



Great American Insurance Company
(Incorporated in United States of America)
Singapore Branch
Company Registration No. T15FC0029B

MAS 124 – Public Disclosure
31 December 2018

| | |
|---|---|
| 1. Purpose | 3 |
| 2. Company profile | 3 |
| Great American Insurance Company, Singapore Branch | 3 |
| Nature of business | 3 |
| Vision and Values..... | 4 |
| Business strategy | 5 |
| 3. Singapore Branch Corporate Governance Framework | 5 |
| Corporate and Risk Governance Overview | 5 |
| Enterprise Risk Management (ERM) | 8 |
| 4. Investment and Capital Management | 9 |
| Investment | 9 |
| Capital management | 9 |

1. Purpose

The disclosures in this document are made by Great American Insurance Company, Singapore Branch (the “Singapore Branch”) pursuant to the requirements in MAS Notice 124 (the “Notice”). The following disclosures are meant to complement the existing disclosures of the Singapore Branch, Great American Insurance Company (the “Company”), and our parent company, American Financial Group, Inc. (“AFG”)

2. Company profile

Great American Insurance Company, Singapore Branch

The Singapore Branch is a branch of Great American Insurance Company, headquartered in Cincinnati, Ohio, United States of America. The Singapore Branch was registered under the Companies Act Cap. 50 on 11 March 2015 and a license to carry on general insurance business in Singapore was granted by the Monetary Authority of Singapore (“MAS”) on 15 May 2015.

The registered office of the Singapore Branch is 3 Temasek Avenue, #16-01, Centennial Tower, Singapore 039190.

Financial Strength

Great American Insurance Company was founded in 1872, is rated “A+” (Superior) as of August 11, 2018, and is one of only five property and casualty insurers to have maintained a financial strength rating of “A” (Excellent) or better from A.M. Best Company for over 100 years. The Company was also affirmed “A+ (Strong)” by Standard & Poor’s as of February 23, 2018 and “A1 (Good)” by Moody’s affirmed in December 2018. Great American Insurance Company is the lead insurer of Great American Insurance Group (the “Group”).

Nature of business

The principle activity of the Singapore Branch consists of underwriting general insurance and reinsurance of different classes of insurance risks. The Singapore Branch’s comprehensive portfolio of general insurance products provides an insurance solution to a broad array of industries in Singapore and the Asia region.

Marine Insurance

Covers Cargo, Hull & Liability insurance. The Marine Cargo insurance coverage includes Single and Open cover, Annual Cover, Project Cover and Inland Transit Cargo insurance. Hull insurance includes Hull & Machinery, Builders’ Risks and Pleasure craft, etc. Marine Liability insurance includes Protection & Indemnity, Multi-model Transport Operator Liability, Marine Third Party Liability, and Ship Repairer’s Liability etc.

Financial Lines Insurance

Covers Professional Indemnity, Medical Malpractice, Directors' and Officers' liability, Technology liability and other forms of Errors and Omissions insurance for Professionals and Executives.

Property

Covers insurance for Industrial All Risks, Fire and Business Interruption insurance for all types of properties, homeowners and householder insurance on their residential properties.

Engineering

Covers insurance for Contractor's All Risks, Erection All Risks, Machinery Breakdown with Business Interruption, Boiler & Pressure Vessel insurance, Electronic Equipment insurance, etc.

Casualty

Covers General Liability, Commercial and Private automotive, Work Injury, Personal Accident, Travel and Emergency Evacuation, Group Hospital & Surgical, etc.

Vision and Values

Our Vision

“Delivered through our people, products and valued relationships, we will create a world class insurer that is admired by customers, competitors and stakeholders.”

Our vision will be achieved by leveraging our team's experiences and capabilities to build and consolidate our target market position in the Singapore and the Asia region.

Our Values

Our values underpin our business and will help drive us towards our stated vision. We encourage our employees to live our company values every day in business and in their communities. Our corporate values are:

- Accountability
- Clear & Open Communication
- Customer Focus
- Entrepreneurial Spirit
- Family
- Integrity
- Respect for Others
- Self-Discipline
- Specialization

Operating Philosophy

People. Employing the right people based on technical competence, personal qualities and market relationships. Our people are trusted and have extensive experience in the local insurance markets.

Products. Developing the right products targeted to being the best coverage in our chosen segments. Focus on insurance products for which we have significant expertise and knowledge.

Relationships. Establishing valued two-way relationships with our distribution channels.

Business strategy

Our business strategy is to offer a suite of solutions which will support companies in Singapore, giving them confidence to grow and innovate. To drive this strategy, the Singapore Branch has recruited an experienced team comprising specialists with deep specialty knowledge across distribution, underwriting, and claims – some with more than 30 years of market experience.

Our underwriting strategy is conservative and targeted in areas that are profitable and less risky based on the extensive experience of our underwriting team.

