

EQ Insurance

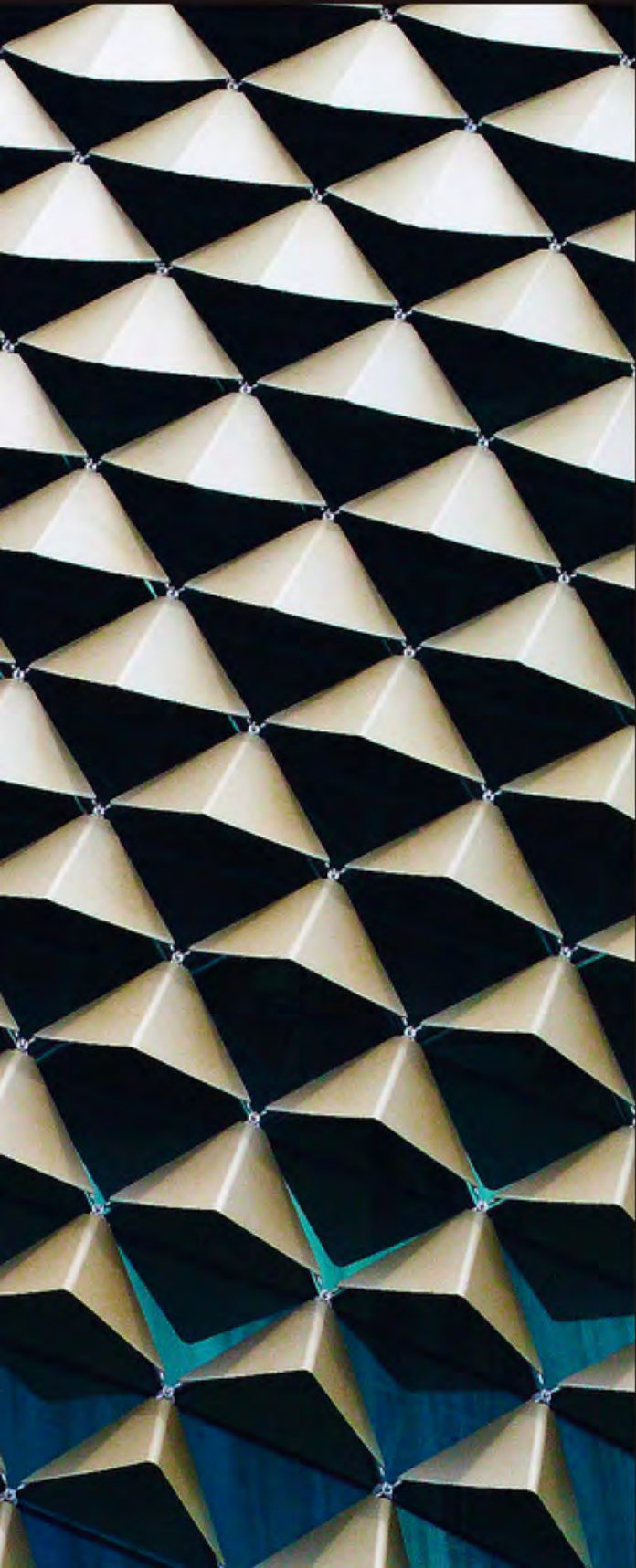
YOUR FRIENDLY  
HOMEGROWN INSURER




ANNUAL  
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2014



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2014 has been another eventful year for the insurance community. Therefore, it would be useful to take a step back and offer some broad reflections on what it means in terms of where we are as we ended a year and began the next.



# 17.4%

INVESTMENT (AND OTHER INCOME) GROWTH



# \$48.8m

TOTAL PREMIUM



# 97%

SALES FROM INTERMEDIARIES

## ABOUT US

EQ Insurance is a homegrown insurer providing commercial and personal insurance, including property, casualty as well as accident and health insurance to a diverse group of clients.

We are a wholly-owned subsidiary of Citystate Capital Asia Pte Ltd, a well-capitalised company with the ambition to expand in the region by acquiring insurance, underwriting and broking companies.

### VISION

A financially strong, Singapore-based multinational insurance firm writing international business.

### MISSION

Underwrite a profitable portfolio of non-life insurance business; develop a team of competent, young executives to lead the company's expansion; and build a value-driven organisation.

### CORE VALUES

#### Ease

To ensure that intermediaries have access to us and our facilities for quotation and issue of certificates of insurance.

To ensure that customers enjoy a seamless enquiry, application and payment process, making it easy for them to buy our products.

#### Quality

To ensure that intermediaries benefit from quality support, advice on guidelines and consistent information on procedures.

To ensure that customers benefit from quality products, advice and consistent information when purchasing a policy or enquiring on a claim.

#### Integrity

To ensure that intermediaries experience transparency in our dealings and procedures.

To ensure that customers experience honest and reliable claims solutions.

# BUSINESS IN REVIEW

## OVERVIEW

The Singapore economy grew by 2.9% in 2014 with the general insurance industry recording a 1.1% growth which translated to S\$38.4 million in premiums. The year saw intense competition among key insurers in the second half of the year, particularly in premium income for key sectors like motor, work injury compensation and project risk insurances (including engineering and bonds), which resulted in a sharper than desired rate erosion.

