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# Sun Life Malaysia looking to mine clients of its bank partner

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INSURER Sun Life Malaysia is looking to further deepen its reach with its bank partner CIMB as it sees huge potential among the bank's clients, particularly in the affluent takaful segment.

The insurer is 49% owned by Sun Life Assurance Company of Canada, with Khazanah Nasional Bhd holding 51%.

"There is still a lot of potential [for us] at CIMB Bank, which has seven to eight million customers. We are not tapping the full potential yet. We believe we can do a lot more with the CIMB clients. Our purpose is to help clients to achieve lifetime financial security and live healthier lives," says Sun Life

Malaysia CEO and president Raymond Lew in an interview with The Edge. “Our goal is to ensure all CIMB clients own a Sun Life policy.”

A provider of life insurance and Family Takaful products, Sun Life Malaysia is a leader in bancatakaful, holding close to 30% of the market share.

While Sun Life Malaysia believes that there is still a lot of untapped potential among CIMB bank customers, the insurer does not want to confine itself to the bank’s clients but is also gaining customers through an adviser channel that was started four years ago. The channel has gained good traction, Lew says.

The insurer’s 1,000 advisers are considered a small number compared with other agency forces that are 10,000 strong.

Lew says Sun Life Malaysia is not into the “number game” when it comes to the recruitment of advisers, but is selective as it only wants to work with those who are committed and intent on developing a career with the insurer.

“We focus on quality. Our active ratio is high. We’re not into the model where there are thousands [of agents] but only 10% of them are productive,” he explains.

There are plans to grow its adviser channel by 50% this year to 1,500 advisers.

Sun Life Malaysia is focused on the affluent segment as there is growing demand for products such as legacy planning.

“We aim to have a solution for everyone. It’s just that [right now] we’re putting a lot of effort into the affluent segment because we see a tremendous need for it on the takaful side. Products like legacy planning are key and we thought we wanted to do more with this market segment.

“In the last two years, we have put in a lot of effort into this because of the feedback from the bank and our advisers. They see tremendous shifts, particularly among the affluent, who want to plan for their family in terms of wealth distribution and wealth preservation,” explains Lew.

On a separate matter, Sun Life Malaysia is following in the footsteps of its parent company in Canada, which is a big advocate of sustainability. Sun Life Financial Inc had in 2020 committed over C\$60 billion (about RM197.7 billion) in sustainable investments across its general account and third-party investments.

“We view sustainability as a strategic enabler to drive growth for our business. We promote sustainability by building on areas in which we believe we can do best, advancing sustainable investing, fostering healthier lives and increasing financial security through innovative insurance and protection products,” explains Lew.

For example, it has further reduced the exposure of its investment portfolio to coal-related industries over the past three years. At the same time, it plans to continue increasing its sustainable investing commitments.

Currently, coal accounts for less than 1% of Sun Life Malaysia's total assets under management (AUM).

In 2021, the insurer launched the industry's first investment-linked ESG fund, the Sun Life Malaysia Global Sustainable Fund, with Nomura Asset Management Malaysia Sdn Bhd through a feeder fund.

The fund invests in companies that have the potential to generate financial returns and considerable benefits to society and the environment over the long term. They include companies that are focused on mitigating climate change and natural capital depreciation as well as the eradication of communicable diseases and obesity.

Lew says response from the bank's clients and its advisers has been good. "Since we are addressing the needs of the affluent segment, there is more awareness when you talk about the sustainability agenda of the country. We're seeing strong buy in and good take up."

As at Dec 31, 2021, the fund's size stood at RM9.5 million.

In the second quarter, it is also looking to launch another investment-linked ESG fund for its takaful business. In the long term, Lew says the insurer aims to have all its investment-linked funds sustainability linked.

However, he observes a particular challenge in sustainable investments — the lack of such assets in the local scene. "The way I look at it is that it is paced evolution rather than revolution. The desire and intention is there, but we have to make sure we have a good plan."

For Sun Life Malaysia's investment-linked plans, about 17% of its AUM is invested locally, while the balance is international investments with a large portion of it focused on the Asia-Pacific.

This year, Sun Life Malaysia is targeting to achieve double-digit growth of more than 20%, in terms of its total gross written premium while still upholding its commitment to shareholders and maintaining its profitability and capital position.

For the cumulative six months ended June 30, 2021 (6MFY2021), Sun Life Assurance Malaysia Bhd — the conventional life segment of the group — registered a fall of nearly 50% in net profit to RM25.45 million compared with RM46.23 million a year earlier, even though gross premium jumped 50% to RM537.04 million from RM340.67 million in the previous year.

The family takaful segment under Sun Life Malaysia Takaful Bhd recorded net profit of RM4.18 million for 6MFY2021 from a net loss of RM4.26 million in the previous year. Its gross earned contribution more than doubled to RM523.12 million from RM204.47 million a year ago.