



MEMBER OF THE UOB GROUP

## UOI Annual Report 2017



I Thought, We Can Stay Strong Like Stones  
Chok Yue Zan



Our mission is to be a premier insurer in the Asia Pacific region, committed to providing quality products, excellent customer service while upholding strong corporate governance and enhancing shareholders' value.

## Contents

### Overview

- 02 About United Overseas Insurance Limited
- 03 Chairman's Statement
- 04 Board of Directors
- 07 Financial Highlights
- 09 Five-Year Company Financial Summary
- 10 2017 in Review
- 11 UOI in the Community

### Governance

- 13 Corporate Governance
- 27 Sustainability
- 43 Risk Management

### Financial Report

- 47 Directors' Statement
- 50 Independent Auditor's Report
- 54 Profit and Loss Account
- 55 Statement of Comprehensive Income
- 56 Insurance Revenue Account
- 57 Balance Sheet
- 58 Statement of Changes in Equity
- 59 Cash Flow Statement
- 61 Notes to the Financial Statements

### Investor Reference

- 103 Statistics of Shareholdings
- 104 Notice of Annual General Meeting
- 107 Proxy Form
- 109 Corporate Information



## I Thought, We Can Stay Strong Like Stones

by Chok Yue Zan  
Mixed media  
120 x 180 cm

Mr Chok Yue Zan's *I Thought, We Can Stay Strong Like Stones* is the design inspiration for this Annual Report. Mr Chok reinterprets his family's portrait to show the depth, strength and unity of familial ties. It received the 2017 UOB Painting of the Year (Malaysia) award. He is also the recipient of the 2018 UOB-Fukuoka Asian Art Museum residency programme.

The rocks carved in the shape of the people closest to the artist symbolise the importance of nurturing trusted and deep relationships that last. Standing resilient amid swaying foliage, cloudy skies and rolling waters, the rocks reinforce the need for a firm foundation and fortitude to weather change and volatility. All these reflect UOB's distinctive approach to banking.

Creating sustainable value for our stakeholders and the communities in which we operate is also expressed through UOB's support of art. The UOB Painting of the Year Competition, in its 36<sup>th</sup> year in 2017, is the Bank's flagship art programme held across four Southeast Asian countries.

## About United Overseas Insurance Limited

Founded in 1971, United Overseas Insurance Limited (UOI) very quickly made its mark in the business community and in just seven years, UOI was listed on the Singapore Exchange. UOI's profitable growth over the years reflects its financial strength and prudence.

The Company's principal activities are the underwriting of general insurance business and reinsurance. General insurance covers a broad spectrum of classes of insurance, among which are fire, marine, motor, engineering, general accident and liability business.

UOI has received a financial strength rating of A+ (Superior) and an issuer credit rating of "aa-" from A.M.Best.

The Company is located at 3 Anson Road, #28 – 01 Springleaf Tower, Singapore 079909, and its Singapore and international operations are supported by prominent insurance brokers, agents and international reinsurance companies. UOI has a representative office in Yangon, Myanmar.

UOI provides management services for Union (2009) Limited (formerly known as Overseas Union Insurance, Limited).

# Chairman's Statement



The Company is committed to creating sustainable value for its business and our stakeholders. We will identify and manage sustainability impacts, risks and opportunities which are most material to the Company's long-term business success.

## 2017 Performance

The Singapore economy grew by 3.6 per cent in 2017 which was higher than the 2.0 per cent growth recorded in 2016. The manufacturing and service sectors were the main contributors. Despite the improved economic situation, the local general insurance market gained only slightly at 0.8 per cent due to intense competition resulting in continued erosion of premium rates. This is reflected in the Company's gross premium income of \$103.7 million which is marginally lower than that in the previous year. The reduction was due to the Company's pruning exercise in weeding out accounts with consistently poor claims experience and inadequate premium rate, as well as premium rate erosion. The level of gross premiums achieved is nevertheless credible. It was due in no small part to the energetic marketing activities that generated new business from all sources.

Notwithstanding the lower gross premiums for the year 2017, the Company achieved a record underwriting profit of \$25.2 million, the highest since its inception in 1971. Other income increased by 405.5 per cent to \$13.3 million due to gains from sale of investments and foreign currency exchange and an absence of impairment provision made last year. Net profit before tax was also a record at \$38.5 million, a rise of 42.0 per cent due to significant contribution from both the insurance operation and investment.

The record achievement in underwriting was particularly significant when viewed in the context of a highly challenging operating environment. Regionally and elsewhere, hefty insurance losses were incurred due to catastrophic losses brought about by the awesome destructive forces of climate change.

## 2018 Prospects

As the local general insurance market continues to face intense competition and inadequate premium pricing, the Company's time-tested underwriting prudence will continue to be maintained as it grows its business. In addition to its continued focus on bancassurance business, Management will also devote equal attention

to developing the insurance intermediary business. It will innovate and drive for change to meet the needs of a growing market. In this regard, Management will invest more in the digitalisation of its insurance services which has fast become an essential part of insurance operations. Although its immediate contribution to non-life business growth may not be evident initially due to the high setup costs associated with such digital initiatives, the Company will nevertheless be committing adequate resources in this direction in its constant pursuit of excellence.

The operating environment with its many uncertainties, particularly in the area of geopolitics, will continue to affect investments. As such, prudence will continue to be the best policy.

## Sustainability

The Company is committed to creating sustainable value for its business and our stakeholders. We will identify and manage sustainability impacts, risks and opportunities which are most material to the Company's long-term business success. Please refer to the Sustainability Report for more information on the Company's performance with respect to its material environmental, social and governance (ESG) factors.

## Acknowledgement

On behalf of the Board, I wish to thank our clients, brokers, agents, reinsurers and shareholders for their steadfast support. I wish to record special thanks to our staff for their dedication and hardwork and my fellow directors for their wise counsel.

**Wee Cho Yaw**

*Chairman*

February 2018

# Board of Directors

as at 5 February 2018

## Wee Cho Yaw

### *Chairman*

### *Non-Independent and Non-Executive*

First appointed as a director: 17 February 1971

Last re-appointed as a director: 21 April 2016

A banker with more than 60 years' experience, Dr Wee is a veteran in the banking, insurance, real estate and hospitality industries. He has received many accolades for his business achievements and support of education, community welfare and the business community. Among the awards conferred on him were the Distinguished Service Order, Singapore's highest National Day Award, ASEAN Business Advisory Council Legacy Award for Singapore, and Honorary Degrees of Doctor of Letters from the National University of Singapore and Nanyang Technological University.

### **Board Committee Positions**

- Nominating Committee (Member)
- Remuneration Committee (Chairman)

### **Current Directorships in Other Listed Companies**

- United Overseas Bank (Chairman Emeritus and Adviser)
- UOL Group (Chairman)
- Haw Par Corporation (Chairman)
- United Industrial Corporation (Chairman)

### **Other Principal Commitments**

- United Overseas Bank (Malaysia) (Chairman Emeritus and Adviser)
- PT Bank UOB Indonesia (President Commissioner)
- United Overseas Bank (China) (Supervisor)
- United Overseas Bank (Thai) Public Company (Chairman)
- Pan Pacific Hotels Group (Chairman)
- Marina Centre Holdings (Chairman)
- Nanyang Technological University (Pro-Chancellor)
- Singapore Chinese Chamber of Commerce & Industry (Honorary President)
- Singapore Federation of Chinese Clan Associations (Honorary President)
- Singapore Hokkien Huay Kuan (Honorary President)
- Wee Foundation (Chairman)
- Chung Cheng High School (Chairman)

### **Past Directorships in Listed Companies held over the Preceding Three Years**

- Nil

### **Education and Achievements**

- Chinese high school education
- Businessman of the Year, Singapore Business Awards (2001 and 1990)
- Credit Suisse-Ernst & Young Lifetime Achievement Award (2006)
- Honorary Doctor of Letters, National University of Singapore (2008)
- *The Asian Banker* Lifetime Achievement Award (2009)
- The Distinguished Service Order, Singapore (2011)
- Honorary Doctor of Letters, Nanyang Technological University (2014)
- ASEAN Business Advisory Council Legacy Award for Singapore (2017)

## David Chan Mun Wai

### *Managing Director and Chief Executive*

### *Non-Independent and Executive*

First appointed as a director: 10 March 1994

Last re-elected as a director: 13 April 2017

Appointed as Managing Director: 1 January 1996

A chartered insurer with more than 35 years' experience in the insurance industry, Mr Chan currently serves as the Deputy Chairman, director and a member of the Executive, Audit, Nominating, Remuneration and Investment Committees of Singapore Reinsurance Corporation. He was previously President of the General Insurance Association of Singapore.

### **Board Committee Positions**

- Nil

### **Current Directorships in Other Listed Companies**

- Singapore Reinsurance Corporation (Deputy Chairman)

### **Other Principal Commitments**

- Nil

### **Past Directorships in Listed Companies held over the Preceding Three Years**

- Nil

### **Education and Achievements**

- Bachelor of Business Administration, University of Singapore
- Chartered Insurance Institute, UK (Fellow)

## Wee Ee Cheong

### *Non-Independent and Non-Executive*

First appointed as a director: 20 March 1991

Last re-elected as a director: 21 April 2016

A career banker with more than 35 years' experience, Mr Wee is also active in the banking and financial services industry and the community through his involvement in various industry-based organisations. He was previously Deputy Chairman of the Housing & Development Board and a director of the Port of Singapore Authority, UOL Group and Pan Pacific Hotels Group.

### **Board Committee Positions**

- Nil

### **Current Directorships in Other Listed Companies**

- United Overseas Bank (Director)

### **Other Principal Commitments**

- United Overseas Bank (Singapore) (Deputy Chairman and Chief Executive Officer)
- United Overseas Bank (China) (Chairman)
- PT Bank UOB Indonesia (Deputy President Commissioner)
- United Overseas Bank (Malaysia) (Director)

- United Overseas Bank (Thai) Public Company (Director)
- The Association of Banks in Singapore (Council Member)
- The Institute of Banking & Finance (Council Member)
- Board of Governors of the Singapore-China Foundation (Member)
- Indonesia-Singapore Business Council (Member)
- Singapore Chinese Chamber of Commerce & Industry (Honorary Council Member)
- Visa APCEMEA Senior Client Council (Member)
- Nanyang Academy of Fine Arts (Patron)
- Wee Foundation (Director)

#### Past Directorships in Listed Companies held over the Preceding Three Years

- Nil

#### Education and Achievements

- Master of Arts (Applied Economics), American University, Washington, DC
- Bachelor of Science (Business Administration), American University, Washington, DC
- Public Service Star (2013)

### Hwang Soo Jin

#### *Non-Independent<sup>1</sup> and Non-Executive*

First appointed as a director: 17 February 1971

Last re-appointed as a director: 21 April 2016

Mr Hwang is a chartered insurer with more than 50 years' experience. He is an honorary fellow of the Singapore Insurance Institute and a Justice of the Peace.

#### Board Committee Positions

- Audit Committee (Member)
- Nominating Committee (Chairman)
- Remuneration Committee (Member)

#### Current Directorships in Other Listed Companies

- Singapore Reinsurance Corporation (Chairman Emeritus and Senior Adviser)
- Haw Par Corporation (Director and Remuneration Committee member)
- United Industrial Corporation (Director and Nominating Committee chairman)

#### Other Principal Commitments

- Advisorship and directorships at various companies
- Justice of the Peace

#### Past Directorships in Listed Companies held over the Preceding Three Years

- Nil

#### Education and Achievements

- Chartered Insurance Institute, UK (Chartered Insurer)
- Singapore Insurance Institute (Honorary Fellow)
- Asian Industry Awards Lifetime Achievement Awards (2013)

### Yang Soo Suan

#### *Non-Independent<sup>1</sup> and Non-Executive*

First appointed as a director: 20 March 1991

Last re-appointed as a director: 21 April 2016

An architect by training with more than 45 years' experience in professional practice, Mr Yang is a life fellow member of the Singapore Institute of Architects and a fellow member of the Singapore Society of Project Managers.

#### Board Committee Positions

- Audit Committee (Chairman)
- Nominating Committee (Member)
- Remuneration Committee (Member)

#### Current Directorships in Other Listed Companies

- United Industrial Corporation (Director and audit committee chairman)

#### Other Principal Commitments

- Nil

#### Past Directorships in Listed Companies held over the Preceding Three Years

- United International Securities (till December 2015)

#### Education and Achievements

- Bachelor of Architecture (Hons) in Design, Town Planning and Building, Melbourne University, Australia
- Singapore Institute of Architects (Life Fellow)
- Singapore Society of Project Managers (Fellow)
- Public Service Star (1996)

1 Mr Hwang Soo Jin and Mr Yang Soo Suan are non-independent directors under the Insurance (Corporate Governance) Regulations 2005 (as amended) and independent directors under the MAS Guidelines<sup>2</sup>.

2 "MAS Guidelines" means the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (3 April 2013).

# Board of Directors

as at 5 February 2018

## N Ganesan

### *Independent and Non-Executive*

First appointed as a director: 27 July 2011  
Last re-elected as a director: 13 April 2017

Formerly the Managing Director of The Insurance Corporation of Singapore and President of the Life Insurance Association, Singapore, Mr Ganesan has over 30 years' experience in the financial sector.

#### Board Committee Positions

- Audit Committee (Member)

#### Current Directorships in Other Listed Companies

- Nil

#### Other Principal Commitments

- Nil

#### Past Directorships in Listed Companies held over the Preceding Three Years

- Nil

#### Education and Achievements

- Bachelor of Arts (Hons) in Economics, University of Malaya
- Master of Business Administration, Harvard University

## Ho Yew Kee

### *Independent and Non-Executive*

First appointed as a director: 1 June 2015  
Last re-elected as a director: 21 April 2016

Professor Ho is the Associate Provost (SkillsFuture and Staff Development) of Singapore Institute of Technology. Previously, he served as the Head of the Department of Accounting and Vice Dean (Finance & Administration), NUS Business School, National University of Singapore. Professor Ho has also held academic positions in Monash University and Carnegie Mellon University. He was formerly a director of the Accounting and Corporate Regulatory Authority and Tax Academy of Singapore.

#### Board Committee Positions

- Nil

#### Current Directorships in Other Listed Companies

- Nil

#### Other Principal Commitments

- St Luke's Hospital (Audit Committee Chairman)
- St Luke's Eldercare (Audit Committee Chairman)
- Dover Park Hospice Governing Council (Audit/Governance Committee Chairman)

#### Past Directorships in Listed Companies held over the Preceding Three Years

- Nil

## Education and Achievements

- Bachelor of Economics (Hons), Monash University, Australia
- Master of Economics, Monash University, Australia
- Master of Science in Industrial Administration, Carnegie Mellon University, USA
- Doctor of Philosophy (Accounting), Carnegie Mellon University, USA
- Institute of Singapore Chartered Accountants (Fellow Chartered Accountant)
- CPA Australia (Fellow Certified Practising Accountant)
- Singapore Institute of Directors (Fellow)
- CFA Institute, USA (Chartered Financial Analyst)

## Chng Hwee Hong

### *Independent and Non-Executive*

First appointed as a director: 28 January 2016  
Last re-elected as a director: 13 April 2017

Mr Chng was an Executive Director of Haw Par Corporation prior to his retirement in 2012. He was appointed as a member of the Sub-Committee on Maximising Value from Land as a Scarce Resource of the Economic Strategies Committee and a member of the Singapore-Sichuan Trade & Investment Committee. Active in community work, Mr Chng currently serves on a number of community and non-profit organisations. He volunteered as the audit committee chairman of Kong Meng San Phor Kark See Monastery previously.

#### Board Committee Positions

- Audit Committee (Member)

#### Current Directorships in Other Listed Companies

- Nil

#### Other Principal Commitments

- Singapore Corporation of Rehabilitative Enterprises (Chairman)
- Industry & Services Co-operative (Chairman, Board of Trustees)
- National Council Against Drug Abuse (Member)

#### Past Directorships in Listed Companies held over the Preceding Three Years

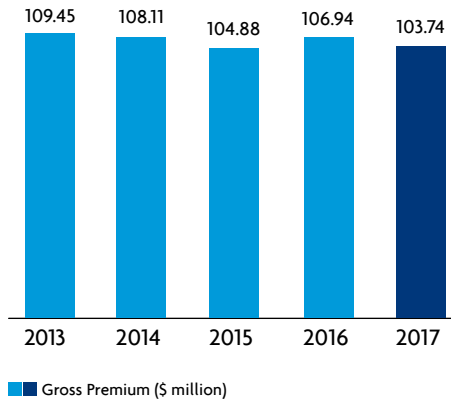
- Nil

#### Education and Achievements

- Bachelor of Science (Hons) in Applied Chemistry, University of Singapore
- Diploma in Business Administration, University of Singapore
- Diploma in Management Studies, University of Chicago and Singapore National Productivity Board
- Public Service Award (2014)



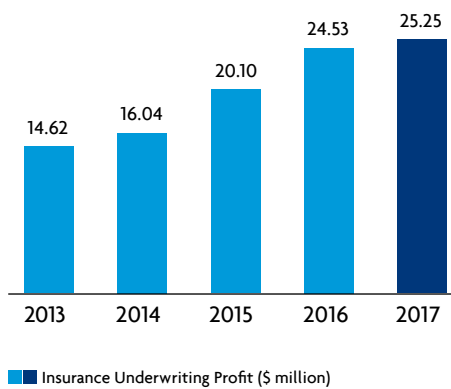
# Financial Highlights



## Gross Premium

Over the last five years, the Company had maintained its gross premium at \$100 million or more. In 2017, gross premium decreased by 3.0% due mainly to portfolio pruning and more selective risk acceptance in view of inadequate premium pricings taking place in the market despite deteriorating claim experience in certain classes of business.

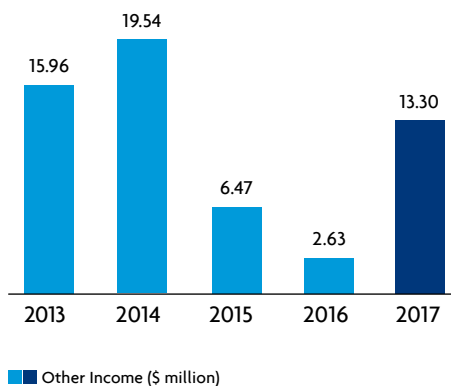
**\$103.74 million**  
- 3.0%



## Insurance Underwriting Profit

The Company achieved a record underwriting profit of \$25.25 million in 2017, an increase of 2.9% over that of 2016 due to lower net claims incurred reflecting qualitative improvement in the portfolio resulting from more selective underwriting policy during the year.

**\$25.25 million**  
+ 2.9%

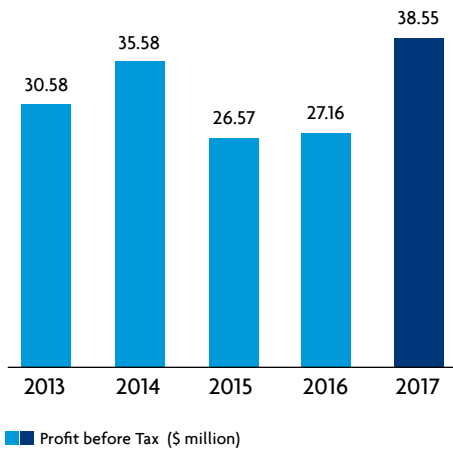


## Other Income

Other income increased by \$10.67 million to \$13.30 million from \$2.63 million in the previous period. This was due to gains from sales of investments and foreign currency exchange and the absence of impairment provision made last year

**\$13.30 million**  
+ 405.5%

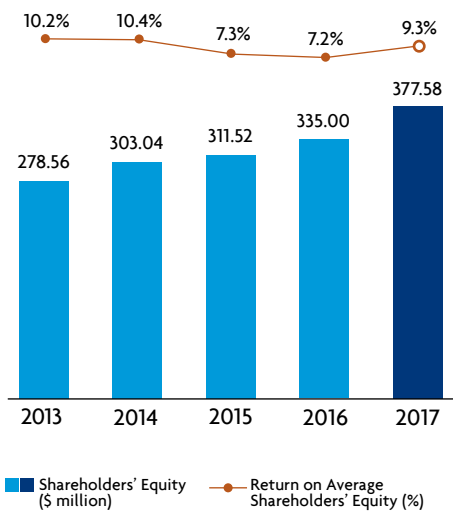
# Financial Highlights



## Profit Before Tax

Profit before tax increased by 42.0% to \$38.55 million as compared with 2016 due to improvement in both underwriting profit and investment results.

**\$38.55 million**  
+ 42.0%

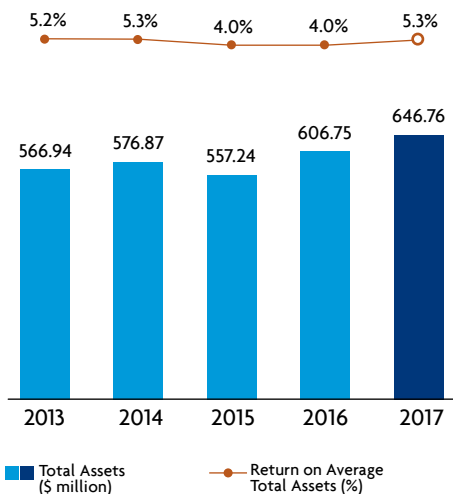


## Shareholders' Equity/Return on Average Shareholders' Equity

The Company's shareholders' equity as at 31 December 2017 increased by 12.7% to \$377.58 million when compared with the preceding year. The increase was due to higher profits from its insurance operation and realised and unrealised gains from its available-for-sale investments. Return on average shareholders' equity was 9.3% in 2017 as compared with 7.2% in 2016.

Shareholders' Equity  
**\$377.58 million**  
+ 12.7%

Return on Average Shareholders' Equity  
**+ 9.3%**  
+ 2.1% pt



## Total Assets/Return on Average Total Assets

The total assets of the Company saw an increase of 6.6% to \$646.76 million as at 31 December 2017. Return on average total assets increased from 4.0% in 2016 to 5.3% in 2017.

Total Assets  
**\$646.76 million**  
+ 6.6%

Return on Average Total Assets  
**+ 5.3%**  
+ 1.3% pt

## Five-Year Company Financial Summary

Key Indicators	2013	2014	2015	2016	2017
<b>Profit for the Financial Year (\$'000)</b>					
Gross premium	109,452	108,114	104,883	106,943	103,744
Insurance underwriting profit	14,625	16,044	20,098	24,525	25,248
Other income	15,958	19,535	6,474	2,631	13,300
Profit before tax	30,583	35,579	26,572	27,156	38,548
<b>Selected Balance Sheet Items As At Year-end (\$'000)</b>					
Total assets	566,938	576,870	557,235	606,745	646,756
Net technical balances	91,202	90,285	87,757	85,097	79,572
Shareholders' equity	278,563	303,036	311,519	335,002	377,580
<b>Financial Ratios</b>					
Earnings per share - basic and diluted (cents)	44.9	49.6	36.6	37.8	53.9
Return on average shareholders' equity (ROE) (%)	10.2	10.4	7.3	7.2	9.3
Return on average total assets (ROA) (%)	5.2	5.3	4.0	4.0	5.3
Expense/income ratio (%)	24.6	21.1	31.8	32.5	36.9
Declared dividend per share (cents)					
Interim	3.0	3.0	3.0	3.0	3.0
Special	2.0	2.0	2.0	2.0	5.0
Final	12.0	12.0	12.0	12.0	14.0
Net assets value per share (\$)	4.6	5.0	5.1	5.5	6.2

# 2017 In Review

The slow growth trend in gross premiums for the domestic market in Singapore in the previous year continued into 2017 with the business environment remaining challenging amid increasing protectionism, geopolitical uncertainties and keen competition. The market grew only slightly at 0.8 per cent largely from fire and miscellaneous accident classes of business.

During the year, we continued to concentrate on areas in which we have a competitive edge. Backed by United Overseas Bank (UOB) Group's extensive network in Singapore and the region and selected insurance intermediaries, the Company remained focused on selling personal insurance through direct marketing, cross-selling corporate insurance to small- and medium-sized enterprises (SME) and expanding our regional business.

To improve our operational efficiencies and to strengthen our product capabilities, in 2017 we stepped up our digitalisation initiatives and continued our efforts to enhance our employee development programmes.

## Personal-Line Insurance

The personal-line insurance segment remained as one of the Company's significant contributors to premium growth. As part of our ongoing efforts to expand our personal-line products, during the year the Company rolled out several initiatives, including special promotions, product enhancements and service improvements.

We also tapped UOB Group's network to conduct a number of product campaigns for UOB Group's employees and customers. Joint travel insurance promotions remained as one of the key business initiatives between the Company and UOB Group.

In addition to our telemarketing campaigns, we increased lead generation activities and held several product promotions to grow our business. For example, we introduced a pilot scheme in the first quarter of 2017 for sales of our product at selected UOB branches and saw encouraging customer response.

Our efforts to grow premium income also included improving our outreach programmes to the employees of our existing customers. The sales of our personal-line products via direct marketing boosted our premium growth this year.

Our product campaigns during the year were supported by the continuous enhancement of our work processes and IT systems as part of our commitment to improve productivity and service delivery. We improved our billing procedures to expedite batch processing of policy transactions for our online customers.

