



United Overseas Insurance Limited

Unaudited Results for Period Ended 30 September 2020

Financial Updates

28 October 2020

Private & Confidential

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Review of Performance

	Description	9M20	9M19	9M20/9M19	
		<u>S\$m</u>	<u>S\$m</u>	<u>S\$m</u>	<u>%</u>
(I)	<u>Underwriting Income</u>				
(i)	Gross Premium Written	77.85	83.37	(5.52)	(6.6)
(ii)	Net Premium Written	30.56	32.18	(1.62)	(5.0)
(iii)	Net Earned Premium	29.94	30.28	(0.34)	(1.1)

Gross premium decreased by \$5.52 million or 6.6% to \$77.85 million. The decrease was mainly due to lower business activities caused by the COVID-19 pandemic. The decrease is in all classes except for Reinsurance.

Net earned premium decreased by \$0.34 million or 1.1% to \$29.94 million.

Review of Performance

	Description	9M20	9M19	9M20/9M19	
		<u>S\$m</u>	<u>S\$m</u>	<u>S\$m</u>	<u>%</u>
(II)	<u>Underwriting Expenses</u>				
(i)	Net Claims Incurred	9.77	9.67	0.10	1.0
(ii)	Net Commission	(2.06)	(1.91)	(0.15)	7.9
(iii)	Management Expenses	9.86	10.26	(0.40)	(3.9)

Net claims incurred increased by \$0.1 million or 1.0%. As such, net incurred loss ratio increased to 32.6% in 9M20. Net commission income increased by \$0.15 million due to higher reinsurance commission recovery from reinsurers. Management expenses decreased by 3.9% to \$9.86 million. The decrease was mainly due to financial support for employers under the government's Jobs Support Scheme and lower marketing and telemarketing expenses during COVID-19 circuit breaker period.

Review of Performance

	Description	9M20	9M19	9M20/9M19	
		<u>S\$m</u>	<u>S\$m</u>	<u>S\$m</u>	<u>%</u>
(III)	<u>Profit Components</u>				
(i)	Net Underwriting Profit	12.37	12.26	0.11	0.9
(ii)	Non-Underwriting Income	5.75	18.83	(13.08)	(69.5)
(iii)	Net Profit Before Tax	18.12	31.09	(12.97)	(41.7)

Consequently, underwriting profit increased by 0.9% to \$12.37 million and underwriting profit ratio increased by 0.8 percentage point to 41.3%.

Non-underwriting income was \$5.75 million as compared to \$18.83 million in the corresponding period last year. The decrease was due mainly to the adverse market conditions arising from the COVID-19 pandemic and global recession. In the comparative period last year, there were realised and unrealised gains from unit trusts and a one-time special dividend received from an equity investment which were not repeated in 2020.

Consequently, overall profit before tax decreased by 41.7% to \$18.12 million.

Review of Performance

	Description	9M20	9M19	9M20/9M19	
		<u>S\$m</u>	<u>S\$m</u>	<u>S\$m</u>	<u>%</u>
(IV)	<u>Comprehensive Income</u>				
(i)	Net Profit After Tax	15.15	26.12	(10.97)	(42.0)
(ii)	Other Comprehensive Income, Net of Tax	(11.75)	14.81	(26.56)	(179.3)
(iii)	Total Comprehensive Income	3.40	40.93	(37.53)	(91.7)

Other comprehensive income, net of tax, which affects the balance sheet and not the profit before tax had recorded a loss of \$11.75 million instead of an income of \$14.81 million in the corresponding period last year, as global markets fell into a tailspin since late February when the Covid-19 turned into a global pandemic.

Overall, total comprehensive income decreased by \$37.53 million or 91.7%, when compared to the corresponding period last year due to underperformance of investment.

Review of Performance

	Description	9M20	9M19	9M20/9M19	
				Inc/(Decr)	<u>%</u>
(V)	Return on Equity (%)	4.9	8.8	(3.9) pt	-
(VI)	Total Assets (S\$m)	641.42	651.94	(10.52)	(1.6)
(VII)	Return on Assets (%)	3.2	5.5	(2.3) pt	-
(VIII)	Net Asset Value Per Share (S\$)	6.66	6.64	0.02	-

(V) The Company's return on equity decreased from 8.8% to 4.9%. It was mainly due to lower other income earned in the current period.

(VI) Total assets of the Company decreased by 1.6% to \$641.42 million this year.

(VII) Hence, return on assets decreased from 5.5% to 3.2% this year.

(VIII) Net asset value per share increased from \$6.64 to \$6.66.

Review of Performance

	Description	9M20	9M19	Increase / (Decrease) % - pt
		<u>%</u>	<u>%</u>	<u>%</u>
(IX)	Ratios			
(i)	Net Incurred Loss Ratio	32.6	31.9	+ 0.7
(ii)	Net Commission Ratio	(6.9)	(6.3)	- 0.6
(iii)	Management Expenses Ratio	32.9	33.9	- 1.0
(iv)	Underwriting Profit Ratio	41.3	40.5	+ 0.8

- (i) Net incurred loss ratio is computed by dividing net claims incurred by net earned premium.
- (ii) Net commission ratio is computed by dividing net commission by net earned premium. When this ratio is in negative, net commission is an income to the Company.
- (iii) Management expenses ratio is computed by dividing management expenses for insurance operations by net earned premium.
- (iv) Underwriting profit ratio is computed by dividing net underwriting profit by net earned premium.

Thank You

