

Tremendous opportunities for growth in the Thai unit linked business

Yingyong Chiaravutthi, Head of Investments, Prudential Life Assurance Thailand talks about the firm's unit-linked business in the Asian nation.

PRUDENTIAL LIFE ASSURANCE PLANS TO EXPONENTIALLY grow its unit-linked business in Thailand on the back what Chiaravutthi calls tremendous growth opportunities.



YINGYONG CHIARAVUTTHI
Prudential Life Assurance Thailand

“It started only three to five years back, but it took off like three years ago,” he says. “The key driver of the unit linked business is the persistently low-interest rate for such a long time.” According to him, for policyholders, this represents a better vehicle in terms of wealth creation, through the selection of more funds, rather than life assurance only investing in fixed income.

At Prudential, clients have around 36 funds for clients to choose from, which range from very conservative money market funds to very global, diversified equities, and global bond funds. “So we have a suite of products that people can structure according to their real needs, and there is a chance that they’re going to get higher a return than actually buying a typical product from an insurance company,” says Chiaravutthi.

On fund selection, Chiaravutthi says that it depends on the business model of each insurer operating in Thailand. “I would say that if the insurance company is selling through agencies, then the insurance company has more of the power to say which funds they want to choose,” he says. “But if insurance companies sell via the bank channel, then the bank will mostly be the one who initiates which funds they want to sell to the clients.

Prudential distributes via the bank channel, so most of the funds on their platforms are based on the demands from banks. According to Chiaravutthi, there are a growing number of international funds within Prudential’s unit-linked offering. “There are fewer buyers on the local funds, and there is more preference towards international funds,” he says. “A few years back, two-thirds of the investments that we made were in local funds and by last year, it was 50-50.” ■