



**Public Disclosure**  
For the Financial Year Ended  
31 December 2019

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## 1 Company Profile

Since its establishment in 1938, China Taiping Insurance (Singapore) Pte. Ltd (“we”, “us”, “our”) has provided quality general insurance products and services. In August 2018, we have obtained life insurance license and commenced life insurance business in December 2018.

As a testament to our reputation and financial strength, we have been awarded a financial strength rating of “A-” by S&P and “A” (Excellent) and long-term issuer credit rating of “a” by A.M.Best. As of April 2020, our paid-up capital has grown to S\$210 million and will continue be strengthened as our business grows.

We are wholly owned by China Taiping Insurance Holdings Company Limited which was listed on the Hong Kong Stock Exchange in 2000, making it the first Chinese-funded insurer listed overseas.

China Taiping Insurance Group Limited is a large transnational financial and insurance group with more than 500,000 employees, 24 subsidiaries, nearly 2,000 business outlets and total assets of RMB820 billion as of March 2020 worldwide. Its business network covers Mainland China, Hong Kong, Macau, North America, Europe, Oceania, East and Southeast Asia. The brand has gained international recognition over the years and successfully made the rankings in the “Global Fortune 500 Companies” since 2018.

As a subsidiary of China Taiping Holdings Company Limited, we leverage on the investment expertise and systems of the China Taiping Insurance Group.

## 2 Business Strategy

Our vision is to be an international and state-of the-art financial and insurance group with global competitiveness; set with a mission to build a safe, healthy, and wealthy life for all.

We adopt the following strategies to achieve our business goals:

- Customer Focus

With our customers’ financial well-being at heart, we are a composite insurer providing a one-stop insurance solutions for personal and business needs. We aim to continuously enhance our customer experience through improving our infrastructure capability and service standard.

- Innovative Products

We are committed to delivering a full suite of insurance solutions to our customers. We continuously innovate products to service a wide range of insurance needs and offer more financial flexibility for our customers.

- Sincerity in our Services

We aim to be trusted partners to our distributor and policyholders through honest communication and sincere service. As a fundamental of our service philosophy, we are always committed to providing an ease of doing business to secure a lasting relationship with them.

### 3 Our Products and Distribution Overview

As a composite insurer, we offer a wide range of insurance products for the personal and business segments.

Our “Savings” products offer attractive returns to customers including 3-year single premium endowment plans sold on tranche basis and limited pay endowment plans with yearly cash backs. In 2019, we extend our products range to include “Protection” products comprising of whole life plans with immediate guarantee coverage and optional additional critical illness benefits.

In the High Net Worth segment, we offer insurance solutions targeting wealth protection and accumulation needs of our customers.

Our products are sold through licensed financial advisers, banks and international brokers.

Our general insurance products include a spectrum of protection products covering both the personal lives and businesses. We offer travel insurance, motor insurance, domestic maid insurance, home protection, hospitalization cover, marine insurance, fire insurance and worker injury compensation.

The full range of our products is available from our [website](#).

### 4 Corporate Governance

We committed ourselves to establish good standards of corporate governance practices and emphasize our philosophy to create values through diligent management. Our Board of Directors (“Board”) reviews its corporate governance practices from time to time with its commitment to excellence and to ensure its compliance with regulatory standards.

The Board is collectively responsible for overseeing the management of the business affairs and formulates the overall strategy for the Company. The Board ensures the adequacy of our risk management, external audit and internal audit functions; and reviews the Senior Management Team (“Management”)’s performance. The Board has established the Audit and Risk Committee (“Board ARC”), with clear terms of reference to assist it to effectively carry out oversight on risk management and audit matters. The Board delegates to the Management the responsibility of the execution of strategic plans and the management of

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daily operational matters. The Management regularly reports to the Board on the financial performance as well as key business affairs.

Appointment of the Directors is decided by the Board and the Group's Nomination Committee. The principal duties of the Board and the Group's Nomination Committee include reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors and ensuring the Board has a balance of adequate expertise, skills, experience and diversity.

The Board and the Group's Remuneration Committee is responsible for the establishment of a formal and transparent procedure for developing the remuneration policies. Our own Nomination and Remuneration Committee ("Board NRC") will base on the procedure established, develop our own remuneration policy and specific remuneration packages for all executive directors and Management team. The remuneration packages take into consideration factors such as salaries paid by comparable companies, time commitment, responsibility and employment conditions elsewhere in the Group. Performance-based remuneration is reviewed and approved by reference to the corporate goals and objectives.

