

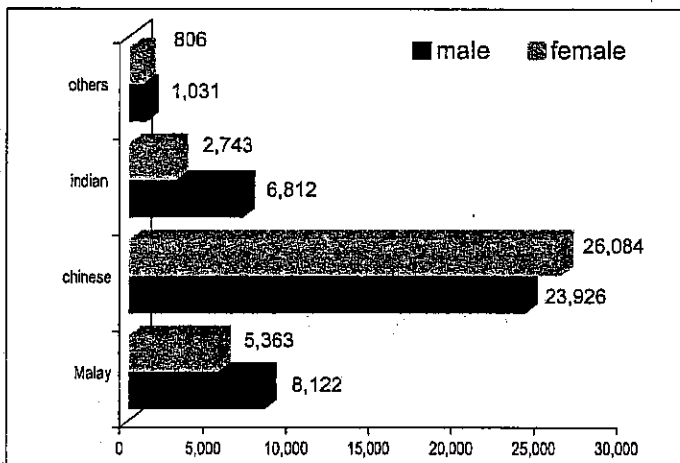
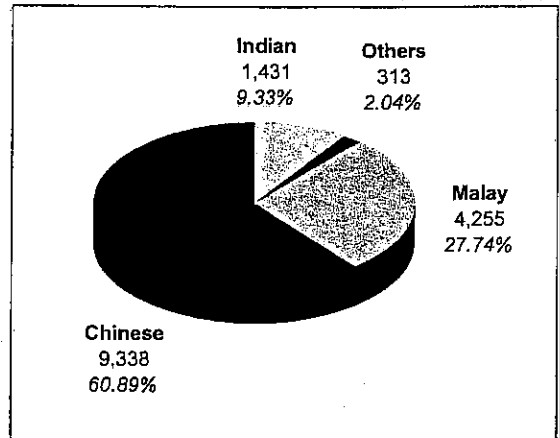
## Agents' Profile – End 2008

As at 31 December 2008, there were a total of 74,887\* registered agents as compared to 78,587 in 2007.

(\* The total reflects the number of tied agents and it is based on LIAM's database. There would be a timing difference between terminations and movement of agents as the information is based on the status as at 31 December 2008).

### First-time Agents

There were a total of 15,337 or 20.48% new agents who joined the insurance industry for the first time as at end-2008. Out of these first-time agents, Chinese constituted 60.89%, Malays made up 27.74%, followed by Indians and other races at 9.33% and 2.04% respectively.



### Male, Female, Race

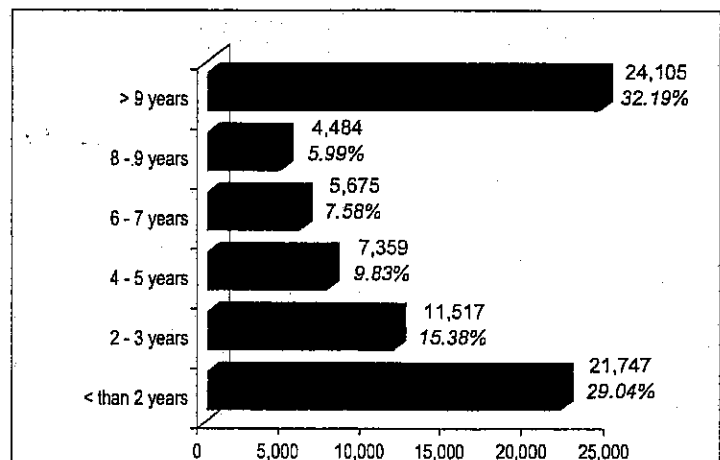
In terms of gender, the trend remained the same where there were more male agents (53.27%) than female agents (46.73%).

Chinese agents continued to dominate as the largest group of the agency force at 66.78% followed by Malay and Indian agents at 18.01% and 12.76% respectively.

