



FOR IMMEDIATE RELEASE

Life Insurance industry registers a drop of 12.6% in total premiums due to the COVID-19 pandemic

Kuala Lumpur, 18 August 2020 – For the first half of 2020 (1H2020), the life insurance industry recorded an overall dip of 12.6% in total premiums. During the Movement Control Order (MCO) and Recovery Movement Control Order (RMCO) which started on 18 March 2020, activities of life insurance selling came to a halt as face-to-face selling were restricted for more than three months. The decline is attributed mainly to the drop in Investment-linked policies which contracted by 24.5% in terms of total premiums. Investment-linked insurance is an insurance plan which has more unique features and requires face-to-face interaction by agents to explain these features and ascertain its suitability before an investment-linked plan is recommended.

New Business Total Premiums

Total Premium	January to June		
			Growth
RM	2019	2020	%
- Ordinary Life	1,368,805,008	1,116,518,450	-18.4
- Investment-Linked	2,286,268,603	1,726,759,951	-24.5
Group	2,343,301,372	2,400,253,599	2.4
Total	5,998,374,983	5,243,532,000	-12.6

Ordinary Life policies taken up during 1H2020 recorded a positive growth of 1.9% or 242,401 units of individual new policies while Group new policies recorded 4.6% growth or 11,027 units. The industry attributes this development to consumers being more mindful about their spending and tailoring their purchases to smaller-sized policies in light of the current situation.

New Policies

Number of Policies Unit	January to June		
	2019	2020	Growth %
- Ordinary Life	237,988	242,401	1.9
- Investment-Linked	393,550	252,092	-35.9
Group	10,544	11,027	4.6
Total	642,082	505,520	-21.3

During 1H2020, insurance protection for Ordinary Life policies recorded a growth of 21.4% to reach RM10.8 billion.

New Business Sum Assured

Sum Assured RM	January to June		
	2019	2020	Growth %
- Ordinary Life	8,969,492,029	10,891,002,592	21.4
- Investment-Linked	72,557,309,781	39,799,294,204	-45.2
Group	204,341,736,515	202,935,362,871	-0.7
Total	285,868,538,325	253,625,659,667	-11.3

During the MCO, the life insurance industry recorded a surge in direct channel sales for Temporary Insurance, Critical Illness Insurance and Medical and Health Insurance due to the restriction of face-to-face selling by agents and bank staff and to the efforts taken to develop direct life insurance distribution channels, especially through digital innovation, since 2017. Customers now have the option of purchasing these types of insurance plans namely Term Insurance, Critical Illness and Medical and Health via direct channels.

The number of policies sold via direct channels recorded an increase of 47.5% in 1H2020, with annualised premiums and total sum assured registering growth levels of 63.9% and 71.5%, respectively.

Loh Guat Lan, President of LIAM, said “The COVID-19 pandemic has increased in the awareness among Malaysians on the importance of life insurance protection. The role of life insurance has become even more important as an essential financial tool to reduce uncertainties in life. Therefore, I would urge all industry players to come together and offer our best service in protecting more people out there with adequate insurance protection to create a better future for themselves and their families.”

She added, “The recent pandemic has been the unexpected catalyst for the adoption of technology than ever before.

During the MCO and RMCO, insurers continued to serve its customers via digital platforms or assisted by the customer service centres. While new methods and technologies will impact how business is conducted on a day to day basis, I believe that the adoption of technology is inevitable in order for us to be more efficient, responsive and productive to connect with our customers. Therefore, I strongly urge all industry players to make intelligent use of technology to achieve higher productivity and greater efficiency.”

Overall, the MCO and the RMCO imposed by the Government which curtailed face-to-face interaction have greatly impacted businesses and the whole Malaysian economy. The life insurance industry is not spared from the impact of COVID-19 and has experienced a slowdown in its overall performance during this period.

Mark O’Dell, CEO of LIAM said, “When the COVID-19 outbreak started in Malaysia, the life insurance industry had been proactive in supporting the Government with various relief measures to assist Malaysians to cope with the impact of the COVID-19 pandemic.

The industry has granted a 90-day deferment period/no-lapse guarantee for 3 months for policyholders who are impacted by this pandemic. During this period, insurance companies will continue to provide insurance protection to affected policyholders if they are not able to pay for their premiums. Affected policyholders must apply to their insurance companies to get approval before they can benefit from this relief measure.”

Policyholders who are qualified for this relief include those who are COVID-19 positive patients, home quarantined (mandatory) or have suffered a loss of income. We also extend to small and medium enterprises (SMEs) which have suffered a loss of income due to the COVID-19 pandemic. Examples of events that lead to such loss of income include retrenchment, shorter working hours and salary or commission reductions for individuals and loss of business income for the self-employed and SMEs.

“This facility to defer premium payments is open to affected policyholders until 31 December 2020. As of to date, 1,028,811 policyholders have been granted the premium deferment relief, involving a total of RM1 billion premium payment” added O’Dell.

“Insurance companies have continued to provide other forms of support to help policyholders to keep their policies in-force. Some of these may include a restructuring of policy features,

such as lowering the sum assured or temporarily shortening the policy duration, so that policyholders can keep their insurance protection.

The insurance and takaful industry has also set up a RM8 million COVID-19 Test Fund to support the Ministry of Health's efforts to conduct more COVID-19 tests for Malaysians. The Fund is also extended for COVID-19 tests required for hospital admission for emergency and semi-emergency surgeries which is available until 31 August 2020. This will address the needs of the policyholders and to protect the healthcare front liners from the risk of COVID-19 infection.

Moving forward, the life insurance industry remains committed in undertaking various educational and consumer awareness programmes in promoting and educating Malaysians on life insurance protection. We hope more Malaysians will benefit from the various relief measures to ease the financial pressures on the rakyat and at the same time ensure that they are continuously covered with insurance protection", added O'Dell.

On the outlook for the second half of 2020, given the uncertainties faced by the global and local economies due to the COVID-19 pandemic which has affected many countries worldwide, the industry expects to achieve a single digit growth.

About LIAM

Formed in 1974, the Life Insurance Association of Malaysia (LIAM) is a trade association registered under the Societies Act 1966. LIAM has a total of 16 members, of which 14 are life insurance companies and 2 life reinsurance companies.

LIAM's objectives are to promote a progressive life insurance industry; to enhance public understanding and appreciation for life insurance; to upgrade the image and professionalism of the life insurance industry and to support the regulatory authorities in developing a strong industry.

For further clarifications, please contact:

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