



MARIM Insurance Seminar 2019

We
Should
Talk...

Phased Liberalisation of the Malaysian Insurance Market

Menara Kuala Lumpur
12th November 2019



1-300 8 TAKAFUL (825 2385)

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What We Will Cover...

PRESENTATION

CONTENT

01. Background & Context

- Why liberalise?
- Aspirations from the Regulator
- Shape & Form ... to ... Timelines

02. Key Observations...

- The Customer's/Buyer's Experience
- The Insurer's Perspective
- Market Reality

03. What's Ahead?

- The New Roadmap?
- Regulation changes
- Business Climate

04. Conclusion

05. Q & A

01. Background & Context

1. Why liberalise?
2. Aspirations from the Regulator
3. Shape & Form ...
to ... Timelines

What We Hope to Cover

1

The Change

- Why the change from a Tariff market to a Liberalised market?
- What changes have we seen so far and what changes we expect in the immediate, middle and long term.

2

The Impact

What has been the impact of the changes on the ;-

- Buyer
- Seller
- Market / Industry

3

The Response

- How are Insurer's & Takaful Operator's responding to the changes?

A. Why Liberalise?

1

- a. To provide better **pricing & product offerings** to the customers.
- b. Under the Tariff regime, there is only a single product and a single pricing.

2

- A **natural progression** for a Market that is developing.
- Newer markets in South East Asia are emerging, i.e. Vietnam, Cambodia and Myanmar. The Malaysian market must be a step ahead as we have existed longer than them.

3

- To develop **expertise** in the market.

B. Aspirations from the Regulator

LIBERALISATION OF MOTOR TARIFF

NEW

- 1** New and differentiated products tailored to consumer needs.
- 2** Pricing will be determined by individual insurers and takaful operators.
- 3** Premium will take into account broader risk factors including driving experience.

WHAT CONSUMERS CAN EXPECT

- FAIRER PRICING**
 - Improvements in risk profile will be reflected in lower premiums.
 - Promotes safe driving behavior.
- GREATER INNOVATION**
 - More product options to meet different consumer needs.
 - Improved services.
 - Expanded delivery channels.
- SUSTAINABLE PROTECTION FOR CONSUMERS**
 - Continued access to motor insurance over the long-term at competitive prices.

ACTION BY CONSUMERS

- MANAGE OWN RISK PROFILES**
 - Maintain car well to avoid accidents.
 - Adopt good driving behavior to avoid traffic offences.
 - Take safety measures to prevent car theft (i.e. equip vehicle with anti-theft system and park at safe locations).
- DETERMINE YOUR PROTECTION NEEDS**

Purchase motor covers which suit your lifestyle and risk exposures.
- SHOP AROUND FOR THE BEST COVERAGE AND VALUE**

Contact insurers, takaful operators, agents or through online aggregators.

Source : http://www.bnm.gov.my/index.php?ch=en_announcement&pg=en_announcement&ac=529&lang=en

B. Aspirations from the Regulator

BETTER PROTECTION FOR MALAYSIANS



NOW, I CAN MAKE A DIFFERENCE

WHY Is Motor Insurance/Motor Takaful Being Liberalised?

Liberalisation will drive fairer pricing of premiums/takaful contributions based on risk profiles, which will encourage road users to be more responsible.

WHEN Will This Take Place?

Starting 1 July 2017, the premium/takaful contribution for Motor Comprehensive and Motor Third Party Fire and Theft products will be determined by individual insurance companies and takaful operators.

WHAT Are the Benefits?

- ✓ **MORE CHOICES**
New and innovative products to meet different consumer needs for the ultimate benefit of the motoring public.
- ✓ **BETTER EFFICIENCY**
Smoother and more efficient services.
- ✓ **FAIRER PRICING**
Premiums/takaful contributions will be priced fairly based on risk profile groups.

HOW You Can Make a Difference

Here are some useful tips:



Adopt Good Driving Behaviour

- Maintain your NCD* by driving safely and avoiding accidents.
- Diligently follow traffic rules, including not using mobile phone while driving, to keep a clean record.

Maintain Your Vehicle Well

Reduce the chances of accidents by following your car's maintenance schedule.

Don't Speed

- Observe the speed limit at all times and drive safely.
- Use the speed lane only when you are overtaking other slow vehicles.

Shop around for the Best Option

Compare premium/takaful rates offered by insurance companies/takaful operators to get the best value and coverage.

Learn more at:
www.piam.org.my / www.malaysiantakaful.com.my
or call:
03-2274 7399 03-2031 8160





PERLINDUNGAN LEBIH BAIK UNTUK RAKYAT MALAYSIA



KINI, ANDA SEBAGAI KONSUMER BERHAK MEMBUAT PERUBAHAN

MENGAPA Insurans Motor/Takaful Motor Diliberalisasikan?

Pelaksanaan liberalisasi akan memacu kaeedah yang lebih adil dalam penentuan harga premium/sumbangan takaful berasaskan profil risiko pemandu, justeru menggalakkan pengguna jalan raya menjadi lebih bertanggungjawab.

BILAKAH Ia Akan Dilaksanakan?

Mulai 1 Julai 2017, premium/sumbangan takaful untuk Motor Komprehensif serta Motor Pihak Ketiga Kebakaran dan Kecurian akan ditentukan oleh penanggung insurans individu dan pengendali takaful.

APAKAH Manfaat-manfaatnya?

- ✓ **LEBIH PILIHAN**
Produk baharu dan inovatif untuk memenuhi kehendak pengguna yang berbeza demi kepentingan pemotoran awam.
- ✓ **LEBIH CEKAP**
Perkhidmatan yang lebih lancar dan cekap.
- ✓ **HARGA LEBIH ADIL**
Premium/sumbangan takaful yang lebih adil berasaskan kumpulan profil risiko.

BAGAIMANA Anda Mampu Mengubahnya

Berikut adalah tip yang boleh anda ikut:



Amalkan Pemanduan Berhemah

- Kelikikan NCD* anda dengan pemanduan berhati-hati bagi mengkalakan kelonggaran.
- Patuh peraturan trafik, termasuk tidak menggunakan telefon bimbit semasa memandu, untuk memastikan rekod pemanduan yang bersih.

Sentiasa Menyelenggara Kenderaan Anda

Kurangkan kesilapan kemalangan dengan menyelenggara kenderaan anda meliputi jadual yang ditetapkan.

Kurangkan Kelajuan

- Patuh had laju yang ditetapkan dan pandu dengan berhati-hati.
- Gurakan laju memotong nanya apabila anda hendak memotong kenderaan yang lain.

Buatlah Perbandingan Untuk Pilihan Terbaik

Bandingkan kadar premium/takaful daripada pengendali insurans/pengendali takaful berlainan untuk mendapatkan nilai dan perlindungan terbaik.

Untuk maklumat lanjut, sila layari:
www.piam.org.my / www.malaysiantakaful.com.my
atau hubungi:
03-2274 7399 03-2031 8160

