

COMPETITIVE CITIES

Zurich builds a solid foundation in Greater KL's supportive business environment



Zurich Malaysia (Zurich Insurance Malaysia Berhad (ZIMB) and Zurich Takaful Malaysia Berhad (ZTMB)) – is poised to play a bigger role, says CEO of ZIMB and Executive Director of ZTMB, Philip Smith.

This is on the back of the company's solid foundation established after successfully acquiring Malaysian Assurance Alliance Berhad ("MAA") in 2011 and assimilating it into the Zurich Group as ZIMB. A clash of culture is one of the main reasons for a merger or acquisition to fail to achieve the planned benefits. When this occurs, employee morale can drop, key individuals may leave and the proposed synergies fail to materialise.

"The acquisition of MAA marked a significant milestone for Zurich Insurance Group (Zurich), a leading global insurer. Once the acquisition was completed, we began the task of integrating Zurich values and ways of working into the acquired organization. I think today, five and a half years later on there is a different feel among our employees; over 65% of whom were employees of MAA at the time of acquisition. Zurich's culture focuses on teamwork and accountability amongst other things and I believe that many of our employees appreciate this and have bought into these cultural values," says Smith.

He adds that even before the acquisition in 2011, Zurich had always regarded Malaysia as a priority market and capitalised on the opportunity to acquire 100% of MAA in 2011. Back then; Zurich had a 40% stake in MCIS Zurich Insurance Berhad (now known as MCIS Insurance Berhad), a stake that was subsequently sold in 2014 to comply with Bank Negara Malaysia's regulations which do not allow shareholders to have substantial stakes in more than one insurance company. Zurich retains a 100% stake in ZIMB and in June 2016 acquired 100% of MAA Takaful Berhad ("MAAT"), a leading Takaful provider in the country, which was later renamed to ZTMB.

"The decision to acquire MAA may have surprised industry observers as Zurich had been more focused on building businesses from scratch rather than acquiring a 43 year old company (MAA was founded in 1968) in Asia Pacific. MAA's holding company, MAA Holdings Berhad, was looking to divest its interests in financial services as the demands for capital were increasingly difficult to meet. MAA was seen as a risky acquisition by many market players but after five-and-a-half years, I can say that Zurich has been rewarded for its decision to carry out this transaction," says Smith, who has played a leading role in fulfilling Zurich's ambitions in Malaysia.

Zurich is headquartered in Zurich, Switzerland, where it was founded in 1872. With about 54,000 employees around the

it operates," says Smith. "We combine global strengths and practices with local expertise to offer products and solutions that meet the needs of our customers across the broader population segment."

Zurich aims to leverage on ZTMB's experience to cater to the growing demand for a shariah-compliant alternative to conventional insurance. "Malaysia is a highly attractive market with a buoyant takaful industry that offers great growth potential. ZTMB's expertise in the Takaful segment not only enables us to tailor Takaful solutions for our customers, but also opens the door for Zurich to learn and ultimately transfer skills and knowledge to other markets."

SKILLED TALENT SUPPORTING REGIONAL OPERATIONS

Zurich's growing operations in the country also include a centre that supports other Zurich business entities and customers in the region. According to Smith, being based in Greater KL has been beneficial as, to date, they have been able to hire suitable talent for these shared service operations.

Malaysia has several advantages that persuaded the global insurer to build some of its regional operations here. Smith finds the country to be in a good position with the right balance of the right talent at the right cost, compared with other regional centres competing for the work.

"It was a relatively straightforward process to set up a regional shared service centre in Greater KL. This was established under a separate operating entity that currently has a headcount of over 65 employees. It is important to note that the centre comprises skilled professionals rather than providing low value activities. We have underwriters, IT specialists and actuaries in this centre and they support our operations right across the region. For example, some of the IT systems of other countries in the region are supported from Malaysia and some of the Zurich Group actuarial reporting is also performed in Malaysia. The overall direction taken by Zurich is to further consolidate processes that result in cost-efficiencies so there is the potential for this centre to expand," adds Smith.

