



A Member of the Citystate Group of Companies

EQ Insurance

in 2009

vision

To be a financially strong,
Singapore-based multinational
insurance firm writing
international business

mission

To underwrite a profitable portfolio
of non-life insurance business,
develop a team of competent,
young executives to lead the
company's expansion, and to
build a value-driven organisation
from day one of the company's
operations

core values

Customer Satisfaction
Accountability
Teamwork
Trust
Being the Best

CHAIRMAN'S MESSAGE
LEOW SIAK FAH • CHAIRMAN



I am delighted to report that EQ Insurance enjoyed another year of solid progress and growth in 2009.

This was despite one of the most difficult years on the global economic stage I can ever recall which affected Singapore, our home market, as much as anywhere else in the world.

Despite the challenging times we endured, EQ Insurance reported a gross premium income of S\$33 million, which was roughly the same as our premium income reported in 2008.

I noted at this stage last year that the forthcoming 12 months would be a year of consolidation in our underwriting and a period of stability for the company and this is exactly what transpired.

It is fair to say our topline underwriting result in terms of gross premium income was constrained, but this was entirely planned and was expected by our management, directors and shareholders.

The easing of our topline demonstrated the quality of the underlying portfolio and we took the decision to slow down because previous experience told us it is hard to predict claims patterns in a period of rapid growth.

The early months of 2010 have seen another change as Singapore and the world came out of recession and it can be reported that our first quarter 2010 saw a healthy profit which bodes well for the rest of this year.

In 2009 we imposed tight expense and claims control on all classes of our business. There were a few large claims on foreign worker bond cover in the early part of the year, but that portfolio proved resilient and profitable.

Motor was one of our largest class of business at 30% of total premiums and I am happy to say the account returned a profit because of a concerted raising of premiums despite all the well publicised difficulties on this account.

Our Workers Compensation and CAR/EAR accounts performed quite well but as of now we are not major players in those lines of business; all other classes were profitable over the year.

As we progress this year, EQ Insurance is looking to grow its fire and marine accounts, both of which were good last year and we expect to grow the marine account in 2010, especially our promising cargo business. We shall also expand into hull business at some point.

As for our investment income portfolio, this was naturally impacted by the global economic and financial

downturn in 2009. Investment income was steady, but was difficult for cash yield which was not easy to attain as our portfolio of assets at the end of FY2009 was largely in fixed deposits which earned extremely low interest.

We have a model for our investment income that has a targeted return on total investments of a conservative 4% overall, and our plan is to progressively, through 2010, increase our portfolio of fixed income instruments comprising both corporate debt instruments and sovereign debt instruments denoted in Singapore dollars. Our holdings of listed Singapore shares will also be increased but will not overall comprise more than 20% of our total investments.

EQ Insurance intends to increase its paid up capital at some point in 2010.

The group has plans to expand into the region and also to strengthen its capital base. The decisions to do both will be taken as opportunities arise and there are no strict timetables for either move.

The philosophy behind EQ Insurance is quite simple: we want to be a home for specialist underwriters offering strong product lines and we recognise that takes time.

We have a carefully defined set of "Key Performance Indicators" and we recognise that to attain the best results and best governance, a company must be customer-centric.

So the most important feature of our operation is that we aim for a three pronged approach — employee satisfaction aligned with customer and shareholder satisfaction. As with all companies, we know this is a difficult balancing act.

We do not see them as contradictory and I would like to think we have a track record in working together with these three components and will continue to put them at the forefront of all our operating procedures. This will also position EQ Insurance as the "Partner of Choice".

As far as our distribution channels are concerned we shall in the main continue to work through our partners the intermediaries.

As a measure of our ongoing success, I can report that EQ Insurance will pay a 1% dividend for last year — quite unusual for a young insurer.

With such strong foundations and management, we can look forward with confidence and we have plans to explore further, other areas of business which sit well with our underwriting philosophies as well as look at opportunities to expand our business around the region.

One area we are exploring now is affinity business here and in other markets in the region.

For this year, we see Singapore as the main engine for our growth — the economy is looking good. Regionally and in the longer term, we have every intention of seeking opportunities in the China and India markets and we are not limited in our ambitions in those two behemoth economies.

