Delivering Excellence

EQ Insurance

Annual Report 2023

EQ INSURANCE COMPANY LIMITED
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(Co. Regn. 1978-00490-N)

A Member of Citystate

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About Us

EQ Insurance Company Limited is a homegrown general insurance provider.

Established since 2007, we built our initial insurance success through the construction-related industry and have since grown to underwrite all classes of non-life insurances to a diverse group of personal and commercial clients.

Our key business segments are motor, property, casualty, and accident and health insurance. To provide a more holistic suite of products to our clients, we also underwrite marine (cargo and pleasure craft) and selected specialty lines.

We are a rapidly growing company backed by a proven management team and a strong network of intermediaries, including agents, brokers and financial advisers.

Citystate Capital Asia Pte Ltd owns 100% of EQ Insurance and is headquartered in Singapore. It owns both general insurance companies and insurance brokerage firms, with a presence in Singapore, Indonesia, China, and India.

Vision

To deliver quality insurance solutions to consumers and SME businesses with an engaged and skilled workforce that delivers superior service, adds value to our shareholders and contributes to the community.

Mission

Underwrite a profitable portfolio of non-life insurance business; develop a team of competent 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 Overview

In 2023, Singapore navigated global economic headwinds, including inflation, high interest rates, and geopolitical uncertainties. Despite these challenges, Singapore's GDP grew 1.1%, albeit at a slower pace than last year.[1]

While the business environment was tough, EQ Insurance ("**EQI**") remained partially insulated due to our strong foundation in statutory classes of insurance and collective efforts over the past five years to improve our risk quality.

A Third Consecutive Record Year For EQ Insurance

In FY2023, EQI achieved a third straight year of record Gross Written Premiums ("**GWP**"), driven by healthy expansions across all business segments. The exit of a major player in the industry, coupled with an increase construction projects, contributed to our record growth.

During the year, our GWP rose by 18% to S$77.5 million – which also reflects a 58% increase compared to FY2020. In contrast, the General Insurance Association ("**GIA**") reported an overall growth of 7.3% in FY2023.

Property & Casualty

In 2023, Property Insurance accounted for nearly 15% of Singapore's general insurance industry. GIA reported a 2% increase in property insurance to S$775 million, while net underwriting profit dropped by 9%.

Totalling to S$40.1 million, our Property & Casualty business contributed 52% of our GWP. This segment's GWP rose by 20%, led by the influx of construction projects that were initially delayed.

Work Injury Compensation insurance comprises just over half of our Property & Casualty segment, growing 19% in 2023. This growth is underpinned by the Government's efforts to strengthen employee protection through the Work Injury Compensation Act ("**WICA**").

To capitalise on this, we have honed a competitive advantage by offering faster turnaround time, simpler claims processing, and providing timely updates on the latest regulatory requirements.

From the 2nd half of 2024, Platform Workers will also come under the same scope and level of work injury compensation as employees' entitlement under WICA. We will monitor the market, but remain cautious as with any new business lines and demographics with limited track record.

The vibrant construction industry also boosted other core business lines in the segment, including:

- Engineering which rose 51%,
- Performance Bonds which rose 21%,
- Fire which rose 10%, and
- Public Liability which rose 8%

Motor

With a 21% market share, Motor Insurance is the largest segment of Singapore's general insurance market. During the year, Motor Insurance GWP rose by 2% to S$1.1 billion, although the segment suffered a S$7.7 million underwriting loss.

EQI's Motor portfolio, our second-largest segment, contributed a GWP of S$24.5 million this is equivalent to 32% of our topline. Following significant efforts to overhaul the risk quality of our Motor portfolio, we had an opportunity to grow this segment by 16% in FY2023. Both our Motor (Private) and Motor (Commercial) lines contributed to this growth evenly – at 17% and 13%, respectively.

However, with more cars on the road in this post-pandemic era, we experienced an increase in accident claims reports and inflationary pressures on repair bills.

Accident & Health

Singapore's Health Insurance segment recorded a 12% increase in GWP to S$995.3 million in FY2023 but reversed into an underwriting loss of S$10.6 million. The Personal Accident Insurance industry in Singapore fell by 3% to S$181.4 million, with net underwriting profit dipping by 12% to S$23.5 million.

Our Accident & Health portfolio grew by 21% to S$10.5 million in FY2023, driven by a 50% increase in the Foreign Worker Medical business line. More construction projects in the market led to more foreign workers coming in.

