

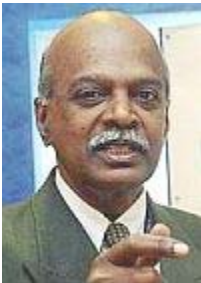
MCIS ZURICH's ambitious plan to gain firmer footing

BY DALJIT DHESI

MCIS ZURICH Insurance Berhad has unveiled an ambitious plan aimed at gaining a firmer foothold in the insurance sector and at the same time counter the stiff competition in the sector.

Chief executive officer Datuk L. Meyyappan said the plan encompassed investing RM5mil in further developing its investment-linked business network and seeking alternate distribution channels.

"Judging from the current industry trend, investment-linked products are gaining strong recognition and the demand for them is also on the uptrend compared with traditional products such as endowment, whole life and other term insurance products.



Datuk L.
Meyyappan

"These products provide wider options to policyholders according to their different risk profiles. To this end, the company will be spending RM5mil in the next one year to boost its investment-linked business," he said during an interview with *StarBiz*.

He added that the investment would involve developing new core competent agents to market the products to high net worth individuals and other segments of the market and in new systems, training, and advertising and promotion.

According to Meyyappan, annual premium income from such products currently stands at close to RM2mil and he expects the figure to increase to RM10mil by the end of next year.

On the distribution side, besides the traditional agency force, the company is also currently looking at other alternative channels such as bancassurance and direct sales.

MCIS ZURICH decided on this move because the current insurance penetration rate in the country is 37%, which is relatively small compared with other regional and developed countries.

Meyyappan added: "On top of that, the number of agents in the industry has also stagnated at about 80,000 in the last couple of years, partly due to the public's misconception that the profession is not lucrative.

"By further exploring bancassurance, we can tap the huge customer database of banks and obtain a wider penetration rate for our products. On direct sales, we may sell through telemarketing and corporate sales."

Asked on the company's performance, he said, all lines of businesses had improved and shareholders' expectations met as well.

For the financial year ended June 30, 2004, its total life business premiums rose by 10% to RM312mil from RM282mil in 2003. New business life premiums during the period jumped to RM77mil from RM63mil previously, a growth of 22%.

Total general business premiums increased by 3% to RM155mil from RM150mil last year. Profit before tax stood close to RM32mil compared with RM36mil in 2003. After tax profit was about RM23mil against RM24mil previously.

The improvements were due to the rising awareness of the MCIS ZURICH brand, Meyyappan said, adding that before the merger, MCIS was looked upon as a cooperative-based insurer.

Apart from this, the insurance industry had also been growing and MCIS ZURICH was riding on this growth, he noted.