

STRENGTHEN YOUR BUSINESS RESILIENCE

Sun Life Malaysia urges business owners to protect against disruptions

ALTHOUGH the Covid-19 pandemic in 2020 has caused major issues and setbacks for Malaysians of various backgrounds – from students and families to business owners – it has also taught us one good lesson: to always plan ahead for the future.

While most of us agree to not knowing what might even happen tomorrow, it is exactly the reason why your business must be perpetually prepared with a contingency plan, so that in the absence of a key decision maker, your business, employees and family are taken care of.

As a company with a business purpose of empowering people to achieve lifetime financial security and live healthier lives, Sun Life Malaysia encourages business owners not to lose sight of their longer-term plans and to take a holistic view of the range of financial solutions available to offset their risks and protect and strengthen their businesses.

With a slow economy and rise in Covid-19 cases over the past month, managing finances can prove to be somewhat tricky and cause serious implications for business owners to navigate through.

As small and medium enterprises (SMEs) account for 38.3% of the country's gross domestic product since 2018 and 60% of total employment in the country, these businesses in Malaysia are, no doubt, key economic drivers and will be vital in shaping the recovery during this challenging period.

However, in this current economic climate, many SMEs are struggling to stay afloat and weather through the pandemic.

For a business to survive any current or future threat, it needs to understand and implement the factors that drive business longevity from the onset.

A business is set up with the focus on growing it and seeking new opportunities and hence, some areas often overlooked or deemed not urgent are business disruptions due to untimely demise of key executives or employees' medical-related issues.

Medical protection gap

In the *Future of Family Businesses in Asia* survey by Sun Life, the findings revealed a worrying trend that indicates the existence of a large health and critical illness protection gap that will impact businesses when faced with unexpected challenges and disruptions. The survey was conducted with over 1,300 family business owners in six Asian markets – Malaysia, Indonesia, Hong Kong, the Philippines, Singapore and Vietnam.

From the survey, it unearthed a significant protection gap in terms of health and critical illness in Malaysia, with 61% of businesses providing health and accident insurance for the employees.

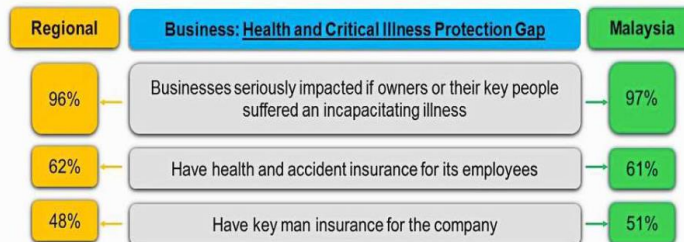
In addition, 97% of business owners reported that if they, or their key people, suffer an incapacitating illness, their business would be seriously impacted.

"As an integral component in ensuring the continuity of the company, the health of key individuals is of paramount importance for businesses to bounce back quicker and be more secure in the event something untoward happens," said Sun Life Malaysia chief executive officer and president/country head Raymond Lew.

"The heightened emphasis on health is more profound during



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Findings from the Future of Family Businesses in Asia survey by Sun Life revealed the large health and critical illness protection gap of SMEs and young businesses following the emergence of Covid-19.

this period as businesses struggle to stay afloat with declining sales while embracing new standard operating procedures without compromising employees' safety.

"The Covid-19 pandemic has created serious challenges for businesses especially SMEs and taking the right steps early with insurance solutions can go a long way in building a baseline of resilience against similar unexpected challenges and ensure long-term sustainability."

Business continuity solutions

The survey also found that there is a need for further reinforcement in the future of family businesses and SMEs in Asia, as 19% of local businesses reported not having any form of succession planning while 14% of business owners feel the process of succession planning is simply too complicated.

In Malaysia, only 51% have key man insurance for the company.

Most of us are familiar with having a life insurance policy to protect the family's livelihood in the untimely demise of the breadwinner. The fact is, the same can be done for a business through key man and legacy planning solutions which helps a business address

The health of key individuals is important for businesses to bounce back quicker and be more secure in the event something untoward happens, said Lew.



potential contingencies for their leaders and key personnel and map out the long-term survival of their business while taking steps to secure its health for the future.

Besides narrowing the medical protection gap, the last thing any business would want to face is financial loss and operational strain in the event of the untimely demise of a key person especially after spending so much time and money into building it.

This is where key man insurance comes in to cover the life of key personnel for a monetary value. When needed, the insurance pro-

ceeds can be used, for example, to pay off debts, employees' salary, expenses for replacement headcount, and many others.

"From our standpoint, the survival of SMEs will hinge on their ability to adapt and roll out business strategies while seeking out external financial advice to offset their risks, and protect and strengthen their business continuity processes for long term sustainability.

"We have been helping our clients to get their bases covered with our insurance solutions that not only map the survival of their business but ensure the business will

ABOUT SUN LIFE MALAYSIA

> A joint venture by Sun Life Assurance Company of Canada and Khazanah Nasional Berhad, Sun Life Malaysia (SLM) was established in 2013 with a focus on offering a comprehensive range of insurance and family takaful products and services to all Malaysians across different life stages, affordability and financial goals.

> Some of the innovative products with compelling propositions on legacy planning and key man insurance offered by SLM are:

- **Sun Legacy-i:** An investment-linked takaful plan that provides clients peace of mind knowing that their legacy of love will be passed on to their family with the wasiat/will writing cost covered and additional accidental coverage of up to 200% of sum assured.

- **Sun Signature Life:** A universal life plan that safeguards clients' legacy and business by providing an increasing death and total permanent disability (TPD) coverage of up to 200% of initial sum assured and guaranteed health check-up allowance.

- **Sun Ultimate Coverage-i:** A surplus-sharing term takaful plan that ensures clients' family and business are well taken care of by mitigating financial risks with death and TPD coverage with extra accidental protection and disability allowance benefit.

> Business achievements

- 25% six-year CAGR since 2013
- No. 1 BancaTakaful provider in 2019
- RM941mil claims paid out since 2014
- More than 1.5 million clients' lives touched
- More than RM1bil recorded in gross premium
- More than RM570mil in dividend payout since 2013

> Awards

- Best CSR Communications at Marketing's PR Awards 2020 (bronze winner)
- Superbrands award status by Superbrands Malaysia
- Best Life Insurance 2019/2020 by iBandung.com
- Marketing Initiative of the Year (Malaysia) at Insurance Asia Awards 2019
- Most Innovative Takaful Product (Malaysia) at 2019 Global Banking & Finance Awards
- Most Innovative Takaful Provider at International Finance Awards 2018

continue to prosper in the event of any unfortunate circumstances," said Lew.

All in all, with proper steps and planning taken into consideration to ensure businesses and finances are well-protected, many key decision makers will surely be able to steer their company safely while riding out challenging situations such as the current pandemic.

To learn more about Sun Life Malaysia, visit sunlifemalaysia.com or follow its Facebook and Instagram pages for the latest updates.