

# AN IMPORTANT COMPONENT OF FINANCIAL HEALTH

Malaysians remain somewhat reluctant to include insurance as part of their investment portfolio. An expert states his case for the role of insurance as an investment tool.

**H**ow important is it to have an insurance policy in your total investment portfolio? Industry experts feel insurance is vital as it can double up as a protection and investment tool.

Ooi Say Teng, Chief Executive Officer at UniAsia Life Assurance elaborates: "The most fundamental element of life insurance is to provide protection to the life assured. Unlike other investment instruments which include properties and unit trust, they act only as wealth accumulation device and have no protection element."

Alexander Ankel, Chief Executive Officer of Allianz Malaysia remarks that more than promise of reimbursement, insurance is a form of assurance and coverage. "It is vital to protect yourself against unfortunate circumstances, so having insurance policy is definitely important," he says.

"More importantly, regardless of the type of life insurance one decides to purchase, the key element is to ensure a policyholder has enough financial means during his



Alexander Ankel - CEO, Allianz Malaysia

retirement days and for those who have children, that he has sufficient funds to ensure they receive the best that education can offer," opines Ooi.

In 2006, UniAsia Life Assurance became the first life insurance company to successfully launch structured products due to consumer demand and market liberalisation efforts undertaken by the authorities. This was followed by investment-linked products and it is looking at enhancing retirement and education plans in line with market demand.

Insurance acts as a saving plus protection plan. "With escalating medical costs, should you or a loved one befallen with some health condition, insurance can help ease the burden financially, giving you the peace of mind you need especially in these times," says Ankel.

For adults with dependents, it is even more pertinent as the breadwinners in the family will want to ensure their children or loved ones are financially secure should something unfortunate happen such as a serious illness or death. Following the demands and needs of the general public currently, life insurance products have encompassed the element of wealth protection, preservation, savings, investment and others, making it complete and comprehensive.

In addition to this, the rise of medical cost has made it even more important for an individual to have a medical insurance. Another succinct point is that you can include your retirement life insurance plan as an addition to the EPF fund for your golden years.



Ooi Say Teng - CEO, UniAsia Life Assurance

There has been little progress in terms of the density rate of life insurance in Malaysia. "Over the years, we have seen some minimal development on the acceptance level of life insurance amongst Malaysians. However, our penetration rate has been at around 39% for a very long time," says Ooi.

More efforts are needed to push this figure higher. This is especially so looking at the current economic development. During times of uncertainty such as the current financial crisis, it makes life insurance protection even more relevant. "Life insurance is the only instrument that provides you guaranteed protection. We do not want to leave our loved ones unprotected especially during the current uncertain environment," he stresses.

Ankel contends that the "knowledge level" of the importance of insurance is still relatively low. People are not fully aware of the importance of insurance. Many still have the wrong misconception of what insurance really is.

He adds that Allianz Malaysia's staff and agents have regular and comprehensive training and support via its extensive branch network to share with the customers the importance of insurance. They are constantly aware of the market trends and how best to fulfil customers' needs.

Says Ooi: "We help create a pool of professional and knowledgeable sales intermediaries. The customers will definitely benefit from this endeavour as they will be able to make an informed decision before deciding to purchase a life insurance policy." **SI**