

Headline	Growing visibility for insurers		
MediaTitle	The Sunday Post (Kuching)		
Date	19 Jun 2016	Language	English
Circulation	89,224	Readership	267,672
Section	BizHive Weekly	Page No	P1,P7TOP10
ArticleSize	3785 cm ²	Journalist	N/A
PR Value	RM 154,842		



Insurance players find it tougher this year to gain visibility, more so when consumers are tightening purse strings on slowing consumerism and rising costs of living. This does not slow down the efforts of firms in Malaysia as they employ methods such as mobile applications and specific campaigns to increase penetration rate in Malaysia. BizHive Weekly talks to a few players on their efforts in this field:

► Cover Story See P7, P8, P9 & P10



Headline	Growing visibility for insurers		
MediaTitle	The Sunday Post (Kuching)		
Date	19 Jun 2016	Language	English
Circulation	89,224	Readership	267,672
Section	BizHive Weekly	Page No	P1,P7TOP10
ArticleSize	3785 cm ²	Journalist	N/A
PR Value	RM 154,842		



By **Ronnie Teo**
 bizhive@thehomeopost.com

Insurance players are feeling the brunt of a slowing economy, despite a growing level of customer satisfaction.

Researchers with MIDF Amanah Investment Bank Bhd (MIDF Research) may revise downwards its 2016 forecast for the country's gross domestic product (GDP) forecast should the slowdown in manufacturing continue.

Last week, the Statistics Department said Malaysia's industrial production index (IPI) grew at a slower pace of three per cent in April from a year ago – lower than economists' consensus of a 3.5 per cent increase.

On a seasonally adjusted basis, the IPI in April contracted by 0.8 per cent from March, the worst in eight months.

MIDF Research said it will maintain its 2016 IPI growth forecast at three to 3.5 per cent and GDP expansion at 4.4 per cent for the time being.

"However, a downward revision is likely if the economy continues to slow further.

"The moderating manufacturing index, despite the strong private consumption growth in 1Q16, is providing a gloomy outlook to Malaysia economy while the high electricity index is a unique phenomenon due to the El Nino effect," it said in a note on this point.

The moderating manufacturing index from 4.5 per cent in March to three per cent in April is a concern as it could be indicating that both external and domestic demand continued to weaken.

MIDF Research further added that manufacturing index contracted by 2.2 per cent month-on-month on a seasonally adjusted basis, the worst in 28 months.

Liberalisation will shape sector

Malaysia's phased liberalisation road-map will positively affect the country's insurance sector by raising insurers' competitiveness as Southeast Asian economic integration sets in, says Fitch Ratings.

In a statement, the rating agency said the phased liberalisation would provide motor insurers with greater discretion to adequately price, risks in the near-term while controlled deregulation would protect fire insurers' profitability from underwriting volatility caused by competitive pricing.

"The sector also has sufficient capital

to buffer against adverse underwriting shocks and financial market volatility, largely underpinned by the sound regulatory capital regime and surplus growth over the years," it opined.

Fitch said the sector's premium growth in the near-term would be sluggish due to cautious consumer sentiment and economic headwinds, including currency fluctuations and lower regional trade activity.

However, the rating agency believed long-term growth prospects remained attractive due to favourable demographics and low penetration levels.

It also expected merger and acquisition activities to pick up in the medium-term, given the regulatory requirement for composite insurers to split their operations and increase market competition as liberalisation set in.

Asean pushes for integration of insurance sector

In a bid to spur greater financial integration, countries in Southeast Asia have set up a working group to look into the insurance sector. The Association of Southeast Asian Nations (Asean) is seeking to ease trade by liberating duties under the Asean Economic Community initiative launched at the end of last year.

The 10 member-country association is also implementing various measures under the AEC Blueprint to ease movement of goods, services and people through simplified custom procedures and the harmonisation of standards.

Under the financial services sector, frameworks have been established to allow countries to set up banking operations under reciprocal bilateral arrangements.

However, little has been achieved on liberalising the insurance sector to date.

