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Life Insurance Industry records moderate growth, provides higher insurance protection for Malaysians

Insurance coverage hit RM1.51 trillion, an increase of 9.6%

Kuala Lumpur, 4 March 2019 - The life insurance industry recorded a moderate growth in insurance coverage among Malaysians in 2018, registering a total of RM1.51 trillion in sum assured for all policies combined. This registered an increase of 9.6% as compared with the corresponding figure of RM1.38 trillion in 2017.

Sums Assured In Force

Type	2017	2018	Difference	Growth
Traditional	336,091,900,260	329,907,951,923	(6,183,948,337)	-1.8
Investment-Linked	527,320,693,482	623,218,419,172	95,897,725,690	18.2
Group Policies	514,483,339,847	556,339,852,874	41,856,513,027	8.1
Total	1,377,895,933,589	1,509,466,223,969	131,570,290,380	9.6

The per capita sum assured continued to rise from RM43,029 in 2017 to RM46,610 in 2018 but it is still below the amount needed to support one family member in the event of the death or disability of the breadwinner. The 2012/2013 Underinsurance Study in Malaysia conducted by University Kebangsaan Malaysia and LIAM showed that the average mortality gap for each member of a family is about RM100,000 to RM150,000.

Sum assured per capita

	2017	2018
Total Sum Assured	1,377,895,933,589	1,509,466,223,969
Population	32,022,600	32,385,000
Sum Assured per capita	43,029	46,610



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The total in force premiums grew by 5.7% to reach RM38.8 billion in 2018 as compared with RM36.7 billion in 2017.

In Force Premiums

RM Million	January to December		
	2017	2018	Growth
- Traditional	16,775	16,326	-2.7
- Investment-linked	16,406	18,590	13.3
- Annuity	610	655	7.4
- Group	2,929	3,252	11.0
Total	36,720	38,823	5.7

As a whole, the life insurance industry registered a total of 12.65 million policies in 2018.

Group policies in force grew by 2.9% in 2018. The number of lives covered under group policies registered an encouraging growth of 10.1 million lives in 2018 compared with 9.6 million lives in 2017.

Number of Policies In Force

Type	2017	2018	Difference	Growth
Traditional	7,665,075	7,302,844	(362,231)	-4.7
Investment-Linked	4,884,068	5,229,634	345,566	7.1
Annuity	96,537	95,334	(1,203)	-1.3
Group	25,359 (9.6 million lives)	26,098 (10.1 million lives)	739	2.9
Total	12,671,039	12,653,910	(17,129)	-0.1



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New business total premium grew by 1.8% in 2018 amounting to RM10.3 billion as compared to 10.1 billion in 2017.

New Business – Total Premiums

Total Premiums RM Million	January to December		
	2017	2018	Growth
Individual			
- Traditional	2,227	2,305	3.5
- Investment-Linked	4,652	4,451	-4.3
Group	3,240	3,545	9.4
Total	10,119	10,301	1.8

Claims payout

The total claims paid out increased from RM10.1 billion in 2017 to RM10.8 billion in 2018, recording an increase of 6.5%. The increase in claims payments was mainly due to higher medical claims which rose by 11.7%.

Benefit	2017	2018	Difference	Growth
- Death	1,336,279,422	1,422,474,881	86,195,459	6.5
- Disability	116,338,752	121,945,710	5,606,958	4.8
- Medical	3,660,715,515	4,088,416,357	427,700,842	11.7
- Bonuses	3,635,523,002	3,675,023,537	39,500,535	1.1
- Others	1,419,470,204	1,523,663,948	104,193,744	7.3
Total	10,168,326,895	10,831,524,433	663,197,538	6.5

Outlook

According to the President of Life Insurance Association of Malaysia (LIAM), Anusha Thavarajah, the outlook and prospects of the life insurance industry remain positive as the percentage of population with life insurance or takaful plans is still low at 54%. Taking into account policyholders with more than one life or takaful policies/certificates, only 34 out of 100 people are insured.



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The low penetration rate means there are more opportunities for the industry to grow and tap the potential market particularly in the underserved areas in the country as well as the urban and rural areas.

The industry is also very encouraged with the decision of the Government to provide a dedicated tax relief of RM3,000 for life insurance premiums (previously a combined tax relief of RM6,000 for EPF and life insurance/takaful). The incentive would certainly help to fulfil the needs of the rakyat in line with the industry's aspiration to promote a fully inclusive society.

Basic term products have been made available through direct distribution channels i.e. online platform or walk-ins to branches since July 2017. The introduction of an easy and hassle-free distribution channel is to make life insurance purchase simple and quick and hence increasing the reach and penetration among the new generation of consumers.

Critical Illness Insurance and Medical Insurance products will be available via direct distribution channels in March 2019.

The life insurance industry has made significant progress in the migration to electronic payments (E-payment). As at end-December 2018, payments made by insurers via E-payment constituted 91% of the total volume of transactions and 87% of premiums received by insurers were through E-payment. LIAM will continue to work very closely with its member companies and BNM and continue to highlight the benefits of E-payment to their customers to further accelerate the industry's digital migration.

As the industry evolves, we will continue to venture into new platforms, using new technologies to create innovative products, streamline processes, enhance efficiency and lowering costs to stay competitive and connected with consumers.



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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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