



# Public Disclosure

For the Financial Year Ended  
31 December 2025

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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 November 2023, our paid-up capital has grown to S\$270 million and will continue be strengthened as our business grows.

We are wholly owned by China Taiping Insurance Holdings Company Limited (“China Taiping Holdings”) 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 and total assets RMB 1,800 billion as of December 2025 worldwide. Its business network covers Mainland China, Hong Kong, Macau, 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 for multiple consecutive years.

We are a subsidiary of China Taiping International Company Limited, incorporated in Hong Kong SAR. As a subsidiary, we leverage on the investment expertise and systems of the China Taiping Insurance Group. China Taiping Holdings is a financial holding company incorporated in February 2000 under the Hong Kong Companies Ordinance and headquartered in Hong Kong. China Taiping Holdings was listed on the Main Board on the Hong Kong Stock Exchange in June 2000, and its controlling shareholder is China Taiping Insurance Group Co. Ltd. (formerly known as “China Taiping Insurance Group Corporation”) (“China Taiping Group”). China Taiping Insurance Holdings operates is a holding company, with its business conducted through various independent subsidiaries.

## 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 standards.

- **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 distributors 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 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, contractor all risks cover, performance bonds and worker injury compensation.

Our “Savings” products offer limited premium payment terms with attractive returns. We also offer retirement products with flexible premium term and regular cash backs as an income stream for retirement planning. Our protection products comprise of whole life insurance plans with immediate guaranteed coverage and optional additional critical illness benefits. In addition, we offer term insurance plans that cover death and total and permanent disability, with optional additional critical illness benefits. For corporate clients, we offer competitive Group Term insurance, offering death and critical illness coverage to support employers who are looking to enhance their employee benefits.

In the High-Net-Worth segment, we offer insurance solutions targeting wealth protection and accumulation needs of our customers. Our indexed universal life (IUL) products both US dollar-denominated include:

- Infinite Indexed Legacy which provides lifelong protection with steady wealth accumulation; and
- Infinite Indexed Wealth, a savings-focused plan for long-term wealth growth and preservation, combining market-linked upside with downside protection.

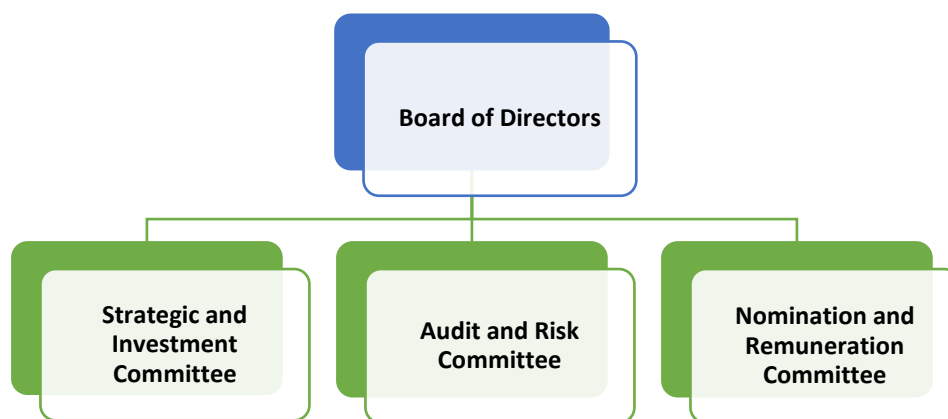
Our products are sold through licensed financial advisers, banks and international brokers.

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.

### Board Committee Structure



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 Strategic and Investment Committee (“Board SIC”), which aims to support the Board to enhance the company’s strategic and scientific approach to strategic decision making. 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 daily operational matters. The Management regularly reports to the Board on the financial performance as well as key business affairs.

The Board has established the Nomination and Remuneration Committee (“Board NRC”) with clear terms of reference to support it to review the proposed candidates for Directors and the appointment of the Directors. Board NRC conducts annual performance evaluation for Directors, the Board and Board Committees. In addition, the Board NRC is responsible for the effective oversight to implement the requirements in the Company Remuneration Policy.

