

BURSA INSTI SECTORIAL SERIES

Automotive: New Norms and Trends

Bursa Malaysia together with AmInvestment Bank Berhad invited Allianz Malaysia Berhad and Malaysia Pacific Industries (MPI) to talk about the new norms and trends in the automotive sector from the perspective of a motor insurer and a component supplier in the emerging electric vehicles. Key takeaways as below.

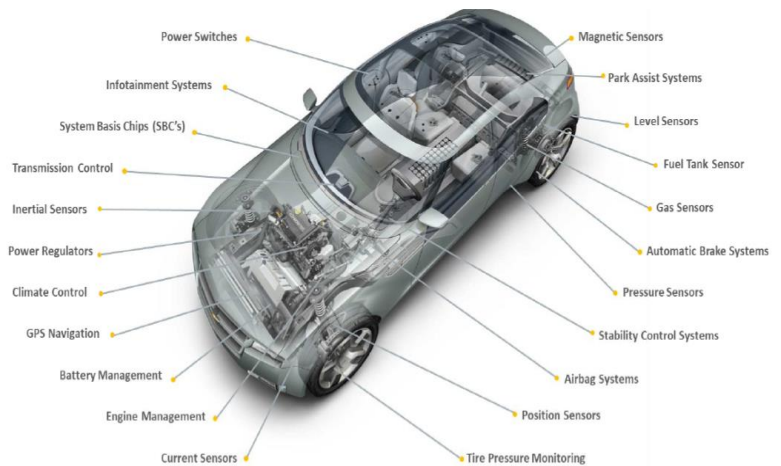
#bursainsti #bursamalaysia #automotive

From a motor insurance perspective... by Allianz Malaysia Berhad

- As an overview, Allianz General registered Gross Written Premiums (GWP) of RM1.7bn in 9M2020 from RM1.6bn in 9M2019. GWP grew by 9.2% while the industry declined by 0.9%. The GWP under Allianz General is largely contributed by its motor segment which accounts to 65.6% and followed by Fire insurance at 14.9%, Personal Accident & Health at 5.4% and Marine 3%.
- Allianz General has a 13.3% market share in the Motor segment with a market ranking of number one. Its motor claims ratio is generally lower than industry's motor claims ratio at 59.6% vs 63.3% as at 9M2020.
- What are the potential changes impacting the motor insurance industry and how could motor insurers adapt to or take advantage of these changes?
 - Technology - Potential use of telematics in underwriting and pricing motor insurance. E.g. linking vehicle to a network which enables tracking of vehicular data for pricing of insurance.
 - Mobility-as-a-service platform a.k.a. ride-hailing, car sharing or car subscription. This encourages insurers to develop new types of coverage for this segment.
 - Full liberalisation of motor insurance will enable insurers to fully leverage on data and advanced analytics for fairer pricing, without jeopardizing the sufficiency of premiums to meet claims.
 - Evolving customer needs and demands: Improving claims service value proposition e.g. Allianz Road Rangers and improve efficiency in managing claims and expenses that will allow for more competitive pricing.

Technology breakthrough in Electric Vehicles (EV) and autonomous vehicles by Malaysian Pacific Industries

- Environmental concerns drive demand for EVs. Crude oil reserves are depleting by >4b MT/year, at this rate, oil deposits could run out in the next 53 years. EV is a natural solution to this problem.
- The major automotive players such as BMW, Audi, Fiat Chrysler, Daimler and VW are investing hugely in EV since the advancement in new technology i.e. Silicon Carbide.
- Silicon Carbide (SiC) is a semiconductor material containing silicone and carbon. This technology focuses on High Power & High frequency devices.
- Some of its benefits include rapid charging, long battery life, energy efficiency, lower cost, good thermal conductivity, and miniature packaging.
- In 2020, EV makes up 3% of global passenger vehicle sales and it is expected to make up 58% of global passenger vehicle sales by 2040.
- Besides EV, advancement in autonomous vehicles which are capable of sensing its environment an operating without human intervention, have also driven demand of smart sensors.
- MPI's subsidiary, Carsem is a global leader in packaging and testing semiconductors. Carsem has an exclusive partnership with the world leader of SiC technology. The entire backend of the SiC world leader is packaged and tested by Carsem.
- Carsem has a completely automated "lights off factory" in Ipoh for smart sensors production.
- Carsem has invested >USD30m in the last 2 years for SiC, 5G, and smart sensors and has factories in Ipoh, Malaysia and Suzhou, China.



Sensors packaged & tested by Carsem for Automotive segments