Q&A

UNITED OVERSEAS INSURANCE LIMITED
ANNUAL GENERAL MEETING HELD ON 14 APRIL 2023

Name of shareholder		**Question/Response**
Chua Ghim Hock (Cai Jinfu)	:	It was stated in the Chairman's Statement that in 2022, total gross premiums for the Singapore general insurance industry grew by 15%, and underwriting profit for the industry grew by 20%. In contrast, the Company's gross premium income from underwriting increased minimally to \$99 million from \$97.4 million in FY2021. Does the Company benchmark itself against the general insurance industry? Why was the performance below that of the general insurance industry?
David Chan (ex-Managing Director (MD))	:	The Singapore general insurance industry consists of both onshore and offshore business in almost equal proportions. In 2022, two-thirds of the industry's growth and two-thirds of underwriting profit were derived from overseas markets. In contrast, 70% of our business is local, in Singapore. We are also not in every segment of general insurance. As such, we do not benchmark ourselves against the general insurance industry. However, we do benchmark ourselves against insurance companies which have bancassurance arrangements.
Chua Ghim Hock (Cai Jinfu)	:	Page 120 annual report: The maturity dates of the Company's debt securities are: Year 2022: January 2023 to January 2037 (14 years) Year 2021: February 2022 to September 2031 (9 years) The maturity dates of the Company's government securities are: Year 2022: October 2023 to June 2027 (4 years) Year 2021: January 2022 to July 2031 (9 years) Why did the Company decide to have a longer duration on debt security in FY2022 and a shorter duration on government security in FY2022 which is opposite to the duration position it took the previous year on these securities?
Wong Ann Derk (Fund Manager)	:	The information on maturity dates of the debt securities and government securities on page 120 merely showed a difference in maturity dates but not the duration of the debt instrument. "Duration" as used in bond or debt instrument investment is not a measure of time to maturity but of the sensitivity of the price of a bond or other debt instrument to a change in interest rates. A higher duration of a bond means the bond's price will drop more as interest rates rise (bond price moves inversely to interest rates). In fact, the duration

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		of the Company's portfolio of debt securities and government securities was lower as at December 2022 compared to December 2021. That means our portfolio has become less sensitive to interest rate changes by end 2022 compared to end 2021.
Chua Ghim Hock (Cai Jinfu)	:	There has been news of bank runs. Will the Company face liquidity issues should there be an increase in claims? Does the Company perform stress tests on liquidity to meet claims?
David Chan (ex- MD)	:	The Company is very liquid. Its capital adequacy ratio is high. Claims are relatively low because of prudent underwriting which produces a better-quality portfolio of risks. The Company has never been forced to sell assets to pay claims.
Tan Siang Khee	:	I understand that equity prices have dropped 42% since last year. What is the Company's investment strategy? Does the Company benchmark the performance of its portfolio, and if so, against which benchmarks?
David Chan (ex- MD)	:	We do benchmark against indices such as the MSCI All Country Index and the MSCI Singapore Index.
Wong Ann Derk (Fund Manager):	:	Our data did not show a fall of 40% in equity prices. The Company focuses on income generation and ensuring stability. Early last year, steps were taken to de-risk the portfolio which now is 80% into fixed income. Equities are underweighted.
Tan Soo Liang	:	Does the Company have a payout ratio for claims? Should there be high numbers of claims, would the Company's income decrease?
David Chan (ex- MD)		The Company does not have a payout ratio for claims. The Company keeps in view the incurred loss ratio but does not do business according to this ratio. To manage incurred loss, the Company controls the quality of the risks that it underwrites.

Note: The above is a summary, and not a verbatim record, of the matters discussed.