–	882	882
Tax payable	6,562	–	–	6,562	6,562
Deferred tax liabilities	–	–	7,355	7,355	7,355
Liabilities	18,674	8,949	8,964	36,587	36,587

* No maturity date

31 Financial Risk Factors and Management (continued)

(f) Liquidity Risk (continued)

Maturity profile (continued)

	31 Dec 2017				
	< 3 months $'000	3 – 12 months $'000	> 1 year $'000	Total $'000	Carrying amount $'000
Available-for-sale investments					
Equities, unit trusts and ETFs*	190,616	–	–	190,616	190,616
Debt securities	–	1,750	238,186	239,936	236,785
Insurance debtors	6,868	4,265	522	11,655	11,655
Non-trade debtors and accrued interest receivables excluding prepayments	2,719	–	–	2,719	2,719
Bank balances and fixed deposits	49,982	4,330	140	54,452	54,452
Derivative financial assets	1,849	–	–	1,849	1,849
Associated company*	1	–	–	1	1
Fixed assets	247	–	–	247	247
Assets	252,282	10,345	238,848	501,475	498,324
Insurance creditors	2,373	10,207	1,175	13,755	13,755
Non-trade creditors and accrued liabilities	5,674	–	–	5,674	5,674
Amount owing to related companies	1,968	–	–	1,968	1,968
Derivative financial liabilities	–	–	–	–	–
Tax payable	8,334	–	–	8,334	8,334
Deferred tax liabilities	–	–	10,524	10,524	10,524
Liabilities	18,349	10,207	11,699	40,255	40,255

* No maturity date

31 Financial Risk Factors and Management (continued)

(f) Liquidity Risk (continued)

Maturity profile (continued)

	1 Jan 2017				
	< 3 months $'000	3 – 12 months $'000	> 1 year $'000	Total $'000	Carrying amount $'000
Available-for-sale investments					
Equities, unit trusts and ETFs*	157,553	–	–	157,553	157,553
Debt securities	–	7,000	212,798	219,798	223,188
Insurance debtors	16,565	3,767	448	20,780	20,780
Non-trade debtors and accrued interest receivables excluding prepayments	2,824	–	–	2,824	2,824
Bank balances and fixed deposits	54,311	5,337	–	59,648	59,648
Derivative financial assets	1	–	–	1	1
Associated company*	1	–	–	1	1
Fixed assets	224	–	–	224	224
Assets	231,479	16,104	213,246	460,829	464,219
Insurance creditors	17,915	3,248	–	21,163	21,163
Non-trade creditors and accrued liabilities	4,138	–	–	4,138	4,138
Amount owing to related companies	2,140	–	–	2,140	2,140
Derivative financial liabilities	1,775	–	–	1,775	1,775
Tax payable	7,478	–	–	7,478	7,478
Deferred tax liabilities	–	–	6,416	6,416	6,416
Liabilities	33,446	3,248	6,416	43,110	43,110

* No maturity date

Due to the nature of its business, the Company's premium and claim liabilities, which comprise reserve for unexpired risks and reserve for outstanding claims, net of deferred acquisition costs and the related reinsurers' share of those balances are excluded from the above analysis as management are of opinion that, due to inherent uncertainties as to amount and timing, no meaningful maturity analysis of such items are practicable. The inherent liquidity risk assumed by the Company in this respect is mitigated by the Company's liquidity policy.

32 Fair Values of Financial Instruments

The carrying values of the financial assets and financial liabilities as at the balance sheet date approximate their fair values as shown in the balance sheet.

33 Authorisation of Financial Statements

The financial statements were authorised for issue in accordance with a resolution of the directors on 12 February 2019.

United Overseas Insurance Limited
(Incorporated in Singapore)

31 December 2018

Investor Reference

Statistics of Shareholdings

as at 22 February 2019

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	121	6.76	1,792	0.00
100 – 1,000	365	20.39	240,913	0.39
1,001 – 10,000	1,013	56.59	3,911,849	6.40
10,001 – 1,000,000	286	15.98	16,248,846	26.57
1,000,001 and above	5	0.28	40,751,600	66.64
Total	**1,790**	**100.00**	**61,155,000**	**100.00**

Public Float

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited requires that at least 10% of the total number of issued shares (excluding treasury shares, preference shares and convertible equity securities) of a listed company in a class that is listed be at all times held by the public.