Our long-term approach is to ensure optimal protection, continuity and capacity at rates that reflect value to our policyholders. We seek to have the best quality reinsurers supporting our treaties, we will use local companies where the underwriting teams are known to us and have a solid record of accomplishment of success and underwriting profitability. By taking a meaningful net retention and purchasing quality reinsurance capacity to support our gross line sizes, we expect to effectively minimise downside risk and catastrophic loss exposure so as to deliver a consistent level of policyholder security and an adequate rate of return for our shareholders.

Our strategy is to build a business our team is familiar with, and with intermediaries and customers known to us and with whom we have trust. Adding to the strong connections we already have, we will continue to establish Great American Insurance Company's brand and our market position in Singapore.

3. Singapore Branch Corporate Governance Framework

Corporate and Risk Governance Overview

The Company and the Singapore Branch maintain a high standard of corporate and risk governance. The corporate governance framework for the Singapore Branch is established in accordance to the guidelines issued by the Monetary Authority of Singapore and aligned with the Group's governance structure. The framework is developed to ensure there is proper governance and oversight by the Management Board and Group over the business and operations, internal controls and risk management of the Singapore Branch.

Singapore Management Board

The Singapore Management Board oversees the governance of key risks in the Singapore Branch's operations and ensures that the management process is in place and functioning effectively. The Singapore Management Board maintains a sound risk management system and internal controls to safeguard stakeholders' interests and the Singapore Branch's assets.

The Singapore Management Board comprises:

- From Great American Insurance Company's corporate office (the "Corporate Office")
 - Executive Vice President
 - Senior Vice President, Chief Financial Officer and Treasurer
 - Senior Vice President
- From the Singapore Branch
 - Chief Executive Officer
 - Chief Financial & Operating Officer

The Singapore Management Board meets at least four times a year.

Investment Committee

The Investment Committee was set up to assist the Singapore Management Board in fulfilling its oversight responsibilities for investment activities and the consideration of issues arising from them.

The Investment Committee comprises:

- From Corporate Office
 - Executive Vice President
 - Vice President and Assistant Treasurer
- From the Singapore Branch
 - Chief Executive Officer
 - Chief Financial & Operating Officer
 - Appointed Actuary (invitation)

The Investment Committee meets twice a year.

Risk Management Committee

The Risk Management Committee was set up to assist the Singapore Management Board in fulfilling its governance responsibilities on effective risk management practices and sound internal controls, including the establishment of an Enterprise Risk Management (ERM) framework that provide an overview of the risk policy architecture and process.

The Risk Management Committee comprises:

- From Corporate Office
 - Executive Vice President
 - Vice President and Assistant Treasurer
- From the Singapore Branch
 - Chief Executive Officer
 - Chief Financial & Operating Officer
 - Director, Risk Management & Compliance

The responsibilities of the Risk Management Committee are to:

- Ensure that the material risks facing the Singapore Branch has been identified, that the risk profile adequately represents any issues relating to the Singapore Branch's control environment and that remedial actions are in place;
- Review reports on any material breaches of risk limits and the adequacy of proposed actions;
- Regularly review and monitor emerging risks, if any;
- Review Stress and Scenario Testing results and actions proposed or taken to address any identified risks and provide input into the selection appropriate stress and scenario tests.
- Review the Own Risk and Solvency Assessment (ORSA) approach and report; collaborate on the ORSA with Corporate Office.

The Risk Management Committee meets at least twice a year.

Our senior management team which is comprised of the CEO, CFOO, Director, Risk Management & Compliance and the Divisional Heads, has the central role in maintaining adequate risk oversight of the business activities of the Singapore Branch. The members of this team are responsible for implementing processes and controls to measure and manage our business risks, as well as for ensuring compliance with regulatory requirements.

Our Corporate Office has oversight responsibility of our business activities and is consulted for feedback to improve our ERM and internal processes. Key management decisions are made by the Singapore Branch senior management. Corporate Office is kept informed and consulted where necessary. Through routine reporting and communication with Corporate Office, the Singapore Branch is aware of any developments at Corporate Office or Group level, which may have an impact on the risk profile of the Singapore Branch. For the period under review, we did not note any material risk from Corporate Office or the Group that might affect the Singapore Branch.

The Singapore Branch's Risk Management & Compliance Department is responsible for establishing effective risk management policies and procedures, and disseminating changes in regulations to the appropriate parties.

The Branch adopts a three tier risk management and defence approach. This encourages risk identification and awareness at all levels within the organisation.

First line of defence - The Singapore Branch's senior management is the risk owner and is responsible for implementing the appropriate internal controls on risk management.

Second line of defence – The Risk Management Committee is responsible for fulfilling the governance responsibilities on effective risk management practices, including owning the ERM process that provides an overview of risk policy architecture and process. The committee is also responsible for reviewing the risks and actions taken by the first line of defence.