Amid a faltering domestic property market and lukewarm global economic recovery, the construction sector rode through a tougher business climate characterised by rising material and labour costs in the midst of softening private sector construction demand and continuing intense market competition. In contrast, the civil engineering sector faced more positive prospects in line with the rollout of mega tenders for exceptional infrastructure projects (including contracts for the airport and new MRT line).

During the year, EQ Insurance adopted a strict underwriting stance for construction-related insurance due to thinning profit margins. This led to a drop in the premiums written for engineering, bonds, work injury and construction equipment.

As a result, our total gross premiums were slightly down by 1% at S\$48.8 million in 2014 as compared to 2013, with the following lines leading the cause of business fall:

*Work Injury Compensation (WIC) business at S\$12.3 million, a 8% year-on-year decline*

*Bond business at S\$3.1 million, a 58% year-on-year decline*

*Engineering business at S\$2.3 million, a 25.3% year-on-year decline*

## KEY MEASURES AND ACCOMPLISHMENTS

### WRITTEN PREMIUM:

Despite a marginal decline in total gross premiums, our total net written premiums and net earned premiums grew year-on-year by 2% to S\$40.7 million, and 5% to reach S\$41 million, respectively.

### UNDERWRITING RESULTS:

With EQ Insurance's deliberate re-profiling of its portfolios, loss ratio improved from 71% in 2013 to 57% in 2014. However, due to inflation and costlier development to past years' unsettled claims, these increases weighed in on our net underwriting results, which was S\$0.9 million in 2014.

### INVESTMENTS:

Our cautious and conservative asset-investment allocation approach was key to securing a 17.4% growth in investment and other income to help us end the year with a S\$2.5 million surplus.

### PROFITS AFTER TAX:

With our improved combined ratio of 94% (as compared to 104% in 2013), we achieved S\$3.5 million in profits after tax.

## INITIATIVES TO OPTIMISE OUR CAPITAL STRUCTURE

Against this backdrop, EQ Insurance made strong efforts to re-profile the portfolio by embarking on a slew of key initiatives. Preceding this re-profiling effort, EQ Insurance bolstered its competencies with key appointments of experienced officers with expertise in marketing, underwriting, technical analysis and claims as they with the rest of the teams pursued the following:

### Growing Profitable Motor Segments

Motor is our largest insurance class. Our Commercial Motor business grew robustly from S\$7.1 million in gross premiums a year ago to S\$11.1 million in 2014, while Private Car Motor business saw a 6% decline to S\$6.8 million. Leveraging on our strengthened expertise, we priced and packaged to attract profitable segments. The Commercial Motor segment will remain the dominant mix in our Motor portfolio.

### Creating New Markets Through Strategic Alliances

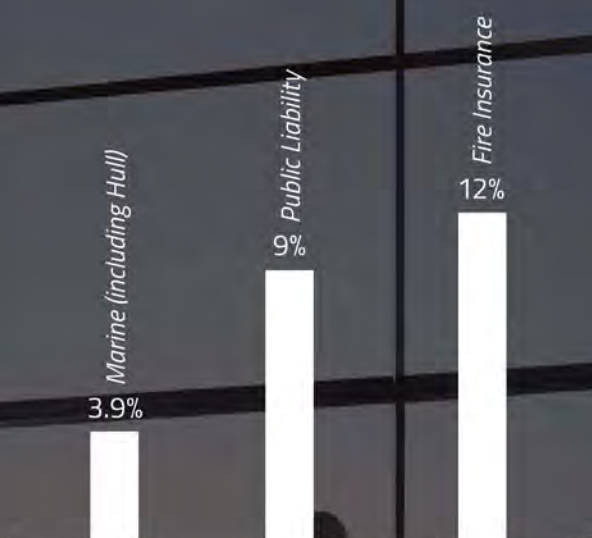
Having identified the future potential in FinPro solutions which focuses on providing financial risks protection, EQ Insurance entered into a strategic partnership with COFACE. This tie-up has enabled us to offer Trade Credit cover through our trained intermediaries. In 2014, Trade Credit Insurance grew to S\$0.3 million in gross premiums. Moving forward, we anticipate a year-on-year sales increase with an even firmer showing in 2015.

### Strengthening Our Distribution Network

As a multi-channel service enterprise, we adopted an engagement strategy. Through training, incentives (where permitted) and regular formal or informal activities, we promoted business interactions and strengthened our partnership with our intermediaries. In our on-going efforts to recruit more profitable partners, the year benefitted from our recruitment of a pool of experienced Motor Agents in 2013 and 2014 who have since been instrumental to EQ Insurance's attained premiums growth in Motor.

### Increasing Sales of Insurance Through Use of Technology

Our Internet-based portal was expanded to include Business-to-Business (B2B) and Business-to-Customer (B2C) capabilities. Since the rollout of additional product solutions, sales through this portal has risen sharply and we anticipate year-on-year sales to continue to rise.



### Managing Claims Cost to Reduce Losses and Improve Profitability

In ensuring that our product solutions stay competitively priced and remain affordable to the customers, EQ Insurance embarked on several cost containment measures. Losses are managed to reach quick, fair and early settlement, where possible, with our policyholders. For our insured motorists, through a convenient single number hotline, they can now enjoy the mobile convenience of motor accident reporting and onsite windscreen repair.

