



**American International Assurance  
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## Media Release

### ***2011 AIA Singapore Nationwide Protection Survey Findings and White Paper – A Springboard to Bridge Under-Insurance Gap in Singapore***

**Research reveals opportunities for the insurance industry, government agencies, non-governmental organisations and Singaporeans to meet the protection needs of families in Singapore**

**Singapore, 21 July 2011** – AIA Singapore today, launched the *2011 AIA Singapore Nationwide Protection Survey* research findings and white paper aimed at addressing the protection gap in Singapore. The white paper outlines insights gleaned from the research and how AIA Singapore seeks to help Singaporean families become adequately insured. In addition to educating and empowering Singaporeans on how they can take action to address their insurance needs, AIA Singapore is also championing the cause by seeking collaborations with industry partners, government agencies, non-governmental organisations and individuals to ensure that all Singaporean families are financially protected.

AIA Singapore and the National Family Council also announced their partnership over the next year to build financial resilience amongst families in Singapore.

The *2011 AIA Singapore Nationwide Protection Survey* applied a comprehensive two-pronged research programme which included both qualitative and quantitative feedback from Singaporeans. Conducted between March to June 2011 by an independent global market research firm, The Nielsen Company, the survey polled 1,013 Singaporeans and Permanent Residents who are aged between 20 to 60 years.

A study done by the Life Insurance Association (LIA) in 2007 found that the average Singaporean is under-insured by more than 65 per cent. The average Singaporean has coverage of approximately S\$165,000 when an estimated S\$495,000 is the level deemed sufficient to maintain their current living standards<sup>1</sup>. The LIA recommends a total coverage of approximately 11 times one's annual income which is more than what the industry generally recommends, i.e. a total coverage of approximately 10 times one's annual income.<sup>2</sup>

Tan Hak Leh, Senior Vice President & Chief Executive Officer of AIA Singapore said: "Our *2011 AIA Singapore Nationwide Protection Survey* found that approximately six in ten Singaporeans claim to have a clear idea of how much they need to set aside for their dependents in the event of their death or permanent disability. However, upon further analysis, it was revealed that only a little more than one in ten Singaporeans

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<sup>1</sup> 'Life Insurance and Actuarial Professionals hold Joint Seminar to discuss Singaporean's Protection Needs' (August 20, 2009) Press Release by the Singapore Actuarial Society and Life Insurance Association. Available at: [http://www.lia.org.sg/files/news/2009/08/LIA-SAS\\_LifeProtectionSeminar\(20Aug09\)PressRelease.pdf](http://www.lia.org.sg/files/news/2009/08/LIA-SAS_LifeProtectionSeminar(20Aug09)PressRelease.pdf)

<sup>2</sup> 'Protection Gap in Singapore Remains Wide' (March 29, 2007) Press Release by the Life Insurance Association. Available at: [http://www.lia.org.sg/files/news/2007/03/Press\\_release\\_protection\\_29Mar07.pdf](http://www.lia.org.sg/files/news/2007/03/Press_release_protection_29Mar07.pdf)



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are adequately insured. Amongst the Singaporeans who do not own any life insurance, one in five do not see the need for it.<sup>3</sup> AIA Singapore is committed to bridging the protection gap in Singapore and we urge Singaporeans, industry partners, government agencies and non-governmental organisations to make this a reality. We see an opportunity to spearhead our initiatives by first addressing the needs of Singaporean families.”

Tan Hak Leh is also the President of the Life Insurance Association of Singapore.

Added Lim Soon Hock, Chairman of National Family Council (NFC); “I would like to commend AIA Singapore for carrying out the survey. It provided useful insights on the important need for families to bolster their resilience through adequate financial planning and management. There are a number of factors that contribute to a stable, resilient and happy family and sound financial planning and management is one critical area that is often inadequately addressed.”

