

LIAM sees 15pc growth in life insurance sector

By Rupinder Singh

rupinder@nstp.com.my

THE Life Insurance Association of Malaysia (LIAM) is confident that the country's life insurance sector will grow by as much as 15 per cent this year, despite the lower economic growth projection.

Total life insurance premiums in Malaysia grew 11.9 per cent to RM8.4 billion last year from RM7.5 billion a year earlier due to investment-linked policies which recorded a 26.6 per cent growth.

LIAM said among the contributing factors would be the possible separation on tax reliefs of RM6,000 in the Employees Provident Fund contributions and insurance premiums (a net increase of RM2,000 in relief).

The tax relief would provide flexibility for one to select products made available by insurance providers, Liam president Adnan Md Zain said in a statement.

Despite the increasing number of people who are aware of the importance of life insurance, the sector con-

Among the areas that can boost sales are the employee insurance scheme, micro-insurance scheme and the proposed Private Pension Funds

stitutes 2.8 per cent of the country's gross domestic product. This is relatively low compared with other countries like Singapore (6.1 per cent) and Japan (7.5 per cent).

"The government intends to increase this figure to 4 per cent (75 per cent of population) by 2020 with the various initiatives based from the ETP (Economic Transformation Programme) announcement last year," he said.

"While it's a challenge, we see it as an opportunity to grow the business. And with the various initiatives lined up by the government for the year, we

are fairly optimistic that the industry will achieve a 12 per cent to 15 per cent growth," he added.

Among the other areas that could boost life insurance sales this year are the employee insurance scheme, the micro-insurance scheme which is expected to be launched this year, and the proposed Private Pension Funds (PPFs), which was announced by the Prime Minister recently.

All these initiatives could be among the main engines to achieve the abovementioned targets by 2020, especially in improving the low level of insurance penetration rate in the country.

Adnan said while there is an ever increasing awareness of the role of life insurance as a protection and financial tool, the work of raising life insurance literacy is far from done.

LIAM has embarked on various educational initiatives in its effort to educate the public on the importance and benefits of life insurance, in line with the aspiration of the government to ensure that all Malaysians have adequate protection.



Adnan says tax relief will provide flexibility in insurance product selection