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# Making a difference

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# Making a difference

Only when life, limb and assets are at stake do people seem to realise the need for an insurance policy suited to their needs. With this in mind, AIA Bhd's new CEO Anusha Thavarajah is leading the charge in changing the way insurance is perceived and sold.

BY **PATHMA SUBRAMANIAM**  
AND **KHAIRANI AFIFI NOORDIN**

Insurers have made great strides in promoting the importance of life insurance, but there are still inroads to be made, says AIA Bhd's newly appointed CEO Anusha Thavarajah. That is because some people have a perception that the agents are pushing the products just to make their monthly quota, rather than because the policy is beneficial or is tailored to their lifestyle and needs.

"People see insurance as product-centric and sales-centric. Often, people buy insurance because they are trying to help a friend or someone comes over and speaks to you, and you figure that it sounds like something you need. Many people in the past know that they have a policy from somewhere, but they don't really know what it entails. And some of them have policies from many companies — that is the reality," she says.

These issues, among others, shed some light on the challenges insurers are facing today in promoting awareness of insurance as a planning tool that can keep people from financial ruin, says Anusha.

She also laments that there are people who have purchased policies as a gesture of goodwill from family members or friends, who work on commission to make ends meet, but do not necessarily understand what they have purchased and face obstacles when trying to cut through the thicket of fine print and jargon. This leads to the problem known as insurance protection gap.

"In the past, people treated insurance as [something that is] just there ... 'I bought it and I've put the policy away'. But 20 years later, if something unforeseen happens, they go digging to find out what coverage they have, only to realise that it is inadequate for their needs. This has happened to the people I know personally," says Anusha, who was appointed the insurer's first female CEO from Asia-Pacific in June.

She knows first-hand the issues related to promoting awareness of the importance of life insurance — she bought her first insurance policy only a decade ago. Having started out as an actuary, Anusha, 48, says she had treated insurance as a numbers game and had not

given much thought to its pertinence.

"I bought my first insurance policy 10 years ago ... it took me that long," she jokes. "But today, insurance is absolutely important, with the multitude of lifestyle-associated problems and complex individual needs as affluence grows."

Amid the economic turmoil and ballooning cost of living, life policies often become the first casualty when personal budgets are tightened. But this can be solved by buying a policy that consumers can afford, says Anusha.

"It is about buying the right product at the right level and making sure they can afford what they bought. They should not have to stop it once they are in. At the end of the day, it is not a commodity. It is really something of a necessity in life to make sure that when something that you cannot control happens, the insurance kicks in and makes a difference in people's lives."

Anusha first joined AIA in 2002 as vice-president of the actuarial division before leaving for ING. She re-joined her former firm in October 2011 as deputy general manager of finance and actuarial before taking the helm from Bill Lisle, who had been appointed regional chief executive to oversee the Malaysian, South Korean, Cambodian, Indian and Sri Lankan markets, in June.

She recommends that individuals evaluate their finances and approach financial planners, if necessary, to ensure that they get the right advice on saving and investing as well as planning for the unforeseen. "If there is a [protection] gap, take the first step to buy and invest in the right type of product that will help them close that gap, and ensure that what they are spending on is consistent with what they can afford — because it is not about buying a policy today and then not being able to afford it later, and then dropping it.

"Buy something you can afford and keep it going throughout your life so that when you retire, you have peace of mind — if you need medical treatment, you have the right type of cover to support you; or when your children pursue their education overseas, there

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are enough funds for them to follow their dreams.”

According to the Life Insurance Association of Malaysia (LIAM), life insurance and family takaful currently provides insurance protection for 55.5% of the Malaysian population. However, the industry body, together with the government, is aiming for at least 75% of the population to be insured by 2020, as envisioned in the Economic Transformation Programme.

AIA sees this as an opportunity to up its game. Anusha says insurers need to look beyond the middle-income group and high-net-worth individuals to achieve this target. “I think it is important to reach all levels. It is about the right level of cover, the right product and the right level of distribution,” she adds.

Another area of opportunity is in the digital space. “Consumers have become savvier, their demands greater. They want greater flexibility, greater choice. With the advent of smartphones and tablets, and as technology advances, I think the digital space is going to become more and more important,” says Anusha.

“With the digital space becoming more important, people will start comparing. And they have the access to be able to compare ... comparisons of products will become even greater and with that, consumers will get to make better choices for better value.”

The two airline tragedies last year left many Malaysians shaken, but they also created greater awareness of the need for insurance, Anusha says, adding that AIA covered more than 90% of the Malaysians on board flights MH370 and MH17.

“The payout was made immediately after the incidents. It is important to make sure family members are protected. It is really about having peace of mind,” she says.

## STAYING AHEAD OF THE GAME

Anusha believes that the insurer must continue to adapt and enhance its products so that it can differentiate its offerings from those of its competitors. “At the end of the day, it’s about upping our service. From a service level perspective, we have to make sure we are the best in the market so that we make life easy for our customers. It is easier said than done, but it’s about taking the right step each day,” she says.

