



Persatuan Insurans Hayat Malaysia
Life Insurance Association Of Malaysia

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Life insurance industry records a 3.2% and 7.2% decline in new business total premiums and new business sum assured respectively for 2020

Kuala Lumpur, Wednesday, 31 March 2021 – For the year ended 31 December 2020, the life insurance industry records a slight decline of 3.2% in new business total premiums from RM11.8 billion in 2019 to RM11.4 billion in 2020. The overall new business sum assured also declined by 7.2% from RM471.3 billion in 2019 to RM437.2 billion in 2020.

The decline in overall new business total premiums and new business sum assured was attributed to the slowdown in business environment due to the COVID-19 pandemic and the restrictions to the face-to-face selling during the movement control order and conditional movement control order imposed in the Klang Valley and other states in the country.

However, the total new premiums of Investment-linked policies increased marginally by 1.2% to RM5.01 billion in 2020 whereas traditional and Group insurance fell 10.3% and 3.5% respectively.

New Business – Total Premiums

Total Premium RM Million	January to December		
	2019	2020	Growth
Traditional	2,890	2,592	-10.3
Investment-Linked	4,953	5,013	1.2
Group	3,919	3,781	-3.5
Total	11,762	11,386	-3.2

Traditional policies new business sum assured rose by 7.2% to RM23 billion in 2020.

The new business sum assured of Investment-linked policies also fell 21% and Group policies recorded a slight dip of 2.2%.

New Business – Sum Assured

RM million	2019	2020	Growth
Traditional	21,432	22,978	7.2
Investment-Linked	136,264	107,711	-21.0
Group	313,558	306,558	-2.2
Total	471,254	437,247	-7.2

The number of new policies contracted by 7.1% from 1.3 million units in 2019 to 1.2 million units in 2020.

While traditional and Group new policies increased by 13.1% and 5.3% respectively, investment-linked new policies fell by 20.7%.

According to the President of LIAM, Loh Guat Lan, this trend shows that during these unprecedented times, consumers are generally more mindful about their spending and tailoring their purchases to smaller traditional policies (lower protection) due to the COVID-19 crisis which might have affected their financial situation.

“In addition, during an economic slowdown, there is a tendency to shift from savings component type of plans to basic plans with emphasis on protection.

Furthermore, activities of face-to-face life insurance selling were restricted during the pandemic. Investment-linked insurance which is greatly affected is an insurance plan which has more unique features and requires face-to-face interaction by agents to explain these features and ascertain its suitability before an investment-linked plan is recommended,” said Loh.

New Business – New Policies

Type	2019	2020	Growth
Traditional	516,259	583,657	13.1
Investment-Linked	780,456	618,884	-20.7
Group	18,519	19,505	5.3
Total	1,315,234	1,222,046	-7.1

As for the total business in force, the industry registered a moderate growth of 5.3% in total business in force from RM41.2 billion in 2019 to RM43.4 billion in 2020.

“Despite the challenging business environment and the slowdown in the economy due to COVID-19 pandemic, the life insurance industry achieved an encouraging growth in its Investment-Linked business, recorded in force premiums growth of 9.8% from RM21.0 billion in 2019 to RM23.1 billion in 2020.

The total in force premiums for traditional policies grew by 1% to RM16.3 billion while Group insurance registered a slight growth of 3.6% to RM3.5 billion.

In Force Premiums

RM Million	January to December		
	2019	2020	Growth
Traditional	16,130	16,289	1.0
Investment-Linked	21,012	23,064	9.8
Annuity	623	475	-23.7
Group	3,418	3,541	3.6
Total	41,183	43,369	5.3

Total sum assured in force grew by 4.3% from RM1.6 trillion in the previous year to RM1.7 trillion in 2020.

Investment-linked business also recorded an encouraging growth of 8.9% in total sum assured to RM765 billion in 2020 as compared to RM702 billion in the previous year. Traditional policies grew by 0.4% while Group policies increased by 1% as compared to the previous year,” Loh explained.

Sum Assured In Force

RM Million	2019	2020	Growth
Traditional	326,668	327,814	0.4
Investment-Linked	702,337	765,072	8.9
Annuity	414	390	-6.0
Group	586,658	592,488	1.0
Total	1,616,077	1,685,763	4.3

“The total number of policies in force recorded a marginal growth of 0.9% from 12.7 million in 2019 to RM12.8 million in 2020. Investment-linked business also recorded an encouraging growth of 4.4% in number of policies in force to reach 5.9 million in 2020. Meanwhile, Group policies increased marginally at 2.2% while traditional policies recorded a slight decline of 1.8% in 2020,” Loh added.

Number of Policies in Force

Unit	2019	2020	Growth
Traditional	7,008,062	6,879,454	-1.8
Investment-Linked	5,605,477	5,852,960	4.4
Annuity	92,398	88,762	-3.9
Group	26,521	27,102	2.2
Total	12,732,458	12,848,278	0.9

Meanwhile, LIAM CEO, Mark O'Dell highlighted that despite the unprecedented challenges brought about by the pandemic that have impacted all sectors of the economy, the industry has quickly adapted itself to the new norm.

Other than online channel, we continue to serve our customers via various distribution channels such as telco providers, banks, agents, direct walk-ins to branches and post offices.

"The pandemic has also resulted in companies becoming more explorative and innovative in enhancing their value propositions by developing plans that suit the needs of the customers. A number of insurers introduced new plans with low premiums via the direct channel platform. Online products are available on respective insurers' websites including medical insurance and critical illness protection plans.

In terms of persistency, we are pleased to note that the policyholders' persistency rate has increased despite the pandemic from 94.5% in 2019 to 95.6% in 2020. Indeed, policyholders discontinuing their insurance coverage in 2020 was the lowest in the last five years, despite the pandemic," added O'Dell.

"We are also delighted to share the recent findings from the Benchmark Customer Service Indicators 2020 Report for Life Insurance which was conducted with LIAM member companies. The findings were very encouraging as the report found that the average turnaround time for the handling of customer complaints had been reduced by 2 days or 10% in 2020 (17 days) as compared to 2019 (19 days). The average turnaround time for the settling of claims from their intimation date also improved from 15 days in 2019 to 12 days in 2020 and from the receiving of all required documents, from 5 days in 2019 to 4 days in 2020.

LIAM will continue to work closely with the various key stakeholders in the industry to outline various public education and awareness initiatives in our efforts to improve financial literacy and financial well-being of Malaysians," O'Dell explained.

On the outlook for 2021, the industry is very positive in its performance in the coming months with the opening of more economic activities and the recovery path for the people and Malaysian economy following the rolling out of the National Immunization Programme for the rakyat. Barring unforeseen circumstances, the industry expects a high single digit growth in 2021.

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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