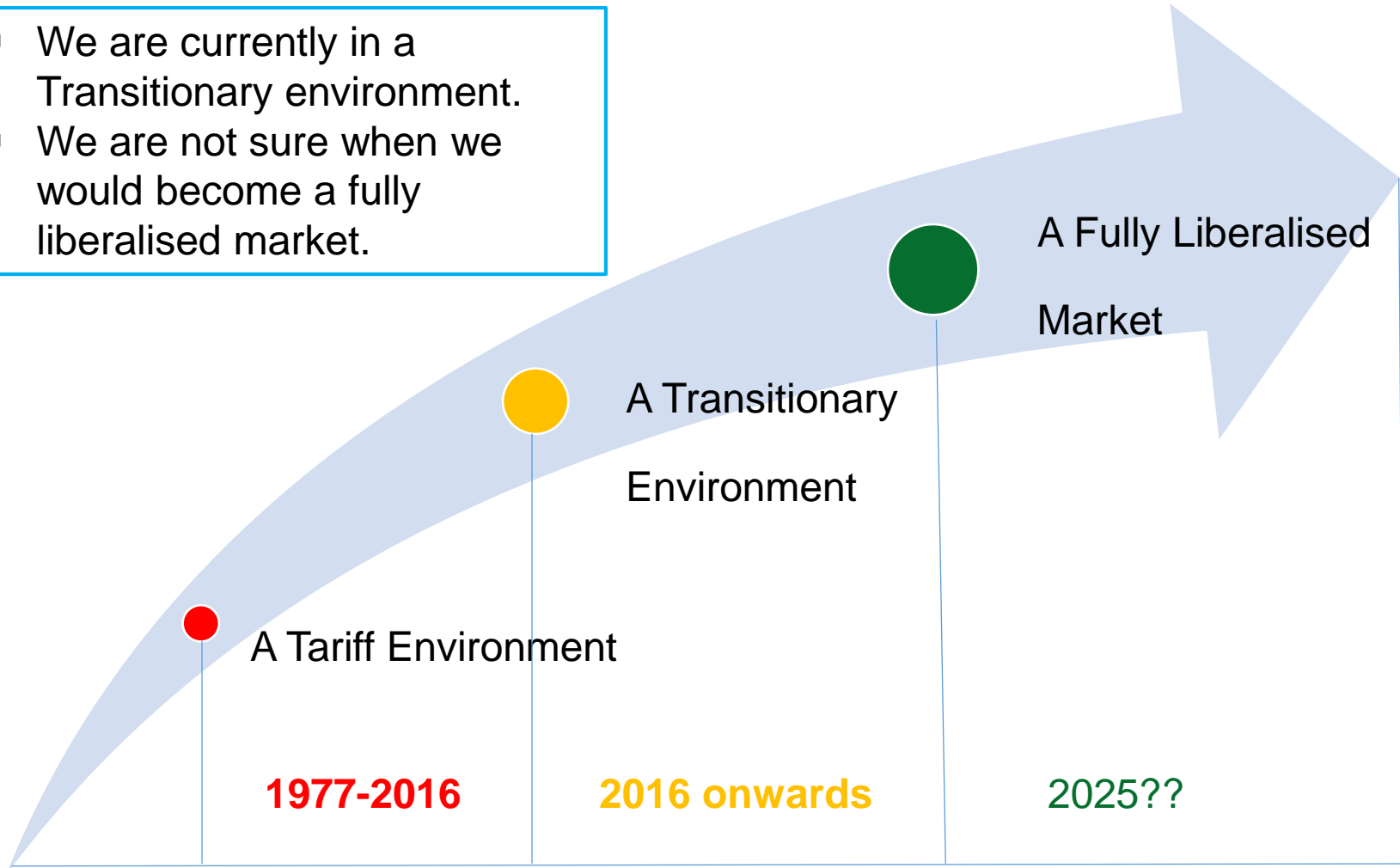




Source :
http://www.bn.gov.my/index.php?ch=en_announcement&pg=en_announcement&ac=529&lang=en

Where are We Now?

- We are currently in a Transitional environment.
- We are not sure when we would become a fully liberalised market.



BNM's expectation of the Market

- 1 The transition to market-based pricing is **gradual**, and is supported by **prudent risk management** and **practices**.
- 2 Access to basic protection or compulsory lines remain **affordable**, and any adjustment to the prices of such products, is implemented **gradually**.
- 3 Consumers' interests remain **protected** through enhanced transparency and improved sales and marketing practices.
- 4 Overall **stability** in the general insurance and takaful market is preserved.

C. Shape & Form ... to ... Timelines

Timeline	Motor Business	Fire Business
Prior to 1 July 2016	<ul style="list-style-type: none">▪ All available products are defined in the Tariffs and are subject to tariff rates▪ Gradual adjustments to tariff rates for identified risk groups	
Effective from 1 July 2016 onwards	<p style="text-align: center;">Flexibility in product offering</p> <ul style="list-style-type: none">▪ A licensed person shall continue to offer the same products at the same prices that were being offered as at 30 June 2016. Such products shall be offered in accordance with the Tariffs▪ A licensed person may introduce new products at premium or takaful contribution rates as determined by the licensed person (market rates)	

Source : Phased Liberalisation of Motor and Fire Tariffs (BNM/RH/PD 029-8)
Issued : 30 June 2016

This is an extract from the BNM document and for reference.

C. Shape & Form ... to ... Timelines

Effective from 1 July 2017 onwards

Gradual Tariffs adjustments

- The pricing for Third Party products¹ shall be in accordance with the Motor Tariff and any pricing adjustments which the Bank may specify for identified classes of vehicles
- The pricing of fire products¹ shall be in accordance with the Fire Tariff and any pricing adjustments which the Bank may specify for identified categories of risks

Flexibility in product pricing

- The pricing for Comprehensive and Third Party Fire and Theft products¹ will be liberalised. Licensed persons will be able to determine the premium or takaful contribution rates for such products

Source : Phased Liberalisation of Motor and Fire Tariffs (BNM/RH/PD 029-8)
Issued : 30 June 2016

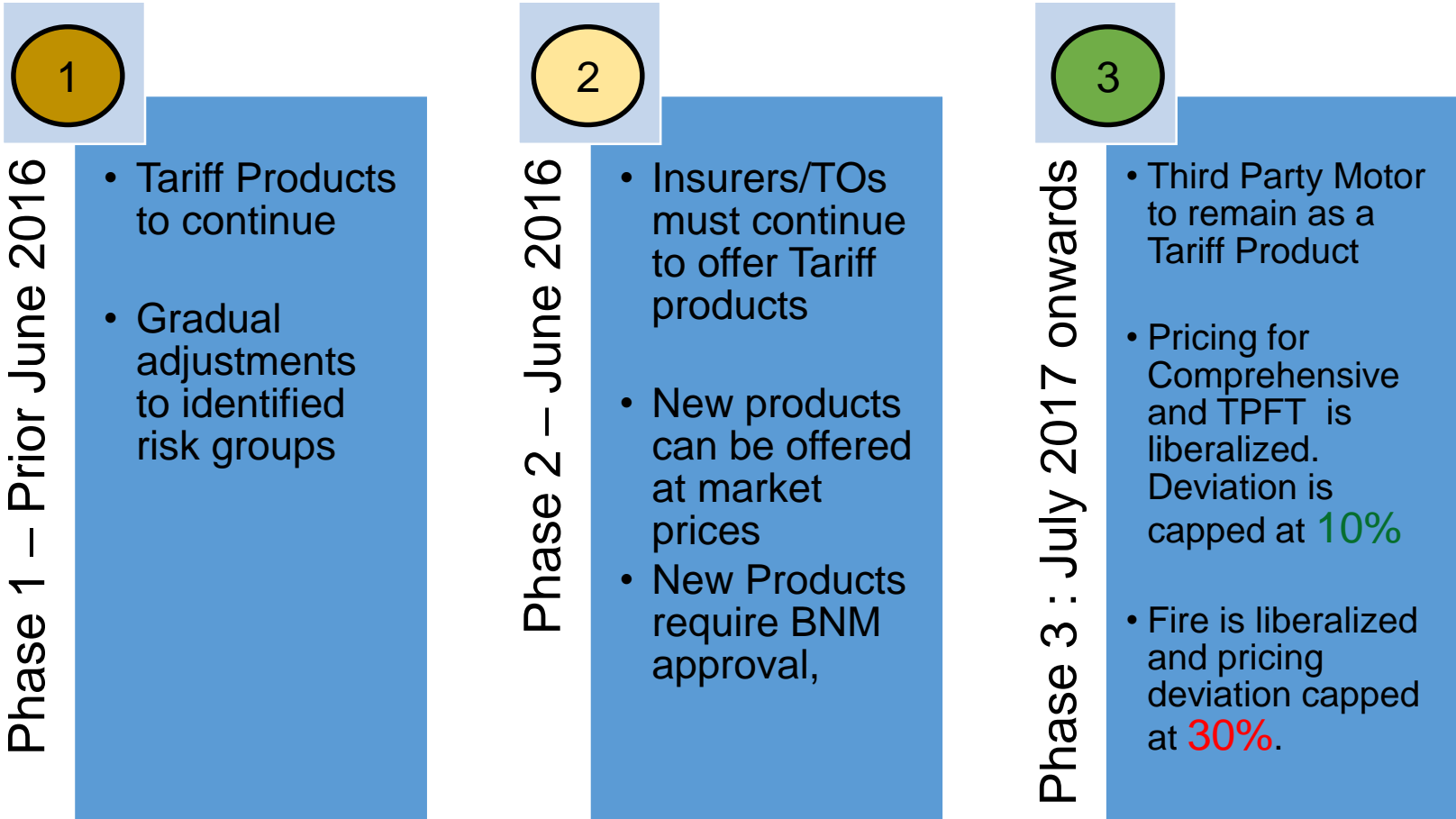
C. Shape & Form ... to ... Timelines

From
2019
onwards

- The progress and impact of the phased liberalisation will be evaluated to determine the readiness of consumers and the industry for further liberalisation

Source : Phased Liberalisation of Motor and Fire Tariffs (BNM/RH/PD 029-8)
Issued : 30 June 2016

C. Shape & Form ... to ... Timelines



C. Shape & Form ... to ... Timelines

- 1 All Insurers/TOs must maintain their Tariff product as an offering to customers.
- 2 Deviation in pricing is only for a New Product. A New Product is one which has additional features and wider coverage than a Tariff Product.
- 3 Deviation in pricing is capped at;-
+/- 10% for Motor
+/- 30% for Fire

Online Survey Results in 2017

1. In the early stage of liberalisation (July 2017), there was survey conducted by the popular motor news portal paultan.org.
2. As many know & are aware, paultan.org. covers the Malaysian automotive scene and offers reviews, previews, test drives and covers various other topics that are automotive-related.

