

Income Insurance: Margin Over Volume – A Solid Start After the Attempted Sale

Income Insurance delivered a solid set of FY'25 results, demonstrating meaningful progress despite falling short of the volume targets set under its "2025 Ambition" plan in 2023.

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New business premium reached SGD 957 million (vs. >SGD 1 billion target) and L&H NBEV came in at SGD 99 million (vs. >SGD 135 million target). The shortfall in volume was offset by stronger than expected margins, as management endeavored to shift the L&H product mix toward higher-margin ILPs and longer tenure endowment products. This drove L&H NBEV margin to 39%.

The P&C segment remains a concern, with the combined ratio deteriorating to 96%. Under IFRS 17, profits after tax grew 164% YoY to SGD 119 million, though this was materially aided by favorable investment returns.

Our updated SOTP valuation yields a valuation range of SGD 25.9 per share – SGD 33.3 per share, with the base case valuation being SGD 29.6 per share.

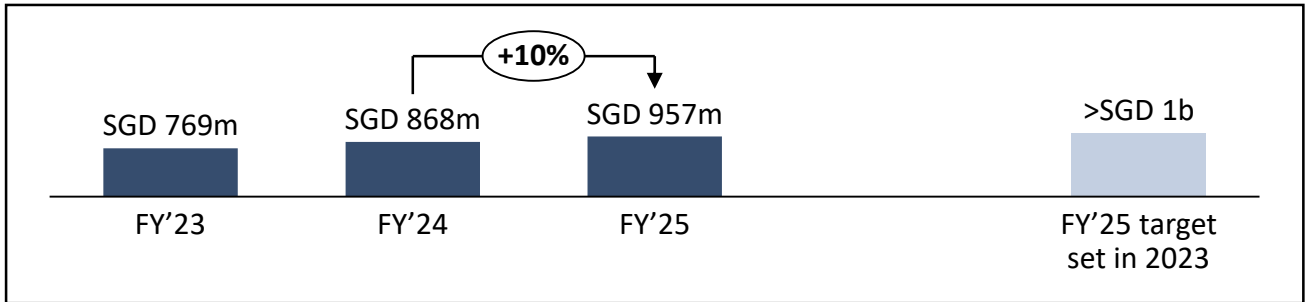
Looking ahead, management's FY'28 targets appear achievable and broadly in line with the current trajectory. The more critical question is whether management can convert strategic intent into consistent operational execution, the very mandate that drove the company's corporatization in 2022.

SGD m	2024	2025	YoY
NB premium	868	957	10%
L&H NBEV	82	99	21%
NBEV margin	39%	39%	
CoR (GI & GB)	90%	96%	
Insurance service results	80	84	5%
Investments & financial results (net)	84	165	96%
PAT	45	119	164%
BVPS (SGD)	31.97	32.66	2%

2025 Financial Results

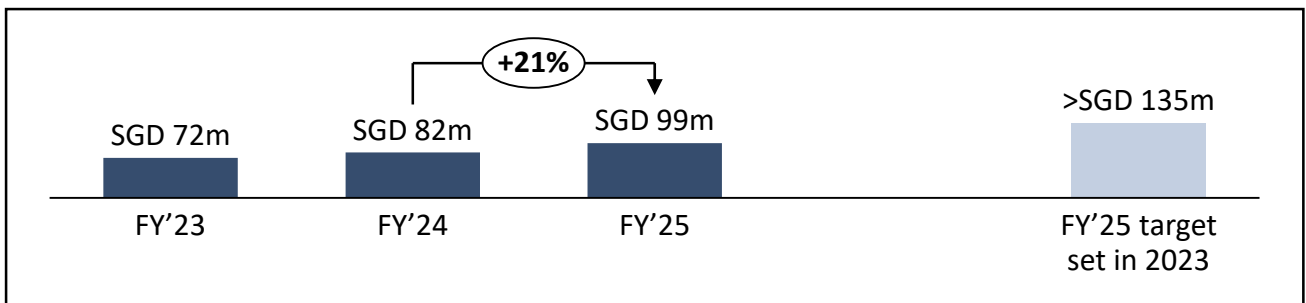
Income Insurance presented its 2025 annual results in April. Compared to its “2025 Ambition” plan presented by the management in 2023, the company's new business premium and new business embedded value (NBEV) came in slightly below the original targets for 2025.