### Bolstering the Growth of Under-Performing Yet Profitable Lines

We kept sight on developing more Personal and Commercial business opportunities and in 2014 succeeded in growing our sales for:

- *Fire Insurance to S\$0.9 million (up 12% over 2013)*
- *Public Liability segment to S\$1.4 million (up 9%)*
- *Total Marine (including Hull) to S\$0.5 million (up 3.9%)*



“ I believe our success hinges on the dedication and hard work of our intermediaries; they are a key asset that will allow us to thrive in a highly competitive market like Singapore. ”



# CHAIRMAN'S MESSAGE

*In our eighth year, we enhanced our stature and continued to build an even stronger foundation for our business. These were evident in the new partnerships we forged and our high staff retention rate, a sign that we have gained the trust of the market and reaped the reputational dividend of being around for close to a decade. We remain steadfast as we persevere towards our goal of handling S\$80-S\$100 million in premiums.*

The year 2014 saw some key management changes in our journey to becoming a key player in the Singapore general insurance market. I handed over the role of Chief Executive Officer to industry veteran Ronald Cheng and assumed the position of Chairman. I am pleased that the handover was seamless and that my successor has taken EQ Insurance a step closer to where we want to be as a company.

With Ronald at the helm as CEO, we have strengthened our management, underwriting and technical teams with experienced staff of high calibre. We have also deepened our capabilities and diversified our portfolio to include trade credit, financial and professional liability practice, pleasure craft insurance, short-trip group travel insurance and insurance for local students. In addition, we made headway in growing our motor business by expanding it to provide coverage for fleet, motorcycles and motor trade.

Despite the challenging operating environment with intense competition amongst industry players, our prudent management and planning allowed us to achieve 5% growth in total net earned premiums to S\$41 million in 2014. This was supplemented by a S\$3.3 million increase in profit-after-tax to S\$3.5 million, and a 17.4% rise in investment (including other income) to S\$2.5 million.

## **BUILDING ON OUR KEY ACCOMPLISHMENTS**

Over the last seven years, EQ Insurance has amassed rich expertise in insurance. Backed by an experienced, dedicated and motivated team of employees, we have successfully penetrated the local insurance market. As we continue to strengthen EQ Insurance to meet evolving needs in an increasingly globalised market, we will continue to adapt our know-how as a local insurer leveraging on global underwriting capacities.

## **BROADENING OUR INTERMEDIARIES NETWORK**

One of the highlights of 2014 was the continued growth of our sales through agents and financial advisers. I believe our success hinges on the dedication and hard work of our intermediaries; they are a key asset that will allow us to thrive in a highly competitive market like Singapore. Our efforts to bolster closer ties with our partners are heading in the right direction. We will continue to make it a top priority to engage our partners and meet their needs by broadening our product suite and stepping up our efforts to put in place more efficient systems and streamlined processes to support distribution, underwriting and claims handling.

## **CREATING NEW MARKETS THROUGH IT**

Expanding our business lines and deepening our working relationship with our intermediaries would not be sustainable without the support of efficient systems. I am pleased that we have invested time and resources in building up our IT capabilities and digitising our backend processes. Among the fruits of our labour is an enhanced e-portal for motor and travel insurance and online platforms for our intermediaries and trade credit insurance clients. This has increased EQ Insurance and our partners' efficiency. Our partners can now feed their request for quotes and immediately receive indicative quotes for personal motor insurance policies via our online portal, shortening their quotation process and raising our productivity, not to mention more policies being issued.

The use of credit cards to pay for motor and travel insurance policies online also came on stream, paving the way for even more extensive online modes of engagement with our partners and customers.

We recognise that the future of customer engagement is in mobile devices, and in the years to come, the management is supportive of and committed to upgrading our electronic capability across all fronts so that our roadmap toward engaging our intermediaries and customers through mobile and other online platforms will be seamless.

## **EXCITING TIMES AHEAD**

Moving forward, we will continue to focus on the Singapore market, where our aim is to grow our premiums to S\$80 million and subsequently, S\$100 million. To help us achieve this, we will work to further improve our ratings to allow us to write a wider range of businesses and to give us access to various kinds of clients through our intermediaries.

Having built stronger foundations for our business and organisation, we believe we are now ready to take on bigger challenges and new initiatives. We are looking forward to spreading our wings wider in the Singapore market, expanding our portfolios such as motor, trade credit as well as insurance for local workers and students, with a goal of securing the capability to write international business.

We have come a long way from being a startup in a market full of big brand names eight years ago. I am thankful to our team, partners, agents and intermediaries. Underlying our achievements is perseverance and a consistent approach to achieving quality in whatever we do. I have every confidence in the team to bring us forward as we stick to our guns, continue to underwrite responsibly and compete for business on the basis of efficiency.

Congratulations on a good year!



**Leow Tze Wen**  
Chairman

# BOARD OF DIRECTORS



## Leow Siak Fah

Director

The late Mr Leow Siak Fah read law at the University of Singapore and was called to the Malaysian Bar. He was an alumnus of the Advanced Management Program, Harvard Business School. Mr Leow had over 50 years of working experience in the insurance industry, including some years in the UK.