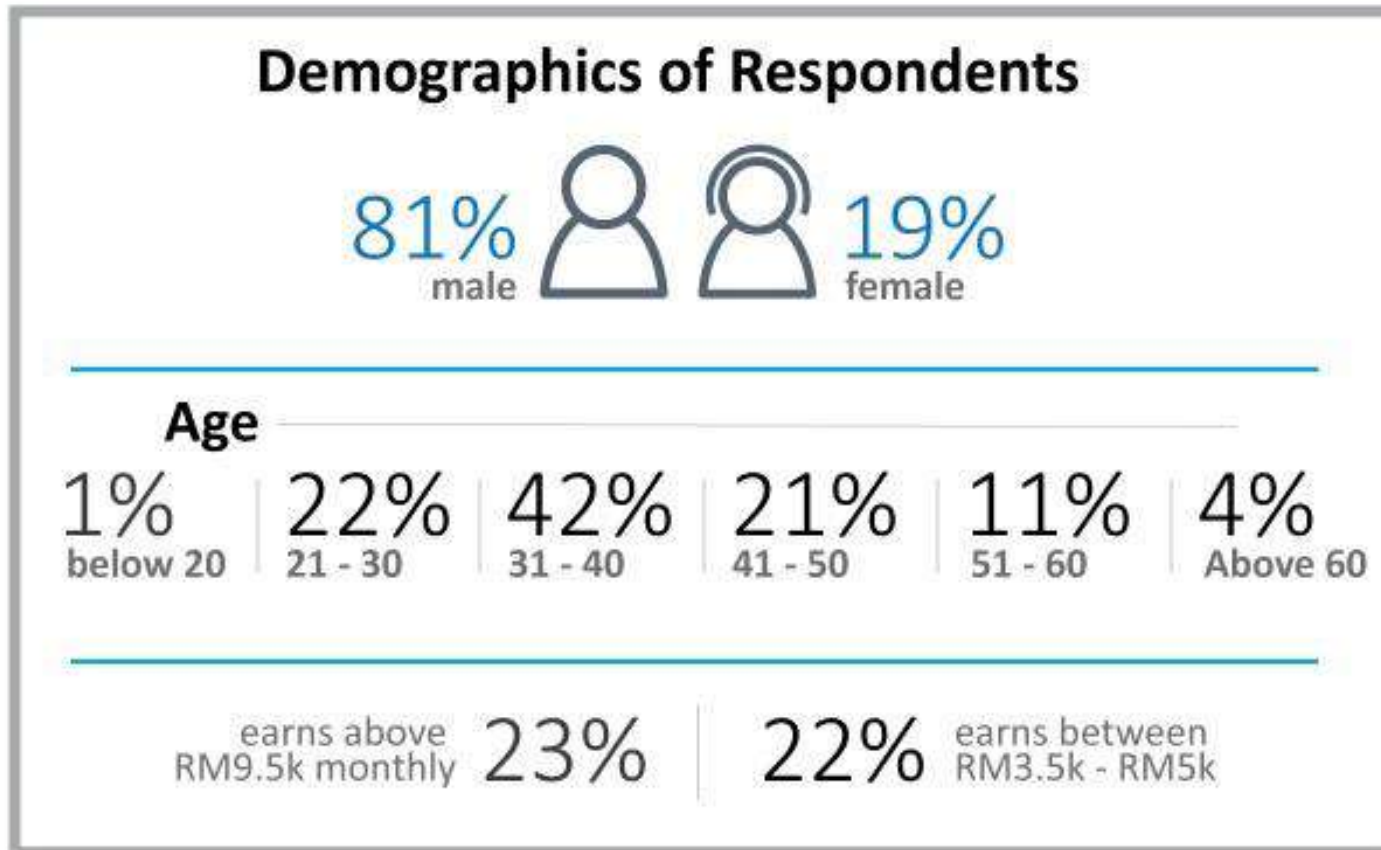
Survey Results in 2017

1. Findings revealed that ;-

- only **42%** of respondents are aware that motor insurance is currently a tariffed product in Malaysia,
- **83%** (of the 42%) think motor insurance liberalisation will have an impact on their next motor insurance renewal.

Here are some highlights of the survey.

Demographics of Respondents



63% are in the 31 - 50 age band.

85% are in the 21 - 50 age band.

How will Liberalisation affect Decision Making?

44%

of respondents believe **liberalisation** will have huge impact on their decision making

39%

of respondents believe it will affect them **somewhat**

Only 17%

believe that **liberalisation** will have **minimal** or **no impact** on their decision making

36% of these are aged 31 - 40

43% bought their motor insurance through their insurance agent

Source: <http://www.fomca.org.my/v1/index.php/component/content/article/2-uncategorised/235-motor-insurance-liberalisation-how-will-it-affect-you>

Why & How will it Change Decision Making?

After liberalisation:

89% will choose the insurer that offers the most competitive pricing and value

86% will research on what each insurer has to offer before making a decision



69% will choose the insurer that rewards good driving



39% will choose the insurer with the best reputation



16% will choose the insurer that is the most technologically advanced e.g. mobile app, simple online purchase

Why & How will it Change Decision Making?

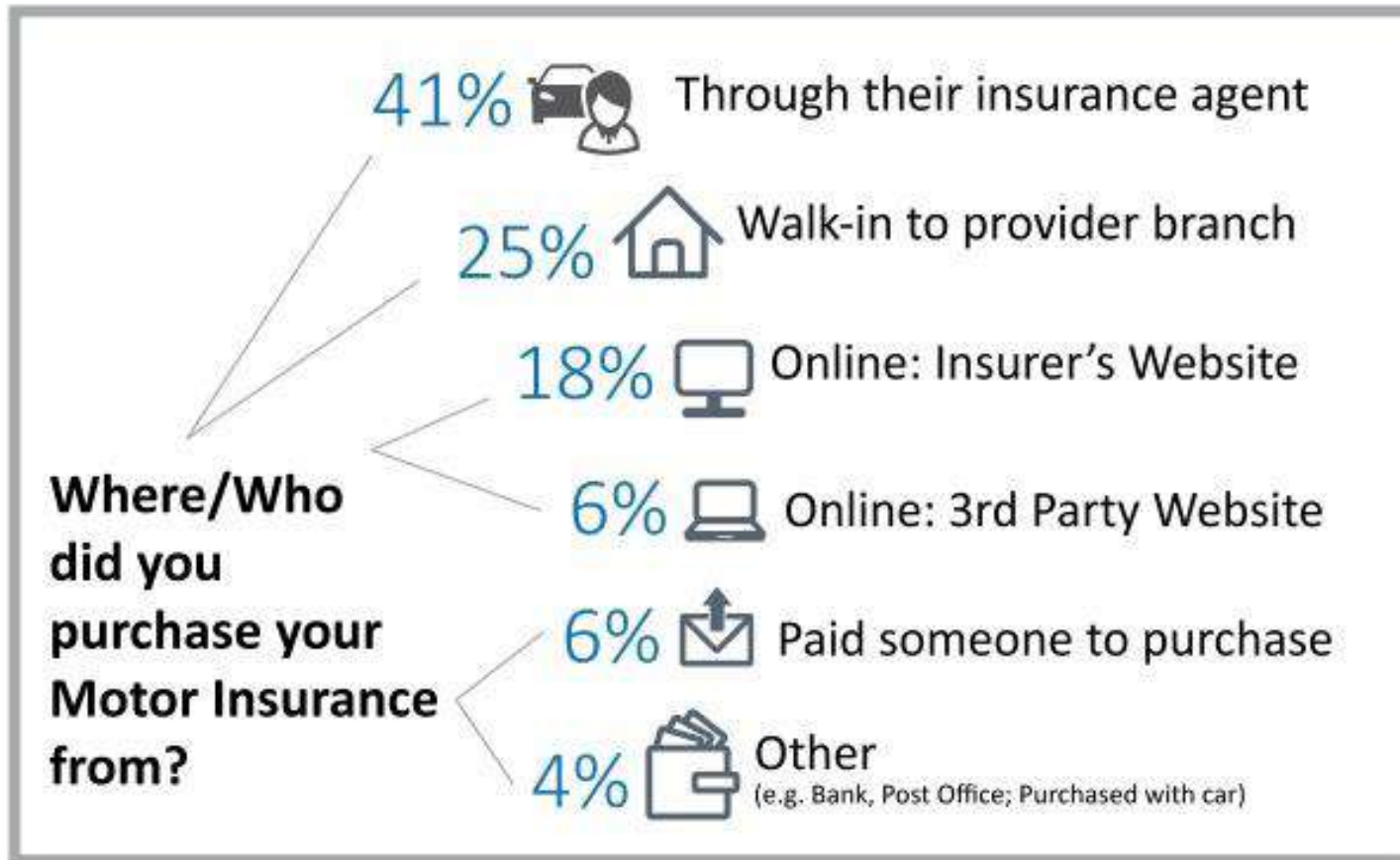
1. Clearly, while price is a determining factor for consumers, it is equally clear that **research** will be a key activity before a buy decision.
2. One insurance provider may be more affordable, but others may offer better product coverage – the choice is ultimately the buyer's.
3. For **69%** it is rewards for good driving. Apart from the simple No-Claims Discount (NCD) system, Insurers may offer more rewards for those with better driving records than others.
4. For **39%**, they will choose the Insurer with the best reputation.
5. For **16%**, the choice would be the most tech savvy Insurer.

Top factors for choosing insurance provider

Top 5 factors consumers will consider when purchasing motor insurance in a liberalised market	✓ Competitive pricing	89%
	✓ Guaranteed claims approval within 3 business days for claims with cost of repair below RM5,000	70%
	✓ Rewards & discounts for loyal customers	64%
	✓ Claims settlement within 60 days for vehicle claims where recovery has been unsuccessful	60%
	✓ Flexibility to customise plan	55%

Pricing and **Service** seems to be the most important considerations.

Purchase of Insurance



Agency remains a very strong distribution channel. On line purchases are about 1 in every 4 purchases (24%)

Summary

1. There will be **shopping around** for different pricing, products, offers and customisability, before buyers choose their preferred Insurer.
2. Buyers will benefit the most from an **open and highly competitive** marketplace.
3. Motor insurance prices are no longer be fixed – other than the sum insured, engine capacity and the age of vehicle. Premiums based on **“risk” factors**.
4. Buyers have **more direct control** over motor insurance premiums – lower risk profile = pay less or lower premiums.
5. Buyers can purchase insurance policies that **suit their lifestyle** and risk exposures better.
6. Insurers to offer more innovative products, smoother and more efficient services and **fairer**, more competitive pricing.

