



The Malaysian Insurance Institute

# Life Insurance in Malaysia

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The Malaysian Insurance Institute



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# Life Insurance in Malaysia



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## Malaysian Life Insurance Companies



## THE LIFE INSURANCE MARKET

41

**TABLE 3.1**  
**Federation of Malaya: Number of Insurance Companies by**  
**Type of Business and Country of Incorporation, 1958**

<i>Country of Incorporation</i>	<i>Number of Companies Engaged in Life Insurance</i>	<i>Number of Companies Engaged in General Insurance</i>
Federation of Malaya	4	4
Singapore	4	7
United Kingdom	4	50
Hong Kong	3	10
China	3	3
India	1	10
Others	5	27
Total	24	109

Source: S. W. Cuffin, *Report upon Insurance Legislation for the Federation of Malaya*, Canberra: Commonwealth Government Printer, 1960, p. 1.





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# Malaysian Insurers - 1975

- First Life Insurance co. (Pte.) Ltd.
- Wing On Life Assurance Co. Ltd.
- American Insurance Co. Ltd.
- Fireman's Insurance Company of Newark, New Jersey
- First General Insurance Company of Malaysia Sdn. Bhd.
- General Accident Fire and Life Assurance Corporation Ltd.
- Insurance Company of North America
- Industrial and Commercial Insurance Co. Ltd.
- K.S.M. Insuran Berhad
- L'Union Des Assurances De Paris "L'Union I.A.R.D."
- Law Union and Rock Insurance Co. Ltd.
- London and Pacific Insurance Co. Sdn. Bhd.
- Malayan Motor and General Underwriters (Private) Ltd.
- New Hampshire Insurance Company
- Royal Insurance Co. Ltd.
- British-American Insurance Co. Ltd.
- Public Life Assurance Co. Ltd.
- London and Overseas Insurance Co. Ltd.



- The London Assurance
- New Zealand Insurance Co. Ltd.
- People's Insurance Company of Malaya Ltd.
- Provincial Insurance Co. Ltd.
- South British Insurance Co. Ltd.
- Sovereign General Insurance Sdn. Bhd.
- Straits & Island Insurance Sdn. Bhd.
- Taisho Marine and Fire Insurance Co. Ltd.
- Tokio Marine and Fire Insurance Co. Ltd.
- Tugu Insurance Co. Sdn. Bhd.
- United General Insurance Co. Sdn. Bhd.
- United India Fire and General Insurance Co. Ltd.
- Union Insurance Society of Canton, Ltd.
- Victoria Insurance Co. Ltd.
- Wing On Fire and Marine Insurance Co. Ltd.
- Lloyd's
- Capital Insurance Berhad
- China Underwriters Life and General Insurance Co. Ltd.
- Malaysian Co-operative Insurance Society Ltd.
- Overseas Assurance Corporation, Ltd.
- Safety Life and General Insurance Sdn. Bhd.
- Talasco Insurance Sdn. Bhd.



# Malaysian Insurers - 2012



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## 9 LIFE RE/INSURANCE COMPANIES


## 8 COMPOSITE RE/INSURANCE COMPANIES






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## Regulations and Legislations



# Regulatory Milestones



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★ Independence 1957

- Trading firms and agency houses acted as agents for insurance companies from the UK in the Federation of Malaya
- Started in 3 major ports along the straits of Malacca, i.e; [Penang, Malacca and Singapore](#)

**18<sup>th</sup> –19<sup>th</sup> centuries**

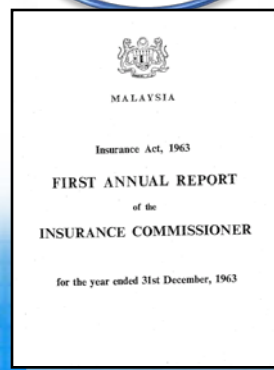
**1952**

- Workmen's Compensation Act 1952 was in acted.
- Growth of many life insurance companies. Some of these companies operated on an unsound basis with improper underwriting guidelines.