### **Board SIC Committee**

The Board SIC aims to support the Board to enhance the company's strategic and scientific approach to making strategic decision. The committee deliberates and reviews the company's mid or long-term development strategy and other relevant strategic agenda, as well as to provide professional and specialised input for the Board to make strategic decision.

The key responsibilities of the SIC are:

- Review and comment on the company's annual strategy plan, 3-years' rolling plan and any other mid or long-term development strategy planning;
- Review and comment on the company's significant financial operation, such as merger and acquisition, acquisition and disposal of real estate, public listing and other relevant projects;
- Review and comment on the company's other key strategic agenda; and
- Perform such other functions as may be delegated from time to time by the Board.

### **Board NRC Committee**

The Board NRC evaluates the skills, experiences and qualifications of the directors and review the appointment of the 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, ensuring that the Board has a balance of adequate expertise, skills, experience and diversity. In assuming its remuneration committee role, the Board NRC proposes the remuneration packages for our independent directors. Board NRC's role extends to reviewing the remuneration structure for the Management from 2023 onwards. 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 including liquidity and Technology Risk Management ("TRM"), and capital solvency management. In addition, Board ARC provides oversight over both external and internal audit assignments, and their outcomes. The Board ARC reviews significant related party transactions and oversees financial reporting.

The key highlights of the Board ARC meetings in 2024 are reviewing the outcomes of the external and internal auditors' findings, the annual Own Risk Solvency Assessment<sup>1</sup> ("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 management framework.

More information on our corporate governance is available from our latest available Corporate Governance Report.

## 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 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, iv) Risk Monitoring and Review and v) Risk Reporting.

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 Management and Compliance department reviews risk assessment outcomes by first line and review whether internal controls are adequate

<sup>1</sup> The Own Risk and Solvency Assessment ("ORSA") is an annual exercise where we assess and identify the key risks faced by the business and the key factors our solvency is sensitive to.

and effective to mitigate the relevant risks. The department also monitors the risk exposures against the Company's risk tolerance or limits and reports to Management on the overall company risk profile.

- Third line defence – Internal Audit performs independent evaluation and inspection of the business operations, internal control and risk management of the company.

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 ORSA, and assess the adequacy of our risk management processes, current and projected future solvency capability.

We approach our asset-liability management holistically. Different approaches are taken up for the general insurance and life insurance business in consideration to their varied nature. We adopt the Singapore's Risk Based Capital 2 ("RBC2") regime as a basis to measure assets and liabilities for asset-liability management purposes.

## 6 Internal Control and Risk Management

We have established robust operational risk and controls under our ERM framework. The Board exercises overall responsibility for the Company's internal control and its effectiveness. The Board, supported by the Board ARC and management, ensures that the practices and controls we have in place are adequate to safeguard policyholder's and shareholder interests and company's assets.

The framework sets out clear senior management ownership and accountability of all the material risks and controls in place. All business units will conduct continuous assessments on the adequacy and effectiveness of their operational processes and internal controls to ensure their compliance with the applicable rules and requirements. The risk management and compliance department consolidates the results to the RMC. The RMC reviews the results before submitting the results to Group Audit and Board ARC. In addition, a review of the effectiveness of controls is conducted by Group Audit and external auditors, with recommendations provided to the Board ARC. The Board ARC ensures that the recommendations are adopted, and issues resolved in a timely manner.

The Board ARC recognises the company's ERM framework focuses on managing and minimising risk exposures rather than eliminating risks completely. On this note, the Board ARC is given assurances from Group Audit, external auditors and the RMC that the internal controls and risk management systems are effective and adequate to address the relevant and materials risks to our operations.