Based on information available to the Company as at 22 February 2019, approximately 41.4% of the issued shares of the Company was held by the public and therefore, Rule 723 of the Listing Manual has been complied with.

Twenty Largest Shareholders *(as shown in the Register of Members and Depository Register)*

No.	Name	No. of Shares	%
1	Tye Hua Nominees Private Limited	35,707,500	58.39
2	Ng Poh Cheng	1,727,150	2.82
3	Chong Chew Lim @ Chong Ah Kau	1,190,400	1.95
4	Citibank Nominees Singapore Pte Ltd	1,121,550	1.83
5	Chen Siong Seng	1,005,000	1.64
6	Maybank Kim Eng Securities Pte. Ltd.	945,300	1.55
7	OCBC Securities Private Limited	754,712	1.23
8	Thia Cheng Song	635,000	1.04
9	India International Insurance Pte Ltd - SIF	603,750	0.99
10	Chong Chin Chin (Zhang JingJing)	562,000	0.92
11	DBS Nominees (Private) Limited	549,250	0.90
12	Chong Kian Chun (Zhang JianJun)	542,500	0.89
13	Ng Ean Nee Mrs Chee Ying Lin @ Ooi Ean Nee	500,000	0.82
14	Singapore Reinsurance Corporation Ltd - Shareholders	470,000	0.77
15	Chen Swee Kwong	455,000	0.74
16	United Overseas Bank Nominees (Private) Limited	421,600	0.69
17	Yeoh Phaik Ean	375,000	0.61
18	Estate of Teo Guan Seng, Deceased	340,650	0.56
19	Tan Chong Hock	317,250	0.52
20	Tan Suat Lay @ Tan Suat Ngor	245,250	0.40
	Total	**48,468,862**	**79.26**

Substantial Shareholder *(As shown in the Register of Substantial Shareholders)*

	Shareholding registered in the name of substantial shareholder	Other shareholding in which the substantial shareholder is deemed to have an interest
Name of substantial shareholder	**No. of Shares**	**No. of Shares**
United Overseas Bank Limited	–	*35,707,500

Note:

* United Overseas Bank Limited is deemed to have an interest in the 35,707,500 UOI shares held by Tye Hua Nominees Private Limited.

Notice of Annual General Meeting

United Overseas Insurance Limited

(Incorporated in the Republic of Singapore)
Company Registration No. 197100152R

Notice is hereby given that the **48th Annual General Meeting** of members of United Overseas Insurance Limited (the **Company**) will be held at the Penthouse of United Overseas Bank Limited, 80 Raffles Place, 62nd Storey, UOB Plaza 1, Singapore 048624 on Friday, 12 April 2019 at 10.00 am to transact the following business:

AS ORDINARY BUSINESS

Resolution 1 To receive the Financial Statements, the Directors' Statement and the Auditor's Report for the year ended 31 December 2018.

Resolution 2 To declare a final one-tier tax-exempt dividend of 8.5 cents per share and a special one-tier tax-exempt dividend of 5 cents per share for the year ended 31 December 2018.

Resolution 3 To approve Directors' fees of $252,500 for 2018 (2017: $207,500).

Resolution 4 To reappoint Ernst & Young LLP as Auditor of the Company and authorise the Directors to fix its remuneration.

To re-elect the following Directors (retiring by rotation):

Resolution 5 Mr David Chan Mun Wai

Resolution 6 Mr Wee Ee Cheong

Resolution 7 Mr Yang Soo Suan

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following ordinary resolution:

Resolution 8 "THAT authority be and is hereby given to the Directors to:

(a) (i) issue ordinary shares in the capital of the Company (**Shares**) whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, **Instruments**) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, notwithstanding that the authority conferred by this Resolution may have ceased to be in force, provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued Shares, excluding treasury shares and subsidiary holdings (as calculated in accordance with paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 10 per cent of the total number of issued Shares, excluding treasury shares and subsidiary holdings (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation and adjustments as may be prescribed by the Singapore Exchange Securities Trading Limited (**SGX-ST**)) for the purpose of determining the aggregate number of Shares that may be issued under paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares, excluding treasury shares and subsidiary holdings at the time this Resolution is passed, after adjusting for:

   (i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

   (ii) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the SGX-ST Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting (**AGM**) of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier."