Currently, extensions and renewals for migrant workers will now have a higher annual claim limit of at least S$60,000, with a 25% co-payment by employers for claims above S$15,000.

From July 2025, there will be standardised exclusion clauses, age-differentiated premiums for those aged above 50, and direct reimbursement requirements for insurers to hospitals.

The increase in our Foreign Worker Medical business line was partially offset by a 6% drop in our Health portfolio as we tightened underwriting standards to maintain our risk quality.

Our travel portfolio, which sits within this segment, saw a two-fold increase in GWP, although it has not yet returned to pre-pandemic levels.

Marine

Marine Hull and Cargo insurance represent 3.7% and 2.1% of Singapore's general insurance industry, respectively.

EQI's Marine segment, our smallest, comprised of S$2.4 million or just 3% of our GWP in FY2023.

During the year, we enjoyed double-digit growth in both Marine Cargo and Marine Hull sub-segments.

Better-Than-Industry Loss ratio

EQI outperformed the general insurance industry in several metrics for the year 2023. Our GWP grew over 2.5 times the general industry's 7% growth rate. Our focus on a high-quality risk portfolio has yielded a 43% growth in Net Underwriting Profit to S$4.8 million, compared to the industry's 11% dip.

Overall, our stellar performance in 2023 is a testament to the strategic decisions made in the previous years to prune riskier business lines and enhance the quality of our insurance portfolio.

What makes our record results even sweeter is that EQI's performance is an outcome of our years of work creating a solid foundation - comprising of high-quality risk we can build on.

[1] *Ministry of Trade and Industry ("MTI"): MTI Maintains 2024 GDP Growth Forecast at "1.0 to 3.0 Per Cent" - 15 February 2024*

Property & Casualty	Motor	Accident & Health	Marine
▲20%	▲16%	▲21%	▲15%

Chairman's Message

"2023 delivered another feather in the cap for EQI as we wrote a third consecutive record breaking year with GWP of S$77.5 million."

This result is even more remarkable because we have been actively pruning our portfolio to elevate our risk quality over the past five years. This indicates that our strategy to proactively eliminate underperforming business lines over time has been successful.

As always, our performance is heavily reliant on the strong working relationships we share with our intermediaries and partners, to whom we owe our immense thanks for their support and understanding as we reshaped our portfolio.

While these were some of the most difficult decisions we've ever made, our portfolio outperformed the general insurance industry in 2023 as our GWP grew 18% compared to a 7% overall industry growth with underwriting profit growing 43% year on year.

Settling into Our New Home

We enjoyed another milestone in 2023 when we moved into our new office space at Robinson 77 in the heart of the Central Business District.

A new office also provided us with a blank slate to reimagine our working environment to better suit the post-COVID era, with a larger percentage of space devoted to meeting and training spaces making it more accessible and more convenient for our intermediaries and partners to come to EQI - and we hope to see everyone more often now.

Continued Investments to Modernise Our Business

Over the years, we have incrementally built up our digital solutions. Software must always go hand-in-hand with heartware – and our ultimate objective is to equip our intermediaries with the tools to enable and nurture their own business.

As a locally based insurer, we have always been keenly aware that we can only grow if our intermediaries are able to grow.

As such, in 2023, we rolled out our first ever "Customer Portal". Catering for Personal lines products, the portal enables policyholders to review their own policy and claims details as well as submit requests for endorsements at their fingertips. As more administrative tasks become digitalised, intermediaries can optimise the time they spend on more meaningful work.

In conjunction, we also had to start complying with GIA's requirements for policyholders to pay their general insurance premiums directly to insurers from 1 March 2024.

Our priority remains to enable intermediaries to better service policyholders – and this can be done via our Partners Portal which we continue to upgrade with more convenient self-serve functions.

Pursuing Sustainable Growth

Our record GWP was achieved on the back of uniform growth across the board. Our Property & Casualty (P&C) segment grew 20%, our Motor segment grew 16%, our Accident & Health (A&H) segment grew 21% and lastly our Marine segment grew 15%.

We are confident we can maintain a consistent growth trajectory even as competition becomes stiffer. We believe there are ample business opportunities in the general insurance market for a local insurer player like us. We will strive to remain the preferred market for our bread-and-butter coverages for our intermediaries even as we continue to invest in our capabilities to react quickly and capitalise on any opportunities that present themselves.