## 7 Insurance Risk Exposures

### Life Insurance

We are exposed to life insurance risks when a contract is signed with a customer for a premium amount in return for a promise to pay a sum of money if a specified event occurs within the time frame stipulated in the contract. The terms of acceptance of such risks are generally long term in nature. These risks are mortality, morbidity, longevity and persistency risk. In general, payment occurs upon death or illness, surrender, or survival of the policyholder, depending on the type of policy.

We have implemented underwriting and claims management guidelines and procedures to manage such insurance risks. We also consider our reinsurance coverage to manage the overall risk exposures according to our risk appetite.

Mortality and morbidity risks are selected through underwriting and appropriate premiums are charged based on the level of risks that applicants carry. The levels of mortality and morbidity risks are determined by age, gender, and underwriting experience. For death covers, we transfer insurance risk in excess of its retention limit to appointed reinsurers on a per life basis. Some products with specific features may have different retentions to reflect their different nature (e.g. special and juvenile benefits, or premium waiver riders).

Mortality and morbidity risks are also managed through appropriate claim management procedures that detect and address potential fraudulent claims. The results of experience reviews of mortality, morbidity, longevity and persistency are used to decide on the bases for reserving and pricing of products.

Lapse rates are evaluated prudently through the pricing of new products, product design, and regular monitoring of persistency experience.

For contracts with Critical Illness benefits, we generally have the right to vary the non-guaranteed future premium rates if claim experiences deteriorate in the future. Additionally, for Participating contracts, the discretionary participating features result in a significant portion of the insurance risks being shared with the policyholders. These mitigate the amount of insurance risks accepted by us.

Additionally, we also perform regular stress tests to assess our ability to withstand adverse deviations in various parameters, including insurance assumptions.

### General Insurance

The key insurance risks for general insurance contracts arise from uncertainty in the timing and amount of claims. We address these risks through our underwriting and reinsurance strategy.

We also monitor and react to changes in the general economic and commercial environment in which we operate, especially in Singapore where we underwrite the majority of our insurance risks.

Our underwriting strategy is to seek diversity to ensure a balanced portfolio. The underwriting department prepares business plans every year that establishes the classes of business and industry sectors in which we are prepared to underwrite. The strategy is cascaded to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write by line, size, class of business and industry in order to ensure appropriate risk selection within the portfolio of business to be underwritten. For general insurance contracts that are annual in nature, the underwriting department has the right to refuse renewal or change the terms and conditions of the contracts at renewal. The general insurance underwriting function's performance and adherence to the underwriting guidelines/authority limits are measured on a periodic basis.

Ceded insurances contain credit risks, and such reinsurance recoverable is reported after impairment provisions as a result of occurred recognised asset. We monitor the financial condition of reinsurers on an on-going basis and review our reinsurance arrangements periodically. As we are required to monitor our solvency margin and capital adequacy ratio under the RBC2 Framework introduced by the Monetary Authority of Singapore (the "MAS"), we deal mainly with reinsurers approved by our immediate holding company with good credit ratings. The General Insurance Underwriting, Reinsurance and Claims Committee ("GIURCC") and the Life Insurance Underwriting, Reinsurance and Claims Committee ("LIURCC") review and approve the reinsurance programmes of the general insurance business and life insurance business respectively. This is to ensure that the appropriate type, mix, and risk retention limits of reinsurance arrangements and reinsurers are used. Prior approval is required to be sought from the Chief Executive and management for any deviations.

**Interaction between insurance risk and capital adequacy**

The insurance risk that we are exposed to directly impacts our capital adequacy levels. Insurance risks where the expected pay-out is estimated with a high degree of uncertainty would require a higher level of provision of adverse deviation. The RBC2 regime which we operate in also prescribes higher capital requirements in areas where insurance risk is higher, for example when premium rates are guaranteed and non-reviewable.

## 8 Financial Risk Exposures

We are exposed to a range of financial risks through our investment and business activities. These risks include market risk, credit risk, concentration risk and liquidity risk. These risks are managed and controlled through the policies and processes in place to address the existing and potential concerns.

**Market risks**

The key market risks associated with our portfolios arise from the losses in our financial investments caused by adverse price changes. These include changes in equities prices, interest rate risk and foreign currency risk.