The new working group will specifically look into measures to open up the insurance sector.

"We hope to have a bottom-up approach from the industry to hasten integration," said a Malaysian trade official in a recent forum organised by the Asean Business Club.

Over the past few years, the Asean Business Club has been pushing for speedier implementation of the AEC Blueprint to achieve its objectives of group-wide integration.

"The next phase must focus on tangible outcome, with the private sector working through Asean bodies from the bottom up as well," said Munir Majid, the club's president.

At the same forum, Malaysian Minister of International Trade and Industry Datuk Seri Mustapa Mohamed said he will push Asean colleagues toward achieving a highly integrated and cohesive economy with connectivity with trading partners beyond the pact over the next 10 years.

Customer satisfaction rising

In spite of this, customers are comparatively happier dealing with insurance companies overall.

According to Frost & Sullivan Malaysia's recent study, customer satisfaction in the

banking, telecommunications and insurance sectors in Malaysia has improved.

Its head of consulting for Asia Pacific, Nitin Bhat, the customer experience index (CEI) of the health insurance sector has increased 0.6 points to 3.86 points while life insurance CEI has increased 0.39 points to 3.76 points in 2015.

Bhat said that the rates and fees offered is the single most important factor in determining the choice of health and life insurance services.

To recap, the Frost & Sullivan Customer Experience program focuses on measuring the experiences of consumers across all key touch points, such as in-store/retail, products and services and in the contact centers and across all stages of interaction with the brand.

Consumers ranked their experience across set of pre-defined and well researched quantitative parameters, throughout the three phases of their customer journey – pre-purchase, purchase and post-purchase stage. Frost & Sullivan decided to focus on THREE key sectors – banking, telecoms and insurance due to the high churn rate in these sectors.

"We hope that this research will help companies to fine tune their customer experience strategies and allow them to better retain their customers," Bhat said.

"Companies need to design their customer experience approach by looking at different stages of customers purchase and touch points."

Bhat said in the health and life insurance sector, Malaysian consumers showed a lower enthusiasm in promoting their service provider to friends and families, with the industry average Net Promoter Score (NPS) at a negative six per cent.

It is also observed that in 2015, the insurance agents channel was the most preferred channel in all three stages of the customer journey – pre-purchase, purchase and post-purchase stages – with health and insurance companies in Malaysia.

"Mobile channel is severely under-utilized in all three stages of the customer journey due to the accessibility and convenience of interacting with insurance agent in terms of making enquiries, seeking explanation and problem solving," he added.

"Insurance companies need to sell their products via online platforms to drive the penetration rate to 75 per cent in 2020 from the current 56 per cent. Broadening the life insurance policy channels would allow various insurance segments to come in and increase the penetration rate as required."

Toi See Jong, Life Insurance Association of Malaysia president



• Turn to page P8

Headline	Growing visibility for insurers		
MediaTitle	The Sunday Post (Kuching)		
Date	19 Jun 2016	Language	English
Circulation	89,224	Readership	267,672
Section	BizHive Weekly	Page No	P1,P7TOP10
ArticleSize	3785 cm ²	Journalist	N/A
PR Value	RM 154,842		

Prudential: Aiding access to hospitals via app

Prudential Assurance Malaysia Bhd (Prudential Malaysia) is one of Malaysia's insurers to take up the online challenge via its app.

The PRUaccess allows users to have access to policy information online, in addition to chores such as update your annual policy premiums, and manage your insurance and investment policies – all through the app.

According to chief operations officer Wong Eng Teng, the move to create PRUaccess was synonymous with technological advancements.

"The number of smartphone users in Malaysia has been increasing year on year," he told BizHive Weekly in an online interview. "From 8.9 million users in 2014, to 10.1 million in 2015, that figure is expected to grow to 11 million this year."

"In fact, the smartphone user penetration rate is estimated to exceed 57 per cent in the next three years."

"Furthermore, as more and more Malaysians are accessing the web via mobile devices, it was only a matter of time before Prudential leveraged on this platform to effectively reach our customers."

