

eqnsurance  
*You're Got a Friend*

Annual Publication

2018





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## ABOUT US

**EQ Insurance Company Limited is a homegrown general insurance provider.**

**Set up in February 2007, it built its initial insurance success through the construction-related industry and has since grown to underwrite all classes of commercial and personal insurance, including motor, property, casualty, financial protection (trade credit, professional indemnity), marine as well as accident and health insurance to a diverse group of clients.**

**It is a rapidly growing company with a proven management team and a strong network of intermediaries, including agents, brokers, and financial advisers.**

**EQ Insurance is part of the Citystate group of companies which includes other established brands in various service industries.**

## VISION

A financially strong, Singapore-based multinational insurance firm writing international business.

## MISSION

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

### The Year in Review

**E**QI posted significant gross premium growth of 26% in 2018 amidst another year characterised by cut-throat competition and rock-bottom underwriting rates in the general insurance industry. In a new milestone for EQI, our revenue has surpassed S\$50 million for the first time in 13 years. We wrote S\$55.0 million of gross premiums, over the S\$43.6 million in 2017.

Our phenomenal growth exceeded the Singapore general insurance sector's 3.4% expansion, and surpassed Singapore's GDP growth of 3.2%.

These results show that our cautious underwriting approach and consistent management of our business lines and risks are gradually paying off as we delicately steer the EQI ship through treacherous waters in the general insurance sector.

### Key Performance of Business Lines

Almost all segments of our business saw growth in gross premiums of approximately 20% to 35%. Only our Financial Protection segment shrank by 32%. These encouraging results are the outcome of our focus on the major classes of insurance which we are strong in. These include Motor, Property & Casualty our two largest classes and Accident and Health.

### Motor

Although the total vehicle population in Singapore inched up by an abysmal 0.5% in 2018, our gross premiums for Motor Insurance surged 20% to S\$23.2 million. We enlarged our market share in a highly competitive and mature segment and entrenched our brand deeper in the hearts and minds of private and commercial vehicle owners in Singapore.

Private Motor Insurance grew 31% to S\$8.9 million, while Commercial Motor Insurance rose 14% to S\$14.3 million, a highly favourable performance when compared against their respective growth in 2017 of 6% and 3%.

Motor insurance remains the largest contributor to our overall gross premiums, making up 42% of our current spread.


### Motor Insurance

↑ 20%




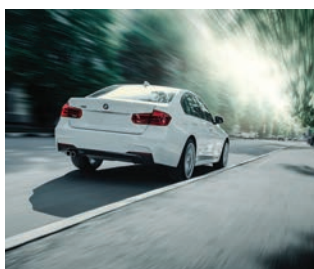
### Health Insurance

↑ 51%



### Maid Insurance

↑ 75%

**OUR PHENOMENAL GROWTH EXCEEDED THE SINGAPORE GENERAL INSURANCE SECTOR'S 3.4% EXPANSION, AND SURPASSED SINGAPORE'S GDP GROWTH OF 3.2%.**





**Property & Casualty and Marine**

Gross premiums for Property & Casualty grew 32% to S\$19.8 million, from S\$15.0 million in 2017.

All major business lines in this diverse segment, which constitutes a sizeable 36% of our spread, enjoyed robust growth. Public Liability Insurance gross premiums leapt 142% to S\$2.9 million from S\$1.2 million; Fire Insurance gross premiums grew 40% to S\$2.1 million from S\$1.5 million; and Workmen Injury Compensation Insurance gross premiums increased 21% to S\$9.7 million from S\$8.0 million.

Other key contributions to this segment's expansion came from Maid Insurance, which jumped 75% to S\$1.4 million from S\$0.8 million;

and Marine Cargo and Hull Insurance, which increased 40% to S\$0.7 million from S\$0.5 million.

Our results are clear indications that our strategy to dedicate our resources to serving the Small and Medium Enterprises ("SMEs") segment is paying off.

**Accident and Health**

Gross premiums from Accident & Health burgeoned significantly to S\$10.1 million, a growth of 30% compared to S\$7.8 million from the year before.

Foreign Worker Medical Insurance, currently its largest component, rose 10% to S\$4.6 million from S\$4.2 million in 2017.