Fairer Pricing

What does **Fairer Pricing** mean?

- A. Does it mean pricing has not been fair to consumers so far?
- B. Motor requires **cross subsidy** between the profitable and loss making segments. This is the reality.
- C. The lower economic group (i.e. B40) must also have **access** to insurance protection.
- D. Fire margins have been higher due to the Tariff pricing being unchanged since 2000.
- E. Insurers may have to adjust pricing but they must be profitable across all Tariff and Non Tariff classes.

02. Key Observations...

- The Customer's or Buyer's Experience
- The Insurer's or Takaful Operator's Perspective
- Market Reality



A. The Customer's or Buyer's Experience

1

There are more choices available

- Most Insurers and TOs have implemented **new products**.
- A quick check on the website of the Top 10 Insurers/TOs in the market reveal that they have numerous new product offerings.
- New offerings are mainly on **Motor products**.

Some examples of additional cover provide are;-



- Roadside Assistance
- Complimentary Personal Accident
- Additional Perils

A. The Customer's or Buyer's Experience

2

Pricing has become "fairer"

- More risk factors are taken into account in the premium computation.
- There is some reward for good driving behavior apart from the No Claims Discounts (NCD)

	Tariff	Phased Liberalisation
Risk Factors	Model, Age & Vehicle Cubic Capacity	Vehicle Type – all details included in the NVIC of the vehicle including safety features
	Sum Insured	Driving behaviour
		Claims Experience

A. The Customer's or Buyer's Experience

3

Product Offerings based on Lifestyle & Affordability

- Customisation of the product for different segment of the market. As an example **Standard v Enhanced**
- Option for **Additional Perils & Benefits** (at lower prices)

4

Improvement in claims experience

- **Faster** claims TAT (Turn Around Time)
- Special consideration e.g. FAST Track Claims settlement for smaller claims (Claims below RM5,000).

A. The Customer's or Buyer's Experience

Why MotorTakaful.com?



Safe driving has its rewards

Receive cash back if no claims made



Award winning claims team

The Best Takaful Operator 2016 for having the fastest turnaround time in motor claims approval



24-hour roadside assistance

Enjoy UNLIMITED mileage when you subscribe Driver and Passengers' PA (DPPA)



Wide client coverage

1.5 million customers could not go wrong

1. Benefit of **Cash Back** if there is No Claims Made under the Policy for the year. Applies to only **TOs**.
2. Promotion on **claims reputation** of the Insurer/TO.
3. **Cross selling** of the DPA to have wider Roadside Assistance.

Public Awareness

5

Awareness is still lacking

- Customers awareness of Liberalisation is still lacking
- Knowledge of Motor Insurance/Takaful is much higher than the other products – Motor is simpler & protection is mandatory for all vehicle owners.
- Only 2 of the Top 5 insurers have easy access in their websites for information on Liberalisation.

Motor Insurance Detariffication

Effective 1 July 2017, motor insurance in Malaysia will be de-tariffed. Insurance companies will be able to practice risk-based pricing, and use their own method to calculate premiums for car insurance, based on the risk profile of the customer. For more information on motor insurance detariffication and how it affects you, click on the link below.

*Source:



Buy Now

Learn More About Motor Detariffication

B. The Insurer's /TO's Perspective

1

Competition Driving Pricing Down

A. Motor

- Customer expectation on Pricing
- Aggressive strategy by some Insurers to grow market share

B. Fire

- Fire highly profitable class so margins can be reduced to secure business
- A mix of Defensive & aggressive strategy by Insurers

The external factors compounding the impact, i.e.:-

- a) Sluggish economy & the lack of growth of new business
- b) Reduced vehicle sales

B. The Insurer's /TO's Perspective

2

Change in the Distribution Mix – mainly the growth of the Online segment

- Bigger impact on the Motor segment
- Many insurers/TOs are putting in a lot of effort on the Online distribution channel - almost all Insurers/TOs have an easy process to obtain a Motor Quotation.
- Online is an attractive option to the customer as there is a 10% automatic rebate immediately available
- Insurers working with their Bank Partners to offer EZ payments
- Use of Social Media as a marketing tool
- Some Insurers are strengthening their relationships with Agents and empowering their Agents to use the digital platform to reach out to customers

B. The Insurer's /TO's Perspective

Some Insurers are offering benefits for online renewals to prevent their customers from using the online channel to renew with a competitor.

Benefits of Online Renewal

This is what you get when renewing online, directly with us :



**CAR INSURANCE &
ROADTAX DONE AT THE
SAME TIME**

- No more forgetting to renew
your road tax



**INCLUDING ROAD TAX
DELIVERY**

- We'll deliver the road tax to
your doorstep



ROAD ASSISTANCE SERVICE

- Includes change of punctured
tyre, battery, towing service
and more

Call us at : [1800 88 8811](tel:1800888811)



**WITH QUICK QUOTE &
RENEW IN 4 EASY STEPS**

- Discover the 4 easy steps for
online renewal [here >](#)

Motor Insurance

Get a quote and save 10% in just 3 minutes



B. The Insurer's /TO's Perspective

3


Cross – selling Opportunities

- Mainly for the Motor customers. As an example Driver's Personal Accident (PA) in the earlier slide.
- Houseowner/Householder Insurance for those who already have a Motor policy with the Insurer/TO or via the Banca channel for customers with a Houseowner cover.

B. The Insurer's /TO's Perspective

3

Wider Use of Technology & Analytics

- User Based Insurance (UBI) & Telematics
-  AXA has launched **SmartDrive Enhanced Private Car**
- Data Mining – The customer base for Motor especially is very wide, running in the order in excess of 500,000 to close to RM1.5 million.
- Market segmentation
- Use of analytics to work out the Premiums
- Larger resources to the Analytics teams who would include qualified actuaries

B. The Insurer's /TO's Perspective

5

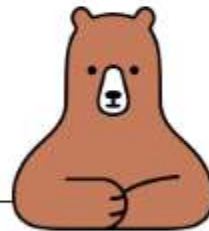
Disruptors & Aggregators

- Insurance and takaful aggregation business will be regulated by Bank Negara Malaysia as a new category of registered business under the Financial Services Act 2013 (FSA).
- insurance and takaful aggregators will be required to registered under the Financial Services Act to carry on their business. Currently, Jinerxu (RinggitPlus) and GoBear are listed under insurance aggregation category in BNM's sandbox.

Example of an Aggregator

Who We Are

We are Asia's leading financial supermarket. Our purpose is to improve your financial health so that, together, we can build secure, stable and sustainable communities. And we're going to do that by making financial literacy, financial inclusion and financial security attainable for everyone!



gobear

Our Markets



Example of an Aggregator

Oct 21, 2019 | By Ian Lee



GoBear Bares All: Should You Get Cheap Car Insurance?

GoBear Bares All: Should You Get Cheap Car Insurance?

#FinalBearWord

Don't think about "cheap" car insurance, think about the RIGHT car insurance instead.

When it comes to car insurance, or any form of insurance for that matter, it's not about "cheap" versus "expensive" car insurance – it's about the right insurance plan that fits you best, it's about value.

Here at GoBear we have compiled a host of resources to help you make the right choice and we are continually working on adding more. Please keep our site bookmarked and follow us on social media so you'll always stay up to date on our latest and most helpful content.

Is your car insurance and road tax expiring inside the next 60 days? Then start your renewal process right away!

#FollowTheBear

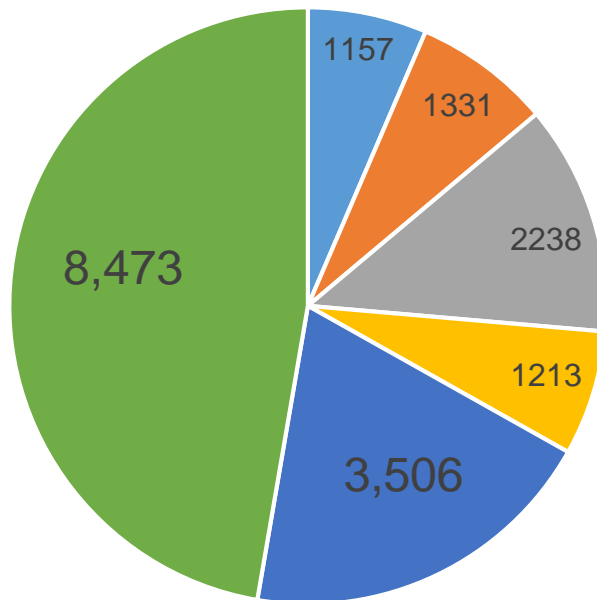
Facebook

Instagram

Twitter

C. Market Reality

Gross Written Premiums 2018 (in millions)



■ MHI ■ MAT ■ Miscellaneous ■ PA ■ Fire ■ Motor

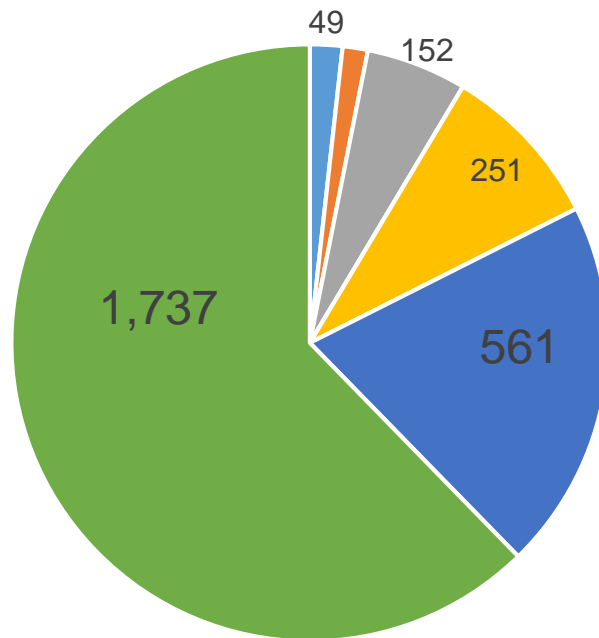
General Insurance

- Motor makes up 47.29% of the Total Portfolio and Fire 19.57%.
- Tariff classes make up 67% of the Total.