"PRUaccess was created in response to the changing needs of our customers. We realised that with customers always on the move, we needed to come up with a mobile application that encompasses mobility, convenience and user-friendliness in line with our Digital Strategy. PRUaccess provides a one stop solution for Prudential's existing and potential customers to access the company's full listing of panel hospitals with navigation details to their preferred hospital."

Wong Eng Teng, chief operations officer of Prudential Assurance Malaysia Bhd



This led Prudential to create PRUaccess in response to the changing needs of customers, Wong added.

"We realised that with customers always on the move, we needed to come up with a mobile application that encompasses mobility, convenience and user-friendliness in line with our Digital Strategy."

Available on iOS, Android and Windows platforms for free download, PRUaccess provides its existing and potential customers access to the company's full listing of panel hospitals with navigation details to their preferred hospital.

Customers can also view a list of doctors at a particular hospital which includes details such as their specialisations and facilities available. With a tap or swipe, you will be able to obtain navigation details to your preferred hospital or doctor from your

current location.

Other features include a one touch call to emergency numbers, room and board rates for each hospital, and important information regarding the hospital admission and discharge process.

"As an insurer, providing convenience to our customers who are seeking out PAMB's panel hospitals for check-ups and admissions is one of our priorities," he added.

"While we have extensive information available on our corporate website, we realized that we needed a more effective way to house any claims and hospital admission related information that our customers could easily access while on the go."

PRUaccess not only contains the full list of Prudential's panel hospitals but includes a section to guide customers through various processes such as:

a) Hospital Admission Process

What are the steps that the customer needs to undertake before Prudential issues a Letter of Undertaking.

b) Hospital Discharge Process

What are the steps that the customer needs to undertake before being discharged.

c) Claims Requirement Checklist

A complete checklist that a customer can refer to for the required documents that need to be submitted to make a claim.

d) Pre-Insurance Check-Up

Basic reminders to prepare the customer for his/her pre-insurance check-up when they apply for a medical plan from Prudential.

The app is updated on a quarterly basis to reflect changes in hospital information, procedures/processes and/or movements of doctors.

"PRUaccess was launched internally to Prudential's agency force in July 2014 and in less than two months, the app was downloaded 5,700 times," Wong further revealed.

"When it was officially launched to the public in September 2014, PRUaccess was downloaded more than 7,700 times (excludes the above 5,700 downloads) by the end of the year."

"To date, PRUaccess has been downloaded more than 33,000 times. We are very pleased by the response from users given that news of the app was spread entirely through word-of-mouth."

LIAM to insurers: Sell products online

On this point, insurance companies are called on to sell their products via online platforms to drive the penetration rate to 75 per cent in 2020 from a current 56 per cent.

Life Insurance Association of Malaysia (LIAM) president Toi See Jong expressed hope that the companies could establish their own platform by Jan 1, 2017.