Figure 1: Income Insurance new business premium¹



Source: Company presentation to equity analysts

Figure 2: Income Insurance L&H NBEV

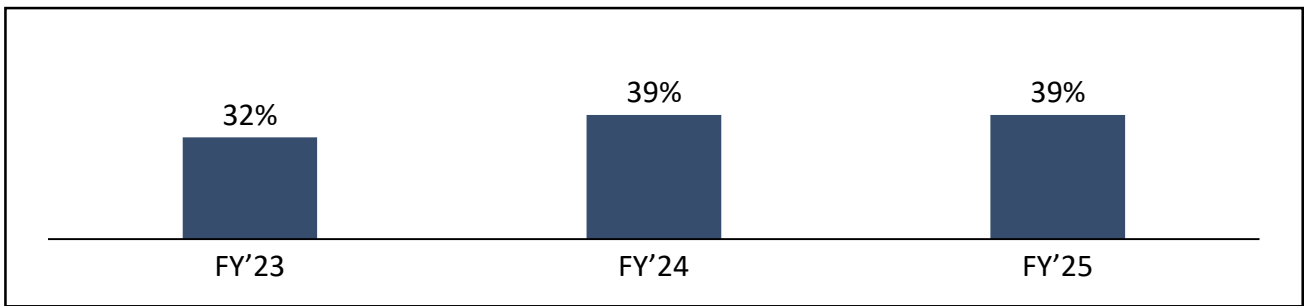


Source: Company presentation to equity analysts

Note: ¹Include both L&H and P&C businesses

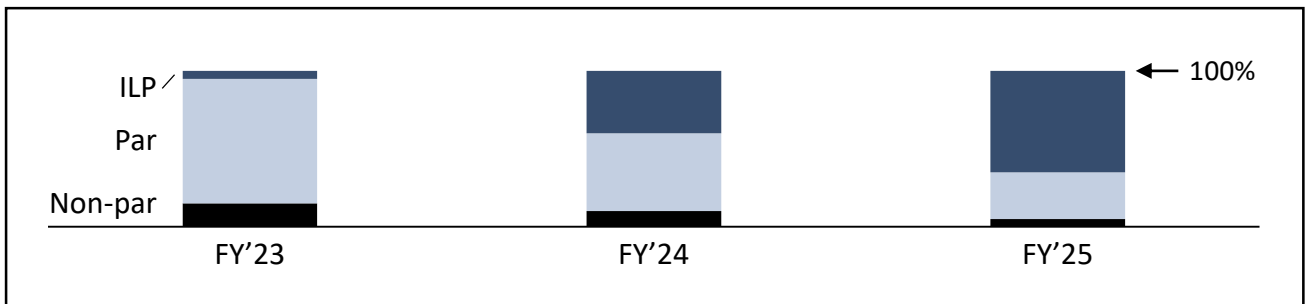
Despite the lower growth, the company has managed to deliver stronger than expected margin, as it pivoted toward higher-margin ILPs and longer tenure endowment products for its L&H business.

Figure 3: Income Insurance L&H NBEV margin



Source: Company presentation to equity analysts

Figure 4: Income Insurance L&H new business premium mix



Source: Company presentation to equity analysts

On the other hand, for its general insurance (GI) and group business (GB), the combined ratio has consistently deteriorated over the past 3 years, as a result of adverse claims experience and price competition (esp. in motor in Singapore).

Figure 5: Income Insurance P&C (GI & GB) combined ratio



Source: Company presentation to equity analysts

Income Insurance has adopted IFRS 17 since 2024. The company reported significant YoY growth in IFRS 17 profits after tax in FY'25, thanks to its improving L&H insurance services and investment results.

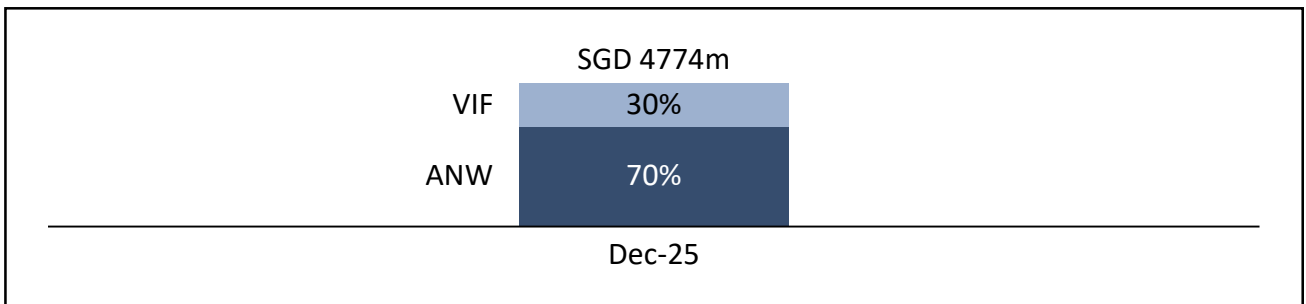
Figure 6: Income Insurance IFRS 17 earnings & results

SGD m	FY'24	FY'25	YoY
Insurance service results	80	84	5%
- L&H	14	59	321%
- GI & GB	66	25	-62%
Net investments & financial results	84	165	96%
Other income/(expenses)	(130)	(118)	
Profits before tax	34	132	288%
Tax	11	(13)	
Profits after tax	45	119	164%
Shareholders' equity	3,427	3,545	3%

Source: Company presentation to equity analysts

The company also disclosed its FY'25 embedded value (SGD 4,774 million), with a risk-adjusted risk discount rate (RDR) assumption of 6.5% (in line with the RDR assumption used by Great Eastern for its Singapore business).

