Annual Report 2023

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Annual Report 2023

Chubb Insurance Singapore Limited
(Incorporated in Singapore)

Directors' Statement

For the financial year ended 31 December 2023
The directors present their statement to the member together with the audited financial statements of the Company for the financial year ended 31 December 2023 and the balance sheet of the Company as at 31 December 2023.
In the opinion of the directors,

(a) the balance sheet and the financial statements as set out on pages 8 to 88 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Company for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

- Koh Choon Hui
- Olivier Bouchard
- Hng Keng Yoong

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

For the financial year ended 31 December 2023

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares in, or debentures of, the Company or its related corporations, except as follows:

	Holdings registered in the name of director or nominee	
	At 31.12.2023	At 1.1.2023
Chubb Limited, ultimate holding corporation		
Restricted stock award[1]		
Olivier Bouchard	1,789	3,022
Hng Keng Yoong (appointed on 1 March 2023)	554	559
Restricted stock options[1]		
Olivier Bouchard	13,376	13,652
Hng Keng Yoong (appointed on 1 March 2023)	583	601
Common shares at par value CHF0.50 each		
Olivier Bouchard	9,611	8,262
Hng Keng Yoong (appointed on 1 March 2023)	1,257	461

[1] This refers to restricted stock award and stock options granted by Chubb Limited (incorporated in Switzerland) under the Group's 2004 Long-Term Incentive Plans.

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company.
No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.
There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Hng Keng Yoong
Hng Keng Yoong
Director

Olivier Bouchard
Olivier Bouchard
Director

9 May 2024

Independent Auditor's Report To The Member Of Chubb Insurance Singapore Limited

For the financial year ended 31 December 2023
Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of Chubb Insurance Singapore Limited (the "Company") are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Company comprise:
- the statement of comprehensive income for the year ended 31 December 2023;
- the balance sheet as at 31 December 2023;
- the statement of changes in equity for the financial year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of material accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
Independence
We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

For the financial year ended 31 December 2023

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.
In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
The directors’ responsibilities include overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor’s Report To The Member Of Chubb Insurance Singapore Limited (Continued)

For the financial year ended 31 December 2023

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 9 May 2024

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Statement Of Comprehensive Income

For the financial year ended 31 December 2023

	Notes	2023	2022
		$'000	$'000 Restated
Insurance revenue		**438,386**	373,995
Insurance service expenses		**(222,293)**	(232,871)
Net expenses from reinsurance contracts held		**(115,122)**	(69,969)
Insurance service results	4	**100,971**	71,155
Gain/(losses) on investments	5	**17,374**	6,512
Net investment income		**17,374**	6,512
Finance (expenses)/income from insurance contracts issued	12	**(25,648)**	9,719
Finance income/(expenses) from reinsurance contracts	12	**17,420**	(6,662)
Net insurance finance (expenses)/income		**(8,228)**	3,057
Net insurance and investment result		**110,117**	80,724
Asset management services		**(330)**	(436)
Other operating income/(expenses)	6	**(64,817)**	(58,658)
Profit before income tax		**44,970**	21,630
Income tax expense	7	**(5,475)**	(3,712)
Profit for the year		**39,495**	17,918
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Financial assets, available-for-sale:		**-**	(13,983)
- Fair value losses during the financial year		**-**	1
- Fair value gains transferred to profit or loss on disposal		**-**	1,996
Income tax credit on fair value changes			
Other comprehensive loss, net of tax		**-**	(11,986)
Total comprehensive income		**39,495**	5,932

The accompanying notes form an integral part of these financial statements.

Balance Sheet

As at 31 December 2023

	Notes	2023	2022	2021
		$'000	$'000 Restated	$'000 Restated
Assets				
Current assets				
Cash and cash equivalents	13	**27,487**	47,753	51,821
Investment assets	10	**389,181**	338,259	317,718
Other assets	11	**9,905**	7,603	26,940
Reinsurance contract assets	12	**146,908**	141,667	106,115
		573,481	535,282	502,594
Non-current assets				
Intangible assets	8	**64,660**	71,762	78,712
Property and equipment owned	9	**12,038**	11,669	10,941
Right-of-use assets	17	**7,119**	9,298	10,233
Reinsurance contract assets	12	**228,179**	188,846	184,679
		311,996	281,575	284,565
Total assets		**885,477**	816,857	787,159
Liabilities				
Current liabilities				
Insurance contract liabilities	12	**237,006**	152,677	180,885
Other liabilities	14	**42,931**	39,719	41,124
Lease liabilities	17	**2,570**	2,474	2,152
Current income tax liabilities	7	**5,588**	2,822	2,652
		288,095	197,692	226,813
Non-current liabilities				
Insurance contract liabilities	12	**336,612**	376,693	286,403
Lease liabilities	17	**5,640**	8,028	9,101
Deferred income tax	15	**2,182**	1,491	1,821
		344,434	386,212	297,325
Total liabilities		**632,529**	583,904	524,138
Equity				
Share capital	16	**212,788**	212,788	212,788
Fair value reserve		**-**	(11,903)	83
Retained Earning		**40,160**	32,068	50,150
Total Equity		**252,948**	232,953	263,021
Total Equity and Liabilities		**885,477**	816,857	787,159

The accompanying notes form an integral part of these financial statements.

Statement Of Changes In Equity

For the financial year ended 31 December 2023

	Notes	Share capital	Fair value reserve	Retained profits	Total equity
		$'000	$'000	$'000	$'000
2023					
Beginning of financial year, restated		**212,788**	**(11,903)**	**32,068**	**232,953**
Impact of initial application of FRS 109		**-**	**11,903**	**(11,903)**	**-**
Beginning of financial year, restated		**212,788**	**-**	**20,165**	**232,953**
Total comprehensive gain		**-**	**-**	**39,495**	**39,495**
Dividend	21	**-**	**-**	**(19,500)**	**(19,500)**
End of financial year		**212,788**	**-**	**40,160**	**252,948**
2022					
Beginning of financial year previously reported		212,788	83	46,097	258,968
Impact of initial application of FRS 117		-	-	4,053	4,053
Beginning of financial year, restated		212,788	83	50,150	263,021
Total comprehensive (loss)/gain		-	(11,986)	17,918	5,932
Dividend	21	-	-	(36,000)	(36,000)
End of financial year, restated		212,788	(11,903)	32,068	232,953

The accompanying notes form an integral part of these financial statements.

Statement Of Cash Flows

For the financial year ended 31 December 2023

	Notes	2023	2022
		$'000	$'000
Cash flows from operating activities			
Net profit		**39,495**	17,918
Adjustments for:			
- Income tax expense	7	**5,475**	3,712
- Depreciation expense	9	**3,379**	3,105
- Amortisation expense	8	**7,102**	6,950
- Net (gain)/loss investment assets		**(1,293)**	1
- Unrealised foreign exchange (gain)/loss, net		**(6,194)**	821
- Interest income		**(11,176)**	(6,513)
- Interest expense		**371**	464
- Depreciation of right-of-use assets	17	**2,334**	2,408
Operating cash flow before working capital changes		**39,493**	28,866
Change in working capital:			
- Other assets		**235**	19,384
- Other liabilities		**3,212**	(1,405)
- Insurance contract liabilities		**44,248**	62,082
- Reinsurance contract assets		**(44,574)**	(39,719)
Cash generated from operations		**42,614**	69,208
Net Income tax paid	7	**(2,110)**	(1,833)
Net cash provided by operating activities		**40,504**	67,375
Cash flows from investing activities			
Purchases of property, plant and equipment	9	**(3,847)**	(3,833)
Proceeds from disposal of property, plant and equipment		**99**	-
Purchases of investments	10	**(688,556)**	(465,061)
Proceeds from sale of investments	10	**648,280**	430,130
Interest received		**5,572**	6,009
Net cash used in investing activities		**(38,452)**	(32,755)
Cash flows from financing activities			
Principal repayment of lease liabilities	17	**(2,818)**	(2,688)
Dividends paid to member of the Company	21	**(19,500)**	(36,000)
Net cash used in financing activities		**(22,318)**	(38,688)
Net decrease in cash and cash equivalents held		**(20,266)**	(4,068)
Cash and cash equivalents at beginning of financial year	13	**47,753**	51,821
Cash and cash equivalents at end of financial year	13	**27,487**	47,753

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Chubb Insurance Singapore Limited (the "Company") is incorporated and domiciled in Singapore. The address of its registered office is 138 Market Street, #11-01 CapitaGreen, Singapore 048946.
The Company is licensed under the Insurance Act 1966 (the "Insurance Act") as a direct general insurer.
The principal activity of the Company consists of underwriting of general insurance including reinsurance of all classes of risks.

2. Summary of material accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The area involving a higher degree of judgement or complexity, or area where estimates and assumptions are significant to the financial statements is the estimation of insurance liabilities and reinsurance assets arising from claims made under insurance contracts, disclosed in Note 3 and Note 12.

Interpretations and amendments to published standards effective in 2023

On 1 January 2023, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of FRS 117 Insurance Contracts and FRS 109 Financial Instruments.

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2. Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

Adoption of FRS 117 Insurance Contracts

FRS 117 replaces FRS 104 Insurance Contracts for annual periods on or after 1 January 2023.

The Company has adopted the standard using a modified retrospective approach and restated comparative information for 2022 applying the transitional provisions in Appendix C to FRS 117.

Changes to material accounting policies

Changes to classification and measurement

The adoption of FRS 117 did not change the classification of the Company's insurance contracts.

The Company's insurance contracts are measured using the premium allocation approach ("PAA"). FRS 117 provides an option to use PAA, for contracts that have a coverage period of one year or less or if certain eligibility criteria are met for longer term contracts. The PAA simplifies the measurement of insurance contracts in comparison with the general model in FRS 117.

The accounting under the PAA is largely similar to the current approach under FRS 104. The Company has defined its units of account for insurance contracts issued to align with the lines of business managed within the Company. Each line of business includes contracts that are subject to similar risks. All insurance contracts within the line of business represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are:

- contracts that are onerous at initial recognition;
- contracts that have no significant possibility of becoming onerous subsequently; and
- a group of remaining contracts.

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. For reinsurance contracts held, the unit of account corresponds to the legal form of the reinsurance contract held.

The Company measures the liability for remaining coverage ("LFRC") for insurance contracts issued at the amount of premiums received, less any acquisition cash flows paid. For reinsurance contracts held, the Company measures the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer.

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2. Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

Adoption of FRS 117 Insurance Contracts (continued)

Changes to material accounting policies (continued)

The liability for incurred claims ("LFIC") is determined on a discounted probability- weighted expected value basis and includes an explicit risk adjustment for non- financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.