In this Resolution 8, "**subsidiary holdings**" shall have the meaning ascribed to it in the SGX-ST Listing Manual.

Notes to Resolutions

Resolution 2 is to approve the final and special dividends. The Transfer Books and Register of Members will be closed on 25 April 2019 for the preparation of the final and special dividends. Registrable transfers received up to 5.00 pm on 24 April 2019 will be entitled to the final and special dividends. If approved, the final and special dividends will be paid on 6 May 2019.

Resolution 3 is to approve Directors' fees for 2018. If approved, the Director's fee payable to Mr Wee Ee Cheong will be paid to United Overseas Bank Limited. Mr David Chan Mun Wai, an employee of the Company, will not receive a Director's fee.

Resolution 5 is to re-elect Mr David Chan Mun Wai as a director. Mr Chan is a non-independent director. As Managing Director and Chief Executive of the Company, Mr Chan oversees the day-to-day operations and implements the Company's business strategies. Mr Chan resides in Singapore.

Resolution 6 is to re-elect Mr Wee Ee Cheong as a director. Mr Wee is a non-independent and non-executive director. Mr Wee resides in Singapore.

Resolution 7 is to re-elect Mr Yang Soo Suan as a director. Mr Yang is a non-executive director. He is a non-independent director under the Insurance (Corporate Governance) Regulations 2013 and an independent director under the MAS Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (3 April 2013). If re-elected, Mr Yang will continue as Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. Mr Yang resides in Singapore.

Notice of Annual General Meeting

Resolution 8 is to empower the Directors to issue ordinary shares in the capital of the Company (**Shares**) and to make or to grant instruments (such as warrants or debentures) convertible into Shares and to issue Shares in pursuance of such instruments, up to an amount not exceeding in total 50 per cent of the total number of issued Shares, excluding treasury shares and subsidiary holdings, but with a sub-limit of 10 per cent for issue of Shares other than on a *pro rata* basis to shareholders (**General Mandate**). For the purpose of determining the aggregate number of Shares that may be issued pursuant to the General Mandate, the percentage of issued Shares shall be based on the total number of issued Shares, excluding treasury shares and subsidiary holdings, at the time that Resolution 8 is passed, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 8 is passed and (b) any subsequent bonus issue, consolidation or subdivision of Shares.

By ORDER OF THE BOARD

Vivien Chan
Company Secretary

Singapore
20 March 2019

Notes

(1) (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

(2) A proxy need not be a member of the Company.

(3) To be effective, the instrument appointing a proxy must be deposited at 80 Raffles Place, #04-20, UOB Plaza 2, Singapore 048624 (Attention: The Company Secretary) not less than 72 hours before the time set for holding the Annual General Meeting of the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company* for the purpose of the processing, administration and analysis by the Company* of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes, notes of discussion and other documents relating to the Annual General Meeting (including any adjournment thereof) for publication of the names and comments of the members, proxies and representatives on the Company's website, and in order for the Company* to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the **Purposes**);

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company*, the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company* of the personal data of such proxy(ies) and/or representative(s) for the Purposes and agrees to provide the Company with written evidence of such prior consent upon reasonable request; and

(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

* including the Company's agents and/or service providers

REFRESHMENTS

Kindly note that no lunch will be served after the Annual General Meeting but coffee, tea and bottled water will be available.

Proxy Form

UOI

MEMBER OF THE UOB GROUP

UNITED OVERSEAS INSURANCE LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 197100152R

IMPORTANT
1. This proxy form is not valid for use by CPF/SRS investors who have purchased UOI shares with CPF/SRS monies. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any query regarding their appointment as proxies.
2. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 20 March 2019.
3. Refreshments: Coffee, tea and bottled water will be available after the Annual General Meeting. No lunch will be served.

I/We ______________________________ (Name), NRIC/Passport/Co Reg No. ______________

of ____ (Address)

being a member/members of United Overseas Insurance Limited (the **Company** or **UOI**), hereby appoint

		Proportion of Shareholdings	
Name			
NRIC/Passport No.		No. of Ordinary Shares	%
Address			

and/or*

		Proportion of Shareholdings	
Name			
NRIC/Passport No.		No. of Ordinary Shares	%
Address			

* Please delete as appropriate

or failing him/them, the **Chairman of the Meeting** as my/our proxy/proxies, to attend, speak and vote for me/us on my/our behalf at the 48th **Annual General Meeting** of members of the Company, to be held at the Penthouse of United Overseas Bank Limited, 80 Raffles Place, 62nd Storey, UOB Plaza 1, Singapore 048624 on **Friday, 12 April 2019 at 10.00 am** and at any adjournment thereof. I/We direct my/our proxy/proxies to vote on the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, and on any other matter arising at the Meeting and at any adjournment thereof.