Our intention has always been to provide intermediaries with comprehensive coverage solutions under one EQI umbrella. Taking into account feedback from our agency community we have identified new Personal Business lines in luxury products, as well as the need to make our travel and home coverages more competitive.

Another business line where will look for growth is our travel insurance business. Today, we are still underwriting only about half of the premium we wrote pre-pandemic. Ultimately, we will rely on our strong rapport with our reinsurers to structure some of these products that we will need to expand.

Hopefully, the combination of these efforts will produce another noteworthy year for EQI in 2024.

I would like to thank everyone who has contributed to another stellar year for EQI. We appreciate your continued confidence and friendship. Together, I believe we can continue our stable growth in the coming year.

Leow Tze Wen
Chairman

Chief Executive Officer's Message

"As an intermediary-led and locally-based insurer, EQI is continually exploring ways to strengthen our partnerships. In FY2023, nearly all of our business were placed through our intermediaries."

This collaboration resulted in a third successive year of record GWP for EQI. Our perspective has always been that equipping our intermediaries with digital tools and access to more competitive services and products will ultimately benefit our business.

Over the years, we have been fortunate to be able to rely on the continued support of our partners and intermediaries as we further refined our business portfolio. EQI has consistently aimed to balance our desire for a leaner, higher-quality portfolio while meeting the needs of our intermediaries.

Maintaining Our Portfolio Standard

Aggressively trimming smaller and unprofitable parts of our business over the years, we outperformed the general insurance industry in 2023. Our GWP grew by 18% to S$77.5 million, compared to a 7% increase in the overall general insurance industry.

Carrying a portfolio of high-quality risks also acted as a springboard, helping us achieve a 43% spike in our net underwriting profit to S$4.8 million. In contrast, the underwriting profit in the overall general insurance industry slipped by 11% during the same period.

This is not by chance, as each of our business segments has delivered more sustainable results.

Accounting for 52% of our topline, Property & Casualty is our largest segment todate. Boosted by higher construction demand in 2023, we enjoyed a 20% growth in this segment, In turn, we saw strong performances in our Work Injury Compensation, Engineering, and Performance Bonds business lines.

In particular, our Work Injury Compensation business has seen an increased demand due to more stringent and higher essential coverage mandated by the Government in recent years. This trend is set to continue into the years ahead.

Representing 32% of our portfolio, Motor is our next biggest segment. In FY2023, our Motor portfolio grew by 16% to S$24.5 million. Both our Commercial and Private Motor lines experienced a healthy double-digit expansion.

While Motor has been a traditionally challenging business, our current Motor portfolio – built through deliberate portfolio improvements – delivered an underwriting profit.

Growing by 21% to S$10.5 million, our Accident & Health portfolio comprised 14% of our GWP. While Health Insurance premiums rose by 12% in the general insurance industry, Personal Accident Insurance premiums were down by 3%.

Foreign Worker Medical Insurance led our growth in this segment, rising by 50% to S$4.9 million in 2023. Our health portfolio tapered 6% to S$2.7 million, as we took a slightly more conservative approach towards this business portfolio. This was mainly due to more foreign workers coming in to work on an influx of construction projects.

Lastly, our Marine segment achieved a GWP of S$2.4 million, making up just 3% of our business. In contrast to the general insurance industry, where both Marine Hull Insurance and Cargo Insurance were down, our segment delivered a 15% rise in GWP in the year.

Improving Our Underlying Profitability

What is most heartening about our record GWP is that it comes on the back of several years of improving our portfolio – ensuring that we underwrite an insurance portfolio underpinned by a level of risks that we are comfortable with.

Correspondingly, our Loss Ratio has seen an improvement. In 2023, our Loss Ratio was 50%, compared to a Loss Ratio of over 70% just five years ago.

As a relatively small player in the general insurance industry, we believe there is still room to grow our portfolio without compromising on the quality of risk.

While this led to tapering new exposure to certain business lines – which is part and parcel of our underwriting diligence. We do not foresee undertaking another major portfolio revamp.

Seeking Win-Win Outcomes For All

EQI's commitment extends beyond our own success. We also aim to see our intermediaries' businesses grow, deepen collaboration with our reinsurers, and also nurture our people.

We have incrementally improved the digital portal over the years, providing important information at their fingertips. Our hope is that this will not only enable our intermediary and partners to improve their business but also position us as a preferred partner to work with.

