



Securities Investors Association (Singapore)
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GST Reg No: M90367530Y

Issuer: Singapore Reinsurance Corporation Limited

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Meeting details:

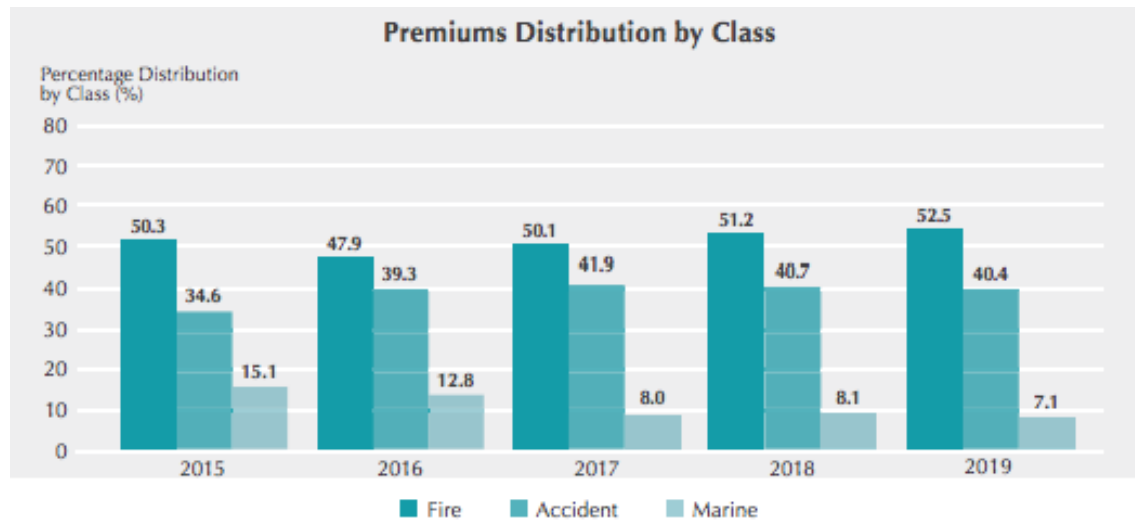
Date: 23 June 2020

Time: 11.00 a.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.

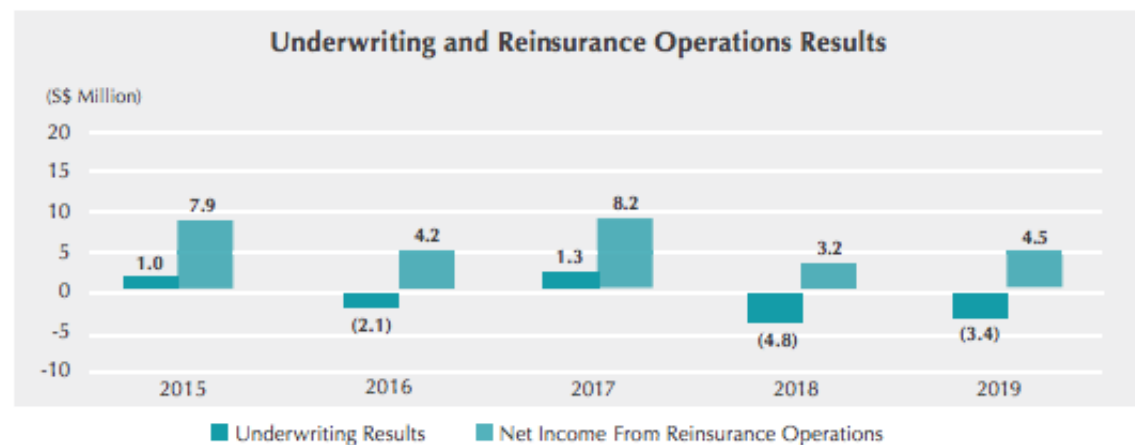
Q1. As noted in the chairman's statement, the group's gross premium income increased by 14.6% to \$238 million for the year ended 31 December 2019, with nearly a third of the premiums (33%) coming from the Singapore market alone. Malaysia was the second largest market with a 30.9% share.

The breakdown and trend by class of business is as follows (page 19):



(Source: company annual report)

Overall, the group recorded underwriting loss of \$(3.4) million in 2019, equivalent to a deficit ratio of 5.3% (of net written premium), compared to the \$(4.8) million underwriting loss or 9.4% deficit ratio (of net written premium) a year ago.



(Source: company annual report)

The group had underwriting losses in three of the past five financial years. The total underwriting losses add up to \$(8.0) million over the 5-year period.

- (i) **Can the board help shareholders understand if it had evaluated the group's underwriting performance over an entire business cycle? As a re-insurer, what is the group's track record in pricing risks appropriately?**
- (ii) **Can management disclose if any of the classes (Fire, accident, marine) has consistently dragged down the group's overall performance?**
- (iii) **What guidance has the board given to management in carrying out its underwriting prudently and profitably to generate underwriting surplus over the long term?**
- (iv) **With the current COVID-19 pandemic, what is the impact on the group's business?**

Q2. In addition, the group's publishing and conferencing arm, INS Communications Private Limited (INS), reported its first operating loss for the first time ever in more than two decades. As seen in Note 22 (page 122 – Other operating income), non-insurance income dropped from \$5.9 million in FY2018 to \$5.2 million in FY2019.

The decline was mainly due to a significant drop in the number of delegates attending conferences.

- (i) **Given that the COVID-19 pandemic has made large-scale in-person conferences unviable in the near term, is the business model of INS permanently impaired?**

In addition, the group sold units #711 and #712 in South Office Block, Beijing New World Centre in Beijing, PRC. As at 31 December 2018, the carrying value was \$1.632 million. The group recognised a loss on sale of investment properties of \$(272,000). Proceeds from disposal of investment properties amounted to just \$1.36 million (page 86 – Consolidated statement of cash flows).

- (ii) **What were the reasons that the properties were sold at a 1/6 discount from the book value?**
- (iii) **Given that the group has more than \$34.7 million in investment properties and an additional \$54.5 million in owner occupied leasehold land and buildings, what assurance can the board/management give to shareholders that the carrying values of the properties are not overstated?** As disclosed in Note 31(c) (page 150 - Estimation of fair values), these non-financial assets are carried at \$89.2 million within Level 2 of the fair value hierarchy.

Q3. The ageing of insurance and other receivables that were due but not impaired at the end of the year is shown on page 140 of the annual report, as follows:

Impairment

The Group considers financial strength of the cedants and reinsurers, notified disputes and collection experience in determining which assets should be impaired.

The table below shows the ageing of insurance and other receivables that were due but not impaired at the end of the year:

	2019 \$'000	2018 \$'000
Group		
Not past due	2,470	2,400
Current to 6 months	69,841	64,611
7 to 12 months	6,320	9,233
More than 12 months	26,579	19,519
Insurance and other receivables	105,210	95,763

(Source: company annual report; emphasis added)

- (i) **Under what circumstances would the group allow its debtors to delay payments of its insurance and other receivables?**
- (ii) **What is the upper limit to the ageing of its receivables? Would management show a detailed breakdown of the amounts past due by more than 12 months? What are the profiles of the debtors with long outstanding receivables?** As shown above, the amount past due by more than 12 months has increased from \$19.5 million to \$26.6 million.

[^]Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

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

[^] Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (<https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings>)



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