- Insurance Act 1963 was enacted.
- Governed by the Ministry of Finance, supervised by the Director – General of Insurance

**1963**

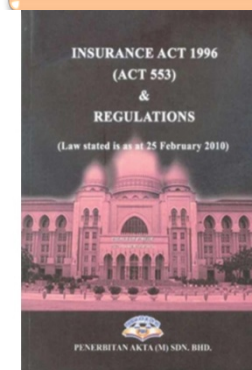


**1988**

- The insurance industry was brought under the supervision of the Central Bank of Malaysia (BNM).

- Insurance Act 1996 replaced Insurance Act 1963.
- The close supervision of solvency and market conduct and the strengthening of regulatory framework.

**1996**





# Regulatory and Legislative Changes



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## Before

### Solvency Regime

- 'One size fits all' approach
- Simple calculation
- Does not:
  - correspond adequately to different risk profiles of individual insurers
  - directly address various significant risk inherent to the insurance business, the market and operational risks.
- Measured using Solvency Margin Ratio (SMR)

## Now

### Risk-Based Capital (RBC) Framework

- 'Tailored' capital adequacy and solvency framework
  - to encourage better risk management and prudent behaviour among insurers
- Amount of capital and solvency level required to be maintained by an insurer is determined based on:
  - Insurers' risk profile; and
  - Board, management, internal risk control measures and risk monitoring processes



# Regulatory Impact to the Life Insurance



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## Malaysia Life Insurance Indicators





Total Premium RM billion	January to December		
	2010	2011	Growth
Individual			
- Traditional	3.44	2.81	-18.5%
- Investment-linked	2.62	2.68	2.1%
Group	2.36	2.43	3.3%
<b>TOTAL</b>	<b>8.42</b>	<b>7.92</b>	<b>-6.0%</b>

*In-Force Policies*

RM million	2010	2011	Growth
Individual – Traditional			
- Annualised Premiums	12,889	13,981	8.5%
- Single Premiums	679	758	11.6%
<b>TOTAL</b>	<b>13,569</b>	<b>14,739</b>	<b>8.6%</b>
Individual – Investment-linked			
- Annualised Premiums	6,177	6,948	12.5%
- Single Premiums	547	382	-30.2%
<b>TOTAL</b>	<b>6,724</b>	<b>7,330</b>	<b>9.0%</b>
Group			
- Annualised Premiums	73	74	1.4%
- Single Premiums (YRT)	51	48	-4.6%
- Single Premiums (Others)	605	798	31.9%
<b>TOTAL</b>	<b>729</b>	<b>921</b>	<b>26.3%</b>
<b>TOTAL (Individual + Group)</b>	<b>21,021</b>	<b>22,989</b>	<b>9.4%</b>

Annualised Premium RM million	January to December			Mix (January to December)	
	2010	2011	Growth	2010	2011
Individual					
- Traditional	2,069	2,226	7.6%	55.6%	54.9%
- Investment-linked	1,654	1,828	10.5%	44.4%	45.1%
<b>TOTAL</b>	<b>3,724</b>	<b>4,054</b>	<b>8.9%</b>	<b>100.0%</b>	<b>100.0%</b>





# Population Insured (1998 – 2011)



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Year	% Population Insured
1998	28.46
1999	30.83
2000	30.79
2001	32.88
2002	34.72
2003	36.92
2004	37.98
2005	38.87
2006	39.60
2007	40.11
2008	41.60
2009	42.33
2010	42.83
2011	43.54



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## Distribution Channels & Product Portfolio





