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KUALA LUMPUR: AIA Bhd, one of the top three life insurers in the country, is all geared up to adopt the Life Insurance and Family Takaful Framework (Life Framework) when it goes into full swing in 2019.

The framework, which was issued via concept paper in November 2015 by Bank Negara, contains reform initiatives aimed at improving the efficiency and effectiveness of distribution channels and promoting greater product innovation. It will also give life insurers greater flexibility in managing their expenses and remunerations to distributors, which are highly regulated at present.

This would be done through the implementation of the Balanced Score Card system or BSC starting from 2018.

The larger objective of the framework is to liberalise the insurance market in a manner that would ultimately benefit consumers. A phased approach to its implementation would be from 2016 to 2019.

"We see the BSC as an added enhancement to the existing tools AIA has in place to develop a highly-professionalised force. For several years now, our Agency strategy has focused on enhancing the professionalism of our sales force and driving higher productivity through the recruitment of quality full time Life Planners and increasing our number of active agents," CEO Anusha Thavarajah told *StarBiz*.

The BSC serves to apportion a certain component of distributors' commission to quality-based metrics such as quality of advice and level of service. This would benefit customers as they would get better service and tailored advice from their distributors.

Companies would at the same time benefit from improved persistency, while distributors who are part-timers would be encouraged to become full time. Over time, the focus of quality is expected to help increase insurance penetration in the country.

AIA has also leveraged the Million Dollar Round Table (MDRT) to stress the importance of ethical standards alongside productivity. In

AIA all geared up to adopt Life Framework

Life insurer has been focusing on enhancing professionalism



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2015, AIA grew its base of MDRT members by 45% to 179 from 118 in 2014.

"This focus on benchmarking our sales force against world class standards, and the other measures taken to boost the professionalism of our agency force, have ensured that

we are well prepared to adopt the framework, she said.

The company currently has 13,500 agents or what it term as life planners.

For the first half of its financial year ended May 31, AIA's active new agents increased by 30%, while active takaful producing agents and active agent productivity rose by 79% and 27% respectively.

Value of new business for the period surged 30% year-on-year (y-o-y) to US\$90mil and annualised new premiums chalked up a growth of 31% y-o-y to US\$159mil.

On the framework's requirement for insurers to facilitate the buying of insurance online, Anusha noted that multi-distribution is not something that is new to AIA. Moreover, she said the diversification of distribution channels and the move to online platform allows the company to leverage its leadership position in distribution technology.

In 2013, AIA launched an iPad-based point-of-sale solution that allows its agents to complete the sale in one visit thereby providing a better customer experience.

In line with this, AIA is working on to introduce more direct channels starting with a more interactive and mobile-responsive website as well as customer portal, she added.

"We launched our revamped website in January which is mobile-responsive, easy to navigate and easy to understand. This will serve as the platform for the introduction of online sales in January 2017, when we will

start by offering a term plan, and eventually critical illness, health and medical plans via our website. This helps us to connect with the younger generation and consumers who are savvy, providing an additional channel for them to seek solutions independently.

"While we intend to go online as part of the framework, our life planners will remain the cornerstone of our distribution strategy. We are working towards the integration of both online and offline experiences, which means that we will be directing some of the online traffic to our agents offline so they can advise customers on the purchase of more sophisticated products," she said.

In the first quarter of next year, Anusha said AIA would be launching an initiative which would allow customers to connect with the company through the platform of their choice. Customers would be able to conduct transactions which includes—making changes on their policy information, payment method, change of credit card details etc through various platforms. These include a self-serve customer portal and its new Customer Express App.

Apart from this, she said social media would be another platform to service the younger generation's needs in view of its popularity as a preferred medium of engagement. AIA's Facebook currently has a fan base of over 230,000 and the company intends to train its agents to utilise social media to help with prospecting and closing sales.