

LIFE INSURANCE ASSOCIATION OF MALAYSIA  
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## **LIAM: Life insurance industry to achieve five to ten pct growth**

The life insurance industry is estimated to record a growth of between five and ten per cent in insurance coverage this year, says former president of the Life Insurance Association of Malaysia (LIAM) Vincent Kwo.

The industry recorded a 6.9 per cent growth in insurance coverage amounting to RM1.17 trillion in 2014 compared with RM1.09 trillion recorded in 2013.

Total premium rose 9.3 per cent last year and this is expected to be repeated this year.

Kwo said the growth of the life insurance industry was always highlighted but no mention is made of how much the life insurance industry pays back to consumers.

"The industry does pay out a significant amount, in terms of medical claims and bonuses to customers, which amounted to RM8.42 billion last year compared with RM6.94 billion in 2013," he told Bernama.

Kwo also pointed out that the life insurance industry was also exempted from the Goods and Services Tax (GST) and they included products like whole life, endowment, child education insurance and annuity policies.

However, premiums for non-life riders such as critical illness, medical and health and personal accident would be subjected to GST.

Non-life riders are defined as riders which does not cover natural death.

While premiums for investment-linked policies would not attract GST, the fees and charges imposed on these policies such as policy fees would be subjected to GST.

"Life insurance companies don't really pass back the cost of GST to customers but the non-life benefits of a life insurance policy is GST standard rated.

"This is consistent with general insurance, purely on the protection part, inclusive of non-life riders which is subject to GST," he said.

Kwo also reiterated that a strategy was pivotal in trying to obtain higher insurance penetration rate in the country.

"Today, the life insurance and family takaful provides insurance protection for 55.5 per cent of the Malaysian population.

"The government has set a target that at least 75 per cent of Malaysians should be insured by 2020," Kwo said, adding that strategies included looking at the rural areas as the concentration now was in urban areas.

"We should start to deploy a different distribution system, on how to tackle rural residents who have basic insurance coverage.

"A lot of work has been done with regulators who we have met on the ground, to work towards a higher penetration rate," he added.

LIAM has 16 members comprising 14 life insurance and two life reinsurance companies.