



中国太平
CHINA TAIPING

Public Disclosure

For the Financial Year Ended
31 December 2021

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1 Company Profile

Since its establishment in 1938, China Taiping Insurance (Singapore) Pte. Ltd (“we”, “us”, “our”) has provided quality general insurance products and services. In August 2018, we have obtained life insurance license and commenced life insurance business in December 2018.

As a testament to our reputation and financial strength, we have been awarded a financial strength rating of “A-” by S&P and “A” (Excellent) and long-term issuer credit rating of “a” by A.M.Best. As of April 2020, our paid-up capital has grown to S\$210 million and will continue be strengthened as our business grows.

We are wholly owned by China Taiping Insurance Holdings Company Limited which was listed on the Hong Kong Stock Exchange in 2000, making it the first Chinese-funded insurer listed overseas.

China Taiping Insurance Group Limited is a large transnational financial and insurance group with more than 500,000 employees, 24 subsidiaries, nearly 2,000 business outlets and total assets HKD 1,379 billion as of December 2021 worldwide. Its business network covers Mainland China, Hong Kong, Macau, North America, Europe, Oceania, East and Southeast Asia. The brand has gained international recognition over the years and successfully made the rankings in the “Global Fortune 500 Companies” since 2018.

As a subsidiary of China Taiping Holdings Company Limited, we leverage on the investment expertise and systems of the China Taiping Insurance Group.

2 Business Strategy

Our vision is to be an international and state-of-the-art financial and insurance group with global competitiveness; set with a mission to build a safe, healthy, and wealthy life for all.

We adopt the following strategies to achieve our business goals:

- **Customer Focus**
With our customers’ financial well-being at heart, we are a composite insurer providing a one-stop insurance solutions for personal and business needs. We aim to continuously enhance our customer experience through improving our infrastructure capability and service standard.
- **Innovative Products**
We are committed to delivering a full suite of insurance solutions to our customers. We continuously innovate products to service a wide range of insurance needs and offer more financial flexibility for our customers.

- Sincerity in our Services

We aim to be trusted partners to our distributor and policyholders through honest communication and sincere service. As a fundamental of our service philosophy, we are always committed to providing an ease of doing business to secure a lasting relationship with them.

3 Our Products and Distribution Overview

As a composite insurer, we offer a wide range of insurance products for the personal and business segments.

Our general insurance products include a spectrum of protection products covering both the personal lives and businesses. We offer travel insurance, motor insurance, domestic maid insurance, home protection, hospitalization cover, marine insurance, fire insurance and worker injury compensation.

Our “Savings” products offer attractive returns to customers including 3-year single premium endowment plans sold on tranche basis and limited pay endowment plans with yearly cash backs. Our protection products comprise of whole life plans with immediate guaranteed coverage and optional additional critical illness benefits; and term insurance plans with benefits covering death, optional additional critical illness and refund of premiums.

In the High-Net-Worth segment, we offer insurance solutions targeting wealth protection and accumulation needs of our customers.

Our products are sold through licensed financial advisers, banks and international brokers. The full range of our products is available from our [website](#).

4 Corporate Governance

We committed ourselves to establish good standards of corporate governance practices and emphasize our philosophy to create values through diligent management. Our Board of Directors (“Board”) reviews its corporate governance practices from time to time with its commitment to excellence and to ensure its compliance with regulatory standards.

The Board is collectively responsible for overseeing the management of the business affairs and formulates the overall strategy for the Company. The Board ensures the adequacy of our risk management, external audit and internal audit functions; and reviews the Senior Management Team (“Management”)’s performance. The Board has established Strategic and Investment Committee (“Board SIC”), which aims to support the Board to enhance the company’s strategic and

scientificity of the company's strategic decision. The Board has established the Audit and Risk Committee ("Board ARC"), with clear terms of reference to assist it to effectively carry out oversight on risk management and audit matters. The Board delegates to the Management the responsibility of the execution of strategic plans and the management of daily operational matters. The Management regularly reports to the Board on the financial performance as well as key business affairs.

Appointment of the Directors is decided by the Board and the Group's Nomination Committee. The principal duties of the Board and the Group's Nomination Committee include reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors and ensuring the Board has a balance of adequate expertise, skills, experience and diversity.

