Insurance & Takaful

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Etiqa aspires to be the undisputed leader in Malaysia and an emerging regional insurance and takaful player. Etiqa is determined to grow and become a solid pillar for the Group through sizable revenue and higher profit contribution.

We work hand-in-hand with our partners and customers to humanise insurance and takaful. This is in line with the Group’s aspiration of humanising financial services. Etiqa’s passion is backed by the Group’s strength, expertise and rock solid foundation and driven by the professionalism, empathy, courage and integrity of Etiqa staff.

We place great importance on being accessible to customers and boast a strong agency force comprising over 15,000 agents and 31 branches throughout Malaysia. We also have a wide Bancassurance and Bancatakaful distribution network with over 400 Maybank branches and other third party banks. MotorTakaful and Maybank2u offer direct sales through the internet for internet savvy consumers. Etiqa is also available through cooperatives, brokers and institutions which brings us closer to our customers and increases our reach in the Malaysian market.

The Etiqa brand offers unique and personalised services across all types and classes of life and general insurance as well as family and general takaful plans. It does this through a multi-channel distribution network, including Bancassurance, Brokers and Direct Distribution. Our wide range of life and family products include endowment, term, personal accident, education, investment-linked and medical insurance while the general conventional insurance and takaful range includes fire, motor, aviation, marine and engineering policies.

Etiqa Insurance Berhad (EIB), the conventional insurance arm of Etiqa, maintained its “A” rating by Fitch Ratings. The affirmation of EIB’s Insurer Financial Strength (IFS) rating reflects its market coverage and status as one of the core operating subsidiaries under Maybank Ageas Holdings Berhad (MAHB). Its strong market presence is rooted in its ability to disseminate insurance products through multiple distribution channels, from agency to the internet.

Meanwhile, Etiqa Takaful Berhad’s (ETB) rating of A+, reflects its good operating profitability and liquidity, and dominant market position in Malaysia’s general and family takaful sector. The rating is also a recognition of ETB’s status as a core operating subsidiary within the Group.

2015 OUTLOOK

The Malaysian insurance and takaful industry is expected to remain stable in 2015 with possibility of some challenges during the year. The industry’s continued resilience in private consumption and rising consumer awareness for insurance are seen as a basis for growth, especially with rising medical and living expenses. Demand for medical insurance and investment-linked products will be the main growth drivers. The rising cost of healthcare will likely prompt customers to relook at their protection needs and reprioritise their healthcare needs. The demand for investment-linked products will continue to drive growth in the life sector as consumers’ risk appetites increase amid low interest rates.

Higher private consumption will sustain growth in the general insurance sector’s personal line products. The growth potential in the takaful segment is likely to remain high despite new regulations and supported by a growing range of products and wider distribution coverage. The Malaysian regulator will continue to implement tighter capital requirements and enhanced risk management practices in the insurance and takaful sectors. We foresee more M&A activities, especially in the takaful sector as smaller operators with limited operating scale and weak financial flexibility struggle with the new Risk-Based Capital (RBC) requirements. At the same time, some takaful operators could be spurred to seek alternative funding sources to meet their capital needs. The industry’s solid capitalisation trend is expected to persist given the insurance and takaful industry’s overall strong RBC ratio in 2014. This strength combined with regulatory reforms, could boost the competitiveness of Malaysian insurers as South-East Asian economies become more integrated.

A few challenges are in store for insurers in 2015 given the introduction of the Goods and Services Tax (GST) regime, regulatory changes and market liberalisation. Insurers with higher operating overheads may experience margin squeeze and could see their bottom lines impacted with the implementation of GST. Insurers may also need to restrategise some of their products, particularly medical. The liberalisation of motor tariffs in 2016 may pose new challenges to general insurers, especially in attracting new customers and retaining their customer base. Motor insurance tariffs in early 2014 were increased as part of a move towards full deregulation of the segment in 2016 and we expect adverse losses in compulsory motor insurance for motor insurers to gradually improve, although unlikely to break even. Composite insurers and takaful operators also face an impending change under the Financial Services Act 2013 and Islamic Financial Services Act 2013, which is the legal separation of their Life and General businesses by 2018. This would entail acquiring additional capital and human resources.