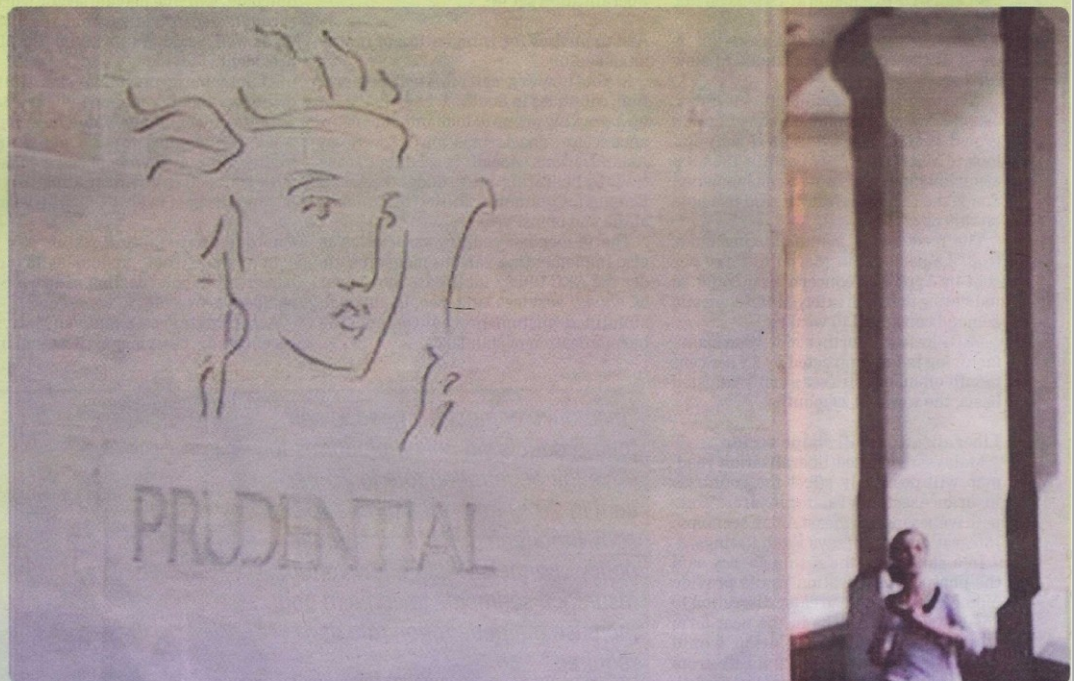
"We only have four years left and the gap between the rates is still big. Broadening the life insurance policy channels would allow various insurance segments to come in and increase the penetration rate as required," he told Bernama after opening a seminar jointly organised by LIAM and the Foundation for the Advancement of Life & Insurance.

He said online platforms, being straightforward and secure, allow consumers of all ages to make comparisons and choose a competitive insurance policy.

Malaysia has only a small number of online providers of life insurance products, he noted, adding LIAM would continue to work closely with Bank Negara to achieve the target penetration rate.

He suggested that people with low incomes could first buy a simple insurance product such as a personal accident policy for less than RM10 per month.

On prospects, Toi said the life insurance industry is expected to sustain its single-digit growth rate throughout the year driven by demand as well as increased awareness of the importance of protection.



Headline	Growing visibility for insurers		
MediaTitle	The Sunday Post (Kuching)		
Date	19 Jun 2016	Language	English
Circulation	89,224	Readership	267,672
Section	BizHive Weekly	Page No	P1,P7TOP10
ArticleSize	3785 cm ²	Journalist	N/A
PR Value	RM 154,842		



Photo shows Allianz General Insurance Company (Malaysia) Bhd's teams of risk engineers.

Allianz: Focus in risk awareness

On the other end of the spectrum, Allianz Malaysia Bhd (Allianz Malaysia) is tapping into another major concern of Malaysians – weather risk management.

Flooding is one of the most common natural catastrophes in the world. The heavy rainfall Malaysia experiences every year makes the country prone to flash floods, floods and landslides. Over the last few years, Allianz observed that Malaysia was hit by many flood incidents and in some instances claimed lives of people.

As an insurer, Allianz Malaysia said it understands the dilemma faced by those affected by floods and continues its effort to advocate the community on the potential risks of living in flood prone areas.

With this in mind, Allianz Malaysia developed the Allianz Survival Kit along with a Flood Preparedness Brochure.

The Survival Kit provides tools that are essential in the event of an emergency or evacuation whereas the brochure gives a detailed guide on what to do before, during and after flood.

"Flooding raises a serious concern. We have seen our customers and even our own employees going through a flood situation, and it is certainly challenging," said Zakri Khir, Allianz Malaysia's chief executive officer in a statement.

"As a responsible corporate citizen, it is our duty not just as an insurer to help as many people as possible during difficult times."

The Allianz Survival Kit and Flood Pre-

paredness Brochure was first launched on May 20 this year at the Introduction to Disaster Preparedness on Flood, Earthquake and Fire Safety training held for Allianz Malaysia employees by the Fire and Rescue Department of Kuala Lumpur.

The training was conducted to identify volunteers for Allianz Malaysia's Disaster

Emergency Response Team in three main areas, specifically disaster preparedness, disaster back-end support and disaster field relief.