The Board and the Group's Remuneration Committee is responsible for the establishment of a formal and transparent procedure for developing the remuneration policies. Our own Nomination and Remuneration Committee ("Board NRC") will base on the procedure established, develop our own remuneration policy and specific remuneration packages for all executive directors and Management team. The remuneration packages take into consideration factors such as salaries paid by comparable companies, time commitment, responsibility and employment conditions elsewhere in the Group. Performance-based remuneration is reviewed and approved by reference to the corporate goals and objectives.

Board SIC Committee

The Board SIC aims to support the Board to enhance the company's strategic and scientificity of the company's strategic decision. The committee deliberates and reviews the company's mid or long-term development strategy and other relevant strategic agenda, as well as to provide professional and specialized input for the Board to make strategic decision.

The key responsibilities of the SIC are:

- Review and comment on the company's annual strategy plan, 3-years' rolling plan and any other mid or long-term development strategy planning;
- Review and comment on the company's significant financial operation, such as merger and acquisition, acquisition and disposal of real estate, public listing and other relevant projects;
- Review and comment on the company's other key strategic agenda; and
- Perform such other functions as may be delegated from time to time by the Board.

Board NRC Committee

The Board NRC evaluates the skills, experiences and qualifications of the independent directors and review the appointment of the independent directors. The key responsibilities of the Board NRC include evaluating the performance of the Board, the Board committees, and each director annually, and reviewing the independence and qualification of our independent non-executive directors, including the composition of the Board and its committees. In assuming its remuneration committee role, the Board NRC proposes the remuneration packages for our independent directors.

Board ARC Committee

The Board ARC provides oversight of the Management's handling of the business in terms of governance, risk management including liquidity and Technology Risk Management ("TRM"), and capital solvency management. In addition, ARC provides oversight over both external and internal audit assignments, and their outcomes.

The key highlights of the Board ARC meetings in 2021 are reviewing the outcomes of the external auditor's findings, the annual Own Risk Solvency Assessment' ("ORSA") Stress Test results, adequacy of the liquidity and capital position, ~~COVID Stress Test Impact on the company~~, the company's risk appetite and risk profile, approving of risk policies and ensuring the effectiveness of the risk management framework.

5 Enterprise Risk Management

We have an Enterprise Risk Management ("ERM") framework, which embrace a company-wide approach to identify, assess, measure, monitor, control and mitigate risks that arise from our business activities.

The Board is ultimately responsible for the ERM framework. The Management oversees the functioning of the framework, and establishes risk management objectives, risk appetite and risk tolerance statements. Our Risk Management Committee ("RMC") periodically reviews all risks identified by the business units, ensures adequate controls are in place to mitigate them, and monitors the adherence to established risk limits.

Our ERM framework comprises of various risk policies and guidelines and sets out the tolerance and limits that we are willing to take on for the different risks, and this sets the boundaries to our exposure to financial risk, insurance risk, operational risk and strategic risk.

Our risk management process includes: i) Risk Identification, ii) Risk Assessment and Measurement, iii) Risk Controls and Mitigation, and iv) Risk Monitoring and Review.

We adopt three lines of defence model in our risk management framework.

The three lines of defence are:

- First line defence – Business Units’ primary responsibility is to identify, assess, measure, and control risks affecting their day-to-day business. They evaluate the risks arising from their processes and report to Management on matters in the daily business operation.
- Second line defence – Risk and Compliance department reviews risk assessment outcomes by first line and review whether internal controls are adequate and effective to mitigate the relevant risks. The department also monitors the risk exposure against the Company’s risk tolerance or limits and reports to Management on the overall company risk profile.
- Third line defence – Internal Audit performs independent evaluation and inspection on the business operations, internal control and risk management of the company.

The ERM framework is embed in the key’s functional areas such as business planning, capital planning and management, pricing and product development, sales and operational processes. We conduct a periodic own risk and solvency assessment (“ORSA”), and assess the adequacy of our risk management processes, current and projected future solvency capability.

We approach our asset-liability management holistically. Different approaches are taken up for the general insurance and life insurance business in consideration to their different nature. We adopt the RBC2 regime as a basis to measure assets and liabilities for asset-liability management purposes.