As a result of increasing demand for healthcare from a rapidly ageing population, the second largest contributor to this business segment, Health Insurance, recorded a second consecutive year of stellar growth in 2018. It swelled by a whopping 54% to S\$8.0 million from S\$5.2 million. This comes on the heels of the strong growth of 103% recorded in 2017.

**"STABLE" Credit Strength**

In 2018, A.M. Best once again affirmed our Financial Strength Rating of B++ (Good) and our Long-term Issuer Credit Rating of "bbb+." This is a strong testimony of our capital and risk management capability, ability to balance growth and profitability, and strong management of volatility in our investment portfolio, all of which we intend to build on.



# review

## CHAIRMAN'S MESSAGE

**2** 018 was a topsy-turvy year rocked by one wave of uncertainty after another. From the US-China trade conflict to the Federal Reserve System ("Feds'") quarterly raising of interest rates after a hiatus of 12 years, the economic turbulences of the year put many investors and businesses on edge.

In this destabilised environment, EQI stuck to its core foundation of building upon friendships. In fact, it enabled us to stay on course and remain resilient in the face of unprecedented challenges.

### **Insisting on The Human Touch**

Over the last 13 years, we have steadfastly inculcated a culture and engagement style that emphasizes on access and turnaround time. It is an approach that our intermediaries welcome and delight in.

Even though the use of automated phone systems by businesses has become widespread, our communication channels have remained the same as the day we started. From day one, our intermediaries, big or small, have had direct access to me and my staff. We remain a firm where our call centre

is still manned by our own people. This was how we started, and this is how it is today. In a digital age where communication often means conversing with devices and voice recordings, it is easy to overlook the difference a human presence makes and the welcome breath of fresh air a human touch offers. Today, we are proud to be one of the rare insurance companies where a human being is the customer's first touchpoint when he or she calls our hotline.

We are here for our friends. When the going gets tough, and when disruptions threaten, we can be relied upon as a real friend.



**A friend  
in deed**

### Repositioning as Experts

Technological disruptions are affecting all industries, including ours. We and our intermediaries face disintermediation on an unprecedented scale. With more direct access to online insurance players, tech-savvy and self-directed consumers are switching over to buying direct. This works well for consumer products and services that are less complex.

However, insurance is still a complex product. Many details in the coverage still requires deeper understanding, and customisation of cover is never straightforward. Moreover, not all are comfortable buying directly online without the comfort and reassurance from people well-versed in their professional craft. Here is where the golden opportunity lies for us and our intermediary friends.

Our main challenge is to arm our intermediaries with the same convenience that the online interface provides, while at the same time providing that human touch to enable customers to deal with an expert. By re-positioning themselves as experts, our intermediaries give customers good reason to find comfort in their expert opinion. As a result, they value-add to the customers, earning their trust and repeat business. Ultimately we want our intermediaries to remain relevant to their customers.

We are committed to help them overcome this challenge through constant communication. More importantly, we would like them to understand that their long-term survival depends on them re-positioning themselves as experts. We will also help them up their game via our digital presence.



**WE REMAIN  
TRUE TO OUR  
CONVICTION THAT  
WE ARE A FRIEND  
IN NEED AND A  
FRIEND INDEED.**



### Digitising Meaningfully

We digitise not for its own sake, but for purposes specific to our business goals. Credit goes to our dedicated and talented IT team for making it happen.

Our ongoing digitisation effort is never meant to replace the human touch. Instead, it is deliberately designed to create an efficient B2B2C channel that enhances the human touch, to bring us – the customer, the intermediary and EQ Insurance - closer together.

Digital infrastructure is never built overnight. Having started some years back, we are starting to see results today. Although our digitised backend claims system is functional, improvements and refinements will be added to address further user feedback and future needs.

The positive outcome of our efforts so far encourages us to continue developing our digital capability. We want to improve the percentage of businesses conducted through our partner's portal, to populate it with more products and to allow instant access to policy documents. We constantly develop our infrastructure to pave the way for future growth. We stand to benefit from performing better risk assessment, and our intermediaries and customers can expect more superior experience when engaging with us.

### A Friend in Deed

Going forward, we will continue to play to our strengths. Our key strength lies in the deep and robust friendships that we have cultivated over the years. It's in our blood to keep ties with our intermediaries strong, and to overcome the challenges in the industry together with them. We remain true to our conviction that we are a friend in need and a friend indeed.