## Corporate Insurance

The competition within the corporate insurance market intensified further in 2017. We maintained deep partnerships within the UOB Group and grew our premium portfolio for the corporate insurance market. In the second half of 2017, we launched a business-to-business application system to support the sales of our insurance packages to UOB's SME customers. Bank referrals for corporate insurance and the development of insurance schemes for UOB-related businesses remained the major contributor to our business growth.

We also continued to work closely with other UOB Group-linked companies and selected insurance intermediaries to grow our business and explore new business opportunities. With the support of our agents and established insurance brokers, we sharpened the focus of our marketing efforts and product enhancements to strengthen our market position in this segment further.

## Regional Business

UOB Group's regional network remained as the main contributor to our premium income from outside Singapore. In 2017, we continued to increase our existing revenue streams together with our strategic insurance partners, especially those in Southeast Asia.

In view of the high risk exposure to natural catastrophes in the region, we maintained our prudent approach to risk management for natural catastrophe loss events by being selective in the acceptance of risks in the region.

During the year, the insurance market in Myanmar saw increased competition with the local insurers stepping up their business activities and more foreign players entering the market. Our Representative Office in Yangon will continue to monitor development in this emerging insurance market.

## UOI in the Community



### Helping Children in Need

At UOI, we believe in making a positive difference in the community. Every year, we participate in the UOB Heartbeat Run/Walk. This is the UOB Group's flagship fundraising programme for employees and their families from across the UOB Group, including UOI, to help improve the lives of underprivileged children or have special needs.

In 2017, more than 70 of UOI employees and their families joined the annual event at East Coast Park, where they ran and walked in support of beneficiaries including Lighthouse School, MINDS Fernvale Gardens School, MINDS Woodlands Garden School and Rainbow Centre-Margaret Drive School. More than \$1 million was raised by more than 7,000 UOB Group employees, their families and customers.



### Caring for our Environment

Our commitment to the community includes our efforts to ensure that resources are used responsibly as part of our sustainable business approach. We aim to minimise the negative impact of our operations on the environment. One way we do so is through our ongoing campaign to reuse and to repurpose office materials, as well as to recycle waste paper and printer cartridges.

## United Overseas Insurance Limited

(Incorporated in Singapore)

31 December 2017

## Governance

13 Corporate Governance

27 Sustainability

43 Risk Management



# Corporate Governance

UOI is committed to upholding good corporate governance. The Company has complied with the Insurance (Corporate Governance) Regulations (Insurance Regulations) that are applicable to UOI as a Tier 2 insurer, as well as all material aspects of the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (MAS Guidelines) issued by the Monetary Authority of Singapore (MAS). The MAS Guidelines comprise the Code of Corporate Governance (Code) for companies listed on the Singapore Exchange Securities Trading Limited (SGX-ST), and supplementary principles and guidelines added by the MAS. References to UOI's compliance with or deviation from the recommendations in the MAS Guidelines can be found on pages 23 to 26. Where UOI's practices differ from the MAS Guidelines, an explanation is provided in this section.

## Board Matters

(Principles 1 to 6, MAS Guidelines)

### Board Duties

The Board oversees the business affairs of UOI and has written terms of reference for the performance of its duties, which are principally:

- to provide strategic direction, entrepreneurial leadership and guidance;
- to approve business plans and annual budgets;
- to ensure that financial statements are true and fair;
- to monitor financial performance;
- to determine capital structure;
- to declare dividends;
- to approve major acquisitions and divestments;
- to review risk management framework and system;
- to oversee the performance of Senior Management;
- to set company values and standards;
- to consider sustainability issues when formulating the Company's strategies;
- to determine environmental, social and governance (ESG) factors that are material to the business, and oversee the management and monitoring of the ESG factors; and
- to perform succession planning.

### Board Approval

The approval of the Board is required for material matters, including business plans and annual budgets, major acquisitions and divestments, issue of shares and other capital, dividends and other distributions, and announcements of the quarterly and full-year financial results. Apart from matters that specifically require the Board's approval, other matters are delegated by the Board to the Board Committees and Management.

### Board Delegation

To assist the Board in discharging its duties, the Board has established the Nominating Committee (NC), Remuneration Committee (RC) and Audit Committee (AC) while retaining overall oversight. The Board does not consider it necessary to have a board executive committee or a board risk committee in view of UOI's current scope of business and scale of operations. The Board is able to oversee the Company's business directly and is assisted by the AC in risk management matters.

Each Board Committee oversees matters that fall within its terms of reference and gives a report of each meeting to the Board promptly. The written terms of reference of each Board Committee are reviewed annually for continued relevance and are approved by the Board. The subsequent pages contain more information on the Board Committees.

### Key Processes

Meetings of the Board and Board Committees and the annual general meeting (AGM) are scheduled well in advance before the start of a financial year. Additional meetings are held as required. Directors are provided with comprehensive information on a timely basis to enable them to make informed decisions.

A director who is unable to attend a Board or Board Committee meeting in person may participate via telephone and/or video conference. Alternatively, the director can convey his views through another director or the company secretary.

The Board and Board Committees make decisions by majority vote. They may also make decisions by way of circulating written resolutions. The minutes of all meetings and the circulating resolutions are maintained by the Company.

# Corporate Governance

## Managing Potential Conflicts of Interests

Where a director has a personal interest in a matter that may conflict with his fiduciary duties to UOI, he must disclose it to the Company, recuse himself from the discussion of the matter and abstain from voting on the matter.

Directors have to notify UOI in a timely manner of any change in their interests or other appointments. The Directors' Statement section contains disclosure on directors' direct and deemed interests in shares and debentures of UOI and its related corporations.

## Board Independence and Composition

### Overview of the Board

- 8 members
  - Wee Cho Yaw (*Chairman*)
  - David Chan Mun Wai (*Managing Director and Chief Executive*)
  - Wee Ee Cheong
  - Hwang Soo Jin
  - Yang Soo Suan
  - N Ganesan
  - Ho Yew Kee
  - Chng Hwee Hong
- Tenure
  - 3 have served fewer than 9 years
  - 5 have served more than 9 years
- Separation of roles of Chairman and Managing Director and Chief Executive

The Board comprises eight members. Annually, the NC assists the Board to assess the composition of the Board and the independence of directors, and to determine if the directors are fit and proper and qualified for office.

The NC uses the criteria in the Insurance Regulations and MAS Guidelines to assess the independence of each director. Under the Insurance Regulations, a director is independent if the director is independent from substantial shareholders of the company, does not have management and business relationships with the company and has not served on the board of the company for nine continuous years or more. The MAS Guidelines do not deem a director as non-independent solely on account of tenure, but allow the Board to consider a director who has served for more than nine years as still independent after a rigorous review.

In determining a director's independence, the NC takes into account each director's conduct and contributions at and outside meetings, his other appointments and his relationships with UOI, Management and substantial shareholders. It also takes into account each director's responses in a questionnaire, which includes questions for assessing if a director is independent and fit and proper to hold office.

The table on page 15 sets out the NC's assessment of directors' independence. The bases of the NC's assessment are as follows:

- Messrs N Ganesan and Chng Hwee Hong and Professor Ho Yew Kee: Independent, as each of them has served on the Board for fewer than nine years, does not have any management or business relationship with UOI and is independent from substantial shareholders. No family member of theirs is employed by UOI or its related corporations. Their advice, comments and questions at and outside meetings demonstrate their independence of thought and impartiality;
- Mr David Chan Mun Wai: Non-independent, as he is UOI's Managing Director and Chief Executive;
- Dr Wee Cho Yaw and Mr Wee Ee Cheong: Non-independent, because Dr Wee Cho Yaw is a director and substantial shareholder of United Overseas Bank Limited (UOB), the parent company, and Mr Wee Ee Cheong is the Chief Executive Officer and a substantial shareholder of UOB; and
- Messrs Hwang Soo Jin and Yang Soo Suan: Non-independent under the Insurance Regulations (by reason that they have each served on the Board for more than nine years), but can be considered independent under the MAS Guidelines following the NC's rigorous review. The NC has assessed that both directors have remained objective and impartial in their deliberations and in the discharge of their duties despite their long service and familiarity with UOI and Management. They are not connected to any substantial shareholder and are independent from any management or business relationship with UOI or its related corporations or officers. No family member of theirs is employed by UOI or its related corporations. The NC is also of the view that Mr Hwang Soo Jin's directorship at Singapore Reinsurance Corporation Limited, a reinsurance business counterparty of UOI, has neither impaired his ability to exercise independent judgement nor affected him in the discharge of his duties as a director of UOI.

All members of the Board, except for Mr David Chan, are non-executive directors. The current composition meets the requirement of the Insurance Regulations that at least one-third of the Board comprises independent directors.



Name of director	ED / NED <sup>1</sup>	Independence status <sup>2</sup> under		Number of meetings attended in 2017				
		Insurance Regulations	MAS Guidelines	AGM	Board	NC	RC	AC
Wee Cho Yaw	NED	NID	NID	• 1	• 4 / 4	1 / 1	• 1 / 1	–
David Chan Mun Wai	ED	NID	NID	1	4 / 4	–	–	–
Wee Ee Cheong	NED	NID	NID	1	3 / 4	–	–	–
Hwang Soo Jin	NED	NID	ID	1	4 / 4	• 1 / 1	1 / 1	4 / 4
Yang Soo Suan	NED	NID	ID	1	4 / 4	1 / 1	1 / 1	• 4 / 4
N Ganesan	NED	ID	ID	1	4 / 4	–	–	4 / 4
Ho Yew Kee	NED	ID	ID	1	4 / 4	–	–	–
Chng Hwee Hong	NED	ID	ID	1	4 / 4	–	–	4 / 4
<b>Number of meetings held in 2017</b>				<b>1</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>4</b>

1. “ED” means executive director and “NED” means non-executive director.
  2. “NID” means non-independent director and “ID” means independent director.
- Denotes chairman.

The profiles of the directors can be found in the Board of Directors section. With skills and expertise spanning the insurance industry, accounting, management, strategic planning and investment, the directors collectively provide core competencies that are necessary for the Board and Board Committees to discharge their duties. The diversity of professional qualifications and expertise, credentials, ethnicity and tenure allows for different perspectives on UOI's business and affairs. Having considered each director's profile, performance, contributions and response in a questionnaire based on the MAS Guidelines on Fit and Proper Criteria as well as UOI's nature and scope of business and operations, the NC is of the opinion that the current Board size of eight members is appropriate. The NC has also determined that each director remains fit and proper and qualified for office.

### Chairman and Managing Director and Chief Executive

The roles of the Board Chairman and the Managing Director and Chief Executive are separate and are held by unrelated individuals.

Dr Wee Cho Yaw is the Board Chairman. He sets the agenda for board meetings, ensures that directors receive timely and comprehensive information for informed deliberations and promotes open and constructive discussions. He also oversees corporate governance matters and fosters constructive dialogue among shareholders, the Board and Management during general meetings.

Mr David Chan is the Managing Director and Chief Executive. He leads the management team, seeks business opportunities and implements the Board's and Board Committees' decisions. With the assistance of various management committees, Mr David Chan is responsible for UOI's daily operations and business, including ensuring the continued adequacy and effectiveness of the system of internal controls and risk management.

### Lead Independent Director

The strong independent element on the Board encourages open deliberation on UOI's affairs. In addition, the Company has established channels for relaying feedback. Any director may be approached for assistance on a matter and he will ensure that it is attended to. For these reasons, the NC has not recommended the appointment of a lead independent director.

### Time Commitment and Performance

Every year, each director completes a questionnaire to assess the performance of the Board, Board Committees and himself. The completed questionnaire is submitted directly to the company secretary, who collates the responses for the NC. The NC evaluates the performance of the Board and Board Committees and each director, taking into account the responses from directors, before it makes its recommendations to the Board. The NC did not require the services of an external facilitator to conduct the assessment for the year under review.

# Corporate Governance

In assessing the Board's effectiveness as a whole, the NC considers factors such as the performance of UOI, the opinions of regulators and rating agencies and the directors' responses in the self-assessment questionnaire. It appraises the effectiveness of each Board Committee based on the work performed by each Board Committee and the conduct of members at the Board Committee meetings.

The review of each director's performance took into account the following:

- his competence and commitment;
- his diligence in attending Board and Board Committee meetings;
- his participation in Board and Board Committee discussions; and
- his other directorships and principal commitments which are listed in the Board of Directors section.

The attendance of directors at meetings in 2017 is set out in the table on page 15. The NC is able to assess a director's known commitments from his disclosure of his other appointments. The NC is satisfied that each director has contributed to the effectiveness of the Board and Board Committees in their oversight of the Company. The NC does not recommend setting a limit on the number of directorships that a director may hold because different directors have different abilities and responsibilities and the companies they are directors of vary in complexity.

## Selection Process, Appointment and Re-Election

The NC recommends suitable candidates to the Board for appointment as directors. It makes its recommendation based on the merits of the candidates and the skill sets and experience required for the Board to work effectively. It also considers the candidates' current commitments, independence, qualification for office, personal attributes and ability to commit time to UOI's affairs. Any director may nominate candidates to the NC. Appointments of directors and the board chairman are subject to the approval of the MAS.

All directors submit themselves for re-election at regular intervals. UOI's Constitution provides that at least one-third of the directors shall retire from office by rotation at the AGM every year. The NC takes into account the performance of a director in nominating the director for re-election. New directors submit themselves for re-election at the first AGM following their appointment to the Board. The names of directors who are seeking re-election at the 2018 AGM can be found in the Notice of AGM.

## Orientation and Continuous Development

Incoming directors receive an induction that is customised according to their profile. The induction package contains, among other materials, the terms of reference of the Board and Board Committees and the articles of directorship, which set out a director's general duties and obligations. Incoming directors also meet with key management personnel and are briefed on UOI's corporate development, organisational structure, business, operations and financial performance.

The NC oversees the training programme for new and existing directors, and a budget is provided for the training and skills development of directors. Internal and external subject-matter experts conducted the in-house trainings in 2017, which covered sustainability reporting, developments in financial accounting standards, economic expectations and market outlook. Several directors also attended conferences/seminars conducted by the Singapore Institute of Directors which are relevant to their duties on board committees. Taking into account UOI's strategy and business operations, the NC is of the view that the training programme in 2017 has equipped directors with the relevant knowledge to perform their duties.

## Succession Planning for Key Management Positions

The NC reviews the succession plan for the chief executive and other key management positions. UOI identifies and prepares suitable internal candidates for key management positions through mentoring, training and job rotation, and will look to external recruitment if there is no suitable internal candidate. The NC also reviews the reasons behind senior executive resignations. The appointment of the chief executive is subject to the approval of the MAS.

## Access to Information

Directors have unfettered access to information, Management and the internal and external auditors. They are provided with comprehensive financial and operational reports in advance of a meeting to enable them to make informed decisions. Senior executives are present at the meeting to provide additional information or clarification as required. Where relevant, professional advisers may be invited to brief the Board or Board Committees. Common membership in the Board Committees facilitates information-sharing and contributes to a holistic view of certain matters covered by separate Board Committees.

Directors have separate and independent access to the advice of the company secretary, who is a qualified lawyer with many years of experience in company secretarial practice. The company secretary assists directors in the discharge of their duties. She advises on governance matters, organises the induction of new directors and facilitates directors' training. The company secretary attends all Board and Board Committee meetings and updates directors on applicable laws and regulations. The appointment and removal of the company secretary are subject to the Board's approval.

Whether individually or as a group, directors may seek independent professional advice at UOI's expense in the course of discharging their responsibilities.

### Composition of Board Committees

An annual review of the board committee composition is conducted to ensure that the members of the Board Committees have the skills and knowledge to be effective. The NC is guided by the MAS Guidelines in its review of the size and composition of the Board Committees. The Board has accepted the NC's recommendation to retain the existing composition for each Board Committee and to have Dr Wee Cho Yaw, a non-independent director, continue to serve as the RC chairman. Although the MAS Guidelines recommend that the chairman of a remuneration committee be an independent director, the NC is of the view that Dr Wee Cho Yaw's experience in remuneration matters makes him the most suitable person to lead the RC. The members and duties of each Board Committee can be found on subsequent pages of this report.

### Nominating Committee

#### NC membership

- 3 members: Hwang Soo Jin (*chairman*), Wee Cho Yaw and Yang Soo Suan
- Majority of members, including the chairman, are independent directors pursuant to MAS Guidelines

The main responsibilities of the NC are:

- to recommend the appointment, re-election and retirement of directors;
- to assess the performance of the Board, Board Committees and each director;
- to determine the independence of directors; and
- to perform succession planning.

Its main activities are outlined on pages 14 to 17.

## Remuneration Matters

(Principles 7 to 9, MAS Guidelines)

### Remuneration Committee

#### RC membership

- 3 members: Wee Cho Yaw (*chairman*), Hwang Soo Jin and Yang Soo Suan
- Majority of members are independent directors pursuant to MAS Guidelines
- All members are non-executive directors

The RC's main responsibilities are:

- to establish a remuneration policy and framework that are in line with the Company's strategic objectives, corporate values and prudent risk-taking;
- to determine a level and structure of remuneration that are linked to the Company's performance and long-term interest and which are reasonable and appropriate to attract, to retain and to motivate directors and key management personnel; and
- to review and recommend the remuneration for directors and key management personnel.

### Remuneration and Disclosure

UOI adopts the remuneration policy of the UOB Group with appropriate variations for the insurance industry. The policy sets out the principles and philosophies adopted to attract, to motivate and to retain employees and directors to provide good stewardship and effective management. The Company did not require the services of an external remuneration consultant during the year under review.

Non-executive directors do not receive options, share-based incentives or bonuses. They are paid directors' fees, which comprise a basic fee for service on the Board and additional fees for service on Board Committees. The RC reviews and recommends directors' fees after taking into account the directors' responsibilities as well as UOI's size, scope of business and operating environment. The only executive director, Mr David Chan, is remunerated as a key management personnel and does not receive any fee for serving on the Board. The proposed directors' fees are subject to shareholders' approval at the AGM.

# Corporate Governance

UOI adopts a performance-based approach towards employee remuneration. The remuneration package comprises fixed salaries, variable bonuses and welfare benefits. Salaries are benchmarked against comparable roles in the insurance industry, while variable bonuses are subject to the performance of UOI and the individual. Care is taken to ensure that employees do not take undue risks and the bonuses paid to key management personnel do not adversely affect UOI's financial stability and soundness. Each year, the RC assesses the performance of the Managing Director and Chief Executive and recommends the remuneration package for the Board's approval. It determines the variable performance bonus pool for other key management personnel and executives. Other employees are paid a performance bonus based on a formula agreed with the Singapore Insurance Employees' Union. To align employee compensation with the long-term interests of shareholders, UOI has a bonus deferral arrangement where deferral will be triggered when the bonus amount for an employee is above a predetermined threshold. The proportion of deferral increases with the bonus amount. Deferred bonuses will vest equally over three years, subject to predetermined performance conditions. In the event that the performance conditions are not met, unvested deferred bonuses may be forfeited fully or partially. UOI does not have any employee share-based incentive scheme.

The RC reviews the termination clauses in the contract of key management personnel to ensure that they are fair and reasonable.

UOI's key management personnel consists of the Managing Director and Chief Executive and three Assistant General Managers. The names of the Assistant General Managers can be found in the Corporate Information section. The Company operates in a highly competitive human resource environment as the skills required in the insurance industry are very specialised. Employee remuneration should remain confidential so that the Company can attract and retain highly-skilled individuals. It is for these reasons that UOI has decided not to disclose the remuneration of key executives whether individually or in the aggregate. Accordingly, the Company continues to disclose the remuneration of each director and the Managing Director and Chief Executive in bands of \$250,000 in the Directors' Statement section. No immediate family member of a director or the Managing Director and Chief Executive is in the employ of UOI.

## Accountability And Audit (Principles 10 to 13, MAS Guidelines)

### Audit Committee

#### AC membership

- 4 members: Yang Soo Suan (*chairman*), Hwang Soo Jin, N Ganesan and Chng Hwee Hong
- All members, including the chairman, are independent and non-executive directors pursuant to MAS Guidelines

The AC's duties include reviewing and, where appropriate, approving the following:

- financial statements and quality of, and any significant change in, accounting policies and practices;
- adequacy and effectiveness of internal accounting control systems and internal controls;
- risk management policies, frameworks and systems and adequacy of measures taken;
- appointment, re-appointment, removal (if necessary), evaluation, remuneration and terms of engagement of the internal and external auditors;
- internal and external audit plans and reports;
- scope and results of the internal and external audits;
- effectiveness, independence, knowledge, competence and objectivity of the external auditor;
- adequacy, effectiveness and efficiency of the internal audit function;
- performance and appointment of the certifying actuary;
- performance of the fund manager;
- policies and procedures for handling fraud and whistleblowing cases; and
- interested person transactions and material related party transactions.

The AC has authority to investigate any matter within its terms of reference. It has access to the full cooperation of Management and the internal and external auditors to discharge its functions properly. The internal and external auditors report their significant audit findings and recommendations to the AC independently. At least once a year, the AC meets separately with the internal and external auditors respectively in the absence of Management.

The AC reviews the policies and procedures for handling fraud and whistleblowing cases, which are reported to the AC for review and investigation, if necessary. Please refer to page 23 for more information on the whistleblowing policy.

Through the external auditor's updates on new accounting standards and regulatory developments that are relevant to UOI and regular discussions with the external auditor, the AC members are kept abreast of changes in accounting standards which may have a direct impact on financial statements.

Each quarter, the AC meets to review the financial statements and makes its recommendation to the Board for approval. In its review, the AC assesses the accounting policies and practices applied and any judgement made that may have a significant impact on the financial statements. The AC has discussions with Management and the external auditor over key audit matters (KAMs), which provide greater depth to the audited financial statements.

For the second year running, the AC notes with satisfaction that in those key areas of audit on the Company's financial statements, the external auditor has not found significant weakness in the systems and procedures of controls applicable in each of the areas audited. The external auditor continued to give UOI an unqualified opinion in 2017.

Mindful of the element of uncertainty inherent in the insurance business as pointed out by the external auditor and the importance of ensuring accuracy in the estimation, the AC will continue to be vigilant in its watch over Management to ensure that high standards of professional expertise are sustained to enable Management to judiciously conduct the complex task of evaluating the technical balances. It is noteworthy that in this regard, an additional safeguard is in force in that a mandatory actuarial evaluation is required to be conducted annually by an external actuary approved by the regulatory authority. Since the introduction of the regulatory requirement, the Company's own estimation annually as compared with that of the actuary's has been found to be prudent. This reflects the extent of financial prudence exercised by the Company in its activities. The same extent of prudence is also applied to the Company's management of its investment portfolio.

The AC also helps the Board to oversee the risk management functions of UOI.

## Internal Auditor

The AC approves the appointment, remuneration and removal of the internal auditor. With effect from financial year 2017, PricewaterhouseCoopers Risk Services Pte. Ltd. (PwC) has been appointed as the internal auditor of UOI. The audit approach adopted is based on PwC's global internal audit framework and methodology which is consistent with the *International Standards for the Professional Practice of Internal Auditing* set by The Institute of Internal Auditors. The internal auditor has confirmed that it has received appropriate access to information and cooperation from Management to perform its duties.

The internal auditor adopts a risk-based approach in the audit of the Company's internal controls. It develops the audit work plan independently following its consultation with Management. The audit plan is then reviewed and approved by the AC. The AC may also request the support of the internal auditor in its review of specific topics. The internal auditor highlights significant audit findings and reports the progress of remediation of the audit findings to the AC through periodic reports as well as its attendance at all AC meetings.

In its first year of audit, the internal auditor has reviewed the Company's existing policies and procedures over selected functions, and has conducted audits to evaluate the compliance with such policies and procedures and the operational effectiveness of controls in those functions.

The AC is satisfied that PwC has adequate resources and suitably qualified and experienced staff to perform its functions.

## External Auditor

Ernst & Young LLP, the current external auditor, is registered with the Accounting and Corporate Regulatory Authority (ACRA). The partner in charge of auditing the Company is rotated every five financial years, in accordance with SGX-ST Listing Manual's requirements. The AC recommends the appointment or re-appointment of the external auditor for the Board's approval. It approves the terms of engagement of the external auditor and reviews the external auditor's audit plan and reports. More information on the work carried out by the external auditor can be found in the Independent Auditor's Report section, which also sets out the KAMs that the external auditor has assessed to be most significant in its audit of the financial statements for the year under review.

# Corporate Governance

Before recommending the re-appointment of the external auditor to the Board, the AC assesses the effectiveness, independence, knowledge, competence and objectivity of the external auditor. In performing its assessment, the AC is guided by the *Guidance to Audit Committees on Evaluation of Quality of Work Performed by External Auditors* (ACRA/Singapore Exchange) and the *Guidebook for Audit Committees in Singapore* (MAS/ACRA/Singapore Exchange).

In its assessment, the AC takes into account the external auditor's work, quarterly affirmation of independence and relationships with UOI, as well as the audit and non-audit fees paid to the external auditor. During the financial year, the external auditor was not paid any non-audit fee. The audit fees for the financial year are disclosed in the Notes to the Financial Statements section.

The AC is of the view that the external auditor was effective, independent and objective in its audit of the Company in 2017. It is also of the view that the external auditor has the requisite expertise and resources to perform its duties. Accordingly, the AC has nominated Ernst & Young LLP for re-appointment at the forthcoming AGM. UOI has complied with Rule 712 of the SGX-ST Listing Manual with regard to the appointment of the auditing firm.

