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The Malaysian Reserve

Closer look at potential South-East Asian markets

FROM P1 Tune Ins

"I think it is important that education on insurance is instilled in large populated markets like Indonesia. Despite being a crowded industry, not all Indonesians have an insurance policy or know about one," Cho pointed out.

The company had previously planned to buy a 70% stake in Indonesian general insurer PT Batavia Mitratama Insurance for about RM26.13 million.

The deal fell through due to delays in securing regulatory approvals.

Tune Ins had established its Thailand chapter last year, via its 49% stake in associate company Tune Insurance Public Co Ltd (formerly Osotspa Insurance Public Co Ltd).

Cho said Tune Ins plans to take advantage of Malaysia's Asean chairmanship this year to undertake a closer study on South-East Asian markets for potential M&As.

"We are constantly looking out. We are very much buoyant on Asean economy. Having covered Thailand and maybe Indonesia in coming months, we are becoming bolder to look at other countries within the region.

"We do not intend to venture far away from our base in Malaysia," he added.

That said, Tune Ins entered into a memorandum of understanding with United Arab Emirates' Al Hai LLC in August last year to explore and create a new limited liability structure joint-venture company to conduct insurance-related business there.

An insurance product manager and underwriter across Asia Pacific, Tune Ins has online and general insurance businesses. It also provides online travel protection products for the AirAsia Group and has partnerships with Cebu Pacific and Air Arabia.

JV to deliver sustainable growth in near future

FROM P1 Sime, Gas Malaysia

eco-friendly alternative energy source to fossil fuels. It is generated from residues and waste materials which reduce greenhouse emissions, which would otherwise be released if not captured and treated.

As a carbon neutral fuel alternative, Bio-CNG can be efficiently stored and transported in CNG cylinders, providing customers with a more cost-efficient means of gas distribution and, in the long term, advance the nation's bio-economy footprint by reducing imports of coal and gas.

Sime Darby energy and utilities (non-China operations) division executive VP Alan Hamzah Sendut said SDOE first ventured into the Bio-CNG business in 2010.

Since then, he said the company has installed and successfully commissioned its first full scale Bio-CNG plant to Felda Global Ventures Holdings Bhd in February 2015.

"With over 20 years of experience in selling, marketing and distributing natural gas to industrial, commercial and residential sectors in Peninsular Malaysia, we remain confident on our potential network and infrastructure to facilitate the proposed business activities for this joint venture," said Gas Malaysia CEO Ahmad Hashimi Abdul Manap.

"With this strategic alliance and the combined strength of each partner in their respective fields, we remain optimistic that this JV will deliver sustainable growth in the near future," he added.

Govt meets target to cut fiscal deficit to 3.5%

Pic by Hussein Shaharuddin

Under improving urban public transport, improvements such as the introduction of new bus routes to serve wider community have witnessed 455,728 individuals commuting daily during the morning peak hours in 2014

FROM P1 Pemandu

Further, the government met its target to reduce the country's fiscal deficit to 3.5%.

The deficit has been steadily reduced as targeted from 6.7% in 2009, 5.6% in 2010, 4.8% in 2011, 4.5% in 2012 and 3.9% in 2013.

Pemandu said the ETP's NKEAs and Strategic Reform Initiatives achieved overall key performance indicators (KPIs) of 110% and 120% respectively.

On the other hand, the GTP, which addresses socio-economic issues and strengthens public service delivery through the seven National Key Results Areas (NKRAs), achieved a 105% success rate across its NKRAs.

Some highlights include improving rural development where 485km of rural roads were built and 815km were maintained in 2014 alone.

A total of 8,195 households were provided access to clean water while another 14,299 households were connected to uninterrupted electricity supply.

Under improving urban public transport, improvements such as the increased capacity of rail services, and the introduction of new bus routes to serve a wider community, have witnessed 455,728 individuals commuting daily during the morning peak hours in 2014.