Figure 7: Income Insurance FY'25 EV



Source: Milliman 2025 EV report

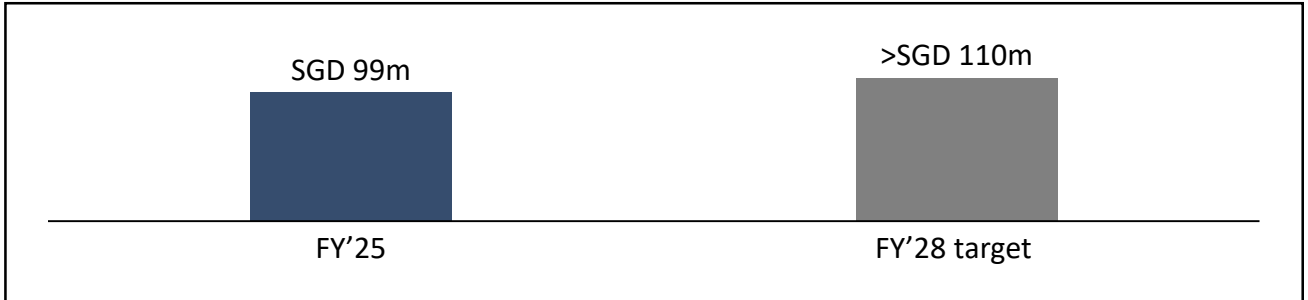
Looking ahead, the company targets to achieve >SGD 1 billion new business premium with >SGD 110 million L&H NBEV by 2028. Both targets do not seem aggressive. For P&C, thanks to the short-term nature of GI/GB products, repricing could help margin recovery, though the extent of improvement will also depend on the competitive pricing environment.

Figure 8: Income Insurance FY'28 new business premium target



Source: Company presentation to equity analysts

Figure 9: Income Insurance FY'28 L&H NBEV target



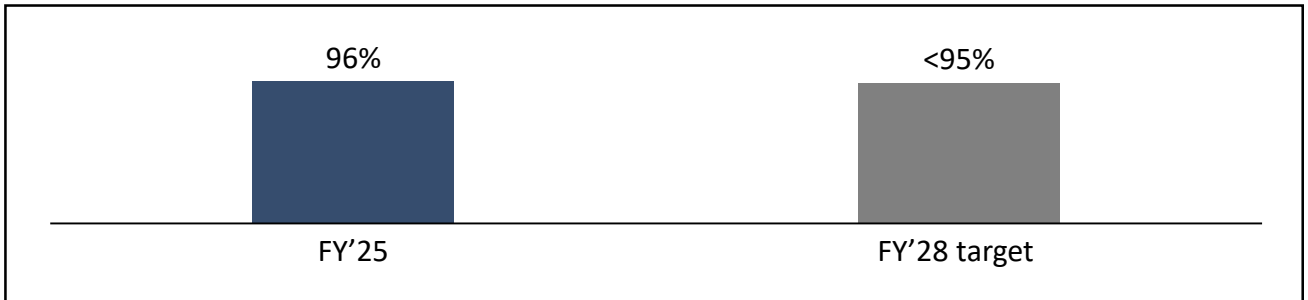
Source: Company presentation to equity analysts

Figure 10: Income Insurance FY'28 L&H NBEV margin target



Source: Company presentation to equity analysts

Figure 11: Income Insurance FY'28 P&C combined ratio target



Source: Company presentation to equity analysts

Figure 12: Income Insurance FY'28 IFRS17 profits after tax target



Source: Company presentation to equity analysts

Overall, we view that Income Insurance has delivered solid FY'25 results. While volume growth fell short of expectations, its L&H business continued to demonstrate strong margins and meaningful value creation.

2025 marked a significant inflection point for the company, as its first full financial year where management could direct its full attention toward executing on strategic growth priorities, unencumbered by the distraction and uncertainty surrounded by the failed transaction in 2024.

In that context, the company's ability to deliver strong IFRS 17 profits is encouraging, although these were largely driven by favorable investment returns. Having already witnessed the volatility in the global capital markets so far this year, 2026 likely presents a more nuanced backdrop.

The most pertinent question remains - whether management can translate strategic intent into tangible operational delivery - the very imperative that underpinned the company's corporatization in 2022.

Valuation Updates

We continue valuing Income Insurance using the Sum-of-the-Parts (SOTP) methodology, given its composite nature, by applying Great Eastern's trading P/EV to value the L&H insurance business and United Overseas Insurance's trading P/BV to value the general insurance business.

Applying Great Eastern's 0.7x trading P/EV multiple to Income Insurance's (estimated) L&H Dec'25 EV, its L&H business is estimated to have a valuation of SGD 2.9 billion.

Applying UOI's 1.0x trading P/BV multiple to Income Insurance's estimated P&C Dec'25 book value, its general insurance business is estimated to have a valuation of SGD 355 million.

Similarly, we apply 1.0x P/BV to value Income Insurance's corporate and other non-insurance items in Dec'25. This segment has an estimated valuation of SGD 742 million.

By adding the three parts and applying a holding company discount of 10% - 30%, we derive a valuation range of SGD 2.8 billion – SGD 3.6 billion (SGD 25.9 per share – SGD 33.3 per share), with a base case valuation of SGD 3.2 billion or SGD 29.6 per share (implied 0.9x P/FY'25 group BV and 0.7x P/FY'25 group EV).