Initiatives AIA Singapore will undertake to bridge the protection gap in Singapore based on insights gleaned from the research:

- Shape the creation of new products
- Get agents to extend the conversation about protection needs beyond the individual to the spouse and dependents, including children
- Encourage conversation to start within families by providing tools and using simply language which can be understood by everybody in the family, including children
- Initiate closer collaboration with the industry, government and non-government agencies to educate Singaporeans on how they can bridge their own protection gap

### **Expectation of dependents to downgrade their living standards**

Approximately four in ten Singaporeans (42 per cent) expect their dependents to downgrade their current living standards should anything unexpected happen to them, and they believe that it is fine for their dependents to do so. However, one in five (19 per cent) who feel that their dependents will likely need to downgrade their living standards, do not think it is fine for their dependents to do so. Of this 19 per cent, seven in ten (72 per cent) will seek guidance to avoid this situation.<sup>4</sup>

### **Acceptability of spouse remarrying to make up for the loss of income**

Interestingly, the survey revealed that one-half (48 per cent) of Singaporeans believe that it is an acceptable outcome that their spouse / future spouse remarries to make up for the loss of income in the event of their

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<sup>3</sup> Refer to Appendix A

<sup>4</sup> Refer to Appendix B



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demise.<sup>5</sup> A significantly larger proportion of male respondents (57 per cent) agree with this statement, while only four in ten female respondents (39 per cent) are in agreement.<sup>6</sup>

### **Singaporeans are not having the right conversations about protection**

One in four respondents (26 per cent) have yet to take the first step of reviewing their financial protection needs with their spouse, with 37 per cent of them not seeing the need to do so while another 34 per cent prefer to keep their financial portfolios separate and to make their financial decisions independently.<sup>7</sup>

Although approximately six in ten Singaporeans (57 per cent) professed they have discussed with their spouse the family's living standards should something unexpected happen to them, only 17 per cent believe they are well-prepared and have the necessary financial products in place to help ensure that their dependents will be able to maintain their living standards.<sup>8</sup>

The right and complete conversations between couples about the family's protection needs are currently not happening and Singaporeans need to take a more active role to initiate these conversations. By discussing about the family's financial future, both husband and wife can have a better understanding of what their assets and liabilities are. This knowledge can allow the family to set appropriate goals and to map out a clear plan to achieve them.

### **Singaporeans have the perception that insurance is not affordable**

One in four (23 per cent) respondents who currently do not have life insurance plans say that they have not purchased any policies to date because they believe that life insurance is expensive and they are unable to afford the premiums.<sup>9</sup>

Yet, when asked to nominate the most important items / activities they spend on regularly, vacation appeared at the top of the list, as cited by 34 per cent of the respondents. Amongst them, only one in four (27 per cent) are willing to forego vacations to increase the premium and sum assured of their life insurance policies. Interestingly, meals at upscale restaurants, entertainment, electronic gadgets and beauty treatments were other important items or activities that Singaporeans spend on regularly.

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<sup>5</sup> Refer to Appendix C

<sup>6</sup> Refer to Appendix D

<sup>7</sup> Refer to Appendix E

<sup>8</sup> Refer to Appendix F

<sup>9</sup> Refer to Appendix A



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### **Singaporeans are unclear about what it means to be 'adequately insured'**

A review of the respondents' attitudes towards their financial protection needs indicate that most (six in ten) are involved in the management of their financial portfolio and protection needs. Approximately six in ten Singaporeans (63 per cent) claim they have an idea of what their dependents' living standards will be should something unexpected to them. Another six in ten (59 per cent) believe they have an idea of the amount they will need to set aside for their dependents.

However, based on the industry recommendation of having total coverage of approximately 10 times one's annual income<sup>10</sup>, only one in ten respondents' polled are currently adequately insured. While the industry's recommended sum assured / life coverage amounts to S\$495,000, over one in two who currently own life insurance policies reported a sum assured of only up to S\$300,000.<sup>11</sup>

When respondents were asked if they plan to take up life insurance policies in the next two years, only 16 per cent were definite about their intention to take up the policies, while nearly one in two were undecided. Of those who will definitely take up life insurance policies in the next two years as well as those who are still considering whether they will do so, one in two (52 per cent) plan to take up investment-linked policies.<sup>12</sup>

For Singaporeans who said they will not consider taking up life insurance policies in the next two years, approximately one in four (26 per cent) professed that they do not have spare cash to fund their policies.<sup>13</sup>

### **Understanding Singaporeans' attitudes towards financial protection and life insurance**

Over a third (36 per cent) of the respondents polled professed to be holding sole / majority financial responsibility for their dependents. However, only 33 per cent of Singaporeans surveyed see the importance of getting life insurance coverage for themselves in order to protect their dependents. A further one in 10 understand the need to save regularly (12 per cent) as well as to equip themselves with health insurance (13 per cent).

