Public disclosure

Zurich International Life Limited (Singapore Branch)

Information is updated on 30 June 2015.

Company profile

Zurich International Life Limited (Singapore Branch) (hereinafter referred to as "the Branch") is a branch of Zurich International Life Limited (hereafter referred to as "Head Office" or "the Company") which is incorporated in the Isle of Man. The ultimate holding company is Zurich Insurance Group Limited (hereafter referred to as "the Group") registered in Zurich, Switzerland. The Branch is registered under the Companies Act, Cap. 50 and a licence to carry on direct life insurance business in Singapore was granted by the Monetary Authority of Singapore in November 2005. The registered office of the Branch is Singapore Land Tower #29-05, 50 Raffles Place, Singapore. The principal licensed activity of the Branch is limited to selling life insurance, savings and accumulation insurance and investment products.

For general description of key products, please visit our website at http://www.zurich.com.sg/

For our objectives and strategies, corporate governance framework and management controls, please visit our group website: http://www.zurich.com/aboutus/

Enterprise Risk Management

The Company aims to promptly identify, measure, manage, report and monitor risks that affect the achievement of strategic, operational and financial objectives. We pursue this under an enterprise risk management ("ERM") framework. The Branch's framework is aligned to that established by the Group.

The framework seeks to achieve the following:

- Protect the capital base by ensuring risks are not taken beyond our risk tolerance
- Enhance value creation and returns by deploying capital efficiently
- Provide timely information to support the management in making the right decisions

Risk Management framework

Risk Governance	Central to the framework is a governance process with clear responsibilities for taking, managing, monitoring and reporting risks. The Company's local risk committee exercises governance and oversight on the ERM framework. We also rely on documented policies and guidelines to support governance. In particular, it relies on the Zurich Risk Policy established by the Group. It is regularly reviewed to reflect new insights and changes to the Group's risk tolerance.
Strategic Risk Management	Risk management is not only embedded in our business but is also aligned with the Group's strategic and operational planning process. The Company regularly reports on its risk profile and key risk issues to the Group. We use the Group's in-house Total Risk Profiling ™ (TRP) Process, which identifies and evaluates the probability of a risk scenario and its likely severity.
Risk Quantification	We monitor our risk profile and local solvency position regularly and quantify the amount of risk capital required under the local risk based capital framework. The Company also supports the Group in quantifying and measuring material risk exposure using the Group's risk based capital model.
Risk Assessment and Mitigation	The Branch conducts an annual stress testing exercise, which is a mandatory regulatory requirement, to assess our risks and vulnerabilities. The Branch will also perform an Own Risk and Solvency Assessment ("ORSA") annually to assess the adequacy of its risk management framework, and its financial resilience from a strategic perspective.

How we manage our assets and liabilities

The Company manages its asset and liabilities together by adopting an asset and liability management ("ALM") framework. This is subsumed under its ERM framework. ALM is the ongoing process of monitoring and managing assets and liabilities to achieve the Company's financial objectives and policy obligations, subject to its risk tolerance and financial strength.

The key objective of ALM is to ensure that assets are available to fund policyholders' obligations or other liabilities when they become due, while optimising returns for assets and allocated capital.

The Company's Asset and Liability Matching Investment Committee ("ALMIC") provides governance and oversight of the ALM framework and process. Its primary focus is to manage the Company's asset/liability exposure and investment strategies, with consideration for key factors such as the liability profile of its business, regulatory requirements and solvency position.

In addition to the Company's ALMIC, there is a Singapore Management Investment Committee held immediately after each ALMIC meeting where any matters specific to the Branch are discussed.

Part of the Company's liquidity risk monitoring involves projecting its liability cash flows regularly and assessing all future policyholder obligations against its net cash position. Any shortfall would be identified and met with capital injections from the Head Office or the Group as appropriate. Refer to the section on Liquidity Risk for more information.

Key Risk Exposures

The Company is exposed to insurance risk and financial risk within its life insurance business. In addition, we are also exposed to some liquidity risks. The following describes our key risk exposures.

(a) Insurance risk

Insurance risk is the inherent uncertainty regarding the occurrence, amount or timing of our insurance liabilities. This could arise from many factors, including adverse changes in mortality, morbidity, persistency and lapses.