### Duration

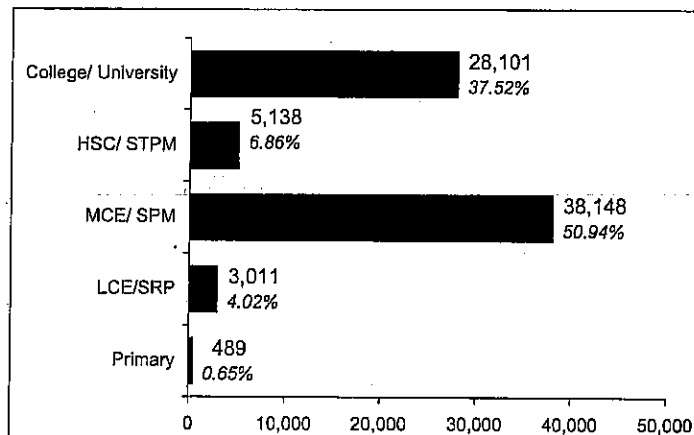
Agents who have been in the industry for more than 9 years constituted the largest group at 32.19%. This was followed by those who have been in the industry for less than two years at 29.04%.

Agents who have 2 to 3 years and 4 to 5 years of experience comprised 15.38% and 9.83% respectively. Whereas those with 6 to 7 years and 8 to 9 years of experience formed 7.58% and 5.99% respectively.



# INDUSTRY FACTS & FIGURES

## Education

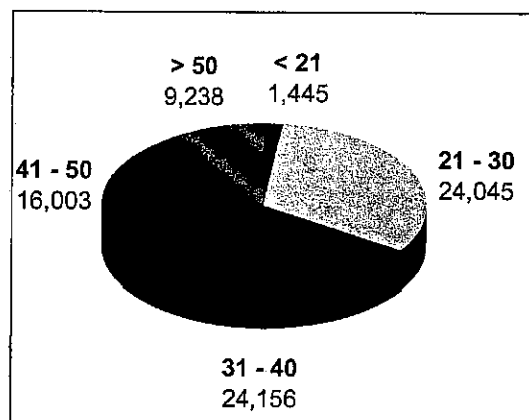


In terms of education, agents with MCE/ SPM qualification formed the majority of the agency force at 50.94%. Those with college/university degrees constituted for 37.52% while HSC/STPM certificate holders formed 6.86%.

With effect from September 2003, the minimum education requirement to be an agent is SPM/MCE with minimum five passes or its equivalent.

## Age

The minimum age of an agent is 18 years old. Majority of the agency force is between 26 and 30 which accounted for 19.40% of the entire agency force. Agents within the age brackets of 31 to 35 and 36 to 40 accounted for 17.33% and 14.93% respectively, while those less than 21 years old constituted only 1.93%.



## Location

Kuala Lumpur continued to retain its position as the location with the largest concentration of agents at 21.17%. The other top three locations were Selangor, Johor and Pulau Pinang with 18.81% , 12.75% and 9.10% respectively.

East Coast		West Coast		East Malaysia	
Kelantan	1,796	Perlis	178	Selangor	14,086
Terengganu	551	Kedah	3,197	Ng. Sembilan	3,832
Pahang	2,139	P Pinang	6,814	Melaka	3,253
		Perak	5,318	Johor	9,545
		K. Lumpur	15,853		
<b>Total</b>	<b>4,486</b>			<b>Total</b>	<b>62,076</b>
				<b>Total</b>	<b>8,325</b>

## Insurance Industry Still Resilient

The Persatuan Insurans Sarawak (PIS) organized its inaugural Insurance Agency Seminar in Sarawak on 10 March 2009.

Themed "**Re-Engineering of Insurance Agents**", the seminar aimed at enhancing the insurance intermediaries with a better knowledge in the competitive and rapid changing business environment.