Contracts are recognised as onerous if they are expected to be loss making at inception. These contracts form their own groups, and expected losses are immediately recognised in profit or loss.

Presentation and disclosure

There are significant changes to presentation and disclosure of the financial statements upon the adoption of FRS 117. The following outlines some of the key presentation and disclosure changes:

Balance Sheet

Under FRS 117, the assets and liabilities associated with insurance contracts issued will be presented as insurance contract assets and insurance contract liabilities and assets and liabilities associated with reinsurance contracts held will be presented as reinsurance contract assets and reinsurance contract liabilities. Insurance and reinsurance contract balances will comprise of the LFIC and LFRC.

If facts and circumstances indicate that a group of insurance contracts is onerous on initial recognition or becomes onerous subsequently, the Company increases the carrying amount of the LFRC with the amount of such an increase recognised in insurance service expenses and a loss component is established for the amount of the loss recognised.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts, the carrying amount of the asset for remaining coverage for reinsurance contracts held is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised.

2. Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

Adoption of FRS 117 Insurance Contracts (continued)

Changes to material accounting policies (continued)
Statement of comprehensive income

The statement of comprehensive income will reflect insurance revenue as the key revenue line, while insurance service expenses will capture the Company's gross losses and expenses associated with servicing policies. Results associated with reinsurance, both premium and claim related, will be reflected under net expenses from reinsurance contracts held. Insurance finance income/ expense will mainly include the accretion of the discount rate on insurance contracts and reinsurance contracts held and impact of changes in interest rates.

Underwriting performance will be presented in the statement of comprehensive income under insurance service result which will be composed of:

- insurance revenue which includes premiums related to direct and assumed business allocated based on the passage of time over the coverage period of a group of insurance contracts, similar to FRS 104.
- insurance service expenses which include incurred claims and expenses related to direct and assumed business, amortisation of insurance acquisition cash flows, and losses and reversal of losses on onerous contracts.
- net expenses from reinsurance contracts held.

The quantitative impact of applying FRS 117 on restated balance as follows:

	As at 1 January 2022	As at 31 December 2022
	$'000	$'000
Retained earnings under FRS 104	**46,097**	**21,655**
Impact of IFRS 117 arising from:		
Discounting of LFIC	2,044	10,133
Recognition of loss components	(800)	(1,025)
LFRC differences	2,912	2,698
Derecognise provision for doubtful debts	499	585
Difference in deferred tax liabilities	(602)	(1,978)
	4,053	**10,413**
Retained earnings under FRS 117	**50,150**	**32,068**

2. Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

Adoption of FRS 109 Financial Instruments

FRS 109 replaced FRS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. The Company elected, under the amendments to FRS 104, to apply the temporary exemption from FRS 109, thereby deferring the initial application date of FRS 109 to align with the initial application of FRS 117.

The Company has applied FRS 109 prospectively from 1 January 2023, in line with the transition provisions permitted under the standard. Comparatives for 2022 will not be restated and the Company will recognise any difference between the carrying amounts at 31 December 2022 and 1 January 2023 in the opening retained earnings.

Changes to material accounting policies

Classification and measurement

FRS 109 requires financial assets to be classified either at amortised cost, Fair Value Through Other Comprehensive Income ("FVOCI") or Fair Value Through Profit or Loss ("FVTPL"). Classification under FRS 109 for financial assets depends on the Company's business model for managing the financial assets and whether the contractual cashflows represent Solely Payments of Principal and Interest ("SPPI"). The Company's business model is how the Company manages its financial assets in order to generate cashflows and create value for the entity either from collecting contractual cashflows, selling financial assets or both. If a financial asset is held to collect contractual cashflows, it is classified as amortised cost if it also meets the SPPI requirement. Financial assets that meet the SPPI requirement that are held both to collect the assets' contractual cashflows and to sell the assets are classified as FVOCI.

Under the new model, FVTPL is the residual category – financial assets should therefore be classified as FVTPL if they do not meet the criteria of FVOCI or amortised cost. Regardless of the business model assessment, the Company can elect to classify a financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. The gains or losses of debt instruments initially classified as FVOCI are recycled to profit or loss on derecognition.

The Company at initial recognition has elected to designate all of its debt instruments at FVTPL to reduce the accounting mismatch arising from the recognition of the changes in FRS 117 discount rates (and other financial market assumptions) in profit or loss. All other financial assets are classified as amortised cost.

2. Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

Adoption of FRS 109 Financial Instruments (continued)

Changes to material accounting policies (continued)

Classification and measurement (continued)

For liabilities, the standard retains most of the FRS 39 requirements. These include amortised cost accounting for most financial liabilities. The Company has not changed the classification of its financial liabilities.

Impairment

FRS 109 requires the Company to record expected credit losses on all of its financial assets not measured at FVTPL. The Company previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired. Under FRS 109, the Company is required to assess the impairment based on expected credit loss model as presented in Note 2 (e)(iv).

Impact of adoption of FRS 109

Classification of financial assets and financial liabilities

The following table explains the changes in classification of financial assets and financial liabilities from the adoption of FRS 117 as at 31 December 2022.

	Original classification under FRS 39	New classification under FRS 109	Original carrying amount under FRS 39 31 December 2022	New carrying amount under FRS 109 1 January 2023
			$'000	$'000
Financial assets				
Cash and cash equivalents	Loans and receivables	Amortised cost	47,753	47,753
Investment assets	Available for sale	FVTPL (designated)	338,259	338,259
Other assets	Loans and receivables	Amortised cost	7,603	7,603
Total Financial assets			**393,615**	**393,615**
Financial liabilities				
Other liabilities	Amortised cost	Amortised cost	39,719	39,719
Total Financial liabilities			**39,719**	**39,719**

2. Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

Adoption of FRS 109 Financial Instruments (continued)
Changes to accounting policies (continued)
Impact of adoption of FRS 109 (continued)

	FRS 39 carrying amount as at 31 December 2022	Reclassification	Remeasurement	FRS 109 carrying amount as at 1 January 2023
	$'000	$'000	$'000	$'000
Financial assets at FVTPL				
As previously reported	-	-	-	-
Reclass from Available for Sale	-	338,259	-	338,259
As restated	**-**	**338,259**	**-**	**338,259**
Available for Sale				
As previously reported	338,259	-	-	338,259
Reclassified to FVTPL	-	(338,259)	-	(338,259)
Total available for sale	**338,259**	**(338,259)**	**-**	**-**

The following table reconciles the opening balance sheet and the related impact of the adoption of FRS 109 as at 1 January 2023.

	Restated as at 31.12.2022	Impact of FRS 109 adoption	Balance as at 01.01.2023
	$'000	$'000	$'000
Assets			
Total Assets	**816,857**	**-**	**816,857**
Liabilities			
Deferred income tax liabilities	1,491	1,994	3,485
Total Liabilities	**583,904**	**1,994**	**585,898**
Equity			
Fair value reserve	(11,903)	11,903	-
Retained profits	32,068	(13,897)	18,171
Total Equity	**232,953**	**(1,994)**	**230,959**
Total Equity and Liabilities	**816,857**	**-**	**816,857**

2. Summary of material accounting policies (continued)

(b) Intangible assets

Distribution rights

Distribution rights acquired are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses (Note 2(d)). These costs are amortised to profit or loss using the discounted cashflow approach over the estimated useful life of 20 years.

(c) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses (Note 2(d)).

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is recognised as part of the cost of property, plant and equipment if such obligation is incurred as a consequence of acquiring or using the asset.

Depreciation is calculated using the straight-line basis to allocate their depreciable amounts over their estimated useful lives as follows:

Leasehold improvements	10% - 20%
Office equipment	10% - 20%
Furniture and fittings	10% - 33 1/3%
Computer equipment	6 2/3% - 33 1/3%

Assets less than $1,000 in value are expensed to profit or loss in the month of acquisition. Work-in-progress assets are not depreciated.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. All other repairs and maintenance expenses are recognised in profit or loss when incurred.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2. Summary of material accounting policies (continued)

(d) Impairment of non-financial assets

Property, plant and equipment and intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss of an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

2. Summary of material accounting policies (continued)

(e) Financial assets

(i) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(ii) Classification and measurement

The Company classifies its financial assets in the following categories:

- Amortised cost (“AC”)
- Fair value through other comprehensive income (“FVOCI”), and
- Fair value through profit or loss (“FVTPL”).

The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Investment assets

The classification and subsequent measurement of investment assets depend on:

a. the Company’s business model for managing the investment asset; and

b. the cash flow characteristics of the investment asset

2. Summary of material accounting policies (continued)

(e) Financial assets (continued)

(ii) Classification and measurement (continued)

Based on these factors, the Company classifies its investment assets into one of the following three measurement categories:

- AC: Investment assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI"), and that are not designated at FVTPL, are measured at AC. The carrying amount of these assets is adjusted by any expected credit loss ("ECL") allowance recognised. Interest revenue from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the effective interest rate ("EIR") method.

- FVOCI: Investment assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through Other Comprehensive Income ("OCI"), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's AC, which are recognised in profit or loss. When the investment asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in net fair value gains/ (losses) on financial assets. Interest revenue from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the EIR method.

- FVTPL: Investment assets that do not meet the criteria for AC or FVOCI are measured at FVTPL. Also, some assets are voluntarily measured at FVTPL, because this significantly reduces an accounting mismatch. A gain or loss on an investment asset that is subsequently measured at FVTPL is recognised and presented in the profit or loss within net fair value gains/ (losses) on financial assets in the period in which it arises.

2. Summary of material accounting policies (continued)

(e) Financial assets (continued)

(ii) Classification and measurement (continued)

Business model assessment
The business model reflects how the Company manages assets in order to generate cash flows. That is, it reflects whether the Company's objective is solely to collect the contractual cash flows from assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of the other business model and measured at FVTPL. Factors considered by the Company in determining the business model for a Company of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.
Solely payments of principal and interest ("SPPI")
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows meet SPPI test. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.
The Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. The Company has determined that an accounting mismatch is reduced if all its investment assets are measured at FVTPL. For these instruments, the Company has applied the option to designate these financial assets at FVTPL.

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2. Summary of material accounting policies (continued)

(e) Financial assets (continued)

(ii) Classification and measurement (continued)

Other financial assets
The Company measures all its other financial assets at amortised cost. The carrying amount of these assets is adjusted by any ECL allowance recognised. Interest revenue from these financial assets, if any, is included in interest revenue from financial assets not measured at FVTPL using the EIR method.

(iii) Reclassification of financial assets

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company may determined that a reclassification is required in order to reduce accounting mismatch.