Source : [ISM Statistical Year Book 2018](#)

Takaful Market Premium

Gross Written Premiums 2018 (in millions)



■ MHI ■ MAT ■ Miscellaneous ■ PA ■ Fire ■ Motor

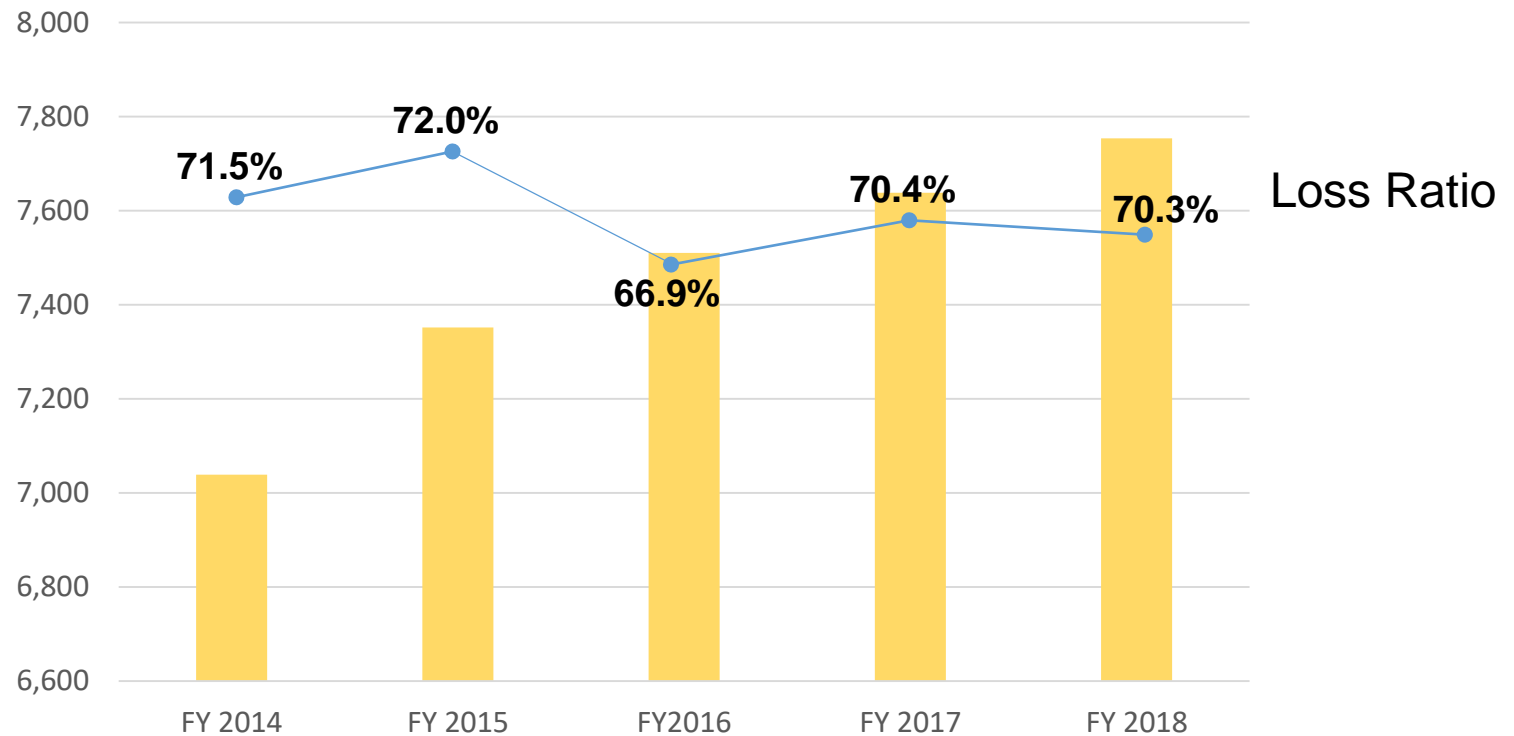
General Takaful Insurance

- Motor makes up 62.28% of the Total Portfolio and Fire 20.12%.
- Tariff classes make up 82.4% of the Total.