JCorp to list RM900m Al-Salam REIT in 3Q15

Propectus launch of Al-Salam REIT expected in June with initial fund size of 580m units of RM1 each

by R KAMALAVACINI

Bernama

(From left) **Damansara Assets vice chairman Lokman Abu Bakar, Amanahraya Bhd MD Datuk Abdul Rahman Md Khalid, Mohd Khaled, Kamaruzzaman, Amanahraya Trustee CEO Habsah Bakar and QSR Brands MD Mohamed Izaham Abdul Rani**

JOHOR state investment arm Johor Corp (JCorp) plans to list its RM900 million Islamic real estate investment trust (REIT) Al-Salam REIT on the Main Market of Bursa Malaysia by the third-quarter of this year (3Q15).

JCorp president and CEO Datuk Kamaruzzaman Abu Kassim said the prospectus launch of the Al-Salam REIT is expected to be sometime in June with an initial fund size of 580 million units of RM1 each.

"We are stepping in from RM900 million total value of assets contributed from 31 assets from Damansara Assets Sdn Bhd and QSR Brands (M) Holdings Sdn Bhd as our initial portfolio.

"Upon listing, we are targeting to attract about another RM500 million in investment with up to 6.3% of distribution yield per year," he told reporters after the signing of the memorandum of understanding (MoU) between two subsidiaries of JCorp, Damansara Assets and QSR Brands, and Amanahraya Trustees Bhd at Putrajaya yesterday.

Among the major assets from Damansara Assets to be acquired by Al-Salam REIT are Komtar JBCC Mall, Menara Komtar, @Mart Hypermarket and KFCH College while assets from QSR are KFC and Pizza Hut restaurant chains nationwide and selected industrial assets.

Al-Salam REIT is the second Islamic REIT sponsored by JCorp, whereby Damansara Assets and QSR are vendors which will sell their respective assets to Al-Salam REIT while Amanahraya is the trustee.

Damansara REIT Managers Sdn Bhd will be the REIT manager for Al-Salam REIT, after JCorp through KPJ Healthcare Bhd has successfully listed its first Islamic REIT — Al-Aqar Healthcare REIT in the local exchange in 2006.

"Al-Salam REIT will be focused on a diversified portfolio including commercial retail, office and industrial real estate such as shopping malls, office buildings, warehouses, industrial buildings and food and beverages outlets.

The REIT manager will also explore acquiring third-party assets which fulfil the selection criteria while ensuring the maintenance of a balanced portfolio with stable growth outlook.

The establishment of Al-Salam REIT is part of JCorp's commitment to play its part in the world Islamic REIT and Islamic capital market, besides providing an alternative investment instrument for real estate, added Kamaruzzaman.

Meanwhile, Damansara REIT Managers Sdn Bhd MD and CEO Yusaini Sidek said that the establishment of Al-Salam REIT will become a significant instrument for JCorp to unlock more potential as it has diversified portfolios.

"Unlike the Al-Aqar Healthcare REIT which only focuses on the healthcare related assets, Al-Salam would be able to grow far in the Islamic REIT industry," he said.

With the establishment of Al-Salam REIT, JCorp will be the only corporation sponsoring two Islamic REITs while Damansara REIT Managers will be the first REIT Manager that manages two Islamic REITs.

The MoU signing was witnessed by Johor Mentri Besar Datuk Seri Mohamed Khaled Nordin, Kamaruzzaman and Amanahraya group MD Datuk Abdul Rahman Datuk Md Khalid.

Aviation insurance premium dips 5%-10%

by KAVITHAH RAKWAN

GLOBAL aviation insurance markets are seeing on average a 5% to 10% decline in premium rates as more people are taking up insurance and there are more packages available following recent incidents, said Clyde & Co Counsel, Peter Boys.

"There has been a decrease in premiums rates on average of about 5% to 10% as there are more people taking it up and there are more packages available, leading to the prices falling," he said.

Boys said the aviation insurance market has to be looked at globally, and not with reference to particular airlines.

"They (the insurers) are looking at safety issues of all airlines involved and will then guide them when the respective airline policy renewal comes out," he said at the International Claims Convention in KL yesterday.

