



C. BUSINESS REVIEW

AmGeneral Insurance

**KENNY TAN WEE KEAT**

Person In Charge

AmGeneral Insurance Berhad

With the lifting of the movement control order in October 2021, we undertook actions to regain the Gross Written Premium (GWP) growth momentum. Underwriting combined ratio (COR) improved significantly over FY2021 due to the favourable impact of reduced accident frequency during the National Recovery Plan, leading to a lower loss ratio and lower management expenses ratio arising from travelling restrictions and reduced customer activities.

We remained committed to delivering value, supporting our customers, and engaging with our employees. With the phased re-opening of the economy, we regained market share and continued the upward trend.

ABOUT US

We are one of Malaysia's most prominent motor and leading general insurance companies. Driven by a robust sales force and committed support from our business partners, we deliver better-valued products and services. With over two million customers, we provide insurance to one in every seven cars in Malaysia under two retail brands, AmAssurance and Kurnia.

Our comprehensive range of general insurance solutions is distributed through a network of 33 branches and counters, servicing over 5,000 agents and dealers and AmBank Group's branches nationwide. Our purpose is to make Malaysia a safer place and be recognised as the 'Most Trusted Insurer' in Malaysia, emphasising honesty and transparency in doing business.

KEY INITIATIVES & OUTCOMES**Key Initiatives****Customer Service**

- Maintained close engagement with Vehicle Accident Management (VAM) repairers to provide quality service to our customers.
- Launched MCO initiative on claims service – vehicle sanitisation/MCO Express Repair.

Digital Enhancements

- Launched several key digital initiatives with new value-added benefits. These include:
 - > **One-Touch Mobile App:** a mobile application for drivers on the road in the event of any road emergency.
 - > **OneUp Mobile App:** a mobile platform exclusively for agents, providing up-to-date sales information/performance management modules and allowing call-to-actions.
 - > **Payment Gateways:** Front-end technology to authorise the credit card or direct payments processing to ease customer e-payment experience.
 - > **Enhanced Kurnia.com website:** Simplified website user interface for customers using the website to purchase/renew insurance.

Customer Programmes

- Launched several pricing discount initiatives and customer programmes by leveraging pricing capability and the Risk Quality Score (RQS) programme.

Outcomes

- Lead the competitive general insurance market by delivering the fastest claims turnaround time in the industry.
- Achieved a 3-day turnaround time (TAT) for overall claims approval from January to December 2021 whilst industry averaged at 8 days.

- Increased renewal rate to an average of 60.0%.

- Increased take-up rate by 23.0% compared to the previous year.

- Facilitated more than RM29.0 million worth of transactions for FY2022 on self-servicing platforms.
- Processed average 45,000 transactions.

- Improved overall conversion rate to 4.5% (+0.3%) for FY2022.

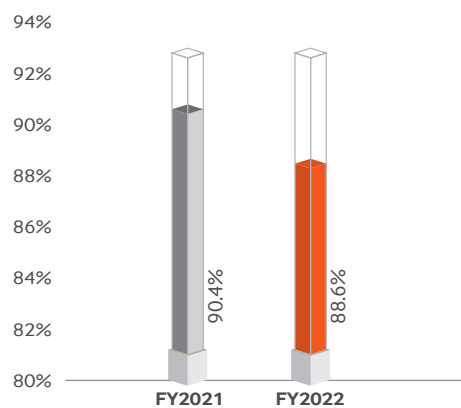
- Maintained our #2 rank in both overall and motor market share.
- Improvement on overall NPS result.