Ms Yap Lai Kuen, Director of Insurance and Takaful Supervision Department, Bank Negara Malaysia (BNM) in delivering the keynote address on behalf of YBhg Dato' Zamani Abdul Ghani, Deputy Governor of BNM at the seminar said that the insurance industry continued to demonstrate commendable resilience and maintained an overall high productivity despite a challenging year in 2008.

She urged insurance agents to keep themselves abreast in terms of technical competency. This is in view that industry players are offering new and innovative products with increasing levels of complexity in order to meet the challenge of slower growth markets.

She added that as the industry globalizes, this trend would continue and needs to be complemented by a high standard of professionalism and work etiquette. Other issues covered in the keynote address included issues on the Anti-Money Laundering Act 2001 (amended 2003), treating customers fairly etc.

Meanwhile, PIS President, Mr Patrick C.J. Liew, in his speech, emphasized on the importance of developing manpower in the insurance industry. He highlighted that insurance professionals must always stay viable, as the insurance industry is very competitive, and insurance is a knowledge-intensive and complex business.


LIAM's immediate-past President, Mr Ng Lian Lu, also participated as one of the speakers



Mr Ng Lian Lu shared his experience with the participants on "Challenges and Opportunities for Insurance Agents".

at the seminar. Mr Ng presented his paper on "**Challenges and Opportunities for Insurance Agents**".

Mr Ng had highlighted on the strong market potential where 60% of the population is still uninsured. Mr Ng also mentioned the increasing trends in the number of new agents joining the industry, particularly new graduates, as well as the executives engaged by banks to market life insurance. Mr Ng also shared with the audience the competition that agents are facing these days in terms of life insurance selling. However, Mr Ng emphasized that opportunities await those who are serious in making life insurance selling a long term career.

Other speakers who participated at the seminar were Mr Patrick C.J. Liew; Ms Lee Wai Leng of the Financial Intelligence Unit of BNM; Ms Annette Lim, Registrar of Agency of Persatuan Insurans Am Malaysia (PIAM); Mr Tan Ah Chuan, President of the Association of Malaysian Loss Adjusters (AMLA); Mr Michael Heng, Chief Operating Officer of Tokio Marine Insurans (M) Bhd as well as Mr C.B. Lim, CEO of Marsh Insurance Brokers (M) Sdn Bhd. 

## CEILLI Results January – December 2007/2008

There were a total of 22,629 candidates who sat for the Certificate Examination in Investment-Linked Life Insurance (CEILLI) examination from January to December 2008. 14,972 candidates passed the examination which recorded a slight decline in the overall passing rate of 66.16% (January – December 2007: 67.14%).

Those with SPM qualification accounted for the largest group of successful candidates at 58.58% (2007: 42.19%), followed by those with college/universities degrees which made up 37% (2007: 51.76%) and STPM holders at 4.42% (2007: 6.05%).

The examination was introduced in April 1999 and is a collaboration between MII and LIAM. With effect from 1 January 2001, it is compulsory for all insurance intermediaries who wish to sell investment-linked products to pass the CEILLI examination. It is aimed at ensuring that insurance intermediaries have a sound understanding of investment-linked products and are able to provide

	January - December	
	2007	2008
Candidates		
Sat	18,434	22,629
Passed	12,377	14,972
% Passed	67.14%	66.16