He founded many insurance companies in several countries. An Associate of the Chartered Insurance Institute, UK, Mr Leow was the Executive Chairman of the Citystate Group Pte Ltd, which has interests in insurance, travel, food distribution and restaurants, banking, real estate and education. Mr Leow was responsible for the formation of the EQ Insurance Company Limited. He also founded The Singapore Lyric Opera Ltd and OperaViva Ltd and was awarded a Public Service Medal in 1996 by the President of Singapore.



## Leow Tze Wen

Chairman

Mr Leow Tze Wen started his career in investment banking in 1996, working with local and foreign companies such as OCBC and Merrill Lynch. He also worked with Guy Carpenter, a reinsurance broker in London before joining the Citystate Group Pte Ltd in 1998. In the last few years, he has been involved in the Group's insurance broking operations, and in 2011, Mr Leow was appointed Principal Officer of EQ Insurance.

In addition, he presides as Group Chief Operating Officer of Citystate Capital Asia Pte Ltd, an investment company formed in 2009 with the sole purpose of developing a pan-Asian Insurance Group of companies. Mr Leow is also Managing Director of the Citystate Group Pte Ltd. He is an Associate of the Chartered Insurance Institute and holds a BSc (Econs) and MSc (Econs) in Accounting and Finance from the London School of Economics, UK. Mr Leow supports many causes and he sits on the main committee of the Yellow Ribbon Fund.



## Phillip Tan

Director

Mr Phillip Tan is a Certified Public Accountant in Singapore. He was a member of the leadership team in an international firm of accountants in Singapore and was the leader of the firm's Capital Markets practice till he retired on 30 June 2007. He has more than 25 years of auditing experience of insurance companies and has advised on a wide range of issues in relation to insurance companies, including cost reduction and reorganisations, mergers and acquisitions and financial investigations.

He is a past Chairman of the Insurance Committee of the Institute of Certified Public Accountants Singapore. Mr Tan is very active in community service and was recently appointed the new Chairman of Community Chest, the fundraising arm of the National Council of Social Service. He is also a Justice of Peace and has been awarded the Public Service Medal, the Public Service Star and the Public Service Star (Bar).



### **Anthony Tan**

Director

Mr Anthony Tan served as the Principal Officer of EQ Insurance from 2007 to June 2010. In his active years of service in the insurance industry, he had served as a Management Committee Member of the General Insurance Association, President of the Insurance Institute of Singapore and Governor of the College of Insurance.

Mr Tan holds a Master of Business Administration from the Oklahoma City University and is also an Associate Member of the Chartered Insurance Institute of the United Kingdom.



### **Ng Tee Yen**

Director

Mr Ng Tee Yen graduated with a Bachelor of Computer Science and a Bachelor of Engineering (Electrical and Electronic) from the University of Western Australia in 2002. He then worked as a software engineer in a startup company that was subsequently acquired twice, ending in acquisition by IBM.

In 2009, he left to manage various family companies. He holds a Master of Business Administration from the University of Western Australia.



### **Ng Tee Chuan**

Director

Mr Ng Tee Chuan has a Bachelor of Science (Computer Science) and a Bachelor of Engineering (Electronics) from the University of Western Australia, Australia. He also has a Master of Business Administration (Finance and IM) from the University of Western Australia. He was a practicing engineer for a few years before leaving the profession to manage the various family companies.

Mr Ng is on the board of many diverse companies in Singapore, Malaysia, Indonesia, Australia and the British Virgin Islands.



## CHIEF EXECUTIVE OFFICER'S MESSAGE

*Having achieved higher calibre in our underwriting, product and distribution capabilities, we went full steam ahead in expanding our business.*

It has been an exciting year for me leading the company as its CEO. The job of steering a young and homegrown organisation like EQ Insurance with a team of very experienced practitioners has been satisfying as it has allowed me to be fast and nimble in decision-making.

EQ Insurance is executing on its strategic plan to optimise our capital structure to create greater shareholder value by reducing our historical dependency on construction-related insurances and incorporating new and profitable growth opportunities in Personal & Commercial business lines such as Motor, Property & Casualty, Travel, Health and Trade Credit insurance. We are also working towards being known as a friendly local underwriter with increasing operating effectiveness and efficiency.

In 2014, our total gross premiums – at S\$48.8 million – were narrowly down by 1% over the previous year. However, our core earnings grew in tandem with our re-profiled portfolios with the construction-related insurances contributions falling as we take strict underwriting stance due to thinning rates and profit from this segment. The successful execution of EQ Insurance's strategy for a re-profiled portfolio mix allowed us to attain a rise in net underwriting profit to about S\$1 million, as compared to a loss of S\$2.3 million in 2013.

Looking at our major classes of business, Motor was our top performer in 2014 with S\$17.8 million in gross premiums, an increase of 25% over 2013. Meanwhile, our Property & Casualty business recorded S\$21 million in gross premiums, while Accident & Health and Marine Insurance posted premiums of S\$9.5 million and S\$0.5 million, respectively.

Aided by strong, experienced human capital, I expect our enterprise to be well-positioned as we strive to improve further in four areas.