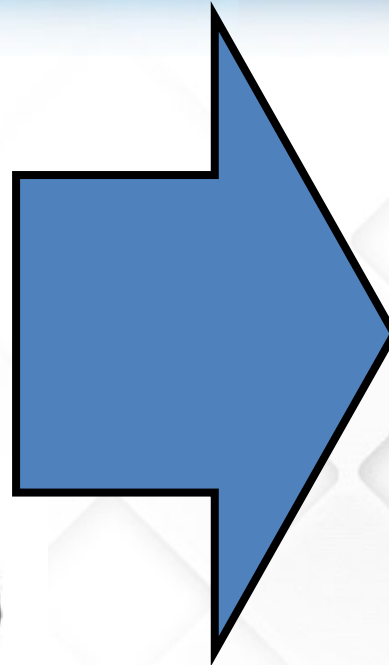
# Increasing Distribution Channels



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**Before**

- **Tied Agent**



**Now**

- **Tied Agent**
- **Financial Adviser**
- **Bancassurance**
- **Internet-Tune Money**





# Life Agency in Malaysia (As at 30 June 2012)

RACE	EDUCATION LEVEL					AGENCY STATUS		GENDER		TOTAL
	Primary	LCE/SRP	MCE/SPM	HSC/STPM	College /Uni	Part Time	Full Time	M	F	
Malay	26	83	6,197	600	7,311	7,208	7,009	8,256	5,961	14,217
Chinese	360	1,720	30,561	2,873	20,700	32,897	23,317	26,452	29,762	56,214
Indian	32	417	5,639	771	3,569	5,478	5,040	7,099	3,419	10,518
Others	5	35	808	127	628	841	670	841	7,620	1,603
<b>TOTAL</b>	<b>423</b>	<b>2,255</b>	<b>43,205</b>	<b>4,371</b>	<b>32,298</b>	<b>46,516</b>	<b>36,036</b>	<b>42,648</b>	<b>39,904</b>	<b>82,552</b>