Stocks prices will often rise or fall depending on market forces. We manage our equity risk exposures through ensuring our equity mixes are within the acceptable range.

Interest-rate risk comes from the interest-earning financial assets in the insurance funds and our obligations of the guaranteed policy liabilities in those funds. The interest rate risk arises from not holding assets that match policy liabilities fully. As the policy liabilities in the insurance funds are longer dated than the assets, policy liabilities will potentially change more than the value of the assets when interest rates fluctuate. We aim to match the guaranteed liabilities of insurance funds' tenures with assets' tenures as much as possible.

As we engage in foreign currency denominated transactions, we are exposed to unfavorable movements in foreign currency exchange rates. We use forward exchange contracts and cross currency swaps to hedge against such exposures.

**Credit risk**

Credit risk refers to the risk that counterparties fail to fulfil their contractual obligations. The counterparties include security issuers, banks, policyholders, reinsurers, brokers and other intermediaries.

The Credit Control Committee ("CCC") reviews the credit extended to our General Insurance's brokers, agents and corporate customers and closely monitors the outstanding balances and major debtors.

In our credit risk guideline, we undertake to identify, measure, monitor control and report the material sources of credit risk we are subjected to in our operations. We hold mainly investment-grade bonds in our fixed income assets. The reinsurance operating guideline sets the limits to reinsurer exposures taking consideration of the credit quality of the reinsurers. The Reinsurance Department and the Finance Department work closely to monitor the recovery from these reinsurers.

**Concentration risk**

Concentration risk refers to potential losses from any large single exposure or exposure to groups of counterparties with common underlying factors such as economic sector, geographical or currency. We manage this risk through:

- Utilising suitable reinsurance arrangements;
- Setting appropriate limits to control our exposure to assets and counterparties; and

- Close monitoring of the exposure to avoid accumulation of such risks.

The general insurance business is primarily in Singapore, and almost all of the life insurance business is written in Singapore. In terms of products focus, savings-oriented insurance contracts make up 86% of life insurance contract liabilities (net of assets), and motor, performance bonds, worker's compensation make up 75% of general insurance contract liabilities (net of assets).

### **Liquidity risk**

We are exposed to liquidity risk when we are unable to meet our benefits payments and operations at a reasonable cost. In addition, we could experience unexpected cash demands from huge amount of life policies' surrenders during adverse market conditions and publicity. Under such events, we may have to sell off our assets to fulfil such obligations. We manage this risk through:

- Maintaining adequate levels of cash and liquid deposits to finance our operations and to mitigate the effects of fluctuations in cash requirements;
- Reviewing our investment portfolio mix to ensure we hold sufficient cash and deposits to meet our expected insurance contracts payments; and
- Monitoring through regular tracking of the liquidity needs of all funds and conducting the funds' ability to withstand adverse circumstances through stress tests.

We have established a contingency funding plan which provides guidance during liquidity emergencies and ensure we can respond promptly and recover our liquidity position.

To better understand the impact of insurance, market, credit, concentration and liquidity risks to our business, we have performed stress testing on related risks scenarios in our ORSA 2025 exercise. The stress tests conducted with reference to past MAS industry-wide stress tests and our company business and investment profile. The exercise assessed the extent that our solvency will be affected by the various shocks applied and we have sufficient management actions to recover under such scenarios. Though our solvency levels drop below our desired level, but management actions can restore them to the level required. The results and recommendations were articulated to the Board.

## **9 Determination of Technical Provisions**

The technical provisions represent the amount required to fulfil our obligations and commitments to policyholders over the lifetime of our insurance portfolio, consisting of estimates of future cash flows and a risk adjustment for non-financial risk. These are set up in accordance with the Financial Reporting Standards ("FRS") of Singapore, specifically *FRS 117 Insurance Contracts*.