# KEY FIGURES



## **DIGITISING OUR SYSTEMS AND BUSINESS PLATFORMS**

We will rely on the use of technology to drive our continued growth and expansion. In 2014, we fortified our IT capabilities to actively harness the potential of technology in enhancing our underwriting, distribution, processes and operations through Business-To-Business (B2B) and Business-To-Customer (B2C) approaches. Thanks to our Motor ePortal, our intermediaries can now seamlessly obtain quotes and/or issue certificates of insurance or cover notes online, which has in turn cut the turnaround time for policy issuance.

## **GROWING THROUGH OUR PARTNERS**

We will grow our intermediary channels (including financial advisers) and deepen our mutual working relationships with our intermediaries to make EQ Insurance their priority insurer – and this will not change moving forward as we push for more profitable growth. In 2014, 97% of our sales were derived from intermediaries.

## **BROADENING OUR BUSINESS CAPABILITIES**

We will train our staff and deepen our internal expertise in underwriting, marketing, claims handling and backend systems and in so doing, expand our human capital for a broad-based business capability. In 2014, through COFACE, we organised training sessions to transfer knowledge on Trade Credit Insurance. We also added Student HealthPlus, a hospitalisation plan for full-time students who are Singaporeans or permanent residents, to our products and services suite. In addition, we launched EQ Travel Lite, a group travel insurance scheme for short trips to neighbouring countries.

## **BOOSTING OUR CLAIMS HANDLING CAPABILITIES**

In 2014, our Claims Department underwent a structural and process redesign to help us achieve better control and increase operational efficiency. We will continue to hire new executives and embark on further digitisation such as imaging of claims and related work processes.

## **LOOKING AHEAD**

In addition to the invaluable contributions by our intermediary partners, I am grateful to all the dedicated employees who have made our achievements possible. Together, with an easily accessible and highly supportive board, we were able to put in place systems and initiatives that grew our business in areas earmarked in our plans to drive profitable growth and deliver greater value to our shareholders.

Our ambitions as a company are big and the efforts required of us are even bigger. But being a homegrown insurer agile in making decisions and in carrying them out, and coupled with the stronger foundations we have built for our business, the road to becoming a preferred Singapore general insurer has been paved to lead us to stronger growth in 2015.

**Ronald Cheng**  
Chief Executive Officer

# MANAGEMENT TEAM



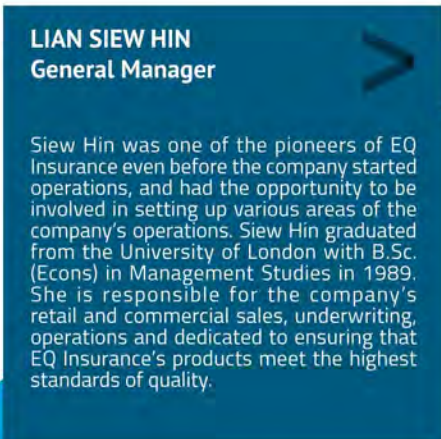
**RONALD CHENG**  
Chief Executive Officer

Ronald has previously held senior management positions in the broking and insurance companies before joining EQ Insurance. He is a Fellow of the Chartered Insurance Institute. He plays a key role in the continued development of strategic relationships, ensuring flexibility in response to an increasingly demanding marketplace. He is responsible for the overall execution of strategic business directions and overseeing the underwriting and claims operations and business development of EQ Insurance.



**RINA TAN**  
Group Financial  
Controller

Rina has held various positions covering responsibilities in Accounting, Finance, HR as well as IT functions in the general and reinsurance companies. She joined Citystate Group Pte Ltd in 1996 and was actively involved in the run-off of Equatorial Reinsurance (S) Ltd and its branch in Hong Kong. She was a member of the management team responsible for the formation of EQ Insurance in 2007. Rina is a member of The Institute of Singapore Chartered Accountants (CA) as well as a Fellow of the Association of the Chartered Certified Accountants (FCCA). She is also an Accredited Tax Practitioner (ATP) of Singapore Institute of Accredited Tax Professionals Limited. She oversees the accounting, business support, financial planning and analysis, internal audit and tax functions at EQ Insurance.



**LIAN SIEW HIN**  
General Manager

Siew Hin was one of the pioneers of EQ Insurance even before the company started operations, and had the opportunity to be involved in setting up various areas of the company's operations. Siew Hin graduated from the University of London with B.Sc. (Econs) in Management Studies in 1989. She is responsible for the company's retail and commercial sales, underwriting, operations and dedicated to ensuring that EQ Insurance's products meet the highest standards of quality.



**STEPHEN CHAN**  
Senior Manager  
Motor

Stephen started his insurance career as an insurance broker and has worked with several major international insurance companies. His last appointment was Director of Personal Lines focusing mainly on Motor Insurance, Travel and Personal Accident, Home and Maid Insurance with an international insurer. He has a MBA from Adelaide University, Australia and a Bachelor Degree in Business Administration from University of South Australia. He is also a Chartered Insurer and an ACII holder from The Chartered Insurance Institute, UK. He has developed new motor markets and led the e-commerce initiatives on online motor.



