

NEWS RELEASE

UOB Survey Finds a Quarter of Singapore's Rising Rich Are Uninsured; Half Are Underinsured

Endowment plans with shorter premium terms popular among those insured

SINGAPORE, 2 July 2012 – Singapore's rising rich¹ are unnecessarily exposing themselves to financial risk due to little or no personal insurance coverage according to research commissioned by UOB Wealth Banking.

UOB Wealth Banking asked those it has identified as the rising rich in Singapore about their personal insurance coverage and found that approximately one in four (24 per cent) had no insurance². A review of the level of insurance coverage for the rising rich showed that one in two (50 per cent) were underinsured by industry standards³. Only 22 per cent were adequately insured.

Mr James Phoen, Managing Director and Head of Sales and Distribution at UOB said the results did not augur well for those who are underinsured if they were to face an unexpected personal or financial event.

“Insurance is a necessity to help you prepare for the unexpected. It helps protect against risk, and helps people grow and preserve their wealth and save for the future. It is also important to match your insurance coverage to your income as it rises so that your standard of living can be maintained if the unexpected happens. Unfortunately, many people do not think about increasing their insurance coverage

¹ The rising rich are defined as those who have assets under management (AUM) of between S\$100,000 and S\$350,000. The segment ranges from young achievers in their early 30s, those over 35 who are married with young children, to those over 40.

² Fieldwork was conducted in December 2011 among 412 individuals with liquid assets under management of between S\$100,000 and S\$350,000.

³ According to the Life Insurance Association (LIA) of Singapore you should aim to have approximately 11 times your annual earnings as basic life cover. This standard is based on a 2007 study by LIA and the National Technological University using data on the annual income of the average Singaporean and their protection needs including funeral expenses, household debt and dependants' needs. <http://www.lia.org.sg/consumers/faq>;
http://www.lia.org.sg/files/news/2007/03/Press_release_protection__29Mar07.pdf
[http://www.lia.org.sg/files/news/2007/03/NTU_Media_brief\(29Mar07\).pps#294,31,Amount Under-insured](http://www.lia.org.sg/files/news/2007/03/NTU_Media_brief(29Mar07).pps#294,31,Amount Under-insured)

as their income rises and so are at risk when unexpected events and expenses occur," he said.

An easy way to calculate whether a person has adequate protection is to multiply a person's annual salary by eleven⁴ and then check that it equals the total sum of their insurance coverage. For example, a person earning S\$42,000 a year should be insured for a minimum of S\$462,000.

Insurance Coverage of Singapore's Rising Rich

No Insurance	24%
Underinsured	50%
Adequately insured	22%
Preferred not to disclose	4%

Source: UOB Survey⁵

Rising rich investing in endowment plans with shorter premium terms

While the survey highlighted the lack of adequate insurance coverage among the rising rich, UOB Wealth Banking has also observed that those who are purchasing insurance are opting for endowment plans with shorter premium terms of about five years, some of which also offer a cashback or annual payout option.

Endowment plans are popular with young professionals seeking disciplined savings options and medium-term (10-15 year) returns on their investment to fund their children's education or their own retirement.

UOB offers a range of bancassurance products that provide consumers with protection, savings and investment options. As with all financial products, it is important that customers understand the details of various plans and seek advice from their relationship managers in order to make an informed decision on the right plan for their investment needs, risk profile and lifestyle.

"The rising rich generally believe in saving and investing early in life and are able to put away cash for the future now. That is why endowment plans that allow consumers to pay premiums within a short period, while offering a yearly payout and life insurance coverage, are appealing to this group of customers," Mr Phoen said.

⁴ Industry standard according to the Life Insurance Association of Singapore <http://www.lia.org.sg/consumers/faq>

⁵ Fieldwork was conducted in December 2011 among 412 individuals with liquid assets under management of between S\$100,000 and S\$350,000.

Consumers should also take care of their health protection needs. “With people living longer, expecting more quality of life and requiring more healthcare as they age, it is important that consumers consider adding more comprehensive health insurance to ensure they are adequately protected for their income bracket and can fund their future healthcare needs,” he said.

UOB Wealth Banking provides services designed for Singapore’s quarter of a million-strong rising rich⁶ who have assets under management (AUM) of between S\$100,000 and S\$350,000. The segment ranges from young achievers in their early 30s, those over 35 who are married with young children, to those over 40.

For more information on UOB Wealth Banking and UOB bancassurance products visit uob.com.sg/wealthbanking.

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About United Overseas Bank

United Overseas Bank Limited (UOB) is a leading bank in Asia. It provides a wide range of financial services through its global network of over 500 offices in 19 countries and territories in Asia Pacific, Western Europe and North America, including banking subsidiaries in Singapore, Malaysia, Indonesia, Thailand and mainland China.

UOB plays an active role in the community, focusing on children, education and the arts. Its staff volunteerism programme was initiated in 2007. Through the UOB Heartbeat Run/Walk, UOB has raised funds for its named beneficiaries. UOB has also organised the prestigious Painting Of The Year Competition and Exhibition since 1982. In recognition of its contributions to the arts, UOB has been conferred the National Arts Council’s Distinguished Patron of the Arts Award for the seventh consecutive year.

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⁶ UOB’s analysis is based on Labour Force Survey 2010, Ministry of Manpower