For contracts not measured under the premium allocation approach, the technical provision at each reporting date is the sum of the fulfilment cash flows that relate to services that will be provided under the contracts in future periods, as well as those that relate to claims that have not yet been paid, including claims that have been incurred but not yet reported. The fulfilment cash flows are measured at reporting date as current estimates of future cashflows, adjusted to reflect the time value of money, and a risk adjustment for non-financial risk (“risk adjustment”).

For contracts measured under the premium allocation approach, the technical provision at initial recognition is the premiums received at inception, less insurance acquisition cashflows allocated at that date. Subsequently, the technical provision is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition. It also includes a liability for incurred claims comprising of estimates for future cash flows that relate to claims that have not yet been paid, including claims that have been incurred but not yet reported.

#### **Estimates of future cash flows**

In estimating fulfilment cash flows included in the contract boundary, we consider the range of all possible outcomes in an unbiased way specifying the amount of cash flows, timing and probability of each scenario reflecting conditions existing at the measurement date, using a probability-weighted average expectation. The probability weighted average represents the probability-weighted mean of all possible scenarios. In determining possible scenarios, we use all the reasonable and supportable information available to us without undue cost and effort, which includes information about past events, current conditions and future forecasts.

Cash flow estimates include both market variables directly observed in the market or derived directly from markets and non-market variables such as mortality rates, accident rates, expected loss ratio, policy surrender rates. We maximise the use of observable inputs for market variables and utilise internally generated group-specific data. For life insurance contracts, we use national statistical data and data available from reinsurers for estimating mortality rates as internal statistics lack sufficient volume to be credible.

#### **Discount rates**

In determining discount rates for different products, we use the bottom-up approach. Applying this approach, we use the government bond yields of appropriate currency and term structure as the risk-free yield curve, to which an adjustment to reflect the illiquidity of insurance contracts is added for life insurance. Illiquidity premium is set at 0% for general insurance.

### ***Risk adjustment***

The risk adjustment is the compensation we require for bearing the uncertainty about the amount and timing of the cash flows arising from insurance risk and other non-financial risks such as lapse risk and expense risk. It measures the degree of variability of expected future cash flows and the insurer-specific price for bearing that risk and reflects the degree of our risk aversion. We determine the risk adjustment at the business-type level (life insurance business and general insurance business).

For life insurance business, the confidence level approach is used. The method looks at estimating the additional amount of capital required to ensure the insurance contract liabilities can be met at a specified confidence level. This is done by applying individual shocks, calibrated to the required confidence level, on relevant parameters for non-financial risks separately, and aggregating the results with a correlation matrix. We calibrate the shocks, and therefore obtains a risk adjustment, at 75% confidence level.

For general insurance business, the risk adjustment ratio of each portfolio is determined separately at a 75% confidence level, and the diversification benefit is applied.

## **10 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 RBC2 framework, MAS requires licensed insurers to maintain its Fund Solvency Ratio (“FSR”) such that financial resources of the fund are at least 100% of the total risk requirement under each adjusted insurance funds; and its Capital Adequacy Ratio (“CAR”) such that financial resources of the insurer are at least 100% of total risk requirement or \$5 million, whichever is higher on a company level.

Internally, we use the RBC2 framework and statutory capital requirements described above for our capital adequacy assessments and set our own minimum capital position with consideration for the above objectives.

As part of capital management, we monitor our monthly solvency position and project our solvency up to at least the next 6 months. The solvency position is reported to MAS quarterly. Additionally, in 2025 we conducted stress testing exercises as part of our ORSA where we analysed the resilience of our solvency and liquidity position to various stress scenarios, as well as assess the effectiveness of potential actions and recovery plans that could be implemented under those circumstances.

As of 31 December 2025, capital available to cover regulatory capital requirements amount to S\$480 million, and our CAR position was above the stipulated regulatory requirement. The company's 2025 CAR position is available in the Company's audited Annual Return on the MAS website.