#### **Board ARC Committee**

The Board ARC provides oversight of the Management's handling of the business in terms of governance, risk management and capital solvency management. In addition, ARC provides oversight over both external and internal audit assignments, and their outcomes.

The key highlights of the Board ARC meetings in 2019 are reviewing the outcomes of the external auditor's findings, the annual Own Risk Solvency Assessment' ("ORSA") Stress Test results, adequacy of the liquidity and capital position, the company's risk appetite and risk profile, approving of risk policies and ensuring the effectiveness of the risk framework.

#### **Board NRC Committee**

The Board NRC evaluates the skills, experiences and qualifications of the independent directors and review the appointment of the independent directors. The key responsibilities of the Board NRC include evaluating the performance of the Board, the Board committees, and each director annually, and reviewing the independence and qualification of our independent non-executive directors, including the composition of the Board and its committees. In assuming its renumeration committee role, the Board NRC proposes the renumeration packages for our independent directors.

## **5 Enterprise Risk Management**

We have an Enterprise Risk Management ("ERM") framework, which embrace a company-wide approach to identify, assess, measure, monitor, control and mitigate risks that arise from our business activities.

The Board is ultimately responsible for the ERM framework. The Management oversees the

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functioning of the framework, and establishes risk management objectives, risk appetite and risk tolerance statements. Our Risk Management Committee (“RMC”) periodically reviews all risks identified by the business units, ensures adequate controls are in place to mitigate them, and monitors the adherence to established risk limits.

Our ERM framework comprises of various risk policies and guidelines and sets out the tolerance and limits that we are willing to take on for the different risks, and this sets the boundaries to our exposure to financial risk, insurance risk, operational risk and strategic risk.

Our risk management process includes: i) Risk Identification, ii) Risk Assessment and Measurement, iii) Risk Controls and Mitigation, and iv) Risk Monitoring and Review.

We adopt three lines of defence model in our risk management framework.

The three lines of defence are:

- First line defence – Business Units’ primary responsibility is to identify, assess, measure, and control risks affecting their day-to-day business. They evaluate the risks arising from their processes and report to Management on matters in the daily business operation.
- Second line defence – Risk and Compliance department reviews risk assessment outcomes by first line and review whether internal controls are adequate and effective to mitigate the relevant risks. The department also monitors the risk exposure against the Company’s risk tolerance or limits and reports to Management on the overall company risk profile.
- Third line defence – Internal Audit reports to Management to provide independent and objective assurance on the Company’s effectiveness and compliance of the risk management framework, policies and procedures.

The ERM framework is embed in the key’s functional areas such as business planning, capital planning and management, pricing and product development, sales and operational processes. We conduct a periodic own risk and solvency assessment (“ORSA”), and assess the adequacy of our risk management processes, current and projected future solvency capability.

## 6 Insurance Risk Exposures

We are exposed to different types of insurance risks arising from life insurance and general insurance products. The risks inherent in the life insurance policies are generally long term in nature and comprise of mortality, longevity and persistency risks.

We have implemented and established guidelines and procedures to manage such risks through underwriting and claims management as well as ensuring adequate reinsurance coverage. Our reinsurers are selected based on strong credit rating and technical expertise, and retention limits are set to limit our insurance liabilities exposure.

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Our Life Insurance Underwriting, Reinsurance and Claims Committee ("LIURCC") reviews and approves the reinsurance programs in place. The Board approves the Reinsurance Management Policy which provides the principles behind selecting reinsurers, reviewing the retention limits and administering of reinsurance arrangement.

The key insurance risks for general insurance contracts arise from the uncertainty in the timing and amounts of claims. We manage these risks through putting in place underwriting and reinsurance strategies where the underwriting guidelines and authority limits set are strictly adhere to and monitoring the financial strength of the reinsurer regularly. We also monitor and react to changes in the general economic and commercial environment that we operate in.

In underwriting insurance policies, we undertake to provide benefits to our customers in return for receiving premiums. We need to ensure that the amount of claims payment or benefits are appropriately allowed for by the amount of insurance provision set aside. Prudent estimates coupled with additional adverse provisions are adopted, and regular review of actual experiences will be performed to ensure that provisions are adequate.