OUR PERFORMANCE

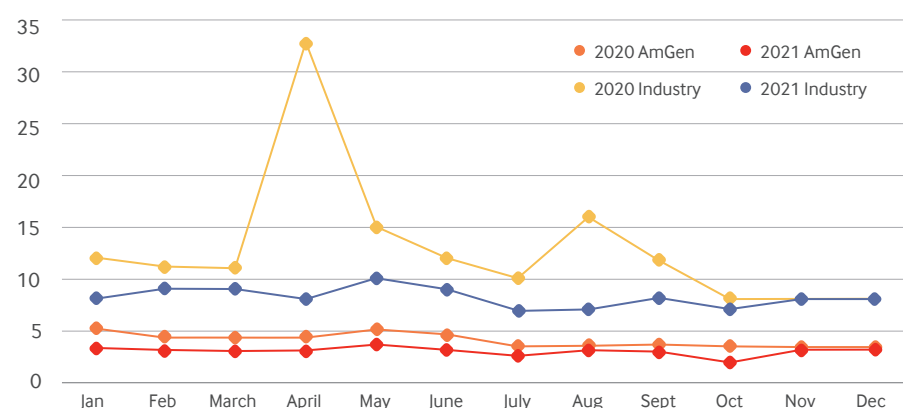
With the lifting of the movement control order in October 2021, we undertook actions to regain the Gross Written Premium (GWP) growth momentum. Underwriting combined ratio (COR) improved significantly over FY2021 due to the favourable impact of reduced accident frequency during the National Recovery Plan, leading to a lower loss ratio and lower management expenses ratio arising from travelling restrictions and reduced customer activities. Underwriting profit for FY2022 of RM152.0 million, was RM17.0 million higher than the previous year due to the improved combined ratio in FY2022.

| | FY2021 | FY2022 |
|------------------------------------|--------|--------|
| Gross Written Premium (RM million) | 1,559 | 1,518 |
| Net Profit After Tax (RM million) | 232 | 187 |

Combined Ratio % (COR%)



Claims Turn Around Time (TAT) Comparison



Source: Motordata Research Consortium



AWARDS & RECOGNITION

- **Insurance Asia News**
 - > Personal Lines Insurer of the Year 2021.
- **Insurance Asia Awards**
 - > Domestic General Insurer of the Year 2020 & 2021 – Malaysia.
- **Motordata Research Consortium (MRC)**
 - > The Fastest Estimating Claims Approval Time for Own Damage Claims for the Year 2019, 2020 & 2021.
- **Marketing-Interactive Asia eCommerce Awards**
 - > Best Use of UI/UX Design Bronze Award.

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COVID-19 IMPACT & RESPONSE

COVID-19 Impact

Customers are concerned with underutilisation of vehicles, difficulties in road tax/license renewals, travel plan disruptions, bereavement benefits, temporary liquidity issues and COVID-19 restrictions.

Challenges faced by Intermediaries due to COVID-19.

Our Response

- Provided complimentary Motor Assistance to all Malaysians.
- Honoured all Motor Claims with lapsed road tax.
- Provided complimentary COVID-19 Coverage with Bereavement Benefit.
- #MakeMalaysiaSafe Social Media Campaign.
- Provided COVID-19 Vaccination Program for AmGeneral’s intermediaries.
- Distributed complimentary sanitising gun as a token of appreciation to all agents.

Outcomes

- Delivered continuous support to customers amid the COVID-19 Pandemic.
- Maintained customer satisfaction and loyalty, with a 1-point improvement in Net Promoter Score (NPS), compared to the same period last year.
- Enhanced relations with intermediaries.

MALAYSIAN FLOODS RESPONSE

The Malaysia Floods resulted in severe property damage across the country. As per The General Insurance Association of Malaysia (PIAM), the general insurance industry is potentially facing upwards of RM2 billion to RM3 billion in flood-related claims. Our loss gross of reinsurance is RM80.2 million. However, due to the Company’s reinsurance arrangements, our overall retention is capped at RM2.75 million.

As part of our initiatives to assist those affected, we implemented the following measures to ease claims processing.

- Motor**
- Waiver of the police report for flood relief allowance claims for auto365 Comprehensive Plus and auto365 Comprehensive Premier between 18 to 19 December 2021.
 - Claims submissions opened to both panel and non-panel workshops.

- Non-Motor (Retail & Commercial Business)**
- Direct settlement for claims below RM30,000.
 - 48-hrs TAT for claims approval.
 - Claims settlement on reinstatement value for the policy with Reinstatement Value clause.
 - Waiving checking of the sum insured adequacy for claims below RM30,000.
 - Interim payment for complex claims.
 - Waiver of non-crucial documents.

