

@UrService

@ Ur Service is a quarterly newsletter of the Malayan Group of Insurance VOL. 1, ISSUE 4.
Companies for its intermediaries and business partners

THE MALAYAN TOP STORY

Yuletide Messages

To our Loyal Partners,



Christmas has always been a welcome respite, a season to forget the yearlong hustle and bustle of an active and busy daily life. It is a very precious time to contemplate on the season's spirit of love, and the true message of happiness the yuletide season brings to our family, our friends and associates. Christmas also reminds us of the Child Jesus who shared his life out of His love for us, and of our role in spreading peace and goodwill towards our fellowmen.

Christmas comes at a time when the year is almost over. It gives us a time to review all the things we have done and have not, and make amendments and resolutions to do things better for ourselves and for Malayan in New Year.

In Malayan, we recognize the challenges that all of us have met in 2002. These are good and harsh realities of life that make us stronger, and help us bind and unite together. And with your dedication and loyalty, Malayan has been able to surmount challenges and face the New Year with pride of having achieved another milestone in history - being NUMBER ONE in the industry.

Thank you for another year of mutually beneficial partnership.

Merry Christmas and a Prosperous and Peaceful New Year to all !

Adelita A. Vergel de Dios
Chairman

To our Valued Business Partners,

I would like to convey my warmest greetings and gratitude to all our valued partners for making Malayan the top ranking non-life insurance company in the Philippines for 31 consecutive years. Malayan, the officers and I share this Grand Slam Achievement with you, for without you, we wouldn't be in this leadership position.



The September 11 terrorist attacks in the United States last year have hastened the change of the global atmosphere of the insurance industry. Estimates of insurance loss in the aftermath of the attack amounted to billions of dollars, forcing the insurance and reinsurance industry around the world to rethink its risk-taking options. Also, the Mindanao conflict and Abu Sayyaf kidnappings have adversely affected our country's business community from the economic and political standpoint.

Despite its negative effect, Malayan Insurance Co., Inc. continues to fulfill its mission to guarantee our clients' peace of mind, especially in times of crisis. We have remained true to our commitment of providing strength, stability and service excellence. In these challenging times, quality and capacity have become valid factors when considering an insurer. And I believe Malayan, the leading non-life insurer in the country, delivers on both counts.

We celebrate the end of an eventful and historic 2002 and the coming of a New Year. We give thanks to the Almighty for His blessings and protection. Malayan Insurance joins the business sector and the Philippine nation in praying to the newborn Christ for the recovery of our economy and in granting peace for our country. I enjoin you to go beyond prayer and share the blessings we have received to the less fortunate. In an industry that thrives in making a difference when a client needs it most, we in the insurance industry are called on to make a difference in the lives of our less fortunate countrymen, especially during times of economic difficulties. I know that you will share with me the happiness one gets from being charitable this Christmas and the coming New Year.

Season's Greetings!

Yvonne S. Yuchengco
President



December, 2002

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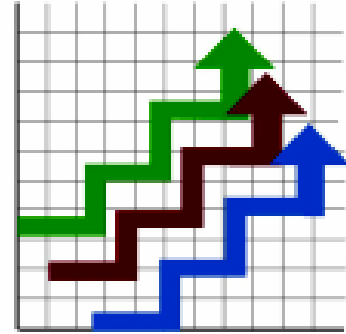
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Premium Rates for Natural Perils to Rise Next Year



by: Reynaldo de Dios

Corporate insurance buyers should be prepared for costlier premium rates specifically for coverage protection against the risks of natural perils (earthquake & typhoon). This was the message delivered by major global reinsurers during the recent 21st conference for the East Asia Insurance Congress (EAIC) held in Tokyo, Japan. The conference was attended by over 1100 delegates from all over the world, including 61 delegates from the Philippines, headed by Seaboard Eastern Assurance Company Chairman Jose Halili Co who was the immediate past president of EAIC.

Excluding Natural Perils - Top reinsurers have manifested their stand of excluding natural perils reinsurance protection in the renewal of proportional treaty contracts with insurance companies that deal directly with the insuring public.

The rationale for this decision is that the premium rates for these covers have been under-priced over the years due to intense and irrational competition. Also losses sustained were then supported by investment income which in today's environment has now become insufficient.

Shrinking Capacity - Furthermore, worldwide reinsurance capacity has shrunk due to the reduced net worth of many reinsurers whose investment portfolios have turned sour. Reinsurers therefore are constrained to underwrite on basic principles

and will institute on renewal existing contracts in 2003 restrictive conditions. These conditions include higher premium rates for natural perils and increased sharing of claims by insurance companies and their clients by requiring higher deductibles for each and every loss incurred.

In disaster-prone countries of Southeast Asia, the Philippines and Indonesia have been mentioned specifically by the major reinsurers who are reluctant to provide proportional reinsurance for catastrophe risks in the Asian Markets. The reluctance comes from difficulty in controlling a reinsurer's exposures.

Purchasing Contracts - Instead, insurance companies will have to protect their exposures to natural perils by purchasing excess of loss reinsurance contracts which will be much more costlier on their part.

The impact of these reinsurance developments will be felt mostly by corporate entities that own large industrial plants, high rise commercial buildings and shopping malls. These include multi-storied residential condominiums as premium rates for earthquake and typhoon are expected to rise by a minimum 100 percent on renewals which will have to be passed on to the insuring public.

What are the available alternatives? The corporate buyers may either self-insure the risks of natural perils if their creditor financial institutions will allow. They can also reduce the rates by accepting increased self-insurance limits or deductibles.

