

## Chubb Insurance Singapore Ltd.

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# Chubb Insurance Singapore Ltd.

## Major Rating Factor

- Highly strategic subsidiary of Chubb Group, resulting in likely group support.

**Operating Company Covered  
By This Report**

**Financial Strength Rating**

*Local Currency*

AA-/Stable/--

## Rationale

The rating on Chubb Insurance Singapore Ltd. (Chubb Singapore) reflects the important role the property and casualty (P/C) insurer plays in supporting the wider Chubb Ltd.'s (Chubb Group) strategy in Asia. We view Chubb Singapore as a highly strategic subsidiary of the group. The rating on Chubb Singapore is one notch lower than the group credit profile.

We believe Chubb Singapore will continue to benefit from long-term support from the group in areas including underwriting, reinsurance, distribution, investment, and technology. The insurer is likely to maintain a satisfactory underwriting performance backed by the group's prudent risk control. It benefits from the parent group's strong risk management framework, with close alignment between developments in Singapore and those at the regional office and the group level.

Chubb Group is highly unlikely to divest its interest in Chubb Singapore, despite the insurer's small contribution in terms of capital and earnings. Chubb Singapore's strategic role in supporting multinational clients in Southeast Asia, while maintaining modest market position and profitability in Singapore, underpins its importance to the group. Over the years, the group has invested in partnerships/ acquisitions in the region that will also benefit its Singapore subsidiary. These include Chubb Group's acquisition in 2022 of renewal rights relating to DUAL Asia's financial lines portfolios in Hong Kong and Singapore. The deal is likely to support Chubb Singapore's growth in the small commercial segment. In our view, the group's continued investments reinforce its commitment to broaden its presence in Asia.

Chubb Singapore is likely to maintain its sound market presence in Singapore's highly competitive and fragmented P/C sector. We expect moderate growth in the insurer's premium income through 2023, as it continues to recover from the business impact of COVID-19 pandemic and improve business diversity across customer segments, products, and distribution. As movement restrictions are being eased within the region, we expect a gradual recovery in accident and health (travel insurance in particular), a key segment for Chubb Singapore.

Chubb Singapore's market position over the next two years will likely benefit from its distribution initiatives, which help to drive growth within target customer segments. The insurer's multiple digital collaborations as well as improving agency and bancassurance contributions could further enhance its premiums and business diversity. For 2021, Chubb Insurance maintained a 5.3% market share in terms of gross premiums written in Singapore. Its gross premiums rose by about 6% last year, driven largely by key lines such as property and professional indemnity.

We expect Chubb Singapore's operating performance to be modest with a combined ratio of 90%-95% through 2023. This reflects the insurer's continued underwriting discipline and efforts to reduce operating costs. Chubb Singapore's five-year average net combined ratio was about 92.3% in 2017-2021, slightly better than the industry's (at about 95%). A combined ratio below 100% indicates underwriting profitability.

Chubb Singapore's effective use of intergroup reinsurance limits underwriting volatility. The insurer's combined ratio improved to 84.8% in 2021 from 96.5% in 2020. This was mainly due to reduced management expenses, rate improvements, and lower claims.

Chubb Singapore is likely to maintain sound capitalization and manageable risk exposures, despite its relatively small capital base of Singapore dollar 259 million. The insurer's conservative investments consist mainly of investment-grade fixed-income securities, limiting its investment risk exposure. As of Dec. 31, 2021, Chubb Singapore's regulatory capital adequacy ratio was 268.2%, well above the regulatory minimum requirement of 100%.

Chubb Singapore is debt free and has strong liquidity, aided by its cash holdings and liquid fixed-income securities. These should be enough to meet short-term needs, if required.

#### Chubb Insurance Singapore Ltd.--Key Metrics

(Mil. S\$)	--Year ended Dec. 31--				
	2021	2020	2019	2018	2017
Gross premiums written	329.6	310.0	313.5	297.7	254.4
Net income (attributable to all shareholders)	15.7	7.0	21.4	(3.3)	7.1
Return on shareholders' equity (%)	6.2	2.6	7.8	(1.2)	3.4
Net investment yield (%)	1.4	1.8	2.0	1.5	1.3
Net combined ratio (%)	84.8	96.5	81.6	106.5	92.2
Return on revenue (%)	11.9	6.1	17.8	1.0	10.5

S\$--Singapore dollar.

## Outlook

The stable outlook on Chubb Singapore reflects the rating outlook on core entities of Chubb Group (core operating subsidiaries rated AA/Stable/--) and our view that the insurer will remain a highly strategic subsidiary of the group over the next two years.

### Downside scenario

We could lower the ratings on Chubb Singapore if we lower our assessment of the group credit profile. We could also lower the ratings if the insurer's strategic relationship with Chubb Group weakens. This could happen if Chubb Singapore's operating performance deteriorates or the group's strategic focus changes, both of which we view as unlikely over the next 12–24 months.

### Upside scenario

We could upgrade Chubb Singapore if our assessment of the group credit profile improves or we believe the insurer's strategic relationship with the group has strengthened. Chubb Singapore's increased involvement with the group in areas such as product development and strategy, or a sustainable growth in the insurer's share in the Singapore market while maintaining underwriting profitability would indicate strengthened involvement. In our view, an upgrade is unlikely over the next 12–24 months.

## Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Insurance | General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 7, 2010

## Related Research

- Chubb Ltd., June 30, 2022

**Ratings Detail (As Of July 19, 2022)\*****Operating Company Covered By This Report****Chubb Insurance Singapore Ltd.**

Financial Strength Rating

*Local Currency*

AA-/Stable/--

Issuer Credit Rating

*Local Currency*

AA-/Stable/--

**Domicile**

Singapore

\*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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