(iv) Impairment

The Company assesses on a forward-looking basis ECL associated with its financial assets carried at AC and FVOCI. The Company recognises a loss allowance for such losses at each reporting date. The measurement of the ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2. Summary of material accounting policies (continued)

(e) Financial assets (continued)

(iv) Impairment (continued)

The Company measures loss allowance for financial assets carried at FVOCI based on three-stage model for impairment depending on the changes in credit quality since initial recognition as summarised below:

- financial instrument that is not credit-impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored by the Company. ECL are provided for expected credit losses that result from default events that are possible within the next 12- months (12-month ECL).

- if a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit impaired. A loss allowance is provided for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL).

- if the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3. A loss allowance is then provided for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL).

- A pervasive concept in measuring the ECL in accordance with FRS 109 is that it should consider forward-looking information.

- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (lifetime ECL).

The Company measures loss allowance for financial assets carried at AC applying the simplified approached allowed under the standard, which is an amount equivalent to lifetime ECL.

2. Summary of material accounting policies (continued)

(e) Financial assets (continued)

(iv) Impairment (continued)

Measurement of ECL

ECL is a probability-weighted estimate of the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).
The ECL is the discounted product of the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD"), defined as follows:

- PD – an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.

- EAD – an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.

- LGD – an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (that is, the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original EIR or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12- month PD. The maturity profile looks at how defaults develop on a financial instrument portfolio from the point of initial recognition throughout the lifetime of the financial instrument. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

2. Summary of material accounting policies (continued)

(e) Financial assets (continued)

(iv) Impairment (continued)

Measurement of ECL (continued)
Forward-looking economic information is also included in determining the 12- month and lifetime PD, EAD and LGD. These assumptions vary by product type.

Loss allowances for ECL are presented as follows:

- AC: the loss allowance is deducted from the gross carrying amount of the assets; and
- FVOCI: the loss allowance does not reduce the carrying amount of the financial assets (which are measured at fair value) but gives rise to an equal and opposite gain in OCI.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets measured at amortised cost and investment assets at FVOCI are credit- impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or past-due event;
- the restructuring of an amount due to the Company on terms that the Company would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- disappearance of an active market for a security due to financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

2. Summary of material accounting policies (continued)

(e) Financial assets (continued)

(iv) Impairment (continued)

Low credit risk financial assets

For financial assets that have low credit risk, loss allowance is calculated and the financial asset is measured using 12-month ECL, provided that the financial asset meets the following criteria:

- the financial instrument has a low risk of default;
- the borrower is considered to have a strong capacity to meet its obligation in the near term; and
- the Company expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the borrower to fulfil its obligations.

(v) Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. There were no write-offs over the periods reported in these financial statements.

The Company's debt instruments are designated as FVTPL since initial recognition to reduce the accounting mismatch created by assets and liabilities being measured on different bases and, therefore, do not have any loss allowance from expected credit loss as of reporting date. All other financial assets are short-term and low risk in nature and loss allowance, if any, is immaterial to be disclosed.

2. Summary of material accounting policies (continued)

(e) Financial assets (continued)

(vi) Derecognition

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Company has also transferred substantially all risks and rewards of ownership.

When the Company has neither transferred nor retained substantially all of the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

(f) Fair value estimation

The fair values of financial instruments traded in active markets (such as exchange- traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.
The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. When appropriate, quoted market prices or dealer quotes for similar instruments are used where appropriate. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.
The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

(g) Other liabilities

Other liabilities are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

2. Summary of material accounting policies (continued)

(h) Insurance and reinsurance contracts

The Company issues contracts that transfer insurance risk.

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract under which the Company (insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. The recognition and measurement of insurance contracts are set out in the financial statements. The adoption of FRS 117 did not change the classification of the Company's insurance contracts.

Investment contracts are those contracts that do not transfer significant insurance risk.

When insurance contracts contain both a financial risk component and a significant insurance risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premiums relating to the insurance risk component are accounted for on the same basis as insurance contracts and the remaining element is accounted for as a deposit through the statement of financial position similar to investment contracts.

(i) Separating components

The Company assesses its insurance and reinsurance products to determine whether they contain distinct components which must be separated and not accounted for under FRS 117. After separating any distinct components, the Company applies FRS 117 to all remaining components of the host insurance contract. Currently, the Company does not have any contracts that require further separation or combination of insurance contracts.

Insurance contracts with refund features are not separated under FRS 117. Where refunds are paid to the policyholder in all circumstances, they are accounted for as non-distinct investment components and are measured as part of the insurance contacts.

2. Summary of material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

(ii) Level of aggregation

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together and dividing each portfolio into annual cohorts and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous at initial recognition;
- any contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
- any remaining contracts in the portfolio.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business.

The Company assesses and monitors the onerousity of a portfolio of insurance contracts at the local regulatory reporting product lines level to better align with the facts and circumstances and to minimise undue cost and effort.

The Company deems the local regulatory reporting product lines level as sets of contracts that have similar insurance risk, are managed together.

For the product lines deemed as onerous, these product lines are typically priced with a low expected profitability margins due to the historical low price adequacy level of the market in which the Company operates in as a result of competition on pricing.

All other contracts measured using the PAA, the Company assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non- onerous ones.

The level of aggregation for reinsurance contracts are similar to insurance contracts except for profitability:

- net gain position at initial recognition;
- at initial recognition, there is no significant possibility of a net gain arising subsequently; or
- any remaining contracts in the portfolio.

2. Summary of material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

(iii) Recognition

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date;
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

A group of reinsurance contracts held is recognised at the earlier of:

- The beginning of the coverage period of the group; or
- The date the Company recognises an onerous group of underlying contracts, if the entity entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

(iv) Contract Boundary

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services. A substantive obligation to provide services ends when:

- the Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

2. Summary of material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

(v) Initial and subsequent measurement

Insurance Contracts

The Company applies PAA to all the insurance contracts that it issues as the Company has modelled possible future scenarios and reasonably expects that the measurement of LFRC for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

For a group of contracts that are not onerous at initial recognition, the Company measures the LFRC as:

- the amount of premiums, if any, received at initial recognition;
- decreased for any insurance acquisition cash flows at that date;
- increased or decreased for any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows; and
- any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

Subsequently, the Company measures the carrying amount of the LFRC at the end of each reporting period as the LFRC at the beginning of the period:

- increased by any premiums received in the period;
- decreased for insurance acquisition cash flows paid in the period;
- increased for any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period;
- increased for any adjustment to the financing component, where applicable;
- decreased by the amount recognised as insurance revenue for the services provided in the period; and
- decreased for any investment component paid or transferred to the liability for incurred claims.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the LFRC for such onerous group depicting the losses recognised.

2. Summary of material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

(v) Initial and subsequent measurement (continued)

Insurance Contracts (continued)

The Company does not adjust the LFRC for insurance contracts issued for the effect of the time value of money, because most insurance premiums are due within the coverage period of contracts, which is one year or less.

The Company estimates the LFIC as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment). Future cash flows are adjusted for the time value of money.

Reinsurance Contracts

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on to the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued.

Reinsurance contacts held by the Company falls into the following categories:

- Facultative reinsurance contracts;
- Loss occurring reinsurance treaty contracts; and
- Risk attaching reinsurance treaty contracts.

Facultative reinsurance contracts are assessed for PAA eligibility on the same basis as the underlying insurance contract attached.

Loss occurring and risk attaching reinsurance treaty contracts are assessed for PAA eligibility based on the maximum coverage period of a group of contracts under each treaty by taking the earliest start date and the latest expiry date in a group of contracts.

The Company has modelled possible future scenarios and reasonably expects that the measurement of LFRC for the reinsurance contracts held, under the PAA does not differ materially from the measurement that would be produced applying the general model.

2. Summary of material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

(v) Initial and subsequent measurement (continued)

Reinsurance Contracts (continued)

On initial recognition, the remaining coverage for reinsurance contracts held is:

- the amount of ceding premiums paid;
- increased by broker fees paid to a party other than the reinsurance; and
- increased by any amounts arising from the derecognition of any other relevant pre-recognition cash flows.

At each of the subsequent reporting dates, the remaining coverage for reinsurance contracts held is:

- increased for ceding premiums paid in the period;
- increased for broker fees paid in the period; and
- decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The Company subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

2. Summary of material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

(v) Initial and subsequent measurement (continued)

Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Company uses a systematic and rational method to allocate:

- Insurance acquisition cash flows that are directly attributable to a group of insurance contracts; and
- Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

The Company does not have any insurance acquisition cash flows for renewals outside the contract boundary as of the reporting date.

(vi) Derecognition and contract modification

The Company derecognises a contract when it is extinguished, i.e., when the specified obligations in the contract expire or are discharged or cancelled.

The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

2. Summary of material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

(vii) Presentation

The Company has presented separately, in the balance sheet, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are allocated and included in the carrying amount of the related groups of insurance contracts.

The Company disaggregates the total amount recognised in profit or loss into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

(i) Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

2. Summary of material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

(vii) Presentation (continued)

(ii) Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items:

- incurred claims and other insurance service expenses;
- losses on onerous contracts and reversals of such losses;
- adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein; and
- impairment losses on assets for insurance acquisition cash flows and its reversals.

(iii) Net income or expense from reinsurance contracts held

Net income or expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

For a group of reinsurance contracts covering onerous underlying contracts, the Company establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the Company of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Company expects to recover from the reinsurance contracts.

2. Summary of material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

(vii) Presentation (continued)

(iv) Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

(i) Leases

When the Company is the lessee

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contact are changed.

(i) Right-of-use asset

The Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life.

2. Summary of material accounting policies (continued)

(i) Leases (continued)

When the Company is the lessee (continued)

(ii) Lease liability

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- there is a change in future lease payments arising from changes in an index or rate; or
- there is a change in the Company's assessment of whether it will exercise an extension option; or
- there are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of- use asset, or recorded in profit or loss if the carrying amount of the right-of- use asset has been reduced to zero.

(iii) Short-term and low-value leases

The Company has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(iv) Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Company shall recognize those lease payments in profit or loss in the periods that triggered those lease payments.

When the Company is an intermediate lessor

In classifying a sublease, the Company as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Company derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in sublease. Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the balance sheet, which represents the lease payments owed to the head lessor.

2. Summary of material accounting policies (continued)

(i) Leases (continued)

When the sublease is assessed as an operating lease, the Company recognises lease income from sublease in profit or loss within "Other income". The right-of-use asset relating to the head lease is not derecognised. For contract which contains lease and non-lease components, the Company allocates the consideration based on a relative stand-alone selling price basis.