The survey showed that 76 per cent of respondents agree that purchasing life insurance is about helping to ensure that their dependents will have money to rely on for a few years before they become self-reliant. It also revealed that 62 per cent of Singaporeans agree that purchasing life insurance is a demonstration of their love / commitment to their family.<sup>14</sup>

– End –

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<sup>10</sup> 'Protection Gap in Singapore Remains Wide' (March 29, 2007) Press Release by the Life Insurance Association. Available at: [http://www.lia.org.sg/files/news/2007/03/Press\\_release\\_protection\\_\\_29Mar07.pdf](http://www.lia.org.sg/files/news/2007/03/Press_release_protection__29Mar07.pdf)

<sup>11</sup> Refer to Appendix G

<sup>12</sup> Refer to Appendix H

<sup>13</sup> Refer to Appendix I

<sup>14</sup> Refer to Appendix J



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**About the AIA Group**

AIA Group Limited and its subsidiaries (collectively “the AIA Group” or “the Group”) comprise the largest independent publicly listed pan-Asian life insurance group in the world. It has wholly-owned main operating subsidiaries or branches in 14 markets in Asia Pacific – Hong Kong, Thailand, Singapore, Malaysia, China, Korea, the Philippines, Australia, Indonesia, Taiwan, Vietnam, New Zealand, Macau and Brunei and a 26% joint venture shareholding in India.

The Group traces its origins in Asia back more than 90 years. It is a market leader in the Asia Pacific region (ex Japan) based on life insurance premiums and holds leading positions across the majority of its markets. It has total assets of US\$107.9 billion (as at 30 November 2010).

The AIA Group meets the savings and protection needs of individuals by offering a comprehensive suite of products and services including retirement planning, life insurance and accident and health insurance. The Group also provides employee benefits, credit life and pension services to corporate clients. Through an extensive network of more than 260,000 agents and over 21,000 employees across Asia Pacific, AIA serves the holders of over 23 million individual policies and over 10 million participating members of group schemes.

AIA Group Limited is listed on the Main Board of The Stock Exchange of Hong Kong Limited under the stock code ‘1299’.

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**Appendix A**

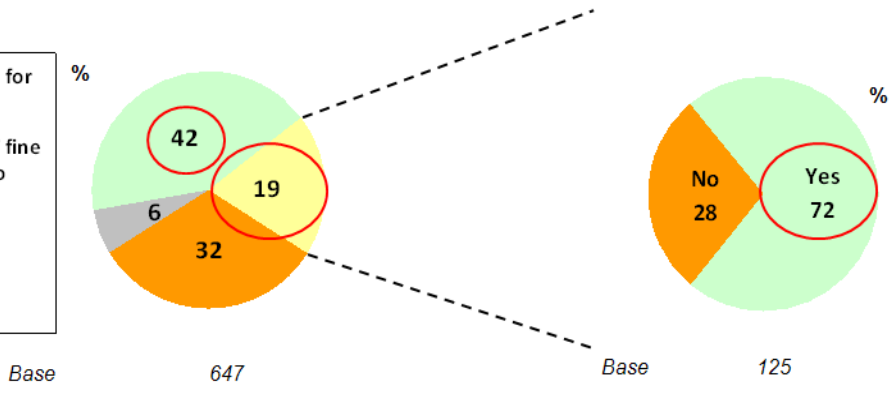
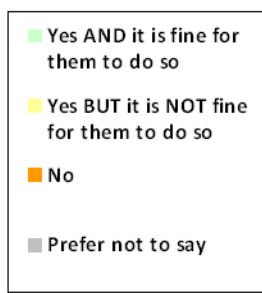
Question: Why have I not purchased any life insurance to date?



**Appendix B**

Will my dependents have to DOWNGRADE their current living standards?

Will I reach out for GUIDANCE to avoid having my dependents downgrade their current living standards?

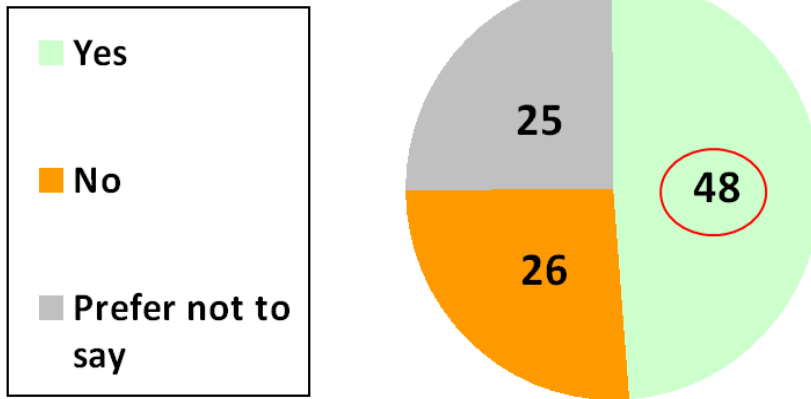


Base: All who are married (n=647)  
All who are married and who think their dependents will need to adjust/ downgrade their current living standards and who feel it is not fine for their dependents to do so (n=125)