Figure 13: SOTP valuation calculations

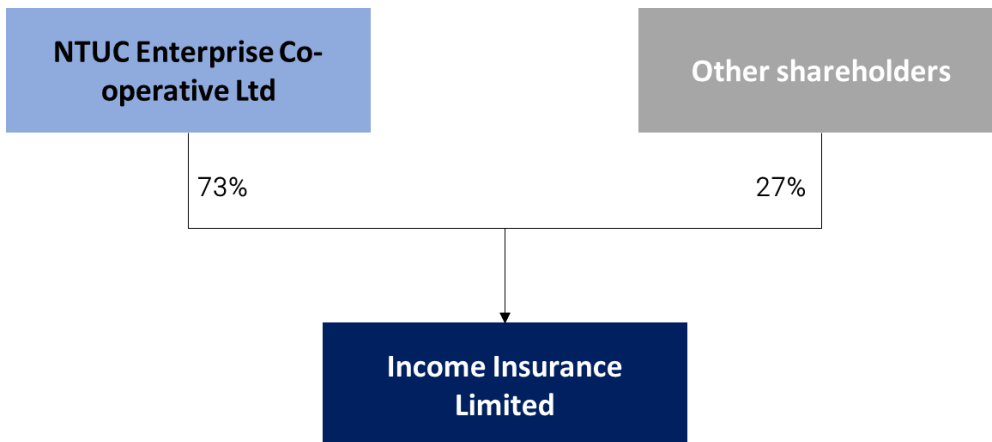
<i>In SGD m unless otherwise specified</i>			
Book value			Comments/notes
Group	FY24	FY25	
	3,426.6	3,545.0	
- L&H	2,351.8	2,433.0	2025 L&H BV based on 2024 L&H %
- P&C	357.5	369.9	2025 P&C BV based on 2024 P&C %
- Others	717.3	742.1	
%			
L&H	68.6%		
P&C	10.4%		
Others	20.9%		
Embedded value (EV)			
	FY24	FY25	
Group EV		4,773.8	
- ANW		3,329.2	
- VIF		1,444.6	
	FY24	FY25	
L&H EV (est.)		3,877.6	
- L&H ANW (est.)		2,433.0	Assuming L&H ANW = L&H book value
- L&H VIF		1,444.6	
Valuation			
Great Eastern P/EV multiple		0.74x	As of May 19th
UOI P/BV multiple		0.96x	As of May 19th
L&H EV		3,877.6	
<i>P/EV multiple applied</i>		<i>0.74x</i>	
L&H valuation		2,869.4	
P&C book value		369.9	
<i>P/BV multiple applied</i>		<i>0.96x</i>	
P&C valuation		355.1	
Others (non-insurance operations)		742.1	
<i>P/BV multiple applied</i>		<i>1.00x</i>	
Holding company discount		20.0%	10% - 30% is a reasonable range
Company valuation		3,173.3	
Implied P/2025 Group BV		0.90x	
Implied P/2025 Group EV		0.66x	
Number of shares outstanding (m)		107.2	
Company valuation per share (SGD)		29.6	

Company Background

Established in 1970, Income Insurance has been a leading composite insurer in Singapore. It was initially set up as an insurance co-operative under the NTUC group, known as NTUC Income Insurance Co-operative Limited, and was successfully converted to a corporation in September 2022.

After its corporatization, NTUC Enterprise Co-operative Limited became its majority shareholder, owning a 73% stake, while the rest is owned by minority shareholders who were previously mainly the members of NTUC Income Insurance Co-operative Limited.

Figure 14: Income Insurance shareholding structure post corporatization



Source: Company presentation to equity analysts

As a composite insurer, Income Insurance offers both L&H (life & health) and P&C (property & casualty) insurance products to its customer base of 1.86 million in Singapore.

Given its endeavors in digital transformation in recent years, Income Insurance's business can be largely broken into the following three segments:

- Life and Health (L&H) insurance
- Property & Casualty (P&C) insurance
- New Business Model (NBM) & digital initiatives

Figure 15: Income Insurance key products and offerings

L&H	P&C	NBM & digital initiatives
<ul style="list-style-type: none"> ▪ Whole Life ▪ Term ▪ Savings ▪ IncomeShield ▪ CareShield ▪ Group ▪ Others 	<ul style="list-style-type: none"> ▪ Motor ▪ Personal accident ▪ Travel ▪ Commercial ▪ Others 	<ul style="list-style-type: none"> ▪ SNACK ▪ SNACKInvest ▪ Tribe ▪ HIVE by Income ▪ EKKO ▪ BIX ▪ Others

Source: Company presentation to equity analysts

Life & health (L&H) insurance

Income Insurance offers a comprehensive suite of L&H products, e.g., whole/term life, savings, group life, critical illness, IncomeShield, CareShield, etc.

