



Monetary Authority of Singapore

Overview of Statistical Framework for Singapore Insurance Sector

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Insurance Statistics

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Agenda

- Who collects/uses the data
- Type of data collected
- Public disclosure of insurance statistics
- MAS' uses of data
- Indicator system
- Future improvements to statistical framework
- Food for thought

Who Collects/Uses the Data

- **Monetary Authority of Singapore (MAS)**
 - Singapore's central bank and supervisor of financial services industry
- **The Singapore Department of Statistics (DOS)**
 - National statistical authority
- **Life Insurance Association, Singapore (LIA)**
 - Trade body of life insurance product providers
- **General Insurance Association of Singapore (GIA)**
 - Trade body of general insurance product providers

Type of Data Collected

- Insurers required to submit quarterly/annual returns on certain information to MAS e.g.:
 - Balance Sheet*
 - Profit & Loss Account*
 - Breakdown of new business, terminations, inforce business for individual and group life business
 - Profitability by business lines for general business, as well as for accidental and health business
 - Breakdown of valuation results for life business (annual only)
 - Analysis of Actual versus Expected experience for life business (annual only)
 - Capital adequacy and fund solvency positions (breakdown of risk requirements and financial resources)
- * Annexes to the returns, which provide more details, are only available annually*

Type of Data Collected

- Other annual returns/reports collected by MAS -
 - Premiums and claims development by lines of business for general business
 - Breakdown of offshore premiums by territories for general reinsurance business
 - Policy Owners' Protection Returns (*recently introduced*)
 - Reinsurance Management Returns (*recently introduced*)
 - Actuarial Investigation Report
 - Stress-testing Report (for direct life and direct general insurers)
 - Market Conduct Statistics (distribution costs, complaints etc)
- Most of the annual returns are audited
- Information provided at the insurance fund level, where applicable

Types of Data Collected

DOS

- Insurance-related information obtained from MAS
- But some of the national surveys conducted by DOS would contain some insurance elements e.g. household expenditure survey which captures the household expenditure on insurance services

LIA/GIA

- Industry bodies collect some information e.g. market share, new business split by product type, distribution channel, business line performance etc. from member companies

- Provision of information via MAS website

http://www.mas.gov.sg/data_room/insurance_stat/Insurance_Statistics.htm

- Company level statistics:

- Balance sheet, P&L, new business, terminations, in-force business, valuation results, capital adequacy

- Industry level statistics:

- Not as detailed as company level

- New business, in-force business, persistency, investment income, assets & liabilities

DOS

- These are the insurance statistics¹ published by DOS:
 - Nominal value-added (% share) and real growth (%) of the insurance industry
 - Flows of life and general insurance commodities to and from industries and to final demand
 - Data on exports and imports of insurance services
 - Data on household expenditure on insurance services

LIA/GIA

- Not all statistics provided by members are available publicly, only some key statistics can be found on the LIA/GIA websites²

1 Please see appendix for links to DOS publications

2 www.LIA.org.sg and www.GIA.org.sg

MAS' Uses of Data

- To assist in our risk based supervision of the insurance sector
- To monitor growth and developments in the insurance sector
- To monitor trends and identify potential areas of risk
- To assess and monitor the interlinkages of insurance sector with the wider financial system

Indicator System

- MAS uses Financial Indicator System (FIST) for its risk based supervision
 - Common indicator system for all companies, allowing a structured and consistent basis for assessment
 - Monitor trends and movement of the indicators, to provide insight on more facets of a company's operations
 - ❖ Strategic Indicators – *market share statistics*
 - ❖ Asset Mix – *asset allocation statistics*
 - ❖ Credit and Concentration risk
 - ❖ Market risk
 - ❖ Insurance risk
 - ❖ Liquidity risk
 - ❖ Pricing risk – *A/E statistics*
 - ❖ Earnings – *rate of return statistics*
 - ❖ Capital strength - Capital adequacy and fund solvency ratios

Future improvements

MAS exploring collecting more granular data from the industry on asset and liability exposures, aiming to have a better understanding of matters pertaining to e.g.:

- ❖ Geographical/sectoral spread of asset and liability exposures
- ❖ counterparty credit information
- ❖ asset liability duration mismatch
- ❖ foreign currency exposure
- ❖ location of assets and custodians
- ❖ derivative transactions

Why?

- International Association of Insurance Supervisors (IAIS) has issued Insurance Core Principle (ICP) 24 pertaining to macroprudential surveillance and insurance supervision
- Volatile global markets, increased frequency of natural disasters
- need for strengthening existing framework in order to effectively identify, assess and monitor build up of risk to the financial system

Future improvements

MAS exploring enhancing its indicator system to enable it to carry out its risk based supervision of insurers more effectively and efficiently.

Why?

- Generate early warning signals to facilitate early detection and intervention by regulator
- Harness technology to inject greater use of charts, trend analysis and peer comparisons

Food for thought

- As you move towards collecting more data from the sector
 - Necessary to explore efficient methods of data submission
 - Important to ensure the quality/accuracy of data
- Deciding on an 'optimal' level of public disclosure
 - General move towards greater public disclosure e.g. ICP 20 on Public Disclosure, Pillar 2 of Solvency II
 - Information may be sensitive in your country
- As a region, the amount of accessible insurance data on claims and premium by business lines is scarce
 - If enhanced, will be easier to check on how your insurers have performed relative to others in other countries, and also if the assumptions used by insurers for pricing/valuation of offshore business are reasonable

Appendix

- Economic Survey of Singapore (AES): Data on nominal value-added (% share) and real growth (%) of insurance industry

AES2010:

http://app.mti.gov.sg/data/article/24221/doc/MainIndicators_AES_2010.pdf

- Singapore Input-Output Tables (IOT): Flows of life and general insurance commodities to and from industries and to final demand

IOT2005: <http://www.singstat.gov.sg/pubn/economy/IO2005%20Tables.pdf>

- Singapore International Trade in Services (TIS): Data on exports and imports of insurance services

TIS2009: <http://www.singstat.gov.sg/pubn/business/int-trade2009.pdf>

- Singapore Household Expenditure Survey (HES): Data on household expenditure on insurance services

HES2007/2008: <http://www.singstat.gov.sg/pubn/hhld/hes2007.pdf>



Thank you