



## Persatuan Insurans Hayat Malaysia Life Insurance Association Of Malaysia

### FOR IMMEDIATE RELEASE

**Life Insurance Industry continues to register healthy growth in 2016, records RM1.30 trillion in sum assured**

*Industry is on the right track following significant progress in the implementation of key initiatives under the LIFE Framework*

**Kuala Lumpur, Wednesday, 22 February 2017** - The life insurance industry continued to record a healthy growth in 2016 with higher insurance protection for Malaysians, providing insurance coverage amounting to RM1.30 trillion in sum assured for all policies combined in 2016. The amount is 5.0% higher than the corresponding figure of RM1.24 trillion in 2015.

#### Sum Assured

Type	2015	2016	Difference	Growth
Traditional	345,955,466,648	341,442,701,192	(4,512,765,456)	-1.3%
Investment-Linked	376,173,903,116	440,278,367,250	64,104,464,134	17.0%
Group	515,492,186,004	518,115,555,078	2,623,369,074	0.5%
<b>TOTAL</b>	<b>1,237,621,555,768</b>	<b>1,299,836,623,520</b>	<b>62,215,067,752</b>	<b>5.0%</b>

The healthy performance of the life insurance industry reflects the continued increase in awareness among Malaysians on the importance of insurance protection.

As a whole, the life insurance industry provided insurance protection to 12.6 million lives (counting lives with multiple policies as separate lives) in 2016, an increase of 105,199 when compared with year 2015. The per capita sum assured also increased from RM39,685 in 2015 to RM41,055 in 2016.

#### Number of Policies

Type	2015	2016	Difference	Growth
Traditional	8,217,633	8,003,614	(214,019)	-2.6%
Investment-Linked	4,215,701	4,533,941	318,240	7.5%
Annuity	95,169	96,147	978	1.0%
<b>TOTAL</b>	<b>12,528,503</b>	<b>12,633,702</b>	<b>105,199</b>	<b>0.8%</b>

However, the per capita sum assured of RM41,055 is still way below the amount needed to support one family member in the event of the death or disability of the breadwinner. Based on 2012 Underinsurance Study in Malaysia undertaken by University Kebangsaan Malaysia and LIAM in 2013, the average mortality gap for each member of a family is about RM100,000 to RM150,000.

Recognising this, insurers will continue to focus on introducing more products to meet the various insurance needs of the population.

## Sum Assured per Capita

	2015	2016
Total Sum Assured	1,237,621,555,768	1,299,836,623,520
Population	31,186,100	31,660,700
<b>Sum Assured per Capita</b>	<b>39,685</b>	<b>41,055</b>

Based on preliminary figures, the life insurance industry in Malaysia grew by 16.2% in 2016, as measured by new business APE (Annual Premium Equivalent = 10% Single Premium + 100% Annualised Premium). The new business total APE in 2016 was RM5.71 billion, as compared with RM4.91 billion in 2015. This growth is partly due to the sale of products with shorter premium term.

In terms of individual business, traditional policies outpaced investment-linked business by growing at 20.0% as compared with a growth rate of 16.4% achieved by the latter. Meanwhile, group insurance business declined moderately by 4.8% in 2016.

## New Business – Annual Premium Equivalent

Annual Premium Equivalent RM million	January to December		
	2015	2016	Growth
<b>Individual</b>			
- Traditional	1,909	2,290	20.0%
- Investment-linked	2,640	3,074	16.4%
Group	366	348	-4.8%
<b>Individual + Group</b>	<b>4,914</b>	<b>5,713</b>	<b>16.2%</b>

On new business total premium basis, the industry grew 6.9% in 2016 with total premium volume recording RM9.75 billion.

## New Business – Total Premiums

Total Premium RM million	January to December		
	2015	2016	Growth
<b>Individual</b>			
- Traditional	2,331	3,026	29.8%
- Investment-linked	3,512	3,661	4.3%
Group	3,272	3,059	-6.5%
<b>TOTAL</b>	<b>9,115</b>	<b>9,746</b>	<b>6.9%</b>

The total premium for in-force policies grew 10.8% in 2016 for individual and group policies combined.

## In-Force Premiums

RM Million	2015	2016	Growth (%)
-Traditional	16,859	18,049	7.1%
-Investment			
Linked	12,258	13,959	13.9%
-Annuity	335	501	49.9%
Group	2,529	2,927	15.7%
<b>Total</b>	<b>31,981</b>	<b>35,436</b>	<b>10.8%</b>

The life insurance industry also registered an increase of 5.1% in claims payouts amounting to RM9.7 billion as compared with RM9.2 billion in 2015.

### **Claims Payout**

Benefit	2015	2016	Difference	Growth
Death	1,142,175,201	1,222,411,558	80,236,357	7.0%
Disability	126,167,416	85,868,248	(40,299,168)	-31.9%
Medical	3,153,823,419	3,408,176,898	254,353,479	8.1%
Bonuses	3,609,357,545	3,577,266,832	(32,090,713)	-0.9%
Others	1,154,778,363	1,364,276,198	209,497,835	18.1%
<b>TOTAL</b>	<b>9,186,301,944</b>	<b>9,657,999,734</b>	<b>471,697,790</b>	<b>5.1%</b>

The growth in claims payouts was contributed mainly by higher medical claims. The industry registered lower disability claims payouts in 2016 while death claims increased moderately at 7.0% in line with the increase in in-force sum assured.

The increase in healthcare costs is a major concern in the industry as companies try to keep the healthcare premium affordable for all. Among the efforts undertaken by the industry to manage the rising medical costs include working closely with various stakeholders to ensure that the healthcare premiums continue to be maintained at an affordable level, proposing to request that private hospitals on insurers' panel to publish their charges on common surgeries and treatments, standardise their billing format to enhance the efficiency of keeping tabs on claims amounts and work with healthcare providers to ensure that medical treatments are charged at fair prices and treatments recommended are clinically indicated.

### **Outlook**

According to the President of LIAM, Mr. Toi See Jong, the healthy performance of the life insurance industry augurs well with the current developments and progress of the various key initiatives outlined under the Life Insurance and Family Takaful Framework.

Among the significant developments that are taking place in the insurance industry include:

- Introduction of Balance Score Card (BSC) for agents and bank staff to improve productivity and professionalism;
- Introduction of Public Enquiry facility via online and SMS to facilitate customers to ascertain whether individuals they are dealing with to purchase life insurance products are registered with LIAM as an authorised agent;
- A Service Guide highlighting on the value-added services that policyholders can enjoy for insurance purchase through agents;
- Development of Online customer portal by companies for easy access to real time information on policy details, forms and documents, updated date and encourage customers to use e-payment options for their transactions;
- Diversified distribution channels via introduction of online products and / or direct marketing channels (internet or over-the-counter options ) to provide more access for people to purchase life insurance;
- Development of an integrated financial website to guide consumers in choosing suitable life insurance products available in the market.

As a key component of the financial services industry, the life insurance industry will continue to work closely with industry regulator and key stakeholders as part of our efforts to bring ourselves closer to the rakyat through various platforms.

With key initiatives outlined under the LIFE Framework, the industry will continue to embark on various educational and promotional programmes to further increase the awareness level among the rakyat and reduce the insurance protection gap.

On the outlook for 2017, given the uncertainties faced by the global and local economies, counter-balanced by the strong resilience of life insurance industry and the low insurance penetration rate in Malaysia, it is expected that the industry will achieve a high single digit growth.

### **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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