On top of making incremental improvements to our Partners Portal, we also launched our Insured Portal, allowing our insured to have their insurance details at their fingertips.

During the year, we also had to align our internal processes with the latest regulations in GIA's Agents' Registration Board (ARB) premium payment rules. We support all moves to make the industry more transparent and reduce unnecessary risks for end-customers.

Simultaneously, we aim to leverage our relationships with intermediaries to provide complementary personal lines coverages in luxury products.

In 2023, we dedicated 1,531 man-hours to training in total. Our training modules covered a diverse range of skills, including finance, claims negotiation, product training, updates on actuarial tables, technical reinsurance accounts, and industry trends.

We also relocated to our new office at Robinson 77, closer to many of our clients and partners. Apart from serving as our base, we hope to host our intermediaries more regularly to seek mutually beneficial outcomes.

I believe that we can position EQI as the insurer of choice, steering both our intermediaries' and our business towards greater vitality in the years ahead.

Thank you for trusting in EQI. Rest assured that we are always striving to do more for our intermediaries, partners and employees, and become a better and more comprehensive general insurance provider.

John Fu
Chief Executive Officer

Board Of Directors

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 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.

Phillip Tan

Director

Mr Phillip Tan is a fellow of the Institute of Singapore Chartered Accountants. He was a member of the leadership team in an international firm of accountants in Singapore and was the leader of the capital and insurance market practices till he retired on 30 June 2007.

He has more than 25 years of experience auditing 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 was a former Chairman of the Insurance Committee of the Institute of Certified Public Accountants Singapore. Mr Tan is active in community services and has received the following National Day Awards: the Public Service Medal, Public Service Star (Bar) and the Meritorious Service Medal.

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

Freddie Sim

Director

Mr Freddie Sim has been working in the insurance industry from 1974 till his retirement in 2016, holding various senior positions in insurance and reinsurance companies in the Republic.

He held the position of Principal Officer of EQ Insurance in 2010, and 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 was 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.

Peter Ho

Director

Mr Peter Ho is a former civil servant. When he retired in 2010 after a career in the Public Service stretching more than 34 years, he was Head, Civil Service, concurrent with his other appointments of Permanent Secretary (Foreign Affairs), Permanent Secretary (National Security & Intelligence Coordination), and Permanent Secretary (Special Duties) in the Prime Minister's Office.

Mr Ho is now Senior Advisor to the Centre for Strategic Futures, and a Senior Fellow in the Civil Service College. He serves as chairman of various boards and councils, including the Urban Redevelopment Authority of Singapore.

Management Team

John Fu

Chief Executive Officer

Mr John Fu joined EQ Insurance in January 2019. Prior to his appointment as CEO in EQ Insurance, he was the President & CEO for LMG Insurance Public Company based in Thailand. During the earlier years of his career, he worked at Liberty Mutual Insurance Group.

He has a Master degree in Business Administration from The Pennsylvania State University and completed the Insurance Executive Development Program at The Wharton School, University of Pennsylvania. He is also an accredited Chartered Property and Casualty Underwriter (CPCU).

Adam Tang

Deputy Chief Executive Officer

Mr Adam Tang started his insurance career in Malaysia, and joined the Singapore insurance industry in 1989. He has had an illustrious career in General Insurance with both local and international insurance companies, contributing his experience in the areas of management, operations, marketing and underwriting.

At EQ Insurance, he is responsible for the IT, Technical & Compliance and Distribution teams – engaging partners in corporate and services delivery functions through greater adoption of robust processes to meet our financial obligations and business targets. He holds a Bachelor of Science (Business Administration) from Oklahoma State University, USA.

Rina Tan

Group Finance Controller

Ms Rina Tan has held various positions covering responsibilities in Accounting, Finance, HR as well as IT Functions in the general and reinsurance industry. 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.

Chia Ka Wei

Senior Manager, Claims

Mr. Chia Ka Wei holds a Master of Business Administration from Murdoch University and an LLB (Hons) in Law from Birmingham City University. He is also a Senior Associate member of ANZIIF, and a Fellow member of LOMA.

He joined EQ Insurance in March 2019 and heads the Claims Department. Since joining EQ Insurance, he has been instrumental in reforming and putting in place new measures to drive the Claims Team forward.

He and his team are tasked with leading further enhancement initiatives to continuously improve EQ Insurance's Claims Service Level.