## 11 Pricing Adequacy

Our life product development policy and life product pricing policy set out the internal process and guidelines for pricing new products. The policies are in line with the requirements set out under MAS Notice 302 Product Development and Pricing, MAS Notice 320 Management of Participating Life Insurance Business and MAS Notice 321 Direct Purchase Insurance Products. We ensure all relevant risks are recognised and internal financial criteria are met. We also conduct regular product review for existing products. Premium certificates are filed with MAS for new products, and these are prepared in accordance with the Insurance Act of Singapore.

## 12 Investment Objectives

The investment objectives for our funds are as follows:

- To optimise returns while managing investment risk exposures within acceptable range; and
- To support both guaranteed and non-guaranteed policy liabilities to policyholders when they fall due.

For the Life Participating fund and Indexed Universal Life ("IUL") portfolio, the investment objective is to invest in assets that can support its guaranteed liabilities with a high degree of confidence; and to maximize returns for the assets supporting the non-guaranteed liabilities subject to an acceptable level of risk appropriate to the financial strength of the fund.

For the Life Non-Participating Fund (excluding Indexed Universal Life) and General Insurance Funds, the investment objective is to achieve a stable and appropriate return while managing investment risks. The Shareholders' Fund is to provide liquidity, capital and solvency support.

Our assets are valued at fair value and the 2025 investment position is available in the Company's audited 2025 Insurance Company Returns on the MAS website.

### **Sensitivity analysis**

We conduct sensitivity tests on the possible movements of the key variables to understand their financial impact.

	Change in variable	Impact on profit or loss (before tax) (\$'000)	
		FY2025	FY2024
Equity prices	+10%	7,751	13,150
	-10%	-7,751	-13,150
Unit trust prices	+10%	6,119	1,305
	-10%	-6,119	-1,305
Interest rate	+100bps	9,733	8,437
	-100bps	-9,733	-8,437

## **13 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 General Manager Office ("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 and custodians, 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.

## **14 Financial Performance**

Our annual financial statements have been drawn up in accordance with the provisions of the Companies Act 1967 and Financial Reporting Standards in Singapore.

Quantitative and qualitative information on our financial position, financial performance, earnings analysis and claim statistics are included in our annual report and insurance returns. The claim development is shown below.

**Summary of development of General Insurance's net claims as of 31 December 2025 (\$'000)**

Accident year	2021	2022	2023	2024	2025	Total
Estimate of cumulative claims:						
At end of accident year	59,378	73,008	68,532	62,876	68,687	
- 1 year later	57,418	71,337	66,322	56,957		
- 2 years later	57,876	71,961	64,345			
- 3 years later	57,170	73,531				
- 4 years later	57,498					
Current cumulative claims incurred	57,498	73,531	64,345	56,957	68,687	321,017
Cumulative payments	-53,639	-61,669	-49,777	-39,739	-18,548	-223,373
Estimate of claims reserves	3,859	11,862	14,568	17,217	50,139	97,645
Claims expenses						2,982
Estimated claims for prior years and additional provisions						17,397
Total net claims liabilities						118,024

Our annual report is available on [Accounting and Corporate Regulatory Authority](#) and the insurance returns are available on [Monetary Authority of Singapore Insurance Company Returns](#).

## Appendix: Environmental Risk Disclosure Report for FY2025

We adopt an ongoing journey in making our shift towards sustainability.

Our Taiping Group incorporates ESG into the Group's strategic planning and integrates ESG into the business development plans and daily operation processes and responds to the United Nations' Sustainable Development Goals (SDGs). The Group has set relevant goals for addressing climate change outlining 5 years strategic planning from 2021-2025. The goals include i) achieving higher growth rate of green insurance premiums compared to total premium income growth rate during the Group "Five-Year Plan" period, ii) reducing carbon emissions in operational activities yearly eventually achieving carbon neutral by 2030, and (iii) net-zero carbon emissions from investment portfolio by 2060. As a wholly owned subsidiary, we will incorporate Group's guidance to achieve the climate goals; and local regulatory requirement to reduce the carbon emissions in our operations and investment portfolio in line with Singapore's aspiration to achieve net-zero emissions.