### Appendix C

Question: Is it acceptable that my spouse / future spouse remarries to make up for the loss of income, should anything unexpected happen to me?

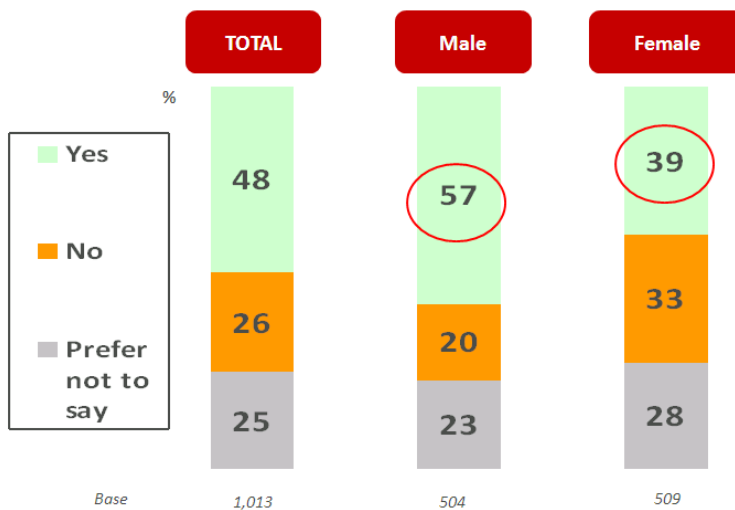


Base: All respondents (n=1,013)

### Appendix D

Question: Is it acceptable that my spouse remarries to make up for the loss of income?

(By Gender)

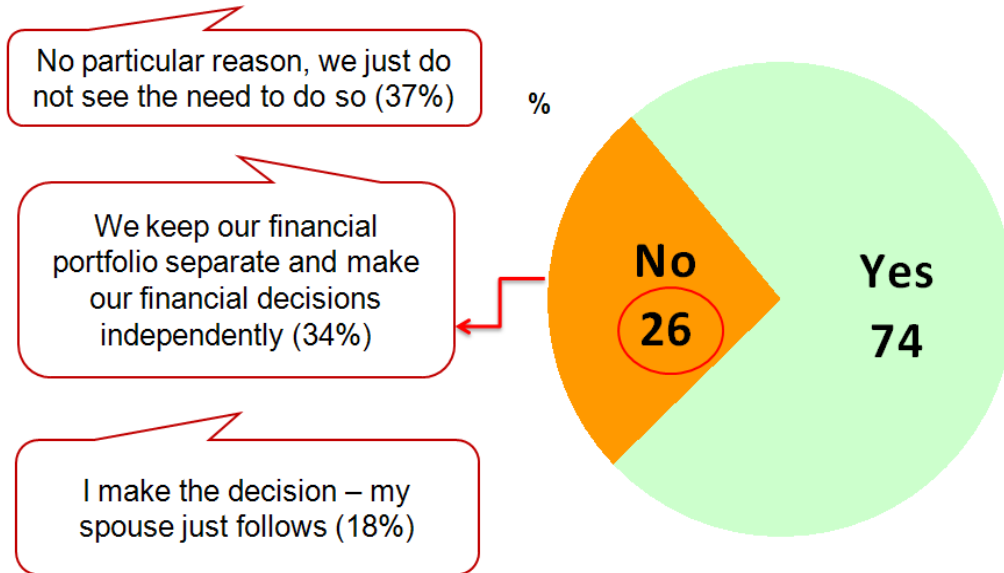


Base:  
All respondents (n=1,013)  
All males (n=504)  
All females (n=509)



