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Its operating profit increases 8% to more than RM1b

BY BILLY TOH

KUALA LUMPUR: AIA Bhd saw a 27% increase in the value of its new business (VoNB) to RM673 million for its financial year ended Nov 30, 2015 (FY15), marking another year of substantial VoNB growth.

This brings the compound annual growth rate of its VoNB since 2013 to 43.6%. VoNB is a key indicator of future profitability for insurers. For FY15, its operating profit after tax (PAT) rose by 8% to more than RM1 billion.

AIA also outperformed the insurance industry by recording a 10.7% growth in annualised new premiums as compared with the 6% growth achieved by the combined life insurance and takaful segments.

In FY15, AIA saw 3.3 million individual claims and a total payout of RM1.9 billion.

Its newly appointed chief executive Anusha Thavarajah, who took over the helm last June, told a me-

dia briefing yesterday that the "excellent results are a clear reflection of our operating ability and strength during times of market uncertainty and short-term volatility".

"They are testimony to the solid foundation we have carefully built since the launch of our transformation strategy three years ago," she added.

She also highlighted that in the second half of the financial year, the group's number of active new life planners increased by 20% while ac-

tive new agents in the takaful segment rose by 40%. The number of active life planners was around 7,000 in 2015.

AIA has a focused multi-distribution strategy, with 60% contribution coming from the agency channel. AIA's partnership distribution and corporate solution channels also contributed an excellent growth in VoNB of 33% and 20% respectively.

AIA was also the fastest growing player in the family takaful and investment-linked segments in FY15, with a growth of 34% and 19.7% respectively.

"Malaysia was AIA Group's third-largest growth market in FY15, behind AIA China and Hong Kong," said Anusha.

In Malaysia, based on total assets, AIA is the largest insurance company, though it ranks third, based on VoNB.

Meanwhile, Anusha revealed that AIA is moving away from the traditional life insurance model of

helping customers when an unfortunate event occurs, towards helping them lead healthier, longer and better lives.

"There will be a new initiative launched around the second half of this year. The general idea of it is to link insurance with health and wellness, something that has never been done before," but she declined to reveal more, telling reporters to watch out for more announcement on this.

Currently, the penetration rate of insurance is only at 56% and the average sum assured per person in Malaysia is less than RM40,000 whereas it should be in the region of RM200,000.

On AIA's strategy for 2016, Anusha said the group will continue to invest in the life planner force, introduce innovative products and programmes, focus on the takaful segment and to advocate health and wellness to all Malaysians.



Anusha: Malaysia was AIA Group's third-largest growth market in FY15, behind AIA China and Hong Kong. Photo by Suhaimi Yusuf