Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Great Eastern Holdings Limited

Stock code: G07

Meeting details:
Date: 16 April 2021
Time: 3.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. The theme of the 2020 annual report is "Transforming tomorrow together", which encapsulates the journey the group has embarked on in a year that has been ravaged by the pandemic. The group's gross premiums increased by 31.8% to $15.5 billion while total weighted new sales increased by 23% to $1.54 billion. The significant increase in gross premiums of 31.8% followed two years of decline, (3.8)% in 2019 and (2.5)% in 2018.

(i) **Can management help shareholders understand the reasons for the increase in gross premiums given that the pandemic has had devastating social and economic impact and caused uncertainties to the livelihoods of many?**

(ii) **Is there any evidence that the lapse and surrender rates of new policies signed up in 2020 may be higher/lower?**

(iii) **Please also provide a breakdown of the gross premiums of $15.5 billion for FY2020 by country, by type of insurance (life, general insurance), etc.**

As a leading regional insurer, the group has a wide range of products to meet the needs of various customers. The products vary greatly in terms of coverage and features, such as short-term Single Premium endowment products (Great series), Regular Premium and Protection products.

(iv) **Would the board consider how it can provide shareholders with greater clarity on the performance of its core business by showing a clear and concise summary of the sales mix in future annual reports?**

(v) **In addition, can management help shareholders understand the group's long-term growth plans for Indonesia?**

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Q2. While gross premiums increased by 31.8%, profit attributable to shareholders decreased to $960.6 million.

The financial highlights can be found on pages 36 & 37 of the annual report. An extract is reproduced below:



(Source: company annual report)

Based on the consolidated profit or loss statement (page 117), total income increased from $18.6 billion to $21.5 billion (15.4%) while total expenses increased from $17.0 billion to $20.7 billion (21.8%). This could be attributed to "Management and other expenses" increasing from $648.2 million to $1.4 billion.

As seen in Note 7 (page 159 – Additional profit or loss disclosures), this was due to a RM2.37 billion (S$785.3 million) donation made on 5 March 2020 to the Malaysia's National B40 Protection Trust Fund in satisfaction and in lieu of the local shareholder requirement imposed on its subsidiary, Great Eastern Life Assurance (Malaysia) Berhad ("GELM").

On 24 January 2019, the group announced it has given an enforceable undertaking to the Minister of Finance of Malaysia for a contribution of RM2.0 billion to be made into the B40 National Protection Scheme in lieu of the local shareholder requirements.

(i) **Can management help shareholders understand the difference in the amount announced in January 2019 (RM2.0 billion) and the actual sum of RM2.37 billion paid to the National B40 Protection Trust Fund?**

(ii) **Can the board elaborate further on the deliberations it has had on meeting the local shareholder requirement imposed on GELM or to make a contribution to the B40 National Protection Scheme?**

(iii) **How did the board assess the "enforceability" of the undertaking by the Minister of Finance?**

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(iv) **Are there any other major commitments for the group to fulfil for the mySalam scheme?** As noted in the annual report, the group raised public awareness of the scheme which included setting up 125 mySalam kiosks at hospitals across Malaysia, conducted roadshows and took out radio and TV advertisements.

Q3. The group first launched its "Great Digital Advantage" platform in 2018 that allowed it to accelerate its transformation efforts when the pandemic hit. With tools such as GreatAdvice, GreatPlanner, GreatPortfolio and Gerica, the platform allowed the group to be among one of the first insurers in the region to launch a fully remote advisory and sales process even as countries went into lock-downs to curb the spread of the COVID-19 virus.

As noted in the Performance index in the Sustainability report (page 76), the group's agents increased by 25% to 34,124 and the number of financial advisors increased 30% to 3,789.

Performance Indicators	2020	2019	2018
Indirect Economic Contribution			
Total Jobs Supported	**42,657**	**34,852**	**32,200**
Employees	4,726	4,595	4,255
Agents	34,124	27,339	25,864
Financial Advisors	3,789	2,918	2,081

(Source: company annual report)

(i) **Can management help shareholders understand the reasons for the significant increase in the number of agents and financial advisors?**

(ii) **With such a big increase in a year, how did management ensure that new agents and financial advisors who join the team are well-trained, share the group's core values of integrity, initiative and involvement and always act in the best interest of the customers?**

(iii) **For the benefit of shareholders, could management explain the different roles played by its agents and by its financial advisors? What is the group's strategy with regard to its agents and financial advisors for the mid/long term?**

In recent years, there have been reports in the media of mass exodus and poaching of agents and financial advisors in the insurance industry. This has led the Monetary Authority of Singapore and the Life Insurance Association to introduce more stringent rules governing insurance agents that switch companies.

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(iv) **Can management elaborate further on its strategy to grow a strong and stable base of agents and advisors who are motivated and incentivised holistically and who are focused on growing together with the group for the long term?**

(v) **With greater digitalisation, how is the group capitalising on different market trends, such as online/DIY insurance, online insurance price comparison tools, robo-advisor for insurance?**

Separately, the average training hours per employee has noticeably fallen in FY2020, from 30.1 hours to 15.0 hours (page 75).

(vi) **Can management help shareholders understand the reasons for the decrease in training hours for its employees?**

For the financial representatives, the group has implemented a blended learning approach involving e-learning, virtual classroom training and webinars (page 14).

(vii) **How much training is provided for new agents and financial advisors before they are proficient? Has management evaluated the effectiveness of training that is carried out online due to COVID-19?**

(viii) **What is the breakdown of training hours between selling- and compliance-related training?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

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