- Mortality risk is the risk that actual policyholder death experience on life insurance policies is higher than expected.
- Morbidity risk is the risk that policyholder health-related claims are higher than expected.
- Policyholder behaviour risk is the risk that policyholders' behaviour in discontinuing and reducing contributions or withdrawing benefits prior to the maturity of the contract is worse than expected.
- Persistency risk is the risk that poor persistency rates may lead to fewer policies remaining on the books to defray future fixed expenses and reduce the future positive cash flows from the business written, potentially impacting its ability to recover acquisition expenses.
- Expense risk is the risk that expenses incurred in acquiring and administering policies are higher than expected.

Understanding our risk sensitivities

To understand the risks undertaken by the Branch the following sensitivity analysis is done, at least annually, to measure the impact on the Branch's benefit liabilities. The operating factors considered and the corresponding quantum of change for each factor is consistent with the Group's reporting basis for life insurance market-consistent embedded value and new business value. The interest rate movements are between 0.6% and 1.0% and vary by duration in line with Table 10 of the Sixth Schedule of the Insurance (Valuation and Capital) Regulations 2004.

2014 Insurance liabilities

Operating Factor / Variable	Change in Variable (from base)	Change in liability 2014 SGD'000
Worsening of mortality and morbidity	+5%	**45**
Increase in interest rates	0.6%-1.0%	**(176)**
Decrease in interest rates	0.6%-1.0%	**197**
Increase in management expenses	+10%	**1,252**
Reduction in lapse rates	-10%	**495**
Increase in lapse rates	+10%	**(447)**

2013 Insurance liabilities

Operating Factor / Variable	Change in Variable (from base)	Change in liability 2013 SGD'000
Worsening of mortality and morbidity	+5%	22
Increase in interest rates	0.6%-1.0%	(69)
Decrease in interest rates	0.6%-1.0%	97
Increase in management expenses	+10%	999
Reduction in lapse rates	-10%	78
Increase in lapse rates	+10%	(73)

How we manage insurance risks

The management of insurance risks is subsumed under our ERM framework, which has established guidelines and procedures on key risk management processes and activities, including underwriting, reinsurance, product development, claims management and other core activities.

Core process under ERM	How we manage risks
Product Governance	The local product committee, together with the regional and Group product approval committees, monitors the product development process, ensuring proper product design and that all risks inherent in products are consistent with our risk tolerance and appetite.
Underwriting	The underwriting strategy ensures that risks underwritten are well diversified in terms of type and amount of risk. Proper limits are in place to govern risk selection.
Claims Management	The claims management process ensures that claims are assessed and paid fairly, consistent with policy provisions, prevailing regulations and corporate governance.
Expense Management	Active expense management and budgeting is in place to ensure that expenses are within expectation. This minimizes sudden and unexpected large expenditures which could adversely impact liquidity and capital. In addition, regular expense allocation and analysis is performed as part of expense monitoring.
Reinsurance	The Company also utilises reinsurance to limit its overall risk exposure. In particular, a maximum retention limit per life has been established.

(b) Financial risk

The financial risks that we are exposed to include market risk, credit risk and liquidity risk. . Market risk encompasses currency and interest rate risks.

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk arises from open positions in interest rate, currency and equity products all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

Investments consist mainly of equity and debt securities. Market risk and currency risk are mitigated as the investment portfolio is maintained to meet the specific investment objectives of the policyholders who, therefore, bear the full risk of return on these investments, except for traditional insurance contracts for which the Branch maintains adequate reserves, which are matched by appropriate assets. The matching position is regularly reviewed by the Asset and Liability Matching and Investment Committee.

(ii) Credit risk

Credit risk is the risk associated with a loss, or potential loss, from counterparties failing to fulfil their financial obligations. The Branch's exposure to credit risk is derived from the following main areas:

- investments;
- premium debtors and other receivables;
- cash and cash equivalents; and
- reinsurance assets.

The Branch's objective in managing credit risk exposures is to maintain them within parameters that reflect the Branch's risk tolerance.

Premiums debtors and other receivables

Premiums receivable mainly represents instalments for unit-linked insurance contracts and investment contracts.

Management believes that the Branch is not exposed to any significant credit risk in respect of the premiums receivable as the Branch maintains an amount equivalent to the carrying value of the gross premium receivable as part of its other reserves.

