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# WORKING PARTY ON PI CLAIMS - UPDATE

## MEMBERS OF THE WORKING PARTY

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# BACKGROUND

## Pre April 2021

- Multiplier – multiplicand approach for various heads of claims
- Represent loss of future income, future medical expenses or loss of dependency claims for death claims
- Multiplier – Future period of loss
- Multiplicand – Amount of loss

## On or after 1<sup>st</sup> April 2021

- Multipliers based on a set of Actuarial tables
- Based on age, gender, and future pay-out period (life expectancy or remaining years of working life)
- Applicable to all cases that go to court effective 1 April 2021, irrespective of when the claim occurred
- Standardised approach reflecting current financial, economic, and mortality environment

# OBJECTIVES OF THE WORKING PARTY

- Qualitative assessment of the impacts of the new multipliers on insurance business
- Quantitative assessment of the impact on insurance liabilities and reserves
- Identifying any trends due to these multipliers in the future
- Potential development of the guidelines in the future

## IMPACT OF THE NEW GUIDELINES

The new PI claim multipliers are unlikely to have a significant impact on the business

Only few specific claims  
under Motor, EL and PL

Large injury type claims  
that go to court

Reinsurance XoL covers

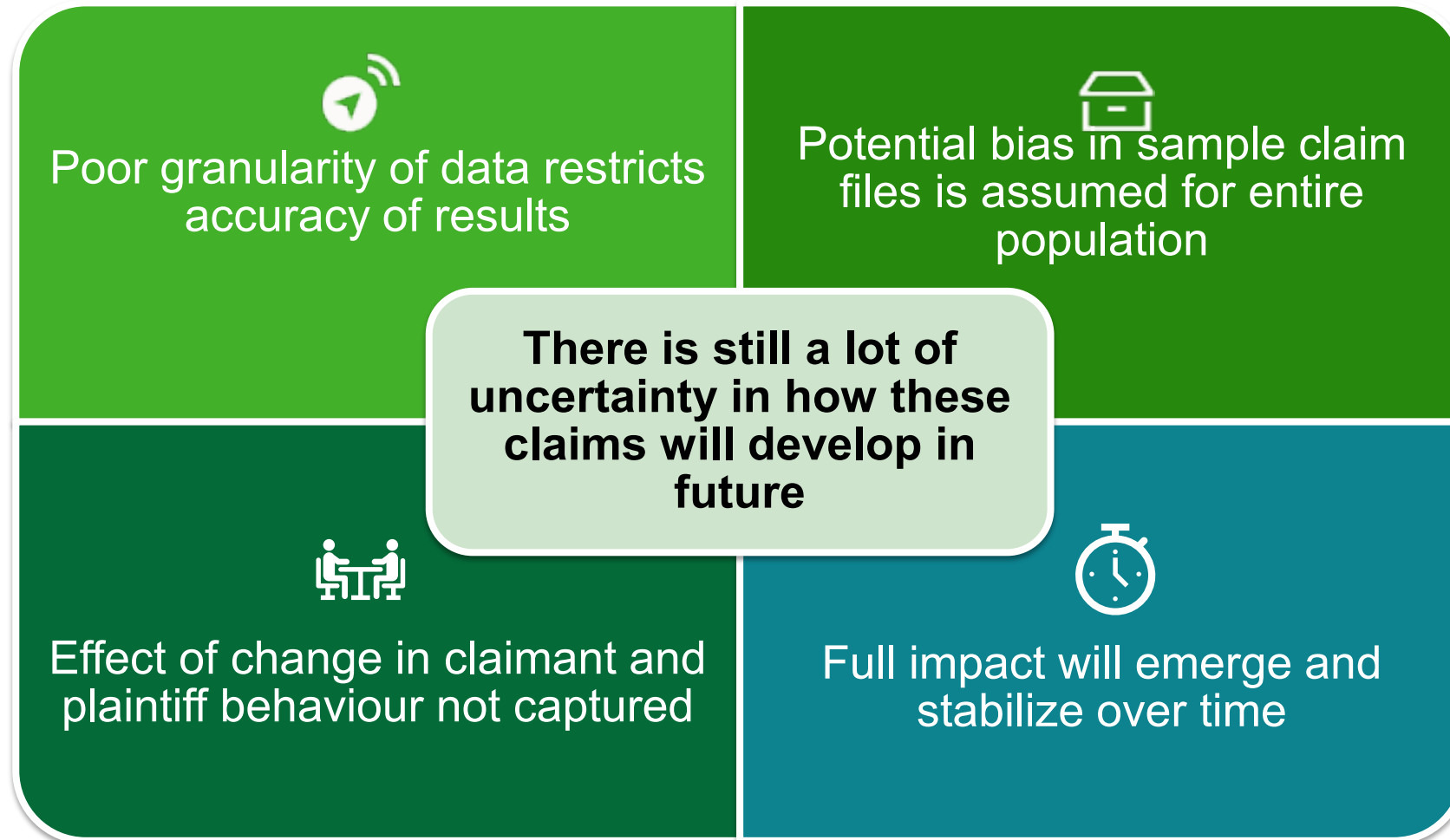
Case estimates for existing  
claims

Claims triangulations and  
development factors

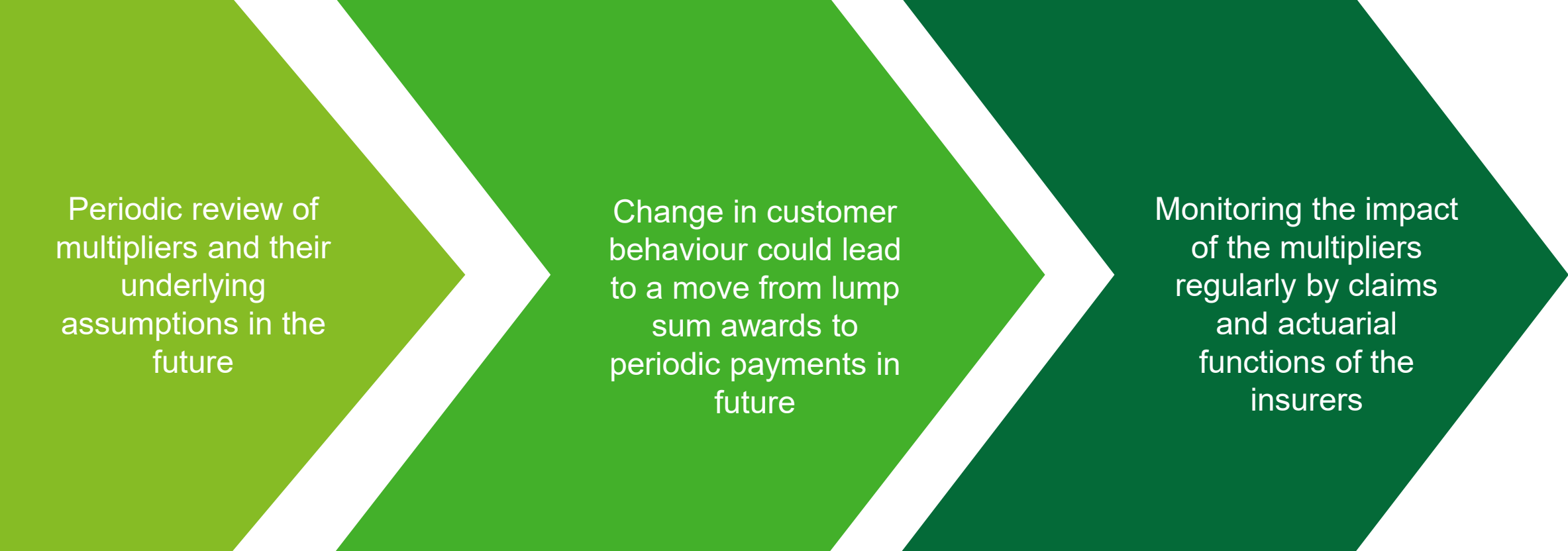
Net reserves, PAD margins  
and overall loss ratios

## LIMITATIONS AND UNCERTAINTIES

The full extent of the impact of these multipliers is still uncertain across the industry and will mature with time



## FUTURE CONSIDERATIONS



Periodic review of  
multipliers and their  
underlying  
assumptions in the  
future

Change in customer  
behaviour could lead  
to a move from lump  
sum awards to  
periodic payments in  
future

Monitoring the impact  
of the multipliers  
regularly by claims  
and actuarial  
functions of the  
insurers

**ANY QUESTIONS**