But closer to home and for now we are very excited about Singapore. We think Singapore will do well and if Singapore does well, EQ Insurance will also do well.

CEO'S MESSAGE
ANTHONY TAN • CEO



“2010 will be the year where we will seek more overseas partnerships and connections... it is vital that we be perceived as a “Partner of Choice”.”

2009 was a watershed year for EQ Insurance. Against a backdrop of a challenging business environment brought about by the global financial meltdown, the company successfully navigated these choppy waters and succeeded in growing profitability. For a relatively young general insurer of three years, this is a commendable and encouraging effort in my opinion.

I am pleased to report that the company turned a profit on all our classes of business. Premiums growth remained stable and claims costs were stringently controlled. Overall the company's loss ratio was a respectable 49%.

In terms of specific classes of business, Construction All Risks, Performance Bonds and Foreign Workers' Bonds proved to be our best class. The claims ratios were very small and we wrote a fairly large volume.

Motor continued to be our second largest class accounting for 30% of the total portfolio. We continued to be selective in this class, preferring to underwrite only commercial vehicles and salon cars. This, together with recent industry-wide initiatives, helped contain and manage claims costs.

As can be seen in the detailed figures in the later part of this Report, all other classes were also profitable. As a company, this augurs well and is testimony to the hard work by management, staff, agents and brokers.

EQ Insurance is now at the brink of a new phase of its growth cycle — we aim to grow by enlarging our service portfolio particularly in sectors such as Marine and Fire

insurance. We also aim to increase our distribution channels targeting special affinity groups such as country clubs.

Not only do we aim to grow organically but also through expansion overseas. 2010 will be the year where we will seek more overseas partnerships and connections. To successfully achieve all these aims, it is vital that we be perceived as a “Partner of Choice”.

Why is EQ Insurance a partner of choice?

First, we have a very strong management team which comprises a good mix of experienced players and young talent. As can be seen from the EQ management team on Page 8, energy and dynamism are tempered with maturity within the company's senior management. Our second tier of managers is also very experienced and all work well together.

Second, we employ strict selection criteria and a disciplined underwriting approach in our business. We don't simply take business for business' sake. In 2009, instead of expansion we pursued business consolidation; instead of premiums growth we threw out bad accounts. We therefore have a good reputation as careful and prudent underwriters.

Thirdly, we have a quality and committed Board of Directors to guide us along and provide invaluable insights.

We remain committed to grooming talent and raising our service excellence. Along this vein, we set up a Management Trainee Scheme to recruit prominent young hires and also received the “Business Continuity Management S5540” certification from the British Standards Institution.

This will ensure the company grows from strength to strength and provide continuity as we embark on our next phase of growth.

I would like to thank all colleagues and associates for their unstinting support and dedication in helping to make 2009 a stellar year for EQ Insurance.

BOARD OF DIRECTORS



Leow Siak Fah

Chairman

Mr Leow Siak Fah read law at the University of Singapore and was called to the Malaysian Bar. He is an alumnus of the Advanced Management Program, Harvard Business School. Mr Leow has over 50 years of working experience in the insurance industry, including some years in the UK. He has founded many insurance companies in several countries. He is an Associate of the Chartered Insurance Institute, UK.

Mr Leow is now the executive Chairman of the Citystate Management Group Holdings 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 and is now its Chairman. He also founded The Singapore Lyric Opera Ltd. He was awarded a Public Service Medal in 1996 by the President of Singapore, the Montblanc 2000 Cultural Foundation Award for the Patron of the Arts and The Champion of the Arts Award for the year 2003.



Anthony Tan

Director & Principal Officer

Mr Anthony Tan has 48 years of experience in the insurance industry. Having run several insurance companies, both specialist and general, he brings a wealth of experience and knowledge to EQ Insurance. He is a specialist in Accident and Health Insurance.

Mr Tan has held many key positions in various institutes, including that of President of the Singapore Insurance Institute and Governor of the Singapore College of Insurance. He is an Associate of the Chartered Insurance Institute, UK, and the Singapore Insurance Institute.

Mr Tan holds an MBA from Oklahoma City University, USA.



Freddie Sim

Director

Mr Freddie Sim has been working in the insurance industry since 1974, holding various senior positions in insurance companies in the Republic. Prior to joining EQ Insurance, he was the General Manager and Principal Officer of GE Frankona Reinsurance. He has extensive experience in property underwriting both in Singapore and in the region.

