



16 Nov 2018
Malaysia SME, Malaysia

Author: Shalini Kumar • Section: SUPPLEMENT • Page: PP1,PP4,PP5
Printed size: 2663.00cm² • Region: KL • Market: Malaysia • Photo: Full Color
ASR: MYR 54,886.00 • Item ID: MY0034331658

[isentia.mediaportal](https://www.isentia.mediaportal.com)

Provided for client's internal research purposes only. May not be further copied, distributed, sold or published in any form without the prior consent of the copyright owner.

Tokio Marine aims to raise insurance awareness for SMEs

The company is also digitising its processes to increase efficiency and remain competitive against an increasingly challenging global backdrop ► P&P 04



Tokio Marine aims to raise insurance awareness for SMEs

The company is also digitising its processes to increase efficiency and remain competitive against an increasingly challenging global backdrop



Toi See Jong

By **Shalini Kumar**
shalini@malaysiasme.com.my
Pics by **Chu YC**
chuyc@malaysiasme.com.my

It is a widely recognised fact that SMEs make up 97% of the businesses in Malaysia, and contributes nearly 36% of the country's gross domestic product (GDP), 65% of the country's employment, and nearly 18% of Malaysia's exports. By 2020, SMEs are estimated to account for 41% of GDP and 23% of exports.

According to the World Bank Group, SMEs have been at the core of Malaysia's economic transformation since the 1990s to an upper-middle income nation and are an important driver of employment and growth.

However, when it comes awareness of the need for protection, most SME owners seem to view it as an unnecessary expense, or have a perception that one policy can work as a blanket to cover an array of circumstances.

Recognising this problem, Tokio Marine Life Insurance Malaysia Bhd wants to make SMEs more

aware of the need to have insurance in order to protect their businesses and prevent disruptions.

The company's chief executive officer Toi See Jong says when it comes to most business owners, they tend to minimise the risk of unforeseen circumstances.

"To me, many SMEs need to be better educated on the need for insurance. Like the keymen. For SMEs, keymen are the most important."

"What happens if one of your partners passes away? Usually that person would be one of the guarantors for the bank when it comes to approval for financing, and when this happens it will affect your cash flow. So keyman insurance is very critical," he says in a recent exclusive interview with **MALAYSIA SME**.

Toi says most business owners are aware of the need for general insurance, such as fire insurance or medical insurance for their employees, but not so much for life insurance.

"They know they need insurance, but they do not want to understand better unless someone creates

To me, many SMEs need to be better educated on the need for insurance. Like the keymen. For SMEs, keymen are the most important."

— Toi

awareness for them. Their focus is on keeping the business running and they don't want to spend enough time to understand.

"Once you create awareness for them, I'm almost certain they will buy, but it's just that no one has actually created awareness on the importance of the issue to them," he adds.

He stresses that expenditure on life insurance that extends to cover a company's employees is crucial to prevent business interruption.

"There's also another scenario to consider. Say if it's a start up and there are only two of you. If your

partner unexpectedly passes away, it then falls to you to buy his shares but there is no cash flow.

"If you have keyman insurance to help you pay for the share buy-out, then you can carry on with full ownership of the company without having a disruption. It should be a part of business planning, but unfortunately a lot of the time, this is what becomes a breaking point for most SMEs. So it's important to engage with agents to find out your options," he says.

According to Toi, there are three types of insurance products which business owners can consider,

namely: group benefits which cover employees for hospitalisation and medical expenses, group term life which entails a lump sum payout in the event of employee death, and keyman insurance which is targeted to specific individuals who are key to the business' day-to-day operations.

Tokio Marine offers several products for business owners, including insurance packages tailored to SMEs.

There is the SME Plus package, which is a needs-based insurance solution with the option to progressively build cover according to one's affordability level. The package provides compulsory cover for loss or damage of property caused by fire, explosions, lightning or burglary. The plan can then be built on by choosing optional coverage for employees and health & well-being.

The SME BizOne Insurance package is a comprehensive package plan which covers various aspects of businesses, including key coverage for fire, burglary, group personal accident and fidelity guarantee.

New products from Tokio Marine Toi says he feels insurance in ►



► Malaysia is still underpenetrated, with the bottom 40% (B40) in Malaysia being the most underinsured segment, against a backdrop of a 56% penetration rate nationwide.

"For this group, insurance is often the lowest priority because they often have other, more pressing things to worry about. As an industry, we worked with the regulator to come up with something that is even more affordable, with an easy claim process and easy underwriting.

"We make it as simple as possible, to encourage this community of people to be covered. It's more [of] a social initiative. We are not there to make money but are there to encourage people to get insured," he says.

Bank Negara Malaysia has been encouraging insurance providers to serve the underserved by establishing a programme called "Perlindungan Tenang" late last year.

Less than a dozen insurance providers are participating in the scheme, which the central bank targeted will reach eight million working-age Malaysians and over 700,000 micro-enterprises.

Tokio Marine is among the providers of the scheme with what it calls its StarterPack, which makes applications straightforward and affordable at between RM6 and RM15 per month. It has also pledged to simplify underwriting for life insurance policies and expedite the processing of claims, which must be paid within five days.

The company is also in the process of testing a new mobile application, known as 'One Tokio', which has yet to be officially launched. The app allows customers to keep track of their policies and personal information, in a similar fashion to a banking application, and could be potentially launched in the beginning of next year.

Digitisation of the insurance industry

While digitisation is the new buzzword for businesses these days, it does present a challenge for the insurance industry. According to a report by Ernst & Young, one key challenge is the industry's lack of standardized methodologies and metrics to assess digital maturity.

"With unclear visibility, insurance leaders will have a difficult time knowing where to prioritize investments or recognizing the most compelling parts of the business case for digital transformation," it says.