**Leow Tze Wen**  
Chairman



## CHIEF EXECUTIVE OFFICER'S MESSAGE

**2** 018 was a remarkable year for EQ Insurance on many fronts. Our gross written premiums expanded by 26%, compared to the general insurance industry's of 3.4%, raising our market ranking by 2 places. Significant growth was recorded for most classes of insurance, including Motor, Property & Casualty, and Accident and Health segments.

These results are all the more heartening as they were achieved amidst a tough general insurance climate. It is a testament of our overall service levels and commitment to our partners, intermediaries and customers.

### Championing our Intermediaries

Our relationship with intermediaries is our number one priority. Personal interaction with them is crucial to our mutual success and growth.

Among our intermediaries, our brokers' contribution to our 2018 revenue grew by a sizeable 80% to S\$14.3 million while the contribution by agents grew by 14% to S\$38.0 million. Together, these two channels accounted for 95% of our revenue. We will continue to review our partnerships with our intermediaries and partners who can support us in our business' strategic direction to establish deeper footholds in our target markets.

### Infrastructure to Bring People Closer

Years ago, we implemented a comprehensive roadmap to invest in IT infrastructure to generate long-term efficiencies for the company. We are now starting to reap the benefits.

In 2018, we completed the implementation of a fully paperless backend system for claims. Not only has it eased our workflow and reduced the number of man-hours to improve the productivity of our staff, our customers have also benefitted from a faster claims handling process and response time. This system paves the way for us to earn our clients' trust and loyalty.

We are also seeing an increased usage of our partners' portal, which enables our intermediaries to access their



### OUR RELATIONSHIP WITH INTERMEDIARIES IS OUR NUMBER ONE PRIORITY. PERSONAL INTERACTION WITH THEM IS CRUCIAL TO OUR MUTUAL SUCCESS AND GROWTH.

clients' details to service them more effectively. Encouraged by its success and to roll out further enhancements, we have designed our upcoming B2B2C portal and our EQI mobile app to enable our intermediaries to explore marketing and cross-selling possibilities with their corporate clientele and the individuals who work with them.

Further down the road, there are plans to implement a robust Customer Relationship Management ("CRM") system for us to connect more effectively with our customers as well as our intermediaries. With this system, we can seek to enable instant access to details and data that would otherwise take time to retrieve.

With the digitisation of both our front and back offices, more positive results awaits as our IT infrastructure further improves productivity in our processes.

### Leverage on Local SMEs

We will renew our focus on the SME market, further positioning ourselves as a local SME insurer. This market fits our strategy and distribution channels very well.

The SMEs segment is an under-served market in Singapore. They are often overlooked by larger financial institutions and brokers, who prefer to service bigger accounts. The SMEs' insurance needs will grow – from Property and WICA to motor and medical insurance – and we hope to provide them with packages and coverage catered specifically for their needs. As an SME

ourselves, this is a natural market for us as we share similar traits, aspirations and challenges. In tandem with the Singapore Government's initiatives to support this segment, we are prioritising SMEs as our core target market. In doing so, we are also catering to the needs of the local economy.

To better manage our risks, we will restrict writing specialty products only to support SMEs. We will not write standalone specialty products or take on regional business as our current resources are not specialised to focus on them.

Certain newcomers to the industry, such as the direct online insurers, have a different strategy from us. By focusing on capturing market share, they exert downward price pressure on the market. That has been very challenging for us and other general insurers. However, we take heart in the fact that our insistence on the human touch clearly differentiates us from them in the eyes of our target customers and intermediaries.

We also plan to build deeper expertise in the SME segment. This is to be achieved by boosting our talent field with people who are familiar with the business.

### Nurturing Expertise

In order to develop relevant products and write at sustainable rates, we will nurture the necessary expertise in underwriting, data analysis and claims.

Our advantage is that, unlike larger corporations, we are not bogged down by red tape and difficulties when making decisions. Moreover, each staff gains from wider exposure and a richer learning experience. Take for example, in a company with 10,000 staff, they are a screw in a big machine. However, in a small company like ours, they get to play a bigger role and enjoy more exposure to the different aspects of the insurance business. In return, the company benefits as we leverage on our empowered staff to understand our intermediaries well and take care of their needs. This symbiosis is our unique strength.



