

C-SUITE INTERVIEW

From pandemic to endemic

Sun Life Malaysia is ramping up digital transformation and product innovation in roadmap to live with Covid-19

By Goh Thean Eu

Sun Life Malaysia, a unit of Canada's Sun Life Financial, is moving to innovate and ramp up digital transformation as nations prepare to live with Covid-19.

It was the first insurer in Malaysia to offer an environmental, social and governance investment product when it teamed up with Nomura Asset Management Malaysia in July to launch the Sun Life Malaysia Global Sustainable Fund.

According to Raymond Lew, chief executive officer and president/country manager of Sun Life Malaysia, ESG investing is a critical lens to identify investment opportunities that will deliver long-term value and sustainable returns.

Lew discusses the company's plans for the next two years, the 'new normal' triggered by the coronavirus crisis, and how Malaysia's insurance industry is shaping up, in this interview with *Asia Asset Management*.

How did the Covid-19 pandemic change the way Sun Life Malaysia operates and sees some aspects of the business and industry?

For any industry, the Covid-19 pandemic has been a life-changing episode. For Sun Life Malaysia, we experienced changes; at the same time, we saw huge opportunities to innovate and improve our businesses. Since the onset of the pandemic, Sun Life Malaysia has prioritised efforts that ensure our people – clients, employees, advisers and the com-

munities – remain protected during this trying period.

More importantly, the pandemic has triggered a deeper look into our digitalisation roadmap. During the onset of the pandemic, we quickly pivoted to remote working and interacting with clients digitally. We turned to mobile app and digital technology in order to stay connected with clients and advisers.

We wanted to ensure our clients would be able to access their policies and contact our client support safely and securely. We ramped up not only the features for our SunAccess Client App but also embarked on a widespread social media campaign to create awareness and encouraged more sign-ups – this resulted in a 300% increase in online registrations.

One notable feature to highlight is the availability of the *e-hibah* nomination within our SunAccess Client App – this allows our clients to designate their beneficiary for insurance payouts. We are proud to say that this feature was an industry first in Malaysia.

After witnessing the impacts of the pandemic, we see first-hand the importance of financial security. The need to help people create more stable and secure financial futures is growing. Sun Life Malaysia also took the opportunity to step up efforts to advance financial security through product innovation and educational efforts.

What challenges are life insurers like Sun Life Malaysia expecting to face as the nation journeys into the new normal? Where are the opportunities?

With Covid-19 becoming endemic globally and locally, we need to learn to co-exist with it. To emerge better and stronger in the new normal, Sun Life Malaysia is ramping up efforts to:

- Address changing consumer sentiments. The pandemic has brought renewed interest for insurance and *takaful* [Islamic insurance] protection. We need to innovate and tailor our products to meet new demands for better health protection, especially critical ill-

ness, and legacy planning products.

- Meet financial security gaps. With the pandemic-induced economic impact affecting income and savings, we are seeing greater protection, healthcare and savings gaps. People will be more willing to include insurance, such as retirement or legacy planning and investment-linked products, as part of their financial plan.

In fact, financial security is a key pillar of Sun Life's sustainability strategy. By providing clients with innovative products and services, we're helping secure their and their family's financial future.

- Ramp up digital transformation. The pandemic accentuated the need for us to set up digital touchpoints throughout the entire client experience journey/ecosystem, and the need to reskill/upskill our advisers and people to embrace digitalisation.

- Intensify product innovation. There will be increased interest for comprehensive protection, especially critical illness, medical, and legacy planning products, and hassle-free enrolment type of products. At Sun Life Malaysia, we define legacy planning as a more holistic approach to creating a definitive plan for managing your total wealth while you are alive, distributing your assets after your death, and a clear plan to pass on your legacy.

We believe a customised approach to legacy planning can minimise the financial impact on your family, retain valuable assets, and ensure that your legacy lives on through those you love and your future generations.

What are Sun Life Malaysia's growth strategies/ plans for 2021-2023?

[This] has been a challenging year, with persistent lockdowns [to curb the spread of Covid-19] affecting mobility, consumer behaviour and spending patterns. But Sun Life Malaysia is confident of maintaining positive growth record this year owing to heightened awareness and acceptance of life insurance and *takaful* products.

The unsettling pandemic has certainly impacted our business, but we pivoted



Raymond Lew

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and turned the challenges into opportunities to:

- Educate our clients on the importance of protection planning and financial security, which resonate with many people during this time. The pandemic has underscored the need for protection, which has generated greater interest for life insurance and family takaful products, for example, health and medical plans. With insurance being viewed as a necessity, more people are willing to invest and even increase their insurance coverage for a financially secure future.
- Fast track our 'digital enterprise' journey to deliver ultimate digital moments for clients. By embracing digital transformation, we create new experiences and values throughout our clients' digital journey.