**Appendix E**

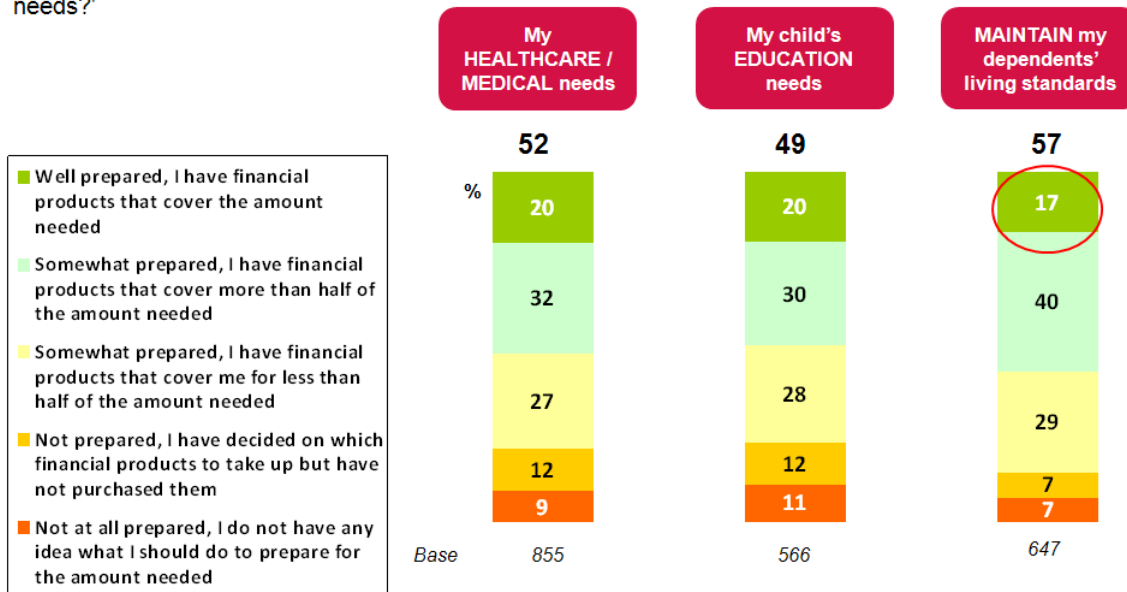
Question: Have I ever discussed about / reviewed my financial protection needs with my spouse?



Base: All who are married (n = 647)  
All who are married and did not discuss/review their financial protection needs with their spouse (n=166)

**Appendix F**

Question: How well-prepared am I in terms of taking care of my dependents' financial protection needs?



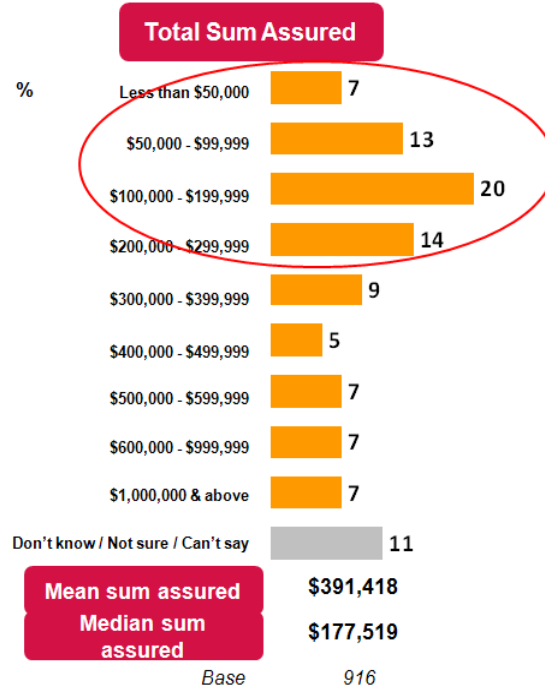
Base: All who know how much to set aside to cover their healthcare / medical needs (n=855)  
All who are married and know how much to set aside for their child's education (n=566)  
All who are married (n=647)