We further conduct sensitivity tests for the insurance risks we faced and this information can be found in our annual report.

## 7 Determination of Technical Provisions

The technical provisions are set up in accordance with the Singapore's Risk-Based Capital framework.

The reserves provision for Life Insurance business is determined by discounting the future cash flows streams. The cash flows are projected using best estimate assumptions on expenses, mortality and morbidity, lapse rates, etc. Additional provisions are included in the best estimate assumptions. Discount rates used are prescribed by the MAS. In the first few years of operation, we expect the maintenance expenses to be incurred will be larger than the expense loadings implied by the business volume, we therefore hold an expense overrun reserve in anticipation for this shortfall.

The reserve provision for the General Insurance business is determined by: i) Unearned Premium Reserve for the premiums that are paid in advance but not yet earned in the books, ii) Additional provision for the shortfall for expected claims and expenses in excess of the unearned premium, iii) Provision for outstanding claims that have not been settled and iv) Claims that are incurred but not reported.

More information on the methodology for the technical provision is available in our annual report.

## 8 Capital Adequacy and Management

We manage our capital in accordance with our Board approved Capital Management Policy (“CMP”). The CMP sets out the risk tolerance levels and any corresponding management actions to restore capital adequacy which have been triggered by events when our capital positions have been compromised.

We hold adequate capital to meet the key objectives:

- Ensure obligations to policyholders are met with a high degree of certainty;
- Support the business strategy to achieve its commercial objectives; and
- Meet regulators’ expectations on capital adequacy.

Under Singapore’s Risk-Based Capital framework, as at 31 December 2019, MAS requires licensed insurers to maintain a minimum fund solvency of 100% of the total risk requirement under each insurance funds and Capital Adequacy Ratio (“CAR”) of at least 120% of total risk requirement or \$5 million, whichever is higher on a company level.

As part of capital management, we monitor our monthly solvency position and project our solvency to the next month. The solvency position is reported to MAS quarterly. As at 31 December 2019, our CAR position was above the stipulated regulatory requirement.

## 9 Pricing Adequacy

Our life product development policy and life product pricing policy set out the internal process and guidelines for pricing new products. We ensure all relevant risks are recognized and internal profit targets are met. We also conduct regular product review for existing products. Premium certificates are filled with MAS for new products and these are prepared in accordance with the Insurance Act of Singapore.

## 10 Investment Objectives

Our investment objectives for [our funds](#) are to invest in assets:

- [Aligned](#) with the nature of the liabilities and overall risk appetite of the Company; and
- Support both guaranteed and non-guaranteed policy liabilities liability to policyholders when they fall due.

For the Participating fund, the aim is to maximize returns subject to an acceptable level or risk appropriate to the financial strength of the fund. For the rest of the funds, the investment objective is to achieve a stable and appropriate return while managing our risk.

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Information on our investment portfolio including methodology of valuing our assets and sensitivity of market variables to the assets can be found in our annual report.

## 11 Investment Policy and Processes

The [Investment Policy](#) sets out the rules and guiding principles that govern the investment management of the Company's capital funds as well as Insurance Fund assets, which comprises the Life Insurance Funds and the General Insurance Funds.

The Board oversees the overall investment management of the Company through the Management. The Investment Committee ("IC") is set up to manage investment matters and reports to the Management. The key responsibilities of the IC are to deliberate and approve investment-related activities in line with the approved investment policy, monitor investment performance, select external fund managers, review the performance of the appointed external fund manager(s) and assess compliance with the applicable policies and mandates.

The [Investment Policy](#) is established to comply with the prevailing MAS regulation and guidelines. The Board-approved [Investment Policy](#) will be reviewed and updated at least annually to ensure that it remains relevant to the Company's circumstances, business environment and regulations.

## 12 Financial Performance

Our annual financial statements have been drawn up in accordance with the provisions of the Companies Act, Chapter 50 and the Singapore Financial Reporting Standards.

Quantitative and qualitative information on our financial position, financial performance, changes in equity and cash flow is included in our annual report and insurance returns. Our annual report is available on [China Taiping Annual Reports](#) and the insurance returns are available on [Monetary Authority of Singapore Insurance Company Returns](#).