

Public Disclosure Information

For the financial year ended 31 December 2018

Document Date: 22 February 2019

1. Corporate Profile

Raffles Health Insurance Pte Ltd (RHI or the Company) was incorporated in 2004. **RHI** commenced operations on 2 January 2005 as a general insurer and converted into a life insurer in March 2006 under the purview of the Monetary Authority of Singapore (**MAS**). **RHI** is a wholly-owned subsidiary of **Raffles Medical Group (RMG or the Group)** - a leading integrated healthcare service provider in Singapore.

RHI is a leading healthcare insurance specialist in Singapore. Supported by **RMG's** wide network of family medicine clinics and the Group's tertiary care private hospital, Raffles Hospital, **RHI** provides a fully integrated and coordinated healthcare service to our policy owners and members. We strive to be the preferred healthcare partner and service provider, specialising in providing you with a healthcare financing solution which caters to your healthcare needs.

We work with corporate customers to design appropriate employee benefits programs suited to the needs of their organisations, and further provide a seamless and integrated healthcare experience to their employees.

As part of the Group's strategic expansion plan, Raffles Health Insurance entered the integrated shield market by launching the Raffles Shield in August 2018. The main aim of the Raffles Shield is to provide hospital and surgical coverage, as well as promote healthcare by providing policyholders access to affordable health management and wellness programs. Raffles Shield is intended to encourage responsible and appropriate healthcare consumption across various stakeholders to reduce premiums payable by policyholders in the long run. Entering the integrated shield plan market will allow the Group to expand its customer base upstream and increase sales on both the insurance and health fronts, in addition to creating a positive impact on the industry by addressing certain gaps in the market.

Since 2008, **RHI** has partnered Bupa Global¹ to offer a wide range of international private health plans, which are insured by **RHI** and administered by Bupa, to cater to the needs of individuals and corporate clients of the international business community in Singapore. **RHI** leverages on the international infrastructure and expertise of Bupa Global in understanding the needs of expatriates and the international business community, so as to provide comprehensive healthcare financing solutions.

2. Corporate Governance Statement

The Directors and Management of **RHI** are committed to comply with the **Insurance (Corporate Governance) Regulations 2013** and the **Corporate Governance Guidelines**² issued by **MAS** so as to ensure greater transparency and protection of policyholders' and shareholders' interests.

Being a member of **RMG**, **the Company's** corporate governance practices are also aligned with the practices of **RMG**, which are in turn in line with the Code of Corporate Governance 2012 (**the Code**) issued by the Corporate Governance Committee. This statement outlines the main corporate governance practices that are in place at the Company.

¹ Bupa Global is the trading name of Bupa Insurance Services Limited, which is the international administrator of RHI's international health plans in Singapore.

² Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (issued by MAS on 3 April 2013).

Principle 1: The Board's Conduct of its Affairs

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The primary role of the Board of Directors (**the Board**) of **the Company** is to lead, protect and enhance the long-term value of all policyholders and shareholders. **The Board** sets the overall strategy for **the Company** for the long-term success of **the Company** and supervises its Senior Management. To fulfill this role, **the Board** is responsible for the overall corporate governance of **the Company** including setting its strategic direction, establishing goals for Management and monitoring the achievement of these goals. **The Board** works with Management to achieve its objectives and Management remains accountable to **the Board**.

The Board holds 2 scheduled meetings each year. In addition, the Directors meet to discuss the **Company's** corporate strategy and business direction as well as hold extraordinary meetings at such other times as may be necessary to address significant matters that may arise.

Matters that must be reviewed and approved by **the Board** include the following:

- the approval of the annual report and accounts;
- the convening of shareholders' Meetings;
- the approval and appointment of Senior Management (e.g. Appointment of Actuary and Chief Executive);
- the approval of reinsurance management strategy;
- the approval of enterprise risk management framework;
- the approval of technology risk management framework;
- the approval of corporate strategy and business direction of **the Company**;
- material acquisitions or disposals;
- the approval of material related party transactions;
- the approval of material outsourcing arrangements and
- the appointment and re-appointment of Directors to **the Board**.

All other matters are delegated to Board sub-committees whose actions are reported to and monitored by **the Board**.

Training of Directors

All new Directors are briefed on the operations of all the key businesses and support units. New Directors are equipped with relevant information on their duties as Directors under Singapore law. Directors are also updated regularly on accounting, industry specific knowledge and regulatory changes as appropriate.