2014 marked an important step for the Insurance and Takaful Group as we established a footprint in Singapore with the setting up of Etiqa Insurance Pte. Ltd. (EIPL), making Etiqa a licensed life and general insurance company in Singapore. This was a move aimed at strengthening our presence and winning market share in the Republic.
Over the last three years, we set demanding growth and regional expansion targets to be reached by the end of 2015. We took a very important step towards those goals when we strengthened our footprint in Singapore last year. Meeting these objectives is a significant milestone and a testament to our well-understood strategy and to the hard work of our management and staff across the board. Looking ahead, we remain focused on accelerating the execution of our growth strategy while continuing to build on the strength of our brand. We live “Humanising Insurance & Takaful”.

2015
Our Priorities

- Sustain business by strengthening Regular Premium New Business.
- Increase recruitment of Life Agents and increase productivity of Family Takaful Agents.
- Remain resilient and sustainable, and optimise cost and productivity.
- Embrace Digitalisation by providing a consistent customer experience across Channels where the choice of engagement lies with the customer.
- Launch new products focusing on investment-linked, retirement and endowment products.

2014
Performance Highlights

- For the financial year ended 31 December 2014 (FY2014), Etiqa’s gross written premium (GWP) grew 5% to RM5.0 billion from RM4.8 billion in 2013.
- Etiqa’s profit before tax (PBT) grew 5% to RM766.4 million.
- Total assets increased 12% to RM31.6 billion from RM28.3 billion in 2013.
- We are the only insurance company and takaful operator in Malaysia to be assigned an Insurer Financial Strength rating of ‘A’ for both Etiqa Insurance Berhad (EIB) and Etiqa Takaful Berhad (ETB) by Fitch Ratings.
- Etiqa is the market leader in General business.
- No.1 in the takaful business with a commanding market share of 47.3% in General Takaful and 20.3% in Family Takaful.
- No.1 in Bancassurance with a market share of 16.8% for Total Premium for New Business for Life.
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FINANCIAL PERFORMANCE

Combined gross premium and contribution recorded 5% growth year-on-year (YoY) to RM5.0 billion, due mainly to the strong growth of General Insurance and Takaful business.

** Gross Premium/ Contribution**

During the period, Life/Family business was affected by the low volume of credit-related business but maintained the same level as the previous year owing to the significant growth registered in other product segments. General Insurance/Takaful business grew 10% over the previous year due to the surge in all classes of business, particularly Marine, Aviation and Transit (MAT).

The contribution of business from the various segments is depicted below:

**Profit Before Tax**

Overall, conventional insurance gross premium increased 15% YoY to RM2.8 billion, contributing 56% of Etiqa’s total gross premium/contribution while takaful gross contribution shrank 6% YoY to RM2.2 billion. Despite the drop, the takaful business remains the top player in industry, commanding a market share of 47.3% in General Takaful and 20.5% in Family-Takaful new business (ISM Statistics 12 months ended 30 September 2014).

**PRODUCT INNOVATION**

In 2014, we continued to deliver on our promise to humanise Insurance and Takaful for our customers. Our products provide customers with the means to protect the value of their individual or corporate assets. Individual customers or those associated with groups, such as employees of a company, are provided with products that provide payments on occurrence of death, disability, serious illness, or hospitalisation or in the event of damages arising from unexpected events such as fire, theft, accidents and flooding. Our products also provide customers with the means to save and invest for the future, for key life events such as the education of a child, retirement or simply funds for a rainy day event.
During the year, existing products were rolled out to different channels to broaden our appeal to customers. We also re-priced or upgraded the benefits for a number of products to ensure that we continue to fulfil customer needs in the market.

The following major new products were launched in 2014:

**Smart Cash and Smart Cash Xtra**

The product provides customers with benefits on death, disability or survival, over 20 years with premiums paid by the customer for six years. In addition, there is the opportunity to share in enhanced returns from profits from the participating fund.