**NICK WONG**  
**Manager**  
**Marketing & FINPRO**

Nick has served in various capacities as a broker and also as a practitioner in major international insurance companies. With his years and diverse general insurance knowledge, he joined EQ Insurance in 2013 and played a significant role in creating new markets and strategic partnership in the FinPro solutions. He assumed the additional role as Head of Marketing to lead a team to expand the sales for more retail and commercial opportunities from the Direct, Agency, Broking and Financial Advisers segments.



**PETER NG**  
**Manager**  
**Communication**

Peter has held various positions in major insurance companies in the life and general insurance industry. His educational background includes an M.B.A. from National University of Singapore and a Bachelor of Business (Banking & Insurance) from Nanyang Technological University. He oversees development and implementation of support materials in the area of marketing, communications, public relations and social media coordinating with the other functions of EQ Insurance.



**JERRY LIM**  
**Manager**  
**Marketing**

Jerry has held various positions in the Life and General Insurance operations. He holds a Bachelor of Arts (Economics) from Victoria University of Wellington, New Zealand and a Diploma in Insurance from The Chartered Insurance Institute. He joined EQ Insurance in 2010 and played a significant role in EQ Insurance's early entry into the Agency distribution network. As Head of Marketing to a team, he is responsible to lead the sales expansion for more retail and commercial opportunities from the Agency and Broking segments.



**HARRY WANG**  
**Manager**  
**Information Technology**

Harry started his career in IT in 1990. He continued his deep-rooted passion with EQ Insurance in 2007. He holds a Bachelor of Science in Business Information Technology (Hons) from the University of Central England. He is also the Group IT Manager for Citystate Group Pte Ltd. Leading a team, his role is to ensure the streamlined operation of the IT Department in alignment with the business and business continuity objectives of the organisation. He was instrumental in the e-commerce development, which includes the travel and motor online capabilities.

# MANAGEMENT TEAM



**ADAM TANG**  
Manager  
Technical Support & Compliance

Adam started his insurance career in Malaysia and joined the Singapore insurance industry in 1989. He holds a Bachelor Of Science (Business Administration) from Oklahoma State University, USA. Previously, he had an illustrious career with both local and international insurance companies, contributing his experience in the areas of management, operations, marketing and underwriting of General Insurance business. He oversees all compliance and risk management matters, including corporate governance and enterprise risk management. In addition, he leads in cross-sectional projects (including e-commerce).



**CHARLIE NEO**  
Manager  
Claims

Charlie has held various positions in major international insurance companies with a specialty in Claims. He is a member (Associate) of The Australian and New Zealand Institute of Insurance and Finance. He is also a Motor Committee member of General Insurance Association (GIA) since 2009. He leads a team responsible for assessing the scope, causes, complexity and loss amount as well as determining our legal obligation to indemnify a motor or non-motor claim. Since his joining, EQ Insurance has introduced several loss-minimisation measures that benefit all concerned.

**HARRY CHURN**  
Manager  
Technical Support

Harry has acquired his experience and wealth of technical expertise in Claims, Change Management, Technical Studies, Product and Business Analytics from his roles in the general insurance industry in Malaysia and Singapore. He holds a Bachelor's degree in Economics from University of Toronto, Canada. Since joining EQ Insurance, he brought new technical analytical perspectives in respect of Business Analytics and Product functions with deep expertise and business acumen. His immediate priorities are the implementation of technical business analytics and driving the enhancement of the product offerings.



**ERIC TAN**  
Manager  
Accident & Health

Eric started his insurance career as an insurance broker and has held various positions in Life and General Insurance operations covering responsibilities in the specialty area of Group Insurance dealing with employee's benefits. He is a member (Senior Associate) of The Australian and New Zealand Institute of Insurance and Finance. Since joining EQ Insurance in 2008, he was part of the first EQ Insurance e-commerce initiative to bring travel insurance online. He is responsible for delivering EQ Insurance's Accident & Health products solutions for the retail and commercial customer segments.





**BRENDA CHEONG**  
**Manager**  
**Property, Casualty & Marine**

Brenda has served in several major international insurance companies. She joined EQ Insurance in 2014 and served her specialty in Property & Casualty underwriting and assumed the additional role as Head of Marine. She is responsible for delivering EQ Insurance's Property, Casualty & Marine products at the heart of EQ Insurance's customer solutions for the retail and commercial segments.



**TRACEY LIM**  
**Manager**  
**Processing**

Tracey served in operations and took on the responsibility as Head of Processing in 2014. She holds a Bachelor of Business Administration (Hons) from Northern University of Malaysia. Tracey leads a team of people to process and fulfil the contracts delivery and is dedicated to ensuring that EQ Insurance's policy documentations meet the highest standards of quality.



**TAN LENG LENG**  
**Assistant Manager**  
**Human Resource & Administration**

Leng Leng started her career in HR with the Life and General insurance industry in 1999. She has held several roles in both the Regional and Local office of a leading international insurance company. Her vast experiences and knowledge in both Human Resource and Administration includes training and development, recruitments, HR Operations and employee engagement. Since she came onboard in late 2014, Leng Leng has facilitated the introduction of the performance management system and continued to stride towards creating a fun and engaging workplace in EQ Insurance.

# WHAT'S AHEAD OF US

*2014 has been another eventful year for the insurance community. Therefore, it would be useful to take a step back and offer some broad reflections on what it means in terms of where we are as we ended a year and began the next.*

## SINGAPORE'S INSURANCE MARKET

Well positioned, Singapore aims to develop into a global marketplace by 2020 - with the ability to accept regional and global risks.

