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Digitisation, takaful key growth drivers for Sun Life Malaysia, says CEO

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by MARK RAO

SUN Life Malaysia will leverage on digitisation and tap the underserved takaful market to cross the two million clients mark by 2020 and sustain its growth rate that is well above the industry average.

Its CEO, president and country head, Raymond Lew, said the conventional life insurance and family takaful service provider, hopes the strategy will enable the Khazanah Nasional Bhd owned insurer to sustain its compound annual growth rate of over 20% managed over the past six years.

The growth rate is double the industry average and has been driven by a digital and data-driven approach and strong growth in the traditional channels of agency and advisory which remain central to the group's DNA.

"We are looking at crossing two million (clients) next year. It is very much a multi-channel approach," Lew told *The Malaysian Reserve*.

"We are hopeful our investment and focus placed under digital and direct channel will help us to expedite the acquisition of new clients."

The life business is undertaken via Sun Life Malaysia Assurance Bhd



Sun Life Malaysia will also explore merger and acquisition deals if any 'compelling opportunity' comes across the company's radar, Lew said

while the takaful business is under Sun Life Malaysia Takaful Bhd.

Sun Life Malaysia already has some 1.8 million clients now but continues to invest, both at the company and group level, in the "new frontier" of the industry which is experiencing a massive migration towards electronic or e-platforms.

"We see this as a phase we need to

go through to sharpen and deepen our know-how and our competency in driving this, because we know that is the future," Lew said.

"When we get the formula right and are able to hit the sweet spot, then the result will be multiplied and exponential."

According to the Life Insurance Association of Malaysia's (LIAM)

latest annual report, payments made by insurers via electronic or e-payments made up 91% of the total transaction volume by the end of 2018. E-payments constituted 87% of all premiums received by the industry.

For 2018, Sun Life Malaysia's conventional life insurance business registered a 10.6% year-on-year (YoY) increase in gross premiums to RM620.21 million and a 21.7% jump in net profit to RM130.44 million.

Sun Life Malaysia Takaful Bhd noted a 10.3% drop in gross earned contributions to RM436.87 million over the same period with net profit contracting 57% YoY to RM31.69 million.

Lew is not overly concerned by the fall in YoY performances as it's a function of the market, and believes crossing the two million clientele mark will be driven by either or both market segments.

LIAM noted only 54% of the Malaysian population is covered by a life insurance or takaful plan, translating into only 34 out of 100 people insured when accounting for policyholders with more than one life or takaful policy.

While foreseeing growth in both segments, Lew reiterated the takaful segment is a "blue ocean" for Sun Life Malaysia because penetration in this segment, at less than 20%, is significantly lower when compared to the conventional segment.

This is especially apparent in the areas beyond city centres which Sun Life intends to tap via digital,

telemarketing and direct marketing approaches.

Takaful products developed by the company include, but is not limited to, Takaful Suria and Takaful Mulia.

Sun Life Malaysia was jointly acquired by Canada-based Sun Life Financial Inc and Khazanah Nasional for RM1.8 billion from CIMB Group Holdings Bhd and Aviva International Holdings Ltd and consisted of CIMB Aviva Assurance Bhd and CIMB Aviva Takaful Bhd back in 2013. CIMB Group retains a small 2% stake in the group.

The deal gave Sun Life Malaysia exclusive right to distribute takaful and life insurance products through CIMB Bank's network of branches and over seven million clients.

Lew said Sun Life Malaysia will continue to leverage on this partnership as well as partnerships with several Islamic banks and telecommunications provider U Mobile Sdn Bhd to sell its insurance policies.

The group's multi-channel distribution strategy offers rates that range between RM5 to RM10 a month to RM50,000 a year to tailor to the needs of the respective client.

Sun Life Malaysia will also explore merger and acquisition deals if any "compelling opportunity" comes across the company's radar, Lew said.

"We have the appetite, the financial strength and the capability to do that. This applies not only in Malaysia but across Asia," he said.