Source : ISM Statistical Year Book 2018

Motor Performance

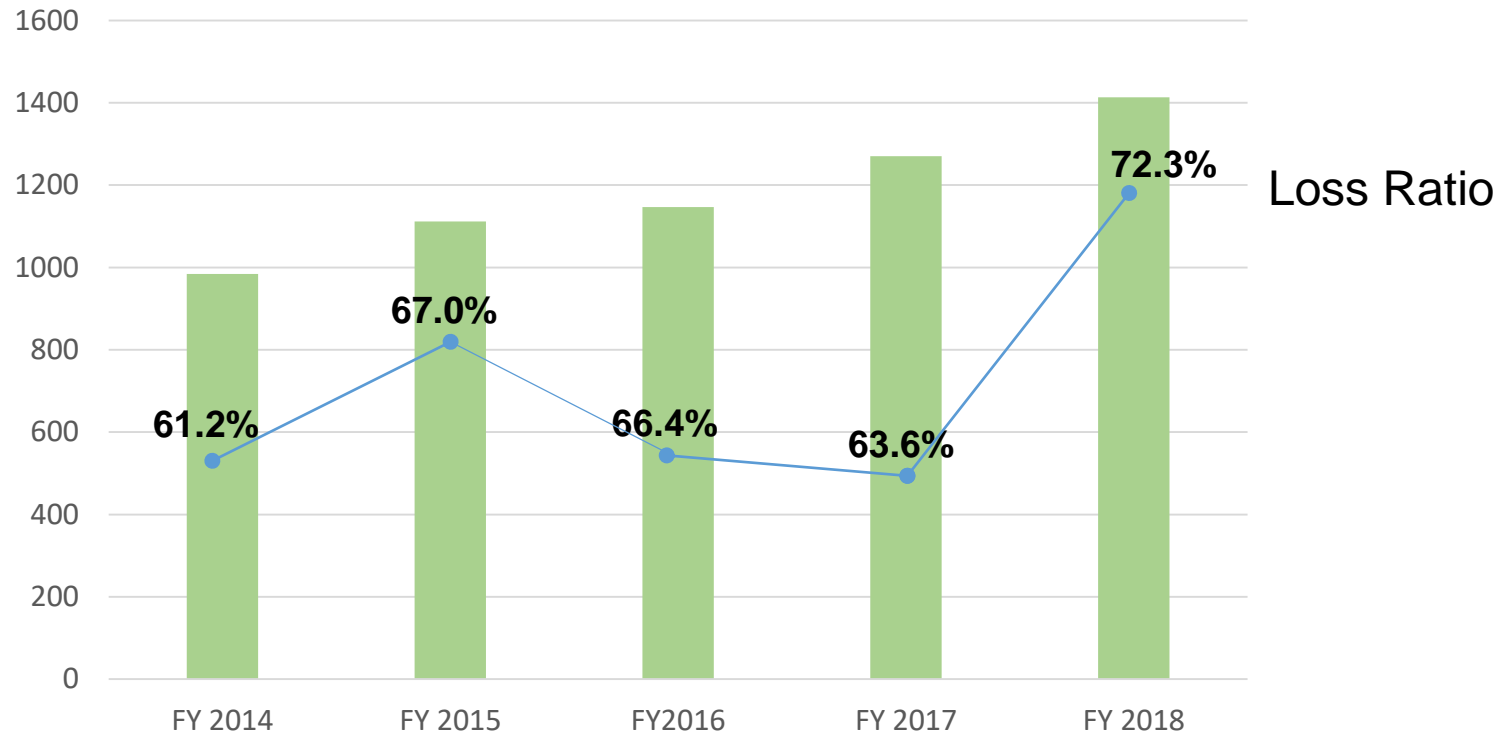
Net Earned Contributions



Source : ISM Statistical Year Book 2018

Motor Takaful Performance

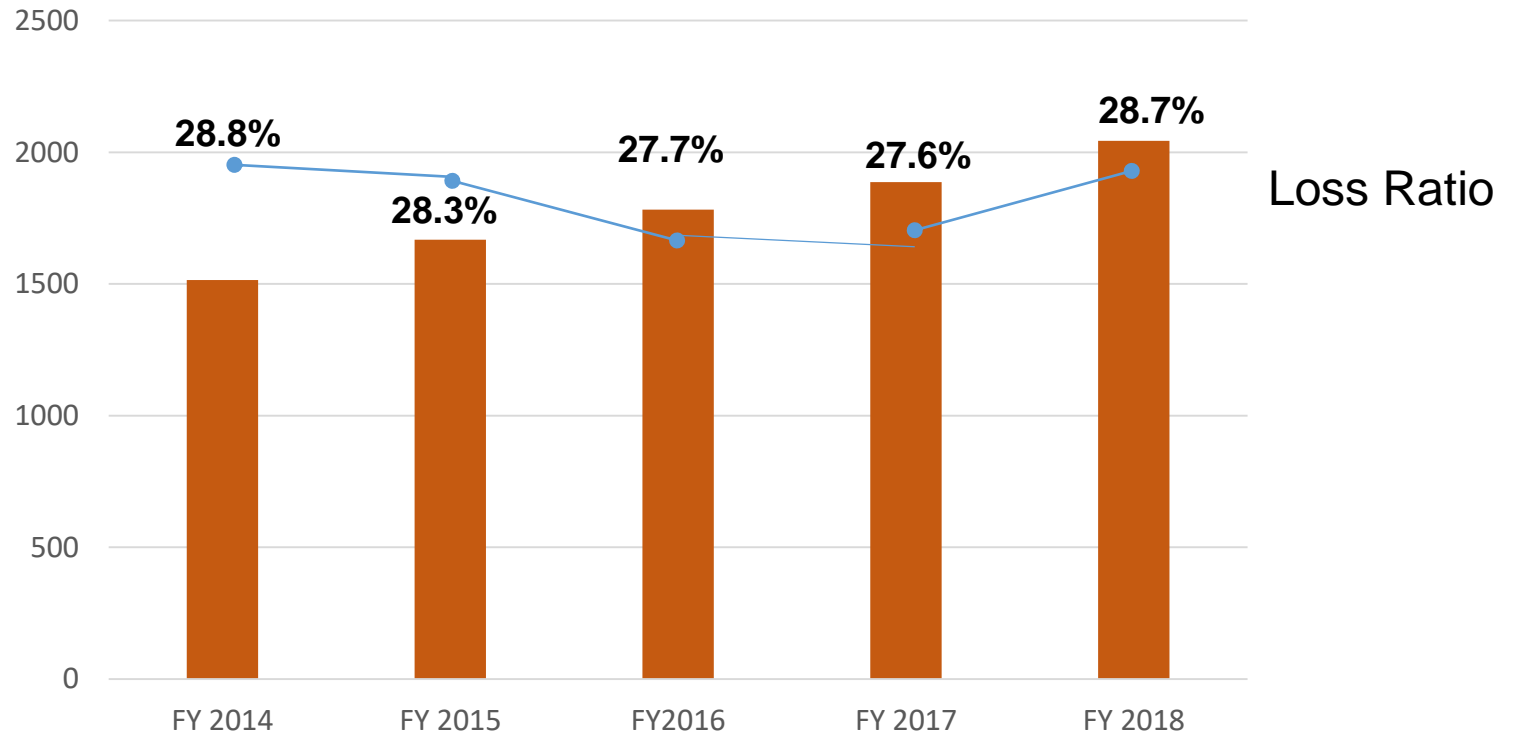
Net Earned Contributions



Source : ISM Statistical Year Book 2018

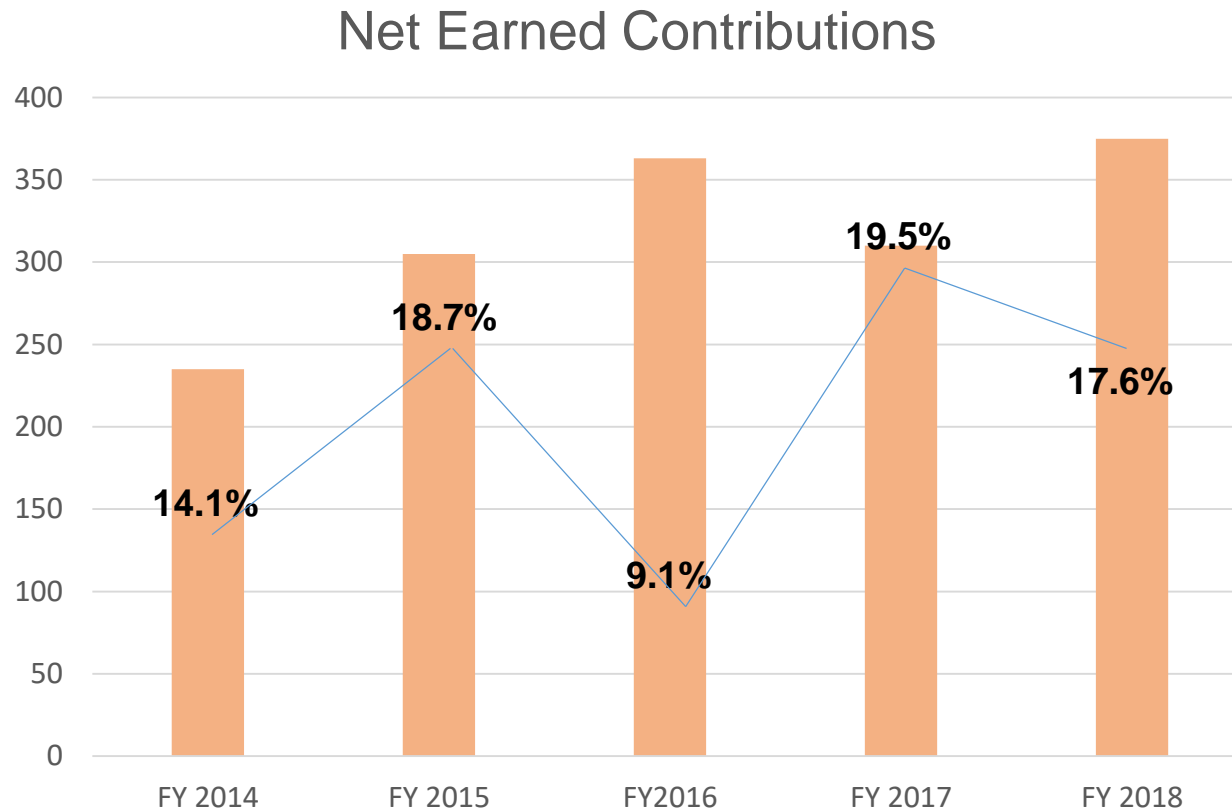
Fire Performance

Net Earned Contributions



Source : ISM Statistical Year Book 2018

Fire Takaful Performance



Source : ISM Statistical Year Book 2018

C. Market Reality

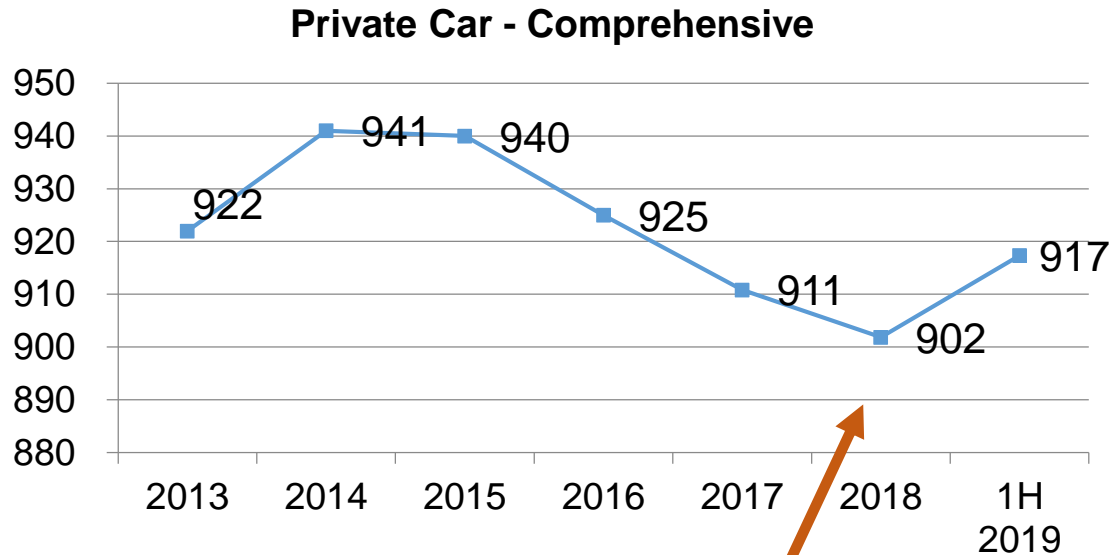
1

- Motor & Fire are the largest 2 segments of the General Insurance/Takaful market.
- Liberalisation would have an impact on at least $2/3^{\text{rd}}$ of the market and $4/5^{\text{th}}$ of the Takaful market.

2

- The Loss Ratio for Motor is much higher than for Fire. This can be taken to mean that the Fire tariff pricing is much higher than actual risk pricing and for Motor, the Tariff pricing could be lower.
- On average, Fire Loss ratio is about 28% whereas for Motor it is 70%.
- Commission Ratio for Fire is 6.22% whereas for Motor it is 9.73%.
- Management expenses are 23% on average.