**Forward, with Confidence**

Riding on the significant comeback of our gross written premiums in 2018, we will continue to focus on underwriting and pricing discipline and examine ways to pare down the risks in our portfolio to improve our net profit position in this soft market.

Encouraged by the promising results of our digitisation endeavours, we will also redouble our efforts to further improve and enhance our business tools to empower our intermediaries. This will arm them with the skills to ride on the digitisation wave sweeping the industry.

With many countless opportunities out there despite the challenging market conditions, there are many things we need to do to up our game. We are strong enough to move forward with confidence, knowing that our foundations are sound and are progressing on the right track. Properly identifying priorities to meet the dynamic challenges of our operating environment is a never-ending balancing act. I have no doubt that with the persistence and perseverance that characterised us from our founding days, my team is equal to the task.



**John Fu**  
Chief Executive Officer



# Championing our intermediaries

## 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 the last few years, he has been involved in the Group's insurance broking operations, and 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 Certified Public Accountant in Singapore. He was a member of the leadership team in an international firm of accountants 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 was a Chairman of the Insurance Committee of the Institute of Certified Public Accountants Singapore.

Mr Tan is active in community services. He is also a Justice of Peace and has been awarded the Public Service Medal, the Public Service Star, and the Public Service Star (Bar).



**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 the 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 since 1974, holding various senior positions in insurance companies in the Republic. He has served as the Principal Officer of EQ Insurance in 2010, 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. He is also a member of the Board of Trustees of the National University of Singapore, and a board member of the National Research Foundation.

## MANAGEMENT TEAM

### John Fu Chief Executive Officer

John has been the President & CEO for LMG Insurance Public Company (LMG) based in Thailand for the past 10 years. During the earlier years of his career, he worked for Liberty Mutual Insurance Group in their Corporate Develop Program for USA, UK, Brazil, China and Singapore. He was later based in Singapore and managed the personal lines business for Liberty Insurance Pte Ltd until leaving to run LMG. 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

Adam 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 EQI, he is responsible for engaging corporate and services delivery functions to build robust processes to meet financial and business targets. He holds a Bachelor of Science (Business Administration) from Oklahoma State University, USA.



### Rina Tan Group Financial Controller

Rina has held various positions covering responsibilities in Accounting, Finance, HR as well as IT functions in the general and reinsurance companies. 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.





**Nick Wong****Senior Manager, Customer Service,  
Marketing, Property Casualty &  
Marine and Specialty Lines**

Nick is an experienced insurance practitioner who has served under various capacities, both as a Broker and Underwriter in MNCs. He joined EQ Insurance in 2013 and played a significant role in creating new markets, new products as well as establishing strategic partnerships. As Head of Marketing, he leads a team in achieving the company targets, expanding the intermediaries channel and fine-tuning the work processes for the intermediaries. Nick is currently a committee member of the GIA-Trade Credit. He has recently been awarded a Diploma in Advance General Insurance Course jointly conducted by The General Insurance Association of Japan and The General Insurance Institute of Japan.

**Chia Ka Wei****Senior Manager, Claims**

Ka Wei started his insurance career in 2005 handling motor claims at a local composite insurance firm. He continued to specialise in claims at several major international insurance companies. He built a track record in delivering effective claims initiatives, most notably in introducing a motor damage estimation software as a loss control measure. Before joining EQ Insurance, he was a Regional Claims and Risk Manager, leading claims transformation projects and managing large claim losses in the neighbouring countries. At EQI, he oversees the Claims Department. Ka Wei holds a Master of Business Administration from Murdoch University, and is a Senior Associate member of ANZIIIF, and a Fellow member of LOMA.



## BUSINESS OUTLOOK

**B**eing an open economy, Singapore relies heavily on trade with other countries. Unfortunately, many of Singapore's key trading partners are embroiled in problems of their own. The Ministry of Trade and Industry cites the US-China trade conflict, China's economic slowdown and Brexit issues as key factors that would affect Singapore's Gross Domestic Product (GDP) in 2019.

They also forecasted the country's GDP growth for 2019 to be between "1.5 to 3.5 per cent", with greater likelihood to end up in the lower half of 2%. This announcement came hot on the heels of the 3.2% growth experienced in 2018.