(j) Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2. Summary of material accounting policies (continued)

(k) Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Company has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

(l) Employee benefits

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

(ii) Employee leave entitlement

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

(iii) Share-based compensation

The Company's ultimate holding corporation operates several share-based compensation plans. The total amount of equity-settled transactions to be recognised over the vesting period is determined by reference to the fair value on the date of the grant. The cost of equity-settled transactions is recognised as an expense together with a corresponding increase in equity over the vesting period, and subsequently recharged by the Company's ultimate holding corporation.

2. Summary of material accounting policies (continued)

(m) Currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at balance sheet date are recognised in profit or loss.

Changes in the fair value of monetary securities denominated in foreign currencies classified as FVTPL are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Currency translation differences on non-monetary items, whereby the gain or loss is recognised in profit or loss are reported as part of the fair value gain or loss in profit or loss.

2. Summary of material accounting policies (continued)

(n) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, cash at bank and fixed deposits with financial institutions which are subject to an insignificant risk of change in value.

(o) Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions. Government grants are recognised in other operating income in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

(p) Share capital

Ordinary shares are classified as equity.

(q) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(r) Dividend

Dividends to the Company's member are recognised when the dividends are approved for payment.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Insurance contract liabilities and reinsurance assets

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under FRS 104 Insurance Contracts. However, when measuring liabilities for incurred claims, the Company now discounts projected future claims payment, both gross and net of reinsurance and other recoveries and associated claims handling costs, to a present value using risk- free discount rates (derived from market yields on government bonds) to reflect the time value of money. The explicit risk adjustment for non-financial risk is set as the provision of risk margin for adverse deviation.

(i) Liability for remaining coverage – Onerous groups

The Company has assessed and identified insurance contracts that are onerous based on the facts and circumstances which indicate that the contracts are onerous. Further, judgement is required to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required.
Loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

(ii) Liability for incurred claims

Liabilities for incurred claims for each group of business are estimated by reference to a variety of estimation techniques, generally based on a statistical analysis of historical experience which assumes an underlying pattern of claims development, claims payment and the direct and indirect claims-related expenses. Risk adjustment on non-financial risk was also included in liabilities for incurred claims. It is a component of the value of the insurance liabilities which is set at a level such that there is a higher level of confidence (or probability) that the provisions will ultimately be sufficient. For the purpose of this valuation basis, the level of confidence is at 75% at an overall Company level.

The final selected estimates are based on a judgemental consideration of results of each method and qualitative information, for example, the class of business, the maturity of the portfolio and expected term to settlement of the class. Projections are based on historical experience and external benchmarks where relevant.

3. Critical accounting estimates, assumptions and judgements (continued)

Insurance contract liabilities and reinsurance assets (continued)

(ii) Liability for incurred claims (continued)

The ultimate costs of outstanding claims were assessed using four standard actuarial valuation methods:

- Incurred Claim Development method,
- Paid Claim Development method,
- Bornhuetter Ferguson method, and
- Chain Ladder on Average Incurred Cost Development method.

The key assumptions and the sensitivity analysis of liabilities of incurred claims are disclosed in Note 12 to the financial statements.

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of government bonds. The illiquidity premium adjustment is set as zero.
Discount rates applied for discounting of future cash flows are listed below:

	6 Months	1 Year	2 Years	5 Years	10 Years	20 Years	30 Years
2023							
SGD	3.77%	3.75%	3.26%	2.68%	2.71%	2.76%	2.70%
USD	5.26%	4.79%	4.23%	3.84%	3.88%	4.20%	4.03%
2022							
SGD	4.36%	4.24%	3.12%	2.83%	3.09%	2.60%	2.46%
USD	4.76%	4.73%	4.41%	3.99%	3.88%	4.14%	3.97%

(iii) Transition

The Company has adopted FRS 117 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable. The Company has determined that it would be impracticable to apply the full retrospective approach and has applied modified retrospective approach to estimate the opening balance of the LFRC on transition by estimating the balances of the LFRC from the date the contract is recognised until the transition date.

The Company has elected to disaggregate insurance finance income or expenses between amounts included in profit or loss and amounts included in other comprehensive income and reset the cumulative amount of insurance finance income or expense recognised in other comprehensive income at the transition date to zero.

For the financial year ended 31 December 2023

4. Analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts held

	2023	2022 Restated
	$'000	$'000
Insurance revenue from contracts measured	**438,386**	373,995
Total insurance revenue	**438,386**	373,995
Incurred claims and other directly attributable expenses	**(109,037)**	(134,151)
Insurance acquisition cash flow amortization	**(111,756)**	(98,682)
Losses on onerous contracts and reversal of those losses	**(1,500)**	(38)
Total insurance service expenses	**(222,293)**	(232,871)
Reinsurance expenses - contracts measured under PAA	**(190,155)**	(159,271)
Incurred claims recovery	**73,973**	89,488
Income on initial recognition of onerous underlying contracts	**1,060**	(186)
Total net expenses from reinsurance contracts held	**(115,122)**	(69,969)
Total insurance service result	**100,971**	71,155

5. Net gains/(losses) on investments

	2023	2022
	$'000	$'000
Financial assets, FVTPL		
- Interest income	**10,374**	6,266
Cash and cash equivalents:		
- Interest income from banks	**802**	247
Net gains/(losses) on FVTPL financial assets	**6,198**	(1)
Net gains on investments	**17,374**	6,512

For the financial year ended 31 December 2023

6. Other operating income / (expenses)

The following items have been included in other operating income/ (expenses) during the financial year:

	2023	2022 Restated
	$'000	$'000
Losses on foreign currency exchange	**(584)**	(1,764)
Government grant	**487**	803
Management fee from related company	**192**	191
Other miscellaneous income	**7**	557
Loss on sale of PPE	**(99)**	-
Directors' fees	**(63)**	(69)
Other expenses	**(64,757)**	(58,376)
Total operating income / (expenses)	**(64,817)**	(58,658)

Breakdown of Other expenses for 2023

	Expenses attributable to insurance acquisition cash flows	**Expenses related to Claims handling**	**Other operating expenses**	**Total**
	$'000	$'000	$'000	$'000
Advertising expenses	**2,783**	**-**	**4,117**	**6,900**
Audit Legal and other professional fees	**-**	**1**	**718**	**719**
Bank Charges	**-**	**-**	**1,062**	**1,062**
Depreciation and Amortisation	**-**	**46**	**3,333**	**3,379**
Depreciation for right of use	**-**	**-**	**2,334**	**2,334**
Employee expenses	**15,682**	**2,814**	**23,068**	**41,564**
Interest expenses on lease liabilities	**-**	**-**	**371**	**371**
IT related expenses	**-**	**601**	**4,893**	**5,494**
Management fees paid to related parties	**-**	**-**	**18,917**	**18,917**
Outsourcing expenses	**-**	**1,029**	**2,985**	**4,014**
Other expenses	**951**	**918**	**2,959**	**4,828**
Total Other expenses	**19,416**	**5,409**	**64,757**	**89,582**

For the financial year ended 31 December 2023

6. Other operating income / (expenses) (continued)

Breakdown of Other expenses for 2022

	Expenses attributable to insurance acquisition cash flows	Expenses related to Claims handling	Other operating expenses	Total
	$'000	$'000	$'000	$'000
Advertising expenses	2,042	-	1,429	3,471
Audit Legal and other professional fees	-	-	828	828
Bank Charges	-	1	1,230	1,231
Depreciation and Amortisation	-	61	3,044	3,105
Depreciation for right of use	-	-	2,408	2,408
Employee expenses	13,759	2,307	21,415	37,481
Interest expenses on lease liabilities	-	-	464	464
IT related expenses	-	578	6,478	7,056
Management fees paid to related parties	-	-	16,248	16,248
Outsourcing expenses	-	852	2,746	3,598
Other expenses	1,747	1,149	2,086	4,982
Total Other expenses	**17,548**	**4,948**	**58,376**	**80,872**

For the financial year ended 31 December 2023

7. Income taxes

(a) Income tax expense

	2023	2022
	$'000	$'000
Tax expense attributable to profit is made up of:		
- Current income tax	**4,874**	2,003
- Deferred income tax expense (Note 15)	**691**	1,669
- Withholding tax (credit)/expenses	**(90)**	40
	5,475	3,712
Over-provision in prior financial years	**-**	-
	5,475	3,712

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	2023	2022
	$'000	$'000
Profit before income tax	**44,970**	21,630
Tax calculated at a tax rate of 17% (2022: 17%)	**7,645**	3,677
Effects of:		
- Income taxed at concessionary rate of 10%	**(1,915)**	(485)
- Expenses not deductible for tax purposes	**263**	479
- Singapore statutory stepped income exemption	**(17)**	(17)
- Tax incentives	**(40)**	-
- Withholding tax (credit)/expense	**(90)**	40
- Others	**(371)**	18
Tax expense	**5,475**	3,712

(b) Movements in current income tax liabilities

	2023	2022
	$'000	$'000
Beginning of financial year	**2,822**	2,652
Income tax paid	**(2,110)**	(2,514)
Income tax refunded	**-**	681
Tax expense	**4,874**	2,003
Over-provision in prior financial years	**2**	-
End of financial year	**5,588**	2,822

For the financial year ended 31 December 2023

8. Intangible assets

	Distribution rights	
	2023	2022
	$'000	$'000
Cost		
Beginning and end of financial year	**97,640**	97,640
Accumulated amortisation		
Beginning of financial year	**25,878**	18,928
Amortisation	**7,102**	6,950
End of financial year	**32,980**	25,878
Net carrying amount		
End of financial year	**64,660**	71,762

For the financial year ended 31 December 2023

9. Property, plant and equipment

	Leasehold improvements	Office equipment	Furniture and fittings	Computer equipment	Work in progress ("WIP")	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2023						
Cost						
Beginning of financial year	4,616	488	889	14,469	2,083	22,545
Addition for the year	24	-	23	730	3,070	3,847
Transfer WIP to Computer equipment	-	-	-	2,085	(2,085)	-
Disposals	(1,077)	-	(172)	(84)	-	(1,333)
End of financial year	3,563	488	740	17,200	3,068	25,059
Accumulated depreciation						
Beginning of financial year	2,241	449	336	7,850	-	10,876
Depreciation charge	582	14	137	2,646	-	3,379
Disposal	(1,072)	-	(162)	-	-	(1,234)
End of financial year	1,751	463	311	10,496	-	13,021
Net book value **End of financial year**	**1,812**	**25**	**429**	**6,704**	**3,068**	**12,038**
2022						
Cost						
Beginning of financial year	3,566	488	735	12,356	1,567	18,712
Addition for the year	1,050	-	154	706	1,923	3,833
Transfer WIP to Computer equipment	-	-	-	1,407	(1,407)	-
End of financial year	4,616	488	889	14,469	2,083	22,545
Accumulated depreciation						
Beginning of financial year	1,712	435	206	5,418	-	7,771
Depreciation charge	529	14	130	2,432	-	3,105
End of financial year	2,241	449	336	7,850	-	10,876
Net book value **End of financial year**	**2,375**	**39**	**553**	**6,619**	**2,083**	**11,669**

The accompanying notes form an integral part of these financial statements.