Businesses too are not left out in the aspect of risk management.

In the ever-changing global business landscape, risk management has become a vital part of any organisation's business strategy in assisting to identify potential risks to its business.

Risk Management, in all of its form is essentially the process of identification, assessment and prioritisation of risks. This is



"As experts in our field, our risk engineers understand and appreciate what the client does and not just hear but listen to the issues that they may have in their operations. This is so that we can analyse the root cause and provide 'best practice' and practical solutions, instead of merely to satisfying certain regulations or standards."

Raffiz Ridzuan, Allianz Malaysia Bhd chief underwriting officer

then ensued by the process of minimising, monitoring and controlling the probability or impact of an unfortunate event.

The entire process will be conducted by a coordinated and economical application of resources.

Risks can range from the simplest thing such as the incorrect placement of sprinklers and smoke detectors to not having adequate auxiliary diesel power generators which can provide electrical energy in cases of power outage – risk engineers play a pivotal role in being able to advise and recommend solutions in safeguarding business assets.

Risk engineers analyse the risks and hazards apparent in a particular process or operation within an organisation and come up with a risk assessment. They then offer advice to clients in finding solutions to reduce those risks.

"As experts in our field, our risk engineers understand and appreciate what the client does and not just hear but listen to the issues that they may have in their operations.

"This is so that we can analyse the root cause and provide 'best practice' and practical solutions, instead of merely to satisfying certain regulations or standards," said Raffiz Ridzuan, Chief Underwriting Officer.

"Our trump card would be our global connectivity, where we are able to share 'best practices' among fellow risk engineers within Allianz, leveraging on global experiences which in turn, will be used to assist clients towards risk improvements.

"We emphasise 'risk improvement recommendations' and 'loss control' as we firmly believe preventing risks is better than damage control."

Globally, Allianz risk engineers have a presence of 235 personnel in regions such as Europe, Americas, Mediterranean and Asia, in areas such as property, engineering, management, liability, marine, energy, aviation and cyber.

On the job, Allianz risk engineers provide risk analysis and consultation. The risk engineers identify and analyse possible risks to promote loss control measures and provide tailor-made practical guidelines and safety standards in re-engineering processes or operations.

The process begins with a structured discussion in understanding the client's business operations followed by a risk survey. Clients will then obtain a comprehensive summary of the risk analysis (both qualitative and quantitative) and a recommendation for improvements and loss control.

The methods are applied to the simplest manufacturing facility to a combined cycle power plant or hi-tech manufacturing.

Allianz General also plans to expand its value added services in risk management by offering services such as loss control and risk engineering, quantitative risk analysis, consultancy for fire protection testing and commissioning as well as business continuity management, in the near future.

Besides that, Allianz's risk management portfolio currently included four new Crisis Management products – Terrorism and Political Violence Insurance, Automotive Recall Policy, Allianz Global Pro Plus and Environment Protect – which are available through the brokers and exclusive agents of Allianz General for companies looking to acquire heightened protection for their business.

• Turn to page P10

Headline	Growing visibility for insurers		
MediaTitle	The Sunday Post (Kuching)		
Date	19 Jun 2016	Language	English
Circulation	89,224	Readership	267,672
Section	BizHive Weekly	Page No	P1,P7TOP10
ArticleSize	3785 cm ²	Journalist	N/A
PR Value	RM 154,842		



Reducing damage from bad climate changes

Climate change remains a key issue for the world in the 21st century, even more so when radical and potent weather swings can affect the costs of extreme weather in the future.

“Insurance acts as a financial litmus-test for sustainability. Choices that society makes today will affect future costs. Insurance can help quantify these costs,” opined Nick Starling, the director of General Insurance from the Association of British Insurers.

This opinion came from a study focused on the costly aspect of weather today, which includes the likes of extreme storms such as hurricanes, typhoons, and windstorms in the major insurance markets.