Cash and cash equivalents

Management believes that the credit risk to the Company and Branch arising out of cash and cash equivalents and deposits is minimal as these are with reputable foreign banks with good financial standing. The credit quality of cash and bank balances (excluding cash in hand) are assessed by reference to external credit ratings.

Reinsurance assets

Management believes that the credit risk to the Company and Branch arising out of reinsurance assets is minimal as the majority of the Branch's reinsurance is with Group companies, with the remainder being with external reinsurers with strong financial standing and credit rating who appear on the Group's list of approved life reinsurers.

The table below shows the maximum exposure to credit risk by classifying financial assets according to the credit ratings of counterparties.

At 31 December 2014	Investment Grade A-1* SGD'000	Not rated SGD'000	Total SGD'000
Investments	-	785,762	785,762
Reinsurance Assets	-	831	831
Premium debtors and other receivables	-	1,947	1,947
	-	**788,540**	**788,540**

** Based on public ratings assigned by external rating agency S&P.*

How we manage market and credit risk

Our ERM framework also provides guidelines and standards on how financial risks are managed.

Financial Risks	How we manage risks
Market Risks	Market risk exposure is limited as the majority of the Branch's assets are unit-linked for which the policyholder carries the investment risk. In addition, we do not offer any contracts with guaranteed returns to minimise our market risk exposure.
Credit Risks	To mitigate credit risks from bank deposits, the Company hold all deposits with reputable banks with strong financial standing and credit rating. To manage counterparty risks, counterparty limits are established to ensure that there are no significant credit exposures to a single party and/or group of related parties. Reinsurance arrangements are entered into either with Group or with external reinsurers with strong financial standing and credit rating.

(iii) Liquidity risk

Liquidity risk is the risk that the Branch is unable to meet its payment obligations associated with its financial liabilities when they fall due. The consequence may be the failure to meet obligations and fulfil commitments. The Branch monitors liquidity risk on an ongoing basis.

The Branch's financial liabilities include trade and other payables and amounts due to head office which are payable within a period of less than one year.

The tables below summarise the maturity profile of the Branch's financial liabilities based on the remaining period from the balance sheet date to the contractual maturity date. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

Maturity analysis (excluding insurance and investment contract liabilities)

At 31 December 2013	**Less than 1 year SGD'000**	**1 to 5 years SGD'000**	**Over 5 years SGD'000**	**Total SGD'000**
Due to Head Office	15,693	-	-	15,693
Trade and other payables	169	-	-	169
Total liabilities	**15,862**	**-**	**-**	**15,862**

At 31 December 2013	**Less than 1 year SGD'000**	**1 to 5 years SGD'000**	**Over 5 years SGD'000**	**Total SGD'000**
Due to Head Office	20,695	-	-	20,695
Trade and other payables	154	-	-	154
Total liabilities	**20,849**	**-**	**-**	**20,849**

Undiscounted cash flow by investment and insurance contracts

The following table shows the maturity profile of the Branch's insurance and investment contract liabilities presented on an undiscounted net cash flow basis. The amounts presented would include negative reserves arising from certain policies where the expected future inflows exceed the expected future outflows. For investment-linked funds the risk exposure for the Branch is limited only to the underwriting aspect as all investment risks are borne by the policyholders. Accordingly, no separate liquidity risk is disclosed for investment-linked funds.

At 31 December 2014	Investment -Linked	Less than 1 year	1 to 5 years	Over 5 years	Total Un-discounted CF
		Undiscounted cash flows (CF)			
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Insurance & investment contract liabilities	793,074	(5,596)	(35,036)	(36,356)	(76,988)
Reinsurers' share of insurance contract liabilities	-	(1,966)	(4,621)	(3,903)	(10,490)
Net insurance & investment contract liabilities	**793,074**	**(7,562)**	**(39,657)**	**(40,259)**	**(87,478)**
Effect of discounting					(3,549)
Effect of negative reserve					50,254
Investment linked					793,074
Net discounted insurance and investment contract liabilities					**752,301**