Mr Sim is an Associate of the Chartered Insurance Institute, UK, and an Associate member of the Institution of Fire Engineers, UK. He holds an MBA from the University of Leicester, UK.



Phillip Tan

Director

Mr Phillip Tan is a Certified Public Accountant in Singapore. He was a member of the leadership team in PricewaterhouseCoopers (PwC) 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 has been the leader of Insurance Practice for PwC for a number of years. He is currently a member of the Insurance Committee of the Institute of Certified Public Accountants Singapore and had been a past Chairman of that Committee.

He is active in community service and has been awarded the Public Service Medal, the Public Service Star and the Public Service Star (Bar).



Tae Young Shin

Director

Mr Tae Young Shin brings with him many years of experience in the insurance industry. He started with AIG in 1973 and then worked for Alexander and Alexander in the Middle East in the early 1980s and was based in Riyadh, Saudi Arabia. Before he retired from the insurance industry, he was the Chairman of AON (Far East) Ltd.



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 Masters 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.



Ng Tian Ming

Director

Mr Ng Tian Ming graduated with a Bachelor of Architecture from the University of Sydney, Australia. He was a practicing Architect for many years before he left the profession to manage the various family companies that are involved in diverse business.

He is a director of many companies in Singapore, Malaysia and the British Virgin Islands.



Leow Tze Wen

Director

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 in 1998. More recently, he has been involved with the Group's insurance broking operations and is now with EQ Insurance.

Mr Leow 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.



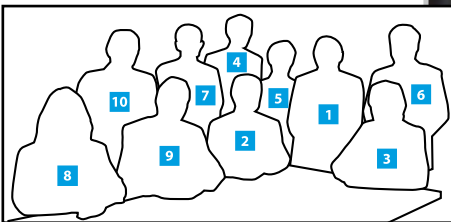
Amb. Antonio L. Cabangon Chua

Director

Ambassador Antonio L. Cabangon Chua is a certified public accountant in the Philippines and a graduate of the University of the East. He holds an honorary doctorate in the Humanities from Adamson University, another leading educational institution. He served in the diplomatic corps as ambassador extraordinary and plenipotentiary of the Republic of the Philippines to the Lao People's Democratic Republic.

He owns and heads the ALC Group of Companies, with diverse interests ranging from life and non-life insurance to real estate development, stock brokerage, memorial parks, publications, broadcasting and printing, car dealership, pre-need plans, health maintenance programmes and travel services. He is also a full Colonel in the Reserved Force of AFP.

MANAGEMENT TEAM



1 Anthony Tan CEO & Principal Officer

Mr Anthony Tan has 48 years of experience in the insurance industry. Having run several insurance companies, both specialist and general, he brings a wealth of experience and knowledge to EQ Insurance. He is a specialist in Accident and Health Insurance.

Mr Tan has held many key positions in various institutes, including that of President of the Singapore Insurance Institute and Governor of the Singapore College of Insurance. He is an Associate of the Chartered Insurance Institute, UK, and the Singapore Insurance Institute.

Mr Tan holds an MBA from Oklahoma City University, USA.

2 Freddie Sim General Manager & Underwriting Manager

Mr Freddie Sim has been working in the insurance industry since 1974, holding various senior positions in insurance companies in the Republic. Prior to joining EQ Insurance, he was the General Manager and Principal Officer of GE Frankona Reinsurance. He has extensive experience in property underwriting both in Singapore and in the region.

Mr Sim is an Associate of the Chartered Insurance Institute, UK, and an Associate member of the Institution of Fire Engineers, UK. He holds an MBA from the University of Leicester, UK.

3 Rina Tan Chief Financial Officer

Ms Rina Tan has been involved in Accounting, Finance and the IT functions in the insurance industry for 27 years. Ms Tan is a Certified Public Accountant (CPA), a Fellow of the Association of the Chartered Certified Accountants (FCCA) and an Associate of the Singapore Institute of Taxation (ASIT).

4 Peter Ng Marketing Manager

Mr Peter Ng manages EQ's distribution channels, including agents, brokers, affinity marketing and telemarketing. He also oversees its marketing programme and customer service. Before joining EQ Insurance, he worked with one of the biggest insurance companies locally. He has more than 15 years' experience in the insurance industry and has initiated unique and innovative marketing ideas.