Concentration risk may exist where large losses result from exposures to an individual risk or combination of risks. Such concentrations may come from large individual exposures or significant exposures to groups of counterparties with common underlying factors such as economic sector, geographical or currency. We manage this risk through:

- Utilising suitable reinsurance arrangements;
- Setting appropriate limits to control our exposure to assets and counterparties; and
- Close monitoring of the exposures to avoid accumulation of such risks.

More information on the methodology for the technical provision is available in our annual report.

6 Insurance Risk Exposures

We are exposed to different types of insurance risks arising from general insurance and life insurance products.

The key insurance risks for general insurance contracts arise from the uncertainty in the timing and

amounts of claims. We manage these risks through putting in place underwriting and reinsurance strategies where the underwriting guidelines and authority limits set are strictly adhered to and monitoring the financial strength of the reinsurer regularly. We also monitor and react to changes in the general economic and commercial environment that we operate in.

The risks inherent in the life insurance policies are generally long term in nature and comprise of mortality, longevity and persistency risks. We have implemented and established guidelines and procedures to manage such risks through underwriting and claims management as well as ensuring adequate reinsurance coverage. Our reinsurers are selected based on strong credit rating and technical expertise, and retention limits are set to limit our insurance liabilities exposure.

Our Life Insurance Underwriting, Reinsurance and Claims Committee (“LIURCC”) reviews and approves the reinsurance programs in place. The Board approves the Reinsurance Strategy and Reinsurance Management Policy which provides the principles behind selecting reinsurers, reviewing the retention limits and administering of reinsurance arrangement.

In underwriting insurance policies, we undertake to provide benefits to our customers in return for receiving premiums. We need to ensure that the amount of claims payment or benefits are appropriately allowed for by the amount of insurance provision set aside. Prudent estimates coupled with additional adverse provisions are adopted, and regular review of actual experiences will be performed to ensure that provisions are adequate.

We further conduct sensitivity tests for the insurance risks we face, and this information can be found in our annual report.

7 Determination of Technical Provisions

The technical provisions are set up in accordance with the Singapore’s Risk-Based Capital 2 (“RBC2”) framework.

The reserve provision for General Insurance comprises of claims and premium liabilities:

- Best estimate of the premium liabilities;
- Best estimate of the claim liabilities; and
- Margins for adverse deviation.

The General Insurance reserve provision is not discounted.

The reserves provision for Life Insurance business is determined by discounting the future cash flows streams. The cash flows are projected using best estimate assumptions on expenses,

mortality and morbidity, lapse rates, etc. Additional provisions for adverse deviation are included in the reserves. Discount rates used are in accordance with MAS' requirements. In the first few years of operation, we expect the maintenance expenses to be incurred will be larger than the expense loadings implied by the business volume. Therefore, we hold an expense overrun reserve in anticipation for this shortfall.

More information on the methodology for the technical provision is available in our annual report.

8 Capital Adequacy and Management

We manage our capital in accordance with our Board approved Capital Management Policy ("CMP"). The CMP sets out the risk tolerance levels and any corresponding management actions to restore capital adequacy which have been triggered by events when our capital positions have been compromised.

We hold adequate capital to meet the key objectives:

- Ensure obligations to policyholders are met with a high degree of certainty;
- Support the business strategy to achieve its commercial objectives; and
- Meet regulators' expectations on capital adequacy.

Under Singapore's RBC2 framework, MAS requires licensed insurers to maintain its Fund Solvency Ratio ("FSR") such that financial resources of the fund are at least 100% of the total risk requirement under each adjusted insurance funds; and its Capital Adequacy Ratio ("CAR") such that financial resources of the insurer are at least 100% of total risk requirement or \$5 million, whichever is higher on a company level.

As part of capital management, we monitor our monthly solvency position and project our solvency up to at least the next 6 months. The solvency position is reported to MAS quarterly. As of 31 December 2021, our CAR position was above the stipulated regulatory requirement.

9 Pricing Adequacy

Our life product development policy and life product pricing policy set out the internal process and guidelines for pricing new products. The policies are in line with the requirements set out under MAS Notice 302 Product Development and Pricing and MAS Notice 321 Direct Purchase Insurance Products. We ensure all relevant risks are recognized and internal profit targets are met. We also conduct regular product review for existing products. Premium certificates are filed with MAS for new products, and these are prepared in accordance with the Insurance Act of Singapore.