**Takaful Elite and Takaful SmartLink**

Two regular contribution Investment-linked plans which offer protection for death and total and permanent disability, with a minimum guaranteed benefit plus the proceeds from investment-linked funds. Customers have the option to select additional protection, for example to cover the costs of hospitalisation, specific critical disease, or waiver of premiums for specific unfortunate events.

**Senior Life Secured**

A whole of life protection plan, sold through direct mailing or via telemarketing. The product provides a streamlined application process, reducing the information typically requested from customers, such as that relating to their state of health.

**World Traveller and Lifestyle Travel Care**

This product provides protection against the costs of emergency medical treatment, and unexpected losses and liabilities arising while travelling domestically or internationally. There are four levels of plans with the option to extend the cover and benefits to a spouse and children, based on the customer’s needs and budgets.

**DISTRIBUTION AND SERVICE EXCELLENCE**

Etiqa remains focused on its strategies as we aspire to be the undisputed leader in Malaysia and an emerging regional player in the Insurance and Takaful sector. Etiqa Insurance and Takaful has shown strong growth of 5.0% in PBT and GWP.

Our Bancassurance channel has seen good growth in its core Regular Premium business compared to the previous year. In 2014, Etiqa executed a strategy to shift business focus to penetrating High Net Worth and Affluent customer segments. This was done by introducing products such as Smart Cash/Smart Cash Xtra and Smart Retirement/Smart Retirement Xtra. For example, through the Smart Retirement Xtra product, we now have a 64% penetration of the High Net Worth and Affluent customer segments, as compared to an average of 11.5% previously. This effort resulted in a 47% YoY growth in Regular Premium New Business. As one of Etiqa’s main business channels, Bancassurance dominates its industry with a market share of 24% in Regular Premium, almost twice as large as the closest competitor. Bancassurance accounts for 34% of the overall premium to Etiqa.

Etiqa’s strength in Takaful was proven when it emerged as the No.1 Takaful operator. We also sustained our leadership as the No.1 player for combined General Insurance and Takaful business. For the General business – adopting a more granular approach by focusing on profitable classes has strengthened our position as we see overall 10% growth in General business. On top of this, Etiqa implemented tighter vendor and panel workshop management and cost management of repair/service while at the same time ensuring good quality service is rendered to customers. The Large and Specialised Risk portfolio was managed more tightly to ensure optimisation of the portfolio while managing potential risk exposure.

Etiqa continued the Digitalisation process to take advantage of the online and social media buzz and the Straight Through Processing for Life and Family Agency project was completed in 2014. On top of that, the New Motor Takaful Mobile Application was enhanced with features such as SOS Alert, Arrival Tracking of Auto Assist and renewal and purchase of Motor Takaful Policies. The Motor Takaful online business saw a tremendous performance in FY 2014 and recorded a growth of 41% from last year. In terms of policy count, Motor Takaful increased the number of users to 111,242 from 80,915 last year.

**INTERNATIONAL PRESENCE**

International expansion is an attractive opportunity for Etiqa to gain significant presence in high growth markets. Etiqa will do this by leveraging two main assets: Maybank’s overseas operations and Etiqa’s expertise in takaful and bancassurance.

The Insurance and Takaful portfolio aspires to complement Maybank’s growth internationally, in addition to the existing presence in Singapore, Brunei and Pakistan. The recent establishment of Etiqa Insurance Pte. Ltd. reflects our commitment to international expansion.

**Etiqa Insurance Pte. Ltd.**

Etiqa made its foray into the Singaporean life insurance market on 6 August 2014. This milestone saw the company expanding beyond general insurance to life insurance, leveraging Maybank’s 22 branches in the country to reach consumers.

GWP for the life business reached SGD22.7 million. The company rolled out 13 basic plans and nine riders in FY2014. A rapidly ageing and affluent population in Singapore presents opportunities for the company to offer innovative retirement and wealth planning solutions to meet customers’ needs.

**Etiqa Insurance Berhad Singapore branch**

Etiqa Singapore branch registered an increase of 10% in PBT or SGD6.09 million in FY2014 compared to SGD5.56 million the previous year. The company made its first foray into the Singapore market and recorded an increase of 25% or SGD50.82 million against SGD40.75 million the previous year. There was an increase in the Miscellaneous segment from 46% to 56% while the Marine, Aviation and Transit segment remained at 4%.