**Total life agency  
82,552**

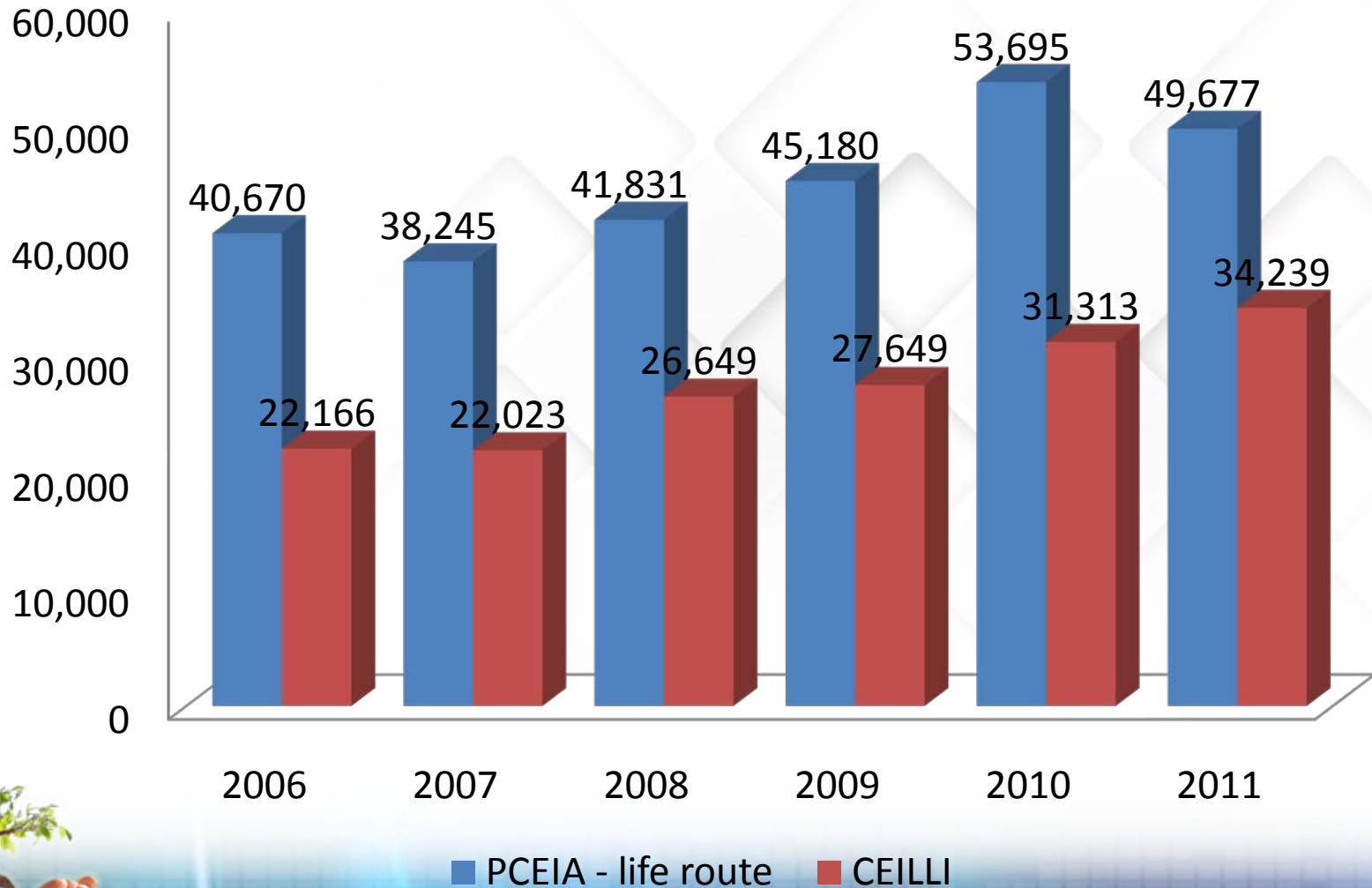




# Growing number of PCEIA (life) and CEILLI candidates



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# Increasing Product Portfolio



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## Before

- Endowment
- Whole Life
- Term or Temporary

## Now

- Whole Life
- Term
- Multiple Riders
- Universal Life
- Investment-Linked Products
- Endowment
- Private retirement schemes





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## Challenges in Life Insurance Industry



# Challenges in Malaysia Life Insurance Industry



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1

- Lack of awareness (16.4mil/29mil population do not have life insurance policy)

2

- Discerning customers and demographic shift

3

- Increasing market sophistication

4

- Ageing population – lack of proper retirement system

5

- Legislative and regulatory changes





# Increasing Public Awareness



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- Consumer Education Programme (CEP) via Insurance Info.com (<http://www.insuranceinfo.com.my>)
- Advertisements/TV commercials by insurers
- Media coverage
- Roadshows by LIAM



Financial Awareness Week





# Government Initiatives



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## Financial Mediation Bureau



FMB is an independent body set up to help settle disputes may be Banking/Financial related as well as Insurance and Takaful related.

## The Credit Counseling and Debt Management Agency



AKPK offers counseling, professional advice and financial management programme to assist consumers to regain financial control.



Perbadanan Insurans Deposit Malaysia  
Malaysia Deposit Insurance Corporation

## Malaysia Deposit Insurance Corporation (PIDM)

PIDM protects public deposits in the bank as well as takaful and insurance benefits in the unlikely event of a failure of a member bank or a takaful operator / insurance company.