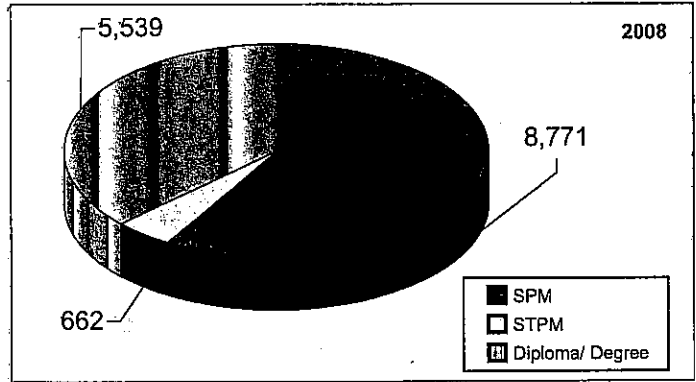
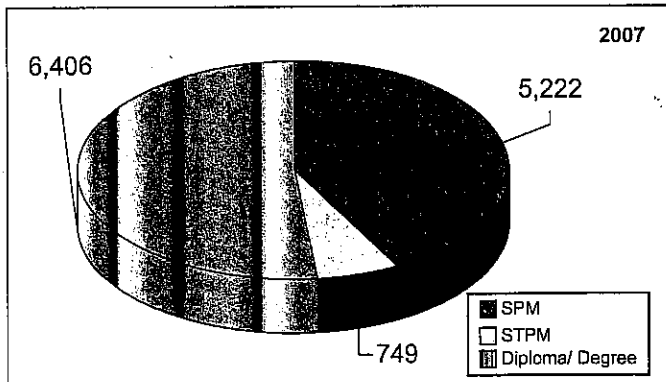
professional advice on financial and investment matters.

If you wish to find out more about CEILLI examination, please contact :-

The Examination Department  
The Malaysian Insurance Institute (MII)  
5 Jalan Sri Semantan Satu  
Damansara Heights, 50490 Kuala Lumpur  
Tel: 03-2087 8882  
Fax: 03-2093 9468  
Email: miird@po.jaring.my  
Website: www.insurance.com.my



*Passing rate by educational breakdown*



Source: Data provided by Malaysian Insurance Institute (MII)

## PCEIA Results January – December 2007/2008

Statistics showed that, between the period January – December 2008, a total of 34,102 candidates sat for the examination. The overall passing rate recorded a slight decline of 2.42% to 65.25% with 22,252 successful candidates.

In terms of successful candidates, those with College/University and STPM qualifications have increased slightly to 44.18% (January-December 2007: 43.32%) and 6.01% (January-December 2007: 5.47%) respectively.

Nevertheless, those with SPM qualification recorded a slight decline to 49.81% (January-December 2007: 51.21%).

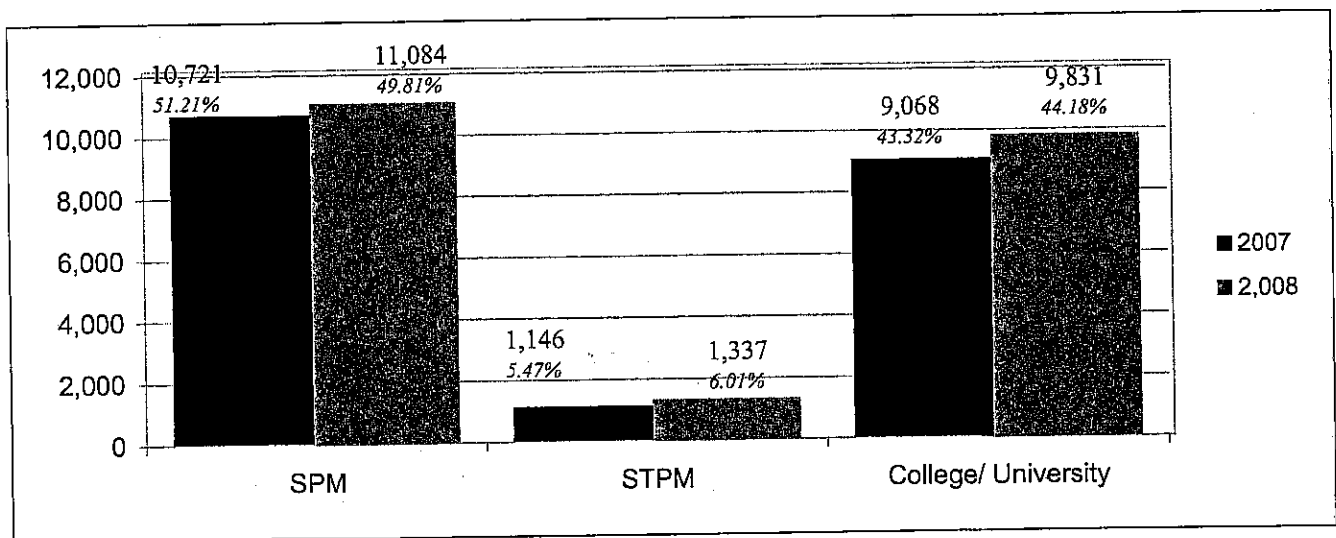
The PCEIA is a compulsory pre-entry examination for those who wish to sell insurance. It is a multiple-choice examination which is conducted by MII in English, Bahasa Malaysia and Mandarin. It consists of three parts - Part A on Basics of Insurance, Part B on General Insurance and Part C on Life Insurance.