## Risk Management and Controls

UOI's system of risk management and internal controls involves management oversight and control, risk identification and management as well as audits.

The Company has put in place an enterprise risk management framework which is commensurate with the Company's level of activity, type of business and risk profile. Under the framework, key risks are identified and managed based on four risk dimensions. Each dimension has a defined risk tolerance limit. Annually, the framework is reviewed and updated by Management and approved by the Board, with the assistance of the AC. Six management committees assist the Managing Director and Chief Executive to develop and to implement systems and controls for risk management and to ensure their continued relevance and effectiveness. UOI has established policies and procedures which are consistent with the nature, complexity and materiality of the Company's activities, and compliance with such policies and procedures is monitored. More information on the management committees, risk dimensions and key risk types under UOI's enterprise risk management framework can be found in the Risk Management section.

The external and internal auditors conduct independent audits and report on any material non-compliance or lapse in internal controls. The auditors evaluate the overall adequacy and effectiveness of the Company's risk management processes and internal control systems. The current internal auditor took office only in 2017 and has completed its 2017 audits in accordance with the two-year cycle audit plan approved by the AC.

As part of the UOB Group, UOI receives compliance support from UOB and has access to UOB's risk management function for guidance on various risk management tools and trends.

## Adequacy and Effectiveness

Self-assessment tools are used to evaluate the Company's compliance with internal controls and risk management processes. The AC and Management have performed an assessment of UOI's system of risk management and internal controls, including financial, operational, compliance and information technology controls.

The Board has conducted its own review which takes into account the work performed by the internal and external auditors, Management and the AC, and opinions of the internal and external auditors and the AC. It has also received assurance from the Managing Director and Chief Executive and the head of Corporate Services (including Finance) that the system of risk management and internal controls is effective, and that the financial records have been properly maintained and the financial statements give a true and fair view of UOI's operations and finances.

Following its review and with the concurrence of the AC, the Board has formed the view that the Company's system of risk management and internal controls, including financial, operational, compliance and information technology controls, was adequate and effective as at 31 December 2017. As no system of risk management and internal controls can provide absolute assurance against material error, loss or fraud, the Company's system of risk management and internal controls provides reasonable but not absolute assurance that the Company will not be affected by any adverse event which may be reasonably foreseen.

## Shareholder Rights And Responsibilities

(Principles 14 to 16, MAS Guidelines)

### Shareholder Rights and Conduct of Shareholder Meetings

UOI treats all shareholders fairly and equitably. It discloses all material information relating to the Company and its financial performance on SGXNet and the UOI website so that shareholders are able to make informed decisions as to their investments in UOI.

All shareholders are entitled to attend general meetings and participate in decisions concerning key corporate changes, such as any amendment to UOI's Constitution and the authority to issue shares. A notice of a general meeting, related information and a proxy form are sent to shareholders within the statutory timeline of at least 14 days before the meeting. The notice is also published in certain widely-read local newspapers. In addition, the notice and the proxy form are published on and can be downloaded from SGXNet and the UOI website. Each substantial matter is proposed as a separate and distinct resolution at the general meeting. Explanatory notes to the resolutions to be voted on are provided in the notice.

Shareholders may attend and vote at general meetings in person or by proxy. The rules for the appointment of proxies are set out in the notice of general meeting and proxy form. Shareholders who are not relevant intermediaries as defined in the Companies Act may appoint up to two proxies to attend, to speak and to vote at general meetings in their place. Nominee companies and custodian banks which are relevant intermediaries may appoint more than two proxies. Investors who hold shares through such nominee companies and custodian banks may attend and vote as proxies of the nominee companies or custodian banks. The completed proxy forms must be deposited at the place specified in the notice of general meeting at least 72 hours before the time set for holding the general meeting. UOI currently does not implement voting in absentia by mail or electronic means.

At each general meeting, adequate time is allocated for shareholders to ask questions and to give their views on matters to the Board and Management. Each ordinary share carries one vote, and electronic poll-voting services are provided by an independent contractor. Shareholders and proxies are briefed on the procedures before voting commences. Each item on the agenda is put to the vote separately. The votes cast for or against each resolution are tallied and displayed immediately at the close of voting. At every general meeting, the Company appoints an independent scrutineer to validate the voting results before the results are announced on SGXNet on the same day as the general meeting.

## Communication with Shareholders

To ensure equal access of all shareholders and other stakeholders to information, all pertinent information relating to the Company is disclosed on a timely basis via SGXNet and the UOI website ([www.uoi.com.sg](http://www.uoi.com.sg)). The Investor Relations webpage on the UOI website hosts the latest financial results, annual report and other corporate information. The first three quarters' financial results are announced within 45 days from the end of the quarter and the full-year financial results are announced within 60 days from the financial year end. The annual report is sent to all registered shareholders at least 14 days before the AGM, which is held within four months from the financial year end. The annual report contains the audited financial statements, AGM notice, proxy form and other pertinent information. It is also available on SGXNet and the UOI website.

Shareholders are given adequate time to ask questions and to provide their feedback on UOI-related matters and the resolutions to be passed at general meetings, which are a principal forum for dialogue between the Company and its shareholders. Shareholders may participate in the meeting proceedings either in person or through their proxies. Directors and Management and, where necessary, the Company's professional advisers are in attendance at the meetings. The Company maintains the minutes of general meetings, which will be made available to shareholders upon request. The minutes include disclosure of the names of directors (including the Managing Director and Chief Executive) present at the meeting.

Shareholders, analysts and other stakeholders in the investment community may provide feedback to the Company's Investor Relations team, whose contact details can be found in the Corporate Information section and on the UOI website.

### Dividend Payment

Dividends recommended or declared for payment are announced on SGXNet and paid in a timely manner. Interim dividends are paid within 30 days after they are declared and final dividends are paid within 30 days after they are approved by shareholders at the AGM.

## Related Party Transactions And Interested Person Transactions

(Principle 17, MAS Guidelines)

The AC reviews all interested person transactions and material related party transactions to assess if the transactions are undertaken in the ordinary course of business, on normal commercial terms and at arm's length. All directors and the Managing Director and Chief Executive have to declare any interest which could conflict with UOI's interest and to abstain from voting on matters in which they have an interest. Information on related party transactions is disclosed in the Notes to the Financial Statements section. The particulars of interested person transactions entered into during 2017 are disclosed in the table on the next page.

# Corporate Governance

## Interested Person Transactions

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
United Overseas Bank Limited	UOB provided the following services to UOI: <ul style="list-style-type: none"> <li>a. telemarketing service valued at approximately \$2.2 million;</li> <li>b. web and digital services valued at approximately \$25,000;</li> <li>c. corporate secretarial and tax services valued at \$58,000; and</li> <li>d. marketing service at UOB branches with effect from 2018. Fees payable to be based on sales generated.</li> </ul>	Nil
UOB Asset Management Ltd (UOBAM)	UOBAM provided investment management services, valued at approximately \$1.1 million, to UOI.	Nil

## Material Contracts

No material contract involving the interest of the Managing Director and Chief Executive, any director or controlling shareholder of UOI has been entered into by the Company since the end of the previous financial year, and no such contract subsisted as at 31 December 2017, save as may be disclosed on SGXNet or herein.

## Ethical Standards

### Code of Conduct

UOI has a written Code of Conduct which guides directors and employees on their conduct at the workplace and with stakeholders. The principles covered in the code of conduct include the following areas:

- fair dealing in the conduct of business;
- confidentiality of customer information;
- protection of personal data;

- equal opportunity for employees on the basis of merit;
- non-tolerance of discrimination or harassment on the basis of gender, race, age, religion, disability or any other classification that does not create a professional and safe workplace;
- maintenance of a conducive and healthy environment that contributes to the safety and well-being of employees and other stakeholders;
- compliance with applicable laws and regulations, including competition and anti-trust law;
- zero tolerance of bribery, corruption and illegal or unethical dealings, including insider trading and facilitation payments; and
- whistleblowing.

Employees are required to read the Code of Conduct when they join the Company or when there is revision to the Code of Conduct. All employees are required to refresh their knowledge of the Code of Conduct annually through an e-learning course.



## Whistleblowing Policy

UOI's whistleblowing policy provides for an individual to report in confidence, anonymously or otherwise, any impropriety in financial or other matters. Whistleblowing reports may be sent to the AC chairman (c/o Company Secretary, 80 Raffles Place, #04-20 UOB Plaza 2, Singapore 048624).

The policy also sets out the procedures by which whistleblowing cases are investigated. All whistleblowing reports received are investigated independently by the AC with the assistance of the internal auditor or an external independent consultant firm. UOI prohibits reprisal in any form against whistleblowers who have acted in good faith.

## Securities Dealing

Directors, employees and UOB personnel involved in providing services to UOI have to observe a code on dealing in securities. The code requires them to adhere to applicable laws on insider dealings at all times and prohibits dealings in UOI's securities:

- on short-term considerations;
- during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of the financial year, and one month before the announcement of the Company's full-year financial statements. The Company does not deal in its securities during the prohibited dealing periods, and informs directors and employees of such periods; and
- whenever they are in possession of price-sensitive information.

Directors and the chief executive must notify the Company of their interests in the securities of UOI and its related corporations. When there is a change of interest, they must notify the Company within two business days after they acquire such interests or become aware of any change in interests so that the Company can announce it on SGXNet.

## Summary Of Disclosures

Principles and guidelines in MAS Guidelines with express disclosure requirements	Page reference
<b>Guideline 1.3</b> Delegation of authority, by the Board to any board committee, to make decisions on certain board matters	13
<b>Guideline 1.4</b> The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings	15
<b>Guideline 1.5</b> The type of material transactions that require board approval under guidelines	13
<b>Guideline 1.6</b> The induction, orientation and training provided to new and existing directors	16
<b>Guideline 1.16</b> An assessment of how these programmes meet the requirements as set out by the NC to equip the Board and the respective board committees with relevant knowledge and skills in order to perform their roles effectively	16
<b>Guideline 2.3</b> The Board should identify in the company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed	14
<b>Guideline 2.4</b> Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed	14

# Corporate Governance

<b>Principles and guidelines in MAS Guidelines with express disclosure requirements</b>	<b>Page reference</b>
<b>Guideline 2.13</b> Names of the members of the board executive committee (EXCO) and the key terms of reference of the EXCO, explaining its role and the authority delegated to it by the Board	Not applicable
<b>Guideline 3.1</b> Relationship between the Chairman and the CEO where they are immediate family members	Not applicable
<b>Guideline 4.1</b> Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	14-17
<b>Guideline 4.4</b> The maximum number of listed company board representations which directors may hold should be disclosed	16
<b>Guideline 4.6</b> Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process	16
<b>Guideline 4.7</b> Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent	4-6, 14-15
<b>Guideline 4.13</b> Resignation or dismissal of key appointment holders	Not applicable
<b>Guideline 4.14</b> Deviation and explanation for the deviation from the internal guidelines on time commitment referred to in Guidelines 4.4 and 4.10	16
<b>Guideline 5.1</b> The Board should state in the company's Annual Report how assessment of the Board, its board committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's Annual Report	15-16
<b>Guideline 7.1</b> Names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board	17-18
<b>Guideline 7.3</b> Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the company	Not applicable
<b>Principle 9</b> Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration	17-18

---

**Principles and guidelines in MAS Guidelines with express disclosure requirements** **Page reference**

---

**Guideline 9.1**  
Remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO)

17-18

---

**Guideline 9.2**  
Fully disclose the remuneration of each individual director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives

48

---

**Guideline 9.3**  
Name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of \$250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel

17-18

---

**Guideline 9.4**  
Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds \$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of \$50,000

Not applicable

---

**Guideline 9.5**  
Details and important terms of employee share schemes

Not applicable

---

**Guideline 9.6**  
For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met

17-18

---

**Guideline 11.3**  
The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems. The commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems. The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems

20

---

# Corporate Governance

<b>Principles and guidelines in MAS Guidelines with express disclosure requirements</b>	<b>Page reference</b>
<b>Guideline 11.14</b> Names of the members of the board risk committee and the key terms of reference of the board risk committee, explaining its role and the authority delegated to it by the Board	Not applicable
<b>Guideline 12.1</b> Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board	18-20
<b>Guideline 12.6</b> Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	20, 76
<b>Guideline 12.7</b> The existence of a whistleblowing policy should be disclosed in the company's Annual Report	23
<b>Guideline 12.8</b> Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	19
<b>Guideline 15.4</b> The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings	21
<b>Guideline 15.5</b> Where dividends are not paid, companies should disclose their reasons	Not applicable
<b>Guideline 17.4</b> Material related party transactions	93

# Sustainability

## About This Report

This report is UOI's first annual sustainability report prepared in accordance with the Global Reporting Initiative's (GRI) G4 guidelines for sustainability reporting. The report meets the "in accordance-Core" criteria of GRI G4. A GRI Content Index has been included at the end of this report to indicate the page location of various disclosures.

This report also complies with the Singapore Exchange's (SGX) sustainability reporting requirements as set out in the Listing Rules 711A and 711B and the SGX Sustainability Reporting Guide.

This report covers ESG performance of all business operations of UOI unless indicated otherwise for FY2015 to FY2017.

ESG data provided in this report has been extracted from the primary internal records and documents to ensure accuracy. Internationally accepted measurement units have been used to present data.

## Reporting Principles

We have applied GRI G4's Principles for Defining Report Content to determine the topics to be covered in the report based on UOI's impact on the environment, society and economy, and the interests of our stakeholders.

We have also used GRI G4's Principles for Defining Report Quality to ensure the quality of information presented in the report.

## Reporting Process

We have followed the reporting process recommended by the GRI G4 Sustainability Reporting Guidelines. UOI's Management Committee, which includes senior executives from key functions, has the responsibility for providing the overall direction for preparing the Company's sustainability report. The Committee's responsibilities include reviewing, assessing and determining the sustainability context, material ESG issues, report content and boundaries, scope, and topics to be included in the report. Formal and informal feedback from a range of internal and external stakeholders received throughout the year has been taken into account to determine the material topics to be covered in the report. The Committee is supported by a project team, which is responsible for collecting and verifying ESG performance data.

## Restatements

This is our first GRI-based sustainability report and as such, restatements do not apply.

## External Assurance

As this is the first GRI-based sustainability report for UOI, the Company has relied on internal checks and verifications for data accuracy, instead of obtaining external assurance.

## Availability

This report, as a part of our Annual Report, is available on UOI's website in PDF form for viewing and download.

## Feedback

We welcome feedback from stakeholders. Please send your feedback or enquiries about this report to [contactus@uoi.com.sg](mailto:contactus@uoi.com.sg)

## Sustainability Approach

Our approach is to ensure sustainable growth of the business by adopting responsible principles and practices that maximise value for our stakeholders. As one of the leading local general insurance companies in Singapore, we approach our business with high standards of ethics, integrity and governance.

Enhancing customer experience through quality products and excellent service is central to our business philosophy. We take our social and environmental responsibility seriously. We actively participate in community initiatives organised by the Company and its parent company.

Our plans include assessing and minimising environmental impacts in our own operations, and progressively integrating responsible investment principles wherever possible.

Our approach is to address the most material environmental, social and governance (ESG) impacts and risks in our business operations. At the same time, we aim to identify opportunities for new business growth areas such as Green Products – that is, insurance solutions to support environmentally friendly lifestyles and projects.

As a General Insurance company, we leverage our expertise in risk management to offer safety and security to our individual, business and industrial customers and aim to share their burdens in an unfortunate event of a loss. Our insurance products give our customers peace of mind and encourage workplace, industrial and home safety.

Through our judicious underwriting terms and structure, we take actions to reward safety and encourage customers to take all possible steps for active prevention of hazards and to minimise the loss to the insured property.

Our loss control management helps promote the safety culture, loss prevention and loss reduction leading to a safer environment for everyone.

## Board Statement

At UOI, the Board provides direction and guidance to the management for addressing risks and opportunities arising from sustainability issues. The Board has considered sustainability in formulating and reviewing business strategy. The Board has determined the environmental, social and governance (ESG) factors material to creating sustainable value for the business and stakeholders. The Board has overseen the management and monitoring of the material ESG issues presented in this report.

# Sustainability

## Sustainability Governance

Guided by the Board, the Management implements business strategies. In particular, UOI's Management Committee, chaired by the Managing Director and Chief Executive who is also a member of the Board, monitors the overall operational matters of the Company. The Committee comprises senior management executives representing all key functions of UOI.

In addition to the Management Committee, a number of other management and risk committees play a vital role in supporting our responsible business principles. Some of the important committees include:

**Risk Management and Compliance Committee:** addresses all risk management, corporate governance and compliance issues affecting the Company, including ESG risks.

**Underwriting and Claims Committee:** establishes underwriting and claims policies and procedures, and monitors the compliance of such policies and procedures by all operational units. It monitors underwriting risks and oversees the development of new underwriting policy and strategy.

**Investment Committee:** monitors and manages the Company's investment portfolios.

You can read more about various committees and our risk management in the Risk Management section in this Annual Report.

## Material ESG Issues

Our sustainability approach is to focus on the most significant environmental, social, and governance (ESG) risks, impacts and opportunities. We have identified our material ESG issues by applying the Global Reporting Initiative's (GRI) G4 guidelines. Our senior executives came together to identify and assess UOI's material ESG factors in a workshop facilitated by an external sustainability expert.

In determining material ESG factors, potential impacts of UOI's business operations, insights from our day-to-day engagement with a range of stakeholders, and common challenges facing the insurance sector were considered. Also, GRI's guidance on the Financial Services Sector Disclosures was taken into account to identify sector-specific issues. Insights from a study of sustainability reporting trends in the insurance sector were also taken into account to arrive at a list of the Highly Material and the Material ESG Factors

A summary of UOI's material ESG issues and their boundary is presented below.

Material Factors	Relevant GRI G4 Aspect	Where the Impact Occurs (Within / Outside of the Organisation)
<b>Highly Material Factors</b>		
Customer experience	<ul style="list-style-type: none"> <li>Product and Service Labelling</li> </ul>	Outside
Demographic change	<ul style="list-style-type: none"> <li>Local Communities</li> </ul>	Outside
Social impact of the business	<ul style="list-style-type: none"> <li>Local Communities</li> </ul>	Outside
Digitalisation, privacy and data security	<ul style="list-style-type: none"> <li>Customer Privacy</li> </ul>	Within and Outside
Regulations	<ul style="list-style-type: none"> <li>Compliance</li> <li>Product and Service Labelling</li> <li>Marketing Communications</li> </ul>	Within and Outside
Financial and economic performance	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Indirect Economic Performance</li> </ul>	Within and Outside
<b>Material Factors</b>		
Responsible investment	<ul style="list-style-type: none"> <li>Product Portfolio (G4 Financial Services Sector Disclosures)</li> </ul>	Outside
Climate change	<ul style="list-style-type: none"> <li>Economic Performance</li> </ul>	Outside
Attracting, developing and retaining talent	<ul style="list-style-type: none"> <li>Employment</li> <li>Training and Education</li> </ul>	Within
Diversity and inclusion	<ul style="list-style-type: none"> <li>Diversity and Equal Opportunity</li> </ul>	Within
Building risk-focused organisation culture	<ul style="list-style-type: none"> <li>Training and Education</li> </ul>	Within and Outside
Employee engagement and satisfaction	<ul style="list-style-type: none"> <li>Employment</li> </ul>	Within
<b>Important Factors</b> (Considered important but not material)		
Environmental impacts of own operations	<ul style="list-style-type: none"> <li>Energy</li> <li>Greenhouse Gas (GHG) emissions</li> </ul>	Outside
Community	<ul style="list-style-type: none"> <li>Local Communities</li> </ul>	Outside

## Key Challenges

As a general insurance company, we recognise a number of emerging challenges that the insurance sector is facing. Emerging challenges for the insurance sector include terrorism, climate change, cyber threats, political uncertainties in some parts of the world, an ageing population, increasing medical costs, increased risk of fraud, and disruptive business models threatening the existence of conventional businesses. There is also a global trend of hardening of the regulatory regime for the financial services sector in general. Widespread digitalisation means Big Data is going to play a prominent role in how we use analytics to develop solutions tailored to customers' lifestyles and needs.

We recognise that to address these challenges we need to develop new skills and continuously innovate. We are committed to addressing these challenges in a pragmatic and prudent manner.

## Our Stakeholders

In the course of business, we interact with a wide range of stakeholders. Stakeholders are groups, institutions or individuals who are impacted by our business decisions or who have the potential to affect our business through their opinions or actions.

Our approach is to engage with all interested stakeholders respectfully. It is important for us to understand expectations and views of our key stakeholders to make informed business decisions. Our regular conversations with stakeholders help us identify material environmental, social and governance issues that we should prioritise.

We rely on a combination of formal and informal methods of engagement with various types of stakeholders. Insights from interactions with stakeholders are regularly shared and discussed in internal management meetings to develop a better understanding of stakeholder concerns.

We undertook a stakeholder mapping exercise, facilitated by an external sustainability expert, before preparing this sustainability report to identify our primary stakeholders and their concerns.

Going forward, we plan to obtain feedback from different stakeholders to prioritise material issues, which create the most value for our stakeholders as well as UOI.

A brief description of our principal stakeholders, their expectations from us and how we engage with them is presented below.

Our Stakeholders	What They Expect	How We Engage	How We Respond
Customers	<ul style="list-style-type: none"> <li>• Adequate cover</li> <li>• Affordable premium</li> <li>• Clarity of policy terms and conditions</li> <li>• Fast claim settlement</li> <li>• Respect and fair treatment</li> <li>• Products tailored to their needs</li> </ul>	<ul style="list-style-type: none"> <li>• Product brochures and communications</li> <li>• Customer Services</li> <li>• Through sales process</li> <li>• Through claims process</li> </ul>	<ul style="list-style-type: none"> <li>• Customer-centric business approach</li> <li>• Depute skilled personnel</li> <li>• Industry code of practice</li> <li>• Employee's code of conduct</li> <li>• Employees' behavioural service standards</li> <li>• Product training for employees and sales personnel</li> <li>• Product development to align with customer needs</li> <li>• Product review committee to assess products</li> <li>• Niche products to match customer needs</li> <li>• 24-hour hotline for UOI customers for specific products</li> <li>• Annual review of agents to ensure they are fit and proper to serve our customers</li> </ul>

# Sustainability

Our Stakeholders	What They Expect	How We Engage	How We Respond
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Conducive work environment</li> <li>• Trust and respect</li> <li>• Job satisfaction</li> <li>• Skills training</li> <li>• Career advancement</li> <li>• Work-life balance</li> <li>• Job security</li> </ul>	<ul style="list-style-type: none"> <li>• Intranet, emails and meetings</li> <li>• Team bonding activities and events</li> <li>• Performance appraisal</li> <li>• Internal customers survey</li> <li>• Reward programme</li> </ul>	<ul style="list-style-type: none"> <li>• Employment policies and practices that promote fair treatment, safe working conditions, reward and recognition for performance, teamwork, work-life balance, and career growth</li> <li>• Flexi-work arrangement</li> <li>• Annual training plan</li> </ul>
<b>Agents and Brokers</b>	<ul style="list-style-type: none"> <li>• Attractive sales commission and incentives</li> <li>• Product training and development</li> <li>• After sales support</li> <li>• Fast settlement of claims</li> <li>• Payment of commission as agreed</li> <li>• Competitive product and pricing</li> <li>• Wide coverage</li> <li>• Underwriting expertise</li> </ul>	<ul style="list-style-type: none"> <li>• Regular meetings with Agents and Brokers</li> <li>• Dedicated account relationship managers</li> <li>• Product briefings</li> <li>• Networking sessions with Brokers</li> </ul>	<ul style="list-style-type: none"> <li>• Agency agreement with clear terms and conditions</li> <li>• Regular training opportunities</li> <li>• Agency management framework</li> </ul>
<b>Regulators</b>	<ul style="list-style-type: none"> <li>• Compliance with applicable regulations</li> <li>• Adherence to various sector-specific guidelines</li> <li>• Fair dealing</li> </ul>	<ul style="list-style-type: none"> <li>• Attend briefings and consultations organised by regulatory agencies</li> <li>• Communication through emails and letters</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with applicable rules and guidelines</li> <li>• Robust management of risks</li> <li>• Sound underwriting policy and strategies</li> <li>• Promptly responding to requests for information</li> </ul>
<b>Trade Associations</b>	<ul style="list-style-type: none"> <li>• Support through membership subscriptions</li> </ul>	<ul style="list-style-type: none"> <li>• Attend industry seminars and conferences</li> </ul>	<ul style="list-style-type: none"> <li>• Membership of relevant associations such as the General Insurance Association of Singapore</li> </ul>
<b>Investors</b>	<ul style="list-style-type: none"> <li>• Consistent returns</li> <li>• Good governance</li> <li>• Sustainable growth of business</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting (AGM)</li> <li>• Dedicated Investor Relations pages on UOI website</li> <li>• Dedicated Investor Relations Officer</li> </ul>	<ul style="list-style-type: none"> <li>• High standards of ethics and integrity</li> <li>• Experienced management team to run business efficiently and to generate optimum returns</li> <li>• Sustainable business growth policies and strategies</li> <li>• Prudent business planning and risk management</li> <li>• Good governance, transparency and disclosure</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>• Good corporate citizenship</li> <li>• Support for social causes</li> </ul>	<ul style="list-style-type: none"> <li>• Various community outreach activities</li> </ul>	<ul style="list-style-type: none"> <li>• Participate in the parent company's community initiatives and employee volunteering programmes</li> </ul>



## Membership of Associations

UOI participates in relevant industry associations and forums through memberships and collaborations with an aim to reach out to a broader range of stakeholders and to stay tuned to emerging trends, challenges and opportunities in the insurance sector.