Financial Strength - The financial strength and security of the reinsurers must now be the concern of corporate insurance buyers. They should be assured by insurance companies, through their brokers or professional agents servicing the accounts, that their reinsurers have satisfactory ratings from reputable international ratings agencies such as Standard and Poor's A.M. Best. This however is not a 100-percent guarantee as we're living in a fast changing and volatile financial world.

“The rationale for this decision (sudden increase) is that the premium rates for these covers have been under-priced over the years due to intense and irrational competition.”

Tips on How to Improve Sales

Mr. Jose M. Ileta, Jr. of J. Ileta Insurance Agency Corp. is the top selling insurance agent of Malayan's Home Protect™ nationwide. Mr. Joe, as he is fondly called, hails from Davao and is a partner of Malayan Insurance for seven years. In this article, he shares his secrets and some tricks of the trade on how to become a successful sales person.



1. What is the best part of your job?

The best part of my job is when I make sound decisions on matters concerning our business operations. This is especially true when my decisions turn out to be very successful and beneficial to us as well as our clients.

2. What do you think is the key to your success in terms of being the top producer of Home Protect?

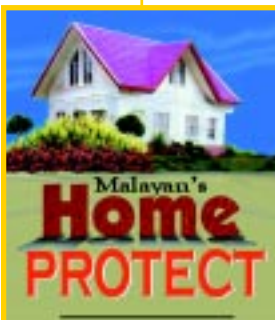
One of the reasons why I succeed in my endeavor is when I redefined my purpose in selling. Of course, many of us would like to engage in selling primarily to make ends meet and earn for ourselves and our family. But what one must envision above any thing else is to have a genuine interest in helping his family, friends and clients protect their homes. With that in mind, results will come.

3. What do you think impedes an agent from reaching his/her target production?

There are two things that hinder an individual from reaching his target output: one is lack of focus and second is inefficient time management. One should be committed and do whatever it takes to reach his own personal goals and manage time wisely in work, family, friends.

4. How do you maintain your consistency despite the economic slowdown, which has affected the insurance industry?

I have been persistent in following up prospective buyers and taking care of my current clients. When you give up easily, you lose your confidence, and in turn, you also lose your consistency with respect to your business.



5. Do you think that there is room for growth in terms of selling insurance for homeowners?

Yes there is. Homeowners are a big market waiting to be tapped. The upper and middle class income group can easily afford Home Protect.

6. What strategies do you think will make an agent efficient and effective in selling insurance?

Always keep in mind that it is easy to sell an insurance to a total stranger when you widen your network, make connections with the help of your family, friends and associates, and seek referrals from them too. And remember, be knowledgeable about the product you are selling. You should be able to answer all the queries of your prospective clients with clarity and great confidence.

7. Do Filipinos think of insurance as a necessity or more of a luxury? Do you think Filipinos in general have a great deal of awareness regarding insurance, especially homeowner's insurance?

Most Filipinos think of it as a necessity but it falls behind education and health. Filipinos in general are aware of insurance, it's just that they prioritize other things first.

8. What advice can you give your fellow agents to help them attain high sales output?

Remember to always stay focused on what you are doing. Keep on reading inspirational sales books. Love the art of selling. Be consistent and persistent.

May We Have Your Attention Please.

The **@UrService Newsletter** is constantly seeking ways and means to provide our readers with relevant and interesting information on the latest developments concerning our business partners, as well as the industry and community it does business in.

We would like to hear from you whether we are succeeding in our effort or not. We would also like feedback from you on how we can improve the Newsletter. Pls. accomplish this Feedback Column, and detach the whole page; then fax it to Corporate Communication Dept. at (02) 242-5189. We appreciate your effort in taking time to answer our questions which will prove to be valuable to us.

1. What topics would you like to see in the @UrService Newsletter?

2. How can we improve the contents of the newsletter?

3. What can you say about the overall layout of the newsletter?

4. For other comments and suggestions regarding the newsletter, please write on the space provided below.



THE M FILES

● Malayan's Business Protect

Malayan Insurance Co., Inc. would like to introduce to everyone an exclusive product line for small and medium enterprise (SME) owners and entrepreneurs called Business Protect. Business Protect provides customized insurance protection for specific types of business and it has been designed to suit the insuring needs of the small and medium enterprise (SME) market. This new line comes in several variations that will cover the insurance requirements of various types of commercial risks depending on the nature of the business operations. Whether the risk is in the food business or the petroleum business, Business Protect will provide businesses with comprehensive protection at affordable premiums.

Business Protect offers basic insurance necessities such as: Property Insurance, Comprehensive General Liability, Money, Securities and Payroll, Electronic Equipment Insurance, Personal Accident, and the option to include Fidelity Guarantee and Business Interruption Insurance. With its array of business specific extension, Business Protect guarantees business owners peace of mind.



Business Protect has a total of eight (8) variants namely: **Shop, Office, Resto, Petrol, Kiosk, Clinic, Haircut, H2O Station**. So watch out for it! For more information, you may call the Marketing Department at 242-8888 loc. 415.



HATAW News

2002 Inter-Region Sales Cup Champions

Malayan Insurance, the leading non-life insurance country, is proud to announce the winners of the 2002 Inter-Region Sales Cup for new products that ran from June 1, 2002 to September 30, 2002. All of them have met the premium production with corresponding average points required to bag the top spots of each respective category. The winners are as follows:

Most Valuable Area Head:

RANEL G. VILLADELREY (LRO 2)

Most Valuable Class B Branch Manager:

REY SAN BUENAVENTURA (Angeles)

Most Valuable Service Office Manager:

LARRY INCIONG (Batangas)

Top 3 Agents:

FELICISIMA VILLENA

PRIMERO CAR SERVICES

OSCAR GUEVARRA

Congratulations to the winners and thank for keeping the HATAW PA fever alive! For more information, you may call the Marketing Department at (02) 242-8888 loc. 415.



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