Having had a presence in Malaysia since 1948, AIA has one of the biggest agency forces in the country, with 14,000 agents, as well as a longstanding partnership with Public Bank and Citibank to provide employee benefits. Asia’s third largest insurer acquired ING Groep NV’s insurance business in Malaysia in 2013, doubling its market share in the country to 25%.

Anusha had worked with her predecessor even before jumping into the hot seat in June, focusing on the complex acquisition of ING. “In last 30 months, our focus has been on picking the best people from both organisations and bringing them together. Also, on setting the foundation ... we invested in infrastructure — technology as well as renovating and upgrading our iconic building, which has been there since the 1960s. We moved all the ING staff, who were based in different locations to the building,” she says.

Anusha has also been busy opening up new offices in the Klang Valley as well as in Seremban, Melaka and Batu Pahat to address the gap there. “Our insurance agents

are the first group of agents to actually have the most innovative point-of-sale technologies,” she points out.

Riding the wave of new technology, AIA has installed training modules on iPads to enable its agents to enlist new customers directly. They also negate the need for paperwork and create more efficient processes.

“We have a training facility in Sri Damansara, the AIA Premier Academy, but we have also moved training online into our agents’ hands so they can get trained when they are out on their own. We call it an instant mobile office,” says Anusha.

“They can also recruit new agents, offer financial advice and even submit their cases online. With the latest technology and hardware, we can now issue e-contracts to customers.”

The AIA agents, whom she fondly refers to as “angels on earth”, should feel that they have made a difference in people’s lives by making sure they are financially protected. “Our focus is really to create this wholesome awareness that becoming a professional agent is actually making a difference in someone’s life, and the millennial generation is very much about having flexibility and a sense of being a part of society and making a difference. So, in the next few years, you will see that becoming an insurance life planner will be a career of choice,” says Anusha, whose career in insurance spans more than 20 years.

The efficient use of technology and social media is bound to set AIA apart from its competitors, she believes. “If you talk to people out there about AIA today, they will say Taylor Swift, or they will say the Music Run, or they will say K-Pop. It’s not just about having fun, but about being part of the younger generation and making insurance come alive,” Anusha says, referring to the campaigns the insurer has organised over the past year to attract millennials.

Having secured the foundation, she says AIA’s objectives — as its slogan goes “The Real Life Company” — are geared towards being service-oriented as consumers become savvier and competition gets stiffer.

“Our focus is not [just] on selling insurance. We want to make sure we create awareness of what insurance and takaful really are and that every Malaysian understands the importance of having them. We have given our life planners this tool where it is easy for them to sell [policies]. We have moved away from selling and are zeroing in on financial planning,” she adds.

“At every point, we want to be partners in their lives. Say, an individual has bought a medical insurance policy at a certain stage but as time passes, inflation happens, so the cost of admission increases and room board rates go up. But we keep in touch with him and constantly engage with him so that he understands what’s happening.

“Over time, they will upgrade their cover, so the policies we offer today are not a fixed product but flexible as consumers’ needs constantly change. Our products are centred on making sure we give consumers what they want. So, we will continue to enhance and stay ahead by understanding the consumers’ needs and meeting their expectations.”

Anusha says there is greater awareness now as more insurance players come up with different plans suited to different needs. She cites as an example AIA’s A-Life

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Cancer360 policy, where policyholders diagnosed with early-stage cancer will receive an upfront payment of 30% of the coverage amount or sum assured to enable them to seek immediate treatment. In the 6th and 12th month of their diagnosis, they will receive 10% of the coverage amount as a Recovery Reward to support them financially during the first critical year post-diagnosis.

“If the cancer that is detected early does not advance in the first year of diagnosis, the plan’s Power Reset feature automatically resets the coverage amount to 100%. This ensures that the customer can enjoy full coverage should there be a need to fight cancer again,” she says, adding that underwriting is still required, but applicants will only be assessed on their cancer-related risks.

Anusha is spearheading AIA Vitality, a health and insurance programme that partners customers to help them live healthier lives. It is slated for launch in the middle of next year.

“It is to show that we are not just here to do the morbid stuff of paying when something unfortunate happens, but to partner our customers from day one,

to help them live a healthy life ... this is a game-changer,” she says.

AIA has partnered South Africa’s largest insurer, Discovery, which has been running the programme for the last two decades. Under the programme, customers are incentivised for making healthy choices.

Keeping in mind that many face the problem of understanding insurance jargon, the insurer is working on revamping its policies to contain simpler terms. “The challenge is changing the perception so that insurance is not just something to be sold, but something that people want. It should be something that people treat as part and parcel of life. The reality is, if you buy the right type of product at the right level of cover, what you [pay] each month is not a lot,” says Anusha.

“Relative to the other types of expenses you may have, this effectively means you are disciplined and that you are putting aside an affordable amount of money every month. [This will ensure that] at the time when you need extra help, you are able to actually meet that need.” **E**

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> **Anusha**

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