While the insurance industry grew in 2014, further growth can be expected in tandem with greater cross-border access to regional markets as the ASEAN financial services markets liberalise and insurance demand across this region increases.

Notably, the Singapore market has built up significant expertise in specialty insurance, namely marine, energy, catastrophe, credit and political risks. With such new capabilities, most Asian risks, including entire large reinsurance programmes and specialty risks, can be fully placed in Singapore.

Having built on a significant presence in just a few years, EQ Insurance's near term challenges will include developing more comprehensive product solutions that foster a conducive business environment with our identified partners and clients in an international marketplace - right here in Singapore.

## NEW RULINGS IN OUR CONSIDERATIONS

### Healthcare

With an ageing population, approximately 70-80% of Singapore residents obtain their medical care within the public health system. In end 2015, the largely popular MediShield will be replaced by MediShield Life, and will offer better protection and higher payouts, so that patients pay less Medisave or cash for large hospital bills. This development will reshape the traditional coverage ideas extended to Singaporeans and Permanent Residents, and the purchase decisions made by individuals and corporations to cover their family and employees respectively.

### Motor

All motor vehicles in Singapore must be registered with the Land Transport Authority (LTA) before they can be driven on the public roads. The annual vehicle population growth rate has been lowered year-on-year to a low 0.5% in 2014 to align with the pace of road growth going forward.

Due to demand and supply conditions the cost of new Certificate of Entitlements (COE) have stayed relatively high. Consequently, old vehicle are kept to their maximum 10-year life-span and replacements are dominated by vehicles of higher marque and/or of non-Asian leading brands.

### Period of Consolidation & Entrance of New International Players

The year also witnessed the entry into the Singapore insurance market of international brands through acquisition of several property-casualty insurance companies. While we can expect tougher competition, EQ Insurance, with strengths in selected

small niches, is in a solid position with a full range of products, a strong team and a robust support system.

## EQ INSURANCE'S NEXT STEPS IN TRANSITION

### Broaden Our Products Offering

Our product innovation will keep its momentum as we explore new partnerships in product development and distribution. We have identified several opportunities for Health, Travel and SME Business growth and are coming up with products that will provide insurance protection to these potentially underserved markets in Singapore. This is in addition to working to strengthen our relationship with our partners in current airline affiliated programmes.

Our customers have already experienced our ongoing updates and product improvements over the past year, including new product benefits in Travel and Motor and enhanced capabilities through the e-portal.

### Boost our Intermediary Channel

Having grown year-on-year in strength and reputation, we will on the distribution front expand our engagements with experienced market agents and other distribution segments to complement our existing agency force.

We will continue to outdo ourselves in bringing the ease of doing business with us to a higher level. As we have always done, we will keep on going the extra mile to give our intermediaries easy access to our underwriters and senior management and better use of our facilities for quotation and processing.

### Support our Staff Development

One of the greatest challenges facing employers today is finding and keeping good employees. Recognising that good employees desire to develop new knowledge and skills in order to increase their value in the marketplace and enhance their self-esteem, we are implementing pay-for-performance plans starting in 2015.

The scheme lays out employees' career plans ahead of time so that they understand EQ Insurance's expectations and know the predefined goals for performance rewards. This is supplemented with organised and structured training tailored for the individuals. Another key area in our employee support strategies is to allow our staff to review their performance measurements, particularly those that affect their jobs. To achieve this, more regular town hall meetings will be organised.

### Maintain an Attractive Workplace

In mid 2015, we will be moving to a bigger office at the MND Complex on Maxwell Road. The office will house everyone under one roof and will offer us better infrastructure and facilities that will attract, retain and nourish good talent.

## WE ARE READY FOR OUR NEXT CHALLENGE

As we move into 2015, we will carry on implementing the programmes we have started, particularly in the areas of capability building and enhancing our systems and processes. This will move in tandem with our recruitment exercise to fill the gaps in our drive to bolster our capabilities.

We went through a number of changes in the past year in our quest to fortify the foundation of our company. The next few years will see us initiating more changes and investments in areas that will equip us to become a better-trusted insurer. As these measures yield successes, we give assurance that we are steps closer to where we want to be.

With the aim of becoming a Singapore-based insurance company that writes international business, we will gear ourselves to obtain a financial strength rating from the international ratings agency. This will seal our strength and ability to engage in international business.