Candidates	January – December	
	2007	2008
Sat	30,935	34,102
Passed	20,935	22,252
% Passed	67.67%	65.25%

Those who wish to become life insurance agents are required to pass the life insurance route which includes Part A and Part C.

You may contact MII for further details on PCEIA examination at the following address:

Examination Department  
The Malaysian Insurance Institute (MII)  
5 Jalan Sri Semantan Satu  
Damansara Heights, 50490 Kuala Lumpur  
Tel: 03-2087 8882  
Fax: 03-2093 9468  
Email: miird@po.jaring.my  
Website: www.insurance.com.my



*Note<sup>1</sup>: The statistics reflect the results of the life insurance route.*

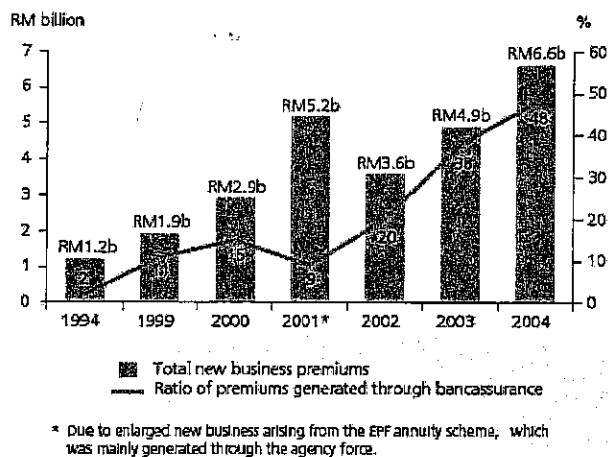
*Note<sup>2</sup>: The minimum requirement to sit for PCEIA is MCE/SPM qualification with five passes or its equivalent.*

*Source: Data provided by MII.*

## The Development of Bancassurance Business

Bancassurance was first introduced in Malaysia in late 1993. Based on an extract from the Insurance Annual Report 2004, the growth of bancassurance has been phenomenal, as evidenced from the chart below:

Chart 1  
Bancassurance Penetration



The growth of bancassurance mainly came from single premium business. The sharp reduction in the fixed deposit interest rates post 1997-98 financial crisis created an opportunity for insurance companies to come up with short-term single premium endowment or investment-linked products. These products were typically

sold through the bancassurance channel as a substitute for fixed deposits. The popularity of the products contributed significantly to the growth of bancassurance.

This article presents some of the insightful findings when we analysed the new business figures for 2007 and 2008 for the bancassurance channel as well as all distribution channels combined.

### Contribution of Bancassurance Channel to New Business

The Bancassurance channel continued to be a major source of single premium business in year 2008. 65% of total single premium business came from bancassurance. For group insurance, the percentage was 86%, for investment-linked and traditional insurance, the percentages were 59% and 47% respectively.

The scenario is rather different for regular premium new business. Overall, bancassurance only contributed 7% of the total new business. The breakdown for group, investment-linked and traditional is at 25%, 5% and 8% respectively.

