



Persatuan Insurans Hayat Malaysia
Life Insurance Association Of Malaysia

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Life Insurance industry records healthy growth in 2015, 6.2% higher in insurance coverage for Malaysians

Records RM9.2 billion in claims payouts in 2015, RM1.24 trillion in policies sum assured

Kuala Lumpur, Monday, 22 February 2016 - The life insurance industry recorded a healthy growth in 2015 with higher insurance protection for Malaysians, providing insurance coverage amounting to RM1.24 trillion in sum assured for all policies combined in 2015. The amount is 6.2% higher than the corresponding figure of RM1.17 trillion in 2014.

Sum Assured

Type	2014	2015	Difference	Growth
Traditional	355,146,447,488	345,955,466,648	(9,190,980,840)	-2.6%
Investment-Linked	330,825,320,318	376,173,903,116	45,348,582,798	13.7%
Group	479,040,152,856	515,492,186,004	36,452,033,148	7.6%
TOTAL	1,165,011,920,662	1,237,621,555,768	72,609,635,106	6.2%

According to the President of Life Insurance Association of Malaysia (LIAM), Mr Toi See Jong, the healthy performance of the life insurance industry reflects the continued increase in awareness among Malaysians on the importance of insurance protection.

As a whole, the life insurance industry provided insurance protection to 12.5 million lives (lives with multiple policies are counted as separate lives) in 2015, an increase of 129,015 when compared with year 2014. The per capita sum assured also increased from RM38,075 in 2014 to RM39,929 in 2015.

Number of Policies

Type	2014	2015	Difference	Growth
Traditional	8,443,494	8,217,633	(225,861)	-2.7%
Investment-Linked	3,862,323	4,215,701	353,378	9.1%
Annuity	93,671	95,169	1,498	1.6%
TOTAL	12,399,488	12,528,503	129,015	1.0%

The increase in the number of lives covered by life insurance and higher sum assured protection shows there is an increase in awareness among Malaysians on the importance of life insurance protection. However, the per capita sum



Persatuan Insurans Hayat Malaysia Life Insurance Association Of Malaysia

assured of RM39,929 is still way below the amount needed to support one family member in the event of the death or disability of the breadwinner. Based on the 2012 Underinsurance Study in Malaysia undertaken by University Kebangsaan Malaysia and LIAM in 2013, the average mortality gap for each member of a family is about RM100,000 to RM150,000.

“Recognising this, the industry together with LIAM, will continue to step up its efforts and intensify the various consumer awareness campaigns and promotional activities to further increase the awareness level among all Malaysians and reduce the insurance protection gap,” Toi added.

Sum Assured per Capita

	2014	2015
Total Sum Assured	1,165,011,920,662	1,237,621,555,768
Population	30,598,000	30,995,700
Sum Assured per Capita	38,075	39,929

Based on preliminary figures, the life insurance industry in Malaysia grew by 4.3% in 2015, as measured by new business APE (Annual Premium Equivalent = 10% Single Premium + 100% Annualised Premium). The new business total APE in 2015 was RM4.91 billion, as compared with RM4.71 billion in 2014.

Group insurance business achieved a strong growth rate of 15.8% in 2015. In terms of individual business, traditional policies regained its popularity, outpacing investment-linked business by growing at 5.2% as compared with a growth rate of 2.3% achieved by the latter.

New Business – Annual Premium Equivalent

Annual Premium Equivalent RM million	January to December		
	2014	2015	Growth
Individual			
- Traditional	1,815	1,909	5.2%
- Investment-linked	2,580	2,640	2.3%
Group	316	366	15.8%
Individual + Group	4,710	4,914	4.3%

On new business total premium basis, the industry grew 1.8% in 2015 with total premium volume recording RM9.12 billion.

New Business – Total Premiums



Persatuan Insurans Hayat Malaysia
Life Insurance Association Of Malaysia

Total Premium RM million	January to December		
	2014	2015	Growth
Individual			
- Traditional	2,247	2,331	3.7%
- Investment-linked	3,852	3,512	-8.8%
Group	2,852	3,272	14.8%
TOTAL	8,951	9,115	1.8%

The total premium for in-force policies grew moderately at 6.6% in 2015 for individual and group policies combined.

In-Force Policies

RM million	2014	2015	Growth
Individual - Traditional			
- Annualised Premiums	15,794	16,101	1.9%
- Single Premiums	744	758	1.9%
- TOTAL	16,538	16,859	1.9%
Individual - Investment-linked			
- Annualised Premiums	10,493	11,911	13.5%
- Single Premiums	364	347	-4.7%
- TOTAL	10,857	12,258	12.9%
Individual - Annuity			
- Annualised Premiums	69	79	14.5%
- Single Premiums	78	256	227.8%
- TOTAL	147	335	128.0%
Group			
- Annualised Premiums	82	82	0.0%
- Single Premiums (YRT)	66	57	-12.8%
- Single Premiums (Others)	2,306	2,390	3.7%
- TOTAL	2,453	2,529	3.1%
TOTAL (Individual + Group)	29,995	31,981	6.6%

The life insurance industry also registered an increase of 9.0% in claims payouts amounting to RM9.2 billion as compared with RM8.4 billion in 2014.

Claims Payout

Benefit	2014	2015	Difference	Growth
Death	1,048,707,941	1,142,175,201	93,467,260	8.9%
Disability	140,832,582	126,167,416	(14,665,166)	-10.4%
Medical	2,736,482,357	3,153,823,419	417,341,062	15.3%
Bonuses	3,441,593,472	3,609,357,545	167,764,073	4.9%
Others	1,056,524,751	1,154,778,363	98,253,612	9.3%
TOTAL	8,424,141,103	9,186,301,944	762,160,841	9.0%



Persatuan Insurans Hayat Malaysia Life Insurance Association Of Malaysia

The growth in claims payouts was contributed mainly by higher medical claims. The industry as a whole registered slightly lower disability claims payouts in 2015 while death claims increased moderately at 8.9% in line with the increase in in-force sum assured.

Outlook

Moving forward, despite a challenging external environment, we remain optimistic that the life insurance industry is resilient to economic pressure as there is still a big gap in life insurance coverage in Malaysia. The strong focus by Bank Negara Malaysia and the industry to increase the insurance penetration rate as well as the Life Insurance and Family Takaful Framework (LIFE Framework), which came into force on 23 November 2015 will drive growth and change the landscape of the insurance industry in the near future.

“We believe that the various initiatives within the 3 pillars in LIFE Framework will have significant impact on the life insurance industry. The encouragement of alternative distribution channels will have a huge impact in expanding the reach and penetration of insurance in Malaysia. The opportunities in the digital and direct channels, will not only improve transparency and enable easier product comparisons, but also increase the reach and penetration of insurance among the new generation of consumers who are more educated and IT savvy,” he added.

“The introduction of the Balanced Score Card is expected to improve the productivity and professionalism of insurance agents, and in turn will also further enhanced the brand image and the attractiveness of the insurance industry, which augurs well for the industry to meet the Government's vision of achieving 75% penetration rate by 2020 and reduce the protection gap among Malaysians.”

On the outlook for 2016, given the uncertainties faced by the global and local economies, counter-balanced by the low insurance penetration rate in Malaysia, it is expected that industry will achieve a moderate single digit growth.



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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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