MEMBER OF THE UOB GROUP

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ANNUAL GENERAL MEETING (AGM) TO BE HELD ON 27 APRIL 2022

Responses to Questions from Shareholders and SIAS

16 APRIL 2022 – United Overseas Insurance Limited (UOI or the Company) refers to the Notice of Annual General Meeting dated 5 April 2022, in particular, the invitation to shareholders to submit questions in advance of the AGM. The Company thanks shareholders for the questions received.

The Appendix sets out the Company's response to the substantial and relevant questions received from shareholders. It also includes answers to questions received from the Securities Investors Association (Singapore) (SIAS). For shareholders' easy reference, the questions and answers have been arranged by topic. Where questions overlap or are closely related, they have been merged and rephrased for clarity.

By Order of the Board

Company Secretary

Macro and Business Strategy Matters

1. **How is the group growing the offshore insurance portfolio? Can management (re)state its regional growth strategy?**

   The Company leverages the Group's regional network and adopts a prudent underwriting approach in growing the offshore segment. Risk selection remains the key priority, with robust reinsurance protection to manage the offshore risks that are more prone to natural catastrophic risks.

2. **Is there a significant difference in risk profile between the group's Singapore business and the offshore business?**

   The Company's strength is in its Property and Accident & Health businesses primarily in Singapore. Singapore is not prone to natural catastrophes and hence is less risky in comparison to its businesses underwritten in the offshore markets.

3. **Are there fewer opportunities in Singapore as seen from the decreasing SIF premium?**

   The decrease in the SIF gross premium in the recent years has been due to the pandemic and deliberate pruning of unprofitable business. The Company remains focused on achieving sustainable bottom-line profits, which add to shareholder value.

4. **It is noted on page 13 of the Annual Report 2021 that the main overseas markets are Malaysia, Indonesia and Thailand. The group leverages UOB's regional network to grow its offshore insurance portfolio. Is the group exploring the China market as well?**

   The Company's focus in the region is primarily on Malaysia, Indonesia and Thailand but we are open to exploring other markets if they present viable opportunities.

5. **Has the board set a target or a limit to the group's offshore insurance business?**

   The Board approves the Company's business strategies for both local and overseas markets. The aim is to achieve measured growth that can deliver sustainable profitability from judicious underwriting.

6. **How has the pricing of risk been affected by the COVID-19 pandemic as business activities are reduced/restricted in the past 2 years?**

   Business activities have been hard hit and certain lines of businesses were affected. The Company continues to price its products competitively in the midst of the COVID-19 pandemic.

7. **What changes does management expect in the operating environment (including the pricing of risk) as countries re-open their economies and borders to live with COVID-19?**

   The COVID-19 pandemic has certainly changed the way that businesses operate. The Company expects the underwriting of risks to encompass changes brought about by the pandemic, such as considerations for businesses with Work from Home or Hybrid Work arrangements.

8. **How is management positioning the group to capture these opportunities? Could the Board share more on the growth strategy?**

   The Company views the re-opening of economies favourably and has been investing on our digitalisation efforts for automation and for business growth opportunities. We are upgrading our IT infrastructure to support various business initiatives. We have also launched digital products for both retail and SME consumers and relaunched our travel insurance with COVID-19 coverage, in line with the re-opening of economies.

Financial Performance Matters

1. **Please comment as to why the revenue has not grown for the last five years.**

   The Company is focused on achieving sustainable bottom-line profits that will add to shareholder value based on prudent risk underwriting and pruning of unprofitable business. As such, the Company has continued to maintain high net profit margin notwithstanding the challenges posed by the pandemic.

2. **In terms of underwriting, what are the reasons that the incurred loss ratio has increased steadily over the last 5 years?**

   Net incurred loss ratios are affected by both the changes in net earned premiums and net claims incurred. In the last 5 years, our incurred loss ratio has ranged between 21.6% and 28.8%, which compares favourably against the industry ratio of between 51.7% and 62.5%.

3. **Net commissions ratio and management expenses ratio have increased steadily from (8.9)% in FY2017 to (15.3)% in 2021 and 29.1% in FY2017 to 35.8% in FY2021 respectively. Underwriting profit ratio has correspondingly decreased from 58-59% in FY2017/FY2018 to just under 51% in FY2020/FY2021. Can management elaborate further on the trends in underwriting? What are management's plans to maintain/increase the underwriting profit ratio?**

   The negative net commissions ratio is a plus to the Company as it reflects the favourable commission terms received from our reinsurers due to our track record of underwriting insurance risk profitably.

   The increase in management expenses ratio is largely due to the upgrade of IT infrastructure to support our business initiatives. The Company also incurred a sizable amount in 2021 to retrofit UOI Building acquired in 2020 and to renovate the office premises. The Company moved into UOI Building in September 2021.

   Our underwriting profit ratio has remained above 50% even with the COVID-19 pandemic. We continue to take a prudent approach in underwriting good businesses and apply judicious risk management.

Board Matters

1. **At its January 2022 meeting, the remuneration committee (RC) reviewed the directors' fees in light of the increase in board responsibilities over the years and recommended an increase in directors' fees of $83,750 to a total of $368,500 for year 2021. The proposed fees are benchmarked against the remuneration of boards of comparable companies. Can the company help shareholders recall when was the last review on directors' fees?**

   Directors' fees are reviewed and shareholders approval is sought every year. At the last review in January 2021, the RC recommended an adjustment to the fee structure of the Audit Committee, which increased directors' fees from $262,500 to $284,750 for year 2020.

2. **Has the board/nominating committee (NC) reviewed the key man risk and the succession pipeline for the group?**

   The Board and NC review the succession pipeline for key man risks annually and have put in place the required succession plan.

3. **Would the NC help shareholders understand the depth of the group's leadership bench strength in the core functions of the group, such as underwriting, technology, operations, sales, investment, regulatory and compliance etc?**

   The Company's organisation structure is reviewed by the NC at least once a year. The NC is cognisant of the bench strength and the need for succession planning for key positions. Candidates for leadership positions are mentored and exposed to various functions in the Company with job rotation. Management also welcomes experienced professionals who can enhance the core functions of the Company, including for the expansion into new lines of business.