Overall distribution channel mix improved with the Agency as the main contributor at 50% of sales. Looking ahead, the branch is aiming to capture new market segments by enhancing product offerings to broaden the market base while retaining profitability.

Going forward, the business is focused on growing its Agency force and launching e-commerce to provide Internet savvy consumers an alternative purchase channel for selected general insurance products.

**Etiqa Insurance Berhad Brunei branch**

Etiqa Brunei branch posted a 17% GWP growth from last year, attributed primarily to the Fire and Miscellaneous segment at 44% and 46% respectively. Its general insurance business is dominated by the Agency channel as the main revenue contributor (88%), with concentration mostly on corporate and project risk. The most profitable line of business is from the Fire segment. Going forward, the branch is focused on strengthening its Agency force and carving a niche in the non-motor business.
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Pak-Kuwait Takaful Company Limited (PKTCL) Pakistan

Through a 32.5% shareholding in PKTCL, Etiqa Oversea Insurance Private Limited (EOIPL) is the single largest investor in Pakistan’s first takaful company. Despite many challenges faced in FY2014, the company’s GWP grew 19% compared to the previous year.

ENHANCING CUSTOMER EXPERIENCE

Being the undisputed leader is more than just numbers. It is also about being able to reach out to our clients and fulfilling our promises to them. Etiqa develops proof points on a yearly basis, meant to find ways to live up to Etiqa’s brand promise of ‘Humanising Insurance and Takaful’. Good customer service is the lifeblood of any business. It is all about bringing customers in, and sending them away happy - happy enough to pass positive feedback about our business along to others. The essence of good customer service is forming a relationship with customers – a relationship that the individual customer will remember.

We have always looked forward to living out all of Etiqa’s values. We are keen on establishing a “rock solid” relationship with our policy holders by being proactive and delivering our promises to place people above policy. The humanising brand spirit that we practice in Etiqa encourages all of us to treat our customers as ‘individuals’ and not just as another policy number.

To gauge how our customers value their relationship with us, we start by measuring the Customer Relationship Score. At this point, feedback is obtained at two major touch points i.e. the contact centre and branches where customers are asked how likely are they to recommend Etiqa to their friends and family.

We will continue to challenge ourselves to raise the benchmark of our deliverables and we will continuously raise our standards to achieve Etiqa’s vision to be the No. 1 insurer and takaful operator in the region.

AWARDS AND RECOGNITION


Etiqa Takaful’s CEO, Ahmad Rizlan Azman was named the “Best Takaful CEO of the Year” during the International Takaful Awards 2014 held at Abu Dhabi. The award was held alongside the 8th International Takaful Summit, where Rizlan was also a panel speaker and provided his expertise on successful distribution strategies in Malaysia.

2. Product of the Year – Mabrur—24th June 2014

Etiqa Takaful’s Mabrur won the “Product of the Year” award during the internationally acclaimed Product of the Year: Consumer Survey of Product Innovation 2014/15 Awards ceremony. Mabrur is a Takaful savings and comprehensive protection plan that complements one’s preparation for Haj and Umrah. Etiqa provides a One Stop Centre for Muslims to plan their Haj and Umrah by facilitating the process of opening the Tabung Haji account and registration for Haj when the first Cash Payment is payable.

3. Best Takaful Provider – 13th July 2014

Etiqa Takaful clinched the “Best Takaful Provider” award during the Islamic Finance News Best Service Providers Awards 2014, making it the third year in a row that Etiqa Takaful won this accolade starting 2012.

4. Best Non-Life Insurance Company in Malaysia- 7th November 2014

For the second consecutive year, Etiqa Insurance Berhad walked away with the “Best Non-Life Insurance Company” award during the World Finance Insurance Awards 2014 ceremony which was held in London.

5. Most Outstanding Takaful Company- 11th November 2014

Etiqa Takaful was once again awarded as “The Most Outstanding Takaful Company” during the KLIFF Islamic Finance Awards 2014 ceremony at Kuala Lumpur. This marks the sixth year that Etiqa Takaful Berhad won this award.


