

LIA Annual Luncheon 2017

Speech by Mr. Patrick Teow, President of LIA Singapore On March 6, 2017 At 12.35pm

Guest-of-Honour Mr. Lee Boon Ngiap, Assistant Managing Director, Capital Markets,
Monetary Authority of Singapore,

Distinguished guests,

Members of the Media,

Ladies and Gentlemen,

A very good afternoon to everyone.

Introduction

1. Welcome to the Life Insurance Association's 15th Annual Luncheon, and thank you for joining us today.
2. Both the recent 2017 Budget and Committee on the Future Economy (CFE) report painted a vision for us all to move forward together amidst a fast-changing global environment.
3. This is a vision we share as the life insurance industry, pioneering innovations for the future by strengthening digital capabilities and empowering our workforce with future skills.
4. Importantly, all these efforts are aimed at promoting protection, financial security and peace of mind for the community. This remains the Association's top priority in 2017.

5. We will build on the strong foundations laid down over the last three years under the leadership of LIA Singapore's President Dr. Khoo Kah Siang and the Management Committee.
6. Thank you, Kah Siang and team. You have indeed set high standards for the Association to uphold and we will challenge ourselves to do even better.

[pause for applause]
7. You and everyone here today have my personal commitment and that of the incoming Management Committee – including Deputy Presidents Ken Ng and Naveed Irshad - that we will continue to drive success and contribute proactively to our nation's progress.

Priorities for 2017

8. Casting our eye on the rest of 2017, we expect uncertainty in the global economy from 2016 to remain and the Association has a plan in place to effectively manage this so as to safeguard the interests of our community.
9. LIA Singapore's three areas of focus for 2017 centre on:
 - a. Managing the affordability of healthcare in Singapore,
 - b. Bridging the underinsurance gap, and
 - c. Enhancing consumer interests.
10. We are cautiously optimistic of the life insurance industry's capacity for growth and contribution to Singapore's ongoing progress, in the way that the industry recorded a healthy growth of 10 per cent for 2016.

I. Managing the affordability of healthcare in Singapore

11. Let me first share about the industry's efforts to keep healthcare in Singapore affordable and accessible for all.
12. The Health Insurance Task Force (HITF) in October 2016 established that healthcare cost inflation is outstripping consumer inflation, driven by factors such as a rapidly ageing population, advances in medical technology driving costs, and that healthcare cost inflation is set on an upward trajectory if left unmanaged.

13. We are extremely cognisant of the fact that combating escalating healthcare cost inflation requires the collective efforts of all stakeholders within the ecosystem.
14. We hope that clear actions to be undertaken by the life insurance industry will be the first of many initiatives to ensure that healthcare remains affordable and accessible for Singapore residents.

II. Bridging the underinsurance gap

15. Action is also required to bridge the underinsurance gap in Singapore. This is the second area of focus for LIA Singapore in 2017. Having sufficient insurance coverage is especially important in a time of uncertainty, which is what we are facing today.
16. S\$462 billion – that was the overall protection gap in Singapore at the end of 2011, according to the Association's study a few years back. The average protection gap of a working adult then was 3.7 times his/her annual income – that's significantly less than the recommended coverage of 10 times one's annual salary to meet an individual's protection needs.¹
17. Has this gap narrowed since, and how successful have we as a society been in ensuring adequate protection for ourselves and our loved ones?
18. The Association is looking into conducting a fresh protection gap study soon.

III. Enhancing consumer interests

19. Life insurance is all about people and in 2017 we are enhancing consumer interest by:
 - i. Introducing new disclosure initiatives under the Financial Advisory Industry Review (FAIR),
 - ii. Exploring digital innovations to increase choice and improve customer experience for consumers.

i. Introducing new disclosure initiatives under the Financial Advisory Industry Review (FAIR)

20. We are working towards implementing the remaining FAIR recommendations in 2017.

¹ http://www.lia.org.sg/files/document_holder/FAIR/LIA_Protection_Gap_Study_2012_Report_28Aug12.pdf

21. This includes enhancements to disclosures in Benefit Illustrations – which will itself be renamed ‘Policy Illustrations’ – new disclosures on bundled products, and a new ‘Cover Page’ for participating and non-participating plans.
22. We will continue to review and refine other FAIR recommendations to ensure optimal effectiveness which have already been put in place last year including the Balance Scorecard framework, the compareFIRST Web Aggregator, and the Direct Purchase Insurance Product (DPI).

ii. Exploring digital innovations to increase choice and improve customer experience for consumers.

23. In keeping with this, LIA Singapore last month signed a Statement of Intent together with other financial institutions to affirm our commitment in spearheading digital innovations aimed at increasing choice, lowering costs and offering greater convenience for consumers.
24. Ideas being explored include knowledge-exchange platform, smart claims, API-driven insurance and Know Your Customer (KYC) utility to facilitate anti-money laundering compliance.
25. More members are also leveraging technologies to make life insurance more accessible to consumers, especially following the regulatory changes allowing companies to offer the full suite of life insurance products online.
26. Technology continues to change the way we live and work. It has been even labelled ‘disruptive’ to traditional business models, but I am a strong proponent of the view that innovation is birthed when we leverage the benefits brought on by digitisation and increased connectivity.
27. In alignment with the CFE recommendations to build stronger capabilities in digital technologies, the industry looks to harness the power of big data to transform the way we do business and better serve the needs of society.
28. We will also be stepping up on cybersecurity measures to better safeguard the interests of the public.
29. Other consumer-centric initiatives by LIA Singapore include:
 - a. mystery shopping exercises to enhance the sales advisory process,

- b. co-creating an Insurance Management Associate Programme (iMAP) for the life sector with the Singapore College of Insurance to accelerate professional learning of new graduates joining the industry

Conclusion

30. In keeping with its mission to promote a progressive life insurance industry, LIA Singapore today reaffirms our support for environmental, social and governance (ESG) principles, and encourages our member companies to implement initiatives focused on sustainable insurance and responsible investments.
31. Member companies are encouraged to adopt existing global ESG platforms such as the UN Principles for Sustainable Insurance (UN PSI) and UN Principles for Responsible Investment (UN PRI), which provide aspirational sets of principles that integrate ESG factors into activities of the insurance value chain and practices of investment.
32. LIA Singapore will work with MAS to support member companies through the provision of awareness building sessions and capability development workshops on ESG.
33. Given the good progress we have made in 2016 in spite of it being a year of difficult climate and surprises, I am confident that we are in a good place to take strides towards the future we painted.
34. Moving ahead is a team effort, and would not have been possible if not for the tireless contributions of the following people:
35. On behalf of LIA Singapore, I extend our sincere appreciation to the regulators, in particular the MAS, the Ministry of Health and the CPF Board, for the close working relationship we have built over the years.
36. I would also like to thank my colleagues on the LIA Management Committee past and present for their contributions and dedication in working together to achieve a robust and financially resilient life insurance industry for the greater benefit of society.
37. Thank you.