



中国人寿保险(新加坡)有限公司
China Life Insurance (Singapore) Pte. Ltd.

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PUBLIC DISCLOSURE

For the Financial Year Ended
31 December 2015

Company Profile

China Life Insurance (Singapore) Pte. Ltd. (“we”, “us”, “our”) is a private limited company, incorporated and based in Singapore. The Monetary Authority of Singapore (“MAS”) granted us the licence to conduct life insurance business in Singapore in August 2015.

We are a wholly-owned subsidiary of China Life Insurance (Overseas) Company Limited (“China Life Overseas Company”), which is wholly-owned by China Life Insurance (Group) Company. China Life Insurance (Group) Company is the largest financial insurance corporation in China. It is also a Fortune Global 500 company, ranked 94 in 2015, for 13 consecutive years with brand value of over RMB182 billion*.

China Life Overseas Company has been providing financial services in Hong Kong and Macau since 1984 and 1989 respectively. Its business covers three main categories, namely insurance, investment as well as provident fund services. In 2015, its premium income exceeded HKD40 billion, with a breakthrough in agency force of over 3,300. At present, China Life Overseas Company is a leading life insurance company in both Hong Kong and Macau with an asset value of more than HKD170 billion as at December 2015. In January 2016, China Life Overseas Company’s prudent financial management and stable outlook are underscored by the rating accredited by international rating agencies, including Moody’s “A1” (insurance financial strength rating) and Standard & Poor’s “A+” (long-term local currency issuer credit rating and insurer financial strength rating).

As part of China Life Insurance (Group) Company, we are committed to offering a full suite of value-added financial solutions to our customers to fulfil their protection, savings and investment needs. We proactively assimilate into the society, and hope to bring the growth and enjoy the success with Singapore through the collaboration between China and Singapore.

* Source: Top 500 Most Valuable Chinese Brands by World Brand Lab as at June 2015

Business Strategy

China Life Insurance (Group) Company is the first Chinese life insurance enterprise that expanded outside of China since the launch of *State Council’s Several Opinions about Accelerating the Development of Modern Insurance Service Industry* (“New State Ten Items”). The New State Ten Items which was released in August 2014, states clearly the framework and aims of Chinese modern insurance service industry till 2020, including encouraging Chinese insurance companies to “Go Abroad” via different channels.

China Life Insurance (Group) Company plans to develop new business avenues for the insurance business in Singapore, which includes developing and marketing Renminbi insurance products - one of its key strengths. The Singapore office will be the ancillary to help customers gain access to Renminbi financial solutions as Singapore is also one of the key offshore Renminbi centres. By doing so, we hope to help promote bilateral economic relations between Singapore and China as well as foster good China-Singapore economic and trade exchanges. These are all part of the “One Belt, One Road” strategy.

Our Products and Distribution Overview

We adopt a customer-centric approach in our product design to stay relevant to our customers' evolving needs. Observing that many Singaporeans lack adequate savings, our maiden products were limited premium payment, non-participating anticipated endowments – China Life SaveReturns denominated in Renminbi and Singapore Dollar. The plans, which were launched in September 2015, aim to meet customers' medium-term wealth accumulation needs with guaranteed returns and capital guarantee upon maturity. More information on our products is available on our website at <http://www.chinalife.com.sg>.

We will continue to develop innovative and relevant financial solutions including multi-currency products, which meet our customers' financial needs across different life stages. This will be achieved by understanding our population's demographics and staying close to the ground by understanding customers' gaps in the Singapore market through our distribution channels - banks and financial advisory firms.

Corporate Governance

As a licensed direct life insurer regulated under the Insurance Act, we are required to comply with applicable rules and regulations, including corporate governance, set out by the relevant authorities.

Good corporate governance is important to us as it safeguards our stakeholders' and policyholders' interests. Our Board of Directors ("Board") is responsible for the overall good governance and achieves this through the various governance committees and the senior management team.

There are six directors on our Board, including two who are independent non-executive directors. The Board meets at least twice a year and plays a critical role in ensuring the success of our operations. The Board is responsible for:

- providing entrepreneurial leadership;
- setting our culture and values;
- overseeing investment management;
- reviewing the nominations for appointment of directors and key executives;
- recommending the remuneration framework;
- ensuring the adequacy of our risk management, external audit and internal audit functions;
- overseeing the establishment and operation of an independent risk management system; and
- reviewing the senior management team's performance.

The senior management team is responsible for the day-to-day operation of the business and is accountable for the business performance of the company to the Board. Information on our senior management team is available at <http://www.chinalife.com.sg/en/our-management-team>.

Enterprise Risk Management

Under MAS Notice 126 on Enterprise Risk Management for Insurers, we are required to establish a framework which:

- provides for the identification and quantification of risks; and
- addresses risk, solvency and capital management.

Our framework follows the defence model as depicted below:



Our process requires our heads of department to identify, address and report the foreseeable and relevant material risks to a management-level committee every quarter. The committee will then evaluate the items reported and provide an update to the Board on the material risk items and corresponding mitigating measures.

