

## SURVEY SHOWS OVER HALF THE PROPERTY OWNERS IN SINGAPORE DO NOT HAVE MORTGAGE INSURANCE

*Unique mortgage insurance plan launched that returns premiums to customer if no claim is made*

Singapore, 3 December 2012 – OCBC Bank has launched Singapore's first mortgage insurance plan – *Mortgage Protector Advantage (MPA)* – that allows the customer to pay annual premiums, then refunds all the premiums to the customer at the end of the policy term if no claim is made. Mortgage insurance products available today do not have a premium refund feature.

*Mortgage Protector Advantage* is underwritten by The Overseas Assurance Corporation Limited (OAC), a wholly-owned subsidiary of Great Eastern Holdings Limited and a member of the OCBC Group.

The new product is meant to address one signal fact: According to a survey conducted with 300 private property owners by OCBC Bank in 2011, 59% do not have mortgage insurance. The Bank estimates that the percentage of home loan customers who do not buy mortgage insurance has remained relatively flat over the years, even though customers have taken larger loans as a result of rising home prices. There are **two main reasons** why customers do not buy mortgage insurance.

### **Do not understand mortgage insurance**

One is the lack of knowledge: Many do not know what mortgage insurance entails. In line with efforts to make communication materials simpler for customers, OCBC Bank introduced a mortgage insurance concept brochure in May this year. It differs from the usual product brochure in that it uses charts, visuals and info-graphics to help explain what mortgage insurance can do for you should something unfortunate happens. This concept brochure has received the Crystal Mark from the Plain English Campaign. The Crystal Mark is a seal of approval for the clarity of a document.

### **Unwilling to pay for mortgage insurance premiums**

The second reason is the unwillingness to pay mortgage insurance premiums. Only 6% of the survey respondents ranked death or terminal illness as their top fear when buying a property. Thus many homeowners do not buy mortgage insurance plans to protect against the inability of their dependents to repay their large home loans as they think death or total and permanent disability is unlikely to affect them at their relatively young and healthy age.

Many feel such plans will be a waste of money since the premiums will not be refunded if nothing untoward happens.

Enter *Mortgage Protector Advantage*. With this product, homeowners are assured of protection for their families, affordability and a 100% refund of the annual premiums. Should something unfortunate happen to the policy owner, the outstanding housing loan will be taken care of. If no claim is made, all annual premiums paid will be refunded.

Mr Lim Wyson, Head of Global Wealth Management, OCBC Bank, said: "Customers have told us that homebuyers give low priority to covering their outstanding housing loans. This is worrying because a housing loan is one of the biggest long-term liabilities for any homeowner, and most may underestimate the financial burden that might be passed on to their dependents. Yet the last thing that they want is for their families to lose the roof over their heads if the mortgage is not insured."

He added: "Insure your housing loan for the sake of your loved ones. It's probably one of the best decisions you'll ever make because it's a liability you don't want your family to be burdened with should anything happen to you."

### **Fully refunded single premium mortgage insurance**

OCBC Bank was the first bank to offer a single premium mortgage insurance plan - *Mortgage Protector Plus* - that allows for 100% refund of the lump sum premium at the end of policy term if the customer does not make a claim. Together with OAC, the bank has now expanded the product range with *Mortgage Protector Advantage* which offers annual payment of premiums plus the refund-of-premiums feature.

### **Plain English for mortgage insurance**

In its bid to make wealth management relevant to all segments of customers, OCBC Bank is going all out to tackle too-complex explanations and weed out financial jargon. In January 2012, OCBC Bank became the first bank to receive the Crystal Mark from the Plain English Campaign, based in the United Kingdom, for its wealth management documents - financial needs analysis form, unit trust, dual currency returns and mortgage insurance brochures.

Since then, total mortgage insurance premiums collected has increased tenfold. The average premium size rose by nine times this year, compared to the same period last year (January to October). During the same period, the number of new unit trust customers also grew by three times.

## **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 500 branches and representative offices in 15 countries and territories, including about 400 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](http://www.ocbc.com)

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