- PIAM CSR Flood Relief Fund**
- Contributed to the total Flood Relief Fund as a subsidy for mechanical clean-up costs.

- AmGeneral Internal CSR Initiative**
- Pledged RM1 million through our Corporate Social Responsibility (CSR)’s initiative.
 - Introduced the ‘Recover and Rebuild’ Programme to support our employees, agents, customers, and business associates affected by the floods.
 - During the immediate aftermath of the flood disaster, Kelab AmBank Group (KAG) stepped in to offer financial aid to our affected colleagues.

RISKS & MITIGATION

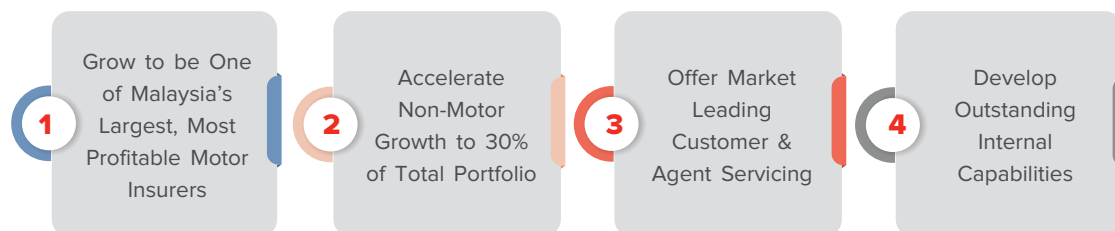
| Key Risks | Mitigation Strategies | Outcomes |
|---|--|---|
| <p>Cybersecurity</p> <p>Cyber threats to our core systems may lead to business and customer data breaches.</p> | <ul style="list-style-type: none"> • Implement preventive measures according to regulatory requirements and best practices to protect the integrity and privacy of sensitive data. • Work closely with AmBank Group to monitor potential threats and enhance cyber resilience. • Affirm effectiveness of cyber risk controls through regular penetration tests and vulnerability assessments. | <ul style="list-style-type: none"> • Effectively secured our customers' and Company's data and improved our cyber resilience to respond effectively to a cyber-incident. |
| <p>Market Competition</p> <p>Further Liberalisation of the motor and fire tariffs is expected to intensify market competition which may pressure profit margins.</p> | <ul style="list-style-type: none"> • Continue to improve product and pricing offerings to provide the best prospective proposal to customers. • Continuous improvement on crucial customer-centric processes. • Invest in supporting the digitalisation strategy and initiatives of the Company. | <ul style="list-style-type: none"> • Greater pricing flexibilities for motor and fire tariffs that are beneficial for customers with a good risk profile. • Enhanced service levels to customers (e.g. claims processing), benefitting overall customer experience. |
| <p>Economic Uncertainties</p> <p>The challenges in the economic outlook will give rise to volatilities in earnings from our investments.</p> | <ul style="list-style-type: none"> • Actively manage and revise our investment portfolio holdings to manage market uncertainties. • Work closely with AmFunds to ensure our investment strategy is able to optimise the Company's investment returns. • Implement the Tactical Asset Allocation and Strategic Asset Allocation of the Company set within our risk appetite. | <ul style="list-style-type: none"> • Reduce and manage investment earnings volatility and optimise investment returns. |

PROSPECTS & OUTLOOK

Given the economic recovery and optimistic market landscape, we take a holistic view of the potential opportunities, including Liberalisation Phase 2, to sustain our business growth and profitability.

While the 'Big 4' Strategic Pillars remain relevant in line with our Purpose and Mission, AmGeneral refined the strategic initiatives under each Pillar as we move into a more agile business environment and new growth opportunities by embracing change and leading the market competition.

AmGeneral 'Big 4' Strategic Pillars:



For FY2023, we will focus on protecting our business value in anticipation of intensified market competition. We are committed to providing quality service and claims experience and aim to build lasting relationships with our customers through our products and services offering.