Some of our association memberships include:

- General Insurance Association of Singapore
- Singapore National Employers Federation
- Singapore Business Federation

## Our Marketplace

Customer centricity is at the core of our business. We uphold highest ethical standards in our business dealings with customers and other stakeholders.

UOI is committed to offering the right insurance products to meet the needs of Singapore's insuring public. Our approach is to be a responsible player in the financial sector and be a caring employer. UOI's profitable growth over the years reflects our financial strength, prudence and good governance.

## Our Insurance Operation

### Customer Experience

We proactively enhance the customer experience by offering quality products and service excellence. We focus on developing products that match the needs of our customers and are simple to understand. Our superior underwriting framework allows us to better manage risks for our customers.

We offer insurance products at an affordable premium to our customers including coverage, which is required by law and is mandatory for relevant businesses and individuals. Examples of mandatory insurance products include motor insurance, domestic helper insurance and work injury compensation insurance.

### Fair Selling

We are committed to acting fairly and respectfully when dealing with customers. We ensure that the product information given to potential customers is clear and not misleading. We provide enough information, explanation and advice so that customers can make an informed decision before committing to buying an insurance policy.

As standard practice, we require our agents to explain all the main features of the products and services that we offer, including providing a product summary highlighting essential details of cover and benefits, significant restrictions, warranties or exclusions, and significant conditions or obligations, which customers must meet.

We make sure that all advertising and promotional materials are transparent, fair and not misleading.

### Fair Claim Processing

We are committed to handling claims and complaints fairly, reasonably and promptly.

We ensure that there are clear instructions on how policyholders can make a claim under their insurance policy and explain the claim procedures to customers at the time of selling. Customers can find out more about our claim procedures by visiting our website or calling our friendly claim executives.

We are committed to sending an acknowledgement within three business days of receiving claims and decide the outcome as soon as practicable once we have received all necessary information and a full investigation has been completed.

### Free Look Policy

Some of our insurance products offer a "Free Look" period of 14 to 30 business days from the date of receiving the policy document. If customers of these products decide not to continue with the insurance purchased, they may return the original policy document to the respective intermediary or us within this period, and we will refund their premium in full if no claim has been made.

### Demographic Change

The 'silver economy' offers both challenges and opportunities to the industry. The people born during the postwar baby boom are reaching their retirement age. They are generally healthier and wealthier than the earlier generation and are looking forward to a long and fruitful retirement. Therefore, the ageing population will bring about shifts in consumer needs, which will stimulate innovation and the supply of a whole range of new products and services, from daily convenience goods to extraordinary holiday packages.

By continuously upgrading its products, notably Travel Insurance Package, UOI is in a good position to benefit from this new trend of consumption expansion.

On the other hand, as people are living longer and having fewer children, the share of people potentially available for the labour market will shrink. Many people in the generation of over-65 age are still needed in the workforce. This rise in retirement age presents insurers with challenges as it may cause a potential increase in workplace injuries and increase in the cost of insurance products.

Whenever possible, UOI shares the claims trends with customers and provide them with practical tips on preventing workplace-related injuries.

# Sustainability

## Products for SMEs

We understand the needs of small businesses. We offer insurance products aimed at Small and Medium Enterprises (SMEs) which protect against damage of their assets and loss of income.

For example, we have collaborated with our parent company United Overseas Bank (UOB) to offer BizCare, a comprehensive business insurance package that provides coverage against loss and damage to contents, work injury compensation and other types of protection to their Business Banking customers.

## Loan Insurance Scheme

We participate in an initiative aimed at enhancing small businesses' access to loans.

UOI is a Participating Financial Institution (PFI) in the Loan Insurance Scheme (LIS), a joint programme between IE Singapore and SPRING Singapore, to help companies secure trade financing lines from banks. UOI is one of the approved insurers for the LIS. We insure the loans given by UOB to their borrowers against insolvency.

## Takaful

UOI offers Syariah-compliant Takaful, a form of Islamic Insurance governed by the principles of equitability and transparency, and driven by the spirit of collective responsibility and cooperation.

In Takaful, contribution paid by policyholders are kept in a fund called Tabarru Fund or Donation (for designated purposes) Fund which is used to pay for claims and costs for operating the scheme.

## Digitalisation

We look at digitalisation as an enabler to enhance customers' access to insurance products and services. In line with lifestyle changes, an increasing number of customers expect the convenience of buying insurance products online. For example, UOI has built a secure internet platform where customers can get an instant quote and purchase our travel insurance products with just a few clicks.

Interacting with digitally adept customers on their platform of choice and enhancing their buying experience are two key factors in UOI's delivery of online service to customers.

The Company leverages on technology for the distribution of its products and services such as mobile and web-based digital marketing and e-commerce platforms.

Customers can buy our travel insurance products via e-commerce platforms like online B2C portals available on UOI, UOB and UOB Travel Planners' websites and UOB Mobile Banking. Customers have the choice of obtaining a soft copy of the policy document thus minimising the usage of paper. B2B online application system is deployed to the Company's agents to facilitate the sales of its travel insurance.

We have introduced B2B online application system for the telemarketing sales of motor insurance to UOB customers.

We have transitioned several of our processes relating to insurance proposals, processing, approvals, renewals, and billing to the electronic transmission methods that make the entire process more efficient and minimises the use of paper.

Our customer outreach programmes for personal line insurances now relies more on direct electronic mailers, mobile text messages and digital web-based marketing.

Business processes are being increasingly automated to improve service delivery.

## Our Business Practices

### Anti-corruption

UOI has a zero-tolerance position against fraud and corruption. Our policy bars bribery and corruption. There was no confirmed incident of corruption during the reported period.

### Code of Practice

We are committed to selling insurance products responsibly. Alongside the various rules and regulations governing the conduct of the general insurance industry, we also adhere to the Singapore General Insurance Code of Practice, issued by the General Insurance Association of Singapore, which also includes Service Standards of Insurers.

The aim of the Code of Practice is to provide clear and consistent standards for the general insurance industry to improve policyholders' confidence and trust through clear and uniform standards, and transparency in the insurance products. The Code of Practice promotes insurance practices to enable policyholders to make informed choices when making purchasing decisions.

### Customer Privacy and Data Security

We are committed to maintaining best privacy practices to create, as far as possible, a secured internet environment for our customers.

We have taken several measures to strengthen internet security. We have built a security system that safeguards the confidentiality of our customers' account information and their particulars.

Our internet security measures include multiple levels of firewalls between our internal computer systems and the website's servers.

UOI complies with the Personal Data Protection Act of Singapore to protect the privacy of our customers. A privacy notice outlining how UOI manages personal data including the purposes for which personal data may have been or may be collected, used and disclosed is publicly available on our website.

## Our Participation in Market Pools

### Motor Insurers' Bureau

We contribute to the Motor Insurers' Bureau (MIB), an independent body funded by all motor insurers in Singapore to provide a safeguard for consumers who are victims of road accidents. MIB's primary purpose is to compensate people for bodily injury in road accidents caused by untraced or uninsured motorists.

### Our Supply Chain

Our supply chain includes suppliers of IT equipment, office equipment and consumables, utilities, banks, legal advisors, providers of telemarketing and direct marketing services, loss adjusters and claim handling service providers. Our broader value chain includes reinsurers, agents and brokers who market and sell our insurance products.

### Our Investment Operation

We are committed to investing our funds responsibly. We require our fund manager to consider ESG factors in their investment decisions.

### Regulatory Compliance

UOI's business operation is regulated by the Monetary Authority of Singapore in accordance with the Insurance Act. We take regulatory compliance seriously and maintain zero-tolerance for breach of applicable laws.

The Company's Risk Management and Compliance Committee provides oversight of all regulatory compliance matters. Operational manual and toolkits are in place to ensure guidance to our employees on regulatory compliance.

Also, we require our employees to go through a series of refresher training programs annually on regulatory compliance topics that include insider trading and market misconduct, anti-money laundering, anti-bribery, banking secrecy, computer misuse and cybersecurity, and fair dealing.

## Our People

We are committed to building a high performing and engaged team of employees to support sustainable growth of our business.

We employed 96 people as at the end of 2017. Permanent employees represented 86 per cent of all employees. The average age of an employee was 51 years, many of them with a long-serving record.

Our approach is to nurture an engaged, reliable and customer-centric workforce. Our strategy is to have competent people in place whom our customers can trust.

Our Human Resource (HR) policies are aimed at promoting inclusion, engagement, mutual respect, teamwork, the reward for performance, and employee wellbeing.

### Diversity and Inclusivity

We hire, develop and retain the best talent from diverse backgrounds. We respect diversity and are committed to developing an inclusive workplace. Women account for 82 per cent of the total workforce. Women also represent 73 per cent of managerial and supervisory positions.

In 2017, we rehired 11 retiring employees for their skills and experience and also for mentoring their identified successors.

### Attracting and Retaining Talent

Our goal is to attract and retain the best talent. We benchmark our employee turnover against the national insurance sector turnover rates published by the Department of Manpower Research and Statistics Department of Singapore's Ministry of Manpower.

In 2017, eight employees left UOI, three of whom were new employees in the age group of less than 30 years. One employee in each of the age groups of 30 - 40 years and 41 - 50 years left during the year. We conduct exit interviews to understand the reasons for departures and use the insight to review our HR policies.

### Training

We invest in ongoing training of our employees to help them acquire relevant skills and knowledge. We had invested \$5,070, \$24,444 and \$11,193 on training in 2015, 2016 and 2017 respectively.

Our employees attend a variety of in-house briefings, talks and workshops throughout the year. In 2017, popular training programmes included manage an online business, financial line basics, effective business writing for admin and support staff, enhance relationship with assertiveness and persuasion, apply basic negotiation skills and basics, customer service excellence, insights into motor insurance claims, creative leadership and self-development skills, essential skills and strategies for effective supervision, and financial management for non-financial personnel.

### Building Risk-focused Organisational Culture

We are in the business of managing risks for our customers. It is therefore crucial for our employees to maintain a high-level understanding of risks. We do so by nurturing a culture of risk awareness.

A superior risk management capability provides the best protection to the policyholders. Our risk-focused organisational culture is built upon several coordinated initiatives and programmes.

# Sustainability

We have put in place a board-approved Enterprise Risk Management Framework with clearly defined risk tolerance statement and operational tolerance limits, which are reviewed and updated at least once a year and regularly communicated to managers at all levels.

We provide learning opportunities to managers at all levels, particularly the younger executives. We involve them in identifying and resolving risk and strategic issues through coaching and participation in various risk committees and task forces.

Identified and emerging risks are discussed in monthly meetings of risk committees and then disseminated to all other staff members through departmental meetings.

We regularly monitor tolerance limits and risk metrics to ensure compliance.

During 2017, we conducted training for our managerial staff on a number of risk topics including UK Bribery Act, Insider Trading and Market Misconduct, MAS Fair Dealing, Banking Secrecy, UOB IT Security, UOB Code of Conduct, Computer Misuse and Cyber Security, Anti-Money Laundering and Terrorist Financing, Fraud Awareness, and FATCA and CRS General Awareness.

In addition, all our employees are required to go through annual training on Code of Conduct, IT Security Awareness and regulatory compliance matters that are relevant to our business operations.

## Freedom of Association

We respect our employees' right to freedom of association and collective bargaining in accordance with the local laws. UOI has actively engaged the Singapore Insurance Employees' Union (SIEU) since 2004 when we signed our first collective bargaining agreement with the union. The agreement, reviewed every three years, covers mainly employment benefits for the bargainable employees. Nearly 32 per cent of UOI employees is covered by the agreement.

## Performance Management

UOI is committed to an objective and fair performance management process to reward performance and support people development. We have implemented a performance management practice aimed at promoting a performance excellence culture.

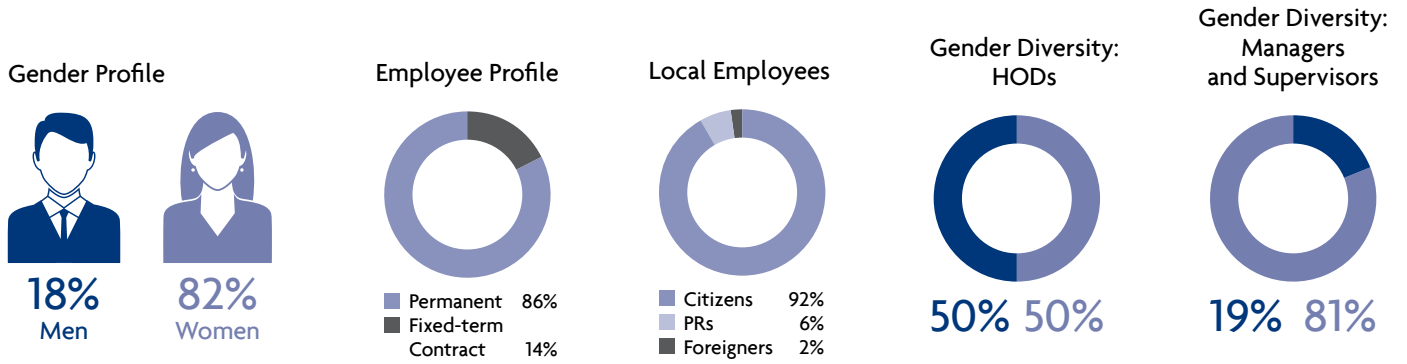
Our performance management practice enables an authentic, employee-centric and business-focused dialogue between managers and employees to help achieve business as well as personal development goals.

Employee goals are established at the start of the year. Throughout the year, managers engage in dialogue with their respective staff to discuss the progress and challenges. Performance feedback dialogues are conducted at the mid-year. Formal appraisals are held toward the end of the year. Employees are assessed on Key Performance Indicators (KPIs), competencies, which are defined, based on an employee's grade, and values.

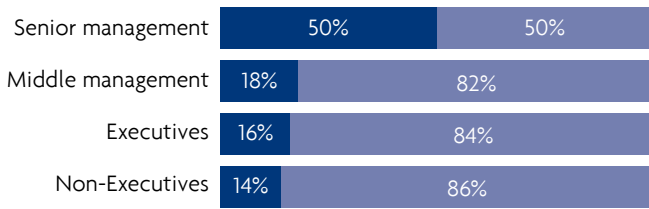
All permanent employees participated in performance and career development reviews in the reported period.

## Our People – Performance Charts

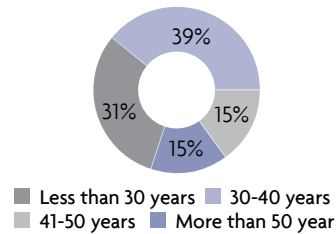
Main highlights of our people performance are illustrated in the charts below.



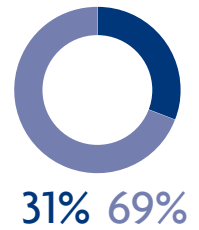
### Gender Diversity by Employment Category



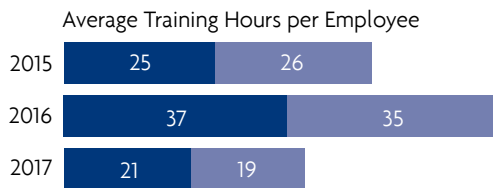
### New Hiring by Age



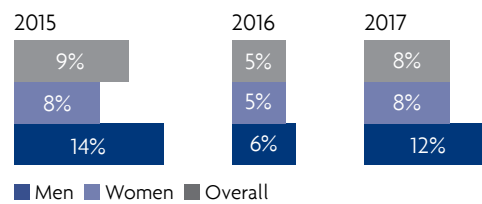
### New Hiring by Gender



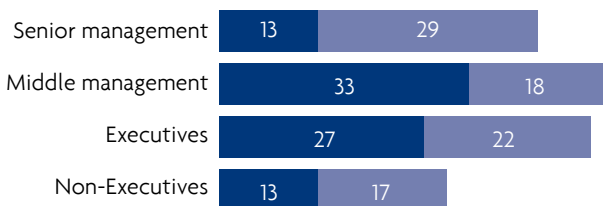
### Training



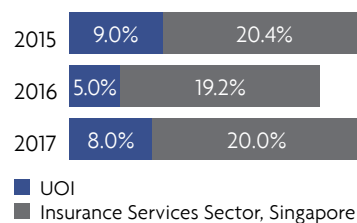
### Employee Turnover by Gender



### 2017 Average Training Hours by Management Category



### Annual Employee Turnover



# Sustainability

## Our Environment

We are committed to reducing environmental footprint in our own operations.

Our own environmental footprint is relatively small and is not considered material. Our environmental impacts include mainly use of electricity and office paper in our office.

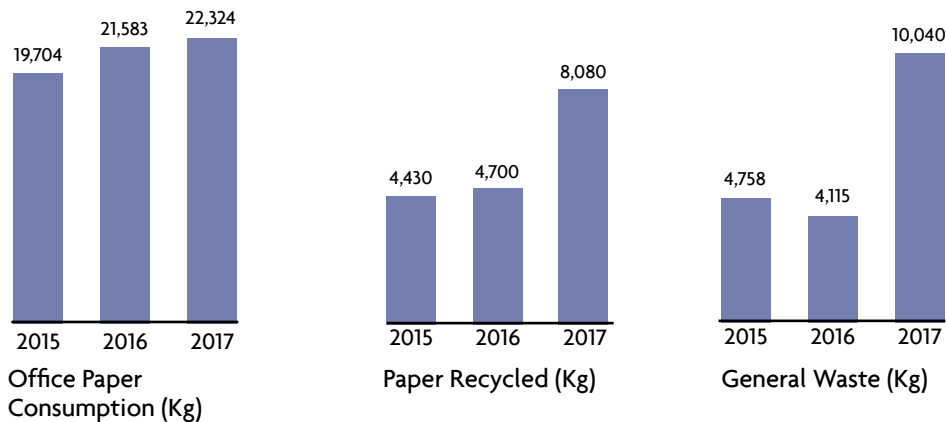
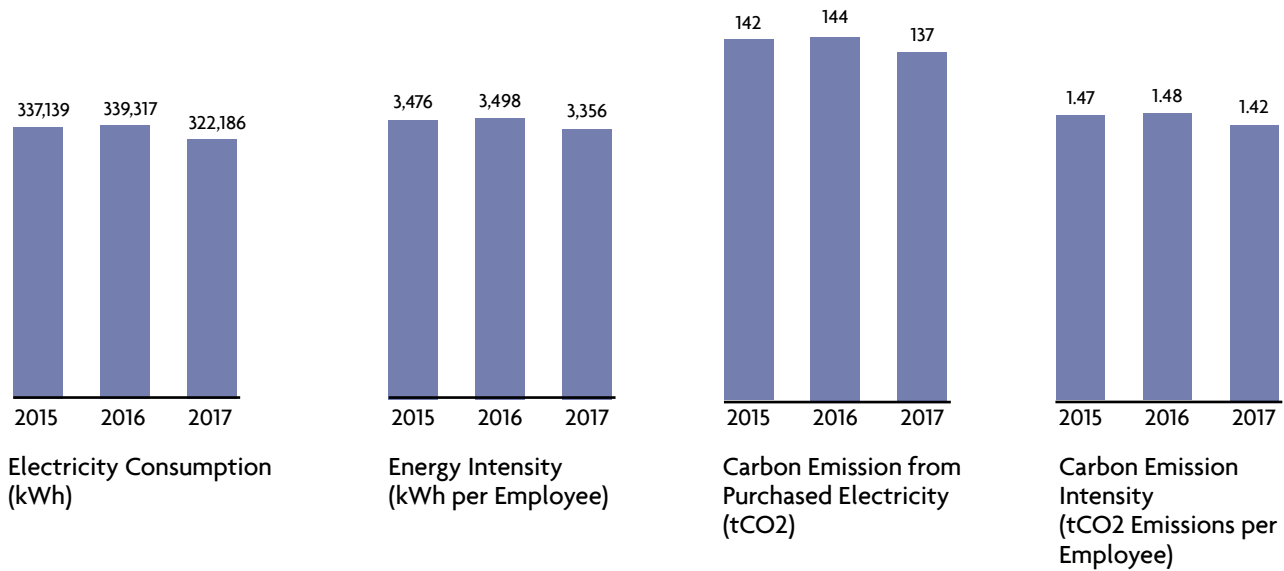
We strive to minimise electricity consumption by switching off lights and equipment when not in use. Similarly, we

encourage our employees to minimise the use of paper and recycle where possible. We also measure our consumption for monitoring and reporting.

Currently, we do not assess environmental footprint of our investment portfolio but it remains under consideration.

Presented below is a summary of our environmental impacts.

### Our Environment - Performance Charts



## Climate Change

Climate change presents potential risks and opportunities that the insurance sector cannot ignore. Extreme weather conditions causing natural disasters and the effects of rising temperature on the communities pose new claim risks. The opportunity lies in helping businesses, governments and communities to mitigate climate change risks by offering creative and bold insurance solutions that support the transition to low-carbon economies.

## Our Community

We are committed to being a responsible corporate citizen and contributes to various social programmes.

### Employee Volunteering

UOI employees regularly volunteer in community programmes organised by our parent Company UOB. For example, we participate in UOB's HeartBeat Run/Walk, a fundraising programme.

In 2017, our employees volunteered 17.5 person-days in various community initiatives as against 20 person-days in the prior year.

## Our Economic Performance

We are committed to the sustainable growth of our business to create value for our investors and stakeholders.

### Financial Performance

Please refer to the Financial Report section of this Annual Report to read about our financial performance, which includes how we create and distribute value.

### Indirect Economic Impact

As a general insurance business, we play an important role in the local economy with positive contributions. Our insurance plans help businesses and individuals overcome financial difficulties caused by mishaps.

Our insurance products enable businesses to transfer their risk to have more certainty and peace of mind in their operations. By offering insurance cover, we also enhance businesses' access to capital from financial institutions.

We work with various government agencies to offer insurance coverage to small businesses so that they can obtain working capital from financial institutions. We also participate in Special Risk Pool programme to extend insurance cover for risks that are difficult to get insurance coverage for due to their high or complex risk profile.

Our business creates direct and indirect job opportunities in the local economy including income opportunities to agents, brokers, and other service providers.

## GRI G4 Content Index

### GRI Content Index

'In accordance' – Core

General Standard Disclosures		Page reference
<b>Strategy And Analysis</b>		
G4 -1	Provide a statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability.	3

# Sustainability

General Standard Disclosures		Page reference
<b>Organisational Profile</b>		
G4-3	Name of the organisation.	2
G4-4	Primary brands, products, and services.	2, 73
G4-5	Location of the organisation's headquarters.	2
G4-6	Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Singapore is UOI's primary market.
G4-7	Nature of ownership and legal form.	103, 104
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	2, 95
G4-9	Scale of the organisation.	7, 8, 33
G4-10	Employee profile.	33, 35
G4-11	Percentage of total employees covered by collective bargaining agreements.	34
G4-12	Describe the organisation's supply chain.	33
G4-13	Any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain.	73
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation.	36, 37
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	27, 28, 32
G4-16	Memberships of associations and national or international advocacy organisations.	31



## General Standard Disclosures

---

### Identified Material Aspects And Boundaries

G4-17	(a) List all entities included in the organisation's consolidated financial statements or equivalent documents.	27
	(b) Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report.	
G4-18	<ul style="list-style-type: none"> <li>Process for defining the report content and the Aspect Boundaries.</li> <li>Explain how the organisation has implemented the Reporting Principles for Defining Report Content.</li> </ul>	27
G4-19	List all the material Aspects identified in the process for defining report content.	28
G4-20	For each material Aspect, report the Aspect Boundary within the organisation.	28
G4-21	For each material Aspect, report the Aspect Boundary outside the organisation.	28
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	27
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Not applicable. It is our first report.

### Stakeholder Engagement

G4-24	Provide a list of stakeholder groups engaged by the organisation.	29-30
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	29
G4-26	Report the organisation's approach to stakeholder engagement.	29-30
G4-27	(a) Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	29-30
	(b) Report the stakeholder groups that raised each of the key topics and concerns.	