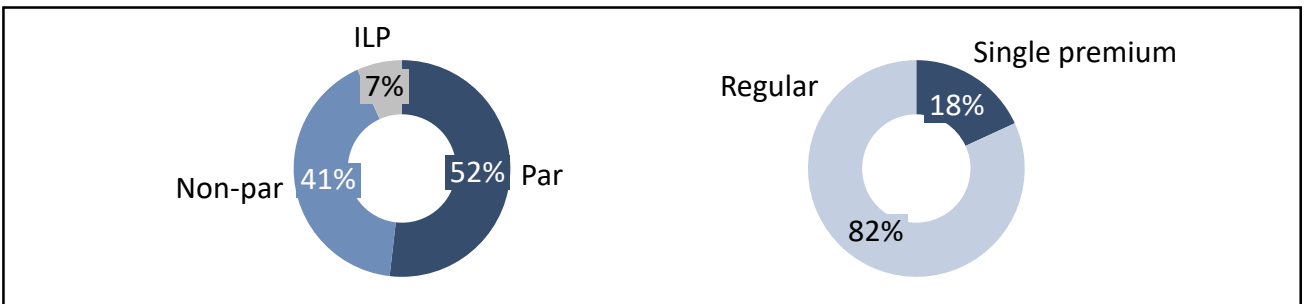
It reported SGD 2.8 billion L&H gross premium in 2024 and has become the 6th largest (down from 5th largest) L&H insurer in Singapore (based on 2024 gross premium).

Income Insurance's L&H insurance business contributed ~85% of the overall group's gross premium in 2024.

Income Insurance L&H used to sell mostly par products and has now shifted to focus more on ILPs and non-par products. The increase is more significant by looking at new business premium.

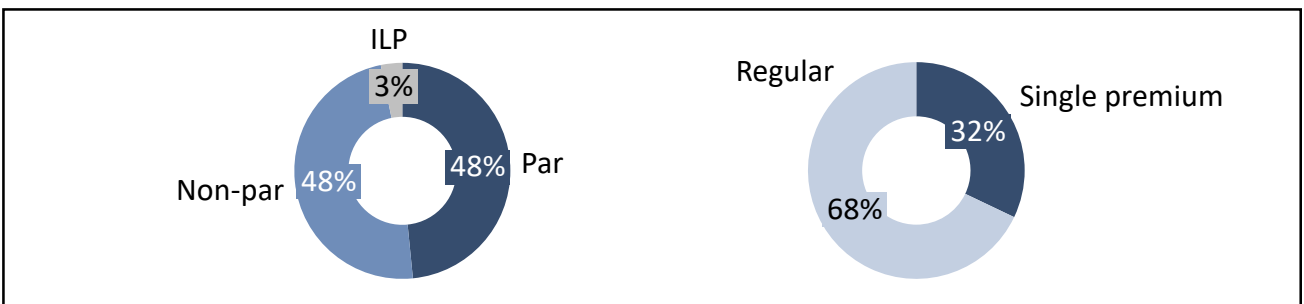
In terms of premium payment mix, single premium’s contribution to total gross premium further decreased from 32% in 2023 to 18% in 2024.

Figure 16: Income Insurance L&H 2024 gross premium mix



Source: MAS

Figure 17: Income Insurance L&H 2023 gross premium mix



Source: MAS

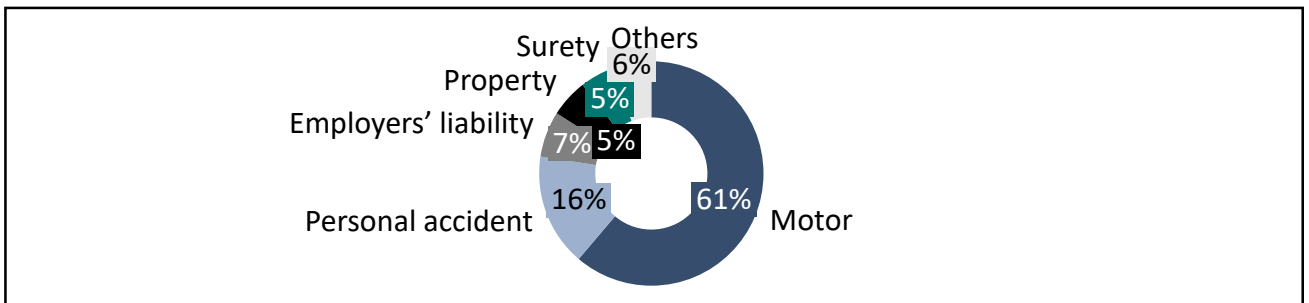
Property & casualty (P&C) insurance

Income Insurance reported SGD 528 million P&C gross premium in 2024 and is the largest P&C insurer in Singapore (based on gross premium).

Motor insurance is by far Income Insurance's largest P&C product, accounting for c. 61% of the P&C gross premium in 2024. This is followed by personal accident (c.16%) and employers' liability insurance (c. 7%).

Income Insurance P&C is an absolute leader in motor insurance in Singapore.

Figure 18: Income Insurance P&C 2024 gross premium mix



Source: MAS

New business model and digital initiatives

Income Insurance has embarked on a digital transformation journey in recent years and launched several major digital initiatives that looked to explore new ways to more effectively target younger generations and better serve its existing customer protection needs.

Through innovations, the digital business arm aims to disrupt insurance by venturing into new sources of risks arising from new tech trends and people's new behavior patterns.