Business Outlook

In the near term, geopolitics, inflation, and interest rates remain as significant concerns for the economy. Despite these challenges, Singapore's Ministry of Trade and Industry ("**MTI**") forecasts GDP growth of 1% to 3%[1], driven by a turnaround in global electronics demand and a continued recovery in air travel.

Operationally, we must remain lean and agile to manage cost pressures effectively, so as to give us an advantage in navigating any impending economic lulls. Additionally, we need to continue being selective about the business risks we underwrite.

Property & Casualty

With a strong foothold in the construction sector, we will closely monitor its outlook. In 2024, the Building and Construction Authority ("**BCA**") estimates demand to be S$32 billion to S$38 billion[2], an increase from last year.

The Government has called for more transparency and strengthened Work Injury Compensation insurance for both local and foreign employees.

Concurrently, Platform Workers will also come under a similar framework. For EQI, it remains business as usual – and we will take a wait-and-see approach to this new demographic of risks.

[1] *Ministry of Trade and Industry ("MTI"): MTI Maintains 2024 GDP Growth Forecast at "1.0 to 3.0 Per Cent" - 15 February 2024*

[2] *Building and Construction Authority ("BCA"): Steady Demand for the Construction Sector Projected for 2024 - 15 January 2024*

Motor

Motor Insurance, the largest segment in Singapore's general insurance market, has experienced losses in three of the last five years. The two profitable years came during the pandemic – where safe management measures significantly limited vehicles on the roads.

Rampant inflation in repair bills will not make the segment any easier to manage.

Our roadmap to strengthen our Motor portfolio includes staying vigilant in the quality of our underwriting, while also pursuing the luxury segment.

Another potential boost for the Motor segment is the rollout of ERP 2.0 in 2024. The Ministry of Transport ("**MOT**") clarified that with distance-based charging being an option in the future, they could allow for a one-off increase in the total vehicle population, while keeping traffic congestion in check.

Accident & Health

Against the backdrop of a vibrant industry growth, we need to be more cautious in writing Accident & Health risks.

Currently, extensions and renewals for foreign workers must adhere to a higher claim limit of S$60,000, with employers co-paying 25% for claims above S$15,000. By July 2025, standardised exclusion clauses, age-differentiated premiums for those aged over 50, and direct reimbursement requirements for insurers to hospitals will be implemented.

These changes may lead to higher costs for insurers – but also an avenue of opportunity for EQI to compete in.

Travel also falls within our Accident & Health segment, and with borders fully open now, we can also expect demand to improve in the near-term. Our immediate aim will be to get back to our pre-pandemic coverage level worth over S$1 million in 2019.

Marine

While Marine is our smallest segment, the healthy growth we enjoyed in 2023 means it there may be opportunities to scale up.

Nevertheless, we need to be vigilant of the increasing global uncertainties in international shipping routes and cargo deliveries – which may have a trickle-down effect on the entire Marine portfolio in 2024.

Embracing A Digital Future

We have consistently invested in our digital portal, incrementally improving features and functions each year. We will not waver in this commitment in the coming years.

We launched our EQI Insured Portal, and will aim to add more features for our end-customers and deliver seamless coverage for them. Our Partners' Portal for our intermediaries also plays a crucial role in optimising efficiency for them.

Staying up-to-date with regulations and best practices in the general insurance industry is crucial. From March 1, 2024, all policyholders must pay premiums directly to their insurers. We will ensure our end-customers are made aware and implement a hassle-free transition.

Reshaping Our Growth On A Solid Foundation

We are done strategically calibrating our portfolio and have achieved a targeted level of risk quality that we wish to underwrite. Future adjustments will be tactical and formed as part of our annual reviews. Standing on a solid footing, we can surely be selective in pursuing growth.

One strategy is to write high-end personal lines business. Our idea is to provide more business opportunities for intermediaries to leverage on existing relationships in their network.

As a niche player in the industry, we have ample room to fight for new business - especially given our underlying risk quality today.

We will continue to invest in our workforce, as they will be the key to achieving EQI's goals. As part of ongoing efforts to groom our talent pool, we provide multi-disciplinary training in diverse skills such as finance, claims negotiations, product training, updates on actuarial tables, technical reinsurance accounts, as well as in industry trends.

Having relocated to Robinson 77, we intend to engage our intermediaries and partners more regularly. We hope this move will also reinforce the fact that EQI is a growing local insurer, and a choice employer that prioritise skillset and well-being of our people.

