

Life insurance industry to achieve between 5% and 10% growth

KUALA LUMPUR: The life insurance industry is expected to record a growth of between 5% and 10% in insurance coverage this year, according to former president of the Life Insurance Association of Malaysia (LIAM) Vincent Kwo.

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

Total premium rose 9.3% last year and this is expected to be repeated this year, according to Kwo.

Kwo pointed out that the growth of the life insurance industry was always highlighted but there was no mention about how much the life insurance industry paid back to the consumers.

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

Kwo also pointed out that the life insurance industry was also exempted from the goods and services tax (GST) for 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, he said.

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

While premiums for investment-linked policies would not incur any GST, the fees and charges imposed on these policies such as policy fees would be subjected to the 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% of the Malaysian population.

"The Government has set a target that at least 75% of Malaysians should be insured by 2020," Kwo said.

He added 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 pointed out.

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

- *Bernama*