Impact on Average Premiums



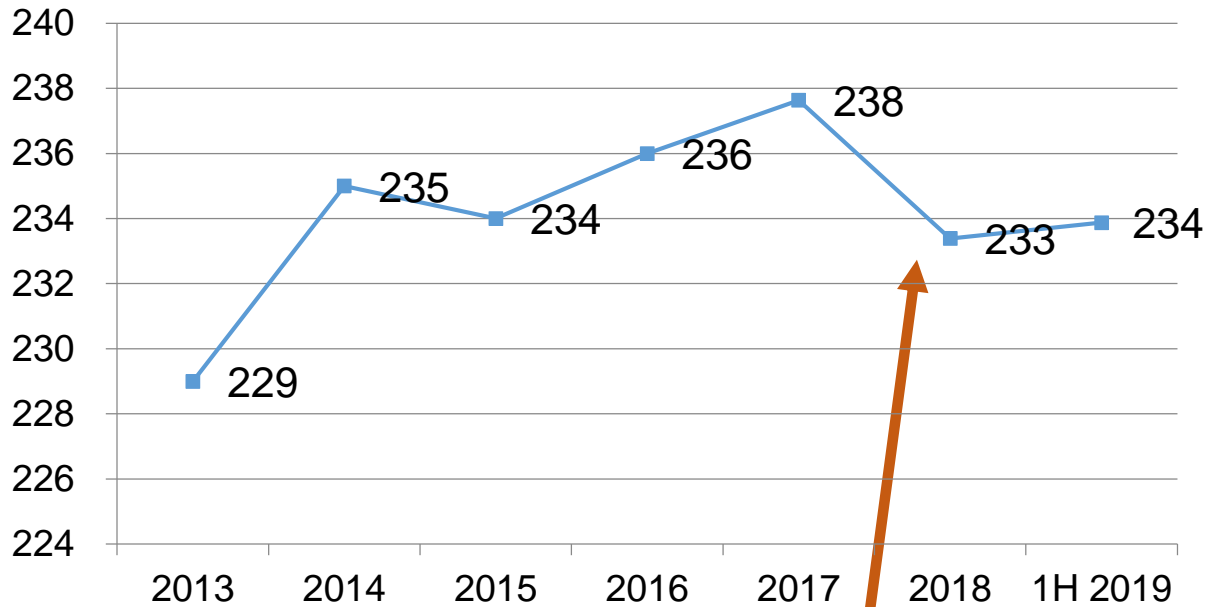
Source : ISM (Nov 2019 report)

Detariff Pricing

- It appears that there was some reduction in pricing at the early stage of market pricing.
- Later, there appears to be a correction in the pricing and it is heading higher.

Impact on Average Premiums

Motorcycle - Comprehensive



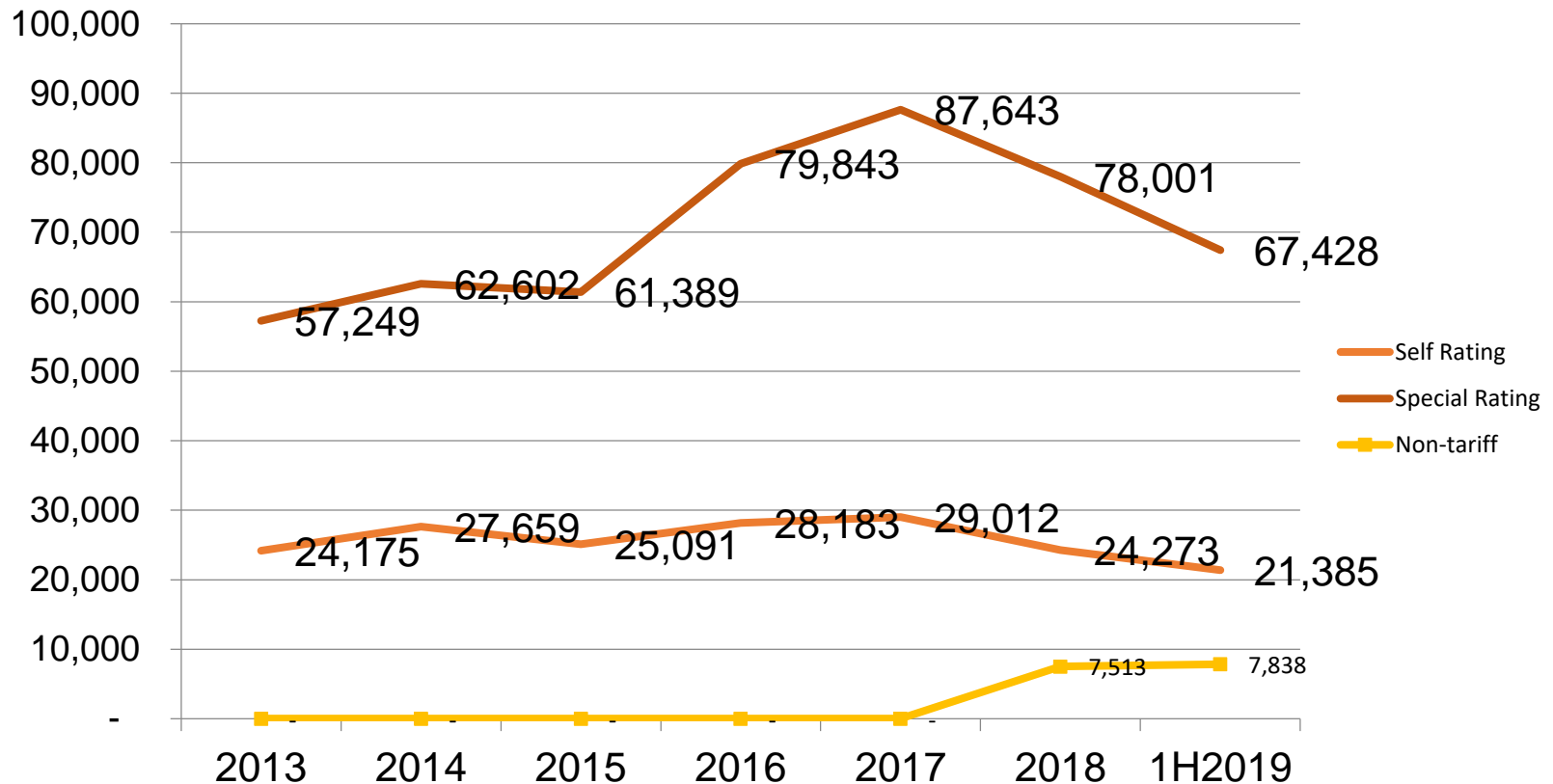
Source : ISM (Nov 2019 report)

Detariff Pricing

A similar pattern is observed also for Motorcycle.

Impact on Average Premiums

FMD - Self, Special Rate & Non-tariff



The reduction in premiums are significant after 2018. the Non Tariff product average premiums are comparatively lower.

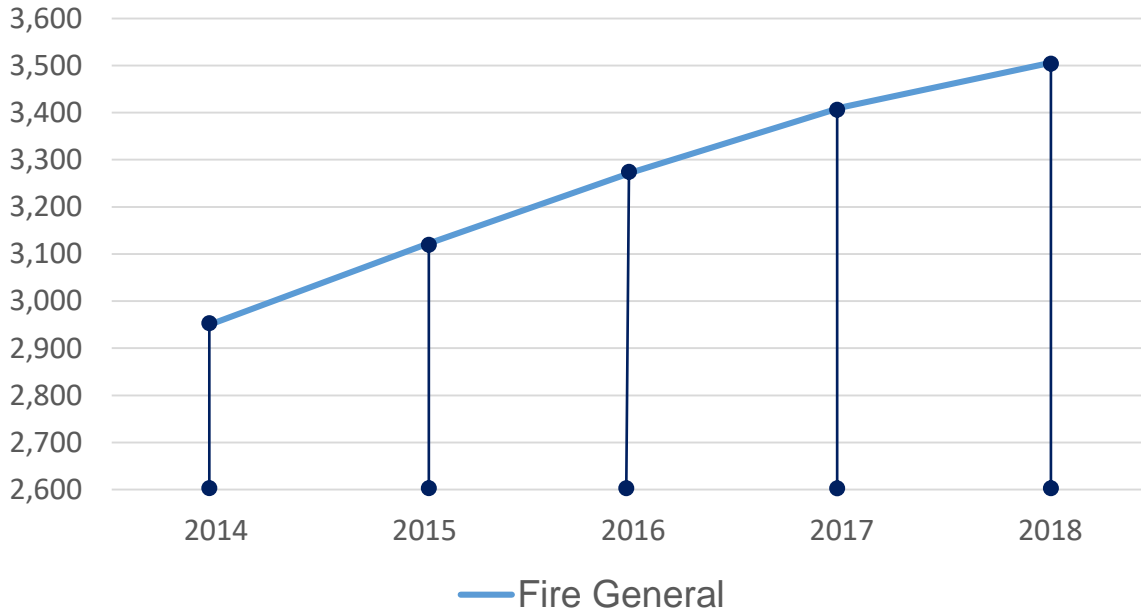
03. What's Ahead?