Third line of defence –Group Internal Audit provides an independent assurance and review of the effectiveness of risk management and internal controls.

The review of our risk management policies and procedures takes place annually, and/or as and when there are regulatory changes/updates during the first two years of our operations to validate that our policies and procedures are effective. Now that the Singapore Branch is in its

3rd year of operation with a stabilised platform, this review will take place every three years, and/or as and when there are regulatory changes/updates.

Enterprise Risk Management (ERM)

The Singapore Branch has an ERM process, with the objective of managing uncertainty from business and operational risks and maintaining policyholder protection through the Risk Assessment Models in order to identify and address any potential risk.

In order to strategically address risk, the Singapore Branch works closely with Corporate Office and takes into account the local insurance markets and local regulatory environments. The Singapore Branch's pre-determined risk types are:

| Risk Type | Definition of Risk Type |
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| 1. Strategic Risk | The risk of the inability to implement appropriate business plans, to make decisions, to allocate resources or to adapt to changes in the business environment which adversely affect the Singapore Branch's competitive position and financial condition. |
| 2. Insurance Risk | The risk of variations in the timing, frequency and severity of insured events and claims settlements, relative to the expectations at the time of underwriting. Insurance risk relates to the following sub-risk types. |
| 2(a) Catastrophe Risk | The risk of a material increase in claims occurring over a short period of time from a single event or series of events. |
| 2(b) Reserve Risk | The risk of adverse reserve development on prior accident years which weakens the balance sheet and introduces additional uncertainty into pricing decisions. |
| 2(c) Underwriting / Pricing Risk | The risk of losses due to poor underwriting discipline or underpricing. |
| 2(d) Aggregations / Concentration Risk | The risk of losses due to either: <ul style="list-style-type: none"> • Multiple business units covering the same and/or related exposures; • Related losses within markets, industries, or geographic area; or • High proportion of coverage or assets concentrated in specific agencies, agents, insureds, companies or markets. |
| 3. Credit Risk | The risk of not recovering money owed by third parties. |
| 4. Market Risk | The risk of variability of the value of and returns on investments and the variability of interest rates, foreign exchange rates and economy-wide inflation on both assets and liabilities, excluding reserves. |
| 5. Liquidity Risk | The risk to meet contractual obligations as they become due because of an inability to liquidate assets or obtain adequate funding without incurring unacceptable losses. |
| 6. Operational Risk | The risk of loss from inadequate or failed internal processes, people and systems or from external events. Operation risks relate to the following sub-risk types. |

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| 6(a) Fraud | An act or omission intended to gain dishonest or unlawful advantage for the party committing fraud or for other related parties. |
| 6(b) Human Capital | The ability to recruit, educate, motivate and retain personnel who have the ability to carry out the Singapore Branch's strategic initiatives. |
| 6(c) Legal & Regulatory | Compliance with current or proposed laws, rules, regulations and procedures; unfavourable rulings on litigation; and changes to laws and regulations that adversely impact the current or future state of our business. |
| 6(d) Disasters | Include other external events causing an adverse material impact on the Singapore Branch's capability to carry on its day to day normal operations. |
| 6(e) Information Technology | The capability, efficiency and reliability of our technology and data resources. Specific risks result from: <ul style="list-style-type: none"> • Availability, Reliability and Recovery (interruption in data processing capabilities); • Information Security (internal/external breaches in safeguarding data); • Technology Architecture and Development (current and future organization needs are not supported); and • Data Quality and Integrity (complete, accurate and relevant information is not available.) |
| 6(f) Business Processing | Losses from failed transaction processing, including claims management. |
| 7. Group Risk | The risk arising specifically from being part of the wider group, including financial impact and loss of support from the Corporate Office. |
| 8. Reputation Risk | The risk to earnings and capital arising from an adverse perception of the Branch on the part of existing and potential stakeholders, i.e. clients, employees, intermediaries and regulators. |

4. Investment and Capital Management

Investment

The primary investment objective of the Singapore Branch is to ensure that the funds will be available to meet the Company's primary insurance and reinsurance obligations. The investment portfolio shall be managed with a view to preserve capital and achieve reasonable returns relative to the applicable benchmark defined.

Capital management

The primary objective of the Branch's capital management is to safeguard the Branch's ability to continue as a going concern, to maintain healthy capital ratios and to provide an adequate return to the shareholders.

The Branch is required to satisfy the Fund Solvency and Capital Adequacy Requirements prescribed under the Singapore Insurance Act (Chapter 142). The Branch monitors its capital level on a regular basis to assess whether such requirements are met, and reports to the MAS its fund solvency and capital adequacy positions at each quarter and annually. The Branch has complied with the solvency requirements during the financial year ended 31 December 2018.