



MEDIA RELEASE

NEW OCBC MORTGAGE INSURANCE PLANS A BIG HIT WITH HOME OWNERS

Interest in mortgage insurance coverage spiked since the launch of plans that allow refund of premiums at the end of policy term if no claim is made

Singapore, 28 October 2013 – Total number of new customers who bought mortgage insurance plans from OCBC Bank increased by more than 60% in the first nine months of 2013. The healthy growth was a result of more consumers wanting to hedge the risk of leaving behind unpaid mortgages without losing all the premiums when the policy expires. OCBC Bank's new mortgage plans – Mortgage Protector Plus and Mortgage Protector Advantage – refund the premiums paid in full if no claim is made.

The Mortgage Protector Plus is a single premium mortgage insurance plan that was launched in February 2010. The Mortgage Protector Advantage, on the other hand, allows the customer to pay regular premiums either on a monthly or annual basis. This plan was launched in November 2012. Both plans remain the only mortgage insurance plans in Singapore which refund customers the total premiums they have paid at the end of the policy term if no claim is made. Both plans are underwritten by The Overseas Assurance Corporation Limited (OAC), a wholly-owned subsidiary of Great Eastern Holdings Limited and a member of the OCBC Group.

According to a survey conducted with 300 private property owners by OCBC Bank in 2011, 59% of them do not have protection plans. Many felt that the premiums paid for such plans are in most circumstances "wasted". This refund-of-premiums feature, addresses this concern. Many customers see the benefits of the Mortgage Protector Plus and Mortgage Protector Advantage – as a way to protect their families, and as a form of "forced" savings should there be no mishap.

As of September 2013, OCBC Bank has seen significant growth in the mortgage insurance business with Mortgage Protector Plus and Mortgage Protector Advantage driving it.

Key highlights:

- **Increased by more than 60%** - In the first 9 months of 2013, the mortgage insurance business saw an increase of more than 60% in new policies.
- **More than 75%** - New sign-ups for Mortgage Protector Plus and Mortgage Protector Advantage account for more than 75% of the growth in the mortgage insurance business.

Table A gives an illustration of the difference between a regular premium mortgage insurance plan that offers no refund and the Mortgage Protector Advantage plan.

	Regular Premium Mortgage Insurance plan with no refund feature¹	Mortgage Protector Advantage
Premium amount per year	\$1,760	\$5,847
Total premiums paid over 15 years (a)	\$26,400	\$87,700
Amount received at the end of policy term if no claim is made throughout the term (b)	\$0, there is no refund	\$87,700
Net cash outlay (a-b)	\$26,400	\$0

Table A: Comparing Plans²

Mr Lim Wyson, Head of Global Wealth Management, OCBC Bank, said: “The response for these two plans, especially for the Mortgage Protector Advantage plan, has been great so far. Many of our customers told us that they would not have even considered buying mortgage insurance plans in the first place if there wasn’t the refund-of-premiums feature of the Mortgage Protector Plus and Mortgage Protector Advantage plans.

“I believe we’ve hit the nail on the head with this feature in getting more home owners to get insurance on their mortgage. It is important to protect our family from the burden of servicing big mortgage loans when the untoward happens.

¹ This plan refers to Mortgage Protector, which is also underwritten by OAC.

² Assumptions: 40 years old, male, non-smoker, sum assured \$1 million, 20-year policy term, 5% interest rate. Figures are rounded off to the nearest dollar.

Yet, we will not feel that our premiums paid are “wasted” if nothing happens – a pet peeve of many Singaporeans who do not buy protection plans. We are confident that overall demand for mortgage insurance will grow significantly with plans offering the refund-of-premiums feature driving it in future.”

On his reasons behind buying a Mortgage Advantage Protector plan in October 2013, Mr Justine Tan, a 38-year old trader, said: “I initially questioned the purpose of a mortgage insurance plan as I did not think that anything bad could happen to my health. I thought it would be a waste of money should nothing happen.”

“But I was quickly convinced that this was a good plan to buy especially after understanding how my family could be burdened with the loan should something unfortunate happen. While the annual premium may cost more than a regular plan’s, it’s still attractive to me since I will be able to get back the full amount that I’ve paid. I see it as a protection for my mortgage, with an eye on a form of forced savings for the future.”

About OCBC Bank

OCBC Bank is the longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is now the second largest financial services group in Southeast Asia by assets and one of the world’s most highly-rated banks, with an Aa1 rating from Moody’s. It is ranked by Bloomberg Markets as the world's strongest bank in 2011 and 2012.

OCBC Bank and its subsidiaries offer a broad array of specialist financial and wealth management services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services.

OCBC Bank’s key markets are Singapore, Malaysia, Indonesia and Greater China. It has a network of over 470 branches and representative offices in 15 countries and territories, including about 350 branches and offices in Indonesia that are operated by its subsidiary, Bank OCBC NISP.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia by assets. Its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia. Private banking services are provided by subsidiary Bank of Singapore, which continued to gain industry recognition in 2011 including being voted “Outstanding Private Bank in Asia Pacific” by Private Banker International.

For more information, please visit www.ocbc.com.