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Strategy for CIMB Aviva

New shareholder Sun Life to introduce broader life insurance products

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PETALING JAYA: Canadian insurance giant Sun Life Financial Inc will be undertaking aggressive plans to grow CIMB Aviva, the insurance unit it recently acquired with partner Khazanah Nasional Bhd.

Knocking on the competition's door, Sun Life chief executive officer Dean Connor said the company would introduce a broader product suite in life insurance products, and consumers could expect more accident and health benefits in these products.

"We have specific ideas and plans of action. We will be rebranding the brand, and the Sun Life identity will be part of the brand, similar to what we had done in other countries," he told *StarBiz* yesterday.

In January, Sun Life and sovereign wealth fund Khazanah Nasional forked out a combined RM1.8bil to buy CIMB Aviva Assurance Bhd and CIMB Aviva Takaful Bhd from the country's second-largest lender CIMB Group Holdings Bhd and Britain's Aviva plc.

CIMB Group would retain a 2% share in the company via the issuance of new shares worth RM43.5mil in a new insurance holding company, Renggis Ventures Sdn Bhd, a Khazanah unit.

Connor said Sun Life would be investing to build the brand in Malaysia, and this is part of the group's plan to grow its Asian earnings contribution from the current 8% to 15% by 2015. However, he declined to reveal the expenditure needed for the rebranding exercise.

"By making Asia one of our four pillars of growth, we really want to



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commit to Asia. And we like the Asean market, which is home to 600 million people.

"Malaysia as a country has accomplished a lot and has more growth ahead of it," he said.

With a workforce that is increasingly well educated and financially literate, he said Malaysia would need the right kind of products to cater to the increasing demand.

"This is a strong market to be part of and we want to be a part of it and are completely prepared to cater to the demand. We have a very successful partnership with CIMB in Indonesia," he said.

The deal mooted in January includes a new 20-year exclusive bancassurance agreement with CIMB Bank Bhd to distribute the

products through its chain of 312 branches nationwide.

"Our first focus is to do the best job that we can in helping CIMB and other bank partners to build up their business like the distribution of insurance products through the bank," he explained.

CIMB Aviva also collaborates with Bank Simpanan Nasional on the sale of its bancassurance products.

"We are also excited about building the takaful business, a strong and thriving sector of the market. With this acquisition and our business in Indonesia, we have a strong business presence in two large takaful markets," he said.

Beyond that, he also expressed the group's intention to expand its product base to include asset manage-

ment as well as creating pension funds to cater to the market.

Currently, the deal is still pending the approvals of both Bank Negara and its Canadian counterpart. However, Connor said Sun Life expected the sale to be completed in April without any hiccups.

Post-completion of the sale, he said both Sun Life and Khazanah would have a fair share of work cut out for them, with both involved in the strategic growth path of the company.

"Parties will have an equal say, as Khazanah will play a strong role in the governance of the board while we play a strong role in the day-to-day operations. Both of us will have representations on the board," he said.