



Persatuan Insurans Hayat Malaysia
Life Insurance Association Of Malaysia

FOR IMMEDIATE RELEASE

Life Insurance Industry continues to play an important role in providing insurance protection for Malaysians

The industry is on the right track towards its transformation agenda, supported by key initiatives under the LIFE Framework.

Kuala Lumpur, Wednesday, 14 February 2018 - The life insurance industry continues with an upward trend in 2017 with higher insurance protection for Malaysians, providing insurance coverage amounting to RM1.38 trillion in sum assured for all policies combined in 2017. This amount is 6.0% higher than the corresponding figure of RM1.3 trillion in 2016.

Sum Assured

Type	2016	2017	Difference	Growth
Traditional	341,442,701,192	336,091,900,260	(5,350,800,932)	-1.6%
Investment -Linked	440,278,367,250	527,320,693,482	87,042,326,232	19.8%
Group	518,115,555,078	514,483,339,847	(3,632,215,231)	0.7%
TOTAL	1,299,836,623,520	1,377,895,933,589	78,059,310,069	6.0%

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 12.6 million lives (counting lives with multiple policies as separate lives) in 2017, a marginal increase of 11,978 lives compared with year 2016.

Number of Policies

Type	2016	2017	Difference	Growth
Traditional	8,003,614	7,665,075	(338,539)	-4.2%
Investment -Linked	4,533,941	4,884,068	350,127	7.7%
Annuity	96,147	96,537	390	0.4%
TOTAL	12,633,702	12,645,680	11,978	0.1%

The per capita sum assured also increased from RM41,055 in 2016 to RM42,992 in 2017.

However, the per capita sum assured of RM42,992 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 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.

Sum Assured per Capita

	2016	2017
Total Sum Assured	1,299,836,623,520	1,377,895,933,589
Population	31,660,700	32,049,700
Sum Assured per Capita	41,055	42,992

On new business total premium, the industry grew 3.8% in 2017 with total premium volume recording RM10,119 billion.

New Business - Total Premiums

Total Premium RM million	January to December		
	2016	2017	Growth
Individual			
- Traditional	3,026	2,227	-26.4%
- Investment -linked	3,661	4,652	27.1%
Group	3,059	3,240	5.9%
Total	9,746	10,119	3.8%

Based on New Business Annual Premium Equivalent (measured by 10% of Single Premium and 100% Annualised Premium), the life insurance industry grew by 1.9% to RM5.82 billion (2016 : 16.2%).

In terms of individual business, investment-linked business performed much favourably compared to traditional policies. Investment-linked business recorded an increase of 19.4% in 2017 (2016 : 16.4%) while traditional business recorded a negative growth of -22.0% (2016: 20.0%). Group policies maintained a stable growth of 4.9% (2016: 4.8%).

New Business - Annual Premium Equivalent

Annual Premium Equivalent RM million	January to December		
	2016	2017	Growth
Individual			
- Traditional	2,290	1,786	-22.0%
- Investment -linked	3,074	3,670	19.4%
Group	348	365	4.9%
Individual + Group	5,712	5,821	1.9%

Total in-force premiums in 2017 recorded a slight increase of 3.3% to RM36.6 billion.

In-Force Premiums

RM million	January to December		
	2016	2017	Growth
- Traditional	18,049	16,775	-7.1%
- Investment -linked	13,959	16,406	17.5%
- Annuity Group	501	510	1.8%
Group	2,927	2,929	0.1%
Total	35,436	36,620	3.3%

The life insurance industry also registered an increase of 5.3% in claims amounting to RM10.1 billion as compared to RM9.7 billion in 2016. The growth in claims payments was contributed mainly by higher death and disability claims.

The increase in healthcare costs is a major concern in the industry as companies try to keep the healthcare premium affordable for all. Among the efforts undertaken by the industry to manage the rising medical costs include working closely with various stakeholders to ensure that the healthcare premiums continue to be maintained at an affordable level, proposing to request that private hospitals on insurers' panel to publish their charges on common surgeries and treatments, standardise their billing format to enhance the efficiency of keeping tabs on claims amounts and work with healthcare providers to ensure that medical treatments are charged at fair prices and treatments recommended are clinically indicated.

Claims Payment

Benefit	2016	2017	Difference	Growth
Death	1,222,411,558	1,336,279,422	113,867,864	9.3%
Disability	85,868,248	116,338,752	30,470,504	35.5%
Medical	3,408,176,898	3,660,715,515	252,538,617	7.4%

Bonuses	3,577,266,832	3,635,523,002	58,256,170	1.6%
Others	1,364,276,198	1,419,470,204	55,194,006	4.0%
TOTAL	9,657,999,734	10,168,326,895	510,327,161	5.3%

Outlook

According to the President of LIAM, Mr. Toi See Jong, the outlook and prospect of the life insurance sector remains 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, only 34 out of 100 people are insured.

In response to this challenge, Bank Negara Malaysia together with LIAM, the Malaysian Takaful Association and Persatuan Insurans Am Malaysia came up with a bold and noble initiative in November 2017 to launch an affordable insurance scheme “Perlindungan Tenang – *Mampu & Mudah*”.

Riding on 3 basic criteria of being Affordable, Accessible and Simple, Perlindungan Tenang is sold by six life insurance companies. Through the basic protection provided under Perlindungan Tenang initiative, Malaysians can now protect themselves and families (against key risks in life) with premiums/contribution from only a few ringgit per month.

In July 2017, significant developments have been made to offer life insurance via on-line /internet channels and direct walk-in. The introduction of easy, hassle-free distribution channels is to make life insurance purchase simple and quick.

The life insurance industry also introduced a more comprehensive Customer Service Charter (CSC) in December 2017. Aimed at underscoring the insurers’ commitment to deliver a consistent high standard of customer service, the revised Charter has introduced certain minimum industry standards with regard to turnaround times for specified services. With the new CSC in place, the industry is set to provide better customer experience and satisfaction, gaining their trusts and reducing the number of complaints.

Effective January 2018, the Balanced Scorecard (BSC) for agents was introduced. Under the BSC framework, a proportion of agents remuneration will be dependant on a number of factors such as persistency, professionalism, advice given to customers, good service etc. This will be a major transformation to the life insurance experience for policyholders.

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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