# Takaful Growth



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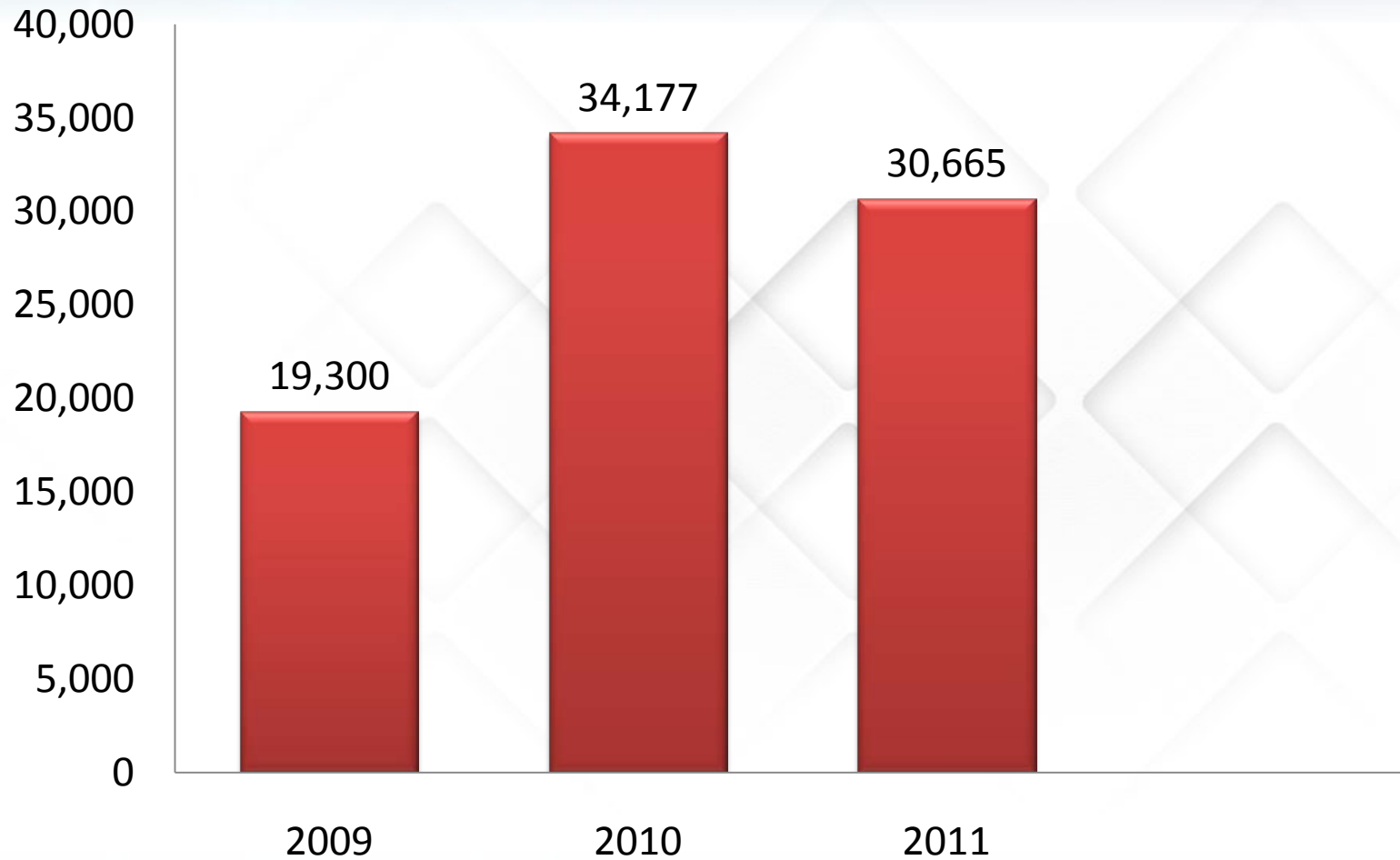
- Syarikat Takaful Malaysia – 1985
- MNI Takaful (name changed to Takaful Nasional and now eTiQa) – 1993
- Mayban Takaful – 2002
- Takaful Ikhlas – 2003
- Commerce Takaful – 2005
- Licences awarded in 2006:
  - HSBC Amanah Takaful
  - Prudential BSN
  - Hong Leong Tokio Marine Takaful
  - MAA Takaful
- Licences awarded in 2010 to offer Family (Life) Business:
  - ING (ING Public Takaful Ehsan)
  - AmAssurance (AmTakaful Family)
  - AIA (AIA AFG Takaful)
  - Great Eastern (Great Eastern Takaful)