10 Investment Objectives

Our investment objectives for our funds are to invest in assets:

- Aligned with the nature of the liabilities and overall risk appetite of the Company; and
- Support both guaranteed and non-guaranteed policy liabilities liability to policyholders when they fall due.

For the Life Participating fund and Universal Life (“UL”) portfolio, the aim is to invest in assets that can support its guaranteed liabilities with a high degree of confidence; and to maximize returns for the assets supporting the non-guaranteed liabilities subject to an acceptable level or risk appropriate to the financial strength of the fund. For the Life Non-Participating Fund (excluding Universal Life) and General Insurance Funds, the investment objective is to achieve a stable and appropriate return while managing investment risk. The Shareholders’ Fund is to provide liquidity, capital and solvency support.

Information on our investment portfolio including methodology of valuing our assets and sensitivity of market variables to the assets can be found in our annual report.

11 Investment Policy and Processes

The Investment Policy sets out the rules and guiding principles that govern the investment management of the Company’s capital funds as well as Insurance Fund assets, which comprises the Life Insurance Funds and the General Insurance Funds.

The Board oversees the overall investment management of the Company through the Management. The Investment Committee (“IC”) is set up to manage investment matters and reports to the Management. The key responsibilities of the IC are to deliberate and approve investment-related activities in line with the approved investment policy, monitor investment performance, select external fund managers and custodians, review the performance of the appointed external fund manager(s) and assess compliance with the applicable policies and mandates.

The Investment Policy is established to comply with the prevailing MAS regulation and guidelines. The Board-approved Investment Policy will be reviewed and updated at least annually to ensure that it remains relevant to the Company’s circumstances, business environment and regulations.

12 Financial Performance

Our annual financial statements have been drawn up in accordance with the provisions of the Companies Act, Chapter 50 and the Singapore Financial Reporting Standards.

Quantitative and qualitative information on our financial position, financial performance, changes in equity and cash flow are included in our annual report and insurance returns. Our annual report is available on [China Taiping Annual Reports](#) and the insurance returns are available on [Monetary Authority of Singapore Insurance Company Returns](#).

Appendix: Environmental Risk Disclosure

1 Introduction

We have prepared this report as part of our annual disclosure on our commitment to sustainability. It aims to align with the Guidelines on Environmental Risk Management (Insurers) published by the Monetary Authority of Singapore (“MAS”) in December 2020.

We have considered the nature, size and complexity of our business when implementing this guideline. We have prioritised our assessment of environmental risk with our existing Property & Casualty (“P&C”) businesses and investment portfolios.

The disclosure sets out how we identify, measure, monitor, control and report on environmental risk. We adopt the four pillars recommended by TCFD in our disclosure: (1) Governance, (2) Strategy, (3) Risk Management and (4) Metrics and Targets.

2 Governance

Our Board is ultimately responsible for managing environmental risk and formulating the environmental risk strategy. The Board is supported by the Board ARC to provide oversight on the environmental risk management matters. The Board ARC delegates to the Management the responsibility of the implementation of our environmental risk framework and execution of managing environmental risk matters. To ensure environmental risk matters are adequately addressed throughout the company, the Management is supported by the RMC.

Board ARC

The Board ARC is responsible for:

- Reviewing and approving the environmental risk management policy and assessing and managing our environmental risk exposure on an ongoing basis;
- Approving the risk appetite to assess and manage environmental risk exposure on an ongoing basis and adequately addressed material risks; and
- Setting clear responsibilities and delegation of Management team on environmental risk management and ensure management is well equipped with appropriate expertise for implementing and managing environmental risk.

Management

The General Manager’s Office (“Management”) is responsible for:

- Developing and implementing the Environmental Risk Management framework and policy;

- Allocating adequate resources with appropriate expertise, including through training and capacity building, to manage CTPIS's environmental risk;
- Ensuring tools and metrics to monitor exposures to environmental risk, including resilience of CTPIS's strategy to different environmental risk scenarios;
- Establishing an internal escalation process for managing environmental risk management issues and ensuring appropriate and timely actions are taken to address these risks;
- Assessing and reviewing regularly the effectiveness of the framework, policies, tools and metrics and making appropriate revisions, taking into account changes in CTPIS's risk profile and business strategies; and
- Establishing a complete management information system to support the identification, measurement, monitoring and control of environmental risks.

