

**DEREK LLEWELLYN ROBERTS**

Chief Executive Officer
AmGeneral Insurance Berhad

AmGeneral

“During the financial year, AmGeneral set out concrete approaches to achieve the targets for the Top 4 Strategy, and has since delivered multiple products to continually address fast-changing customer needs. Throughout the journey, we have seen many positive developments while focusing on existing and new distributors for a quality business to deliver both growth and profitability in the motor segment. We have also designed and implemented Voice of Customer capability to drive customer retention performance and advocacy, leading to an 18% improvement in our overall Net Promoter Score (NPS) from 32 points in FY2019 to 38 points in FY2020. We have achieved exceptional claims track record by creating a first-class customer experience and effective management of claims costs by owning the supply chain with our Vehicle Accident Management (VAM) model.”

ABOUT US

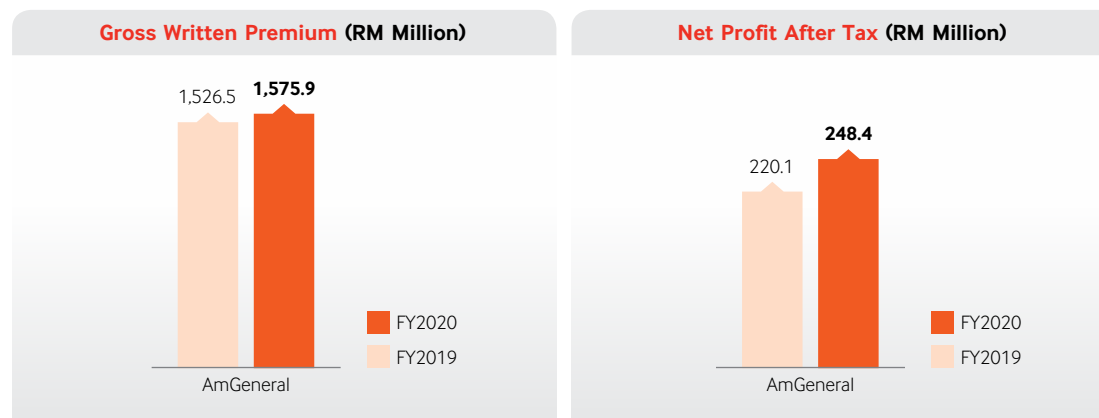
AmGeneral is one of Malaysia’s largest motor and leading general insurance companies in the market. Driven by a strong sales force and committed support from our agents and partners, we continue to deliver better-valued products and services. Under two retail brands, AmAssurance and Kurnia, we provide insurance to one in every seven cars in Malaysia. As such, AmGeneral is ranked Top 2 in Motor with a market share of 15% and Top 2 for overall general insurance. With over two million customers, AmGeneral generates business from a comprehensive range of general insurance solutions distributed through a network of 33 branches and counters, servicing over 6,200 agents and dealers, as well as through AmBank Group’s branches nationwide. AmGeneral uses its leadership position to understand and provide market-leading customer experiences, making Malaysia’s community safer and more resilient for the future.

OUR PERFORMANCE

AmGeneral observed a strong year, reporting a 3.2% increase in total annual premium income in FY2020, rising by 3.6% in our core motor business. Our performance bucks the industry trend, which saw premium income fall by 0.8% during the same period. Furthermore, we recorded a profit before tax of RM282.5 million, which is 6.2% higher than the RM266.0 million recorded in the previous year.

Towards the end of the financial year, the Government of Malaysia issued a Movement Control Order (MCO) starting 18 March 2020 that involved the closure of many parts of the economy which are deemed non-essential during the COVID-19 crisis. Whilst AmGeneral is one of the essential services that remained open, new business written and some renewals have been curtailed as car dealerships and intermediaries' offices were ordered to close. The full-year results were largely unaffected due to the timing but it is expected to have an effect in the coming financial year.

The key determinants of AmGeneral's continued success are our accountability and commitment towards our multiple stakeholders. These were reinforced by eight core enablers, namely Product & Pricing, Distribution, Claims, Digital, Brand, Customer, System & Process and People. In FY2020, AmGeneral placed significant focus on product development, digital offerings and customer engagement, ensuring customer satisfaction in all areas of our operations; from confirming a policy to renewing or making a claim. Our financial performance is also due to the implementation of system and process enhancements that accelerated business growth, especially during the phased Liberalisation period.



AWARDS & RECOGNITION



Insurance Asia News Awards for Excellence 2019

- Property & Casualty Insurer of the Year 2019 – Malaysia

Motordata Research Consortium (MRC)

- The Fastest Estimate Claim Approval Time for Own Damage Claims

KEY INITIATIVES & OUTCOMES

Key Initiatives

Outcomes

Liberalised 365 Suite for Motor & Non-Motor Products

- Launched a series of new and improved 'Better365' motor and fire products, which include:
 - i. Auto365 Comprehensive Plus – a major upgrade from your standard tarified motor policy that features 7 new additional covers including key care and flood relief.
 - ii. Enhanced Auto365 Comprehensive Premier – provides the ultimate motor insurance that makes its all-risk features the perfect protection.
 - iii. Flexi SME365 – provides SME businesses with flexibility on the sum insured via the selection of nine essential covers that match their business needs, all through one premium, policy and stamp duty.
 - iv. AmStyle Guard – a unique lifestyle protection cover that combines Personal Accident and Burglary benefits into one plan.

- 5.1%* increase in overall motor premium growth and improvement in renewal ratios due to new motor products.

