

PacificMas awaits Bank Negara nod on insurance unit sale

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PACIFICMAS Bhd is awaiting approval from Bank Negara Malaysia to enter into negotiation with a local entity to dispose of its general insurance unit.

PacificMas currently owns The Pacific Insurance Bhd, which is involved in the general insurance business.

Board member Lee Lap Wah said the group has good indication that the entity is willing to match PacificMas' asking price.

Prior talks with OSK Holdings Bhd, ACE Synergy Insurance Bhd, Usaha Tegas Sdn Bhd and EON Bank Bhd for the insurance unit had broken off due to pricing issues.

"After the failure to agree on price with a few different parties, we have good indication that this entity is willing to pay the price that the board feels is a fair price," said Lee.

"There is a degree of assurance that they are looking at a more reasonable price or at a premium book value," he said.

As of March 31 2009, the book value of Pacific Insurance

is at RM123 million. The insurance arm contributes about 30 per cent of the group's profit last year.

"With the cash, we can look for alternative segments and complete the missing pieces to be a complete financial service holding company. We could be looking at stockbroking, investment banking or Takaful business next," Lee said.

OCBC Bhd, which holds 63.5 per cent stake in PacificMas via a takeover last year, must dispose of its holdings in Pacific Insurance since it also owns Overseas Assurance Corp (Malaysia) Bhd (OAM).

According to regulations, a company is allowed to operate only one insurance licence.

As such, it has until October this year to complete its disposal. However, if the deadline is not met, PacificMas may have to merge its insurance entity with OAM.