

MCIS Zurich: M&As an option for growth

By RUPINDER SINGH

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COMPOSITE insurer MCIS Zurich Insurance Bhd may consider mergers and acquisitions (M&As) to expand its general insurance business and become a key player in the country's insurance industry.

"Apart from organic growth, an alternative is via an M&A with another suitable general insurer," said its new chief executive officer Md Adnan Zain after the company signed a bancassurance tie-up with RHB Bank yesterday.

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"We have not set any time-frame but if we do decide to pursue any M&A, it could be in two years' time.

"We are not planning any M&A at the moment nor are we talking to any insurer," Md Adnan said.

Insurance firms are urged by Bank Negara Malaysia to strengthen themselves via consolidation before the sector's full liberalisation in 2007.

Asked if Zurich Asia Holdings Ltd may increase its stake to the maximum 49 per cent allowed from the 40 per cent currently, Md Adnan said there is no discussion on such a move.

"We will wait and see what happens.

"Anyway, if Zurich Asia Holdings decides to up its stake, it is very much a shareholders issue," he said.

Zurich Asia Holdings is the Asian unit of Zurich Financial Services AG, Switzerland's biggest insurer.

Md Adnan said the company's life insurance business is recording good growth and the insurer has no plans to look for merger partners.

"We plan to grow this segment by strengthening and expanding our agency force which totals 5,000 now," he said.

Meanwhile, the bancassurance partnership will see RHB market five MCIS Zurich life insurance products designed exclusively for the bank's clients.

In the first year of the tie-up the insurer aims to rake in RM25 million in premiums while RHB hopes to earn RM2 million in that time.

This is MCIS Zurich's first bancassurance partnership while RHB has partners with two other life insurers — Malaysia Assurance Alliance Bhd and ING Insurance Bhd.

"For this year, RHB aims to collect RM10 million in revenue from the bancassurance business," said RHB's chief executive officer Michael J. Barrett.