The insurance industry is one that is policy-centric, but the shifting global trend means it is changing how products and services are delivered, and increasingly it will change the nature of those products and services and even the business model itself.

To put it simply, insurers will have to adopt a more customer-centric approach and meet their expectations in tailoring products to them, as well as simplifying the application process for them.

In light of this, despite being 65 years old, the company is not one to stick to the ways of the past. Tokio Marine is intent on keeping

It's all about convenience. Everything has to come from a customer-centric perspective."
— Toi

abreast of global business trends and making the switch to digitising most of its business processes.

Toi says the company has started to take steps to automate many of its processes, including the process of onboarding of new customers.

"We have this onboarding system called Tokio Marine Pro where everything is done through a tablet computer. You can also set up your payment process via auto debit or credit card which can also be set up through there. The other parts of the process, such as underwriting

for life insurance and questionnaires, have also been integrated into the system so there's no need for data input duplication.

"It's an end-to-end process. This helps to increase efficiency since once the onboarding is done, the policy is issued and sent to you immediately via email. The agent is also freed up from doing extra admin work and can instead spend their time advising you on better insurance products or how you can get better coverage," he says.

The automation of the onboarding process started in August, and is being progressively rolled out with the company's 3,000 agents. The process is expected to be completed by the end of the year.

In addition to the onboarding process automation, Toi says Tokio Marine has now made it easier for customers to apply for insurance, such as motor or life insurance, online.

"This way customers don't need to go through agents to purchase what they need, they can just get online and complete the process in 10 minutes. We launched U For Life about two and a half years ago, and there has been good response from this.

"However, this does not mean we are replacing our agents. They are still very important to us, as we need them to still be available to advise customers. We are simply making them more productive," he says.

U for Life, an insurance brand operated by FI Life Sdn Bhd, is the largest online provider of term life insurance in Malaysia. It is registered as a Malaysian corporate agent of Tokio Marine Life Insurance Bhd. Since its launch in September 2015, U for Life has insured over RM600 million to customers nationwide.

Overall, the group's digital push so far has seen a positive response, with over 10,000 of its policies sold online.

It is only a matter of time before people become more comfortable with buying insurance policies online, Toi says. But for more sophisticated solutions, having an insurance agent as a guide gives added value. As such, there will always be a place for the "human touch" in the marketing of insurance products, he adds.

Digitisation also makes it easier to file and process claims, says Toi. "It's all about convenience. Everything has to come from a customer-centric perspective. First you have to ask yourself, is your product needed by customers? If it's not, what's the point of selling it? The next thing is how to make it more easily accessible. We need to make it as easy as possible for people," he says.

From a wider perspective, Toi says there is plenty more to be done in terms of automation, but the industry is slowly changing.

"The insurance industry has been slightly slower compared to the banking sector in terms of adoption, but then again, our processes are much more complicated. In terms of cost savings, it is definitely there, but it's not worth the effort of quantifying it since the benefit is so obvious.

"Of course, not everything can be automated, but we do what we can first. We take continuous steps forward. It's good to start from a paper base, because then you have a process, which can then be automated," he says, adding that the industry is aggressively adapting but more awareness is needed.

Toi also sits various boards such as chairman of Malaysian Life Reinsurance Group Bhd, director of Malaysian Rating Corporation (MARC) and member of Malaysian Insurance Institute (MII) and Financial Services Professional Board, Asian Institute Finance (FSPB).

Toi has been instrumental in steering Tokio Marine Life into the next phase of its corporate development and position it as the leading insurance company reputed for excellent service and products.

A qualified actuary from United Kingdom, Toi is a well-recognised business leader with a wealth of experience in insurance coupled with strong understanding of both the local and overseas market. He was the past president of the Life Insurance Association Malaysia (LIAM) for three consecutive years till 2017.

Toi has also successfully spearheaded and managed financial organisations in various positions over the span of 26 years with the first position based in United Kingdom. He assumed positions such as appointed actuary and chief executive office in Malaysia before taking on other senior positions in China, Singapore and Hong Kong.

Japan-based Tokio Marine is the largest and oldest insurance company in its home country. Its Malaysian operation is considered medium-sized in terms of the local insurance landscape, where it is the seventh biggest life insurance provider with some 4% market share.

Tokio Marine Life Insurance Malaysia Bhd was formerly known as TM Asia Life Malaysia Bhd, and is the result of the strategic alliance between Tokio Marine & Nichido Fire Insurance Co., Ltd. and Asia General Holdings (Asia Life's parent company) in March 2007.

Meanwhile, Tokio Marine also has a general insurance business in Malaysia, namely, Tokio Marine Insurans (Malaysia) Berhad.

As of June 30 2018, the group recorded net earned premiums of RM424.6 million, a net profit of RM41.6 million and a total revenue of RM485.2 million. This is compared to RM452.8 million, RM31.2 million and RM509.9 million respectively year-on-year. **MSME**





16 Nov 2018
Malaysia SME, Malaysia

Author: Shalini Kumar • Section: SUPPLEMENT • Page: PP1,PP4,PP5
Printed size: 2663.00cm² • Region: KL • Market: Malaysia • Photo: Full Color
ASR: MYR 54,886.00 • Item ID: MY0034331658

 isentia.mediaportal

Provided for client's internal research purposes only. May not be further copied, distributed, sold or published in any form without the prior consent of the copyright owner.

Page 4 of 4

SUMMARIES

Tokio Marine aims to raise insurance awareness for SMEs The company is also digitising its processes to increase efficiency and remain competitive against an increasingly challenging global backdrop P&P 04

The company is also digitising its processes to increase efficiency and remain competitive against an increasingly challenging global backdrop Toi See Jong

shalini@malaysiasme.com.my Pics by Chu YC chuyc@malaysiasme.com.