

Insurance industry players say tax incentive proposal timely

INSURANCE industry players are encouraged with the Government's proposal to remove 8% investment income tax on deferred annuity.

The Life Insurance Association of Malaysia (LIAM) said this move would act as a major boost in retirement planning for Malaysians.

"We thank the Government in providing this tax incentive as policyholders will now enjoy better returns on their retirement savings, in addition to the RM3,000 personal tax relief they can claim on their deferred annuity announced in last year's budget," said LIAM president Vincent Kwo.

"This tax relief will spur the development of retirement planning for the *rakyat*. As our country moves towards a high-income nation with an ageing society, there is a dire need for suitable tax-efficient retirement products to enable the *rakyat* to maintain a comfortable lifestyle in their golden years. Hence, the unique feature of deferred annuity will provide a regular income after retirement as well as death benefits," he added.

Manulife Insurance Bhd deputy chief executive officer George Chew said the proposal would mean policyholders would enjoy better returns on their retirement savings. "It would certainly encourage more Malaysians to kick start their retirement planning and build sufficient funds for their golden years," he said.

In Budget 2013, the Government had also proposed to introduce insurance schemes for hawkers, small business owners, farmers and fishermen, with total yearly allocation amounting to about RM298mil.

The Government proposed a group insurance coverage scheme of RM5,000 for hawkers and small business owners registered with the Companies Commission of Malaysia. The Government will allocate RM16mil a year under the scheme.

For fishermen, the Government introduced a scheme with a RM100,000 maximum coverage, and an allocation of RM230mil in 2013 as an incentive for fish landing as well as payment of living allowances for the fishermen.

Another group insurance coverage scheme of up to RM15,000 will be allocated for almost 242,000 armed forces and police personnel.

The Government will also provide insurance coverage of up to RM100,000 for all school children travelling by school buses with permits, in the event of accidents.

LIAM also applauds the Government's efforts in having life insurance for the armed forces personnel, students as well as farmers, as they form a key part of society.