Our disclosure is guided by the recommendations from the Task Force on Climate-related Financial Disclosure (TCFD) following the four pillars: (a) governance, (b) strategy, (c) risk management, and (d) metrics and targets.

### a) Governance

#### **Board's oversight**

The Board has the oversight responsibilities of the company, including supervising the management to effectively manage and control environmental risks and board-level ARC approves the Environmental Risk Management Policy.

In addition, the Board approves the environmental risk management framework, assesses and manages its environmental risk exposures on an ongoing basis. It ensures that environmental risks, where material, are addressed in our risk appetite framework, including the setting of qualitative and quantitative measures as appropriate.

#### **Management's role**

Our Senior Management develops and implements the Environmental Risk Management framework and policy. It ensures tools and metrics to monitor exposure to environmental risks, including resilience to different environment risk scenarios.

In addition, the Senior Management assesses and reviews regularly the effectiveness of the framework, policies, tools and metrics and making appropriate revisions, taking into account changes in the company's risk profile and business strategies.

Our Risk Management Committee reports to the Senior Management. The Committee implements the necessary processes and controls to support the framework and reviews information presented to it and, where necessary, make decisions on handling the environmental risk issues.

## b) Strategy

### i. Definition of time horizons

We identify the short horizon as up to three years, medium horizon as between three to ten years, and long term horizon as ten or more years.

### ii. Risks, Financial Impacts and Opportunities

Climate-related risks can be categorised into two major categories:

- Physical risks which relate to impacts of weather events and long-term climate changes. Acute physical risks are driven by extreme weather events such as hurricanes, floods or drought. Chronic physical risks are related to longer-term shifts in climate patterns such as rising sea levels, rising temperature and heat waves.
- Transitional risks refer to business-related risks arising from transitioning to a lower-carbon economy. These risks include changes in investor preferences, potential carbon taxes, new ESG disclosure requirements, global energy policies, and new net-zero emission initiatives.

#### **Risks and Financial Impacts**

Based on our risk assessment on Physical Risk factor, the materiality of climate-related risks would be high as Singapore is vulnerable to the impacts of climate change, such as sea level rise and more frequent and extreme weather events. These risks could have significant impacts on the built environment, infrastructure, and economy of Singapore, all of which are important considerations for the insurance industry.

As the physical risks of climate change increase, such as the frequency and severity of extreme weather events, the market value of insurers' properties and other physical assets may decline. This may also impact General insurance policy liabilities arising from exposure to corporate clients' assets, resulting in unfavourable impact to their balance sheet and solvency. We will continue to review the impact of physical risks to both our physical assets and our general insurance policy liabilities that are exposed to such risks.

Insurance companies that underwrite policies in sectors that are heavily exposed to climate-related risks may face increased credit risks if those sectors experience material financial distress due to climate-related impacts. These could result in higher credit losses for investment securities that are exposed to such sectors and higher default risks for corporates that we insure for performance

bonds. We will continue to review this impact on our investment securities and performance bonds that are in these sectors.

We currently hold physical assets locally which may be exposed to some form of acute and chronic physical risks. The risk exposures are deemed to be low due to the physical locations and contributions to the total assets.

Based on our risk assessment on Transition Risk factor, the materiality of climate-related risks would be high as the implementation of carbon taxes and other policy measures aimed at mitigating climate change could have material impacts on the financial performance of companies in carbon-intensive industries. We review our investments in the climate-related sectors as they are more adversely impacted by these changes. We manage these risks through our prescribed investment mandate which diversify the industries and geographical location that we invest in.

### **Opportunities**

We have identified the following climate related opportunities:

**Products** – We have seized the opportunity to launch additional liability insurance coverage for Electrical Vehicle (“EV”) Charging Point and underwritten EVs in our portfolio. Whilst we embraced the adoption of EVs in Singapore, we are currently taking a prudent approach due to the lack of claims statistics in Singapore and visibility on EV repair costs. With the progressive increase of charging facilities across Singapore and subsidies for upskilling of EV specialists available, we expect the accessibility of charging points and narrowing of price gap between Internal Combustion Engine and EV will entice more car owners to consider switching to a cleaner energy ride.