# Sustainability

General Standard Disclosures		Page reference
<b>Report Profile</b>		
G4-28	Reporting period.	27
G4-29	Date of most recent previous report (if any).	This is UOI's first Sustainability Report.
G4-30	Reporting cycle.	27
G4-31	Provide the contact point for questions regarding the report or its contents.	27
G4-32	(a) Report the 'in accordance' option the organisation has chosen. (b) Report the GRI Content Index for the chosen option. (c) Report the reference to the External Assurance Report, if the report has been externally assured.	27
G4-33	Organisation's policy and current practice with regard to seeking external assurance for the report.	27
<b>Governance</b>		
G4-34	Governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	13-27, 28
<b>Ethics And Integrity</b>		
G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	22-23, 32

## Specific Standard Disclosures

GRI Aspects	Disclosure of Management Approach and Indicators	Page reference
<b>Economic Performance</b>		
G4-EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	54, 56
<b>Indirect Economic Impacts</b>		
G4 DMA	Indirect economic impact.	37
G4-EC8	Significant indirect economic impacts including the extent of impacts.	37
<b>Energy</b>		
G4: DMA	Energy.	36
G4-EN3	Energy consumption within the organisation.	36
G4-EN5	Energy intensity.	36
<b>Emissions</b>		
G4: DMA	Emissions.	36
G4-EN16	Indirect greenhouse gas (GHG) emissions (Scope 2).	36
G4-EN18	Greenhouse gas (GHG) emission intensity.	36
<b>Effluents and Waste</b>		
G4-EN23	Total weight of waste by type and disposal method.	36
<b>Employment</b>		
G4-DMA	Employment.	33
G4-LA1	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	33, 35

# Sustainability

GRI Aspects	Disclosure of Management Approach and Indicators	Page reference
<b>Training and Education</b>		
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	33, 35
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender, and by employee category.	34
<b>Diversity and Equal Opportunity</b>		
G4-LA12	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	35
<b>Local Communities</b>		
G4: DMA	Local Communities.	37
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	37
<b>Anti-corruption</b>		
G4-SO4	Communication and training on anti-corruption policies and procedures.	32
G4-SO5	Confirmed incidents of corruption and actions taken.	32
<b>Product and Service Labelling</b>		
DMA	Product and service labelling. Policies for the fair design and sale of financial products and services. Initiatives to enhance financial literacy by type of beneficiary.	31

# Risk Management

As the management of risk is fundamental to the financial soundness and integrity of the Company, risk evaluation forms an integral part of the Company's business strategy development. The Company's risk management philosophy is that returns must be commensurate with the business risks taken and has put in place processes and systems to identify, assess, monitor and manage all reasonably foreseeable and relevant material risks. These processes and systems have been articulated into a robust Enterprise Risk Management (ERM) framework.

The Company is committed to maintaining a strong ERM framework and is guided by the principles and provisions in the MAS Notice 126 "Enterprise Risk Management for Insurers".

The Company's Board-approved ERM framework provides for the identification, assessment and management of the key risks and how they are translated into management actions for strategic planning and capital management. Significant changes to the Company's ERM framework require the Board's approval.

The Board has overall responsibility for determining the type and level of business risks that the Company undertakes to achieve its corporate objectives. The Board has delegated to Management the authority to formulate, review and approve policies and processes on monitoring and managing risk exposures within the Company's ERM framework. Major policy decisions and proposals on risk exposures approved by the Management are subject to review by the Board.

Management of the Company has the responsibility of operationalising the Company's ERM framework and establishing and implementing appropriate systems and controls in managing and mitigating risks arising from its business operations. The systems and controls are designed to identify, assess, manage and monitor, rather than eliminate, the risks in the Company's business operations and can only provide reasonable and not absolute assurance.

Various committees, comprising the managerial staff of the Company, meet regularly to deliberate on matters relating to the key types of risks under their respective supervision.

The **Management Committee** monitors the overall operational matters of the Company. It formulates, reviews and approves policies and strategies relating to the monitoring and management of operational risks and develops appropriate action plans across all business and support units. It also sets strategic directions of the Company, determines the allocation of resources and monitors the execution of strategic plans and key performance indicators.

The **Risk Management and Compliance Committee** addresses all risk management, corporate governance and compliance issues affecting the Company. These issues can emanate from regulatory authorities, industry associations, parent company, auditors and other relevant bodies. It monitors the implementation of risk management policies and procedures by all operational units. It also develops and implements compliance policies, procedures and guidelines to meet the regulatory requirements applicable to the Company. As part of its risk management monitoring function, it receives reports from committees which address the key risks emanating from the Company's core business activities namely the Underwriting and Claims Committee and Credit Control Committee.

The **Underwriting and Claims Committee** establishes underwriting and claims policies and procedures. It also monitors the compliance of such policies and procedures by all operational units. Appropriate risk management strategies are applied to address the variety of underwriting risks accepted. Issues arising from claims development and provisions are dealt with judiciously.

The **Credit Control Committee** establishes credit control policies and procedures and ensures that the premium collection process is implemented by all operational units. It approves write-off of bad debts and develops action plans to improve collection or initiate remedial recovery actions.

The **Business Development Committee** develops and executes business plans of the Company, reviews business performance and formulates action plans to enhance business performance. Market trends and changes in business risks are identified, addressed and managed accordingly.

In addition, the **Investment Committee**, which comprises senior managerial staff of UOI and investment specialists from its parent company meet representatives of its fund manager regularly to monitor and manage the Company's investments.

Under the Company's ERM framework, risks are categorised and managed under four risk dimensions.

# Risk Management

## (1) Risk Dimension – Earnings

### Underwriting Risk

The principal activity of the Company is the underwriting of general insurance business. As general insurance business encompasses a wide range of different insurance products, a prudent management of risks is fundamental to our business. This safeguards not only the interest of our shareholders but also that of our customers. The Company has developed a robust underwriting framework to ensure that risks accepted meet with all the underwriting guidelines issued to our trained pool of underwriters. This framework allows for the proper selection of risks at adequate but competitive pricing for our products.

### Reinsurance Risks

Reinsurance refers to the cession of a portion of risks assumed by an insurer to another insurer or reinsurer.

The Company's business activities lie primarily in Singapore and the region. Geographically, there is an inherent concentration of insurance risks in the Company's insurance portfolio. Based on historical experience of loss frequency and severity of similar risks and in similar geographical zones, the Company has developed its reinsurance strategy to manage such concentration of insurance risks.

In particular, a written Reinsurance Management Strategy has been approved by the Board to set guiding principles and objectives for the Company to manage its reinsurance risks and ensure that a prudent and appropriate reinsurance protection programme is in place. Significant changes to the Strategy are subject to review by the Board annually.

### Premium and Claims Liability Risk

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance is inevitably reflected in the financial statements of insurance companies. The uncertainty in the financial statements principally arises in the technical provisions, which include the provisions of premium and claims liabilities.

Premium liabilities refer to the reserves for unearned premium and include liabilities for all benefits, claims and expenses, acquisition costs, maintenance costs and policyholders' experience refund to be incurred

after the balance sheet date. Claims liabilities refer to obligation, whether contractual or otherwise, to make future payments in relation to all claims that have been incurred as at the balance sheet date and include reserves for claims reported, incurred but not reported and incurred but not enough reported, as well as direct and indirect claim expenses. The Company's unearned premium reserves are calculated based on formula generally accepted by the industry while its outstanding claims liabilities are reviewed by our experienced claims officers. Both the premium and claims liabilities are reviewed and certified annually by an external independent actuary.

Generally, premium and claims liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is the past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future premium and claims liabilities will not develop exactly as projected and may vary from our projection.

The other uncertainties arising under insurance contracts will include:

- uncertainty as to whether an event has occurred which would give rise to a policyholder suffering an insured loss;
- uncertainty as to the extent of policy coverage and limits applicable; and
- uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring.

There may be significant reporting lag between the occurrence of the insured event and the time it is actually reported to the Company. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim. There are many factors that will determine the level of uncertainty such as inflation, inconsistent judicial interpretations, legislative changes and claims handling procedures.

The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual cost of settlement of premium and claims liabilities can vary substantially from the initial estimates.

### **Investment Risk**

The Company's investment objective is to invest in quality investment for long-term appreciation and to achieve a reasonable return annually. The Company has appointed a professional fund manager to manage its investments in pursuant to its Board-approved investment policy. Through regular meetings with the fund manager and performance reports, the Company reviews and monitors the performance of its investment funds. The Company has also established a policy to address the selection, review and management of its fund manager.

### **Market price risk**

Market price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Company is exposed to equity price risk arising from its investment in quoted equity securities and has established a Board-approved investment policy, which sets maximum exposure limits for its investment portfolio. These quoted equity securities are listed on the Singapore Exchange Securities Trading Limited in Singapore or other regulated stock exchanges overseas and are classified as available-for-sale financial assets.

The Company does not have exposure to commodity price risk.

### **Foreign exchange risk**

The Company has transactional currency exposures arising from its offshore insurance business. The Company is also exposed to foreign exchange risk arising from its investing activities. When it is necessary, the Company enters into forward contracts to manage its foreign exchange exposure arising from investment in fixed income securities denominated in foreign currencies. Other than the exposure arising from its investing activities, the Company does not consider its exposure to foreign exchange risk to be significant.

### **Interest rate risk**

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's operating cash outflow commitment is substantially independent of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the interest income on the Company's fixed deposits and the fair value of its investment in the fixed income securities.

## **(2) Risk Dimension – Operational**

### **Operational Risk**

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people, systems and frauds or from external events. Potential loss may be in the form of financial loss or other damages, for example, loss of reputation and public confidence that will impact the Company's credibility and ability to transact, maintain liquidity and obtain new business. The Company has put in place processes for monitoring, controlling and reporting of significant operational risks.

### **Business Continuity Risk**

The Company has formulated a comprehensive Business Continuity Management Plan and annual test-run is conducted to ensure its readiness to handle the targeted events that could affect the Company's business operations.

## **(3) Risk Dimension – Capital**

### **Insolvency Risk**

Insolvency risk refers to the risk that an entity is unable to meet its financial obligations. The Company has consistently maintained its capitalisation higher than the local regulatory requirements, put in place monitoring controls to ensure that its solvency and capitalisation meet internal targets and maintained adequate financial resources as buffers.

## **(4) Risk Dimension – Liquidity**

### **Liquidity risk**

Due to the nature of its business and type of assets being held, the Company is not exposed to significant liquidity risk. The Company has formulated a liquidity policy to manage its liquidity risk. It is the Company's policy to maintain adequate liquidity at all times, honour all cash outflow commitments on an ongoing basis and avoid raising funds from credit facilities or through the forced sale of investments.

### **Credit risk**

The Company has credit control policies in place to ensure that sales made to customers and recoveries from reinsurers are duly collected. The Company has also established a selection and management policy for reinsurers to ensure that they are financially sound and set maximum exposure limits for each of its reinsurers.

**United Overseas Insurance Limited**  
(Incorporated in Singapore)

31 December 2017

## **Financial Report**

- 47 Directors' Statement
- 50 Independent Auditor's Report
- 54 Profit and Loss Account
- 55 Statement of Comprehensive Income
- 56 Insurance Revenue Account
- 57 Balance Sheet
- 58 Statement of Changes in Equity
- 59 Cash Flow Statement
- 61 Notes to the Financial Statements





# Directors' Statement

for the financial year ended 31 December 2017

The directors are pleased to present their statement to the members together with the audited financial statements of the Company for the financial year ended 31 December 2017.

## Opinion of the Directors

In the opinion of the directors,

- (i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

The directors of the Company holding office at the date of this report are:

Wee Cho Yaw (*Chairman*)  
David Chan Mun Wai (*Managing Director and Chief Executive*)  
Wee Ee Cheong  
Hwang Soo Jin  
Yang Soo Suan  
N Ganesan  
Ho Yew Kee  
Chng Hwee Hong

## Arrangements to Enable Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

# Directors' Statement

for the financial year ended 31 December 2017

## Directors' Interests in Shares And Debentures

According to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act Chapter 50, the interests of the directors who held office at 31 December 2017, in the share capital of the Company and related corporations (other than wholly-owned subsidiary) were as follows:

	Number of ordinary shares			
	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
	At 31.12.2017	At 1.1.2017	At 31.12.2017	At 1.1.2017
<b>The Company</b>				
<i>United Overseas Insurance Limited</i>				
Wee Cho Yaw	38,100	38,100	–	–
Hwang Soo Jin	100,000	100,000	–	–
David Chan Mun Wai	21,000	21,000	–	–
<b>Holding Company</b>				
<i>United Overseas Bank Limited</i>				
Wee Cho Yaw	21,136,589	20,567,244	283,788,114	278,781,769
Wee Ee Cheong	3,356,455	3,297,243	169,683,878	166,690,461
David Chan Mun Wai	6,511	6,304	–	–
Ho Yew Kee	1,065	1,065	–	–

## Directors' Remuneration

Details of the total fees and other remuneration paid/payable by the Company to the directors for the financial year ended 31 December 2017 are as follows:

	Directors' fees	Base or fixed salary	Variable performance bonus	Benefits-in-kind and others	Total
<b>\$500,000 to \$749,999</b>					
David Chan Mun Wai	–	51.4%	40.0%	8.6%	100%
<b>Below \$250,000</b>					
Wee Cho Yaw	\$47,500	–	–	–	\$47,500
Wee Ee Cheong <sup>1</sup>	\$17,500	–	–	–	\$17,500
Hwang Soo Jin	\$37,500	–	–	–	\$37,500
Yang Soo Suan	\$37,500	–	–	–	\$37,500
N Ganesan	\$25,000	–	–	–	\$25,000
Ho Yew Kee	\$17,500	–	–	–	\$17,500
Chng Hwee Hong	\$25,000	–	–	–	\$25,000
<b>Total Directors' Fees</b>	<b>\$207,500</b>	–	–	–	<b>\$207,500</b>

<sup>1</sup> Director's fee payable to Mr Wee Ee Cheong will be paid to United Overseas Bank Limited.

## Share Options

There was no share option granted by the Company during the financial year.

No share was issued during the financial year pursuant to any exercise of options to take up unissued shares of the Company.

There was no unissued share of the Company under option at 31 December 2017.

## Audit Committee

The Audit Committee comprises four members, all of whom are non-executive and independent\* directors. The members of the Audit Committee are:

Yang Soo Suan (*Chairman*)

Hwang Soo Jin

N Ganesan

Chng Hwee Hong

The Audit Committee has reviewed the financial statements, the internal and external audit plans and audit reports, the external auditor's evaluation of the system of internal accounting controls, the scope and results of internal and external audit procedures, the adequacy of internal audit resources, the cost effectiveness, independence and objectivity of external auditor, the significant findings of internal audit investigations and interested person transactions. The reviews were made with the internal and external auditors, the Managing Director and/or other senior management staff, as appropriate.

## Auditor

The Audit Committee has nominated Ernst & Young LLP for re-appointment as auditor of the Company and Ernst & Young LLP has expressed its willingness to be re-appointed.

On behalf of the Board of Directors,

**Wee Cho Yaw**  
Chairman

**David Chan Mun Wai**  
Managing Director

Singapore  
5 February 2018

\* Pursuant to the criteria under the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (3 April 2013).

# Independent Auditor's Report

for the financial year ended 31 December 2017

## Independent Auditor's Report to the Members of United Overseas Insurance Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of United Overseas Insurance Limited (the "Company"), which comprise the balance sheet as at 31 December 2017, the profit and loss statement, statement of comprehensive income, insurance revenue account, and the statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

#### *Valuation of technical balances*

The Company's technical balances, which include the reserve for outstanding claims and reserve for unexpired risks, contain an element of uncertainty inherent in the insurance business on the balance sheet. The estimation of technical balances is complex as it involves a high degree of professional judgement requiring extrapolative skills. With regard to the reserve for outstanding claims, the claims department will set up a loss reserve upon notification and after assessing the claim information provided. The claims information is then aggregated and considered as a whole to determine the total estimate of the ultimate losses that will be incurred in respect of the insurance policies underwritten for each line of business. The modelling for the loss reserves takes into account the claims experience, claims development, market conditions, as well as matters that are sensitive to the legal, economic, and various other factors and uncertainties, in order to arrive at the estimation of the ultimate losses. The reserve for unexpired risk is computed based on the premiums booked, nature of the policies, and generally accepted valuation basis. Management reviews the claims and premiums, the inputs into the models, and they also engage a certified independent actuary to review the estimation of ultimate losses and reserve for unexpired risks to ensure that the technical balances are adequate.

## Key Audit Matters (continued)

### *Valuation of technical balances (continued)*

In auditing the technical balances, we performed test of controls, test of details, and analytical review procedures on the Company's technical balances. We also compared the actuarial valuation methodologies and assumptions used by management with industry data, and against recognised actuarial practices. Our procedures included a review of the assumptions used by the certified independent actuary and the rationales for conclusions made thereon, an assessment of the consistency of valuation methodologies applied against prior years, and an assessment of whether changes made to the actuarial models are in line with our understanding of business developments, and our expectations derived from market experience. In addition, we performed an independent analysis and re-computation of the technical balances of selected classes of business. Our focus of the independent analysis and re-computation were over the largest and most uncertain reserves. We also compared our independent analysis to those performed by the management and obtained explanations of significant differences noted, if any.

We also considered whether the disclosures in relation to technical balances recorded comply with the relevant disclosure requirements. The Company's disclosures related to technical balances are included in Note 2(f) (Reserve for Unexpired Risks), Note 2(g) (Deferred Acquisition Costs), Note 2(i) (Claims Paid and Reserve for Outstanding Claims), Note 4(b) (Insurance Risks), Note 16 (Reserve for Unexpired Risks), Note 17 (Deferred Acquisition Costs) and Note 18 (Reserve for Outstanding Claims).

### *Available-for-sale investments*

The Company invests a significant portion of its funds in financial instruments that comprise mainly available-for-sale investments (AFS investments) in fixed income securities, unit trusts and equity shares. These investments are measured at fair value with the corresponding fair value changes recognised in other comprehensive income. The valuation is performed by the Company using valuation inputs which have been classified in accordance with the fair value hierarchy stated in FRS 113 – Fair Value Measurement.

In auditing the Company's AFS investments, we assessed the processes and key controls relating to valuation of these investments. In addition, we confirmed these balances with the custodian and fund manager and performed independent price verification on a sample of investments, reviewed the Company's impairment policy, and assessed the adequacy of its impairment charges on its AFS investments at year end.

We also considered whether the disclosures in relation to the Company's AFS investments comply with the relevant disclosure requirements. The Company's disclosures related to its AFS investments are included in Note 2(n) (Financial Assets), Note 2(q) (Impairment of Financial Assets), Note 4(a) (Impairment of Available-for-sale Investments) and Note 26 (Available-for-sale Investments).

## Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The Company's annual report is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

# Independent Auditor's Report

for the financial year ended 31 December 2017

## Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit responsible for this independent auditor's report is Vincent Toong.

### ERNST & YOUNG LLP

Public Accountants and  
Chartered Accountants

Singapore  
5 February 2018

# Profit and Loss Account

for the financial year ended 31 December 2017

	Note	2017 \$'000	2016 \$'000
<b>Insurance underwriting profit</b>		<b>25,248</b>	<b>24,525</b>
Other income:			
Dividend income from investments	5a	3,233	4,818
Interest income from investments	5b	8,192	7,970
Interest on fixed deposits and bank balances from:			
– Holding company		12	6
– Other financial institutions		318	308
Miscellaneous income		34	27
Net fair value gains/(losses) on financial derivatives - realised		5,568	(2,043)
Net fair value gains/(losses) on financial derivatives - unrealised	21	3,623	(1,651)
Net gains/(losses) on disposal of available-for-sale investments	19	2,223	(5,119)
Impairment losses on available-for-sale investments		–	(1,298)
Amortisation of discount on available-for-sale investments		61	86
		<b>23,264</b>	<b>3,104</b>
Add/(Less)			
Management expenses not charged to insurance revenue account:			
– Management fees		(1,054)	(982)
– Other operating expenses		(557)	(748)
Exchange differences		(8,353)	1,257
<b>Profit before tax</b>		<b>38,548</b>	<b>27,156</b>
Tax expense	9a	(5,600)	(4,028)
<b>Profit, net of tax</b>		<b>32,948</b>	<b>23,128</b>
<b>Profit attributable to:</b>			
<b>Equity holders of the Company</b>		<b>32,948</b>	<b>23,128</b>
Earnings per share:			
Basic and diluted	10	<b>53.88 cents</b>	<b>37.82 cents</b>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.



# Statement of Comprehensive Income

for the financial year ended 31 December 2017

	Note	2017 \$'000	2016 \$'000
Net profit		32,948	23,128
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Net gains on fair value changes of available-for-sale investments		24,129	12,943
Tax relating to available-for-sale investments	15	(4,103)	(2,192)
<b>Other comprehensive income for the financial year, net of tax</b>		<b>20,026</b>	<b>10,751</b>
<b>Total comprehensive income for the financial year</b>		<b>52,974</b>	<b>33,879</b>
<b>Total comprehensive income attributable to equity holders of the Company</b>		<b>52,974</b>	<b>33,879</b>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

## Insurance Revenue Account

for the financial year ended 31 December 2017

	Note	Fire \$'000	General Accident \$'000	Marine \$'000	2017 Total \$'000	2016 Total \$'000
Gross premium written		42,636	57,452	3,656	103,744	106,943
Reinsurance premium ceded		(21,805)	(37,867)	(2,343)	(62,015)	(62,549)
Net premium written		20,831	19,585	1,313	41,729	44,394
Movement in net reserve for unexpired risks	16	(95)	1,526	115	1,546	416
Movement in net deferred acquisition costs	17	(219)	260	37	78	182
<b>Net earned premium</b>		<b>20,517</b>	<b>21,371</b>	<b>1,465</b>	<b>43,353</b>	<b>44,992</b>
Less						
Gross claims paid		5,227	24,643	640	30,510	36,049
Reinsurance claims recoveries		(2,582)	(14,494)	(92)	(17,168)	(21,657)
Net claims paid	18	2,645	10,149	548	13,342	14,392
Change in net outstanding claims		(278)	(3,305)	(396)	(3,979)	(2,244)
<b>Net claims incurred</b>	18	<b>2,367</b>	<b>6,844</b>	<b>152</b>	<b>9,363</b>	<b>12,148</b>
Gross commission		8,941	9,620	347	18,908	19,520
Reinsurance commission		(10,440)	(11,777)	(559)	(22,776)	(23,786)
<b>Net commission</b>		<b>(1,499)</b>	<b>(2,157)</b>	<b>(212)</b>	<b>(3,868)</b>	<b>(4,266)</b>
Management expenses:						
Staff costs	7	3,884	3,651	245	7,780	7,508
Rental expenses	28	652	613	41	1,306	1,306
Other operating expenses		1,759	1,654	111	3,524	3,771
<b>Total outgo</b>		<b>7,163</b>	<b>10,605</b>	<b>337</b>	<b>18,105</b>	<b>20,467</b>
<b>Insurance underwriting profit transferred to profit and loss account</b>		<b>13,354</b>	<b>10,766</b>	<b>1,128</b>	<b>25,248</b>	<b>24,525</b>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# Balance Sheet

as at 31 December 2017

	Note	2017 \$'000	2016 \$'000
<b>Share capital</b>			
– Issued and fully paid	12	91,733	91,733
<b>Reserves</b>			
General reserve	14	22,880	22,880
Available-for-sale investment reserve	19	49,717	29,691
Retained profits		213,250	190,698
<b>Total equity attributable to equity holders of the Company</b>		<b>377,580</b>	<b>335,002</b>
<b>Liabilities</b>			
Insurance creditors	20	13,755	21,163
Non-trade creditors and accrued liabilities	20	5,674	4,138
Amount owing to related companies	20	1,968	2,140
Derivative financial liabilities	21	–	1,775
Tax payable	9	8,334	7,478
Deferred tax liabilities	15	10,524	6,416
Deferred acquisition costs – reinsurers' share	17	9,354	9,298
Gross technical balances			
– Reserve for unexpired risks	16	64,153	62,972
– Reserve for outstanding claims	18	155,414	156,363
		<b>269,176</b>	<b>271,743</b>
		<b>646,756</b>	<b>606,745</b>
<b>Assets</b>			
Bank balances and fixed deposits	22	54,452	59,648
Insurance debtors	23	11,655	20,780
Non-trade debtors and accrued interest receivables	23	3,082	3,172
Derivative financial assets	21	1,849	1
Associated company	25	1	1
Available-for-sale investments	26	427,401	380,741
Fixed assets	27	247	224
Deferred acquisition costs – gross	17	8,074	7,940
Reinsurers' share of technical balances			
– Reserve for unexpired risks	16	42,362	39,635
– Reserve for outstanding claims	18	97,633	94,603
		<b>646,756</b>	<b>606,745</b>
		<b>646,756</b>	<b>606,745</b>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# Statement of Changes in Equity

for the financial year ended 31 December 2017

	Note	Attributable to equity holders of the Company				Total \$'000
		Share capital \$'000	General reserve \$'000	Available- for-sale investment reserve \$'000	Retained profits \$'000	
Balance at 1 January 2017		91,733	22,880	29,691	190,698	335,002
Profit net of tax		–	–	–	32,948	32,948
Other comprehensive income for the financial year		–	–	20,026	–	20,026
Total comprehensive income for the financial year		–	–	20,026	32,948	52,974
Dividend for Year 2016	11	–	–	–	(8,561)	(8,561)
Dividend for Year 2017	11	–	–	–	(1,835)	(1,835)
<b>Balance at 31 December 2017</b>		<b>91,733</b>	<b>22,880</b>	<b>49,717</b>	<b>213,250</b>	<b>377,580</b>
Balance at 1 January 2016		91,733	22,880	18,940	177,966	311,519
Profit net of tax		–	–	–	23,128	23,128
Other comprehensive income for the financial year		–	–	10,751	–	10,751
Total comprehensive income for the financial year		–	–	10,751	23,128	33,879
Dividend for Year 2015	11	–	–	–	(8,561)	(8,561)
Dividend for Year 2016	11	–	–	–	(1,835)	(1,835)
<b>Balance at 31 December 2016</b>		<b>91,733</b>	<b>22,880</b>	<b>29,691</b>	<b>190,698</b>	<b>335,002</b>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# Cash Flow Statement

for the financial year ended 31 December 2017

	2017 \$'000	2016 \$'000
<b>Cash Flows from Operating Activities</b>		
Profit before tax	38,548	27,156
Adjustments for:		
Movement in net reserve for unexpired risks	(1,546)	(416)
Movement in net deferred acquisition costs	(78)	(182)
Movement in net reserve for outstanding claims	(3,979)	(2,244)
Net fair value (gains)/losses on financial derivatives - unrealised	(3,623)	1,651
Depreciation	94	162
Net (gains)/losses on disposal of available-for-sale investments	(2,223)	5,119
Amortisation of discount on available-for-sale investments	(61)	(86)
Impairment losses on available-for-sale investments	–	1,298
Dividend income from investments	(3,233)	(4,818)
Interest income from investments	(8,192)	(7,970)
Interest on fixed deposits and bank balances	(330)	(314)
Exchange differences	8,223	(1,241)
Operating profit before working capital changes	23,600	18,115
Changes in working capital:		
Trade and other receivables	9,121	(6,885)
Trade and other payables	(5,872)	6,818
Amount owing to related companies	(172)	(319)
Cash generated from operations	26,677	17,729
Tax paid	(4,738)	(2,638)
<b>Net cash flows from operating activities</b>	<b>21,939</b>	<b>15,091</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from disposal of available-for-sale investments	193,057	195,275
Purchase of available-for-sale investments	(221,528)	(215,595)
Purchase of fixed assets	(117)	(54)
Placement in long-term fixed deposits	(3,255)	(3,151)
Dividend income from investments	3,276	4,955
Interest income from investments	8,251	7,527
Interest on fixed deposits and bank balances	322	310
<b>Net cash flows used in investing activities</b>	<b>(19,994)</b>	<b>(10,733)</b>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

## Cash Flow Statement

for the financial year ended 31 December 2017

	2017 \$'000	2016 \$'000
<b>Cash Flows from Financing Activity</b>		
Dividend paid	(10,396)	(10,396)
<b>Cash flows used in financing activity</b>	<b>(10,396)</b>	<b>(10,396)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(8,451)</b>	<b>(6,038)</b>
Cash and cash equivalents at beginning of year	54,311	60,349
<b>Cash and cash equivalents at end of year</b>	<b>45,860</b>	<b>54,311</b>

For the purpose of cash flow statement, bank balances and fixed deposits in the balance sheet comprise the following:

	2017 \$'000	2016 \$'000
Cash and bank balances (Note 22 (a))	16,527	10,057
Fixed deposits placement less than 3 months (Note 22 (b))	29,333	44,254
Cash and cash equivalents	45,860	54,311
Fixed deposits placement more than 3 months (Note 22 (b))	8,592	5,337
	<b>54,452</b>	<b>59,648</b>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# Notes to the Financial Statements

for the financial year ended 31 December 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1 General

United Overseas Insurance Limited (the “Company”) is a limited liability company domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The Company is a member of the United Overseas Bank Group. The holding company which is also the ultimate holding company is United Overseas Bank Limited, incorporated in Singapore, which owns 58% of the issued share capital of the Company.

