

## Chubb Insurance Singapore Ltd.

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# Chubb Insurance Singapore Ltd.

## Major Rating Factor

- Highly strategic subsidiary of the Chubb group.

**Operating Company Covered  
By This Report**

**Financial Strength Rating**

*Local Currency*

AA-/Stable/--

## Rationale

The rating on Chubb Insurance Singapore Ltd. (Chubb Singapore) is based on our view of the insurer's highly strategic role to Chubb group (Chubb Ltd.; core operating subsidiaries rated AA/Stable/--). We rate highly strategic subsidiaries one notch lower than core operating subsidiaries.

In our opinion, Chubb Singapore will remain integral to Chubb group's business strategy of developing its global presence. The insurer benefits from sharing the group's brand and strategy and cedes a portion of its premiums to a reinsurance subsidiary under the group. Therefore, we believe that the group is unlikely to divest its stake in Chubb Singapore. The insurer's contribution to the group's capital and earnings is not significant--less than 5%--and limits its group status designation to highly strategic. Chubb group's recent investments in distribution partnerships with DBS Bank Ltd. and Grab app (an on-demand transportation and fintech platform) further demonstrates its continued commitment to the region. Chubb Singapore maintains high integration with the group and has access to technical resources in actuarial, investment, risk management, and reinsurance.

We expect Chubb Singapore to maintain its competitive position over the next 12-24 months as it continues to manage a diversified portfolio across segments while growing its property and casualty, and accident and health lines. The insurer also services the group's multinational clients in businesses covering fire, casualty, marine, and financial lines insurance. It does not focus on motor and bond insurance, and takes a cautious approach to workers' compensation. At the end of 2017, Chubb Singapore ranked sixth in the competitive Singapore non-life insurance market, with a market share of 4.6%.

We anticipate the new distribution partnerships (in particular with DBS) will gradually strengthen Chubb Singapore's market share, given the bank's large customer base and significant presence in the region. However, we believe Chubb Singapore is unlikely to aggressively increase its market share due to its consistent focus on maintaining underwriting profitability.

We have a positive view of Chubb Singapore's operating performance despite the lower earnings in 2017. We attribute the insurer's favorable operating performance to its underwriting prudence, which continues to produce strong profits. We expect Chubb Singapore to maintain a combined ratio of 85%-90% over next two years reflecting its continued focus on underwriting and ability to maintain lower loss ratios. The insurer reported a slightly higher combined ratio of 92% in 2017 due to an increase in expenses stemming from the acquisition costs of new partnerships, higher administrative costs, and foreign exchange losses. A lower combined ratio indicates higher underwriting profitability.

Chubb Singapore's regulatory capital adequacy ratio is well above the regulatory minimum requirement of 120%. The ratio was 200% in 2017.

## Outlook

The stable outlook on Chubb Singapore reflects the rating outlook on the core entities of the wider Chubb group and our view that the insurer will remain a highly strategic subsidiary of the group.

### 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 the 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 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 of 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: Group Rating Methodology, Nov. 19, 2013
- Criteria - Insurance - General: Insurers: Rating Methodology, May 7, 2013
- Criteria - Insurance - General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 7, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

## Related Research

- Chubb Ltd. And Operating Subsidiaries; Feb. 27, 2018

**Table 1**

Chubb Insurance Singapore Ltd. Competitive Position					
	--Year-ended Dec. 31--				
(Mil. S\$)	2017	2016	2015	2014	2013
Gross premiums written	254.4	239.8	178.8	168.1	152.2

**Table 1**

<b>Chubb Insurance Singapore Ltd. Competitive Position (cont.)</b>					
	<b>--Year-ended Dec. 31--</b>				
<b>(Mil. S\$)</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Change in gross premiums written (%)	6.1	34.1	6.3	10.4	0.2
Net premiums written	90.2	80.9	54.4	55.8	43.8
Change in net premiums written (%)	11.5	48.6	(2.4)	27.4	(1.3)
P/C: reinsurance utilization - premiums written (%)	64.6	66.3	69.6	66.8	71.2

S\$--Singapore dollar. P/C--Property and casualty.

**Table 2**

<b>Chubb Insurance Singapore Ltd. Capitalization Statistics</b>					
	<b>--Year-ended Dec. 31--</b>				
<b>(Mil. S\$)</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Common shareholders' equity	271.9	146.4	66.7	60.0	55.2
Change in common shareholders' equity (%)	85.8	119.5	11.1	8.8	(6.6)
Total reported capital	271.9	146.4	66.7	60.0	55.2
Change in total capital (reported) (%)	85.8	119.5	11.1	8.8	(6.6)

S\$--Singapore dollar.

**Table 3**

<b>Chubb Insurance Singapore Ltd. Earnings Statistics</b>					
	<b>--Year-ended Dec. 31--</b>				
<b>(Mil. S\$)</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Total revenue	104.5	97.4	57.5	56.8	45.7
EBIT adjusted	9.3	25.1	8.2	18.1	11.1
EBITDA adjusted	10.2	26.4	8.8	18.4	11.4
Net income (attributable to all shareholders)	7.1	21.1	7.0	15.3	10.1
Return on revenue (%)	8.9	25.8	14.3	31.9	24.4
Return on shareholders' equity (reported) (%)	3.4	19.8	11.1	26.5	17.7
P/C: net expense ratio (%)	69.7	49.7	60.4	54.0	61.6
P/C: net loss ratio (%)	22.6	32.3	31.5	17.6	18.8
P/C: net combined ratio (%)	92.2	82.0	91.9	71.7	80.5

S\$--Singapore dollar. P/C--Property and casualty.

**Table 4**

<b>Chubb Insurance Singapore Ltd. Risk Position</b>					
	<b>--Year-ended Dec. 31--</b>				
<b>(Mil. S\$)</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Total invested assets	400.4	286.0	121.7	110.6	94.9
Net investment income	4.5	3.0	1.4	1.2	1.4
Net investment yield (%)	1.3	1.5	1.2	1.1	1.4
Net investment yield including realized capital gains/(losses) (%)	1.3	1.5	1.2	1.2	1.7
Cash and short-term investments (%)	35.7	8.4	13.3	7.6	9.3

**Table 4**

<b>Chubb Insurance Singapore Ltd. Risk Position (cont.)</b>					
<b>(Mil. S\$)</b>	<b>--Year-ended Dec. 31--</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Bonds (%)	64.3	91.6	86.7	92.4	90.7

S\$--Singapore dollar.

**Ratings Detail (As Of September 27, 2018)****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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