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10. Investment Assets

The movements during the year are as follows:

	2023	2022
	$'000	$'000
Beginning of financial year	**338,259**	317,718
Additions	**688,556**	465,061
Fair value losses recognised in other comprehensive income	**-**	(13,983)
Gains recognized through profit or loss	**6,706**	-
Accretion of premiums (net of discounts)	**4,452**	414
Disposals	**(648,280)**	(430,130)
Currency translation losses	**(512)**	(821)
End of financial year	**389,181**	338,259

Financial assets available-for-sale was reclassified to financial assets through profit/loss as at 1 January 2023.
Investment assets are analysed as follows:

	2023	2022
	$'000	$'000
Government securities:		
Government securities – SGD	**208,272**	140,977
Government securities – USD	**14,885**	28,463
	223,157	169,440
Debt securities		
Debt securities – SGD	**136,924**	135,389
Debt securities – USD	**29,100**	33,430
	166,024	168,819
	389,181	338,259

The government and debt securities have maturity dates from January 2024 to October 2031 (2022: January 2023 to October 2031) with the following weighted average effective interest rates:

	2023	2022
SGD	**1.74%**	1.72%
USD	**1.45%**	1.56%

The exposure of investments to interest rate risks is disclosed in Note 19(a)(ii).

For the financial year ended 31 December 2023

11. Other Assets

	2023	2022
	$'000	$'000
Prepayments	**500**	300
Tax receivables from third party	**4,661**	3,235
Accrued interest receivable	**1,878**	1,669
Rental and other deposits	**977**	981
Sundry receivables	**1,889**	1,418
Total Other Assets	**9,905**	7,603

The carrying amounts of other assets approximate their fair values.

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For the financial year ended 31 December 2023

12. Insurance and reinsurance contracts

An analysis of the liabilities for remaining coverage and liabilities for incurred claims for insurance contracts as at 31 December 2023

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
	$'000	$'000	$'000	$'000	$'000
At 1 January 2023					
Insurance contract liabilities	91,854	1,549	384,784	51,183	529,370
	91,854	**1,549**	**384,784**	**51,183**	**529,370**
Insurance revenue from contracts measured under PAA	**(438,386)**	**-**	**-**	**-**	**(438,386)**
Insurance service expenses					
Incurred claims and directly attributable expenses	-	-	202,088	18,063	220,151
Amortisation of insurance acquisition cash flows	111,755	-	-	-	111,755
Losses on onerous contracts and reversals	-	1,501	-	-	1,501
Changes related to past service – liabilities for incurred claims	-	-	(91,417)	(24,697)	(116,114)
	111,755	**1,501**	**110,671**	**(6,634)**	**217,293**
Total insurance service result	**(326,631)**	**1,501**	**110,671**	**(6,634)**	**(221,093)**
Insurance finance expenses					
Insurance finance expenses	-	-	25,648	-	25,648
Effect of movements in exchange rates	2,771	-	(1,017)	-	1,754
	2,771	**-**	**24,631**	**-**	**27,402**
Total changes in the statement of comprehensive income	**(323,860)**	**1,501**	**135,302**	**(6,634)**	**(193,691)**

The accompanying notes form an integral part of these financial statements.

For the financial year ended 31 December 2023

12. Insurance and reinsurance contracts (continued)

An analysis of the liabilities for remaining coverage and liabilities for incurred claims for insurance contracts as at 31 December 2023 (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Excluding loss component	
	$'000	$'000	$'000	$'000	$'000
Investment components	**(827)**	**-**	**827**	**-**	**-**
Cash flows					
Premiums received	438,451	-	-	-	438,451
Claims and other insurance service expenses paid including investment component paid	-	-	(100,678)	-	(100,678)
Insurance acquisition cash flows	(99,834)	-	-	-	(99,834)
Total Cash flows	**337,790**	**-**	**(99,851)**	**-**	**237,939**
At 31 December 2023					
Insurance contract liabilities	**105,784**	**3,050**	**420,235**	**44,549**	**573,618**
	105,784	**3,050**	**420,235**	**44,549**	**573,618**

The accompanying notes form an integral part of these financial statements.

For the financial year ended 31 December 2023

12. Insurance and reinsurance contracts (continued)

An analysis of the liabilities for remaining coverage and liabilities for incurred claims for insurance contracts as at 31 December 2022

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
	$'000	$'000	$'000	$'000	$'000
At 1 January 2022					
Insurance contract liabilities	75,802	1,510	344,595	45,381	467,288
	75,802	**1,510**	**344,595**	**45,381**	**467,288**
Insurance revenue from contracts measured under PAA	**(373,995)**	**-**	**-**	**-**	**(373,995)**
Insurance service expenses					
Incurred claims and directly attributable expenses	-	-	158,649	17,846	176,495
Amortisation of insurance acquisition cash flows	97,556	-	-	-	97,556
Losses on onerous contracts and reversals	-	39	-	-	39
Changes related to past service – liabilities for incurred claims	-	-	(34,947)	(12,044)	(46,991)
	97,556	**39**	**123,702**	**5,802**	**227,099**
Total insurance service result	**(276,439)**	**39**	**123,702**	**5,802**	**(146,896)**
Insurance finance expenses					
Insurance finance expenses	-	-	(9,719)	-	(9,719)
Effect of movements in exchange rates	3,555	-	(1,558)	-	1,997
	3,555	**-**	**(11,277)**	**-**	**(7,722)**
Total changes in the statement of comprehensive income	**(272,884)**	**39**	**112,425**	**5,802**	**(154,618)**

The accompanying notes form an integral part of these financial statements.

For the financial year ended 31 December 2023

12. Insurance and reinsurance contracts (continued)

An analysis of the liabilities for remaining coverage and liabilities for incurred claims for insurance contracts as at 31 December 2022 (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Excluding loss component	
	$'000	$'000	$'000	$'000	$'000
Investment components	**(1,069)**	**-**	**1,069**	**-**	**-**
Cash flows					
Premiums received	389,492	-	-	-	389,492
Claims and other insurance service expenses paid including investment component paid	-	-	(73,305)	-	(73,305)
Insurance acquisition cash flows	(99,487)	-	-	-	(99,487)
Total Cash flows	**288,936**	**-**	**(72,236)**	**-**	**216,700**
At 31 December 2022					
Insurance contract liabilities	**91,854**	**1,549**	**384,784**	**51,183**	**529,370**
	91,854	**1,549**	**384,784**	**51,183**	**529,370**

The accompanying notes form an integral part of these financial statements.

For the financial year ended 31 December 2023

12. Insurance and reinsurance contracts (continued)

An analysis of the assets for remaining coverage and assets for incurred claims for reinsurance contracts as at 31 December 2023

	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss-recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment	
	$'000	$'000	$'000	$'000	$'000
At 1 January 2023					
Reinsurance contract assets	31,547	524	263,200	35,242	330,513
	31,547	**524**	**263,200**	**35,242**	**330,513**
Net income / (expenses) from reinsurance contracts held					
Allocation of reinsurance premiums paid	(190,155)	-	-	-	(190,155)
Recoveries of incurred claims and other insurance service expenses	-	-	132,880	12,358	145,238
Changes relating to past services – adjustments to incurred claims	-	-	(54,270)	(16,995)	(71,265)
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	1,060	-	-	1,060
	(190,155)	**1,060**	**78,610**	**(4,637)**	**(115,122)**
Finance income from reinsurance contracts held					
Finance income from reinsurance contracts held	-	-	17,420	-	17,420
Effect of movements in exchange rates	1,839	-	(530)	-	1,309
	1,839	-	16,890	-	18,729
Total changes in the statement of comprehensive income	**(188,316)**	**1,060**	**95,500**	**(4,637)**	**(96,393)**

The accompanying notes form an integral part of these financial statements.

For the financial year ended 31 December 2023

12. Insurance and reinsurance contracts (continued)

An analysis of the assets for remaining coverage and assets for incurred claims for reinsurance contracts as at 31 December 2023 (continued)

	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss-recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment	
	$'000	$'000	$'000	$'000	$'000
Cash flows					
Premiums paid net of ceding Commissions	206,270	-	-	-	206,270
Recoveries from reinsurance	-	-	(65,303)	-	(65,303)
Total Cash flows	**206,270**	**-**	**(65,303)**	**-**	**140,967**
At 31 December 2023					
Reinsurance contract assets	**49,501**	**1,584**	**293,397**	**30,605**	**375,087**
	49,501	**1,584**	**293,397**	**30,605**	**375,087**

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12. Insurance and reinsurance contracts (continued)

An analysis of the assets for remaining coverage and assets for incurred claims for reinsurance contracts as at 31 December 2022

	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss-recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment	
	$'000	$'000	$'000	$'000	$'000
At 1 January 2022					
Reinsurance contract assets	18,667	710	240,722	30,695	290,794
	18,667	**710**	**240,722**	**30,695**	**290,794**
Net income / (expenses) from reinsurance contracts held					
Allocation of reinsurance premiums paid	(159,271)	-	-	-	(159,271)
Recoveries of incurred claims and other insurance service expenses	-	-	99,812	11,527	111,339
Changes relating to past services – adjustments to incurred claims	-	-	(14,871)	(6,980)	(21,851)
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	(186)	-	-	(186)
	(159,271)	**(186)**	**84,941**	**4,547**	**(69,969)**
Finance income from reinsurance contracts held					
Finance income from reinsurance contracts held	-	-	(6,662)	-	(6,662)
Effect of movements in exchange rates	2,366	-	(1,306)	-	1,060
	2,366	-	(7,968)	-	5,602
Total changes in the statement of comprehensive income	**(156,905)**	**(186)**	**76,973**	**4,547**	**(75,571)**

The accompanying notes form an integral part of these financial statements.

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12. Insurance and reinsurance contracts (continued)

An analysis of the assets for remaining coverage and assets for incurred claims for reinsurance contracts as at 31 December 2022 (continued)

	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss-recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment	
	$'000	$'000	$'000	$'000	$'000
Cash flows					
Premiums paid net of ceding Commissions	169,785	-	-	-	169,785
Recoveries from reinsurance	-	-	(54,495)	-	(54,495)
Total Cash flows	**169,785**	**-**	**(54,495)**	**-**	**115,290**
At 31 December 2022					
Reinsurance contract assets	**31,547**	**524**	**263,200**	**35,242**	**330,513**
	31,547	**524**	**263,200**	**35,242**	**330,513**

12. Insurance and reinsurance contracts (continued)

Actuarial methods, assumptions and sensitivity analysis

(a) Methods

Four standard actuarial methods (Chain ladder on Incurred and Paid Claims, Bornhuetter-Ferguson and Average Incurred Cost Development) have been applied to each class of business to determine the insurance liabilities. The selection of an appropriate method depends on the nature of the claim development and claim volatility. The Outstanding Liability is equal to the Case Estimates in situations where no further loss development is expected.