EQI has always pursued growth in collaboration with our intermediaries, partners and employees, and we will not deter from this stance as we continue on our expansion path.

2023 Financial Statement

EQ Insurance Company Limited
Balance Sheet As At 31 December 2023

	2023 $	2022 Restated $	1 Jan 2022 Restated $
Non-Current Assets			
Property and equipment	1,854,946	941,152	714,721
Right-of-use assets	3,252,104	266,264	931,508
Investment securities	14,505,327	11,502,047	9,753,178
Reinsurance contract assets	11,513,151	10,419,272	8,982,684
Deferred tax assets - net	-	-	472,805
	31,125,528	23,128,735	20,854,896
Current Assets			
Investment securities	18,745,379	19,516,462	16,622,586
Prepayments and other current assets	1,549,960	1,198,317	1,012,214
Other receivables	1,956,071	866,323	399,567
Cash, bank balances and deposits	138,783,886	119,379,535	104,175,102
Financial assets at carried at amortised costs	140,739,957	120,245,858	104,574,669
	161,035,296	140,960,637	122,209,469
Current liabilities			
GST payable	1,257,639	984,031	874,831
Current Tax liabilities	1,176,252	-	-
Amounts due to related companies	58,718	59,367	55,789
Other payables	20,759,408	16,393,000	13,035,700
Lease liabilities	663,193	237,917	673,637
Hire purchase payables at amortised costs	7,733	23,200	23,200
Financial liabilities carried at amortised costs	21,489,052	16,713,484	13,788,326
	23,922,943	17,697,515	14,663,157
Net Current assets	137,112,353	123,263,122	107,546,312
Non-current liabilities			
Insurance contract liabilities	97,93,010	85,702,730	74,054,085
Contingency reserves	35,118	35,118	35,118
Lease liabilities	2,582,781	34,257	272,173
Hire purchase payables at amortised costs	-	7,733	30,933
Deferred tax liabilities – net	624,079	629,137	-
	101,184,988	86,408,975	74,392,309
Net assets	67,052,893	59,982,882	54,008,899
Equity attributable to equity holder of the Company			
Share capital	45,700,000	45,700,000	45,700,000
Accumulated profit	21,352,893	14,282,882	8,308,899
Total equity	67,052,893	59,982,882	54,008,899

EQ Insurance Company Limited
Statement of profit and loss For the financial year ended 31 December 2023

	2023 $	2022 $ Restated
Insurance revenue	69,842,319	57,803,798
Insurance service expense	(60,612,196)	(49,487,381)
Insurance service result before reinsurance contracts held	9,230,123	8,316,417
Allocation of reinsurance premiums	(9,194,688)	(5,632,442)
Amounts recoverable from reinsurers for incurred claims	3,361,776	2,470,784
Net expenses from reinsurance contracts held	(5,832,912)	(3,161,658)
Insurance service results	3,397,211	5,154,759
Net investment income	5,589,297	2,151,985
Finance (expense)/income from insurance contracts issued	(886,237)	1,097,217
Finance income/(expense) from reinsurance for incurred claims	147,387	(71,942)
Net insurance finance (expense)/income	(738,850)	1,025,275
Net insurance and investment result	8,247,658	8,332,019
Other income	213,546	243,906
Profit before tax	8,461,204	8,575,925
Taxation	(1,171,193)	(1,101,942)
Profit for the year	7,290,011	7,473,983

2023 Financial Statement

EQ Insurance Company Limited
Statement of comprehensive income For the financial year ended 31 December 2023

	2023 $	2022 $ Restated
Profit for the year	7,290,011	7,473,983
Other comprehensive income:		
Item that may be reclassified to profit or loss	-	-
Income tax relating to components of other comprehensive income	-	-
Other comprehensive loss for the year, net of tax	-	-
Total comprehensive income for the year	7,290,011	7,473,983

ENRM
Disclosure Report

ENRM Disclosure Report

Environmental Footprint

Governance

EQI maintains a robust Enterprise Risk Management framework, integral to identifying, assessing, managing, and controlling risk exposure, while also incorporating analyses of the potential impact of strategic decisions on risk-taking levels as a fundamental aspect of the Company's operations.