The address of the Company’s registered office is as follows:  
80 Raffles Place  
UOB Plaza  
Singapore 048624

The address of the Company’s principal place of business is as follows:  
3 Anson Road  
#28-01, Springleaf Tower  
Singapore 079909

## 2 Significant Accounting Policies

### (a) Basis of Preparation

The financial statements of the Company, which are presented in Singapore dollars (\$) and rounded to the nearest thousand (\$’000) except when otherwise indicated, have been prepared in accordance with Singapore Financial Reporting Standards (FRS) as required by the Companies Act.

The preparation of the financial statements in conformity with FRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The financial statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of available-for-sale financial assets and all financial derivatives.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Company will adopt the new reporting framework on 1 January 2018.

### (b) Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the applicable new and revised standards which are effective for annual periods beginning on or after 1 January 2017. The adoption of these standards did not have any effect on the financial performance or position of the Company.

# Notes to the Financial Statements

for the financial year ended 31 December 2017

## 2 Significant Accounting Policies (continued)

### (c) Standards Issued but Not Yet Effective

The Company has not adopted the following applicable standards that have been issued but not yet effective:

	Effective for annual period beginning on or after
(i) Amendments to FRS 102 Classification and Measurement of Share-based Payment Transactions	1 January 2018
(ii) Amendments to FRS 40 Transfers of Investment Property	1 January 2018
(iii) FRS 109 Financial Instruments	1 January 2018
(iv) FRS 115 Revenue from Contracts with Customers	1 January 2018
(v) FRS 116 Leases	1 January 2019
(vi) Improvements to FRSs (December 2016) Amendments to FRS 28 Investments in Associates and Joint Ventures	1 January 2018
INT FRS 122 Foreign Currency Transactions and Advance Consideration	1 January 2018
INT FRS 123 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

Except for FRSs 109 and 116, the directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRSs 109 and 116 are described below.

#### ***FRS 109 Financial Instruments***

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Company plans to adopt the new standard on 1 January 2018 without restating prior periods' information and recognise any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings. This transition impact is based on best estimates as at the reporting date and focuses on material items only.



## 2 Significant Accounting Policies (continued)

### (c) Standards Issued but Not Yet Effective (continued)

#### FRS 109 Financial Instruments (continued)

##### (i) *Classification and measurement*

The Company invests in various financial instruments to meet its operational and business objectives. For its available-for-sale debt securities, the Company intends to hold the debt instruments amounting to approximately \$237 million to collect contractual cash flows and sell, and accordingly measured at fair value through other comprehensive income when it applies FRS 109. The Company does not expect any significant impact to arise from these changes.

For equity securities, the Company will elect to measure some of its currently available-for-sale equity securities amounting to approximately \$89 million at fair value through other comprehensive income (FVOCI). The Company will measure its currently held available-for-sale unquoted equity securities and collective investment schemes amounting to approximately \$101 million at fair value through profit or loss (FVTPL). The difference between the current carrying amount and the fair value as at 31 December 2017, amounting to approximately \$9 million would be recognised in the opening retained earnings with the corresponding tax impact when the Company applies FRS109. The Company does not expect any other significant impact arising from these changes.

##### (ii) *Impairment*

The Company is required to record expected credit losses on all of its debt securities, loans and receivables, either on a 12-month or lifetime basis. However, the Company expects to apply the simplified approach and record lifetime expected losses on all loans and receivables.

#### FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Company is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

### (d) Revenue Recognition

##### (i) *Premium income*

Premium income from direct and facultative reinsurance business is taken up as income at the time a policy is issued which approximates the inception date of the risk.

Premium income from treaty reinsurance is taken up in the insurance revenue account based on statements received up to the time of closing of the books.

##### (ii) *Investment income*

Dividend income is recognised when such dividends are declared. Interest income is accounted for on an accrual basis using the effective interest method. Profits or losses on disposal of investments are taken to profit or loss.

# Notes to the Financial Statements

for the financial year ended 31 December 2017

## 2 Significant Accounting Policies (continued)

### (e) Product Classification

All the Company's existing products are insurance contracts as defined in FRS 104. Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or where at inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insurance event and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period.

### (f) Reserve for Unexpired Risks

Reserve for unexpired risks comprises the sum of unearned premium reserves and premium deficiency reserves.

Unearned premium reserves are calculated on the following basis:

- (i) Unearned premium reserves, other than for marine cargo and inward treaties, are calculated using the 1/24th method based on gross premiums written less premiums on reinsurances.
- (ii) Unearned premium reserves on marine cargo direct business are calculated at 25% of the gross premiums written less premiums on reinsurances.
- (iii) Unearned premium reserves on inward treaties are calculated at 40% of gross premiums written less premiums on reinsurances.

Premium deficiency reserves are derived using actuarial methods on loss statistics and are recognised when the expected value of claims and expenses attributable to the unexpired periods of policies in force at the balance sheet date for any line of business exceeds the unearned premium reserves in relation to such policies.

Reserve for unexpired risks are compared with the report issued by a certifying actuary, which is prepared for a valuation of the premium liabilities in accordance with Section 37 of the Insurance Act, Cap. 142, on a yearly basis.

### (g) Deferred Acquisition Costs

Commission and other acquisition costs incurred during the financial period that vary with and are related to securing new insurance contracts and/or renewing existing insurance contracts, but which relates to subsequent financial periods, are deferred to the extent that they are recoverable out of future revenue margins. Deferred acquisition costs ("DAC") are calculated using the 1/24th method on actual commission. All other acquisition costs are recognised as an expense when incurred.

An impairment review is performed at each reporting date and the carrying value is written down to the recoverable amount.

### (h) Reinsurance

The Company assumes and/or cedes reinsurance in the normal course of business. Reinsurance assets primarily include balances due from both insurance and reinsurance companies for ceded insurance liabilities. Amounts due to reinsurers are determined in a manner consistent with the associated reinsured policies and in accordance with the reinsurance contract.

## 2 Significant Accounting Policies (continued)

### (i) Claims Paid and Reserve for Outstanding Claims

Claims are charged against the insurance revenue account when incurred based on the estimated liability for compensation owed to policyholders or damage suffered by third party claimants. They comprise direct and indirect claims settlement costs, including loss adjustment expenses and professional fees, and arise from events that have occurred up to the balance sheet date even if they have not been reported to the Company.

Provision is made for the estimated costs of all claims notified but not settled as at the balance sheet date using the best information available at that time for individual cases. Provision is also made for the estimated costs of claims incurred but not reported (“IBNR”) as at the balance sheet date using statistical methods and compared with the assessment of a certifying actuary as required under the Insurance Act. The Company does not discount its reserve for outstanding claims. Any reduction or increase in the reserve is dealt with in the insurance revenue account of the year in which the reduction or increase arises. Any difference between the estimated cost and subsequent settlement is dealt with in the insurance revenue account of the year in which settlement takes place. For claims from assumed reinsurance, an additional reserve is made based on developmental trends as discerned in the running-off of outstanding claims in respect of prior underwriting years.

As explained in Note 4, the assumptions used to estimate the reserve require judgement and are subject to uncertainty.

#### *Liabilities and related assets under liability adequacy test*

Insurance contracts are tested for adequacy by comparing current estimates of all future contractual cash flows with the carrying value of the liability. Where a shortfall is identified, an additional reserve is made and the Company recognises the deficiency in profit or loss for the financial year.

### (j) Provisions

Provisions are recognised when the Company has a legal or constructive obligation where as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

### (k) Trade and Other Debtors

Trade debtors comprise receivables related to insurance contracts and include amounts due from policyholders, agents and reinsurers. Bad debts are written off when identified and specific provisions for impairment are made for those debts considered to be doubtful. Other debtors including amount owing by related companies are recognised and carried at amortised cost less an allowance for doubtful debts on any uncollectible amounts. The additional accounting policies applicable to trade and other debtors can be found in Note 2(n)(ii).

### (l) Fixed Assets and Depreciation

All items of fixed assets are initially recorded at cost. The cost of an item of fixed asset is recognised as an asset if, and only if, it is probable that future economic benefits associated with them will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated so as to write off the cost of fixed assets on a straight-line basis over the expected useful lives of the assets concerned. The annual rates used for this purpose are:

	%
Furniture and fixtures	10
Office equipment	20 to 33 1/3
Motor vehicles	20

# Notes to the Financial Statements

for the financial year ended 31 December 2017

## 2 Significant Accounting Policies (continued)

### (l) Fixed Assets and Depreciation (continued)

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down to its recoverable amount and the impairment loss is charged to the profit or loss. If, in subsequent periods, circumstances and events that led to the provision for impairment in value cease to exist, a write-back up to the full provision may be made, net of depreciation which would have been recognised in the profit or loss had the provision not been made.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the profit or loss in the year the asset is derecognised.

### (m) Impairment of Non-financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent to those from other assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses are recognised in the profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

### (n) Financial Assets

#### Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instruments.

Financial assets are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition.

## 2 Significant Accounting Policies (continued)

### (n) Financial Assets (continued)

#### Subsequent measurement

The Company classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and, where allowed and appropriate, reevaluates this at every reporting date.

#### (i) *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified into this category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management. Financial derivatives are classified as held for trading unless they are designated as hedging instruments.

The Company does not designate any financial assets not held for trading as financial assets at fair value through profit or loss.

#### (ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company intends to sell in the short term or that it has designated as at fair value through profit or loss or available-for-sale. Cash and bank balances, fixed deposits, receivables arising from insurance contracts and other debtors are classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

#### (iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities - other than those that meet the definition of loans and receivables - that the Company's management has the positive intention and ability to hold to maturity.

#### (iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that at initial recognition are either designated in this category or not classified in any of the other categories. Under some rare circumstances, a non-derivative financial asset that has been classified in other categories at initial recognition can be reclassified into the available-for-sale category.

Regular way purchases and sales of financial assets are recognised on settlement date – the date that an asset is delivered to or by the Company. Regular way purchase or sale refers to purchase or sale of financial assets that require delivery of assets within the time frame generally established by regulation or convention of the marketplace concerned.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Investments in equity instruments classified as available-for-sale financial assets whose fair value cannot be reliably measured are measured at cost less impairment loss. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method. Financial derivatives with positive and negative fair values are presented as assets and liabilities in the balance sheet respectively.

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the profit or loss in the period in which they arise.

# Notes to the Financial Statements

for the financial year ended 31 December 2017

## 2 Significant Accounting Policies (continued)

### (n) Financial Assets (continued)

Unrealised gains and losses arising from changes in the fair value of investment securities classified as available-for-sale are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Gains and losses on loans and receivables and held-to-maturity investments are recognised in profit or loss when the loans and receivables and held-to-maturity investments are derecognised or impaired, as well as through the amortisation process.

#### Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where they have been transferred and the Company has also transferred substantially all risks and rewards of ownership.

### (o) Financial Liabilities

#### Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

#### (i) *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Company has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

#### (ii) *Financial liabilities at amortised cost*

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

## 2 Significant Accounting Policies (continued)

(p) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(q) **Impairment of Financial Assets**

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(i) ***Financial assets carried at amortised cost***

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) ***Financial assets carried at cost***

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

# Notes to the Financial Statements

for the financial year ended 31 December 2017

## 2 Significant Accounting Policies (continued)

### (q) Impairment of Financial Assets (continued)

#### (iii) *Available-for-sale financial assets*

Available-for-sale financial assets are subject to impairment review at each balance sheet date. Impairment loss is recognised when there is objective evidence such as significant financial difficulty of the issuer/obligor, significant or prolonged decline in fair value below cost and adverse economic indicators that the recoverable amount of an asset is below its carrying amount.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income to profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss. Reversals of impairment losses on debt instruments are recognised in profit or loss if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

### (r) Trade and Other Creditors

Liabilities for trade and other creditors and amounts owing to related companies are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

### (s) Foreign Currency

#### (i) *Functional currency*

The financial statements of the Company are presented in Singapore dollars, which is the functional currency of the Company.

#### (ii) *Transactions and balances*

Foreign currency monetary assets and liabilities are converted to Singapore dollars at the rates of exchange ruling at the balance sheet date. Foreign currency transactions during the year are converted into the functional currency using the rates of exchange ruling on the transaction dates. Exchange differences are taken up in the insurance revenue accounts or in profit or loss as appropriate.

Exchange differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Exchange differences on non-monetary items, such as equities classified as available-for-sale financial assets, are recognised in other comprehensive income and accumulated under the available-for-sale investment reserve in equity.



## 2 Significant Accounting Policies (continued)

### (t) Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### (u) Deferred Income Tax

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the financial statements at the balance sheet date. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### (v) Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash and bank balances, and fixed deposits.

### (w) Dividend Distribution

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders.

### (x) Employees' Benefits

#### (i) *Defined contribution plan*

As required by law, the Company makes contributions to the state pension scheme, the Central Provident Fund ("CPF"). CPF contributions are recognised in compensation expense in the same period as the employment that gives rise to the contributions.

#### (ii) *Employees' leave entitlement*

Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

# Notes to the Financial Statements

for the financial year ended 31 December 2017

## 2 Significant Accounting Policies (continued)

### (y) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

### (z) Associate

An associate is an entity over which the Company has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Company's investment in material associate is accounted for using the equity method.

The Company accounts for its investments in associate using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Company's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Company's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Company's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associate. Distributions received from associate reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate, the Company recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Company and associate are eliminated to the extent of the interest in the associate.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Company determines whether it is necessary to recognise an additional impairment loss on the Company's investment in associate. The Company determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate is prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

### (aa) Share Capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

### (ab) Segment Reporting

The Company is organised into operating segments based on its separate fund accounts in accordance with the Singapore Insurance Act (Chapter 142). Additional disclosures on each of these segments are shown in Note 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

## 2 Significant Accounting Policies (continued)

### (ac) Related Parties

A related party is a person or entity that is related to the Company.

- (i) A person or a close member of that person's family is related to the Company if that person:
  - (a) has control or joint control over the Company;
  - (b) has significant influence over the Company; or
  - (c) is a member of the key management personnel of the Company or of a parent of the Company.
- (ii) An entity is related to the Company if any of the following conditions applies:
  - (a) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (c) Both entities are joint ventures of the same third party;
  - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (e) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  - (f) The entity is controlled or jointly controlled by a person identified in (i); and
  - (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

## 3 Principal Activities

The principal activities of the Company is the underwriting of general insurance business. There have been no significant changes in the nature of these activities during the financial year.

## 4 Judgements and Inherent Uncertainty in Accounting Estimates

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

### (a) Impairment of Available-for-sale Investments

The Company records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Company evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. There was no impairment loss recognised for available-for-sale financial assets for the financial year ended 31 December 2017 (2016: \$1,298,000).

### (b) Insurance Risks

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

As general insurance business encompasses a wide range of different insurance products, a prudent management of risks is fundamental to the Company's business. This safeguards not only the interest of its shareholders but also that of its customers. The Company has developed a robust underwriting framework to ensure that all risks accepted meet with its guidelines and standards.

# Notes to the Financial Statements

for the financial year ended 31 December 2017

## 4 Judgements and Inherent Uncertainty in Accounting Estimates (continued)

### (b) Insurance Risks (continued)

The Company's business is primarily derived from Singapore and the region. Geographically, there is an inherent concentration of insurance risks in the Company's insurance portfolio. The Company has developed a reinsurance management strategy which manages such concentration of insurance risks based on historical experience of loss frequency and severity of similar risks and in similar geographical zones. The primary objectives of the Company's reinsurance management strategy include protection of shareholders' fund, smoothing out the peaks and troughs of underwriting result, providing the Company with competitive advantage, sound and diversified reinsurance securities and developing long-term strategic partnership with key reinsurers.

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance is inevitably reflected in the financial statements of insurance companies. The principal uncertainty in the Company's financial statements primarily arises in the technical reserves which include the reserves of premium and claim liabilities. The premium liabilities comprise reserve for unexpired risks, net of deferred acquisition cost while the claim liabilities comprise reserve for outstanding claims and their values are carried in the balance sheet as disclosed in Notes 16, 17 and 18 to the financial statements.

Although the premium and claim liabilities are estimated based on management's best knowledge and judgement of current facts including consultations with its certifying actuary as at the balance sheet date, the actual outcome may differ from the estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

For general insurance contracts, claims reserve, comprising provision for claims reported by policyholders and claims incurred but not reported (IBNR) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the balance sheet date. The provisions are revised continuously as part of a regular ongoing process as claims are settled and further claims are reported.

### (i) Estimation process

The claims reserve estimation process involves estimation of reserve of outstanding reported claims (case reserves), and estimation of additional reserves for IBNR and expected future movements in the estimated ultimate liabilities associated with outstanding reported claims incurred but not enough reported (IBNER). Case reserves are set and periodically reviewed by the claims department. IBNR and IBNER reserves are determined by the Company after taking into account the certifying actuary's assessment. The total claim liabilities are subject to a yearly actuarial review and at year end a formal actuarial report will be provided on the adequacy of the Company's claim liabilities.

In forming their view on the adequacy of the claims reserve, the actuary uses a variety of statistical projection techniques like the Chain Ladder and Bornhuetter-Ferguson methods. Claims reserve is separately analysed by class of business and it is intended to provide a minimum of 75% level of assurance of adequacy, and as such include a provision for adverse deviation (PAD) beyond the best estimate of the claim liabilities.

The best estimates for premium liabilities have been determined such that the total liability reserve would be adequate to pay for future claims and expenses in servicing the unexpired policies as of the valuation date.

### (ii) Assumptions

The principal assumption underlying the actuarial estimate of the claim liabilities is that the past claims development experience of the Company is indicative of likely future claims development, both in terms of expected amounts and variability around those expected amounts. In estimating the required claims reserve, actuary also considers business strategy, trends in claims frequency and severity, rate of settlement, and the impact of changes in the underwriting and claims handling policies of the Company. There is typically a lot of judgement involved in estimating the claim liabilities.

#### 4 Judgements and Inherent Uncertainty in Accounting Estimates (continued)

##### (b) Insurance Risks (continued)

##### (iii) Sensitivities

The estimates of premium and claim liabilities are an inherently uncertain process. The uncertainty may be due to a number of factors, which include variation in the mix of risks insured, changes in social and legal environments, which affect the final settlement costs of unsettled claims, and changes in claim management procedures and, as a consequence of this uncertainty, the eventual value of premium and claim liabilities can vary from the initial estimates.

The following table shows an analysis of sensitivity performed by the certifying actuary on the technical balances on gross and net (i.e. reserve for unexpired risks and reserve for outstanding claims, net of reinsurers' share and deferred acquisition cost), profit before tax and equities.

	Change in assumptions	Impact on gross liabilities \$ million	Impact on net liabilities \$ million	Impact on profit before tax \$ million	Impact on equity \$ million
<b>As at 31 December 2017</b>					
Provision for adverse deviation margin	+20%	2.42	0.86	–	–
Loss ratio	+20%	11.98	5.07	(3.35)	(2.78)
Claims handling expenses	+20%	1.10	1.10	–	–
<b>As at 31 December 2016</b>					
Provision for adverse deviation margin	+20%	2.38	0.83	–	–
Loss ratio	+20%	16.97	5.82	(1.00)	(0.83)
Claims handling expenses	+20%	1.18	1.11	–	–

As the Company's estimates are higher than the certifying actuary's estimates under all selected scenarios, the Company's profit and loss, and equity are not sensitive to changes in the variables tested in the selected scenarios.

# Notes to the Financial Statements

for the financial year ended 31 December 2017

## 5 Other Income

	2017 \$'000	2016 \$'000
(a) Dividend income from:		
Available-for-sale investments		
– Equity investments	2,732	4,360
– Unit trusts	501	458
	<u>3,233</u>	<u>4,818</u>
(b) Interest income from:		
Available-for-sale investments		
– Other Government securities	421	487
– Fixed income securities	7,771	7,483
	<u>8,192</u>	<u>7,970</u>

## 6 Management Expenses

Included in management expenses are the following:

	Charged to insurance revenue accounts	
	2017 \$'000	2016 \$'000
Depreciation on:		
Furniture and fixtures	24	21
Office equipment	69	141
Motor vehicles	1	–
	94	162
Auditor's remuneration:		
Payable to the auditors of the Company – audit fees		
– Current year	148	146
– (Over)/Underprovision in respect of prior year	(1)	7
	147	153
Foreign exchange loss	130	103
Rental expenses	1,306	1,306
License/levy	183	197
Printing and stationery	160	146
Upkeep of application software	488	444
Allowance for bad debts written off	63	1
(Writeback)/charge for allowance for doubtful debts	(60)	68

During the financial year, the Company did not engage the auditor in the provision of non-audit services.

