

Life insurers record 14% jump in premiums collected from new policies last year

Lai Ying Yi / theedgemarkets.com
March 16, 2020 18:32 pm +08



KUALA LUMPUR (March 16): The local life insurance sector registered a 14.19% growth in new business premiums to RM11.8 billion in 2019, compared to RM10.3 billion registered in 2018. New business premium is the premium collected from new policies in a particular year.

The Life Insurance Association of Malaysia (LIAM), which represents 14 life insurance companies and two life reinsurance companies, said the increase was driven by strong growth in the traditional business segment, which grew 30.12%, as well as the investment-linked (up 11.05%) and group business (up 10.79%) segments.

"The healthy performance of the life insurance industry reflects the increase in awareness among consumers on the importance of life insurance protection," LIAM said in a statement.

New policies issued in 2019 recorded an increase of 6.22% to 1.32 million policies in 2019 from 1.24 million policies in 2018, while the sum assured for all new policies increased by 6.91% to RM483.4 billion in 2019 compared to RM452.1 billion in 2018.

This brings the total premiums in force to RM36.9 billion, up 7.39% from RM34.4 billion in 2018. "The growth was mainly contributed by investment-linked and employee benefit scheme under group business," LIAM noted. And the total sum assured in force rose to over RM1.63 trillion, up 7.83% from RM1.51 trillion in 2018.

In terms of total claims, RM11.9 billion was paid out in 2019, up 10.19% from RM10.8 billion in 2018. "Payment for medical and health insurance is the highest claims category at 41% of all claims paid. This amount has increased 20.82% in 2019, reflecting strong contribution by life insurers towards the medical treatment and healthcare needs of the nation," said LIAM chief executive officer Mark O'Dell.

LIAM president Loh Guat Lan said the average sum assured for individual policy category (excluding group insurance) reached RM130,000 per policyholder.

"However, this level of protection is still not adequate and there is a wide protection gap in terms of insurance coverage needed, based on a study conducted by Universiti Kebangsaan Malaysia and LIAM in 2013, it is estimated that a family of five would need at least RM550,000 protection," Loh noted.

In terms of outlook, LIAM expects the industry to achieve high single-digit growth in 2020, given the economic uncertainties that are partly due to the Covid-19 outbreak, as well as the low insurance penetration rate in Malaysia.