The Board of Directors is entrusted with the overarching responsibility of overseeing risk management at EQI, encompassing the establishment of risk appetite, organisational structures, and internal control systems. In particular, the Board is responsible to ensure the incorporation of environmental risk into our assessment and management of financial and business risks.

Within this structure, the Chief Executive Officer (CEO) bears ultimate responsibility for implementing risk controls across our business and financial operations. The CEO is supported by the management team of EQI, which works collaboratively to ensure the effective execution of risk management strategies.

Our Strategy

Aligned with the MAS' Guidelines on Environmental Risk Management (ENRM) for Insurers and recommendations of the Task-Force on Climate-related Financial Disclosures (TCFD), we are committed to elevating our capabilities to effectively evaluate the resilience of our portfolio against climate-related and transition risks.

In this aspect, we have integrated environmental risks into our assessment process while identifying material risks in new product and investment opportunities.

Furthermore, we uphold a vigilant approach towards evolving consumers insurance needs, conducting regular review of our range of product offerings and proprietary investment portfolio to identify areas or sectors that are particularly vulnerable to environmental risks.

Risk Management

In EQI, we have identified our main risks to include:

1. Insurance risk – relating to underwriting and pricing insurance products and reserving payments for future claims.
2. Financial risk – the risk relating to fluctuations in the value of financial assets (market risk), fluctuations in interest and foreign exchange rates, credit risk and liquidity risk, and
3. Operational risk – the risk related to operations, brands and systems

We acknowledge that environmental risks can have adverse effects on the aforementioned risk categories. In that respect, we have established an ENRM framework within our Enterprise Risk Management policy.
This framework mandates concurrent assessments of risks, including environmental risks, during the execution of any new or existing operational activity to ascertain its exposure.

We believe that a gradual and smooth transition would alleviate physical and transition risks by reducing the likelihood of a "too little, too late" scenario. In such a scenario, the physical costs of environmental changes may be exacerbated, and policymakers might need to implement mitigation measures in a belated and disruptive manner.

Insurance Industry In Singapore

While ongoing deliberations persist between regulatory bodies and insurers regarding the assessment of the insurance industry across climate-relevant sectors and the inherent challenges in projecting such exposures due to information unavailability, we maintain our commitment to continuously review and refine our exposure assessment. This dedication is essential, considering the evolving landscape and advancing sophistication of risk management practices in this realm.

Responsible Underwriting

In adherence to our commitment to environmental responsibility, EQI generally does not write industries that have a direct influence on the environment, such as petrochemicals or fossil fuels.

Moreover, we will gradually expand our product offerings to cater to consumer demands for environmentally friendly options, such as electric vehicle charging kiosks and renewable energy-related projects.

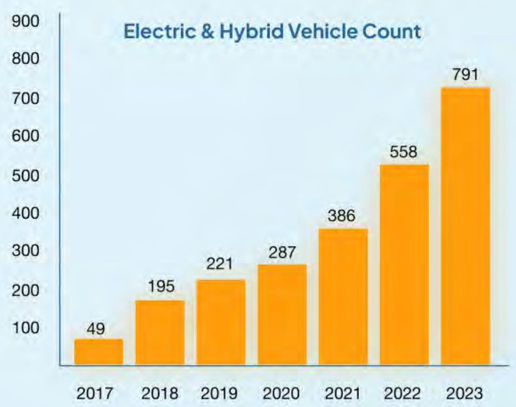
Motor Portfolio

Given the global emphasis on transitioning to a low-carbon economy, EQI anticipates a direct risk to its Motor business due to potential forthcoming policy changes by regulatory authorities. The Motor insurance segment is EQI's second largest top-line business.

In 2023, our personal use vehicle portfolio reflected a 6.8% exposure to hybrid and electric automobiles, demonstrating a notable increase from 49 vehicles in 2017 to 791 vehicles in 2023, with a compound annual growth rate of 59%.

Additionally, the year-on-year growth rate of hybrid and electric vehicles in EQI's portfolio stands at 41.8%, outpacing the 25.9% growth recorded by the LTA. This data underscores our proactive approach in aligning ourselves with the evolving market trends and regulatory requirements.

We remain dedicated to continuously monitor industry developments and adapt to shifting market sentiments.



Responsible Investment

To uphold our tenacity in investing responsibly, we have engaged investment managers for our proprietary investment portfolio who integrate environmental, social and governance (ESG) analysis into their approach when evaluating investment opportunities. This forward-looking and transition-based approach looks beyond just the current and past ESG profile of investments to consider their future trajectory.