His educational background includes an M.B.A. from National University of Singapore and a Bachelor of Business (Banking & Insurance) degree from Nanyang Technological University.

5 Augustine Chan Motor Manager

Mr Augustine Chan has over 19 years of experience in the insurance business. Formerly an account manager, he joined EQ Insurance in March 2008. He is a Certified Financial Planner (CFP) and a Fellow of Life Management Institute (FLMI).

6 Bernard Chan Marine Manager

Mr Bernard Chan began his insurance career in General Accident more than 40 years ago. Since then he has worked with major international insurers, brokers and reinsurers and had undergone training stints in London and Paris.

Well-versed in all classes of general insurance, his forte is in Marine Cargo insurance. He is also a trainer for clients', agents' and brokers' in-house courses on Marine Cargo.



7 Eric Tan Accident & Health Manager

Mr Eric Tan has been in the insurance industry (both Life and General) for the last 17 years. His specialty is in Group Insurance dealing with employee's benefits. He joined EQ Insurance in March 2008. He is a member (Senior Associate) of The Australian and New Zealand Institute of Insurance and Finance.

8 Lian Siew Hin Casualty Manager

Ms Lian Siew Hin has over 10 years of experience in the insurance business. She 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. During her first two years in EQ Insurance, she managed to establish good relations with brokers and in early 2009 she took over the Casualty portfolio.

Ms Lian graduated from the University of London with BSc (Econs) in Management Studies in 1989.

9 Vincent Chia Property Manager

Mr Vincent Chia has over 30 years of experience in the insurance business. He has held many senior management positions, the last being the broking manager at a leading insurance broking firm. He joined EQ Insurance in January 2008, handling the underwriting of all classes of property insurance and casualty insurance. He also dealt with brokers, agents and direct clients. In early 2010, he took over the Property portfolio.

Mr Chia has an ACII from the Chartered Insurance Institute of London.

10 Harry Wang IT Manager

Mr Harry Wang has over 20 years of experience in insurance IT. He joined EQ Insurance in October 2007. His role entails harnessing IT to ensure the smooth running of EQ's business and its business contingency plans.

Mr Wang has a Bachelor of Science in Business Information Technology (Hons) from the University of Central England.

Chan Foong Hon (Not in picture) Assistant Claims Manager

Ms Chang Foong Hon has over 15 years of experience in the insurance business. She has worked with major international insurers and gained invaluable experience. Her role is to ensure fair and reasonable claims settlement of all classes of insurance.

Ms Chang has a Bachelor of Science (Hons) in Business Management.

Leow Tze Wen (Not in picture) Director

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 in 1998. More recently, he has been involved with the Group's insurance broking operations and is now with EQ Insurance.

Mr Leow 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.

Milestones

April 2009	— EQ launches Employee Benefits Plan targeting Small and Medium Enterprises (SMEs)
May 2009	— EQ staff participate in Customer Service Workshop
July 2009	— Directors, Senior Management and Managers convene for strategic planning session at Raffles Town Club
August 2009	— EQ hosts “thank you” dinner for agents and brokers
September 2009	— EQ launches HomeGUARD, a flexible Home Insurance Plan
October 2009	— EQ launches HealthSAVER, an affordable plan for local employees — EQ staff go on incentive trip to Macau and Zhuhai — EQ scores a major coup by teaming up with an affinity group
November 2009	— EQ launches Foreign Worker Medical Insurance scheme with enhanced coverage
December 2009	— EQ’s gross premiums hit S\$33m — EQ receives the “Business Continuity Management SS540” certification by British Standards Institution — EQ consolidates under one roof at 22 Gemmill Lane
January 2010	— EQ holds Gala Dinner to thank Agents, Brokers, Reinsurers and Staff for sterling performance in 2009



EQ Staff attend Customer Service Workshop

EQ staff learnt the finer points of customer service at the Workshop, including techniques to speak to a customer face-to-face and on the phone, verbal and non-verbal cues and the difference between “pleased to serve” or “serve to please”. The workshop was timely given that staff strength has grown rapidly.