Zurich Malaysia has around 1,550 employees in the country. About 70% of all its employees are based in KL. These are almost entirely Malaysian with a limited number of expatriates working in the shared service centre and in ZIMB.

THRIVING IN PRO-BUSINESS CONDITIONS

Smith notes that the ease of doing business in Malaysia has supported Zurich's decision to house these regional activities in KL.

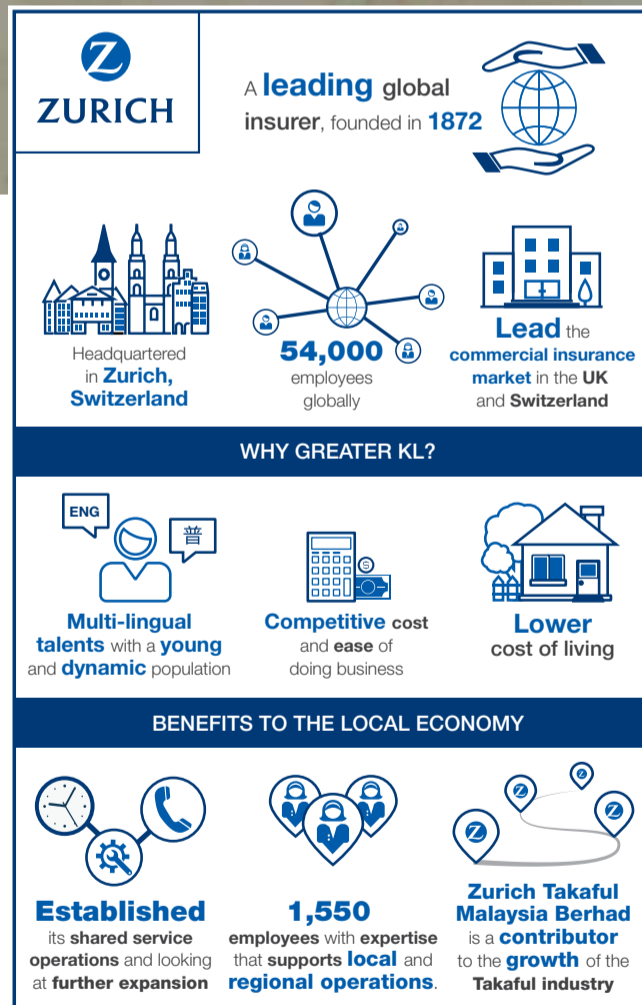
"We understand the objectives of the authorities here and their approach towards developing Malaysia. Zurich plans to be here for the long term and it is always easier to develop our business in a way that is in line with the government's plans. We have found agencies such as Invest KL to be very supportive. Invest KL provides invaluable practical advice on how we can accomplish things that serve both Zurich and the country," Smith explains.

MOVING FORWARD

Moving forward, Zurich is looking to build its brand and the presence it has established in Malaysia

"Initially, after the acquisition, there was some confusion over the Zurich brand as it had been associated with MCIS Zurich since 2002 and it has taken a while for the market to understand that we are no longer part of that venture. But now, our brand is getting more and more traction as we move forward."

"Our wide range of insurance and takaful solutions across multiple customer segments as well as Zurich's technical and service expertise puts us in a great position to service our customers and build our business. My objective as the steward of Zurich Malaysia is to understand and fulfill the needs and aspirations of our shareholders, employees, customers and the communities in which we operate. We must balance the needs of these four stakeholder groups for our business to sustain for the long term," says Smith.



world, it provides a wide range of property and casualty, and life insurance products and services in more than 210 countries and territories. Customers include individuals, small businesses, mid-sized and large companies as well as multinational corporations, including many household names.

In the highly competitive global insurance industry, Zurich, a highly valued brand, leads the commercial insurance market in the UK and Switzerland and maintains a strong position in the US and Germany. It has a strong, growing presence in Latin America and its business in Asia Pacific, although small, is stable and growing.

COMBINING GLOBAL STRENGTHS WITH LOCAL EXPERTISE

"Zurich takes a global approach to managing its core business, but applies local insights in markets and countries where

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