Some of the key tech initiatives/products launched include:

- **SNACK:** a financial lifestyle app targeting young, digitally savvy generations by offering a multitude of products led by investments
- **HIVE by Income:** an Insurance-As-A-Service (IaaS) platform that enables any insurer and digital platform owner across Southeast Asia to launch, localize, and scale innovative embedded insurance propositions
- **EKKO:** provides a complete omni-channel experience for customers to engage with Income Insurance via various touchpoints available
- **BIX:** a comprehensive one-stop digital platform purpose-built to cater to SME needs

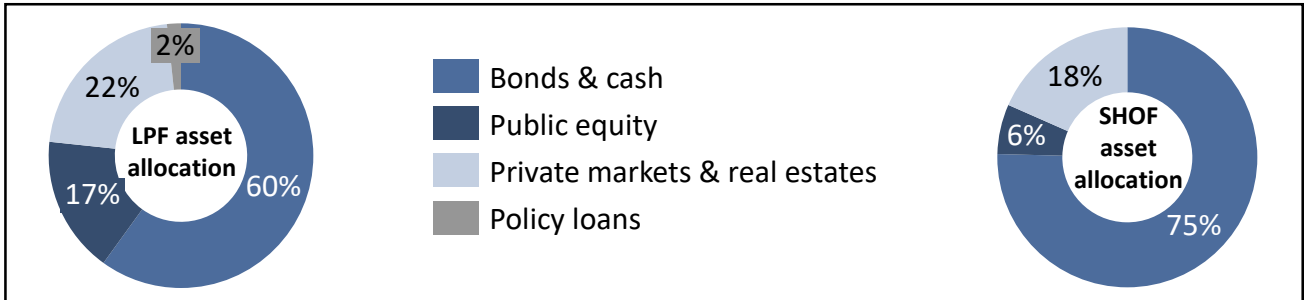
With Income Insurance's dominant positions in L&H and P&C sectors and its endeavors to become a leading innovator in digital insurance in Singapore, its goal is to offer comprehensive & innovative products that can suit the evolving needs of its customers at different stages of their lives.

Investment portfolio

Income Insurance had SGD 45 billion AuM, as of the end of 2025. The majority of that came from Life Participating Fund (SGD 35 billion) while Shareholders' Owned Fund stood at SGD 6 billion.

In terms of asset allocation, Life Participating Fund is slightly more aggressive than that of Shareholders' Owned Fund, with a lower allocation to bonds & cash (60% vs. 75% in 2025).

Figure 19: Income Insurance 2025 asset allocation



Source: Company presentation to equity analysts

Key people and management

- Joy Tan (Chairperson)
- Andrew Yeo (CEO)
- Susan Ong (GM – Corporate Business)
- Michael Saunders (GM – Consumer General Insurance)
- Grace Tng (Chief Consumer Distribution Officer)
- Peter Tay (Chief Digital Platform Officer)
- Michael Fang (CFO)
- David Chua (CIO)

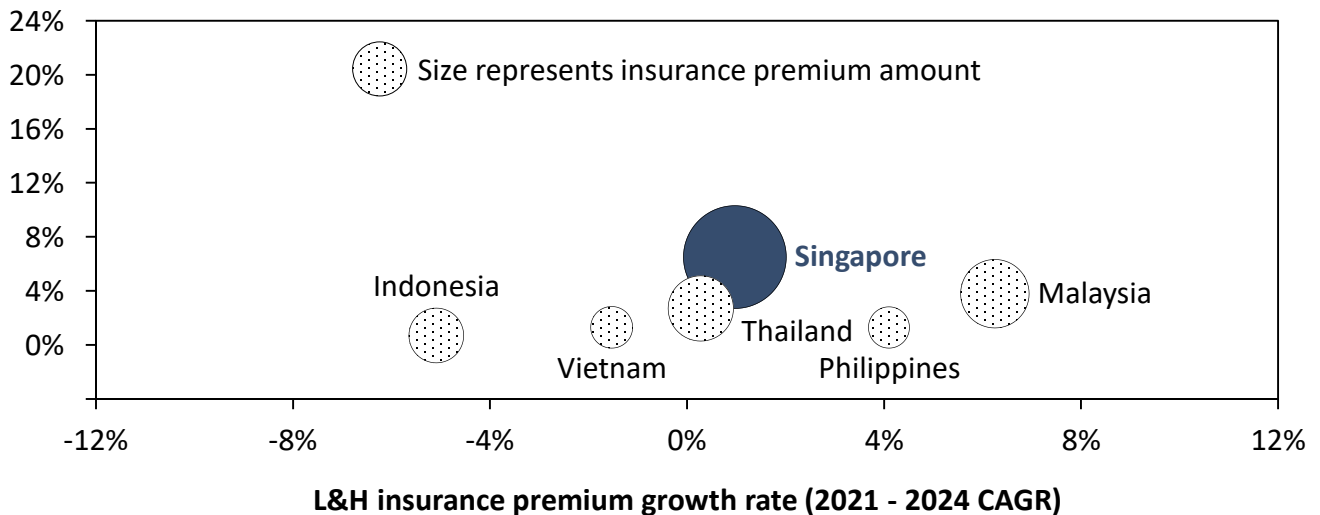
Industry Overview

L&H insurance market in Singapore

The following chart compares the L&H insurance growth rates and the penetration rates (L&H insurance premium/GDP) of six key markets in Southeast Asia:

Figure 20: L&H growth rate vs. penetration rate

L&H insurance penetration rate (2024)