EQ Insurance’s strategic planning session

Directors, senior management, managers and the marketing team gathered at Raffles Town Club on 18 July 2009 for a yearly strategic planning session to outline directions, share strategies on their portfolios and plans to raise the profile of the company.



In-house training for EQ staff

EQ Insurance kicked off a series of in-house training to allow staff to upgrade themselves on key aspects of the business. EQ’s Casualty Manager Ms Lian Siew Hin kicked off the series with her presentation on “Gathering of Underwriting Information”, which details the fundamentals of collecting accurate information from clients to provide comprehensive insurance coverage.



Marine cargo training for Intermediaries

Mr Bernard Chan, Manager of EQ’s Marine Department, conducted a training session on marine cargo insurance to agents and brokers at the Singapore Insurance Institute premises. He provided an insight into the intricacies of the Marine Cargo business and the standard institute clauses applicable worldwide.



EQ rewards staff with trip to Zhuhai & Macau

EQ staff were treated to four-day, all-expense paid trip to Zhuhai and Macau for exceeding the company's initial profit targets. Staff enjoyed a cultural and gastronomic experience at the two vastly different cities.



EQ Insurance consolidates operations at 22 Gemmill Lane

To provide greater convenience to customers, EQ consolidated its operations under one roof at 22 Gemmill Lane.



EQ Insurance receives "Business Continuity Management" certification

Ms Carol Sim (left), Sales Director of BSI Singapore presents the BCM SS540 certificate to Mr Anthony Tan, CEO of EQ Insurance. This certifies that EQ is able to operate business-as-usual during any disruptions to its business.



EQ Insurance Gala Dinner 2010

To commemorate yet another successful year in its operations, EQ Insurance thanked its business partners and staff with a Gala Dinner on 8 January 2010 at Yum Cha Garden Restaurant at Serangoon Gardens Country Club. One of the highlights of the menu was the "Pomfret Tapino", where guests cooked raw fish in tasty broth. Also, the restaurant created a unique dessert for the occasion, aptly named "EQ Partnership Made in Heaven" to set the stage for 2010 where EQ will build profitable partnerships with existing and new partners.

EQ, your choice partner

WHY EQ IS YOUR CHOICE PARTNER:

sound financials

Amidst one of the worst financial storms in Singapore in 2009, EQ turned in a profit of S\$4.9 million in its third year of operations, completing its first phase of growth. This was achieved despite maintaining its gross premiums at \$33.2 million versus 2008's \$33.3 million.

While premium growth was constrained by the economic downturn, the company's underwriting discipline and tight control on claims and expenses contributed to its profitability in 2009.

The first quarter of 2010 provided further evidence of the underlying resilience and profitability of EQ's portfolio as the insurer achieved further growth with a 10% increase in topline gross premiums.

EQ will be paying a dividend of 1% for the year ended 2009 — another sterling achievement by a startup insurance company in its third year of life.

In 2009, investment income of \$946,575 remained relatively stable despite the turbulent investment climate, due mainly to EQ's low exposure to equities.

EQ Insurance also continued to march towards its quest to be Singapore's best homegrown general insurance player with expertise in the underwriting of all classes of non-life insurance. Last year, it launched travel, accident and health and property insurance lines as well as personal insurance for affinity groups.

EQ Insurance is owned by the Citystate Group, a holding company established in 1987 with core businesses and investments in the Insurance, Travel, F&B and Education sectors. It is highly aware of

the limitations of the Singapore market and plans to expand in the region by boosting its capital base. As at 31 December 2009, its paid-up capital stood at \$20 million.

Based on its favourable capital position, EQ has been assigned a Financial Strength Rating of "BBB-" by Fitch Ratings.



a strong portfolio

In its third year of operations, EQ registered an underwriting profit on all its 12 classes of business.

It continued to carve the largest share of premiums from the highly specialised class of foreign worker insurance comprising Workmen Injury, Bonds and Medical Cover. With gross premiums at S\$14.7 million, the large volume of foreign worker insurance was a spillover from the healthy demand in this sector in 2008, which saw a sustained boom in the construction sector coupled with major legislation changes in the Work Injury Compensation Act. Despite the settlement of several large claims in early 2009, the claims ratio was low and this sector proved resilient and profitable.