## 7 Staff Information (Including an Executive Director)

	2017	2016
	\$'000	\$'000
Wages, salaries and other employee benefits	7,017	6,731
Central Provident Fund contribution	763	777
	<u>7,780</u>	<u>7,508</u>
	2017	2016
Number of persons employed at the end of year	<u>96</u>	<u>97</u>

## 8 Directors' Remuneration

The number of directors of the Company whose total remuneration from the Company falls into the following bands is:

	2017	2016
\$500,000 to \$749,999	1	1
\$250,000 to \$499,999	–	–
Below \$250,000	7	7
Total	<u>8</u>	<u>8</u>

# Notes to the Financial Statements

for the financial year ended 31 December 2017

## 9 Income Tax

### (a) Tax Expense

The tax expense attributable to profit is made up of:

	2017	2016
	\$'000	\$'000
<hr/>		
On the profit of the year:		
Singapore current income tax (Note 9(b))	5,594	3,950
Transfer from deferred taxation (Note 15)	6	78
<b>Income tax expenses recognised in profit and loss</b>	<b>5,600</b>	<b>4,028</b>

The tax expense on the results of the Company for the financial year differs from the theoretical amount that would arise by applying the Singapore statutory income tax rate to profit before tax due to the following:

	2017	2016
	\$'000	\$'000
<hr/>		
<b>Profit before tax</b>	<b>38,548</b>	<b>27,156</b>
<hr/>		
Tax calculated at a tax rate of 17% (2016: 17%)	6,553	4,617
Singapore statutory stepped income exemption	(26)	(26)
Exempt income	(334)	(510)
Expenses not deductible for tax purposes	98	107
Income not subject to tax	(520)	(38)
Income tax rebate	(10)	(20)
Income from qualifying debt securities and offshore insurance, taxed at a rate of 10%	(360)	(247)
Others	199	145
<b>Actual tax expense</b>	<b>5,600</b>	<b>4,028</b>

### (b) Movements in Tax Payables

	2017	2016
	\$'000	\$'000
<hr/>		
Balance at beginning of the financial year	7,478	6,166
Income tax paid	(4,738)	(2,638)
Current financial year's tax payable on profit	5,594	3,950
<b>Balance at end of the financial year</b>	<b>8,334</b>	<b>7,478</b>



## 10 Earnings Per Share

Earnings per share is calculated by dividing the profit after tax attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2017 \$'000	2016 \$'000
Net profit	32,948	23,128
Weighted average number of ordinary shares ('000)	61,155	61,155
Basic and diluted earnings per share (cents)	53.88	37.82

## 11 Dividend Paid

	2017 \$'000	2016 \$'000
Interim dividend of 3 cents per share (one-tier tax-exempt) (2016: 3 cents per share one-tier tax-exempt in respect of the financial year 2016), in respect of the financial year 2017	1,835	1,835
Special dividend of 2 cents per share (one-tier tax-exempt) (2016: 2 cents per share one-tier tax-exempt in respect of the financial year 2015), in respect of the financial year 2016	1,222	1,222
Final dividend of 12 cents per share (one-tier tax-exempt) (2016: 12 cents per share one-tier tax-exempt in respect of the financial year 2015), in respect of the financial year 2016	7,339	7,339
	<b>10,396</b>	<b>10,396</b>

The directors have proposed a final one-tier tax-exempt dividend of 14 cents per share and a special one-tier tax-exempt dividend of 5 cents per share in respect of the financial year ended 31 December 2017 amounting to \$11,619,000. These financial statements do not reflect this dividend payable, which, if approved at the forthcoming Annual General Meeting, will be accounted for in the shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2018.

## 12 Share Capital

	2017		2016	
	No. of shares issued '000	Amount \$'000	No. of shares issued '000	Amount \$'000
Issued and fully paid, at beginning and end of the financial year	61,155	91,733	61,155	91,733

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

# Notes to the Financial Statements

for the financial year ended 31 December 2017

## 13 Capital Management

The Company's capital management policy is to enhance shareholder value, deliver sustainable returns to shareholders, support business growth and maintain an adequate capital position to meet policyholders' obligations, regulatory requirements and the underlying risks of the Company's business and operations. Capital includes equity attributable to the owners of the Company less the available-for-sale investment reserve. There have been no changes to the Company's basis in determining capital.

The Company's capital management processes include the following key measures:

- observing an established dividend policy, which aims to support the Company's business needs, comply with regulatory requirements and reward shareholders reasonably;
- setting appropriate risk limits to control the Company's exposure in the underlying risks of its business and operations;
- investing the Company's funds in liquid and marketable securities and following an appropriate asset allocation strategy to maintain high liquidity and achieve the Company's objective in growth and preservation of capital; and
- stress-testing the Company's financial conditions and capital adequacy under various stress scenarios to assess and enhance the Company's financial stability.

The Company is also required to maintain a minimum amount of capital and solvency requirements as prescribed under the Singapore Insurance Act (Chapter 142) and relevant Regulations. The Company has complied with such requirements during the financial year. The Company monitors its capital level on a regular basis to assess whether the capital adequacy requirements have been met.

The Company has no borrowings, contingent liabilities and loan capital as at 31 December 2017. There was no change in the Company's capital management objectives, policies and processes during the years ended 31 December 2017 and 31 December 2016.

The Company's equity as at 31 December 2017 was \$377,580,000 (2016: \$335,002,000).

## 14 General Reserve

In each financial year, a certain amount of retained profits may be transferred to general reserve of the Company. The general reserve has not been earmarked for any particular purpose. In the year of 2017, there is no transfer of retained profits to general reserve.

## 15 Deferred Tax Liabilities

Deferred tax liabilities as at 31 December relate to the following:

	Balance sheet		Profit and loss	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Differences in tax depreciation	35	30	5	(15)
Differences in interest receivable	306	306	1	93
Deferred income tax related to other comprehensive income:				
Revaluation of available-for-sale investments				
– Balance at 1 January	6,080	3,888	–	–
– Credited during the financial year directly against available-for-sale investment reserve	4,103	2,192	–	–
<b>Balance at 31 December</b>	<b>10,524</b>	<b>6,416</b>		
<b>Deferred income tax expense</b>			<b>6</b>	<b>78</b>

## 16 Reserve for Unexpired Risks

Movements in reserve for unexpired risks:

	2017			2016		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year	62,972	(39,635)	23,337	60,893	(37,140)	23,753
Movement in reserve during the financial year	1,181	(2,727)	(1,546)	2,079	(2,495)	(416)
<b>Balance at end of the financial year</b>	<b>64,153</b>	<b>(42,362)</b>	<b>21,791</b>	<b>62,972</b>	<b>(39,635)</b>	<b>23,337</b>

# Notes to the Financial Statements

for the financial year ended 31 December 2017

## 17 Deferred Acquisition Costs

	2017			2016		
	Gross \$'000	Reinsurance \$'000	Net \$'000	Gross \$'000	Reinsurance \$'000	Net \$'000
Balance at beginning of the financial year	7,940	(9,298)	(1,358)	7,888	(9,428)	(1,540)
Movement in deferred acquisition cost during the financial year	134	(56)	78	52	130	182
Balance at end of the financial year	8,074	(9,354)	(1,280)	7,940	(9,298)	(1,358)

## 18 Reserve for Outstanding Claims

Reserve for outstanding claims will become payable and materialise into claims paid as and when the amounts of insured losses suffered by policyholders or third party claimants are ascertained and agreed, without any contractual maturity date. The timing of future cash outflow arising from the reserve is not ascertainable but is likely to fall within six years.

The reserve is sensitive to many factors such as interpretation of circumstances, legislative changes, judicial decisions and economic conditions and is also subject to uncertainties such as:

- uncertainty as to whether an event has occurred which would give rise to a policyholder or a third party claimant an insured loss;
- uncertainty as to the extent of policy coverage and limits applicable; and
- uncertainty as to the amount of insured loss suffered by a policyholder or a third party claimant as a result of the event occurring.

Movements in reserve for outstanding claims:

	2017			2016		
	Gross \$'000	Reinsurance \$'000	Net \$'000	Gross \$'000	Reinsurance \$'000	Net \$'000
Balance at beginning of the financial year	156,363	(94,603)	61,760	144,013	(80,009)	64,004
Claims paid during the financial year	(30,510)	17,168	(13,342)	(36,049)	21,657	(14,392)
Claims incurred	29,560	(20,197)	9,363	48,399	(36,251)	12,148
Balance at end of the financial year	155,413	(97,632)	57,781	156,363	(94,603)	61,760

## 18 Reserve for Outstanding Claims (continued)

The following are the Company's actual claims compared with previous estimates on gross and net basis:

Accident Year	2007 & prior	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total (\$'000)
Estimate of claims incurred – gross												
– at end of accident year		36,694	33,901	41,749	44,992	50,653	80,354	51,991	49,497	67,666	50,098	
– one year later		39,358	34,687	43,718	54,297	53,641	79,297	54,793	48,664	67,916		
– two years later		38,386	32,437	41,440	51,295	51,420	64,022	52,172	45,692			
– three years later		35,064	29,598	38,125	48,677	46,423	59,966	47,179				
– four years later		33,879	27,205	34,661	43,555	43,229	54,375					
– five years later		29,886	25,430	33,576	41,559	40,962						
– six years later		26,408	23,734	31,450	39,181							
– seven years later		25,631	22,734	29,966								
– eight years later		22,472	22,364									
– nine years later		22,253										
Current estimate of cumulative claims incurred		22,253	22,364	29,966	39,181	40,962	54,375	47,179	45,692	67,916	50,098	
Less: cumulative claims paid to date		21,825	21,661	27,862	35,141	29,828	43,908	28,742	28,261	22,161	6,096	
Liability recognised in the balance sheet	913	428	703	2,104	4,040	11,134	10,467	18,437	17,431	45,755	44,002	155,414
Estimate of claims incurred – net												
– at end of accident year		13,528	14,784	20,394	22,500	24,853	27,458	22,829	24,872	24,275	20,090	
– one year later		13,997	12,433	20,277	26,822	23,624	26,472	22,111	20,214	22,206		
– two years later		14,496	12,347	19,860	25,989	23,702	25,101	21,096	19,353			
– three years later		12,737	10,625	18,338	25,338	21,261	22,665	18,894				
– four years later		12,251	9,760	17,172	22,218	19,585	20,438					
– five years later		11,656	9,181	16,533	21,350	18,495						
– six years later		10,956	8,688	15,464	20,134							
– seven years later		10,686	8,499	15,035								
– eight years later		10,409	8,355									
– nine years later		10,218										
Current estimate of cumulative claims incurred		10,218	8,355	15,035	20,134	18,495	20,438	18,894	19,353	22,206	20,090	
Less: cumulative claims paid to date		9,929	8,004	13,936	18,013	14,924	16,207	12,787	11,558	8,694	2,094	
Liability recognised in the balance sheet	709	289	351	1,099	2,121	3,571	4,231	6,107	7,795	13,512	17,996	57,781

# Notes to the Financial Statements

for the financial year ended 31 December 2017

## 19 Available-for-sale Investment Reserve

Available-for-sale investment reserve records the cumulative fair value changes of available-for-sale investments, net of deferred income tax, until they are derecognised or impaired.

	2017	2016
	\$'000	\$'000
Balance at 1 January	29,691	18,940
Net change in the reserve, net of tax	20,026	9,674
Net impairment loss recognised on investments, net of tax	–	1,077
<b>Balance at 31 December</b>	<b>49,717</b>	<b>29,691</b>
Net change in the reserve arises from:		
– Net gain on fair value changes during the financial year, net of tax	21,871	5,426
– Recognised in the profit and loss account on disposal of investments, net of 17% tax (2016: 17%)	(1,845)	4,248
	<b>20,026</b>	<b>9,674</b>

## 20 Amount Owing to Trade and Non-trade Creditors

	2017	2016
	\$'000	\$'000
Amount owing to policyholders and agents	316	352
Amount owing to reinsurers	10,592	17,563
Amount retained from reinsurers	2,847	3,248
Insurance creditors	13,755	21,163
Non-trade creditors and accrued liabilities	5,674	4,138
Amount owing to related companies	1,968	2,140
<b>Total financial liabilities carried at amortised cost</b>	<b>21,397</b>	<b>27,441</b>

**(a) Amount Owing to Policyholders, Agents and Reinsurers**

These amounts are non-interest bearing and are normally settled on 90-day term.

## 20 Amount Owing to Trade and Non-trade Creditors (continued)

### (b) Amount Retained from Reinsurers

	2017		
	Gross carrying amount \$'000	Gross amount offset in the balance sheet \$'000	Amount in the balance sheet \$'000
Amount retained from reinsurers	2,888	(41)	2,847

	2016		
	Gross carrying amount \$'000	Gross amount offset in the balance sheet \$'000	Amount in the balance sheet \$'000
Amount retained from reinsurers	3,248	-	3,248

These amounts are interest bearing. They are normally settled on a yearly basis.

### (c) Non-trade Creditors and Accrued Liabilities

These amounts are unsecured, non-interest bearing and repayable on demand.

### (d) Amount Owing to Related Companies

These amounts are unsecured, non-interest bearing and repayable on demand.

# Notes to the Financial Statements

for the financial year ended 31 December 2017

## 21 Financial Derivatives

Financial derivatives are instruments whose values change in response to the change in prices of the underlying instruments.

The Company transacts in forward contracts to manage its foreign exchange exposure arising from investment in fixed income securities denominated in foreign currencies.

The table below shows the Company's forward contracts and their fair values measured by valuation technique with market observable inputs at the balance sheet date. The most frequently applied valuation techniques include forward pricing models. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates. They are classified as level 2 in the fair value hierarchy. These amounts do not necessarily represent future cash flows and amounts at risk of the forward contracts.

Recurring fair value measurements	2017			2016		
	Contract/ notional amount \$'000	Derivative financial assets \$'000	Derivative financial liabilities \$'000	Contract/ notional amount \$'000	Derivative financial assets \$'000	Derivative financial liabilities \$'000
	Foreign exchange forwards					
Sell USD/Buy SGD	162,990	1,849	–	93,978	1	1,775

For the year ended 31 December 2017, the Company recognised net unrealised fair value gains on financial derivatives of \$3,623,000 (2016: net unrealised fair value losses \$1,651,000).

The foreign exchange forward contracts have maturity dates in February to March 2018 (2016: February to March 2017). All counterparties are mainly graded at A-1+.

## 22 Bank Balances and Fixed Deposits

### (a) Cash and Bank Balances

	2017 \$'000	2016 \$'000
Bank balances with:		
Holding company	5,674	6,692
Fellow subsidiaries	–	510
Other financial institutions	10,851	2,853
Cash on hand	2	2
	<b>16,527</b>	<b>10,057</b>

Cash and bank balances earn interest at rates based on daily deposit rates.



## 22 Bank Balances and Fixed Deposits (continued)

### (b) Fixed Deposits

	2017 \$'000	2016 \$'000
Fixed deposits with:		
Holding company	1,361	2,552
Other financial institutions	36,564	47,039
	<u>37,925</u>	<u>49,591</u>
Fixed deposits with:		
3 months or less	29,333	44,254
More than 3 months	8,592	5,337
	<u>37,925</u>	<u>49,591</u>

The Company's fixed deposits with the holding company and other financial institutions mature on varying dates within 6 months (2016: 6 months) from the financial year end and earn interest at the respective fixed deposit rates. The weighted average effective interest rate of these deposits at 31 December 2017 for the Company was 0.91% (2016: 0.55% for the Company) per annum.

	2017 \$'000	2016 \$'000
Total bank balances and fixed deposits	<u>54,452</u>	<u>59,648</u>

## 23 Loans and Receivables

	2017 \$'000	2016 \$'000
Bank balances and fixed deposits	54,452	59,648
Amount due from policyholders and agents (Note 24 (a))	5,858	4,698
Amount due from reinsurers (Note 24 (b))	3,411	13,460
Amount retained by ceding companies (Note 24 (c))	2,386	2,622
Insurance debtors	11,655	20,780
Non-trade debtors and accrued interest receivables (excluding prepayments of \$363,000 in 2017 and \$348,000 in 2016)	2,719	2,824
Loans and receivables	<u>68,826</u>	<u>83,252</u>

All bank balances, fixed deposits, non-trade debtors and accrued interest receivables are mainly graded, ranging from A- to AA-. Amount due from reinsurers and ceding companies are graded, ranging mainly from B++ to AA+.

# Notes to the Financial Statements

for the financial year ended 31 December 2017

## 24 Amount Due from Policyholders and Agents, Reinsurers and Ceding Companies

The Company has arrangements to settle the net amount due to or from each counterparty on a 90-day term basis.

### (a) Amount Due from Policyholders and Agents

	2017		
	Gross carrying amount \$'000	Gross amount offset in the balance sheet \$'000	Amount in the balance sheet \$'000
Amount due from policyholders and agents (Note 23)	6,645	(787)	5,858
Amount owing to policyholders and agents (Note 20)	(1,103)	787	(316)

	2016		
	Gross carrying amount \$'000	Gross amount offset in the balance sheet \$'000	Amount in the balance sheet \$'000
Amount due from policyholders and agents (Note 23)	5,774	(1,076)	4,698
Amount owing to policyholders and agents (Note 20)	(1,428)	1,076	(352)

These amounts are unsecured and non-interest bearing with payment terms not exceeding 90 days.

### (b) Amount Due from Reinsurers

	2017		
	Gross carrying amount \$'000	Gross amount offset in the balance sheet \$'000	Amount in the balance sheet \$'000
Amount due from reinsurers (Note 23)	43,358	(39,947)	3,411
Amount owing to reinsurers (Note 20)	(50,539)	39,947	(10,592)

	2016		
	Gross carrying amount \$'000	Gross amount offset in the balance sheet \$'000	Amount in the balance sheet \$'000
Amount due from reinsurers (Note 23)	40,010	(26,550)	13,460
Amount owing to reinsurers (Note 20)	(44,113)	26,550	(17,563)

These amounts are unsecured and non-interest bearing with payment terms not exceeding 90 days.

## 24 Amount Due from Policyholders and Agents, Reinsurers and Ceding Companies (continued)

### (c) Amount Retained by Ceding Companies

	2017		
	Gross carrying amount \$'000	Gross amount offset in the balance sheet \$'000	Amount in the balance sheet \$'000
Amount retained by ceding companies (Note 23)	2,427	(41)	2,386

	2016		
	Gross carrying amount \$'000	Gross amount offset in the balance sheet \$'000	Amount in the balance sheet \$'000
Amount retained by ceding companies (Note 23)	2,622	–	2,622

## 25 Associated Company

This represents the Company's investment in the following company:

Name of company	Country of incorporation & place of business	Principal activity	Cost of investment		% of paid-up capital held by the Company	
			2017	2016	2017	2016
			\$'000	\$'000	%	%
United Insurance Agency Pte Ltd*	Singapore	General Insurance Agent	1	1	49	49

\* Audited by KPMG LLP, Singapore

The Company's investment in associate is considered immaterial and therefore does not apply equity accounting as at 31 December 2017.

# Notes to the Financial Statements

for the financial year ended 31 December 2017

## 26 Available-for-sale Investments

	2017 Fair value \$'000	2016 Fair value \$'000
<b>(a) Current</b>		
Equity shares in corporations	29,484	28,025
Fixed income securities in corporations	1,737	16,608
	<u>31,221</u>	<u>44,633</u>
<b>(b) Non-current</b>		
Equity shares in corporations	59,977	49,825
Unit trusts	101,155	79,703
Fixed income securities in corporations	230,095	194,280
Other Government securities	4,953	12,300
	<u>396,180</u>	<u>336,108</u>
<b>Total</b>	<u>427,401</u>	<u>380,741</u>

The fixed income securities bear an effective weighted average interest rate of 3.47% (2016: 3.89%) per annum with maturity dates from June 2018 to December 2049 (2016: July 2017 to December 2049). The other government securities bear an effective weighted average interest rate of 3.99% (2016: 4.06%) per annum with maturity dates from April 2024 to January 2025 (2016: November 2020 to January 2025).

The Company's fixed income securities and other government securities are all graded as investment grade.

### **Fair value measurements**

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- (a) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- (b) Level 2 – Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- (c) Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

## 26 Available-for-sale Investments (continued)

### *Fair value measurements (continued)*

The available-for-sale investments are measured at fair value at 31 December as follows:

Recurring fair value measurements	2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Equity shares in corporations	89,461	–	–	89,461
Fixed income securities in corporations	231,832	–	–	231,832
Other Government securities	4,953	–	–	4,953
Unit trusts	101,155	–	–	101,155
	<b>427,401</b>	<b>–</b>	<b>–</b>	<b>427,401</b>

Recurring fair value measurements	2016			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Equity shares in corporations	77,850	–	–	77,850
Fixed income securities in corporations	210,888	–	–	210,888
Other Government securities	12,300	–	–	12,300
Unit trusts	79,703	–	–	79,703
	<b>380,741</b>	<b>–</b>	<b>–</b>	<b>380,741</b>

The fair value of investments traded in active markets is based on the quoted market bid prices at the balance sheet date. These investments are included in Level 1.

The fair value of investments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at the balance sheet date. Quoted market prices, dealer quotes or net tangible asset values for similar instruments as well as other techniques, such as estimated discounted cash flows are used to estimate fair value of these instruments. These investments are included in Level 2.

In infrequent circumstances, where a valuation technique for an investment is based on significant unobservable inputs, such instruments are included in Level 3.

# Notes to the Financial Statements

for the financial year ended 31 December 2017

## 27 Fixed Assets

	Furniture and fixtures \$'000	Office equipment \$'000	Motor vehicles \$'000	Total \$'000
<b>Cost</b>				
At 1 January 2016	389	1,945	49	2,383
Additions	33	21	–	54
Disposals	–	(8)	–	(8)
At 31 December 2016 and 1 January 2017	422	1,958	49	2,429
Additions	–	96	21	117
Disposals	–	(54)	–	(54)
<b>At 31 December 2017</b>	<b>422</b>	<b>2,000</b>	<b>70</b>	<b>2,492</b>
<b>Accumulated depreciation</b>				
At 1 January 2016	287	1,715	49	2,051
Depreciation charge for the year	21	141	–	162
Disposals	–	(8)	–	(8)
At 31 December 2016 and 1 January 2017	308	1,848	49	2,205
Depreciation charge for the year	24	69	1	94
Disposals	–	(54)	–	(54)
<b>At 31 December 2017</b>	<b>332</b>	<b>1,863</b>	<b>50</b>	<b>2,245</b>
<b>Net book value</b>				
At 31 December 2016	114	110	–	224
<b>At 31 December 2017</b>	<b>90</b>	<b>137</b>	<b>20</b>	<b>247</b>

### Fully Depreciated Assets

Original cost of fully depreciated assets still in use as at 31 December 2017 amounted to \$2,026,000 (2016: \$1,940,000).

## 28 Commitments

At the balance sheet date, the Company has rental commitments under a non-cancellable operating lease. The minimum lease payments are:

	2017 \$'000	2016 \$'000
Lease which expires:		
Within one year	1,198	1,306
Between one and three years	–	1,198
	<b>1,198</b>	<b>2,504</b>

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2017 amounted to \$1,306,000 (2016: \$1,306,000).

## 29 Related Party Transactions

The following related party transactions took place between the Company and related parties during the financial year on terms agreed by the parties concerned:

	2017	2016
	\$'000	\$'000
Gross premium income from:		
– Holding company	7,108	7,238
– Related companies	45	58
– Associated companies of the holding company	999	1,075
Commission expenses paid to:		
– Holding company	7,352	7,480
– Related company	76	61
– Associated company	703	718
Gross claims (written back)/incurred from:		
– Holding company	(834)	(1,074)
– Related companies	(21)	13
– Associated companies of the holding company	(83)	734
Rental paid to an associated company of the holding company	1,306	1,306
Management fee received from an associated company of the holding company	750	750
Management fee charged by a related company	1,054	982
Service fee charged by holding company	2,242	2,396
Interest income earned from holding company	12	6
Compensation of key management personnel		
– Directors of the Company	908	889

Directors' remuneration included fees, salary, bonus, Central Provident Fund contribution and other emoluments (including benefits-in-kind) computed based on costs incurred by the Company.

# Notes to the Financial Statements

for the financial year ended 31 December 2017

## 30 Segment Information

The Company is principally engaged in the business of underwriting general insurance. With different operating segments, its businesses are segregated into separate fund accounts in accordance with the requirements of the Singapore Insurance Act (Chapter 142).

As required under the Singapore Insurance Act, the Company has established and maintained a Singapore Insurance Fund (SIF) for insurance business relating to Singapore policies and an Offshore Insurance Fund (OIF) for insurance business relating to offshore policies. Shareholders' Fund (SHF) relates to the Company's investment activities of its non-insurance funds.

The segment information has been prepared in accordance with the Company's accounting policy and Singapore Financial Reporting Standards (FRS).

	SIF \$'000	OIF \$'000	SHF \$'000	Total \$'000
<b>For Year 2017</b>				
Gross premium written	79,049	24,695	–	103,744
Net earned premium	31,298	12,055	–	43,353
Net claims incurred	5,309	4,054	–	9,363
Net commission	(5,065)	1,197	–	(3,868)
Management expenses	10,002	2,608	–	12,610
Underwriting profit	21,052	4,196	–	25,248
Gross dividends from investments	1,201	209	1,823	3,233
Interest income from investments	4,443	904	2,845	8,192
Interest on fixed deposits and bank balances	173	109	48	330
Net fair value gains on financial derivatives	4,948	1,120	3,123	9,191
Net gains on disposal of available-for-sale investments	1,472	215	536	2,223
Other income	63	9	23	95
Miscellaneous management expenses not included in insurance revenue account – net	(5,093)	(1,157)	(3,714)	(9,964)
Profit before tax	28,259	5,605	4,684	38,548
Tax expense	(4,698)	(335)	(567)	(5,600)
Profit after tax	23,561	5,270	4,117	32,948
Segment total assets as at 31 December 2017	373,031	85,149	188,576	646,756
Segment total liabilities as at 31 December 2017	215,170	45,386	8,620	269,176



### 30 Segment Information (continued)

	SIF \$'000	OIF \$'000	SHF \$'000	Total \$'000
For Year 2016				
Gross premium written	83,765	23,178	–	106,943
Net earned premium	33,645	11,347	–	44,992
Net claims incurred	6,736	5,412	–	12,148
Net commission	(6,172)	1,906	–	(4,266)
Management expenses	10,357	2,228	–	12,585
Underwriting profit	22,724	1,801	–	24,525
Gross dividends from investments	1,508	251	3,059	4,818
Interest income from investments	4,378	802	2,790	7,970
Interest on fixed deposits and bank balances	157	113	44	314
Net fair value losses on financial derivatives	(1,978)	(462)	(1,254)	(3,694)
Net (losses)/gains on disposal of available-for-sale investments	(4,483)	(718)	82	(5,119)
Impairment losses on available-for-sale investments	(736)	(116)	(446)	(1,298)
Other income	62	9	42	113
Miscellaneous (management expenses)/income not included in insurance revenue account – net	(35)	48	(486)	(473)
Profit before tax	21,597	1,728	3,831	27,156
Tax expense	(3,594)	(103)	(331)	(4,028)
Profit after tax	18,003	1,625	3,500	23,128
Segment total assets as at 31 December 2016	361,921	74,874	169,950	606,745
Segment total liabilities as at 31 December 2016	223,246	41,959	6,538	271,743

#### Information about major external customers

For the year ended 31 December 2017 and the preceding period, the Company did not have any external customer whose premium income exceeded 10% of the Company's total revenue.