The insurance liabilities also include an appropriate allowance for allocated and unallocated future claim handling expenses. In addition, an administration expense reserve of 5.4% (2022: 5.5%) of gross premiums (or gross unearned premium reserve) and excess of loss ceded premiums has been included in the assessment of the premium liability.

(b) Assumptions

The following assumptions were used in determining the gross outstanding claim liabilities.

Ultimate claim number - current year

The ultimate claim number for the current accident year is estimated separately by class of business by projecting the number of claims reported to date based on historical reporting patterns.

Average claim size - current year

The average claim size for the current accident year is estimated separately by class of business by projecting the ultimate claims cost based on historical claim development patterns and dividing by the estimated ultimate claim number.

Unallocated claim expense rate (or indirect claim expense rate)

The unallocated claim expense rate is calculated separately by class of business based on historical unallocated claim expenses as a percentage of historical payments.

Inflation rate

The inflation rate is implicit in the valuation models used so no explicit inflation rate is used in the valuation. Movement in average claim size provides a de facto estimate of the inflation rate implied in the valuation.

12. Insurance and reinsurance contracts (continued)

Actuarial methods, assumptions and sensitivity analysis (continued)

(b) Assumptions (continued)

Discount rate

The discount rate is derived from market yields of government securities at the balance sheet date.

Initial expected loss ratio for current accident year

Expected loss ratio for current accident year is estimated separately derived by class of business by one of the four methods under Note 3 (ii).

Risk adjustment

The overall risk adjustment was determined after allowing for uncertainty of the outstanding claim estimate. Uncertainty was analysed for each class of business taking into account potential uncertainties relating to the actuarial models and assumptions, the quality of the underlying data used in the models and the general insurance environment.

The estimate of uncertainty is greater for long tailed classes when compared to short tail classes due to the longer time until settlement of outstanding claims.

The assumptions regarding uncertainty for each class were applied to the gross and net central estimates, and the results were aggregated to arrive at an overall provision which is intended to have a 75% probability of sufficiency. The risk adjustment applied in 2023 is 10.6% (2022: 13.4%).

(c) Sensitivity analysis

The Company conducts sensitivity analysis to quantify the exposure to risk of changes in the key underlying variables. The valuations included in the reported results for 2023 are calculated using certain assumptions about these variables as disclosed above. The movement in any key variable will impact the performance and equity of the Company. The table below shows how a reasonable possible change in each assumption will affect the outstanding claims liabilities and profit or loss. As no explicit inflation rate is used in the valuation no sensitivity analysis is performed for a change in the inflation rate.

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13. Insurance liabilities and reinsurance assets (continued)

(c) Sensitivity analysis (continued)

Variables	Change in variables	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax gross of reinsurance	Impact on profit before tax net of reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance
		$'000	$'000	$'000	$'000	$'000	$'000
Discounted average weighted term to settlement	+0.5%	(9,949)	(3,089)	9,949	3,089	8,258	2,564
	-0.5%	8,920	3,126	(8,920)	(3,126)	(7,403)	(2,595)
Ultimate claim number - current year	+10%	21,871	7,584	(21,871)	(7,584)	(18,153)	(6,295)
	-10%	(23,413)	(8,723)	23,413	8,723	19,433	7,240
Average claim size - current year	+10%	21,871	7,584	(21,871)	(7,584)	(18,153)	(6,295)
	-10%	(23,413)	(8,723)	23,413	8,723	19,433	7,240
Unallocated claim expense rate	+1%	3,638	3,745	(3,638)	(3,745)	(3,019)	(3,108)
	-1%	(5,332)	(4,967)	5,332	4,967	4,425	4,123
Discount rate	+1%	(7,460)	(2,593)	7,460	2,593	6,192	2,152
	-1%	6,403	2,635	(6,403)	(2,635)	(5,315)	(2,187)
Initial expected loss ratio on current accident year	+10%	25,053	7,696	(25,053)	(7,696)	(20,794)	(6,388)
	-10%	(25,785)	(8,535)	25,785	8,535	21,402	7,084
Risk adjustment	+20%	8,139	2,219	(8,139)	(2,219)	(6,755)	(1,842)
	-20%	(9,681)	(3,358)	9,681	3,358	8,035	2,787

The accompanying notes form an integral part of these financial statements.

For the financial year ended 31 December 2023

12. Insurance liabilities and reinsurance assets (continued)

(d) Claim development tables (for all lines)

The following tables show the development of gross and net liabilities for incurred claims relative to the ultimate expected claims for the five most recent accident years:

Gross

Accident year	2019	2020	2021	2022	2023	**Total**
	$'000	$'000	$'000	$'000	$'000	**$'000**
Estimate of ultimate claims incurred:						
- at end of accident year	166,003	141,846	128,262	153,269	202,281	
- one year later	143,615	119,569	111,285	142,540		
- two years later	135,716	98,867	84,217			
- three years later	146,077	90,668				
- four years later	140,739					
Current estimate of cumulative claims incurred	140,739	90,668	84,217	142,540	202,281	**660,445**
Cumulative payments to date	(116,788)	(47,096)	(51,117)	(42,822)	(29,321)	**(287,144)**
Undiscounted liabilities for incurred claims	23,951	43,572	33,100	99,718	172,960	**373,301**
Effect of discounting	(1,194)	(2,042)	(1,826)	(6,180)	(12,655)	**(23,897)**
Discounted liabilities for incurred claims	22,757	41,530	31,274	93,538	160,305	**349,404**
Liabilities for incurred claims in respect of prior accident year						**34,602**
Risk adjustment						**44,549**
Claims handling expenses						**35,085**
Total gross liabilities for incurred claims						**463,640**

The accompanying notes form an integral part of these financial statements.

For the financial year ended 31 December 2023

12. Insurance liabilities and reinsurance assets (continued)

(d) Claim development tables (for all lines) (continued)

Net

Accident year	2019	2020	2021	2022	2023	**Total**
	$'000	$'000	$'000	$'000	$'000	**$'000**
Estimate of ultimate claims incurred:						
- at end of accident year	46,806	41,242	44,220	48,537	57,927	
- one year later	45,092	35,377	39,829	44,707		
- two years later	44,029	32,079	35,552			
- three years later	43,761	28,271				
- four years later	40,150					
Current estimate of cumulative claims incurred	40,150	28,271	35,552	44,707	57,927	**206,607**
Cumulative payments to date	(36,245)	(21,926)	(24,020)	(20,069)	(14,953)	**(117,213)**
Undiscounted liabilities for incurred claims	3,905	6,345	11,532	24,638	42,974	**89,394**
Effect of discounting	(134)	(302)	(768)	(1,540)	(2,678)	**(5,422)**
Discounted liabilities for incurred claims	3,771	6,043	10,764	23,098	40,296	**83,972**
Liabilities for incurred claims in respect of prior accident year						**14,249**
Risk adjustment						**13,944**
Claims handling expenses						**35,085**
Total net liabilities for incurred claims						**147,250**

The accompanying notes form an integral part of these financial statements.

For the financial year ended 31 December 2023

13. Cash and cash equivalents

	2023	2022
	$'000	$'000
Cash at bank		
- SGD	12,374	17,981
- USD	7,357	24,209
Fixed deposits with financial institutions - SGD	1,453	5,563
Fixed deposits with financial institutions - USD	6,303	-
	27,487	47,753

The carrying amounts of cash and cash equivalents approximate their fair values.

The Company held fixed deposits with financial institutions with an average maturity of 1 month and 1.8 months for SGD and USD respectively as at the end of the financial year 2023 (2022: 3 months for SGD) with the following weighted average interest rates:

	2023	2022
SGD	2.98%	3.92%
USD	5.13%	-

The exposure of cash and cash equivalents to interest rate risks is disclosed in Note 19(a)(ii).

14. Other Liabilities

	2023	2022
	$'000	$'000
Payables to related companies	6,559	5,954
Cash collateral	40	40
Share-based remuneration payable	805	1,022
Sundry creditors	6,761	7,434
GST payable	2,901	3,123
Accrued operating expenses	25,865	22,146
Total other liabilities	42,931	39,719

The liabilities to related companies are unsecured, interest-free and are repayable on demand. The carrying amounts of other liabilities approximate their fair values.

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15. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet.

The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	2023	2022
	$'000	$'000 Restated
Deferred tax assets	**(102)**	(2,070)
Deferred tax liabilities	**2,284**	3,561
Net deferred tax liabilities	**2,182**	1,491

The movement in the deferred income tax account is as follows:

	2023	2022
	$'000	$'000 Restated
Beginning of financial year	**1,491**	1,821
Tax charge/(credit) to: - Profit or loss (Note 7(a)) - Fair value reserve	 **691** **-**	 1,669 (1,999)
End of financial year	**2,182**	1,491

For the financial year ended 31 December 2023

15. Deferred income taxes (continued)

The movement in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year is as follows:

Deferred income tax liabilities/(assets)

	Accelerated tax depreciation	Fair value losses	Others	Total
	$'000	$'000	$'000	$'000
2023				
At 1 January 2023	3,561	(1,994)	(76)	1,491
Charged to profit or loss	(1,277)	1,994	(26)	691
At 31 December 2023	**2,284**	**-**	**(102)**	**2,182**
2022				
At 1 January 2022	2,074	4	(257)	1,821
Charged to profit or loss	1,487	-	181	1,668
Credited to equity	-	(1,998)	-	(1,998)
At 31 December 2022	**3,561**	**(1,994)**	**(76)**	**1,491**

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16. Share capital

(a)

	No. of shares issued	Share capital
		$'000
2023		
Beginning and end of financial year	212,788	212,788
2022		
Beginning and end of financial year	212,788	212,788

All issued ordinary shares are fully paid with no par value.

(b) Movements in share-based remuneration reserves

	2023	2022
	$'000	$'000
Beginning of financial year	**-**	-
Increase in equity due to value of employee services	**49**	229
Transfer to share-based remuneration payables	**(49)**	(229)
End of financial year	**-**	-

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17. Leases

(a) The Company as a lessee

The Company leases office space and photocopier machines for the purpose of business operations.

There is no externally imposed covenant on these lease arrangements.