“Our research shows that even quite small increases in the intensity of such storms, as predicted by the latest climate science, could increase damage costs by at least two-thirds by the end of the century,” he said.

“The most extreme storms could become even more destructive, leading to losses greater than we have seen before. Insurance markets could become more volatile, as the costs of capital required to cover such events increased.”

Many of the potential costs described could be avoided by taking action now. Decisionmakers in government and elsewhere have a real opportunity to make rational choices for the future by taking account of the financial costs of climate change.

Insurance is one of the main mechanisms used by individuals and business to manage the financial consequences of risk, including the threat posed by natural hazards such as windstorms and floods.

Insurance markets work by pooling risks across a large and diverse population. Each individual or business protects themselves against an uncertain loss by paying an annual premium towards the pool’s expected losses. The insurer holds premiums in a fund that, along with investment income and supplementary capital (where necessary), compensates those that experience losses.

World bank helps in fight against weather change

On this aspect, the World Bank continues to aid in the fight against severe weather and climate change’s impact on developing regions of the globe, with the announcement of a partnership with AXA Corporate Solutions on parametric weather insurance.

This agreement sees AXA work with the World Bank Group’s Global Index Insurance Facility (GIIF) to provide innovative and affordable parametric and weather-index linked insurance protection for the world’s most vulnerable, developing regions.

The news comes just several weeks after Artemis reported that reinsurance giant Swiss Re’s efforts with the World Bank in Africa, has now safeguarded two million African smallholder farmers against natural perils, via insurance offerings.

“AXA is one of the largest insurers in the world. Our calling is to invest in innovative products that protect our clients every day. Index-insurance is one such product. By protecting the most vulnerable farmers against weather anomalies, we contribute to resolving the issue of food security, which remains a global challenge,” said Philippe

Rocard, AXA’s chief executive officer.

Smallholder farmers in Asia, Africa and Latin America are among the poorest in the world, surviving on an extremely low budget that often means insurance protection is unaffordable.

And as the severity and frequency of droughts, flooding and other natural perils continues to rise, the livelihood of these farmers becomes more endangered than ever before.

The introduction of index-based insurance products in these regions can greatly enhance the financial stability of individuals and the wider local economy.

AXA explains the benefits of index-based or parametric insurance as a significantly cheaper option than other models, advising that; “the payment is triggered based upon weather data, meaning no need for a loss adjuster, which greatly limits claims handling costs and accelerates the entire process.”

A hike in global catastrophe events combined with advancements in satellite imagery and the Big Data revolution, has seen a boom in weather-based index-insurance.

Artemis discussed recently how Nigeria has pledged to protect 15 million of its smallholder farmers from adverse weather by 2017, through agricultural weather-index insurance schemes.

“Big Data allows us to go beyond the borders of insurable risk and contribute to the improvement of food security in developing countries,” notes AXA.

From the inception of the project AXA will make roughly 50 million euros of re-insurance capacity available for weather-

index insurance, and the firm look to offer protection to certain European regions in the future, as well as Africa, Asia and Latin America, as it seeks to take the weather insurance cover beyond just developing or emerging markets.

AXA aims to leverage increasing volumes of satellite and weather data, in order to get the best possible views of drought, flood and other weather risks that affect crop yields for the emerging market schemes. The learnings from this microinsurance work with the World Bank will likely fuel the development of its weather offerings for developed markets as well, with this data-first approach.

As the reinsurance market remains flooded with alternative and traditional capacity, it would be mutually beneficial to deploy some of the excess funds into weather-focused index-insurance schemes. In fact increasingly ILS managers and reinsurers are looking to weather linked products as potential new avenues to put capital to work.

The new AXA and World Bank venture aims to “contribute to the economic development of the most poverty-stricken countries,” and joins the growing list of weather-based parametric insurance schemes and providers around the globe.

As more and more vulnerable, underdeveloped and uninsured areas gain access to affordable, vital re/insurance protection, the gap between their economic and insured losses narrows post-disaster. Additionally, the rapid payouts possible under a parametric or index-based insurance solution enable the money to get to the people who need it more quickly.