#### Geographical information

Geographical information of the Company's revenue derived from external customers based on location of insurance risks and non-current assets are as follows:

	Revenue for		Non-current assets as at	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Singapore	82,164	86,013	247	224
ASEAN countries	16,379	15,295	–	–
Others	5,201	5,635	–	–
	103,744	106,943	247	224

The Company's non-current assets presented above consist of fixed assets only.

# Notes to the Financial Statements

for the financial year ended 31 December 2017

## 31 Financial Risk Factors and Management

The Company's activities expose it to a variety of financial risks, including the effects of changes in equity market prices, foreign currency exchange rates and interest rates. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

### (a) Foreign Exchange Risk

The Company has transactional currency exposures arising from its offshore insurance business.

The Company is also exposed to foreign exchange risk arising from its investing activities. The Company transacts in forward contracts to manage its foreign exchange exposure arising from investment in fixed income securities denominated in foreign currencies. Other than its investment in fixed income securities, the Company does not consider its exposure to foreign exchange risk to be significant.

The Company monitors its exposure in each foreign currency as well as its aggregate exposure in all foreign currencies on a regular basis. The Company's net position in foreign currencies is as follows:

	Total net assets/(liabilities) position			
	2017		2016	
	Amount in foreign currency 1,000 units	Amount in reporting currency \$'000	Amount in foreign currency 1,000 units	Amount in reporting currency \$'000
Chinese Renminbi	(4,015)	(821)	(2,457)	(507)
Euro	2	3	2	4
Hong Kong Dollar	(19,635)	(3,496)	(3,904)	(263)
Indian Rupee	23,160,876	2,362	(74,470)	(1,559)
Indonesian Rupiah	(65,829)	(1,458)	15,468,306	1,666
Japanese Yen	(5,669)	(76)	(7,631)	(102)
Korean Won	(13,212)	(16)	(36,245)	(44)
Malaysian Ringgit	2,725	899	(728)	(237)
New Taiwan Dollar	46,158	2,073	35,560	1,595
Thai Baht	414	21	15,992	652
US Dollar	24,218	32,352	14,880	21,516
		31,843		22,721

The following table shows the sensitivity of the Company's profit before tax and the Company's equity to a reasonable possible change in the Singapore dollar exchange rate against all other currencies, with all other variables held constant:

	Increase/ Decrease in \$ exchange rate	Effect on profit before tax \$'000	Effect on equity net of tax \$'000
2017	+ 5%	(477)	1,718
	- 5%	477	(1,718)
2016	+ 5%	(483)	1,344
	- 5%	483	(1,344)

The method used for deriving sensitivity analysis and significant variables did not change from the previous year.

## 31 Financial Risk Factors and Management (continued)

### (b) Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's operating cash outflow commitment is substantially independent of changes in market interest rates.

The Company's exposure to the risk of changes in market interest rates relates primarily to the interest income on the Company's fixed deposits and the fair value of fixed income securities classified as available-for-sale.

During 2017 and as at 31 December 2017, if interest rates had been 10 basis points higher/lower, with all other variables held constant, the Company's profit before tax for the year is estimated to be \$278,000 (2016: \$269,000) higher/lower, due mainly to higher/lower interest income on fixed deposits and fixed income securities. The Company's equity as at 31 December 2017 is estimated to be \$1,253,000 (2016: \$1,030,000) lower/higher due to unrealised loss/gain on available-for-sale fixed income securities.

The method used for deriving sensitivity analysis and significant variables did not change from the previous year.

### (c) Concentration Risk

An important element of managing both market and credit risks is to actively manage concentration to specific issuers, counterparties, industry sectors, countries and currencies. Both internal and regulatory limits are put in place and monitored to manage concentration risk. These limits are reviewed on a regular basis by the respective management committees. The Company exposures are within the concentration limits set by the respective local regulators.

### (d) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Company has no significant concentration of credit risk.

The Company has credit control policies in place to ensure that sales made to customers and recoveries from reinsurers are duly collected. The Company has also established a selection and management policy for reinsurers to ensure that they are financially sound.

Notwithstanding the measures taken, the failure of one or more of the Company's policyholders, agents, ceding companies, reinsurers and other counter-parties to honour their contractual obligations, may result in doubtful or bad debts being incurred and this will adversely affect the Company's financial position.

# Notes to the Financial Statements

for the financial year ended 31 December 2017

## 31 Financial Risk Factors and Management (continued)

### (d) Credit Risk (continued)

The Company generally considers that balances outstanding for more than 90 days as due. The ageing summary of balances due to the Company is as follows:

	2017				2016			
	Up to 3 months \$'000	3 to 6 months \$'000	Above 6 months \$'000	Total \$'000	Up to 3 months \$'000	3 to 6 months \$'000	Above 6 months \$'000	Total \$'000
Amount due from policyholders and agents (Note 24 (a))	4,253	1,378	235	5,866	3,888	472	406	4,766
Less								
Allowance for doubtful debts	–	–	(8)	(8)	–	–	(68)	(68)
	4,253	1,378	227	5,858	3,888	472	338	4,698
Amount due from Reinsurers (Note 24 (b))	2,616	47	748	3,411	12,677	34	749	13,460
							2017 \$'000	2016 \$'000

Movement in allowance accounts:

At 1 January							68	–
Charge for the year							–	68
Writeback							(60)	–
At 31 December							8	68

The ageing summary of the gross receivables not subject to offsetting arrangements is as follows:

	2017				2016			
	Up to 3 months \$'000	3 to 6 months \$'000	Above 6 months \$'000	Total \$'000	Up to 3 months \$'000	3 to 6 months \$'000	Above 6 months \$'000	Total \$'000
Amount due from policyholders and agents (Note 24 (a))	4,892	1,422	331	6,645	4,708	576	490	5,774
Amount due from Reinsurers (Note 24 (b))	36,009	3,073	4,276	43,358	33,895	3,654	2,461	40,010

#### Financial assets that are neither past due nor impaired

Amounts due from policyholders, agents and reinsurers that are neither past due nor impaired are mainly creditworthy debtors with good payment record with the Company. With regard to other financial assets of the Company, which comprise cash and bank balances, fixed deposits, receivables and investments, they are placed with or entered into with reputable financial institutions or companies with high credit rating and no history of default.

The Company's exposure to credit risk, arising from default of the counterparty, has a maximum exposure equal to the carrying amount of these assets in the balance sheet.

## 31 Financial Risk Factors and Management (continued)

### (e) Liquidity Risk

The Company is not exposed to significant liquidity risk.

Liquidity risk is the risk that the Company is unable to meet its cash outflow commitment as and when they fall due. These commitments are generally met through cash and time deposits held by the Company and cash inflows generated from its operation, supplemented by assets readily convertible into cash. Liquidity risk may also arise if the cash flows related to assets and liabilities are mismatched.

The Company has formulated a liquidity policy to manage its liquidity risk. It is the Company's policy to maintain adequate liquidity at all times. The Company aims to honour all cash outflow commitments on an ongoing basis and to avoid raising funds from credit facilities or through the forced sale of investments.

### *Maturity profile*

The table below summaries the maturity profile of the Company's assets and liabilities excluding the prepayments and technical balances based on remaining undiscounted contractual obligations.

	2017			Total \$'000	Carrying amount \$'000
	< 3 months \$'000	3 – 12 months \$'000	> 1 year \$'000		
Available-for-sale investments					
Equity securities*	190,616	–	–	190,616	190,616
Fixed income securities	–	1,750	238,186	239,936	236,785
Insurance debtors	6,868	4,265	522	11,655	11,655
Non-trade debtors and accrued interest receivables excluding prepayments	2,719	–	–	2,719	2,719
Bank balances and fixed deposits	49,982	4,330	140	54,452	54,452
Derivative financial assets	1,849	–	–	1,849	1,849
Associated company*	1	–	–	1	1
Fixed assets	247	–	–	247	247
<b>Assets</b>	<b>252,282</b>	<b>10,345</b>	<b>238,848</b>	<b>501,475</b>	<b>498,324</b>
Insurance creditors	2,373	10,207	1,175	13,755	13,755
Non-trade creditors and accrued liabilities	5,674	–	–	5,674	5,674
Amount owing to related companies	1,968	–	–	1,968	1,968
Derivative financial liabilities	–	–	–	–	–
Tax payable	8,334	–	–	8,334	8,334
Deferred tax liabilities	–	–	10,524	10,524	10,524
<b>Liabilities</b>	<b>18,349</b>	<b>10,207</b>	<b>11,699</b>	<b>40,255</b>	<b>40,255</b>

\* No maturity date

# Notes to the Financial Statements

for the financial year ended 31 December 2017

## 31 Financial Risk Factors and Management (continued)

### (e) Liquidity Risk (continued)

	2016				Carrying amount \$'000
	< 3 months \$'000	3 – 12 months \$'000	> 1 year \$'000	Total \$'000	
Available-for-sale investments					
Equity securities*	157,553	–	–	157,553	157,553
Fixed income securities	–	7,000	212,798	219,798	223,188
Insurance debtors	16,565	3,767	448	20,780	20,780
Non-trade debtors and accrued interest receivables excluding prepayments	2,824	–	–	2,824	2,824
Bank balances and fixed deposits	54,311	5,337	–	59,648	59,648
Derivative financial assets	1	–	–	1	1
Associated company*	1	–	–	1	1
Fixed assets	224	–	–	224	224
<b>Assets</b>	<b>231,479</b>	<b>16,104</b>	<b>213,246</b>	<b>460,829</b>	<b>464,219</b>
Insurance creditors	17,915	3,248	–	21,163	21,163
Non-trade creditors and accrued liabilities	4,138	–	–	4,138	4,138
Amount owing to related companies	2,140	–	–	2,140	2,140
Derivative financial liabilities	1,775	–	–	1,775	1,775
Tax payable	7,478	–	–	7,478	7,478
Deferred tax liabilities	–	–	6,416	6,416	6,416
<b>Liabilities</b>	<b>33,446</b>	<b>3,248</b>	<b>6,416</b>	<b>43,110</b>	<b>43,110</b>

\* No maturity date

Due to the nature of its business, the Company's premium and claim liabilities, which comprise reserve for unexpired risks and reserve for outstanding claims, are excluded from the above analysis as management are of opinion that, due to inherent uncertainties as to amount and timing, no meaningful maturity analysis of such items are practicable. The inherent liquidity risk assumed by the Company in this respect is mitigated by the Company's liquidity policy.

### (f) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Company is exposed to equity price risk arising from its investment in quoted equity instruments and has established an investment policy, which sets maximum exposure limits for its investment portfolio. These quoted equity instruments are listed on the Singapore Exchange in Singapore or other regulated stock exchanges overseas and are classified as available-for-sale financial assets.

At the balance sheet date, if the market prices of the equity investments had been 2% (2016: 2%) higher/lower with all other variables held constant. The Company's equity would have been \$3,164,000 (2016: \$2,615,000) higher/lower, arising as a result of an increase/decrease in the fair value of available-for-sale equity instruments.

The Company does not have exposure to commodity price risk.

The method used for deriving sensitivity analysis and significant variables did not change from the previous year.

## 32 Fair Values of Financial Instruments

The carrying values of the financial assets and financial liabilities as at the balance sheet date approximate their fair values as shown in the balance sheet.

## 33 Authorisation of Financial Statements

The financial statements were authorised for issue in accordance with a resolution of the directors on 5 February 2018.

# United Overseas Insurance Limited

(Incorporated in Singapore)

31 December 2017

## Investor Reference

- 103 Statistics of Shareholdings
- 104 Notice of Annual General Meeting
- 107 Proxy Form
- 109 Corporate Information





# Statistics of Shareholdings

as at 23 February 2018

## Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	124	6.87	1,900	0.00
100 – 1,000	373	20.68	246,983	0.40
1,001 – 10,000	1,023	56.71	3,961,941	6.48
10,001 – 1,000,000	278	15.41	15,104,426	24.70
1,000,001 and above	6	0.33	41,839,750	68.42
<b>Total</b>	<b>1,804</b>	<b>100.00</b>	<b>61,155,000</b>	<b>100.00</b>

## Public Float

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited requires that at least 10% of the total number of issued shares (excluding treasury shares, preference shares and convertible equity securities) of a listed company in a class that is listed is at all times held by the public.

Based on information available to the Company as at 23 February 2018, approximately 41.4% of the issued shares of the Company was held by the public and therefore, Rule 723 of the Listing Manual has been complied with.

## Twenty Largest Shareholders (as shown in the Register of Members and Depository Register)

No.	Name	No. of Shares	%
1	Tye Hua Nominees Private Limited	35,707,500	58.39
2	Ng Poh Cheng	1,741,150	2.85
3	DBS Nominees (Private) Limited	1,216,950	1.99
4	Chong Chew Lim @ Chong Ah Kau	1,154,000	1.89
5	Citibank Nominees Singapore Pte Ltd	1,015,150	1.66
6	Chen Siong Seng	1,005,000	1.64
7	Maybank Kim Eng Securities Pte. Ltd.	768,700	1.26
8	OCBC Securities Private Limited	707,562	1.16
9	India International Insurance Pte Ltd - SIF	603,750	0.99
10	Thia Cheng Song	601,000	0.98
11	Chong Chin Chin (Zhang Jingjing)	530,000	0.87
12	Chong Kian Chun (Zhang JianJun)	512,000	0.84
13	Ng Ean Nee Mrs Chee Ying Lin @ Ooi Ean Nee	500,000	0.82
14	Singapore Reinsurance Corporation Ltd - Shareholders	470,000	0.77
15	Chen Swee Kwong	455,000	0.74
16	Yeoh Phaik Ean	375,000	0.61
17	Estate of Teo Guan Seng, Deceased	340,650	0.56
18	Tan Chong Hock	317,250	0.52
19	Tan Suat Lay @ Tan Suat Ngor	245,250	0.40
20	Estate of Thian Thin Khoon, Deceased	225,274	0.37
	<b>Total</b>	<b>48,491,186</b>	<b>79.31</b>

## Substantial Shareholder (As shown in the Register of Substantial Shareholder)

Name of substantial shareholder	Shareholding registered in the name of substantial shareholder	Other shareholding in which the substantial shareholder is deemed to have an interest
	No. of Shares	No. of Shares
United Overseas Bank Limited	–	*35,707,500

Note:

\* United Overseas Bank Limited is deemed to have an interest in the 35,707,500 UOI shares held by Tye Hua Nominees Private Limited.

# Notice of Annual General Meeting

## United Overseas Insurance Limited

(Incorporated in the Republic of Singapore)  
Company Registration No. 197100152R

Notice is hereby given that the **47<sup>th</sup> Annual General Meeting** of members of the Company will be held at the Penthouse of United Overseas Bank Limited, 80 Raffles Place, 62<sup>nd</sup> Storey, UOB Plaza 1, Singapore 048624 on Friday, 13 April 2018 at 10.00 am to transact the following business:

### AS ORDINARY BUSINESS

- Resolution 1** To receive the Financial Statements, the Directors' Statement and the Auditor's Report for the year ended 31 December 2017.
- Resolution 2** To declare a final one-tier tax-exempt dividend of 14 cents per share and a special one-tier tax-exempt dividend of 5 cents per share for the year ended 31 December 2017.
- Resolution 3** To approve Directors' fees of \$207,500 for 2017 (2016: \$207,500).
- Resolution 4** To re-appoint Ernst & Young LLP as Auditor of the Company and authorise the Directors to fix its remuneration.
- To re-elect the following Directors (retiring by rotation):
- Resolution 5** Dr Wee Cho Yaw
- Resolution 6** Mr Hwang Soo Jin
- Resolution 7** Professor Ho Yew Kee

### AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following ordinary resolution:

- Resolution 8** "THAT authority be and is hereby given to the Directors of the Company to:
- (a) (i) issue ordinary shares in the capital of the Company (Shares) whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, Instruments) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,
- at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (b) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, notwithstanding that the authority conferred by this Resolution may have ceased to be in force,

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 10 per cent of the total number of issued shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (SGX-ST)) for the purpose of determining the aggregate number of Shares that may be issued under paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued shares, excluding treasury shares, in the capital of the Company at the time this Resolution is passed, after adjusting for:
  - (i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
  - (ii) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the SGX-ST Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting (AGM) of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.”

## Notes to Resolutions

**Resolution 2** is to approve the final and special dividends. The Transfer Books and Register of Members will be closed on 24 April 2018, for the preparation of dividends. Registrable transfers received up to 5.00 pm on 23 April 2018 will be entitled to the final and special dividends. If approved, the dividends will be paid on 3 May 2018.

**Resolution 3** is to approve Directors' fees for 2017. If approved, the Director's fee payable to Mr Wee Ee Cheong will be paid to United Overseas Bank Limited. Mr David Chan Mun Wai, an employee of the Company, will not receive a Director's fee.

**Resolution 5** is to re-elect Dr Wee Cho Yaw as a director. Dr Wee is a non-independent director and, if re-elected, will continue as Chairman of the Board and Remuneration Committee, and a member of the Nominating Committee.

**Resolution 6** is to re-elect Mr Hwang Soo Jin as a director. Mr Hwang is a non-independent director under the Insurance (Corporate Governance) Regulations 2013 and an independent director under the MAS Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (3 April 2013). If re-elected, Mr Hwang will continue as Chairman of the Nominating Committee, and a member of the Audit and Remuneration Committees.

**Resolution 7** is to re-elect Professor Ho Yew Kee as a director. Professor Ho is an independent director.

# Notice of Annual General Meeting

**Resolution 8** is to empower the Directors to issue Shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such instruments, up to an amount not exceeding in total 50 per cent of the total number of issued shares, excluding treasury shares, in the capital of the Company, but with a sub-limit of 10 per cent for issue of Shares other than on a pro rata basis to shareholders. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued shares in the capital of the Company shall be based on the total number of issued shares, excluding treasury shares, in the capital of the Company at the time that Resolution 8 is passed, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 8 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of Shares.

By ORDER OF THE BOARD

**Vivien Chan**

Company Secretary

Singapore

21 March 2018

## Notes

- (1) (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Singapore Companies Act, Chapter 50.

- (2) A proxy need not be a member of the Company.
- (3) To be effective, the instrument appointing a proxy must be deposited at 80 Raffles Place, #04-20 UOB Plaza 2, Singapore 048624 (Attention: The Company Secretary) not less than 72 hours before the time set for holding the AGM of the Company.

## PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company\* for the purpose of the processing, administration and analysis by the Company\* of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes, notes of discussion and other documents relating to the Annual General Meeting (including any adjournment thereof) for publication of the names and comments of shareholders on the Company's website, and in order for the Company\* to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the **Purposes**), and (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company\*, the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company\* of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

\* Including the Company's agents and/or service providers.

## REFRESHMENTS

Kindly note that no lunch will be served after the Annual General Meeting but coffee, tea and bottled water will be available.

# Proxy Form



**UNITED OVERSEAS INSURANCE LIMITED**  
 (Incorporated in the Republic of Singapore)  
 Company Registration No. 197100152R

MEMBER OF THE UOB GROUP

## IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Singapore Companies Act, Chapter 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. This form of proxy is not valid for use by CPF/SRS investors who have used their CPF/SRS monies to buy UOI shares, and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any query regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.
4. Refreshments: Coffee, tea and bottled water will be available after the Annual General Meeting. No lunch will be served.

I/We \_\_\_\_\_ (Name), NRIC/Passport/Co Reg No. \_\_\_\_\_  
 of \_\_\_\_\_ (Address)  
 being a member/members of United Overseas Insurance Limited (the Company or UOI), hereby appoint

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Ordinary Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Ordinary Shares	%
Address			

or failing him/them, the **Chairman of the Meeting** as my/our proxy/proxies, to attend, speak and vote for me/us on my/our behalf at the **47<sup>th</sup> Annual General Meeting** of members of the Company, to be held at the Penthouse of United Overseas Bank Limited, 80 Raffles Place, 62<sup>nd</sup> Storey, UOB Plaza 1, Singapore 048624 on **Friday, 13 April 2018 at 10.00 am** and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no voting instruction is specified, the proxy/proxies may vote or abstain from voting as he/they deem(s) fit on the resolutions, and on any other matter arising at the Meeting.

No.	Ordinary Resolutions	No. of Votes For*	No. of Votes Against*
Resolution 1	Financial Statements, Directors' Statement and Auditor's Report		
Resolution 2	Final and Special Dividends		
Resolution 3	Directors' Fees		
Resolution 4	Auditor and its remuneration		
Resolution 5	Re-election (Dr Wee Cho Yaw)		
Resolution 6	Re-election (Mr Hwang Soo Jin)		
Resolution 7	Re-election (Professor Ho Yew Kee)		
Resolution 8	Authority to issue ordinary shares		

\* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" a resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to cast your votes both "For" and "Against" the relevant resolution, please indicate the number of votes "For" or "Against" each resolution.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

\_\_\_\_\_  
 Signature(s) or Common Seal of Shareholder(s)

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

Shares in:	No. of Ordinary Shares
(i) Depository Register	
(ii) Register of Members	
<b>Total (see Note 1)</b>	

**NOTES TO PROXY FORM:**

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy, failing which, the appointment shall be invalid.  
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy, failing which, the appointment shall be invalid.  
"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Singapore Companies Act, Chapter 50.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be deposited at 80 Raffles Place, #04-20 UOB Plaza 2, Singapore 048624 (Attention: The Company Secretary) not less than 72 hours before the time appointed for holding the Meeting.
5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorise by a resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the Meeting, in accordance with its Constitution and Section 179 of the Singapore Companies Act, Chapter 50.
9. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

1<sup>st</sup> fold

2<sup>nd</sup> fold



**BUSINESS REPLY SERVICE**  
**PERMIT NO. 07399**



The Company Secretary  
**United Overseas Insurance Limited**  
80 Raffles Place, #04-20, UOB Plaza 2  
Singapore 048624

Postage will be paid by addressee. For posting in Singapore only.

3<sup>rd</sup> fold.  
Fold and glue overleaf. Do not staple.

# Corporate Information

## Board of Directors

Wee Cho Yaw (*Chairman*)  
David Chan Mun Wai (*Managing Director and Chief Executive*)  
Wee Ee Cheong  
Hwang Soo Jin  
Yang Soo Suan  
N Ganesan  
Ho Yew Kee  
Chng Hwee Hong

## Audit Committee

Yang Soo Suan (*Chairman*)  
Hwang Soo Jin  
N Ganesan  
Chng Hwee Hong

## Nominating Committee

Hwang Soo Jin (*Chairman*)  
Wee Cho Yaw  
Yang Soo Suan

## Remuneration Committee

Wee Cho Yaw (*Chairman*)  
Hwang Soo Jin  
Yang Soo Suan

## Secretary

Vivien Chan

## Assistant General Managers

Faridah Rahmat Ali (*Underwriting*)  
Andrew Tang Ming Leung (*Corporate Services*)  
Kenny Lok Kian Meng (*Business Development /  
Direct Marketing*)

## Business Address

3 Anson Road #28-01  
Springleaf Tower  
Singapore 079909  
Telephone: (65) 6222 7733  
Facsimile: (65) 6327 3869/6327 3870  
E-mail: ContactUs@uoi.com.sg  
Website: uoi.com.sg

## Registered Office

80 Raffles Place  
UOB Plaza  
Singapore 048624  
Company Registration No: 197100152R  
Telephone: (65) 6222 2121  
Facsimile: (65) 6534 2334

## Investor Relations

Andrew Tang Ming Leung  
3 Anson Road #28-01  
Springleaf Tower  
Singapore 079909  
Facsimile: (65) 6327 3870  
Email: andrewtang@uoi.com.sg

## Share Registrar

Boardroom Corporate & Advisory Services Pte Ltd  
50 Raffles Place #32-01  
Singapore Land Tower  
Singapore 048623  
Telephone: (65) 6536 5355  
Facsimile: (65) 6536 1360

## Internal Auditor

PricewaterhouseCoopers Risk Services Pte. Ltd.  
7 Straits View  
Marina One  
East Tower, Level 12  
Singapore 018936

## External Auditor

Ernst & Young LLP  
One Raffles Quay  
North Tower, Level 18  
Singapore 048583  
Partner-in-charge: Vincent Toong Weng Sum  
(Appointed on 24 April 2014)

## Myanmar Representative Office

Room No. 1401, 14th Floor  
Olympic Tower  
Corner of Mahabandoola Street and Bo Aung Kyaw Street  
Kyauktada Township  
Yangon  
Myanmar  
Telephone: (95) (1) 839 2917  
Facsimile: (95) (1) 839 2916

**United Overseas Insurance Limited**  
Company Registration No.: 197100152R

**Registered Office**  
80 Raffles Place  
UOB Plaza  
Singapore 048624  
Tel (65) 6222 2121  
Fax (65) 6534 2334

[www.uoi.com.sg](http://www.uoi.com.sg)