- Business Climate
- The New Roadmap?
- Regulation changes



Business Climate

Fire Business from 2014-2018



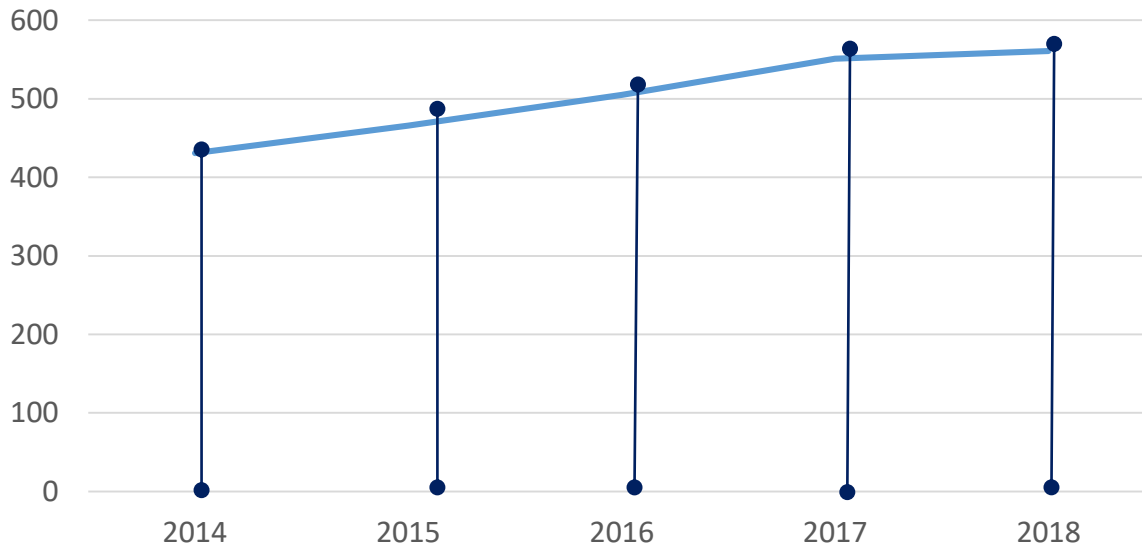
Year	GWP (in millions)	Growth
2014	2,955	-
2015	3,119	5.5%
2016	3,274	5.0%
2017	3,411	4.2%
2018	3,506	2.8%

1

- Fire business has been growing but growth is tapering. The drop in 2018 from 2017 is from the reduction in rates from Phased Liberalisation.

Business Climate

Fire Takaful Business from 2014-2018



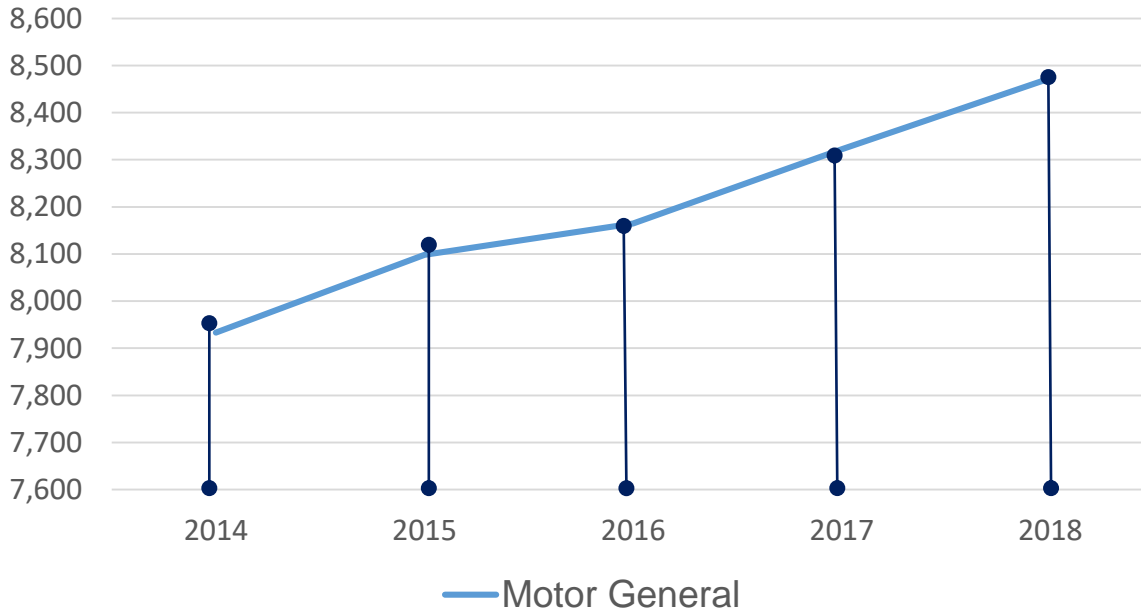
Year	GWP (in millions)	Growth
2014	431	-
2015	466	8.1%
2016	505	8.4%
2017	551	9.1%
2018	561	1.8%

2

- Fire Takaful business has been growing and growth rates were on the increase from 2014-2017. The drop in 2018 from 2017 is due to the reduction in rates from Phased Liberalisation. TOs were slower to implement a detariff pricing and 2018 is the full blown impact.

Motor General 2014-2018

Motor Business from 2014-2018



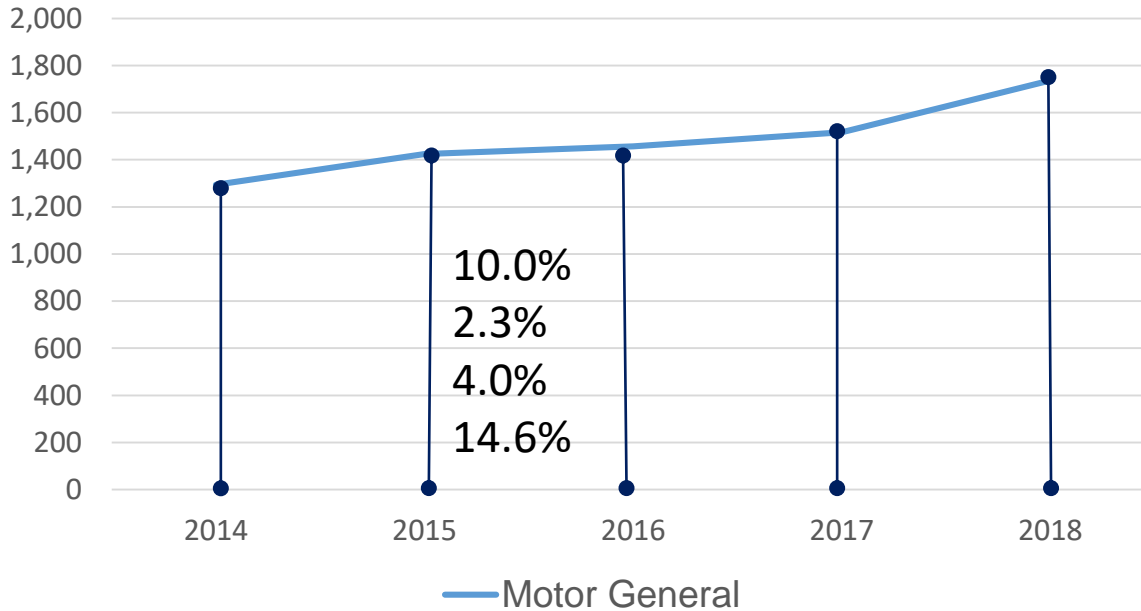
Year	GWP (in millions)	Growth
2014	7,933	-
2015	8,098	2.1%
2016	8,165	0.8%
2017	8,322	1.9%
2018	8,473	1.8%

3

- Motor business has been growing but at a flattish rate. Vehicle sales (during the Tax Holiday in 2018) has offset the drop in premium rates in 2017 and 2018 from Phased Liberalisation.

Motor General 2014-2018

Motor Business from 2014-2018



Year	GWP (in millions)	Growth
2014	1,294	-
2015	1,424	10.0%
2016	1,457	2.3%
2017	1,516	4.0%
2018	1,737	14.6%

3

- Motor Takaful business growth was slowing down but increased in 2018 by 14.6%. The growth of the business comes against the backdrop of dropping premium rates.
- The increase can be attributed to the higher vehicle sales as well as conversion from the conventional (general) insurance.

Market Climate

1

- Slowing growth in the Motor space.
- Slowing MAA new vehicle sales.
- Premiums are rather flattish but appears that Insurers/TOs may have a price correction.

2

- Slowing growth in the Fire space.
- Sluggish market growth – not much new business.
- Steep drop in the Detariff pricing.

3

- Customers are price sensitive. For most motor purchasers, having a road tax maybe more important that the protection that the motor product provides.
- Fire customers (mainly Corporate entities) want the same cover but at cheaper pricing – which the market may give due to the good prevailing margins.

4

- Uncertainty in the global economic & insurance /reinsurance markets.

The New Roadmap

1

- BNM have already delayed implementing the next stage of detariffication / phased liberalisation.
- The market & economy is not doing well and it is not an ideal time to implement major changes.

2

- The latest changes would be announced by BNM in mid 2020.

Regulation Changes

1

- The progress and impact of the phased liberalisation will be evaluated to determine the readiness of consumers and the industry for further liberalisation

2

- We have no clue as to what changes could be in store. However, BNM will have extensive consultation with the industry on the matter.

04. Conclusion



Concluding Remarks

1

- The **need to liberalise** is already overdue. The developed markets have been liberalized for long already.
- Singapore is a liberalized market already and liberalisation was implemented in the 1990s.
- BNM's decision to liberalise is a right one.

2

- Increased **skills and expertise** in the area of analytics, General Linear modelling, data mining, collection of personal data, customer behaviour & buying patterns.
- Setting up of product development teams.
- Use of Actuaries in Pricing.

3

- Liberalisation should bring it's benefits of **innovation and better choice** of products to the customers. Are we seeing that or it's just the same cover for reduced pricing?

Concluding Remarks

4

- Increase in the **public's awareness**. Education on financial products is happening but perhaps not enough.

5

- Different Insurers/TOs adopt different strategies.
- Some Insurers are moving away from pricing alone to service – i.e. ease of transacting business and claims handling.

6

- The distribution mix is **changing**.
- Market segmentation is becoming part of an Insurer's strategy to grow business and sustain profitability.

0.5 Q & A

Questions &
Answers