In the medium term, we will optimise opportunities to offer more renewable energy insurance products or develop new products that incentivize climate-friendly practices.

**Reputation** – We continue to support in community activities that conserve the environment and create a positive impact to the society such as East Coast Parkway beach cleaning.

## **c) Risk Management**

We review whether there are any adverse environment risk practices for relevant General Insurance customers in high-risk industries.

Based on investment post trades, we review for material environmental risk exposures. We will report our investment exposure to high-risk industries in the Risk Management Committee.

### **Stress-Testing**

To enhance our understanding of the potential impact of environmental risks on our business, we have conducted environmental risk scenario stress testing as part of our previous ORSA exercises.

These stress tests were performed with reference to the MAS Industry-Wide Stress Test scenarios and encompass a range of climate transition pathways.

Specifically, the scenarios include: (i) an orderly transition pathway, characterised by early and coordinated global policy actions that enable the world to remain on track to achieve the Paris Agreement objective of limiting global warming to well below 2°C above pre-industrial levels; and (ii) a delayed and disorderly transition pathway, where policy measures are implemented later and in a less coordinated manner, resulting in a more abrupt transition but with global warming still contained within the target threshold.

These exercises evaluated the impact of the associated shocks on our asset valuations. Under both scenarios, declines in the value of equities and bonds were observed. However, the overall impact was not significant, reflecting the Company's relatively limited exposure to climate-relevant sectors. These results highlighted that investments in carbon-intensive sectors may give rise to financial risks under adverse climate scenarios and therefore warrant ongoing monitoring and active management.

In addition, stress testing was conducted to assess the physical risks associated with climate change, particularly in the form of flood events, which may result in increased claims in the general insurance portfolio.

In 2025, we continued to assess our exposure of assets to climate-related sectors, which remained relatively low. Notably, our exposure to the fossil fuel sector accounted for approximately 6% of our combined equities and bond portfolio. The results of the assessment, together with the corresponding recommendations, were presented to the Board for its review and consideration.

#### d) Metrics and Targets

We disclose our key metrics as follows.

Metrics Category		Unit of measure	2025 Figures
Green operations	Energy consumption	Direct Energy Consumption (Petrol) – Scope 1 emission	Metric Tons of CO <sub>2</sub> equivalent 9 t CO <sub>2</sub> e
		Indirect Energy Consumption (Office Electricity) – Scope 2 emission	Metric Tons of CO <sub>2</sub> equivalent 177 t CO <sub>2</sub> e
	Water consumption	Total water consumption (m <sup>3</sup> )	179m <sup>3</sup>
	Waste discharge	Non-Hazardous waste (kg)	4,760kg

In line with TCFD recommendation, we monitor our investment exposure to carbon-intensive companies using the Weighted Average Carbon Intensity (“WACI”) and carbon footprint using carbon emission tons CO<sub>2</sub>e per SGD million invested. As of 31 December 2025, we assessed our portfolio<sup>2</sup> carbon intensity WACI was 219<sup>3</sup> tonnes CO<sub>2</sub>e per SGD million sales and carbon footprint was 75<sup>3</sup> abovet tonnes CO<sub>2</sub>e per SGD million invested.

## Conclusion

We recognise that environmental risks pose significant challenges for insurers, and we are committed to monitoring and managing these risks to maintain a strong financial position and meet our obligations to policyholders over the long term. These risks have provided us with Environment Risk Management opportunities to invest in sustainable industries and resources in risk mitigation and to explore sustainable insurance products. We believe that these approaches will create long-term value for our stakeholders.

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<sup>2</sup> Based on life insurance portfolio.

<sup>3</sup> Weighted by assets under management (“AUM”).