At 31 December 2013	Investment-Linked	Less than 1 year	1 to 5 years	Over 5 years	Total Un-discounted CF
		Undiscounted cash flows (CF)			
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Insurance & investment contract liabilities	670,798	(4,418)	(41,067)	(14,497)	(59,982)
Reinsurers' share of insurance contract liabilities	-	(1,540)	(4,461)	(9,820)	(15,821)
Net insurance & investment contract liabilities	**670,798**	**(5,958)**	**(45,528)**	**(24,317)**	**(75,803)**
Effect of discounting					(18,917)
Effect of negative reserve					63,255
Investment linked					670,798
Net discounted insurance and investment contract liabilities					**639,333**

How we manage liquidity risks

The liquidity risk management process carried out by the Branch and monitored by management includes the following:

- the Head Office actively manages a treasury function by maintaining sufficient funds to meet its obligations. Any deficit is funded by Head Office as and when needed; and
- the main part of the Branch insurance liabilities are for unit-linked contracts. Therefore the liquidity risk is minimised as the insurance liability can be settled at any time by selling the units held under the policyholders' account.

Risk concentration

Risk concentration refers to the risk of exposure to increased losses associated with inadequately diversified portfolios of assets and/or obligations. This may arise with respect to investments in a geographical area, economic sector, or individual issuers, or due to a concentration of business written within a geographical area, of a policy type, or of underlying risks covered.

From an insurance risk perspective, the main factors that would affect concentration risk include mortality risk, morbidity risk, longevity risk, policyholder behaviour risk (lapse, anti-selection) and expense risk.

As the majority of the Branch's contracts are written locally, there is concentration of geographical risks.

How we manage risk concentration

This is managed by prudent underwriting and appropriate reinsurance strategies. There are reinsurance arrangements in place with external reinsurers and within the Group.

While there is geographical concentration risk locally, there is significant diversification across geographical regions, lines of business and even across the different insurance risk factors at Head Office and across the Group. In this manner, the Group is not exposed to significant concentrations of insurance risk.

Capital Adequacy and Risk

To manage its risks, the Branch aims to maintain a capital structure that is consistent with its risk profile and prevailing regulatory and market environment. Refer to the section on Capital Management for more information.

How liabilities are determined

Insurance and investment contracts

Classification

The Branch issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. The level of insurance risk transfer which is deemed significant for the Company is 10%; at 10% and above the contract is classified as insurance contract. At 5%-10% contracts could still be classified as insurance contract upon agreement with the Group. At below 5% the contract is classified as an investment contract.

Where a product, as standard, offers sufficient level of risk transfer to be classified as an insurance product, all contracts within that product will be classified as insurance regardless of whether they have opted out of the cover or not.

Recognition and measurement

The Branch continues to apply the same accounting policies for the recognition and measurement of insurance contracts which, in the absence of a specific standard for insurance contracts, it adopted prior to FRS 104 becoming effective.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. To evaluate the amount of liabilities or reserves recorded, the Branch uses actuarial methods that comply with the Insurance Act, Cap. 142, Insurance (Valuation and Capital) Regulations and guidance notes issued by the Singapore Actuarial Society ("SAS") "GN L01" and "GN L02".

The actuarial valuation basis is determined by the Branch's Appointed Actuary. Additional provision is made in the valuation assumptions to allow for any adverse deviation from the best estimate experience. Provision for adverse deviation ("PAD") is reviewed annually by the Appointed Actuary to assess its appropriateness and sufficiency.

Different approaches may be adopted to determine the liabilities of different types of insurance contracts.

Non-participating insurance contracts

The Company values the insurance contract liabilities as the discounted value of expected future payments arising from the policy, including any expected expenses to be incurred and any provision for any adverse deviation from the expected experience, less expected future receipts arising, using best estimate assumptions and discounting the future cash flows at interest rates determined in accordance to Monetary Authority of Singapore ("MAS") Notice 319 ("risk-free rate").

Investment–linked insurance contracts

Investment-linked liabilities are evaluated as the sum of the following:

(a) the unit reserves, calculated as the value of the underlying assets backing the units relating to the policy; and
(b) the non-unit reserves, calculated as the value of expected future payments arising from the policy (other than those relating to the unit reserves), including any expense that the insurer expects to incur in administering the policies and settling of claims and any provision made for any adverse deviation from the expected experience, less expected future receipts arising from the policy (other than those relating to the unit reserves), discounting the future cash flows at the risk-free rate.

Investment contracts

Deposit accounting is used to evaluate investment contracts. The liability is initially measured at its fair value less transaction costs that are incremental and directly attributable to the acquisition or issue of the contract. Subsequent measurements are carried at fair value, with fair value being determined by reference to the underlying financial assets and changes in fair value are recorded in profit or loss.