The table below provides further details on the bancassurance share of new business for different lines of business and different premium types:

RM mil	Total		Bancassurance		Bancassurance %	
	SP	RP	SP	RP	SP	RP
2008						
Traditional	960	1,539	453	129	47%	8%
Investment-Linked	1,530	954	907	51	59%	5%
Group	1,289	20	1,107	5	86%	25%
Total	3,779	2,513	2,468	185	65%	7%

Note: Group SP excludes SP renewal business

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If we look at the corresponding figures for year 2007, the pattern is rather similar. We provide the corresponding statistics for 2007 in the table below:

RM mil	Total		Bancassurance		Bancassurance %	
	SP	RP	SP	RP	SP	RP
2007						
Traditional	774	1,326	332	71	43%	5%
Investment-Linked	2,643	1,039	1,875	57	71%	5%
Group	1,182	14	966	2	82%	17%
Total	4,599	2,379	3,174	130	69%	5%

When we compare the 2008 and 2007 figures to derive the growth of new business, it is interesting to note that regular premium sales grew significantly for the bancassurance channel. Bancassurance achieved a growth rate of 42% as compared to the growth rate of all channels of 5.6%.

Growth	Total		Bancassurance	
	SP	RP	SP	RP
Traditional	24.1%	16.1%	36.4%	81.5%
Investment-Linked	-42.1%	-8.2%	-51.6%	-10.9%
Group	9.0%	40.2%	14.6%	106.1%
Total	-17.8%	5.6%	-22.2%	41.7%

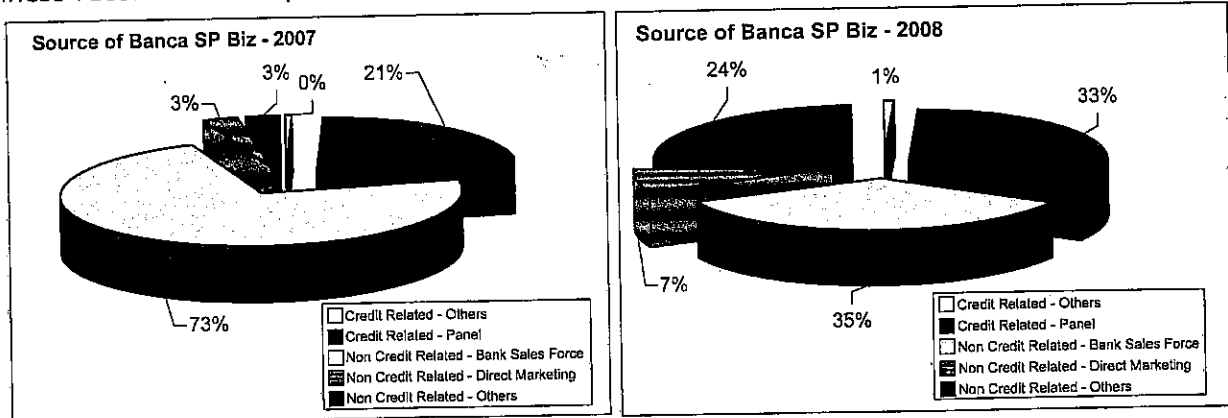
## Source of Bancassurance Business

LIAM collects bancassurance statistics by looking at different sources within the bancassurance channel. The bancassurance business is classified into two main components: those related to credit and those not related to credit. Credit related business refers to insurance protection on bank loans such as housing, car and credit card loans. The credit related business is further sub-divided into those where the insurance company is on the panel of the banks (CR - Panel) and those where the insurance company is not (CR - Others).

Non-credit related business is mainly pure insurance products sold through banks. This category is further sub-divided into those sold by the banks' sales force (NCR - BSF), those sold through direct marketing using the banks' database (NCR - DM) and others (NCR - Others).

