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LIAM Sees New Business To Grow 10 Per Cent This Year

KUALA LUMPUR, Feb 18 (Bernama) -- The Life Insurance Association of Malaysia (LIAM) envisages that new business will grow 10 per cent this year, taking into consideration the projected economic growth rate of about 5 per cent.

In a statement, the association said the life insurance industry registered new business growth of 2.2 per cent last year, with RM4.3 billion weighted premium as compared with RM4.2 billion in 2011.

LIAM said more insurance companies would roll out annuity products this year to take advantage of the RM3,000 tax relief made available by the government.

Furthermore, medical insurance would continue to enjoy a high growth rate as the country moves towards a high-income nation.

"The trend of moving to alternative distribution channels such as banks and direct marketing will also continue, however, agency distribution channel will remain as the dominant distribution channel for the next few years," it said.

Total life insurance claims last year amounted to RM6.7 billion as compared with RM5.6 billion in 2011, a 19 per cent increase and on top of that, an additional RM7.6 billion was paid for maturity of policies and cash surrender last year.

LIAM President Vincent Kwo was quoted in the statement as saying that the protection gap for Malaysia is alarming and the life insurance industry certainly has a huge gap to fill.

"With expected sum insured of 10 times of our annual salary, coupled with gross national income per capita of around RM31,000, the ideal average sum insured per person should be around RM310,000.

"It is quite clear that the current average sum insured of RM34,700 per capita is inadequate," he added.

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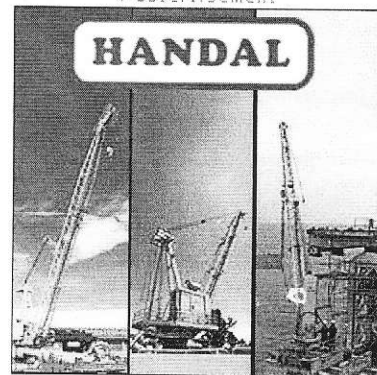
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