Directors may at any time request for further explanation, briefing or informal discussion on any aspects of **the Company's** operations.

Principle 2: Board Composition and Guidance

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

The names and details of the five suitably qualified Directors of the Company are set out below:

Name of Director	Date of Appointment	Nature of Appointment	Position held on the Board
Dr Loo Choon Yong	20 Oct 2004	Non-Executive and Non-Independent	Chairman
Mr Tan Soo Nan*	20 Oct 2004	Executive and Non-Independent	Director
Mr N Ganesan	16 Jun 2008	Non-Executive and Non-Independent	Director
Mr Charles Maurice Octave Pierron	1 Oct 2015	Non-Executive and Independent	Director
Mr Benny Lim Siang Hoe	1 Apr 2017	Non-Executive and Independent	Director

Note:

* As an Executive Director, Mr Tan Soo Nan undertakes an advisory and non-management role to provide guidance to Senior Management on the overall strategic development for **the Company**.

The Board comprises Directors who, as a group, provide an appropriate balance and a diversity of skills, experience and knowledge of **the Company**. They hold core competencies such as accounting and management experience, industry knowledge, strategic planning experience and customer based experience or knowledge. Prior to every annual general meeting of **the Company**, **the Board** determines the independence of its Directors and also reviews and makes assessment whether each of its existing Director remains qualified for the office using the criteria set out in the **Insurance (Corporate Governance) Regulations 2013**.

Independent / Non-Executive Members of the Board

One third of **the Board** is made up of Independent Directors, namely, Mr Charles Maurice Octave Pierron and Mr Benny Lim Siang Hoe. The criterion for independence is based on the definition given in the **Insurance (Corporate Governance) Regulations 2013**. **The Board** considers an “Independent” Director as one who has no management and business relationship with **the Company** or any of its subsidiaries, or with **the Company’s** officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independent business judgment for the best interest of **the Company**. Such “Independent” Director is also one who is independent from any substantial shareholder of **the Company** and who has not served the Board for a continuous period of 9 years or longer.

All the Non-Executive members of **the Board** exercise no management functions in **the Company**. All the Directors are equally responsible for the performance of **the Company**. The role of the Non-Executive Directors is particularly important in ensuring that the strategies proposed by Senior Management are fully discussed and rigorously examined by taking into account the long-term interests, not only of the policyholders and shareholders, but also of the employees, customers, suppliers and the many communities in which **the Company** conducts its business.

The Board considers its Non-Executive Directors to be of sufficient calibre and number. Their views are of sufficient weight that no individual or small group can dominate **the Board’s** decision-making processes. The Non-Executive Directors have no financial or contractual interests in **the Company** other than by way of their fees, shareholdings and participation in the **RMG Employees’ Share Option Scheme**.

Principle 3: Chairman and Chief Executive Officer

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Chairman

The Chairman of the Company is Dr Loo Choon Yong who is instrumental in developing the business of **the Company** and providing **the Company** with vision and strong leadership. He continues to provide strategic leadership to **the Company** through his Chairmanship of **the Board**.

General Manager and Chief Executive

The General Manager and Chief Executive, Ms Christine Cheu Su Yin (**the GM**), is appointed by and accountable to **the Board**. **The GM** is responsible for the conduct of **the Company's** business and implements the policies and strategies adopted by **the Board**. **The GM** is tasked with creating an accountability hierarchy within **the Company** and is ultimately accountable to **the Board** for the performance of **the Company**. All major decisions by **the GM** are reviewed by **the Board**.

Principle 4: Board Membership

There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Board members are selected for their character, judgment, business experience and acumen. Where the Director has multiple board representations, **the Board** will evaluate whether or not a Director is able to and has been adequately carrying out his or her duties as a Director of **the Company**. The final approval of a candidate is provided by **the Board**.

In appointing Directors, **the Board** considers the range of skills and experience required in the light of:

- the geographical spread and diversity of **the Company's** businesses;
- the strategic direction and progress of **the Company**;
- the current composition of **the Board**; and
- the need for independence.

Principle 5: Board Performance

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Board's effectiveness, the effectiveness of its sub-committee and the contribution by Directors to the effectiveness of the Board are assessed through a Questionnaire seeking the Directors' individual views on various aspects of Board performance, such as Board composition, the Board's access to information, Board processes, Board accountability, standard of conduct and performance of the Board's principal functions and fiduciary duties, and guidance to and communication with the Management. The Company Secretary compiles the Directors' responses to the Questionnaire into a consolidated report for review by the entire Board.