# Growing number of Takaful Basic Examination (TBE) candidates



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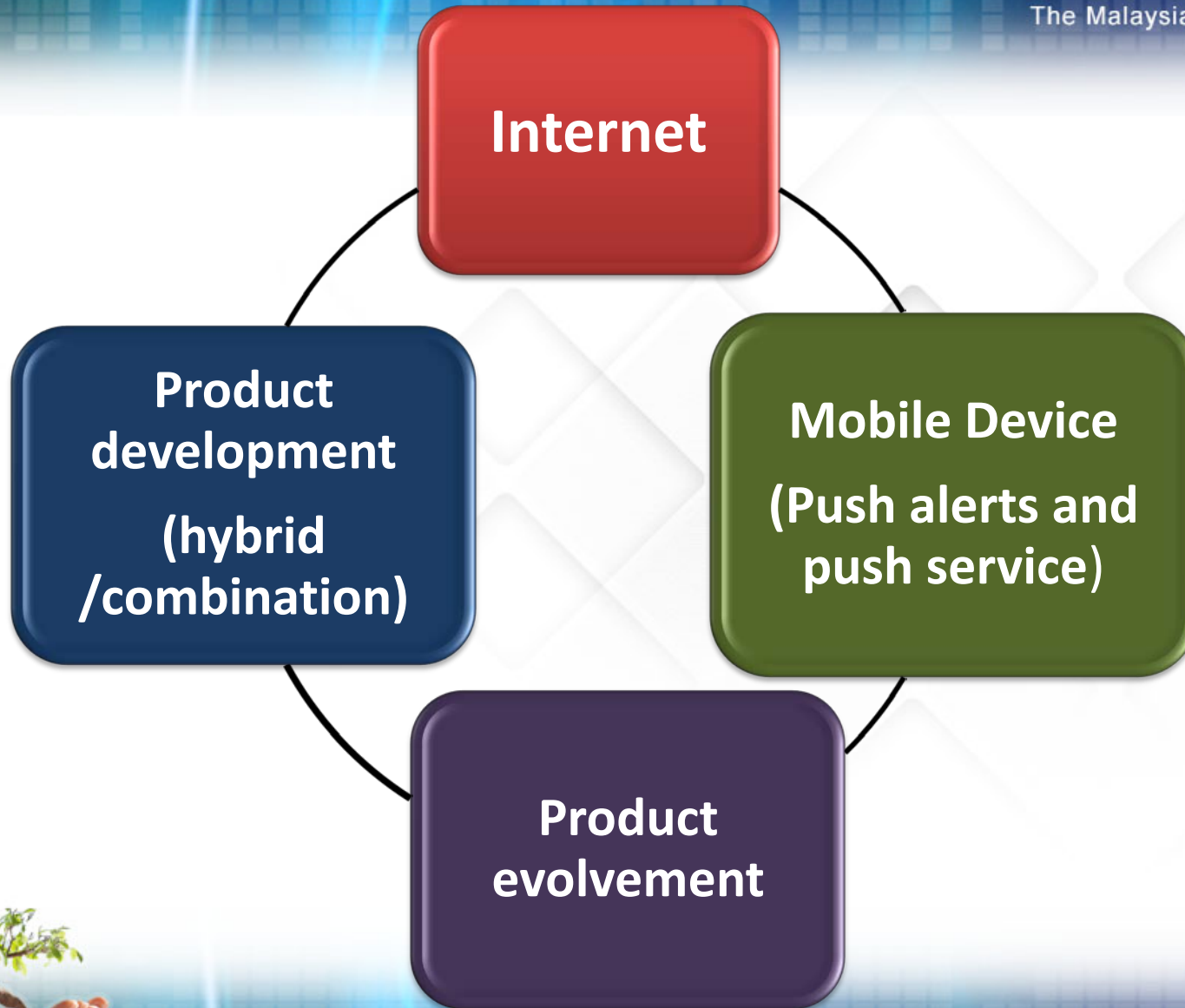
## Life Insurance Industry Outlook



# Life Insurance Industry Outlook



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## Life Insurance Training by MII







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# Life Insurance Training by MII

Technical  
skills  
training



Professional  
education



Topical  
Convention



Leadership &  
Agency  
Management  
workshops

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**Thank you**

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