# FINANCIAL REPORT

EQ Insurance Company Limited

## Balance Sheet account for the financial year ended 31 December 2014

	2014 S\$	2013 S\$
<b>NON-CURRENT ASSETS</b>		
Property and equipment	763,165	691,394
Investment securities	36,842,858	32,717,478
Reinsurers' share of insurance contract liabilities	8,088,524	7,061,167
	<u>45,694,547</u>	<u>40,470,039</u>
<b>CURRENT ASSETS</b>		
Investment securities	5,916,198	4,568,100
Prepayments and deposits	614,397	202,816
Trade receivables	8,762,624	7,330,761
Trade receivables due from related companies	165,752	120,529
Other receivables	1,021,453	835,782
Cash, bank balances and deposits	58,588,446	62,000,014
Loans and receivables at amortised costs	<u>68,538,275</u>	<u>70,287,086</u>
	<u>75,068,870</u>	<u>75,058,002</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	5,293,786	4,940,330
Other payables	2,570,735	2,533,953
Financial liabilities carried at amortised costs	<u>7,864,521</u>	<u>7,474,283</u>
Tax payables	116,753	326,110
	<u>7,981,274</u>	<u>7,800,393</u>
<b>NET CURRENT ASSETS</b>	<u>67,087,596</u>	<u>67,257,609</u>
<b>Non-current liabilities</b>		
Gross insurance contract liabilities	65,387,002	64,074,599
Deferred tax liabilities	412,957	249,441
	<u>65,799,959</u>	<u>64,324,040</u>
<b>NET ASSETS</b>	<u>46,982,184</u>	<u>43,403,608</u>
<b>Equity attributable to equity holder of the Company</b>		
Share Capital	36,500,000	36,500,000
Fair value reserve	310,755	275,177
Accumulated profit	10,171,429	6,628,431
<b>Total equity</b>	<u>46,982,184</u>	<u>43,403,608</u>

EQ Insurance Company Limited

## Profit and Loss account for the financial year ended 31 December 2014

	2014 S\$	2013 S\$
Gross written premium	48,840,243	49,276,388
Reinsurers' share of gross premiums written	(8,142,785)	(9,383,762)
Gross change in reserve for unexpired risk		
— net of deferred acquisition cost	909,014	(266,672)
Reinsurers' share of gross change in reserve for unexpired risk		
— net of deferred acquisition cost	(606,092)	(455,816)
<b>NET EARNED PREMIUM</b>	<b>41,000,380</b>	<b>39,170,138</b>
Gross claims paid	(29,706,682)	(30,587,081)
Reinsurers' share of gross claims paid	5,789,692	8,401,417
Gross change in loss reserves	(2,218,740)	(7,177,205)
Reinsurers' share of gross change in loss reserves	1,633,449	1,048,194
<b>NET CLAIMS INCURRED</b>	<b>(24,502,281)</b>	<b>(28,314,675)</b>
Commission expense	(7,505,932)	(7,632,018)
Commission income	1,874,411	2,461,453
<b>Net commission</b>	<b>(5,631,521)</b>	<b>(5,170,565)</b>
<b>Other underwriting expenses</b>	<b>(1,276,643)</b>	<b>(768,477)</b>
<b>Underwriting profit from direct general insurance</b>	<b>9,589,935</b>	<b>4,916,421</b>
<b>Net underwriting results from reinsurance business (in run off)</b>	<b>(585)</b>	<b>(333)</b>
Investment and other income	2,504,122	2,133,161
Other operating expenses	(8,626,817)	(7,358,573)
<b>Profit / (Loss) before tax</b>	<b>3,466,655</b>	<b>(309,324)</b>
Taxation	76,343	588,787
<b>Profit for the year</b>	<b>3,542,998</b>	<b>279,463</b>

# FINANCIAL REPORT

EQ Insurance Company Limited

## Statement of Comprehensive Income for the financial year ended 31 December 2014

	2014 S\$	2013 S\$
<b>PROFIT FOR THE YEAR</b>	<u>3,542,998</u>	<u>279,463</u>
<b>Other comprehensive income:</b>		
Item that may be subsequently reclassified to profit or loss:		
Net gain/(loss) on available-for-sale financial assets	<u>35,578</u>	<u>(109,839)</u>
<b>Other comprehensive income for the year, net of tax</b>	<u>35,578</u>	<u>(109,839)</u>
<b>Total comprehensive income for the year</b>	<u><u>3,578,576</u></u>	<u><u>169,624</u></u>

# CORPORATE SOCIAL RESPONSIBILITY



## GIVING BACK TO SOCIETY

As part of our corporate social responsibility, EQ Insurance organised an Art workshop-cum-competition for underprivileged children at Sunbeam Place on 10 September 2014. Sunbeam Place, managed by the Singapore Children's Society, is a residential home and gazetted place of safety for children who have been abused and neglected and in need of protection, or whose parents are unable to provide proper care.

EQI engaged Mr Patrick Yee, a published author and illustrator of more than 100 children's books, to teach 25 children aged 6 to 12 to create stained glass and sand art pieces, while 13 staff interacted with and encouraged them to create art pieces with the theme, "responsibility".

13 winning entries were selected, and the winners were presented S\$20 Popular vouchers each. The winning entries will be featured in EQI's Corporate Calendar. Mr Ronald Cheng, Chief Executive Officer of EQI, also presented a cheque donation of S\$2,000 to Sunbeam Place.

The CSR activity was in line with EQI's objective to be a catalyst of growth, development and change for the children. It achieved its goal, as it brought joy to the participants, broadened their perspectives and improved their socialisation skills. It was also an eye-opening and enriching experience for our staff who took part in our first corporate volunteering activity.

**GET IN TOUCH**

**EQ INSURANCE COMPANY LIMITED**

5 MAXWELL ROAD #17-00 TOWER BLOCK

MND COMPLEX SINGAPORE 069110

TEL: (65) 6223 9433

FAX: (65) 6224 3903

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

(Co. Regn. 1978-00490-N)