Summary of our Liabilities at end of 2014

	2014	2013
	SGD'000	SGD'000
Insurance contract liabilities		
Total insurance contract provisions, gross	**623,391**	506,444
Reinsurance	**(831)**	(434)
Total insurance contract provisions, net	**(622,560)**	(506,010)
Investment contract liabilities	**129,741**	133,323

Key Assumptions

Assumptions are used to set up the reserves or liabilities for policyholders' future benefits and contract deposits and other funds. These include our best estimates for mortality, lapses, surrenders, expenses and investment returns.

It is Group practice to carry out a full analysis of experience and review of assumptions at least annually. The best estimate assumptions are based on the Company's most recent experience analysis. The analysis is conducted both at a worldwide level, and at a regional level. Where there is sufficient experience from the Branch to support an individual study, then assumptions specific to the Branch are used. Where there is insufficient experience, assumptions are derived from the Company's worldwide experience.

We monitor the actual experience of our business regularly and evaluate the appropriateness of these assumptions, revising assumptions accordingly should actual experience deviate from the expectation.

Key assumptions used in calculating contract liabilities and deposits are described below.

Mortality

There are insufficient claims within the Branch for a statistically credible mortality experience analysis, so the Company's global analysis is used to set the mortality assumption. Mortality assumptions are based on the UK's '00' series of mortality tables.

Uncertainty regarding mortality experience could be attributed to different risk factors. The most significant factors that could increase the frequency of mortality claims are epidemics, such as strains of influenza, or lifestyle changes such as eating, drinking and exercise habits, resulting in earlier or more claims than expected.

Morbidity

As with mortality, morbidity incidence is based on the Company's global experience analysis. Where required, adjustments are made to reflect the Company's expected experience going forward.

Morbidity claims experience would not only be affected by similar factors for mortality, but because disability is defined in terms of the ability to perform an occupation, it could also be affected by economic conditions.

Persistency

Persistency assumptions are based on a weighted average of the Branch's lapse experience over the most recent 5 years. Estimates for persistency vary by product type, distribution channel and duration. Policyholder behaviour is a key factor that impacts persistency. Changes in policyholder behaviour can lead to more or less lapses than expected.

Discount rate

The risk free rates below are used for discounting liabilities in respect of non-participating policies and non-unit reserves of investment-linked policies. These rates are set in accordance with prevailing regulations (MAS Notice 319).

The following tables provides the discount rate used in discounting our liabilities at 31 December 2014.

Duration	Risk-Free Rate	Duration	Risk-Free Rate	Duration	Risk-Free Rate	Duration	Risk-Free Rate
1	0.65%	**11**	1.94%	**21**	2.27%	**31**	2.30%
2	0.84%	**12**	1.99%	**22**	2.28%	**32**	2.30%
3	1.14%	**13**	2.04%	**23**	2.29%	**33**	2.30%
4	1.32%	**14**	2.09%	**24**	2.30%	**24**	2.29%
5	1.46%	**15**	2.13%	**25**	2.30%	**35**	2.29%
6	1.57%	**16**	2.16%	**26**	2.31%	**36**	2.29%
7	1.67%	**17**	2.19%	**27**	2.31%	**37**	2.28%
8	1.75%	**18**	2.22%	**28**	2.31%	**38**	2.28%
9	1.82%	**19**	2.24%	**29**	2.31%	**39**	2.27%
10	1.88%	**20**	2.26%	**30**	2.30%	**40+**	2.27%

Investment returns

Estimates are also made as to future investment income arising from the assets. These estimates are based on current market returns as well as expectations about future economic conditions.

Expenses and inflation

Expense inflation assumptions are consistent with the investment return and yield curve assumptions.

Tax

The Company assumes that current tax legislation and rates would apply in the future.

Capital Management

The Branch's capital management policy is to meet policyholder's obligations, regulatory requirements and to create shareholder value.

The Branch is required to comply with the regulatory capital requirement prescribed in the Insurance (Valuation and Capital) Regulations 2004 under the Singapore Insurance Act. Under the regulations insurance companies are required to satisfy a minimum capital adequacy ratio of 100% with a target of 120%. In addition MAS may prescribe different fund solvency requirements or capital adequacy requirements for different classes of insurance business and for different types of insurers from time to time. As at 31 December 2014 and 31 December 2013 the Branch has a capital adequacy ratio in excess of the current requirement.