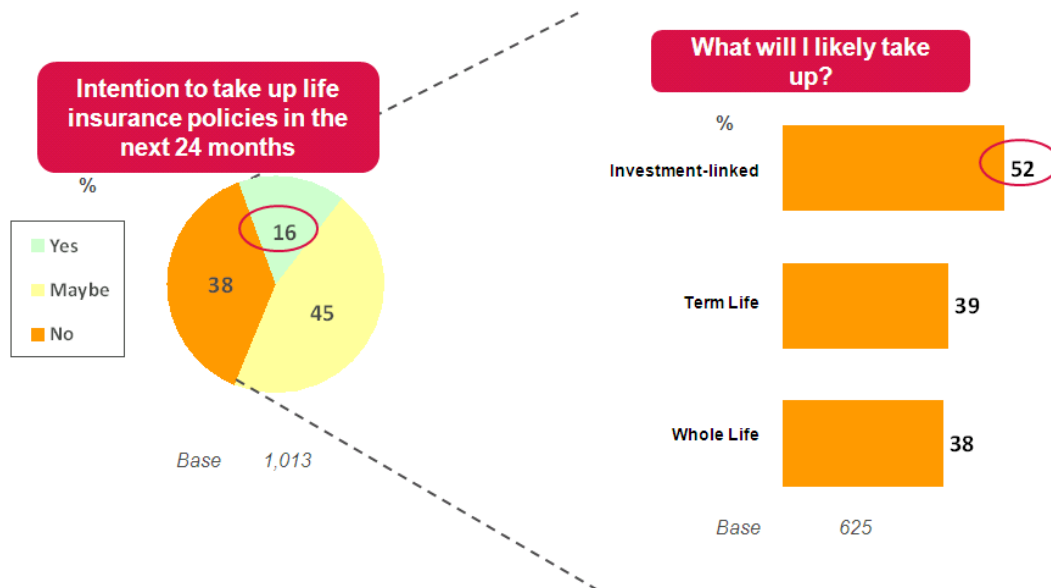
**Appendix G**

Question: How much am I insured for?



Base: All who currently own life insurance policies (n=916)

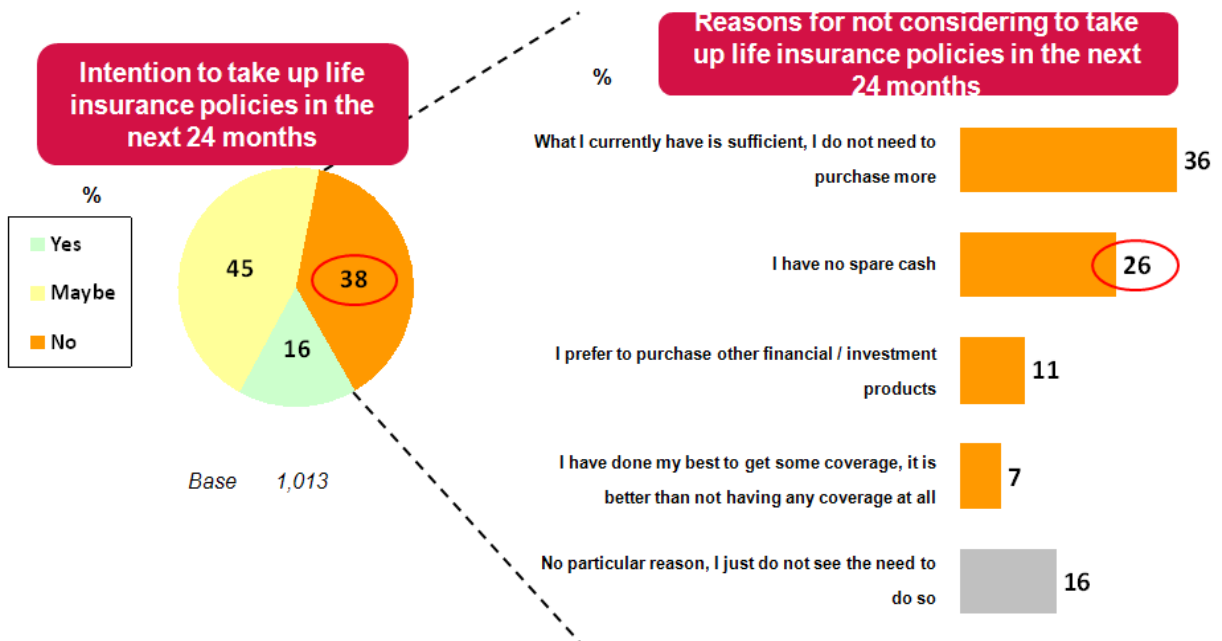
**Appendix H**



Base: All respondents (n=1,013)  
All who intend or considering to take up life insurance policies in the next 24 months (n=625)



**Appendix I**



Base: All respondents (n=1,013)  
All who do not intend to take up life insurance policies in the next 24 months (n=388)

**Appendix J**

Question: What do I think about life insurance?