Source: Swiss Re Institute

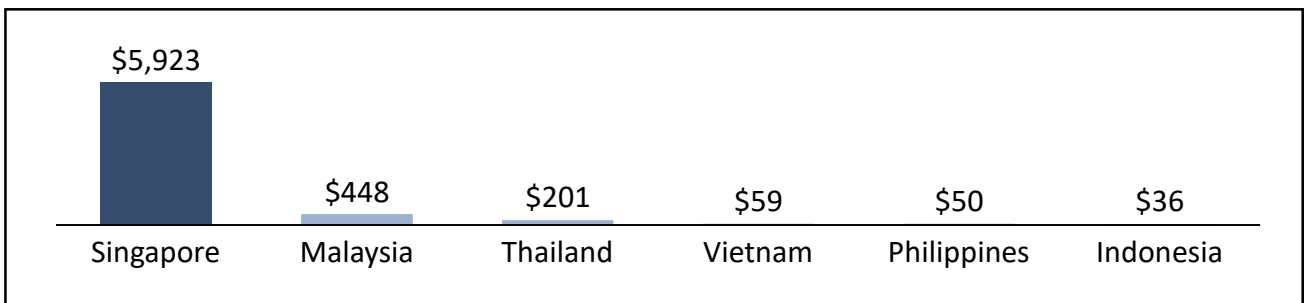
Singapore has the largest L&H insurance market among the six key countries in Southeast Asia.

Malaysia, with c. 34 million population, is the second largest L&H insurance market among the six Southeast Asian countries. With a population size of only 6 million people, Singapore’s L&H insurance market was >2x that of Malaysia’s in 2024.

Singapore also has the highest L&H insurance penetration rate (6.5%) among the peer countries in Southeast Asia in 2024. Such penetration rate is comparable to some of the most developed L&H markets in Asia, e.g., Japan (6.4%), Korea (4.2%), and Taiwan (7.5%), in 2024.

Besides insurance penetration rate, the city-state also has the highest insurance premium (spending) per capita. With ~\$6,000 insurance premium per capita, it was >10x that of Malaysia, the country with the second highest insurance premium per capita in the region in 2024.

Figure 21: 2024 L&H insurance premium per capita

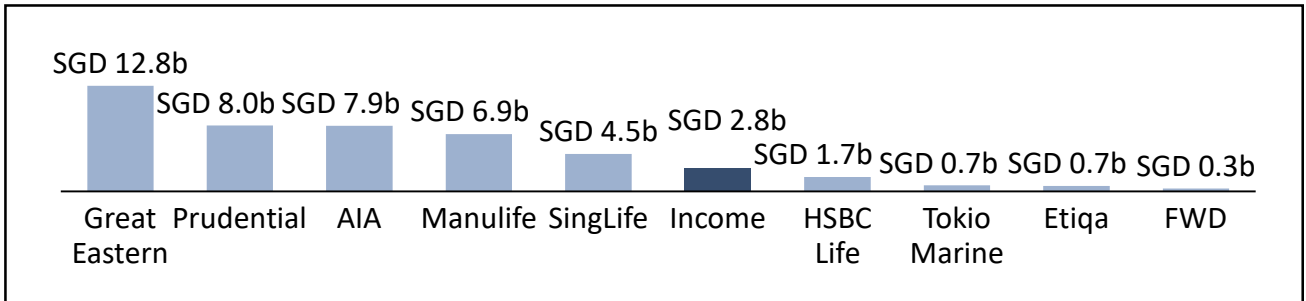


Source: Swiss Re Institute

Thanks to the maturity of its L&H insurance market, Singapore has attracted many large, multinational L&H insurance players to set up their regional headquarters in the country to tap into the growth potential of the broader region.

As such, compared to the more developing markets in the region, Singapore's L&H insurance market has been dominated by international players.

Figure 22: Top 10 L&H players in Singapore by gross premium in 2024



Source: MAS

Although the largest player is still the home-grown insurer Great Eastern, three (Prudential, AIA, Manulife) out of the top five players are international insurance companies.

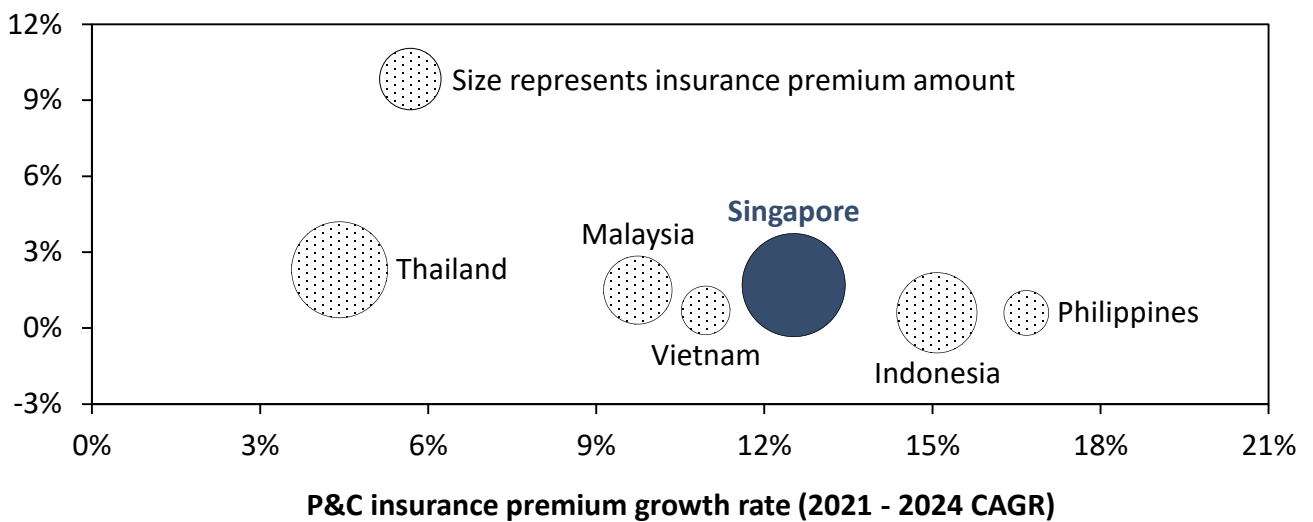
SingLife has overtaken Income Insurance to become the 5th largest L&H player in the city-state in 2024.

