



**Life Insurance Association
Singapore**

LIFE IS WORTH PROTECTING. INVEST IN IT.

2ND ANNUAL LIA-SAS LIFE PROTECTION SEMINAR 2010

5 October 2010

M Hotel, Singapore

Opening Address by Tan Hak Leh

President of the Life Insurance Association, Singapore

Distinguished guests and speakers, participants from life insurance industry and government agencies, ladies and gentlemen

1 On behalf of the Life Insurance Association of Singapore (LIA) and Singapore Actuarial Society (SAS), I am delighted to be here to extend a very warm welcome to all of you to the 2nd Life Protection Seminar.

2 One year ago marked the first time that the Life Insurance Association and the Singapore Actuarial Society came together to organise the 1st Life Protection Seminar. It was well attended by more than 100 participants. The overwhelming feedback and response to the 1st seminar encouraged us to co-produce the second seminar today.

Under-insurance in Singapore

3 The impetus to focus on life insurance protection arose from the findings of a study on ***Under-insurance in Singapore*** commissioned by the LIA in 2006. The 'protection gap' investigation conducted by Professors David Yee and Wu Yuan of Nanyang Technological University found that:

On average, a working adult (aged 20 to 64) is estimated to require protection of

S\$480,636

to finance funeral expenses, outstanding debts; and

to maintain the current living standards of dependants after his death

(dependants: spouse, children, parents, other non-working members of family)

This translates into 11.3 times the average annual income of S\$42,427.

Meanwhile, the estimated existing life cover of S\$118,639 is equivalent to only 2.8 times this average annual income, or 25 per cent of the protection needs.

This means, on average, a Singaporean working adult is under-insured by an amount of S\$361,997 or 75 per cent of the protection requirement.

4 While we are unable to provide an update to the protection gaps identified in the report today, I am happy to share with you some recent initiatives and developments.

5 First on consumer education. To commemorate a decade of LIA introducing KYC needs-based sales process, LIA embarked on a major KYFH consumer education campaign starting from 26 July to 23 Oct 2010. This campaign involves a series of radio advertisement and seminars to help consumers understand their financial needs.

6 Second on growth of protection-oriented products. Life insurance industry experienced an overall decline in NB of about 20% in 2009 due to combined effect of global financial crisis and some changes to CPF IS. However, over the same period, we noticed a healthy positive in some protection oriented products. For example, medical insurance grew by more than 30% in 2009. Likewise, we saw an encouraging growth of about 30% for term insurance policies.

7 Third on demographic trends. The population in Singapore has exceeded 5 million. This, together with strong economic growth, means that there is growing market potential for life insurance companies in Singapore.

In Conclusion

8 I know a lot more need to be done to narrow the protection gap in Singapore. At LIA, we see it as our vision to provide **“Peace of mind where every person in society is prepared for life’s changing cycles and for those situations unforeseen.”**

9 We are deeply encouraged by the strong support we receive from all stakeholders towards achieving this vision. Today’s seminar is yet another fine

example of the collaboration between LIA and SAS for us to share ideas and gain further insights on this very pertinent issue.

10 I would like to once again thank all the speakers and I wish all of you a very fruitful and enjoyable Seminar.

Thank you.