

Insurers should view AEC as part of a broader Asean vision 2020



A regional collaboration between Malaysia and the AIC. Representing Malaysia at the roadshow are (centre to right) Aznan Abdul Aziz, director, Financial Sector Development, Bank Negara Malaysia; Chua and (from left) Zaharudin Daud, Evelina and Dr Bambang Irawan, Assistant Director, Finance Integration Division, Asean Secretariat.

KUCHING: While it may be a challenge for the Asean region to achieve everything planned under the Asean Economic Community (AEC) Blueprint, insurers should view the AEC as part of a broader Asean vision 2020.

Asean Insurance Council (AIC) highlighted this during a recent roadshow held in collaboration with the General Insurance Association and Life Insurance Association of Malaysia (PIAM and LIAM) to heighten awareness amongst the insurance industry on the AEC.

The AIC Secretary General, Evelina Pietruschka in her opening remarks cautioned that whilst it may be a challenge for the region to achieve everything that has been planned, insurers should not be influenced by the naysayers and sceptics to just stand by and adopt a wait-and-see approach.

Insurers should view the AEC as part of the broader Asean vision 2020 and be prepared to embrace the targets expected.

Evelina urged local companies to not feel left out and assume that the AEC is only benefitting the larger multinationals. The market is for everyone to cherish and prosper as the AEC will enhance the image and acceptance of Asean insurance players in other markets.

Meanwhile, Chua Seck Guan chairman of the AIC and chairman of PIAM, said in his speech, AEC seeks to achieve a well-integrated and smoothly functioning regional financial system.

He highlighted that an Asean Insurance Integration Framework (AIIF) has been finalised to guide progressive

liberalization.

This will ensure more competitive insurance markets in the region which will provide greater choices to consumers. In the long term, it is anticipated that Asean could be the world's fourth largest single market by 2030 and its GDP could exceed US\$4.5 trillion by 2030.

Zaharudin Daud of LIAM highlighted that whilst Asean markets are at different stages of development, Malaysia faces the common challenge of a low protection gap, especially within rural and sub-urban population.

Although Asean member states are undergoing a high rate of urbanisation in recent years, there is still a huge vacuum in the underserved markets.

The Asean's insurance protection rate of 3.4 per cent (in 2013) is only about half of the global average protection rate of 6.3 per cent. Closing the gap would require the industry to pool its strength and expertise through raising public awareness on insurance, capacity building and fostering greater regional cooperation.

The half-day roadshow was attended by representatives from PIAM and LIAM member companies, the leaders from the takaful, broking and loss adjusting sectors as well as other insurance affiliated bodies.

This has helped to shed light on the prospects and opportunities of the AEC for the insurance market in Malaysia. The KL Roadshow is the third in the series after Jakarta (2013) and Manila (2014).

It will move on to the other capital cities of Asean from here.

Also present during the roadshow was Aznan Abdul Aziz, director, of Financial Sector Development of Bank Negara Malaysia.

The objective of the roadshow is to heighten awareness amongst the insurance industry on the AEC and identify priority areas which need to be addressed or refined to enable the industry to better prepare itself for the opening up of the market in the region.

The AEC will generate a wide range of opportunities for business and investment with the removal of trade barrier and tariffs across all Asean countries. The aim is also to have a single market which will provide an unrestricted flow of goods, services, investment and skilled labour with a freer flow of capital.