	Office space	Office equipment	Total
	$'000	$'000	$'000
Right-of-use asset **2023**			
Cost			
Beginning of financial year	17,997	527	18,524
Additions for the year	-	155	155
End of financial year	17,997	682	18,679
Accumulated depreciation			
Beginning of financial year	8,872	354	9,226
Depreciation charge	2,258	76	2,334
End of financial year	11,130	430	11,560
Net book value **End of financial year**	**6,867**	**252**	**7,119**
Lease liabilities			
Beginning of financial year	10,325	177	10,502
Additions for the year	-	155	155
Principal repayment	(2,715)	(103)	(2,818)
Interest expenses	371	-	371
End of financial year	**7,981**	**229**	**8,210**

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17. Leases (continued)

(b) The Company as a lessee (continued)

	Office space	Office equipment	Total
	$'000	$'000	$'000
Right-of-use asset **2022**			
Cost			
Beginning of financial year	16,524	527	17,051
Additions for the year	1,473	-	1,473
End of financial year	17,997	527	18,524
Accumulated depreciation			
Beginning of financial year	6,567	251	6,818
Depreciation charge	2,305	103	2,408
End of financial year	8,872	354	9,226
Net book value			
End of financial year	**9,125**	**173**	**9,298**
Lease liabilities			
Beginning of financial year	10,973	280	11,253
Additions for the year	1,473	-	1,473
Principal repayment	(2,585)	(103)	(2,688)
Interest expenses	464	-	464
End of financial year	**10,325**	**177**	**10,502**

	2023	2022
	$'000	$'000
Lease liabilities		
Current	**2,570**	2,474
Non-current	**5,640**	8,028
	8,210	10,502

Total cash outflow for all leases in 2023: $2,818,000 (2022: $2,688,000).

18. Immediate and ultimate holding corporations

The Company is a wholly-owned subsidiary of ACE INA Overseas Insurance Company Ltd, incorporated in Bermuda.

The ultimate holding corporation is Chubb Limited, incorporated in Switzerland.

19. Financial risk management

The Company's activities expose it to a variety of financial risks. The components of financial risk are market risk (including currency risk, and interest rate risk), credit risk and liquidity risk.

These financial risks arise from the investment and underwriting activities of the business. Investment activity of the business is exposed to the general and specific market movements. The underwriting activity of the business generates credit and liquidity risk through insurance and reinsurance receivables and payables.

The Company's overall risk management focuses to mitigate potential adverse effects of these risks on the financial performance of the Company. The notes below explain the management of financial risks.

<u>Underwriting activity governance</u>

The underwriting activity is governed by the Company's Risk Management Framework. In the framework, the Board of Directors has overall risk management responsibility of the Company and approves its risk management strategy ensuring key risks are identified and managed appropriately. The framework includes the following:

(i) continuous identification of risks and the management of internal controls;
(ii) training and guidance of all relevant employees in the management of risk;
(iii) management reporting, monitoring and action to address significant issues adversely affecting the business;
(iv) implementation of loss prevention and control measures to reduce loss, injury, or damage;
(v) maintenance of the highest practicable protection standards against losses to assets and business interruption;
(vi) efficient management of information, records and loss recording systems;
(vii) implementation of proactive strategies to limit the liability of the Company and protect its reputation;
(viii) crisis management and recovery by planning for significant risks; and
(ix) cost benefit management of insurance and other risk control programs; and clearly defined managerial responsibilities and controls.

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19. Financial risk management (continued)

Investment activity governance

The principal investment objective of the Company is to ensure that funds will be available to meet the Company's primary insurance and reinsurance obligations. Within this broad liquidity constraint, the investment portfolio's structure seeks to maximise return subject to specifically-approved guidelines of overall asset classes, credit quality, liquidity, and volatility of expected returns. As such, the Company's investment portfolio is invested primarily in investment-grade fixed-income securities as measured by the major rating agencies.

The management of the Company's investment portfolio is the responsibility of the Investment Committee which is accountable to Chubb Asset Management Inc., incorporated in the United States of America, for monitoring, evaluating, development and coordination of the Company's investment related activities.

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19. Financial risk management (continued)

Investment activity governance (continued)

The Investment Committee is chaired by the Asia Pacific Regional Chief Financial Officer and is comprised of at least three members. Under the guidance of the Chubb Asset Management Inc., the Investment Committee shall:

(i) establish recommended investment guidelines that are appropriate to the prescribed asset allocation targets;
(ii) monitor performance of investment returns, reporting and internal controls for all investment activities, foreign exchange, interest rate, liquidity and credit risks and to ensure appropriate systems in place for identifying and monitoring such risks; and
(iii) recommend the appointment of fund managers.

The investment management function is outsourced to Western Asset Management Company Pte Limited.

(a) Market risk

(i) Currency risk

The Company's currency risk arises mainly with respect to insurance business and investment activities transactions denominated in United States Dollar. United States Dollar liabilities are backed by assets in the underlying currency. Exposures to foreign currency risks are monitored on an on-going basis.

The Company's policy seeks to ensure an approximate currency match of assets and liabilities is maintained, with the bulk of surplus funds matched by Singapore Dollar and lesser surpluses held in United States Dollar.

The Company's currency exposure based on the information provided to key management is as follows:

	2023			
	SGD	USD	Others	Total
	S$'000	S$'000	S$'000	S$'000
Financial assets				
Investment assets	345,196	43,985	-	389,181
Other assets	7,471	2,434	-	9,905
Reinsurance contract assets	289,146	72,916	13,025	375,087
Cash and cash equivalents	13,826	13,661	-	27,487
	655,639	**132,996**	**13,025**	**801,660**
Financial liabilities				
Insurance contract liabilities	482,732	78,752	12,134	573,618
Other liabilities	27,155	17,561	(1,785)	42,931
	509,887	**96,313**	**10,349**	**616,549**
Currency exposure		**36,683**	**2,672**	

The accompanying notes form an integral part of these financial statements.

For the financial year ended 31 December 2023

19. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	2022			
	SGD	USD	Others	Total
	S$'000	S$'000	S$'000	S$'000
Financial assets				
Investment assets	276,366	61,893	-	338,259
Other assets	5,365	2,229	9	7,603
Reinsurance contract assets	256,636	70,231	3,646	330,513
Cash and cash equivalents	23,544	24,209	-	47,753
	561,911	**158,562**	**3,655**	**724,128**
Financial liabilities				
Insurance contract liabilities	437,087	86,887	5,396	529,370
Other liabilities	38,116	3,032	(1,429)	39,719
	475,203	**89,919**	**3,967**	**569,089**
Currency exposure		**68,643**	**(312)**	

If USD changes against the SGD by 3.93% (2022: 6.48%) with all other variables including tax rate being held constant, the effects arising from the currency exposure will be as follows:

	← **Increase/(decrease)** →			
	2023		2022	
	Profit before tax	**Impact on equity**	Profit before tax	Impact on equity
	S$'000	**S$'000**	S$'000	S$'000
Increase/(Decrease)				
USD against SGD				
– strengthened	**1,441**	**1,196**	8,461	7,023
– weakened	**(1,441)**	**(1,196)**	(8,461)	(7,023)

The accompanying notes form an integral part of these financial statements.

For the financial year ended 31 December 2023

19. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risks

Cashflow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company manages its interest rate risks by placing such balances on varying maturities and interest rate terms.

The income and operating cash flows are substantially independent of the changes in market interest rates as the Company's investment policy is to only invest in fixed income securities.

A change of 50 basis points ("bps") (2022: 50 basis points) for investment assets interest yield across all portfolio consecutively would increase/(decrease) the market value of the investment and equity by the amounts as shown below. This analysis assumes that all other variables remain constant.

	Increase/(decrease)			
	2023		2022	
	Profit after tax	**Other comprehensive income**	Profit after tax	Other comprehensive income
	S$'000	**S$'000**	S$'000	S$'000
Investment assets				
- increased by 50 bps (2022: (50 bps))	(2,536)	-	-	(2,376)
- decreased by 50 bps (2022: (50 bps))	2,585	-	-	2,429

The accompanying notes form an integral part of these financial statements.

19. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are insurance receivables, reinsurance assets, investments in bonds, cash and bank deposits.

Credit risk - investment

The Company is exposed to investment credit and price risk as a result of its holdings in fixed income and equity investments. The investment guidelines seek to limit the credit risk of each of the portfolios through specifying eligible/ineligible investments; setting maximum counterparty exposures and minimum weighted credit quality and individual issuer credit quality.

Credit risk - insurance operations

The Company is exposed to credit risk as a result of its regular insurance and reinsurance activity. The areas of key exposure are:

(i) reinsurers' share of provision for claims outstanding;
(ii) debtors arising from reinsurers in respect of claims already paid;
(iii) amount due from direct insurance and reinsurance policyholders; and
(iv) amount due from direct insurance and reinsurance intermediaries.

Ceded reinsurance is used to manage and mitigate inwards direct insurance and reinsurance risk. Ceded reinsurance does not discharge the Company's liability as primary insurer. If a ceded reinsurer fails to pay a claim, the Company remains liable for the payment to the policyholder.

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19. Financial risk management (continued)

(b) Credit risk (continued)

Credit risk - insurance operations *(continued)*

With regard to direct insurance and reinsurance receivables, the Company operates a credit control committee to review all outstanding receivables, a process for monitoring credit risk from insurance operations.

The Company manages its credit risk through brokers and reinsurers that have good credit history. The Head Office approves such reinsurers based on a credit worthiness with a minimum A rating by the rating agencies.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The credit risk for each class of financial instruments based on information provided to key management is as follows:

	Rating* (AAA to A)	Rating* (BBB to B)	Rating* (CCC to D)	Unrated	Total
	$'000	$'000	$'000	$'000	$'000
As at 31 December 2023					
Other assets	2,311	810	-	6,784	9,905
Reinsurance contract assets	354,142	-	-	20,945	375,087
Investment assets	347,443	21,439	-	20,299	389,181
Cash and cash equivalents	27,487	-	-	-	27,487
	731,383	**22,249**	**-**	**48,028**	**801,660**
As at 31 December 2022					
Others assets	5,365	2,229	-	9	7,603
Reinsurance contract assets	259,536	67,752	-	3,225	330,513
Investment assets	295,098	19,014	-	24,147	338,259
Cash and cash equivalents	47,753	-	-	-	47,753
	607,752	88,995	-	27,381	724,128

*Based on public ratings assigned by external rating agencies including S&P, Moody's and A.M. Best.

Financial assets that are neither past due nor impaired

Bank deposits and investments in bonds are neither past due nor impaired. Bank deposits are placed with reputable banks and financial institutions, and investments are in bonds and government-related securities. The bond portfolio and funds placed with external manager are primarily invested in investment grade securities. Insurance receivables that are neither past due nor impaired are substantially companies with a good collection history with the Company.