The recent Sun Life annual Client Experience Monitor, a client advocacy survey, recorded the highest client index score ever at 300% above target, along with a ten-point improvement in net promoter score. The survey also highlighted that clients rated the company favourably based on its Covid-related measures as well as our regular and effective engagement initiatives.

- Advance the sustainability agenda. As a member of Sun Life, a global financial services organisation, Sun Life Malaysia is cognisant of its responsibility to support the sustainable development agenda to create a more resilient, inclusive and sustainable economy.

We launched an investment-linked ESG fund, the Sun Life Malaysia Global Sustainable Fund – a first-of-its-kind in Malaysia – to help our clients embrace sustainable investing. The new fund is currently offered through our investment-linked insurance plans through both bancassurance and agency channels.

With financial security emerging as one of the biggest concerns for many Malaysians, Sun Life Malaysia recognises the important role we play in providing added value, especially in times of need. We are always committed to helping people become more financially secure. It is timely for Malaysians to reassess their financial and health protection plans as a safety net to help finance expenses in the event of emergencies so that they don't have to tap into savings or investments set aside for other important life purposes.

One thing the pandemic has taught us is that it's never too early to plan for our

legacy and to make sure our loved ones will be taken care of when unfortunate events strike. Basically, all they need to do is start taking simple measures, for example, reviewing their current insurance policy coverage, attach a medical rider to an existing insurance plan, or start saving up for an emergency fund.

Given the rising awareness on ESG investing, how do you see insurers embracing the sustainable agenda now and in the future?

At Sun Life, advancing sustainability is a strategic business priority that supports our purpose to help clients achieve lifetime financial security and live healthier lives. By aligning sustainability with our purpose, it enables us to drive better outcomes for clients. By embedding ESG into our investments and portfolio construction, we will be able to contribute to building a low-carbon and sustainable economy.

We see ESG investing serve as a critical lens to identify investment opportunities that will deliver long-term value and sustainable returns. In fact, for many consumers across Asia, sustainability is often associated with factors that build confidence and trust to establish a long-term financial relationship.

As a global insurance and asset management company, Sun Life is taking an active role in sustainable investing. On top of the nearly US\$60 billion it has already invested, Sun Life aims to place an additional \$20 billion in sustainable investments across its general account and third-party investments over the next five years. The additional investments may cover areas including renewable energy, energy efficiency, sustainable buildings, water management, and social infrastructure projects.

In 2020, Sun Life made 46 new sustainable investments, with 12 focused on providing access to essential services and 13 investments in energy efficiency, including energy and water efficiency projects across several school buildings in the state of Missouri.

What is the penetration rate of the insurance and takaful industry in Malaysia? Our understanding is that it is still at a relatively low level. What is causing this?

According to Bank Negara Malaysia [the central bank], the life insurance pen-

etration rate hovered at around 54% from 2015 to 2019. With nearly half of the Malaysian population either underinsured or not insured at all, it sends a strong message that insurance and takaful have been an afterthought.

This represents greater need to educate the Malaysian public about the role of life insurance and family takaful in fostering financial security. At Sun Life, we are committed to equip clients with a personalised financial plan and help them live their best lives.

On the other hand, we need to improve access to affordable insurance for underserved and low-income people. Sun Life Malaysia applauds the government's effort in making insurance more accessible and affordable for the underserved and underprivileged communities through the Perlindungan Tenang initiative [launched by the central bank in collaboration with the insurance and takaful industry to provide life and general insurance and takaful products to underserved segments of the population].

In fact, we have been collaborating with [Malaysian mobile operator] U Mobile since 2017 to offer affordable life insurance/family takaful plans, from as low as 5 ringgit [\$1.20] for the underserved communities. We believe by providing them with equitable access to protection plans, we are enabling them to live a financially secure and healthier life.

With the hope that insurance will become part of the new normal, we could further increase the insurance penetration rate as set by the government.

With the Covid-19 pandemic, do you see a big increase in the penetration rate/and demand for insurance and takaful products?

Yes. With health and protection-related issues taking centre stage in the new normal, more and more people are accepting the idea of getting an insurance/takaful plan. The insurance and takaful industry as a whole has experienced increased interest from the insuring public, who realise they need a financial cushion to tide them over an emergency.

Insurance is slowly moving away from being an afterthought, with people willing to adjust their budgets in order to take up insurance plans or extend their coverage.