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Life insurance industry records strong growth in Q3 2020 registering 44% increase in total new business premiums totalling RM2.92 billion as compared to Q2 2020

Industry has bounced back strongly in Q3 due to the improvement in performance of the Investment-linked business

Kuala Lumpur, Monday, 30 November 2020 – The life insurance industry has had a strong rebound following the Movement Control Order (MCO) and Recovery Movement Control Order (RMCO), recorded a positive growth in Q3 2020 with an increase of 44% in new business premiums or RM2.92 billion as compared to Q2 2020 of RM2.02 billion. The positive performance in Q3 was attributed to the improvement in the Investment-Linked Business, contributing 94% growth from RM737.72 million to RM1.43 billion in Q3.

In Q2 of 2020, the total premium for new business has dropped by 37% to RM2.03 billion as compared to RM3.22 billion in Q1 of 2020. The drop was mainly in the sales of Group policies and Investment-linked policies which contracted by 56% and 25% respectively. Q2 was the most challenging times for businesses in Malaysia including life insurance business as the Government declared MCO and RMCO which started on 18 March 2020 and activities of life insurance selling came to a halt as face-to-face selling were restricted for more than three months.

According to the President of Life Insurance Association of Malaysia, Loh Guat Lan, the strong growth in the Q3 performance was due to the positive effects from the reopening of the economy from the COVID-19 pandemic and the Government's recovery efforts to revitalise economic activities.

"The pandemic has also increased the awareness among Malaysians on the importance of financial protection as a safety net in facing uncertainties in life," Loh added.

Individual new business premiums also saw an increase of 32% in Q3 to RM733.75 million as compared to RM556.01 million in Q2 2020. Group new business premiums recorded an increase of 2% to RM750.51 million from RM732.22 million in Q2.

New Business Total Premiums Q1, Q2, Q3

	Q1 (JAN - MAR)	Q2 (APRIL - JUNE)	Changes Q2 & Q1	Q3 (JULY - SEPT)	Changes Q3 & Q2
Individual	560,505,631	556,012,819	-1%	733,749,718	32%
Investment-Linked	989,039,844	737,720,107	-25%	1,434,678,203	94%
Group	1,668,033,475	732,220,124	-56%	750,513,260	2%
TOTAL	3,217,578,950	2,025,953,050	-37%	2,918,941,181	44%

In terms of number of new policies, the industry recorded a total of 340,061 new policies in Q3 2020, reflecting a growth of 39% from Q2 2020. The increase was mainly attributed to investment-

linked registering 165,329 new policies as well as individual with 169,814 new policies respectively.

In Q2, the number of new investment-linked policies and group policies dropped by 23% or 109,342 from 142,750 and 4,812 from 6,215 units of policies respectively as compared to Q1. Individual policies registered a double-digit growth of 16% or from 112,075 to 130,326 unit of policies, reflecting the demand in individual policies during the pandemic.

Number of new policies - Q1, Q2, Q3

	Q1 (JAN - MAR)	Q2 (APRIL - JUNE)	Changes Q2 & Q1	Q3 (JULY - SEPT)	Changes Q3 & Q2
Individual	112,075	130,326	16%	169,814	30%
Investment-Linked	142,750	109,342	-23%	165,329	51%
Group	6,215	4,812	-23%	4,918	2%
TOTAL	261,040	244,480	-6%	340,061	39%

Meanwhile, the industry also registered a modest growth in Q3 2020 over Q3 2019 with an increase of 6.5% in total premiums as compared to the same period last year. Total premiums for Investment-linked and Individual policies in Q3 2020 also recorded an increase of 20.7% and 1.2% respectively as compared to Q3 last year. However, total premiums for Group policies dropped by 9.1% in Q3 2020 as compared to the same quarter last year.

Q3 2019 versus Q3 2020 – Total Premiums

	July - Sept 2019	July - Sept 2020	Difference	% Change
Individual	725,257,814	733,749,718	8,491,904	1.2
Investment-Linked	1,188,822,297	1,434,678,203	245,855,906	20.7
Group	826,031,520	750,513,260	-75,518,260	-9.1
Total	2,740,111,631	2,918,941,181	178,829,550	6.5

For the 3Q 2020, the industry recorded a moderate growth of 3.8% in the number of new policies as compared to Q3 2019. Individual new policies increased by 25.6% whilst Group new policies increased by 4.7% as compared to the same period in 2019.

However, Investment-linked new policies in Q3 2020 dropped by 11.9% as compared to Q3 2019.

July - Sept 2019 versus July – Sept 2020 – Number of new policies

	July - Sept 2019	July - Sept 2020	Difference	% Change
Individual	135,150	169,814	34,664	25.6
Investment-Linked	187,749	165,329	-22,420	-11.9
Group	4,699	4,918	219	4.7
Total	327,598	340,061	12,463	3.8

Outlook

The role of life insurers has become more important and significant in providing the best services to the Rakyat and ensuring more people to get adequate insurance protection to create a better future for themselves and their families.

The industry has granted a 90 days 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. This option is available from 1 April 2020 until 31 December 2020.

To date, more than 1 million policyholders have benefited from this initiative with total premiums valued at over RM1.6 billion.

Insurers are committed to structure repayments to ease the resumption of premiums following the deferral. Various alternative options are offered to the policyholders to help ease their financial constraints or challenges in paying their premiums and to enable them maintain their insurance protection coverage during the pandemic

These may apply to their specific needs to suit their current policy coverage and affordability. There are a variety of options that may apply based on the options provided by different insurers. Policyholders are advised to contact their insurer to check on their policy and for further assistance.

The industry would also like to take this opportunity to thank the Government for the Budget 2021 announcement by the Minister of Finance Malaysia, Yang Berhormat Senator Tengku Dato' Sri Zafri Tengku Abdul Aziz on 6 November 2020.

Amongst the initiatives announced during the tabling of the Budget 2021 include the RM50 Perlindungan Tenang Voucher for B40 household segment to purchase Perlindungan Tenang products and the waiver of stamp duty for the purchase of Perlindungan Tenang products for 5 years until 2025.

The RM50 Perlindungan Tenang voucher incentive is extremely encouraging for the B40 community as Perlindungan Tenang products have been specially developed to incentivize the youth, young families and B40 household segment to purchase life insurance. It is indeed timely for the B40 household to receive the voucher incentive as a form of protection during these uncertain times. These products are also intended to be suitable for Malaysians who are not currently covered by any form of insurance protection.

The guiding principles for Perlindungan Tenang products are that they are affordable, easily accessible and provide a simple claims process. The support from the Government is important to empower the B40 group to take the first step to introduce financial planning in their families.

In these uncertain times, financial well-being should go beyond a strong retirement fund or immediate cash needs. The industry is also appreciative of the Government's decision to allow the EPF members to utilise the EPF Account 2 to purchase Life Insurance and Medical and Health Insurance (MHI), including critical illness. This would provide better long-term protection and security to EPF contributors in the long run. Life insurance provides financial coverage for the family in the event of a death or illness of the family breadwinner. By allowing members to purchase life insurance from Account 2, it will help the members to augment their EPF savings to provide financial protection for themselves and their family in times of need.

The industry hopes that through the RM50 Perlindungan Tenang voucher incentive, which would benefit about 12.8 million of B40 households in the country and the incentive to allow the rakyat to utilize the EPF Account 2 to purchase life, medical and health insurance protection, it would help to fulfil the nation's aspiration of insuring 75% of the population and accomplish the industry's financial inclusion agenda.

On the overall outlook, the industry believes that if the positive trends continue in Q4 2020, the industry foresees a modest single digit growth for 2020.

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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