For the financial year ended 31 December 2023

19. Financial risk management (continued)

(c) Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. To manage liquidity risk, the Company monitors and maintains a level of cash and cash equivalents to finance the Company's operations and mitigate the effects of fluctuations in cash flows. The Company maintains its investment in fixed income instruments which are easily convertible to cash whenever needed.

The table below analyses the maturity profile of the Company's financial liabilities based on projected undiscounted cash flows.

	1 year	2 years	3 years	4 years	5 years	More than 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2023							
Insurance contract liabilities	257,447	161,901	100,504	47,828	27,047	24,536	619,263
Other liabilities	42,931	-	-	-	-	-	42,931
Lease liabilities	2,842	2,864	2,874	128	-	-	8,708
	303,220	**164,765**	**103,378**	**47,956**	**27,047**	**24,536**	**670,902**
As at 31 December 2022							
Insurance contract liabilities	253,885	142,842	86,690	43,468	21,310	18,547	566,742
Other liabilities	39,719	-	-	-	-	-	39,719
Lease liabilities	2,844	2,824	2,776	2,798	128	-	11,370
	296,448	145,666	89,466	46,266	21,438	18,547	617,831

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19. Financial risk management (continued)

(d) Capital risk

The Company's objectives when managing capital are:

- to comply with the insurance capital requirements as set out in the Insurance Act, Insurance (Valuation and Capital) Regulations and also MAS Notice 133 (Notice on Valuation and Capital Framework for Insurers), including any subsequent revisions to the notice and regulations. In this respect the Company manages its capital on a basis of 120% of its minimum regulatory capital position. Management considers the current capital adequacy ratio of 281% (2022: 208%) sufficient to optimise shareholder's return and to support the capital required to write its business;
- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

In addition to other applicable regulatory requirements, insurers are required to maintain actuarial reserves under the Insurance Act to protect against the risk of adverse development in claims reserves in the future. The amount of the actuarial reserve is disclosed in Note 12.

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19. Financial risk management (continued)

(e) Fair value measurements

The following table presents the assets measured at fair value and classified by level of the following fair value measurement hierarchy:

- unadjusted quoted price in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- inputs for the asset or liability that are not based on observable market data (Level 3).

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
As at 31 December 2023				
Investment assets	**13,520**	**375,661**	-	**389,181**
As at 31 December 2022				
Investment assets	26,242	312,017	-	338,259

The Company uses pricing services to estimate fair value measurements for the majority of our fixed maturities. The pricing services use market quotations for fixed maturities that have quoted prices in active markets; such securities are classified within Level 1. For fixed maturities that generally do not trade on a daily basis, the pricing services prepare estimates of fair value measurements using their pricing applications, which include available relevant market information, benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing. Additional valuation factors that can be taken into account are nominal spreads, dollar basis, and liquidity adjustments. The pricing services evaluate each asset class based on relevant market and credit information, perceived market movements, and sector news. The market inputs used in the pricing evaluation, listed in the approximate order of priority include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, reference data, and industry and economic events. The extent of the use of each input is dependent on the asset class and the market conditions. Given the asset class, the priority of the use of inputs may change or some market inputs may not be relevant. Additionally, fixed maturities valuation is more subjective when markets are less liquid due to the lack of market based inputs (i.e., stale pricing), which may increase the potential that an investment's estimated fair value is not reflective of the price at which an actual transaction would occur. The overwhelming majority of fixed maturities are classified within Level 2 because the most significant inputs used in the pricing techniques are observable.

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19. Financial risk management (continued)

(f) Insurance risk

The risk under any one insurance contract is the possibility that an insured event occurs and the uncertainty of the amount of the resulting claims. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The Company's operations are diversified by line of business and the geographic spread of risk. A global approach to risk management allows the Company to underwrite and accept large insurance accounts.

Clearly defined underwriting authorities, standards and guidelines are in place in the Company. Experienced underwriting teams maintain underwriting discipline through the use of pricing models, sophisticated catastrophe and risk management methodologies, and strict risk selection criteria. Qualified actuaries from the region work closely with the underwriting teams to provide additional expertise in the underwriting process. Centrally-coordinated reinsurance management facilitates appropriate risk transfer and efficient cost-effective use of external reinsurance markets. Reinsurers utilised by the Company must meet certain financial experience requirements and are put through a stringent financial review process in order to be pre-approved by the Head Office's Reinsurance Security Committee, comprising senior management personnel. As a result of these controls, reinsurance is placed with a select group of only the most financially secure and experienced companies in the reinsurance industry. Consistent approach to reserving practices and the settlement of claims are also ensured. In addition to these internal controls, the Company's operating units and functional areas are subject to review by the corporate audit team that regularly carries out operational audits.

The concentration of insurance risk before and after reinsurance by territory in relation to the major lines of business is summarised below, with reference to the carrying amount of the outstanding claims reserves (gross and net of reinsurance):

Territory		Financial lines	General liabilities	Accident and health	Fire	Others	Total
		$'000	$'000	$'000	$'000	$'000	$'000
2023							
Singapore	Gross	150,212	71,114	34,886	48,861	18,090	323,163
	Net	52,578	27,136	16,640	7,171	(141)	103,384
Middle East	Gross	120	166	47	47	4,567	4,947
	Net	40	55	51	10	611	767
Other Asian Countries	Gross	7,700	6,484	1,733	33,867	39,292	89,076
	Net	2,741	2,560	1,468	10,374	6,835	23,978

The accompanying notes form an integral part of these financial statements.

Europe & USA	Gross	11,898	6,304	140	21,672	6,440	46,454
	Net	4,037	2,810	142	11,354	778	19,121
Total	**Gross**	169,930	84,068	36,806	104,447	68,389	**463,640**
	Net	59,396	32,561	18,301	28,909	8,083	**147,250**

19. Financial risk management (continued)

(f) Insurance risk (continued)

Territory		Financial lines	General liabilities	Accident and health	Fire	Others	Total
		$'000	$'000	$'000	$'000	$'000	$'000
2022							
Singapore	Gross	119,529	82,246	37,063	46,179	15,775	300,792
	Net	45,448	28,780	16,530	12,137	(3,543)	99,352
Middle East	Gross	363	295	59	515	4,010	5,242
	Net	134	103	59	111	710	1,117
Other Asian Countries	Gross	13,638	10,647	822	32,446	38,710	96,263
	Net	5,163	3,970	672	9,652	8,002	27,459
Europe & USA	Gross	7,621	8,724	230	7,188	8,878	32,641
	Net	3,999	7,320	199	3,487	2,333	17,338
Total	**Gross**	141,151	101,912	38,174	86,328	67,373	**434,938**

Net	54,744	40,173	17,460	25,387	7,502	**145,266**

(g) Offsetting financial assets and financial liabilities

The Company has a legally enforceable right to set off the intercompany balances with one of its related company and intends to settle on a net basis. The following table presents the recognised financial instruments that are offset as at 31 December 2023 and 31 December 2022.

	Related amounts set off in the balance sheet		
	Gross amount – financial assets	Gross amount – financial liabilities	Net amount – presented in balance sheet
	$'000	$'000	$'000
As at 31 December 2023			
Other payables	5	(360)	(355)
As at 31 December 2022			
Other payables	223	(1,597)	(1,374)

20. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following significant transactions took place between the Company and related parties during the financial year at terms agreed between the parties:

(a) Sales and purchases of services

	2023	2022
	$'000	$'000
Immediate holding company		
Premium income	**11,221**	8,779
Commission expense	**(12)**	(23)
Claims paid	**(717)**	(102)
Premiums ceded	**(19,760)**	(16,078)
Commission received	**2,080**	2,006
Claims recovered	**1,270**	70
Other related parties		
Premium income	**63,854**	32,777
Commission expense	**(5,283)**	(3,067)
Claims paid	**(17,592)**	(3,104)
Premiums ceded	**(198,221)**	(168,372)
Commission received	**66,719**	52,424
Claims recovered	**67,497**	51,703
General expenses billed to related companies	**193**	1,013
General expenses allocated by regional office	**(19,737)**	(16,888)
Information processing expenses billed by a related company	**(8,253)**	(8,923)
Service fees billed by related companies	**(3,146)**	(3,112)
Service fees billed to related companies	**192**	191

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20. Related party transactions (continued)

(b) Key management personnel compensation

The key management personnel compensation includes salary, bonus and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Company and when the Company did not incur any costs, the value of the benefits.

Key management personnel compensation is analysed as follows:

	2023	2022
	$'000	$'000
Salaries and other short-term employee benefits	**4,637**	4,496
Share based remuneration expenses	**205**	1,002
	4,842	5,498

21. Dividends

	2023	2022
	$'000	$'000
Ordinary dividends paid		
Final dividend paid in respect of the previous financial year	**19,500**	36,000

At the Annual General Meeting on 22 June 2023, a final dividend of $9,000,000 and an interim dividend of $6,000,000 was declared to be paid out of the profits of the Company, in respect of the financial year ended 31 December 2022 and 31 December 2023 respectively, to ACE INA Overseas Insurance Company Ltd.

On 12 December 2023, another interim dividend of $4,500,000 was declared and paid out of the profits of the Company, in respect of the financial year ended 31 December 2023 to ACE INA Overseas Insurance Company Ltd.

22. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2024 and which the Company has not early adopted:

Description	Effective for annual periods beginning on or after
Amendments to: - FRS 1 Presentation of Financial Statements (Non-current Liabilities with Covenants) - FRS 116 Leases (Lease Liability in a Sale and Leaseback) - FRS 1 Presentation of Financial Statements (Classification of Liabilities as current or Non-current)	1 January 2024
Amendments to: - FRS 21 The effects of changes in foreign exchange rates (Lack of exchangeability)	1 January 2025

The new or amended accounting standards and interpretations above are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Company. These are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

23. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the board of directors of Chubb Insurance Singapore Limited on 9 May 2024.

About Chubb in Singapore

Chubb is a world leader in insurance. Chubb Insurance Singapore Limited, via acquisitions by its predecessor companies, has been present in Singapore since 1948. Chubb in Singapore provides underwriting and risk management expertise for all major classes of general insurance. The company's product offerings include Financial Lines, Casualty, Property, Marine, Industry Practices as well as Group insurance solutions for large corporates, multinationals, small and medium-sized businesses. In addition, to meet the evolving needs of consumers, it also offers a suite of tailored Accident & Health and Personal & Specialty insurance options through a multitude of distribution channels including bancassurance, independent distribution partners and affinity partnerships.

Over the years, Chubb in Singapore has established strong client relationships by delivering responsive service, developing innovative products and providing market leadership built on financial strength.

More information can be found at www.chubb.com/sg.

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