- Greatly improved turnaround time for processing due to the Digitalised Flexi SME product. This also enhanced the intermediary and customer experience, as insurance quotation generation, acceptance approval, and ePolicy issuance are all done via the digital platform.

Market-Leading Claims Services

- Established a dedicated claim assessment centre which uses in-house technology to significantly improve claims turnaround times. Customers can lodge claims using the 'One Touch' mobile phone application from the scene of an accident, as well as receive increased updates on repairs.
- Introduced an Express Claims process that has an extensive network of motor and windscreen workshops. This is supported by the only hyphenate claims lodgment approach in the industry, including free e-hailing options following an accident, document waivers, improved status updates and the longest warranty on workmanship in Malaysia.
- Launched roadside assistance through Kurnia Connect, which provides immediate assistance to accident victims and helps them through the end-to-end claims journey.

- Only three^ days required to approve customers' Own Damage claims, making it an industry leader in the claim approval process.

- Awarded 'The Fastest Estimate Claim Approval Time for Own Damage Claims' by Motordata Research Consortium (MRC).

Exclusive Partnerships & Digital Innovation

- Established strategic partnerships with top brands to reinforce our position as one of the most competitive and innovative insurers in the industry. The partnerships include Mercedes-Benz Malaysia; Grab Daily Insurance; BNM (Motor Product Open API); and One Touch.

- **Mercedes-Benz, Malaysia:** Awarded as one of the panel insurers to break into the luxury continental car market, improving our position on writing high-value preferred segments in Malaysia.

- **Grab Daily Insurance:** Became one of the insurance partners to deliver Grab Daily Insurance (GDI) launched on 12 July 2019.

- **Motor Product Open API:** Successfully completed the development of an open Application Programming Interface (API) on motor product features and services offered by AmGeneral. The API is utilised by aggregators to compare motor product features and services offered by all insurers in Malaysia.

- **One Touch App:** Improved road safety with the gamification of the One Touch app via the Drive Safe campaign. Users are granted points based on their average speed, maximum speed and distance travelled once they switch on the app. This strengthened our overall position for future partnerships in digital innovation.

* April 2019 to February 2020 to exclude effects of MCO

^ Based on MRC data as at March 2020

CHALLENGES & RISKS

Challenges/Risks	Mitigation Strategies	Results
<p>Strategic Risks The outbreak of COVID-19 has led to the weakening of local and global economic conditions, which affects consumer spending capabilities in purchasing motor vehicles and properties. This could potentially affect AmGeneral's ability in meeting our strategic objectives. Conditions such as this would also increase the risk of higher fraudulent insurance claims.</p>	<ul style="list-style-type: none"> Continue to improve our product offerings to provide the best prospective proposal to existing and potential customers. Enhance fraud detection and prevention measures to protect AmGeneral from the possible rise of fraudulent claims and inflated repair costs. Set up an Underwriting, Pricing & Product (UPPCo) Committee to ensure that underwriting, pricing and product review and development is well managed and governed. 	<ul style="list-style-type: none"> Competitive product pricing and attractive product features. Reduced leakages from fraudulent claims and inflated repair costs.
<p>Cyber Security Cyber threats expose the business and our customers to data breaches and financial loss.</p>	<ul style="list-style-type: none"> Implement necessary preventative measures as prescribed by AmBank Group and regulatory requirements to protect the integrity and privacy of AmGeneral and stakeholders' data. Actively participate in industry events that raise our people's awareness. 	<ul style="list-style-type: none"> Improved readiness in response to crises. Secure customer and company's data.
<p>Market Volatility The uncertainty in the economic outlook has given rise to volatilities in earnings from our investment book.</p>	<ul style="list-style-type: none"> Actively manage and revise our investment portfolio holdings to defend against market uncertainties. Work closely with AmFunds to ensure that our investment strategy is aligned with the desired levels of risk and rewards. Implement the Tactical Asset Allocation and Strategic Asset Allocation of the Company set within AmGeneral's risk appetite. 	<ul style="list-style-type: none"> Reduced earnings volatility. Optimised investment returns.

PROSPECTS & OUTLOOK

As the COVID-19 situation continues to progress and evolve, it is challenging at this juncture to predict the full extent and duration of its business and economic impact. The general insurance industry will continue to see prudent underwriting, with continued focus on growing profitable insurance portfolios such as retail, affinity partnerships, and small and medium industries in the non-motor segment. Due to the rise of disruptive innovations, consumer expectations will be higher on simplicity, intuitiveness, speed, safety and frictionless interactions. AmGeneral will continue to monitor the progress of the outbreak and measure its impact, if any, on our financial statements as they occur. Nevertheless, the impact to AmGeneral's business operations will be minimal as we have taken preventative measures to ensure the safety of stakeholders, leveraging on remote working arrangements and digital capabilities.

In FY2021, AmGeneral plans to realign our strategic initiatives to reap new growth opportunities and prepare for market volatilities, in anticipation of new government policies, regulatory changes, Liberalisation and Digitalisation. We have grouped the efforts and initiatives for FY2021 into the following eight strategic themes:

- Develop Motor products with differentiated levels, value and benefits, while Fire-based products focused on price competitiveness
- Deliver key initiatives to meet the unique needs of each distribution channel while delivering growth objectives
- Provide significant customer and cost benefits via Vehicle Accident Management (VAM) assessing and repairing model
- Enhance digital distribution platforms while still engaging and servicing our existing channels and customers in effective means
- Deploy retail brands to allow AmGeneral to respond and address new segments and value propositions
- Meet the changing needs of customers underpinned by digital enablement and developing winning capabilities for an evolving market
- Develop a high-performance culture to enable employees to successfully perform in accordance with business objectives