## Single Premium Business

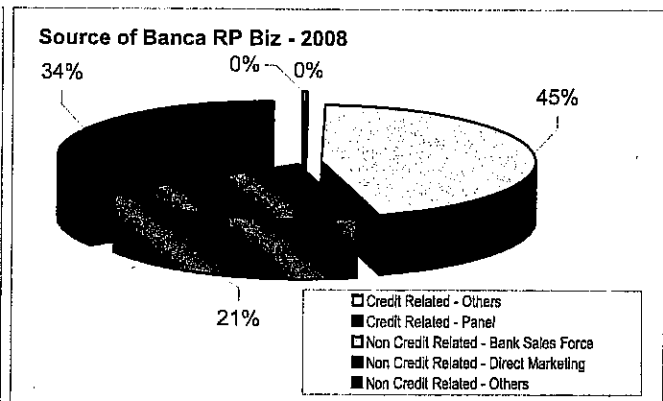
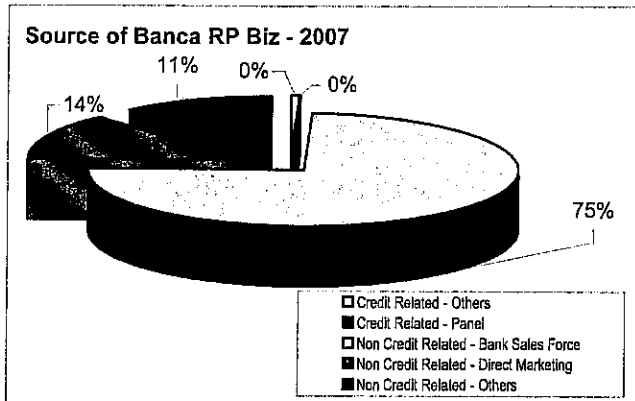
Single premium business came from mainly two sources: mortgage reducing term assurance (CR - Panel) and non-credit related business sold by the banks' sales force (NCR - BSF). NCR - BSF business were mainly short-term fixed deposit replacement products. Due to the sluggish economy in 2008, the business recorded a sharp reduction of its share of business from 73% in 2007 to 35% in 2008.



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### Regular Premium Business

It is not surprising that almost 100% of regular premium business were non-credit related. A bank's sales force is the dominant source of regular premium business in the bancassurance channel. However the significance of this source has been challenged in 2008 with its share of business dropping from 75% in 2007 to 45% in 2008. It is interesting to see that insurance companies and banks are tapping more into the banks' database and also to rely more on other avenues to boost regular premium bancassurance business. As a matter of fact, the sales of regular premium business by banks' sales force in absolute terms dropped to RM83.8 mil in 2008 from RM97.3 mil in 2007.



### Professionalism of Financial Executives

Consistent with the efforts to maintain the professionalism of distribution channels in Malaysia, financial executives or bank staff are required to comply with the following :

- Code of Ethics and Conduct for Life Insurance Selling;
- Passing of the Pre-Contract Examination for Insurance Agents (PCEIA) in order to be registered with LIAM, and to market Investment-Linked products, he/she will be required to pass the Certificate Examination in Investment-Linked Life Insurance (CEILLI);
- To register with LIAM;
- Attend at least 30 hours of Continuing Professional Development (CPD) training and attend Modules 1 and 2 of the Registered Financial Planner (RFP) programme.

As of 31 December 2008, there are 9,863 financial executives registered with LIAM from 15 life insurance companies which have tie-ups with 16 banks, POS Malaysia and Malaysian Building Society Bhd.

### Conclusions

The Bancassurance channel is one of the major channels deployed by insurance companies to generate new business. The success of bancassurance is evident in single premium business. With the current financial turmoil, the sales of single premium deposit-type products will slow down and it may be an opportune time for both insurance companies and banks to shift focus to regular premium business. Based on the statistics to-date however, the sales of regular premium business through bancassurance can be further improved. Tapping into the database of the banks and using avenues other than the bank's sales force have been explored by insurance companies and banks and have achieved some initial positive results.

\* This article was written by Mr Teh Loo Hai, LIAM's Technical Adviser.

