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Tokio Marine expects 10% premium growth this year

KUALA LUMPUR: Tokio Marine Insurans (Malaysia) Bhd (TMIM) expects a premium growth of between five to 10 per cent this year, its chief executive officer Dr Michael Heng Kiah Ngan, said Tuesday.

"For 2010, we probably will not grow at the same rate as last year. We expect moderation in growth. I don't think the global economy is out of the woods yet, so credit collections would remain a problem," he said.

Speaking at a press conference here Tuesday, Heng said TMIM had achieved a 20 per cent premium growth last year to over RM700 million, from the RM580 million in 2008.

He said TMIM hopes the growth will continue to outpace the industry, which is expected to grow at between six per cent to seven per cent this year.

"Over the past four to five years, we have grown rapidly. So,I think, it is time to consolidate and ensure our Information Technology system is updated to cater for the next phase of growth," he explained.
According to Heng, among the drivers to fuel growth are the quest for new sources of business, strong reputation, financial security and product quality.

He said TMIM is planning to add two more branches to the 22 currently by the end of this month or in early February.

The locations identified are Butterworth (Penang) and Mersing (Johor).

TMIM is a subsidiary of Tokio Marine Asia Pte Ltd, Singapore and its ultimate holding company is Tokio Marine Holdings Inc in Japan.

The company has a good mix of businesses from the different production sources, namely direct corporate customers, agency, broking, franchise and motor dealers distribution channels.
Heng said this year is a challenging one, given that the global economy is still sending out mixed signals, with world trade still weak and unemployment in major economies remaining high.
Although most insurers enjoyed excellent investment profits in 2009 due to the quick recovery, the scenario for this year, is likely to remain subdued due to a consequence of the uncertain global market.

"Locally, we believe our competitors will strengthen as the industry consolidates. They will be more sophisticated, innovative and with better distribution, following the recent liberalisation," Heng said.
He noted that the motor sector will still remain a class of concern for the industry, as the tariff for it has not been changed since 1978, in facing an increasingly loss ratio trend.

"We would like to reduce overall volume and composition of the motor business which accounts for 58 per cent of our total portfolio. Until the tariff situation is resolved, we have to try and reduce the motor business growth.

"At the same time, we are trying to have our non-motor business outgrow the motor business. The fire, marine, cargo and personal accident insurance, are our preferred cluster of business," he said.
Asked whether TMIM is planning any acquisitions this year, Heng said: "We are always on the look out for good opportunities."

TMIM has a history of acquisitions with the company having acquired Wing On General Insurance Bhd in 1999, Amanah General Insurance Bhd (2002), Asia Insurance (Malaysia) Bhd (2007) and PanGlobal Insurance Bhd (2009). – Bernama

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