Etiqa Insurance Berhad was named Malaysia’s Top Investment House in Asian Local Currency Bonds at The Asset Benchmark Research Awards 2014 ceremony at Singapore.
CORPORATE SOCIAL RESPONSIBILITY PROGRAMMES

1. Ice Bucket Challenge – 29th August 2014

Six Etiqa senior officers got a head start in the ice bucket challenge for Baharudin Buhari, a 12-year-old boy who was striving to support his family after his stepfather passed away in an accident last year. The Ice Bucket Challenge successfully raised RM11,238.


Etiqans participated in the Maybank Group Global Corporate Responsibility Day organised by Etiqa Insurance and Takaful at four locations nationwide – Dataran Maybank Kuala Lumpur, Penang, Kuantan and Johor Bahru. Themed as “Master Builder’s Workshop”, the children aged between eight and 18 from five homes were given the opportunity to enhance their creativity through Lego blocks and unleash their hidden talents.


Etiqa collaborated with the Soroptimist International Club of Bangsar to organise a treasure hunt to raise funds and much needed awareness to halt violence against women. The annual charity motor hunt saw approximately 110 hunters in 27 cars racing to the finish line, while solving mind-boggling puzzles for the chance to win attractive prizes.

4. “Walk the Talk: Men on Board to Stop Violence Against Women” - 30 November 2014

Etiqa partnered with Soroptimist International Region of Malaysia to host the “Walk the Tall: Men on Board to Stop Violence Against Women” program. More than 600 participants gathered at Taman Jaya for a 4 km walk to Dewan Tunku Chancellor at Universiti Malaya.

5. Flood Relief Efforts – December 2014

Etiqa took several initiatives to aid staff and agents who were affected by the floods in December. Etiqa deployed three teams of volunteers to Kota Bharu and Temerloh to clean and reorganise the houses of the affected staff and agents and also distributed drinking water to the flood victims.


6.1 Kg. Seberang Jaya, Kuala Sala

The programme saw a large number of volunteers who provided immediate assistance to the needy community in Kuala Sala, which were mostly fishermen. Etiqa Takaful distributed 10 sets of ‘pukat tangsi’ and fishing equipment to 10 selected fishermen in Kuala Sala. Volunteers took the opportunity to lend a helping hand by repairing and painting the fishermen’s boats as well as cleaning the jetty and gathered to cook a meal for the local community. At the same event, Etiqa Takaful distributed a total of 100 boxes of basic groceries including rice, cooking oil, biscuits, sugar and milk worth RM70, plus a cash contribution of RM50 per family to 100 poor families at Kuala Sala. The recipients were largely underprivileged single mothers, elderly and disabled individuals.

6.2 Sekolah Rendah Islam Raudhatul Muslimin, Kuala Ketil

At Kuala Ketil, Etiqa Takaful contributed RM430,532.01 to build a classroom building at Sekolah Rendah Islam Raudhatul Muslimin and an additional 100 boxes of basic groceries and cash were also donated to 100 families living around the school. 300 kids at the school were treated to an evening of fun through various games and competitions.

7. Back to School Programme

7.1 Batu Pahat – 29th November 2014

7.1.1 Etiqa Takaful contributed RM316,000 for the purpose of converting a factory building into a school and to build a new canteen for students of Sekolah Rendah Tahfiz Integrasi Ismail Kamari, Batu Pahat, Johor.

7.1.2 200 underprivileged primary school students from Sekolah Kebangsaan Senggarang, Batu Pahat, Johor received two sets of school uniforms, shoes, stockings and school bags.

7.2 Kelantan – 6th December 2014

7.2.1 200 underprivileged primary school students from four different schools around Machang received two sets of school uniforms, shoes, stockings and a school bag at Sekolah Kebangsaan Pangkal Gong, Pulau Chondong, Kelantan

7.2.2 Etiqa Takaful contributed 10 fishing nets to 10 fishermen and eight sets of ‘Outdoor Master Filter’ to eight Islamic schools around Kelantan at the Sudara Beach Resort at Tok Bali, Bachok, Kelantan.