The next largest class was motor with gross premiums of \$10.5 million, comprising 30% of EQ's portfolio. CAR was third at \$2.1 million. Marine and Fire were both small classes at \$0.2 million and \$0.3 million, respectively.

Moving ahead, the company plans to increase its share in Marine and Fire insurance targeting SME businesses. It set up a marine department with a view to increase this small but highly profitable class to 30% of its total portfolio.

EQ Insurance is also building up its affinity group business targeting to insure affinity groups at preferential terms and providing dedicated services to these groups. Affinity groups that it is targeting include country clubs and service clubs like Rotary and Lions Clubs.

As Singapore stands poised for economic recovery this year, EQ plans to grow in tandem with the island state. As travel and tourism take off with the opening of the integrated resorts, EQ will seek alliances with partners to introduce niche products and dovetail with the expansion in Singapore's hospitality, food and beverage and travel and tourism sectors.



EQ, your choice partner

WHY EQ IS YOUR CHOICE PARTNER:

our people, the heartbeat of EQ

One of the strengths of EQ lies in its combination of executives ranging from experienced industry veterans to rising young talent, working together to chart EQ's journey of growth and excellence. Coupled with relatively low staff turnover, and guidance from a dedicated Board, EQ is an attractive home for talented individuals hoping to make a career in insurance. It is positioning itself as a home for skilled underwriters and other talent, providing a place for them to prove themselves within pre-set key performance indicators. Last year, EQ set up a Management Trainee Scheme to recruit prominent young hires.

In 2009, staff strength was maintained at 52, comprising working level executives who bring value and expertise to the organisation, and experienced senior managers for various classes of business.

EQ plans to strengthen its management team in 2010 and staff strength is expected to grow to 60 in 2010.

EQ's people are committed to transparency, integrity and excellence in meeting their obligations to its customers. It prides itself on settling insurance claims quickly and regards every claim as an opportunity to demonstrate its reliability as a service-oriented company.

In 2009, the company continued to invest in structured training programmes for its staff in customer service and insurance operations, and also provided training to its intermediaries on all classes of insurance.



an eye for customer service



EQ believes that our customers are one of three most important pillars of our company, in tandem with our employees and our shareholders. To flourish, a company needs to be customer-centric. EQ strives to balance customer satisfaction, employee satisfaction and shareholder satisfaction, staking its reputation as an insurer that understands its customers' needs and provides efficient service as well as user-friendly products and processes. This is especially true in claims-handling. EQ strives to be noted as an insurer that honours its promises and pays out claims efficiently.

To expand its property, health and personal accident offerings, EQ launched several new products in 2009:

- **EQ Employee Benefits Package**, a group insurance plan that covers employees' personal accident with sum assured up to \$500,000 and Hospital and Surgical with major medical benefits with sum assured up to \$50,000;
- **EQ HomeGUARD**, a flexible plan catering to owners of condominiums, landed private properties and HDB apartments, allowing them to gain comprehensive coverage for their homes, loved ones and pets. It offers flexibility to increase the sum assured and insure specific aspects of their homes; and
- **EQ HealthSAVER**, a simple and affordable plan that provides medical benefits for local employees. Employers can insure their local employees to cover their hospitalisation costs in the event of an illness or injury.

EQ Insurance clinched a new distribution channel by tying up with an affinity group to offer personal insurance policies to the group's members. Members are offered preferential rates and exclusive benefits tailored to their profile and needs. The scheme has been well-received by affinity groups.

In 2008, EQ scored a major coup by partnering AirAsia to provide travel protection. As of January 2009, passengers get comprehensive travel cover at affordable rates on all flights originating from Singapore in the event of trip cancellation, lost baggage, delays and personal accidents.

EQ also set up a customer service unit for clients and affinity customers at its office at Gemmill Lane. In addition, its website was revamped to provide more information for prospective and current policyholders.

To assure customers and partners that it can operate even during a crisis, EQ put in place a business continuity management programme in 2009. For its efforts, it received the "Business Continuity Management SS540" certification by British Standards Institution.

WHY EQ IS YOUR CHOICE PARTNER:

we believe in long term partnerships

EQ has a partnership with a main panel of 30 of the most reputable brokers and reinsurers operating in Singapore. It enjoys the utmost confidence and trust of agents and brokers.