Recent airlines incidents, such as the disappearance of MH370 and the shooting down of MH17, have raised interest in aviation insurance claims and the prospects of the market ahead.

The disappearance of MH370 was declared as an "accident" in January to allow families of the missing to obtain death certificates, unlock bank accounts, life insurance as well as other assets of the respective individuals.

Boys said the insurance payouts have yet to be completed as family members of the missing individuals are still refusing to take up the insurance claims as they are reluctant to accept the passing of the missing individuals.

"There is resistance by the families of the Chinese passengers in the aircraft. About 10 to 20 families from China have taken it up, but only the advanced compensation.

"These are mainly cultural reasons, specifically those from Northern Beijing," said Boys.

Malaysia Airlines flight MH370 disappeared on March 8, 2014, en route from Kuala Lumpur to Beijing. The plane vanished with 239 people on board, in which 152 of the passengers were Chinese.

It is estimated that each family could receive final compensation of between US$400,000 (RM1.42 million) to US$500,000.

The Life Insurance Association of Malaysia (LIAM) also confirmed in a recent statement that life insurance companies in Malaysia have settled payments worth RM16.8 million to the next of kin of passengers and crew members of missing Malaysia Airlines flight MH370.

The association confirmed 185 policies were issued by 14 life insurance companies in Malaysia.

According to Global Claims Review 2014, prepared by Allianz Group, fires and plane crashes are the top causes of business losses by total value.

Federal Auto's Iveco CKD deal set for 3Q15

by MOKHRIZ MOKHTAR

AUTOMOTIVE distributor Federal Auto Holdings Bhd, a wholly owned subsidiary of MBM Resources Bhd, expects to finalise its completely knocked down (CKD) arrangement of assembling Italian company Iveco SpA's commercial vehicles with the government and related parties by the third-quarter of this year (3Q15).

Federal Auto MD Cheng Seng Fook said the company is currently in negotiations with the authorities to obtain regulatory approval while discussions are in progress with two possible contract assemblers to manufacture the commercial vehicles in Malaysia.

Cheng, however, did not disclose any details on the two candidates.

"We (Federal Auto) are currently in talks with two candidates...It is close to final stage and we hope to begin the manufacturing by this year-end, if not by early next year," Cheng told reporters after the launch of Iveco's commercial vehicles in Shah Alam yesterday.

To recap, the company had in August last year inked a distribution agreement with Iveco to distribute the commercial vehicles in Malaysia. The agreement was done via Federal Auto's wholly owned subsidiary FA Trucks Sdn Bhd and Iveco.

Iveco Asia Pacific brand leader Michele Lombardi said the company will roll out all its models in stages over the next 18 months.

"We are entering this competitive market with a full line of 14 models, and with the help of Federal Auto, we are confident that discerning fleet and transport operators and business owners in Malaysia will appreciate the proven quality, durability, reliability and, most importantly, the cost-efficiency of Iveco products," said Lombardi.

Meanwhile, Cheng said Federal Auto expected to sell 100 Iveco commercial vehicles this year, which is mostly driven by its light commercial vehicle model — Iveco Daily and heavy commercial vehicle model — Iveco Stralis.

"Once we begin the contract manufacturing, we expect to sell between 300 to 400 units in the next two years. We have a complete line-up that will cater for the growing demands of the trucking industry, not only in terms of tonnage required but also in terms of power, torque, safety, ergonomics, comfort and reliability," he said.

Cheng also did not deny the success of the upcoming CKD arrangement may put Malaysia as Iveco's first manufacturing hub in Asia in the future.

However, he was quick to add that the discussion on any possibility of the manufacturing hub is pretty much preliminary.

"Iveco does not have a manufacturing hub in Asia at the moment. Although it has presence in Indonesia, Singapore, Papua New Guinea, Thailand and Taiwan, all the models sold in those regions are imported directly from Italy," Cheng said.

The company hopes to maintain it sales contribution to the group where its total sales currently stands at around 500 units per month.

"We have not revised the sales target so far as we have yet to see the impact of the Goods and Services Tax. But we will keep the momentum going for the upcoming months," Cheng said.