In addition to the quarterly exercise, we will undertake an own risk and solvency assessment (“ORSA”) every year starting from 2016. Through ORSA, we will assess the adequacy of our risk management, current and projected future solvency position. Our first ORSA report will be submitted to MAS by the end of 2016.

Asset-liability Management

We have an asset-liability management (“ALM”) committee which oversees our balance sheet. The committee is also responsible for providing governance so as to ensure our compliance with regulatory requirements on ALM and our holding company’s ALM framework and policy.

We measure our assets and liabilities according to the rules that are set out under the Insurance (Valuation and Capital) Regulations 2004.

As at 31 December 2015, our financial assets exceeded our financial liabilities. Detailed information on the maturity profile of our financial assets and liabilities is available in annual financial statements.

Insurance Risk Exposures

As the mortality risk exposure for our first two products was minimal, we decided to retain the risk internally. Details on our insurance risk exposure and an analysis of our risk sensitivities can be found in our annual financial statements.

Our Key Assumptions

The following are the key assumptions that we use in calculating our policy liabilities:

Assumption	Description
Mortality/ Mobility	As we only started operating in the second half of 2015, there is no prior working or reliable data to assess the mortality/mobility rate. As such, we have adopted the industry table as the basis for computation.
Investment Returns	The investment returns are estimated based on the expected asset mix.
Persistency	We have adopted a more conservative assumption for persistency rate as we only started operating in the second half of 2015.
Expenses and Inflation	With our company's short operating history, we do not have our own reliable experience in the expenses and inflation indices. This explains our decision to take a long term view of the expenses assumptions as well as assuming the inflation rate to be 2.50% per year.
Tax	We have assumed that the current tax rate and regulations would be unchanged.
Provision for Adverse Deviation	We have made provisions for adverse deviation from expected experience, as required under the Insurance (Valuation and Capital) Regulations 2004.
Discount Rates	The risk-free discount rates used to calculate the Minimum Condition Liability ("MCL") are based on the Singapore government bond yield curve as of 31 March 2015. This is in line with the valuation basis set out in MAS Notice 319 on the Valuation of Policy Liabilities of Life Business.

Capital Adequacy

Our source of funding is from our holding company. Our objectives when managing capital are:

- to comply with the insurance capital requirements stipulated by the MAS;
- to safeguard our ability to continue as a going concern so that we can continue to protect policyholders; and
- to provide adequate returns to our holding company by pricing insurance contracts so that the level of premiums charged commensurate with the level of risk.

Under the Insurance (Valuation and Capital) Regulations 2004, we are required to meet:

- the minimum fund solvency ratio of 100% of total risk requirement for each insurance fund; and
- the capital adequacy ratio (“CAR”) of at least 120% of total risk requirement or SGD5,000,000, whichever is higher.

We monitor our capital level on a regular basis to assess whether the requirements have been met, and report to the MAS our CAR and fund solvency position quarterly as well as annually.

As at 31 December 2015, our CAR was well above the minimum requirement.

Investment Objectives

Our investment objectives are to protect our company’s assets and to achieve investment returns to meet our stakeholders’ expectations without taking on excessive risks.

Investment Policies and Processes

Our policies and processes are developed with reference to the prevailing MAS regulations and guidelines. All investment-related policies are approved by the Board.

Our investment policy establishes our overall investment framework, which prescribes the roles and responsibilities of the respective stakeholders, guiding principles, minimum standards of investing, monitoring and reporting requirements, investment approval authority and authority delegation limits.

All investments undertaken by us are in accordance with the guidelines set out in the investment policy.

We have also put in place a credit policy and an investment limits policy that govern the management of credit and concentration risks. These are intended to prevent excessive investment exposure to any particular geographical area, market, industry sector, counterparty, currency or credit rating.

Our standard operating procedures ensure that our investment activities are conducted in a manner that is consistent and compliant with our approved policies. Our standard operating procedures also cover the selection, approval, execution and monitoring processes of our investments; as well as the selection and appointment of our external fund managers.

Our Investments

As we became operational only in the second half of 2015, our investments were mainly held in fixed deposits with varying maturities of between seven days and two months. The weighted average effective interest rate as at 31 December 2015 was 0.8% per annum.

Source of Earnings

Our source of earnings for the period ended 31 December 2015 was as follows:

<u>Source of Earnings</u>	<u>SGD'000</u>
Gross premiums	114
Interest income	647
Total income	<u>761</u>

Claims Statistics

We did not make any claim payment or had any unpaid claim in 2015.

Pricing Adequacy

We have a product development and pricing policy which sets out our internal approval process for new products as well as our review process for existing products. The policy is in line with the requirements set out under MAS Notice 302 on Product Development and Pricing.

Financial Performance

Our annual financial statements have been prepared in accordance with Singapore Financial Reporting Standards.

Quantitative and qualitative information on our financial performance is set out in our annual insurance returns and annual financial statements which are available on the [Monetary Authority of Singapore](#) and the [Accounting and Corporate Regulatory Authority](#) websites respectively.