The support of its partners has allowed EQ to establish its credentials as a serious and reputable general insurer. This is illustrated by the degree of support EQ gets from the reinsurance community on its treaties.

The growth experienced in its third year is attributed to the good working relationship with and strong support from the insurance broking community and the energetic and dynamic agency force.

EQ believes in long term partnerships with good partners and looks forward to continue working closely with these companies and agencies to foster a culture of mutual respect between its intermediaries and itself.

Moving forward, EQ will be forging new partnerships across the new product lines that it is planning to launch to serve the protection needs of the individual, his lifestyle and his family.

2010 will be another year of expansion as it looks towards more partnerships and connections.

“EQ has a partnership with a main panel of 30 of the most reputable brokers and reinsurers operating in Singapore.”



BALANCE SHEET

extracted from audited accounts

Balance Sheet as at 31 December 2009

(In Singapore dollars)

	2009 \$	2008 \$
Non-current assets		
Plant and equipment	797,546	903,021
Investment securities	7,457,449	3,636,138
Reinsurers' share of insurance contract liabilities	5,461,255	5,027,375
	13,716,250	9,566,534
Current assets		
Investment securities	788,340	488,150
Prepayments and deposits	295,097	136,280
Trade receivables	4,649,387	7,684,715
Trade receivables due from related parties	252,728	171,326
Other receivables	238,573	183,742
Cash and cash equivalents	39,367,581	32,266,806
Loans and receivables	44,508,269	40,306,589
	45,591,706	40,931,019
Current liabilities		
Trade payables	4,681,449	5,939,633
Other payables	911,899	983,844
Hire purchase payables	77,576	77,576
Financial liabilities carried at amortised costs	5,670,924	7,001,053
Tax payables	91,609	1,044
	5,762,533	7,002,097
Net current assets	39,829,173	33,928,922
Non-current liabilities		
Gross insurance contracts liabilities	32,650,530	27,496,015
Hire purchase payables	192,478	270,054
Deferred tax liability	93,017	-
	32,936,025	27,766,069
Net assets	20,609,398	15,729,387
Equity attributable to equity holders of the Company		
Share Capital	20,000,000	20,000,000
Fair value reserve	40,159	(178,804)
Accumulated profit/(losses)	569,239	(4,091,809)
Total equity	20,609,398	15,729,387

PROFIT & LOSS STATEMENT

extracted from audited accounts

Profit and Loss Account for the financial year ended 31 December 2009

(In Singapore dollars)

	2009 \$	2008 \$
Gross written premium	33,243,854	33,265,718
Reinsurers' share of gross premiums written	(6,586,794)	(8,718,895)
Gross change in reserve for unexpired risk	683,885	(15,193,152)
Reinsurers' share of gross change in reserve for unexpired risk	(823,521)	3,943,513
Net earned premium	26,517,424	13,297,184
Gross claims paid	(12,704,759)	(2,753,126)
Reinsurers' share of gross claims paid	2,598,546	191,560
Gross change in loss reserves	(5,838,399)	(7,036,824)
Reinsurers' share of gross change in loss reserves	1,257,400	199,824
Net claims incurred	(14,687,212)	(9,398,566)
Commission expense	(5,410,186)	(5,381,894)
Commission income	1,702,830	2,234,643
Net commission	(3,707,356)	(3,147,251)
Other underwriting expenses	(78,170)	(18,527)
Underwriting profit from direct general insurance	8,044,686	732,840
Net underwriting results from reinsurance business (in run off)	(237)	397,049
Investment and other income	946,575	115,979
Other operating expenses	(4,154,621)	(3,549,551)
Profit/(loss) before taxation	4,836,403	(2,303,683)
Taxation	175,356	-
Profit/(loss) for the year	4,661,047	(2,303,683)

Statement of Comprehensive Income for the financial year ended 31 December 2009

(In Singapore dollars)

	2009 \$	2008 \$
Profit/(loss) net of tax	4,661,047	(2,303,683)
Other comprehensive income:		
Net gain/(loss) on available-for-sale financial assets	218,963	(178,804)
Other comprehensive income for the year, net of tax	<u>218,963</u>	<u>(178,804)</u>
Total comprehensive income for the year	<u>4,880,010</u>	<u>(2,482,487)</u>

EQ Insurance

EQ Insurance Company Limited

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