

 Spend RM40. WIN RM350,000 CASH and RM150,000 worth of ePoints!  
10 Weekly Winners (14 weeks) 100,000 ePoints each  

 > Business

## Life insurance industry's new premiums up 14.9% last year

SUNBIZ / 16 MAR 2020 / 15:46 H.

**PETALING JAYA: ETALING JAYA:** The life insurance industry reported a 14.9% growth in new business total premiums to RM11.8 billion last year, from RM10.3 billion in 2018, according to the Life Insurance Association of Malaysia (LIAM).

In a statement, it said in 2019, traditional business, investment-linked and group business recorded strong growth of 30.12%, 11.05% and 10.79% respectively. However, total premiums for annuity slumped 78.82%.

The association said the industry's healthy performance reflects the increase in awareness among consumers on the importance of life insurance protection.

"New policies issued in 2019 recorded an increase of 6.22% from 1.23 million policies in 2018 to 1.32 million policies in 2019. Investment-linked policies continued to be a popular product in 2019."

Meanwhile, new business sum assured rose 6.91% to RM483.4 billion in 2019 compared to RM452.1 billion reported in 2018.

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

However, he said this level of protection is not adequate as 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 to meet their living expenses over the next five years, in the event of a loss of the breadwinner."

LIAM said the total in force premiums rose to 7.39% to reach RM36.9 billion from RM34.4 billion in 2018, contributed by investment-linked and employee benefit schemes under group business.

The total sum assured in force increased 7.83% to exceed RM1.63 trillion, as compared to RM1.51 trillion in 2018.

The total number of policies registered for the whole industry rose marginally to 12.74 million in 2019 from 12.67 million in 2018.

Meanwhile, total claims payout for the year increased 10.19% to RM11.9 billion as compared with RM10.8 billion in 2018.

LIAM CEO Mark O'Dell said payment for medical and health insurance were the highest claims category at 41% of all claims paid. In 2019, this amounted to a total of RM4.94 billion, a 20.82% increase from RM4.09 billion in 2018.

With regards to the industry outlook, LIAM expects to achieve a high single-digit growth, despite the uncertainties faced by global and local economies from the Covid-19 pandemic, as this is expected to be mitigated by the strong resilience of the industry and the low insurance penetration rate in Malaysia.