

LIAM: Life insurers paid RM6.7b in claims in 2012

KUALA LUMPUR: A total of RM6.70bil was paid out in life insurance claims in 2012, up 19% from RM5.6bil a year ago, according to the Life Insurance Association of Malaysia (LIAM).

It said on Monday the RM6.7bil included various types of claims payment namely death, disability, medical and cash bonus payments.

LIAM also said that excluding the RM6.7bil, an additional amount of RM7.6bil was paid for maturity of policies and cash surrender in 2012.

The association said that as at December 2012, the Malaysian population was covered with RM1.02 trillion sum insured in various forms of life insurance policies.

"This was 8% higher than the corresponding figure in 2011 of RM946bil. The average sum insured works out to be RM34,700 per capita for 2012, an increase of 6.7% from RM32,533 in 2011," it said.

LIAM said with expected sum insured of 10 times of annual salary, and with gross national income per capita of around RM31,000, the ideal average sum insured per person should be around RM310,000.

LIAM president Vincent Kwo said the current average sum insured of RM34,700 per capita was inadequate.

"The protection gap for Malaysia is alarming and the life insurance industry certainly has a huge gap to fill," he said.

In terms of new business growth, the life insurance industry registered a 2.2% growth, with RM4.3bil weighted premium in 2012 compared with RM4.2bil in 2011.

LIAM noted that investment-linked policies continued to outshine traditional policies in terms of growth with 49.5% of new business share.

In 2011, the investment-linked policies formed a lower portion of 45.6% of all new policies sold.