

Sun Life Malaysia sees 'blue ocean' in takaful

It is honing its execution this year with the aim of returning to double-digit growth

BY TAN XUE YING

KUALA LUMPUR: Having suffered a bleak 2018 when its premium growth rate fell to a low of 9% on dampened consumer sentiment, Sun Life Malaysia is honing its execution this year with the aim of returning to its norm of double-digit growth.

It is particularly keen to expand its takaful business — seen as a “blue ocean” — besides further growing its conventional life insurance business. Both segments contribute equally to earnings at present, said its country head Raymond Lew.

Having enjoyed a compound annual growth rate of 18% over the past six years, Sun Life Malaysia saw its premium growth rate cut by more than half to 9% last year, from 22% in 2017. The drastic decline was attributed to dampened consumer sentiment after the 14th general election (GE14) in May 2018.

The impact was evident in the higher rate of lapsation of policies because of insufficient funds — particularly among the bottom 40% group — as well as a decline in its bancassurance business owing to fewer mortgage or loan applications.

“Last year was a particularly challenging year. But we are seeing momentum returning since March. If we keep a sharp focus on our execution this year, we will be able to overcome some of the challenges [faced previously].

“We are looking at a 23% growth in premiums, and to revive our momentum [to that of] before the GE14,” Lew told *The Edge Financial Daily* in an interview, adding that the company is aiming for further organic and inorganic growth.

According to Lew, the company is focusing on the execution of its products this year, after spending the past few years on innovation.

Last year, Sun Life Malaysia's takaful unit launched Takaful Mulia through its partner CIMB Islamic Bank, following the success of its first universal life haj takaful product, Takaful Suria, introduced in 2015.

To date, these first-in-market products boast some 40,000 clients. Combined with its conventional life insurance business, Sun Life Malaysia has captured 4.2% of the domestic market share, more than double its 1.7% stake in 2013, when it was first inceptioned.

Its total client base stands at 1.8 million, with a projected 10% to 15% growth to come based on the



Lew: We are looking at a 23% growth in premiums. Photo by Sam Fong

number of clients its industry partners have, said Lew in reference to its partnerships with industry players such as CIMB, Kuwait Finance House, Bank Rakyat and Al Rajhi Bank, among others.

“What we need to do now is to find the best and most cost-effective way to reach out to [potential] clients and engage with them.

“The takaful segment still has huge potential with its penetration rate at about 30% now. Judging from

the country’s demographics, this is the blue ocean where we want to expand. We need to position ourselves properly to seize the opportunity.”

He observed that areas on the outskirts, such as along the East Coast, are particularly underserved due to a lack of easy accessibility and awareness.

“These are the segments that agents find less cost-efficient to service. And that is why we need to find the right channel and we have done quite a lot on this front,” said Lew, who is also the chief executive officer and president of Sun Life Malaysia.

With this in mind, the insurer launched the country’s first “pay-as-you-go” micro-protection product last year, dubbed GOLIFE, distributed through the mobile application platform of telecommunications service provider U Mobile.

The mobile-based micro-insurance product allows U Mobile users to subscribe to affordable monthly plans with a fee of RM5 or RM10.

“Since insurance products are not always unique as they are all regulated, it is important we position ourselves and customise our products in accordance with our clients’ needs and affordability, as

well as accessibility to ensure we stay relevant.

“U Mobile has innovative strategies we found we can align with. Going forward, being part of Khazanah [Nasional Bhd], we certainly want to talk to Axiata as well,” Lew shared.

Besides insurtech, he acknowledged the significance of digitisation in the use of artificial intelligence as a tool to enhance client experience. This can be in the form of servicing or communication, but less so for distribution, he said, adding that in line with the closure of physical bank branches in the era of digital banking, insurance players such as Sun Life Malaysia must reinvent promotion strategies to tap the banks’ client pool.

“But I must say that insurance is still a product that has to be sold, rather than to be bought,” said Lew. “We are very strong in telemarketing and direct marketing, and will continue to grow our network further.”

An investment holding company wholly-owned by Khazanah, Sun Life Malaysia is a joint venture between Sun Life Financial Inc and Avicennia Capital Sdn Bhd, specialising in conventional life insurance and family takaful.