The local capital management policy is also aligned to the Group's capital management strategy of maximising long term shareholder value by optimising capital allocation while maintaining the balance sheet at "AA" level and in accordance with regulatory, solvency and rating agency requirements. The Group endeavours to manage its capital such that the Group and all its regulated entities are adequately capitalised in compliance with relevant regulatory capital adequacy requirements.

Other than local regulatory requirement, the Branch is also subject to the Group's internal risk-based capital ("RBC") management framework. This framework targets a total capital level that is consistent with "AA" financial strength.

The Branch's objectives when managing capital are:

- to comply with the Insurance Act and Regulations in Singapore;
- to safeguard the Branch'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 and investment contracts commensurate with the level of risk.

The table below shows the minimum regulatory Capital Adequacy Ratio ("CAR") that must be held by the Branch in addition to their insurance liabilities. The minimum required CAR must be maintained at all times throughout the year.

	2014	2013
Capital Adequacy Ratio	**6,138%**	21,109%

Our Financial Investments

Investments represent investments in funds. These investments are made by the Head Office for the benefit of the policyholders. The investment activities are performed by the Head Office based on instructions given by the policyholders and are governed by the terms and conditions of the contracts issued by the Branch. The breakdown of underlying securities between equities, debts securities and other is as follows:

	2014	2013
	SGD'000	SGD'000
Equities	**642,945**	555,137
Debt Securities	**102,460**	99,052
Cash and deposits	**40,357**	24,520
	785,762	678,709

Our Investment Policy and Process
We aim to manage our investments to optimize benefits for both shareholders and policyholders while ensuring compliance with local regulatory and business requirements. This is done under the guidance of the Company's Asset/Liability Management and Investment Committee ("ALMIC"). Refer to the section on Enterprise Risk Management for more information on ALMIC.

For non-linked contracts, the matching of assets and liabilities is done at a Company level by the Head Office and assets are held to appropriately match the liabilities by term, nature and currency.

For investment-linked products, the policyholder bears the investment risk. The underlying investments in each fund are held to match liabilities related to investment-linked contracts and (unit) reserves for these contracts. They are managed in accordance with the investment objectives of each investment fund.

Financial Performance

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2014

	2014 **SGD'000**	2013 SGD'000
Insurance premium revenue	**159,303**	150,588
Insurance premium ceded to reinsurer	**(2,452)**	(1,731)
Net insurance premium revenue	**156,851**	148,857
Policy fee income	**4,146**	4,617
Commission income	**1**	1
Fund management and other income	**5,208**	4,345
Investment return	**36,399**	34,019
Net income	**202,605**	191,839
Insurance benefits claims, surrenders and maturities	**(56,839)**	(40,666)
Insurance benefits and claims recovered from reinsurers	**1,003**	1,018
Net insurance benefits and claims	**(55,836)**	(39,648)
Underwriting and policyholder acquisition costs	**(27,862)**	(26,559)
Change in liabilities for insurance contracts	**(116,549)**	(105,629)
Change in liabilities for investment contracts	**(359)**	(8,571)
Investment expenses	**(300)**	(329)
Expenses recharged by head office	**(9,309)**	(9,983)
(Loss)/profit before tax	**(7,610)**	1,120
Net (loss)/profit for the year transferred to head office account	**(7,610)**	1,120
Total comprehensive (loss)/income for the year	**(7,610)**	1,120

The main source of earnings is from the fee income on unit-linked contracts.

Claims statistics

The Branch's portfolio of protection business is still immature with very few claims emerging, so there is no analysis of claims.

Pricing adequacy

All new products go through an approval process in line with Group policy which involves regional and Group product approval committees depending on the extent to which the product, market and/or distribution channel are new.

It is Group policy that all in-force products are reviewed every 6 months by a product review committee. This review is carried out by Head Office for all of the Company's products and checks whether all products continue to meet the appropriate criteria for profitability in light of current experience.

Investment returns

Investment returns derived from unit-linked funds can be summarised below:

	2014 **SGD'000**	2013 SGD'000
Investment Return	**36,399**	34,019

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