The Management is supported by RMC and reviews the information presented by RMC through the regular updates to keep abreast of the environmental risk issues. Management further performs its responsibilities by engaging and escalating to Board on material environmental risk issues.

The Board has been engaged in environmental risk related discussions and decisions, including the approval of our Environmental Risk Management ("ENRM") policy in Q1 2022. To better understand the exposure of environmental risk, we have performed an environmental risk scenario stress testing exercise in our 2021 ORSA. The results and recommendations were articulated to the Board.

3 Strategy

We believe in "building a green and sustainable living for all". This goes beyond our insurance products. We want to have a positive impact to our community and our customers. This sets us with a mission to build and support in clean energy and environmental protection.

We adopt the following strategies to achieve our goals:

- Phasing out Coal in our insurance portfolios

Coal power plants produce the single source of highest global greenhouse gas emissions. We are committed to reduce and control the harmful attributions of coal to the climate and environment. We set our climate priority to commit to reducing and controlling coal exposure-based risks in our P&C portfolios.

- Limiting and mitigating environmental high-risk exposures

Recognising the impact of climate change globally in both the communities and businesses, we aim to be a positive contributor to the Singapore’s climate change plan. We have identified a list of environmental high-risk industries and will closely monitor our portfolios exposure to them. We aim to continuously engage our P&C businesses and external fund managers to influence and improve their environmental metrics.
- Ongoing product innovation opportunities

We believe in innovating our products for opportunities to build and support green and sustainable living. As part of our effort to reduce carbon footprint and support environmental protection to achieve carbon neutrality:

 - ✓ We offer electric vehicle charger coverage in our P&C insurance.
 - ✓ We provide electric vehicle motor insurance coverage to support phasing out of all internal combustion vehicles by 2030.
 - ✓ We support green initiatives with construction insurance coverage to HDB projects which required the use of energy-saving, environmentally friendly and recycled building materials.
- Cultivating green business operation

We are committed to playing our part in Singapore Green Plan 2030 and is part of One Million Trees Movement.

4 Risk Management

Our Enterprise Risk Management (“ERM”) framework embraces a company-wide approach to identify, assess, measure, monitor, control and mitigate material risks that arise from our business activities, including environmental risks. We included environmental risk in our ERM framework in 2021 and developed a risk appetite statement.

In Q1 2022, the Board ARC approved the ENRM Policy that sets out the framework governing our environmental risk management activities. The policy will be reviewed at least annually to align with the risk profile, businesses and regulatory landscape that we operate in.

Our risk management process includes: i) Risk Identification, ii) Risk Assessment and Measurement, iii) Risk Controls and Mitigation, and iv) Risk Monitoring and Review.

We have incorporated three lines of defence model in our environmental risk management framework.

- First line defence – Business Units’ primary responsibility is to identify, assess, measure, and control risks affecting their day-to-day business.
- Second line defence – Risk Management and Compliance department reviews risk assessment outcomes by first line and review whether internal controls are adequate and effective to mitigate the relevant risks. The department also monitors the risk exposure against the Company’s risk tolerance or limits and reports to Management on the overall company risk profile.
- Third line defence – Internal Audit performs independent evaluation and inspection on the business operations, internal control and risk management of the company.

For underwriting activities, we undertake an environmental risk assessment of relevant customers in the high-risk industries as part of our assessment process. The assessment should include, where relevant, an analysis of the severity of environmental risk, as well as capacity, commitment and track record of the customer in managing such risk. The assessment should also consider the ability and willingness of the customer to introduce risk mitigation measures.

For investment activities, from an asset selection perspective, we will undertake due diligence screening for material environmental risk exposures. These exposures will be closed monitored and escalation procedure in place to IC where applicable.

5 Metrics and Targets

We adopted a phased approach in measuring environmental risk and setting our targets. In 2022, we have identified the key high environmental risk industries and will measure and monitor them as an integrated part of our environmental risk management framework. We will continue to develop and include climate-related risk exposures such as Scope 1 and Scope 2 carbon emissions in our operations.

The data is monitored and reported regularly to our management. Recognising the empowerment of environmental risk disclosure, and as industry bodies continue to enhance the framework and disclosure. We are progressively assessing our risks and developing plans to address environmental risks and refining our metrics and targets for comprehensiveness and relevance.