During the year 2018, the performance of the Board and sub-committee as well as contribution by Directors were reviewed using the Questionnaire completed by the Board members individually for review by the Board as a whole.

Informal review of **the Board's** collective performance is conducted periodically by the Chairman and the other members of **the Board**.

Principle 6: Access to Information

In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Directors receive a regular supply of information from the Management about **the Company** so that they are equipped to play as full a part as possible in Board meetings. Board papers are prepared for each meeting of **the Board**. The Board papers include sufficient information from Management on financial, business and corporate issues of the Company to enable the Directors to be properly briefed on issues to be considered at the Board meetings.

All Directors have unrestricted access to **the Company's** records and information and receive detailed financial and operational reports from Senior Management during the year to enable them to carry out their duties. Directors also liaise with Senior Management as required, and may consult other employees and seek additional information on request.

Principles 7: Remuneration Matters

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Company leverages on the **Nomination & Compensation Committee (the NCC)** of the Group who carries out the functions of the nominating and remuneration committees. The role³ of the NCC includes the review of the Board's succession plans for the Chairman, Directors and the Chief Executive.

Principles 8: Level and Mix of Remuneration

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The Company adopts the remuneration policy of **RMG**, and provides compensation packages at market rates to reward successful performance as well as attract, retain and motivate Senior Management and Directors.

Principle 9: Disclosure on Remuneration

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

³ The scope and responsibilities of the NCC may be found in the RMG Annual Report's Statement of Corporate Governance in the RMG Annual Report, downloadable from <http://www.rafflesmedicalgroup.com/investor-relations>.

The Company adopts the key elements of the remuneration philosophy and policy of RMG. The employee remuneration package is based on performance, and comprises a fixed salary and a variable performance bonus.

The Code and **the Corporate Governance Guidelines** recommend that the total remuneration paid to the top key non-director executives of the Company be disclosed in aggregate. However, due to commercial sensitivities, **the Company** believes that the disclosure of the remuneration of individual executives is disadvantageous to the business interest and long-term performance of the Group, especially in a highly competitive industry. No immediate family member of any Director or the Chief Executive is in the employ of **the Company**.

Principle 10: Accountability

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Company prepares its financial statements and **MAS** statutory returns in accordance with the Singapore Financial Reporting Standards, the provisions of the Insurance Act and any Regulations thereunder, and any directions issued by **MAS** (where applicable).

In presenting the Company's financial results or information to its shareholder, the public or **MAS**, the Board provides a balanced and understandable assessment of the Company's performance and position.

Management provides **the Board** with appropriate financial information and details on **the Company's** performance, position and prospects on a regular basis.

To assist **the Board** on the execution of its duties, **the Board** has delegated specific functions to the Investment Committee.

Investment Committee

The **Investment Committee** is chaired by Dr Loo Choon Yong with Mr Tan Soo Nan, Ms Christine Cheu Su Yin and **the Company's** Appointed Actuary as committee members. The Investment Committee oversees the investment of capital and other funds of **the Company** as well as monitors the performance of investments made by **the Company**. The **Investment Committee** also advises on investment strategies and reviews the performance of **the Company** regularly.

Principle 11: Risk Management and Internal Controls

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges that it has the overall responsibility to ensure accurate financial reporting and an adequate internal control system for **the Company**. The Company has adopted **RMG's** entity-wide risk assessment framework to enhance its risk management capabilities. Key risks, control measures and management actions are identified by Management and reviewed annually by the **RMG Audit & Risk Committee (the ARC)** and **the Board**.

The Board assesses risks and evaluates them as part of an integral part of the annual strategic planning cycle. Each business unit of **the Company** is required to document all actions undertaken

or proposed to be undertaken to address any significant risk that has been identified by the Management.

Principle 12: Audit Committee

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Company leverages on the **ARC of the Group** which meets periodically with internal and external auditors to review accounting, auditing and financial reporting matters.

The **ARC** has the authority to investigate any matter within its Terms of Reference⁴, and has full access to Management and also the full discretion to invite any Director or Executive to attend its meetings, as well as reasonable resources to enable it to discharge its functions properly.

