

International Information Exchange

Malaysia

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MALAYSIA FACT SHEET: Country Overview



Criteria	Data/Stats		Source/Year
National Land	330,290 km ²		Malaysia Demographic Profile (2014)
Climate/Weather	Malaysia	Average Yearly Temp.: 25 °C Annual Rainfall: 2,500 mm	World Weather & Climate Information: Malaysia (2015)
Population	30,073.353 (Thousand)		Malaysia Demographic Profile (2014)
Young Population (0-14)	8,662.760 (Thousand, 28.8%)		
Productive Population (15-64)	19,770.678 (Thousand, 65.7%)		
Elderly Population (Over 65)	1,639.915 (Thousand, 5.5%)		
# of Households and Ave.ppl/h.h	6,350 (Thousand) / 4.2 ppl		Department of Statistics Malaysia (2010)
Average Life Expectancy	Male: 72.5 / Female: 77.2		Department of Statistics Malaysia (2014)
Total Fertility Rate (*)	2.64		Index Mundi (2012)
GDP (Nominal GDP)	312.5 (USD Billion) (2013)		The World Bank (April 2015)
GDP per Capita	10.5 (USD Thousand) (2013)		The World Bank (April 2015)
Social Security Program	Social Security Organisation (SOCSSO) – Disability Benefits, Employee Provident Fund (EPF) – Retirement Benefits		
Remarks	<ul style="list-style-type: none"> Missing Malaysia Airlines Flight MH370 on 8 March 2014 and MH17 Tragedy that killed all 298 on board in Eastern Ukraine have triggered consumer to consider buying Life Insurance for protection. In the last 6 months, Malaysian Ringgit has lost more than 20% of its value against US Dollar, post significant concerns to Malaysian. This caused imported goods becoming more expensive, thus lesser spare money to buy Insurance. Implementation of GST effective 1 April 2015 further aggravate the rising cost of living in Malaysia. Implementation of PDPA and Competition Act post great challenges to insurers operations. 		

(*) TFR: The average number of children that would be born to a woman over her reproductive life (15~49).

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2014 LIFE INSURANCE INDUSTRY FAST FACTS



Type	New Business		Policy In-Force		Average Policy per Person ²	
	# of Policies (in '000s)	Sum Assured (in US\$ 'mil ¹)	# of Policies (in '000s)	Sum Assured (in US\$ 'mil ¹)	# of Policies	Sum Assured (in US\$)
Individual	1,344	24,057	12,307	187,134	0.4100	6,184
Indiv. Annuity	8	20	122	88	0.0040	3
Group	17	73,713	27	134,784	0.0009	4,454

Criteria	FY2012	FY2013	FY2014
# of Life Insurers	15	14	14
Net Premium Income (in US\$ 'mil)	6,888	7,286	7,936
Payment of Insurance Claim (in US\$ 'mil)	3,955	4,512	4,962
Total Assets (in US\$ 'mil)	46,236	49,361	52,570
Main Products	Whole Life, Term, Endowment, Medical, Investment-Linked		

Distribution Channel	Scale	Participation rate ³
Agents	85,354 persons	74%
Bancassurance	15 banks with 2370 branches (as of 2014)	23%
Group (Brokers/ Work-site marketing)	14 life insurers	3%

¹Calculated based on the exchange rate of USD1 = MYR3.6190 (as of 22nd April, 2015).

²Calculated using Malaysia's population of 30.26 mil in 2014.

³Contribution to total business

*Sources: Bank Negara Malaysia (BNM) & Life Insurance Association of Malaysia (LIAM)

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Challenges of Malaysia's Life Insurance Industry



❑ Financial Services Act (FSA) & Islamic Financial Services Act (IFSA)

The FSA and IFSA 2013 came into effect on 30th June 2013 have significantly impacted the Malaysian financial sector. The new laws, states that insurer must obtain all relevant pre-contractual disclosures before acceptance of the risk and cannot use the incontestability clause to denied any claims.

❑ Implementation of Personal Data Protection Act (PDPA), Competition Act (CA) and Goods & Services Tax (GST)

The PDPA and CA which came into effect recently are posting a lot of challenges to insurers as [businesses cannot simply obtain customer data for cross selling of various financial products](#). The Implementation of GST since 1 April 2015 further aggravate the shrinking of household income, thus posting more challenges to the industry.

❑ Low Disposable Income in Sub-Urban and Rural Areas

The disposable income for the sub-urban and rural areas are still far below level of comfort to afford better insurance coverage. The rising cost of living and cost of doing business in Malaysia is alarming as a ripple effects of the [GST implementation](#).

❑ Islamic Financial Hub & Takaful Industry In Malaysia

Globally, the takaful industry is expected to grow by 15-20% annually, with contributions expected to reach USD7.4 billion by 2015. Currently, there are 9 takaful operators in Malaysia with the penetration rate at low 13% (MTA, 2013). The push of takaful products is posting [challenges to conventional insurers as it may cannibalise the market share](#).

❑ Insurance Penetration Rate at 55% & Talent Shortages in the Insurance Industry

The government's aspiration of insuring 75% of Malaysians by 2020 is a lofty target, as there are acute shortage of talents in the industry. This would mean more investment is needed to develop the talent and expand the distribution channels to reach out to other 45% in the urban, sub-urban and rural areas. [Note : Penetration rate in Japan \(90.5%\), Taiwan \(223%\), Singapore \(237%\)](#)

❑ Professionalism of Insurance Agent and public perception on the concept of Insurance

[Insurance products is still "SOLD" and not "BOUGHT" in Malaysia](#). Currently, less than 40% of the 85,000 (2014) insurance agents in Malaysia, are professional (full-time). This trends have been going on for the last 2-3 decades. Although the insurers are recruiting more professionals with over 50% of the new agents with tertiary education, the shift of mind set is still slow.

❑ Malaysia's Economic Fundamentals

With signs of softening of global economy and weakening of the fundamentals of Malaysia's economic Malaysian generally are withholding their bulk/major purchases and investment. As a result, insurance market are expected to slow down. [In 2014, the industry only grew below 6% compared 8% in 2013. In 2015, the growth is expected to be even lower then that of 2014.](#)