### Motor

Buoyed by our 20% growth in Motor Insurance premiums, we look forward to carving out a larger piece of the motor insurance pie even though the zero vehicle growth policy is still in force. Nevertheless, being fully aware of the industry's underwriting loss in 2017 as well as the fierce competition that is characteristic of this segment, we cannot take its profitability for granted. We will closely monitor the performance of our Motor Insurance business.

As the motor insurance segment is a notable target for fraudsters, we look forward to the success of General Insurance Association's "GIA Insurance Fraud Tip-off" ("GIFT") initiative to tackle fraud. We fully support this initiative as its success would translate to better profitability for the industry and our firm.

### Property & Casualty

After three consecutive years of contraction in the construction sector, the Ministry of Trade and Industry expects a turnaround in 2019. This expectation is in view of the upward trend in contracts awarded in the second half of 2018. Although EQI found success in the construction sector during its initial years, the recent years have seen the whole construction industry go through a downturn, partially due to measures that were responsible for the cooling down of the housing market.

Although we saw some signs of recovery in our gross premium for Workmen Injury & Compensation

Insurance in 2018, we will remain cautious for this sub-segment.

On the whole, the Property and Casualty segment has been growing for us. However, when claims arises, they tend to be huge. Therefore, as much as we are delighted with its growth, we will need to deploy more expertise to analyse the data and manage the risks arising from this pot of business.

### Health

Health costs in Singapore continue to rise. Medical inflation driven by the aging population, costs of better medical treatments and shortage of medical capacity is compounded by Singapore's success as a hub for medical tourism. While the newly-opened Sengkang General Hospital and the planned 1800-bed general hospital to be opened in Woodlands in 2022 might take some pressure off capacity, health costs are expected to remain high. Willis Towers Watson expects gross medical rates in Singapore to increase by 9.1% in 2019 (compared to 8.8% in 2018 and 8.3% in 2017). This will drive more to take up health insurance to better manage their financial risks, resulting in more business opportunities for us in this sector.

Meanwhile, we will continue to work with Third Party Administrators ("TPAs"). By performing services such as claims administration and managing employees' medical benefits, TPAs play a crucial bridging role between us, healthcare providers and employers. Moreover, the outpatient statistics from the TPAs enable us to analyse and manage outpatient costs more effectively.

### On Risks, Profits & SMEs

In 2019, our focus will be on profits. Underwriting and pricing discipline will take center stage as we balance them out against the need to keep up with the competition and downward price pressures. A possibility is to re-underwrite certain portfolios to get to the margins we want.

In addition, our strategy from hereon is not to expand into new products that we do not have expertise in. We will exit certain classes of businesses as we de-risk our portfolio. Instead, we are digging deeper into our expertise and data to design and



**EQI IS JUSTLY PROUD THAT ITS UNIQUE "YOU'VE GOT A FRIEND" CULTURE HAS PERMEATED ALL FUNCTIONS AND ALL LEVELS OF THE ORGANISATION.**





offer a meaningful suite of products to markets that we strategise to serve.

One key market in our sights are the SMEs, which make up 99% of the 263,900 enterprises in Singapore. They are still under-served in Singapore, so we want to capitalise on this market's enormous growth potential.

#### Future-proofing our Business

Having identified our way forward, we will populate our team with the necessary expertise. Where possible, we will bring the expertise in-house to better manage our competitiveness and profitability. Underwriting will be more data driven to enable closer scrutiny into each segment, resulting in better pricing.

In 2019, we will launch a development programme to identify and groom key talents. Our Human Resource department along with our business leaders will work with them to identify their growth paths and any gaps present. This enables the company to provide them with the necessary customised support.

We cannot emphasise enough that our friendly and accessible approach has had a tremendous effect on the growth of our business. To delight our customers, we are happy to preserve our flair for human interaction. If we compete only on a purely technological front, we are likely to lose out to global players who have huge amounts of resources and global expertise.

As we further digitise our business processes, we will not lose sight of the intention that we digitise to bring people closer, not to replace the human touch and human interaction. We are pleased to buck the trends of replacing communication channels with layers of voice recordings and automated responses and of moving servicing functions offshore.

EQI is justly proud that its unique "You've got a friend" culture has permeated all functions and all levels of the organisation. Not only do we train our staff to understand what it means and how to translate it into day-to-day decision-making, we also invest in IT to help them deliver that promise.

What is most important for us is that it works.