P&C insurance market in Singapore

The following chart compares the P&C insurance growth rates and the penetration rates (P&C insurance premium/GDP) of the same six key markets in Southeast Asia:

Figure 23: P&C growth rate vs. penetration rate

P&C insurance penetration rate (2024)

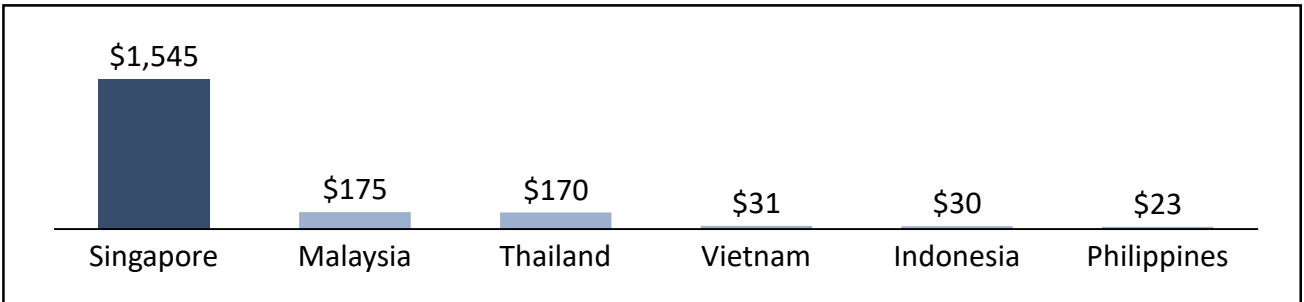


Source: Swiss Re Institute

With a 13% CAGR (2021 – 2024), Singapore has surpassed Thailand to become the largest P&C insurance market among the six Southeast Asian countries in 2024.

However, with a penetration rate of 1.7%, it was still behind Thailand’s (2.3%) in 2024. Compared to the more developed markets in Asia, unlike its L&H insurance market, Singapore’s P&C penetration rate also lags behind many of them, e.g., Korea (5.3%), Taiwan (3.2%), Hong Kong (2.6%).

Figure 24: 2024 P&C insurance premium per capita

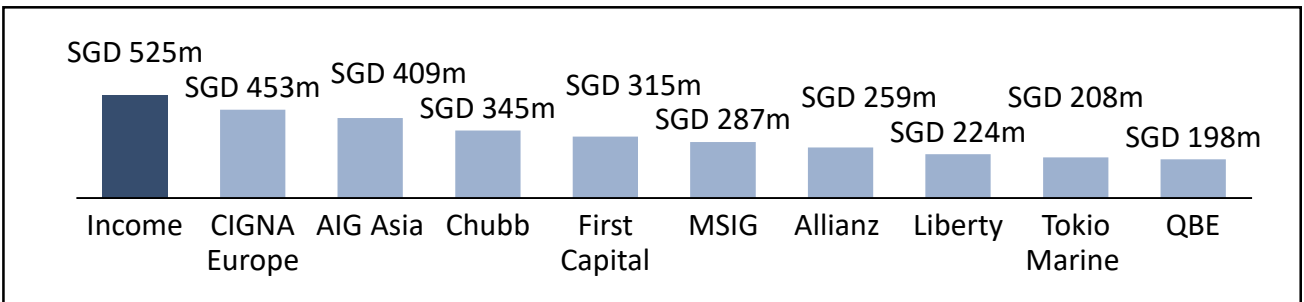


Source: Swiss Re Institute

Singapore had a P&C insurance premium (spending) per capita of \$1,545 in 2024, which was again much higher than the rest of its peer countries in Southeast Asia.

The P&C market in Singapore was dominated by motor insurance with a 20% market share² in 2024. This is followed by health (16.2%), and property insurance (15.5%).

Figure 25: Top 10 P&C insurance players in Singapore by gross premium² in 2024



Source: MAS

Income Insurance is the largest P&C player in Singapore with a c. 9% market share² in 2024.

Note: ²Based on gross premium of direct insurers under Singapore Insurance Fund

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