In our equity mandate, ESG considerations are integrated into our investment process. Our investment managers maintain continuous oversight of our portfolio, including the holding's carbon emissions, sustainability efforts via their published sustainability reports as well as third-party reports i.e. **MSCI**. Our portfolio has achieved an impressive **MSCI** ESG rating of AA, accompanied by a score of 7.38, outperforming the MSCI Singapore benchmark (A, 6.88).

We are committed to regularly reviewing our portfolio to ensure its sustainability and minimise any financial impact on the business.

How the MSCI ESG Rating Is Calculated

	Portfolio	Benchmark
Weighted Avg ESG Score	7.38	6.88
ESG Quality Score	7.38	6.88
ESG Rating	AA	A

Data Source: Portfolio Management, Bank Of Singapore

Responsible Business Practicess

Manage And Reduce Carbon Emissions

To continue our contribution to reducing Scope 3 carbon emissions, we track our employees' commute carbon footprint and paper consumption, with business travel emissions monitoring commencing in 2023.

Employee Commuting

We are tracking the indirect emissions generated by our employees' commuting between their residences and the office. Should all employees return to the office, the annual carbon footprint is estimated to be 19,511 kg CO_2.

As EQI is dedicated to environmental preservation, we have implemented a Work-from-Home policy, requiring remote working at least once a week. As a result of this practice, our overall carbon footprint decreased to 12,692 kg CO_2. This represents a 35% reduction in the carbon footprint of employees' commuting compared to a full-time Work-from-Office setup, surpassing our objective of a 20% reduction.

Paper Consumption

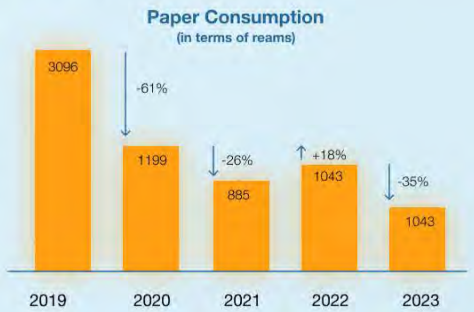
Continuing our commitment to sustainability, we have fostered a paper-less culture and prioritised eco-conscious procurement by engaging suppliers certified by Singapore Green Labelling Scheme ("**SGLS**") and Programme for the Endorsement of Forest Certification ("**PEFC**").

Presently, all EQI insurance policy documents are now transmitted electronically to our intermediaries or insured, unless otherwise requested.

Furthermore, we have fully digitalised our claims submission and processing procedures, eliminating the need for physical documentation and manual processing, and achieving a 99% electronic claim payment rate.

In 2023, our concerted efforts led to a significant decrease in paper consumption, with a reduction of 35% compared to the previous year, amounting to 682 reams (1,701 kg).

As our hybrid working arrangements stabilised throughout the year, we expect similar consumption levels to persist in the coming years. This sustained effort reflects our commitment to environmental sustainability, with a notable 78% decrease in paper usage since pre-pandemic times.



Sustainable Data Management Partnership

EQI has engaged with a BCA Green Mark - Gold rated data centre. This partnership reflects our commitment to eco-friendly operations, reducing our environmental impact and advancing responsible business practices.

Sustainable Gifts

To reinforce our brand value and enhance our image with our customers and business partners, we are prioritising eco-friendly corporate gifts. Since 2022, our corporate calendars and red packets have been printed on environmentally friendly paper, showcasing our commitment to environmental responsibility.

Our Performance In 2023

- Electric and Hybrid Vehicles represent 6.8% in our personal use vehicle portfolio
- Annual carbon footprint is recorded at 12,692 kg CO_2, a saving of 35%
- Fully digitalised our claims submission and processing procedures
- 99% of our claim payments are made electronically
- Our corporate calendars and red packets are printed on environmentally friendly paper
- Engaged Data Centre with a BCA Green Mark - Gold rated
- Our investment portfolio excels with AA MSCI ESG rating, score 7.38, surpassing MSCI Singapore

Our Targets

- To align our exposure on Electric and Hybrid Vehicles to industry's and consumers' demands
- To achieve 20% reduction in employees' commute carbon footprint
- To maintain paper consumption at current levels
- Continually review and evolve our assessment on our business exposure in order to align with industry development
- To maintain our ongoing commitment to environmentally responsible business practices