Principle 13: Internal Audit

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company's internal audit function is independent of the activities it audits. The internal audit function assesses the risks affecting **the Company** so that such risks can be identified, analysed and sufficiently hedged. By leveraging on **the Group's** internal audit function, key internal controls are assessed through a structured review programme. The internal audit function has a formal charter, approved by the **RMG** Board, which describes its purpose, authority and responsibility and it reports primarily to the Chairman of **the ARC** and has direct access to **the Board** on audit matters relating to **the Company**. **The ARC** oversees the internal audit function and also ensures that the internal auditor has adequate resources as well as appropriate standing within **RMG** to perform its function effectively. More details regarding the responsibilities of the **ARC** with regard to the oversight of the internal audit function may be found in the **ARC's** Terms of Reference⁴.

Principle 14: Shareholder Rights

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company keeps the shareholder, **RMG**, sufficiently informed of any material changes to **the Company's** business affairs.

Principle 15 and 16: Communication with Shareholders and Conduct of Shareholder Meetings

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

⁴ The Terms of Reference of the ARC may be found in the **RMG Annual Report's** Statement of Corporate Governance in the **RMG Annual Report**, downloadable from <http://www.rafflesmedicalgroup.com/investor-relations>.

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Board maintains a regular dialogue with **the Company's** shareholder, **RMG**, to gather views or inputs and address concerns, if any.

Principle 17: Related Parties

The Board should ensure that the Financial Institution's related party transactions are undertaken on an arm's length basis.

The Board reviews the key terms pertaining to significant related party agreements to ensure that related party transactions are conducted on an arm's length basis.

Statement of Risk Management

The Company adopts an entity-wide risk assessment framework to identify, evaluate and control all risks on a coordinated and integrated basis. The risk management philosophy is that risks must be identified, evaluated and monitored and mitigated within a robust risk management framework and that the returns must commensurate with the risks taken.

The Board has overall responsibility for determining the type and level of business risks that **the Company** undertakes to achieve its corporate objectives. **The Board** has delegated to **the GM** and the Management the authority to formulate, review and approve policies and processes on the monitoring and management of risk exposures. The major policy decisions and proposals on risk exposures, which are approved by Management, are subject to review by **the Board**.

The GM, with the Management, monitors the overall operational matters of **the Company**. **The GM** formulates, reviews and approves policies and strategies relating to the monitoring and management of operational risks and develops appropriate action plans across all business and support units.

The Company adopts the whistle-blowing policy of **RMG**, providing a platform for employees to raise concerns in confidence about possible improprieties in matters of financial reporting or other matters and without fear of adverse consequences.

Fair Dealing Statement

*The **Guidelines on Fair Dealing** issued by Monetary Authority of Singapore aim to promote fair dealing by financial institutions when they conduct business with their customers. The **Fair Dealing Guidelines** focus on Board and Senior Management responsibilities for delivering fair dealing outcomes to customers. These **Guidelines** apply to the selection, marketing and distribution of all life insurance products, collective investment schemes and the provision of advice for these products (hereinafter collectively referred to as **products and services**) and also cover responsibilities for after-sales services and complaints handling.*

The Board tasks Senior Management to continually review and formulate appropriate policies, and to embed measures that promote the following five fair dealing outcomes in Senior Management's conduct with customers:

1. Customers shall have confidence when they deal with the **Company**, where fair dealing is central to the corporate culture.
2. **The Company** shall offer products and services that are suitable for its target customer segments.
3. **The Company** shall recruit competent representatives who provide customers with quality advice and appropriate recommendations.
4. Customers shall receive clear, relevant and timely information to make informed financial decisions.
5. Customer complaints shall be handled in an independent, effective and prompt manner. There shall be clear complaint-handling procedures in place to ensure that all complaints are dealt with professionally, fairly, promptly and diligently. These complaint-handling procedures shall be clearly communicated to customers.

The Board and Senior Management acknowledge that delivering fair dealing outcomes to customers is an ongoing effort.

3. Operating Information

Financial Year 2018

	SIF	SHF
	\$'000	\$'000
Gross premium written	69,265	0
Net earned premium	33,203	0
Profit/(loss) before tax	2,055	(1,161)
Cash and cash equivalents	37,454	3,258
Interest income	537	31

The table below shows the cumulative claim payments to date for each successive accident year.

In Singapore Dollars (millions)	2015	2016	2017	2018
Cumulative Payments				
Accident Year	22.58	27.71	22.20	22.35
One Year Later	25.49	31.30	25.02	
Two Years Later	25.56	31.41		
Three Years Later	25.56			
Cumulative Payments	25.56	31.41	25.02	22.35

Important Note:

This document should be read in conjunction with the Company's financial statement for complete disclosure.