No.	Ordinary Resolutions	No. of Votes For*	No. of Votes Against*
Resolution 1	Financial Statements, Directors' Statement and Auditor's Report		
Resolution 2	Final and special dividends		
Resolution 3	Directors' fees		
Resolution 4	Auditor and its remuneration		
Resolution 5	Re-election (Mr David Chan Mun Wai)		
Resolution 6	Re-election (Mr Wee Ee Cheong)		
Resolution 7	Re-election (Mr Yang Soo Suan)		
Resolution 8	Authority to issue ordinary shares		

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" a resolution, please tick (√) within the relevant box provided. If you wish to vote both for and against a resolution, please indicate the number of votes "For" and the number "Against" in the box provided for the resolution.

Dated this ______________ day of ______________ 2019.

Shares in:	No. of Shares
(i) Depository Register	
(ii) Register of Members	
Total (see Note 1)	

____
Signature(s) or Common Seal of Shareholder(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES TO PROXY FORM:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy, failing which, the appointment shall be invalid.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy, failing which, the appointment shall be invalid.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.
3. A proxy need not be a member of the Company.
4. **The instrument appointing a proxy or proxies must be deposited at 80 Raffles Place, #04-20, UOB Plaza 2, Singapore 048624 (Attention: The Company Secretary) not less than 72 hours before the time appointed for holding the Meeting.**
5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorise by a resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the Meeting, in accordance with its Constitution and Section 179 of the Companies Act, Chapter 50.
9. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

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UOI
MEMBER OF THE UOB GROUP

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The Company Secretary
United Overseas Insurance Limited
80 Raffles Place, #04-20, UOB Plaza 2
Singapore 048624

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Corporate Information

Board of Directors
Wee Cho Yaw *(Chairman)*
David Chan Mun Wai *(Managing Director and Chief Executive)*
Wee Ee Cheong
Hwang Soo Jin
Yang Soo Suan
N Ganesan
Ho Yew Kee
Chng Hwee Hong

Audit Committee
Yang Soo Suan *(Chairman)*
Hwang Soo Jin
N Ganesan
Chng Hwee Hong

Nominating Committee
Hwang Soo Jin *(Chairman)*
Wee Cho Yaw
Yang Soo Suan

Remuneration Committee
Wee Cho Yaw *(Chairman)*
Hwang Soo Jin
Yang Soo Suan
Ho Yew Kee *(Appointed on 12 February 2019)*

Secretary
Vivien Chan

Assistant General Managers
Faridah Rahmat Ali
Andrew Tang Ming Leung
Kenny Lok Kian Meng

Business Address
3 Anson Road #28-01
Springleaf Tower
Singapore 079909
Telephone: (65) 6222 7733
Facsimile: (65) 6327 3869/6327 3870
E-mail: ContactUs@uoi.com.sg
Website: uoi.com.sg

Registered Office
80 Raffles Place
UOB Plaza
Singapore 048624
Company Registration No: 197100152R
Telephone: (65) 6222 2121
Facsimile: (65) 6534 2334

Investor Relations
Aaron Cheong Chu Ming
3 Anson Road #28-01
Springleaf Tower
Singapore 079909
Facsimile: (65) 6327 3870
Email: aaroncheong@uoi.com.sg

Share Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Telephone: (65) 6536 5355
Facsimile: (65) 6536 1360

Internal Auditor
PricewaterhouseCoopers Risk Services Pte. Ltd.
7 Straits View
Marina One
East Tower, Level 12
Singapore 018936

External Auditor
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Vincent Toong Weng Sum
(Appointed on 24 April 2014)

Myanmar Representative Office
Room No. 1401, 14th Floor
Olympic Tower
Corner of Maharbandoola Street and Bo Aung Kyaw Street
Kyauktada Township
Yangon
Myanmar
Telephone: (95)(1) 8392 917
Facsimile: (95)(1) 8392 916

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Company Registration No.: 197100152R

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