



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: United Overseas Insurance Limited

Stock code: U13

Meeting details:

Date: 27 April 2022

Time: 10.00 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. In the annual report, the company states that its mission is to be the premier insurer in the Asia Pacific region, committed to providing quality products, excellent customer service while upholding strong corporate governance and enhancing shareholders' value.

The table below shows the gross premium of the group from 2014 to 2021, including the breakdown between Singapore Insurance Fund (SIF) and Offshore Insurance Fund (OIF), and the percentage of OIF out of the gross premium. Under the Singapore Insurance Act, the company has established and maintained a SIF for insurance business relating to Singapore policies and an OIF for insurance business relating to offshore policies.

	SIF	OIF	Total gross	Percentage of OIF as a percentage
	(\$'000)	(\$'000)	premium	of total gross premium
			(\$'000)	
2021	68,540	28,879	97,419	29.6%
2020	71,020	25,837	96,857	26.7%
2019	77,625	28,318	105,943	26.7%
2018	78,589	24,669	103,258	23.9%
2017	79,049	24,695	103,744	23.8%
2016	83,765	23,178	106,943	21.7%
2015	84,567	20,316	104,883	19.4%
2014	89,161	18,953	108,114	17.5%

(Source: company annual reports)

- (i) **How is the group growing the offshore insurance portfolio? Can management (re)state its regional growth strategy?**
- (ii) **Is there a significant difference in risk profile between the group's Singapore business and the offshore business?**
- (iii) **In addition, are there fewer opportunities in Singapore as seen from the decreasing SIF premium?**
- (iv) As noted on page 13, the main overseas markets are Malaysia, Indonesia and Thailand. The group leverages UOB's regional network to grow its offshore insurance portfolio. **Is the group exploring the China market as well?**
- (v) **Has the board set a target or a limit to the group's offshore insurance business?**

Q2. As a general insurer, the group’s main classes of insurance include fire, marine, motor, engineering, general accident and liability business. UOI has received a financial strength rating of ‘A+’ (Superior) and an issuer credit rating of ‘aa-’ from A.M. Best.

As noted in the chairman’s statement, there was a reduction in the number of claims in 2021 in property, surety, credit/credit-related and travel classes of insurance, largely attributable to decreased business activities, slowdown in construction work and restrictions in overseas travel caused by the COVID-19 pandemic.

- (i) **How has the pricing of risk been affected by the COVID-19 pandemic as business activities are reduced/restricted in the past 2 years?**
- (ii) **Similarly, what changes does management expect in the operating environment (including the pricing of risk) as countries re-open their economies and borders to live with COVID-19?**
- (iii) **How is management positioning the group to capture these opportunities?**

The five-year financial summary can be found on page 11 and reproduced below:
Five-Year Company Financial Summary

Key Indicators	2017	2018	2019	2020	2021
Financial Ratios					
Earnings per share - basic and diluted (cents)	53.9	39.0	66.1	39.4	43.5
Return on average shareholders’ equity (ROE) (%)	9.3	6.3	10.1	5.7	6.1
Return on average total assets (ROA) (%)	5.3	3.8	6.5	3.8	4.1
Incurred loss ratio (%) ¹	21.6	22.8	25.8	28.2	28.8
Net commissions ratio (%) ²	(8.9)	(13.8)	(17.6)	(14.2)	(15.3)
Management expenses ratio (%) ³	29.1	31.8	34.0	35.2	35.8
Underwriting profit ratio (%) ⁴	58.2	59.2	57.7	50.8	50.7

Note:

- 1 Incurred loss ratio is computed by dividing net claims incurred by net earned premium.
- 2 Net commission ratio is computed by dividing net commission by net earned premium.
- 3 Management expenses ratio is computed by dividing management expenses for insurance operations by net earned premium.
- 4 Underwriting profit ratio is computed by dividing net underwriting profit by net earned premium.

(Source: company annual report)

- (iv) **In terms of underwriting, what are the reasons that the incurred loss ratio has increased steadily over the last 5 years?**

- (v) Similarly, net commissions ratio and management expenses ratio have increased steadily from 8.9% in FY2017 to 15.3% in 2021 and 29.1% in FY2017 to 35.8% in FY2021 respectively. Underwriting profit ratio has correspondingly decreased from 58-59% in FY2017/FY2018 to just under 51% in FY2020/FY2021. **Can management elaborate further on the trends in underwriting? What are management's plans to maintain/increase the underwriting profit ratio?**

Q3. At the annual general meeting scheduled to be held on 27 April 2022, resolution 3 will seek shareholders' approval for the payment of directors' fees amounting to \$368,500 (FY2020: \$284,750).

The fee structure of the directors can be found on page 23 of the annual report. As disclosed in the corporate governance report, non-executive directors are paid a basic fee for service on the board and additional fees for service on board committees.

At its January 2022 meeting, the remuneration committee (RC) reviewed the directors' fees in light of the increase in board responsibilities over the years and recommended an increase in directors' fees of \$83,750 to a total of \$368,500 for year 2021. The proposed fees are benchmarked against the remuneration of boards of comparable companies.

- (i) **Can the company help shareholders recall when was the last review on directors' fees?**

The proposed fees to be paid to the directors are shown in the table below. The managing director/chief executive is the only executive director on the board and is remunerated as a key management personnel and does not receive any director fee.

Subject to shareholders' approval, the total fees and other remuneration paid/payable by the Company to the Directors for the financial year ended 31 December 2021 are disclosed in the table below:

	Directors' fees	Base or fixed salary	Variable performance bonus	Benefits-in-kind and others	Total
\$500,000 to \$749,999					
David Chan Mun Wai	–	51.7%	40.4%	7.9%	100%
Below \$250,000					
Wee Cho Yaw	\$64,000	–	–	–	\$64,000
Wee Ee Cheong ¹	\$35,000	–	–	–	\$35,000
Hwang Soo Jin	\$54,000	–	–	–	\$54,000
Yang Soo Suan ²	\$61,000	–	–	–	\$61,000
Ho Yew Kee	\$54,000	–	–	–	\$54,000
Chng Hwee Hong ³	\$53,500	–	–	–	\$53,500
Chua Kim Leng	\$47,000	–	–	–	\$47,000
Total Directors' Fees	\$368,500	–	–	–	\$368,500

1 Director's fee payable to Mr Wee Ee Cheong will be paid to United Overseas Bank Limited.

2 Mr Yang Soo Suan retired from the Board, AC, NC and RC on 1 September 2021.

3 Mr Chng Hwee Hong was appointed as a member of the NC on 1 September 2021.

(Source: company annual report)

Other than the managing director/chief executive, the company has identified the general manager and the two assistant general managers as key management personnel. The current managing director/chief executive, Mr David Chan Mun Wai, is a chartered insurer with more than 40 years' experience in the insurance industry.

- (ii) **Has the board/nominating committee (NC) reviewed the key man risk and the succession pipeline for the group?**
- (iii) **Would the NC help shareholders understand the depth of the group's leadership bench strength in the core functions of the group, such as underwriting, technology, operations, sales, investment, regulatory and compliance etc?**

^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. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

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.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](#)

Join our mailing list [here](#) to receive latest news and upcoming events.

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[^] 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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