

AIA counts on family takaful to drive growth

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KUALA LUMPUR: Life insurer AIA Bhd expects its family takaful business to continue driving its earnings in 2017, following a strong performance last year.

For its financial year ended Nov 30, 2016, chief executive officer Anusha Thavarajah said AIA's family takaful business delivered a 47% increase in annualised new contributions, while its partnership distribution and corporate solutions recorded value of new business (VONB) growth of 18% and 12% respectively.

"The takaful business is a key strategic driver for us," she said at the insurer's financial briefing yesterday, adding that AIA would continue to launch new products that would cater to the needs of customers.

"We're looking to focus on products that cater towards children, females and high net-worth individuals."

AIA recorded its fourth consecutive year of double-digit growth on

the back of a 23% increase in VONB to RM815mil in 2016.

Anusha said AIA also planned to launch branches in Penang and Perak in the second half of this year. The insurer currently has over 40 branches nationwide.

Anusha said she remained optimistic about the life insurance industry's long-term growth prospects.

She said growth would be driven by the country's younger demographic, growing middle-class population and large protection gap.

Anusha said while 56% of Malaysians are insured, there still remained a significant section of the population which is either not insured or under-insured.

"The phased implementation of Bank Negara's LIFE Framework will guide the industry in its efforts to increase the life insurance and takaful penetration rate to 75% of the population by 2020," she said.

Separately, Anusha said the insurance industry would not be significantly "disrupted" by the rise in acceptance of "robo services." These, essentially, are comput-

er-generated advice and services that are independent of a human advisor.

"People do talk about disruption. Customer experience can be disrupted, but not the fundamentals of life and takaful.

"I believe that at the point where you are truly sick, a robot is not going to be able to help you. What

would be relevant is personalised services ... that human touch."

According to a global research by global consulting firm Accenture, which included a survey of nearly 33,000 consumers in 18 countries and regions, the vast majority are willing to receive exclusively robo-generated advice for certain banking and insurance products.

On another matter, Anusha said AIA is working to resolve the dispute with the Malaysia Competition Commission (MyCC). The latter recently imposed a RM213.45mil penalty on local general insurers for allegedly infringing the Competition Act 2010.

"It was a misunderstanding between the parties. We're cooperating with the MyCC to find a solution," she said.

MyCC imposed the penalty on the Persatuan Insurans Am Malaysia (PIAM) and its 22 members, following investigations into an alleged infringement between PIAM and the Federation of Automobile Workshop Owners' Association of Malaysia on trade discount rates for parts for certain vehicle makes and labour hourly rates for PIAM-approved repairers scheme workshops.



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