# Outlook

**EXTRACT FROM  
FINANCIAL REPORT****EQ Insurance Company Limited**

Balance sheet as at 31 December 2018

	2018 \$	2017 \$
<b>Non-current assets</b>		
Property and equipment	1,115,772	1,404,113
Investment securities	29,071,425	30,880,249
Reinsurers' share of insurance contract liabilities	9,953,881	6,801,585
Deferred tax assets - net	1,586,305	1,101,360
	<b>41,727,383</b>	40,187,307
<b>Current assets</b>		
Investment securities	10,856,507	10,462,123
Prepayments and deposits	473,008	478,476
Trade receivables	8,336,524	7,823,995
Amounts due from related companies	712,528	1,211,591
Other receivables	1,220,380	1,163,136
Cash, bank balances and deposits	73,702,139	63,322,090
Loans and receivables at amortised costs	83,971,571	73,520,812
	<b>95,301,086</b>	84,461,411
<b>Current liabilities</b>		
Trade payables	4,240,929	2,987,909
Amounts due to related companies	50,877	34,617
Other payables	3,443,881	3,578,689
Financial liabilities carried at amortised costs	7,735,687	6,601,215
<b>Net Current assets</b>	<b>87,565,399</b>	77,860,196
<b>Non-current liabilities</b>		
Gross insurance contract liabilities	75,904,834	68,563,586
Contingency reserves	35,118	35,118
	<b>75,939,952</b>	68,598,704
<b>Net assets</b>	<b>53,352,830</b>	49,448,799
<b>Equity attributable to equity holder of the Company</b>		
Share capital	45,700,000	40,000,000
Fair value reserve	46,944	152,378
Accumulated profit	7,605,886	9,296,421
<b>Total equity</b>	<b>53,352,830</b>	49,448,799



## EXTRACT FROM FINANCIAL REPORT

### EQ Insurance Company Limited

Statement of profit and loss for the financial year ended 31 December 2018

	2018 \$	2017 \$
Gross written premium	54,990,323	43,639,833
Reinsurers' share of gross premiums written	(5,218,717)	(5,045,247)
Gross change in reserve for unexpired risk - net of deferred acquisition cost	(3,118,839)	(1,498,338)
Reinsurers' share of gross change in reserve for unexpired risk - net of deferred acquisition cost	37,753	(365,018)
<b>Net earned premium</b>	<b>46,690,520</b>	<b>36,731,230</b>
Gross claims paid	(29,848,442)	(24,709,261)
Reinsurers' share of gross claims paid	2,297,756	(458,350)
Gross change in loss reserves	(4,222,409)	2,722,608
Reinsurers' share of gross change in loss reserves	3,114,543	(595,416)
<b>Net claims incurred</b>	<b>(28,658,552)</b>	<b>(23,040,419)</b>
Commission expense	(9,773,697)	(7,399,056)
Commission income	819,921	1,011,732
<b>Net commission</b>	<b>(8,953,776)</b>	<b>(6,387,324)</b>
<b>Other underwriting expenses</b>	<b>(2,100,969)</b>	<b>(2,089,920)</b>
<b>Underwriting profit from direct general insurance</b>	<b>6,977,223</b>	<b>5,213,567</b>
<b>Net underwriting results from reinsurance business (in run off)</b>	<b>-</b>	<b>-</b>
Investment and other income	1,474,075	4,276,456
Other operating expenses	(10,455,182)	(10,048,400)
<b>Loss before tax</b>	<b>(2,003,884)</b>	<b>(558,377)</b>
Taxation	463,349	580,137
<b>(Loss)/profit for the year</b>	<b>(1,540,535)</b>	<b>21,760</b>

**EXTRACT FROM  
FINANCIAL REPORT****EQ Insurance Company Limited**

Statement of comprehensive income for the financial year ended 31 December 2018

	2018 \$	2017 \$
<b>(Loss)/profit for the year</b>	<b>(1,540,535)</b>	21,760
<b>Other comprehensive income:</b>		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Changes in value of available-for-sale financial assets:		
Net fair value (losses) on available-for-sale financial assets	<b>(127,030)</b>	(25,160)
Income tax relating to components of other comprehensive income	<b>21,596</b>	4,277
<b>Other comprehensive loss for the year, net of tax</b>	<b>(105,434)</b>	(20,883)
<b>Total comprehensive (loss)/income for the year</b>	<b>(1,645,969)</b>	877







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