

Life insurance business in Malaysia: A general overview



NATION

Monday, 14 Feb 2022 4:10 PM MYT

Life insurance is an important method of protection nowadays. Malaysia is a country with various insurance companies and takaful operators.

Data from Bank Negara Malaysia's website shows that life insurance businesses in Malaysia are mostly owned by foreign entities. As far as the locally owned entities are concerned there are only four of them, namely, Etiqa Life Insurance Bhd, Hong Leong Assurance Bhd, Axxa Affin Life Insurance Bhd and Sunlife Malaysia Assurance Bhd.

To ensure that the life insurance business in Malaysia grows rapidly, various incentives have been given by the government, especially in terms of taxation. The income tax charged for life insurance business has been kept relatively low as much as 8% as opposed to other nature of businesses at about 24% according to the Income Tax Act 1967.

In addition, to promote business continuity, income from the sale of policies – for instance, premiums received by life insurance companies, is also not taxable.

Apart from that, the government also gives relief to life policy buyers up to a maximum of RM3,000. This shows the importance of life insurance to the people and the country.

Starting from 2018, the Bank Negara Malaysia requires all insurance companies and takaful operators in Malaysia to distinguish and kept their life insurance business and general insurance separately. In essence, this is to enable the insurance companies to focus more on the products sold.

es: Malaysia esports teams



Sarawak has submitted 'formula' for special grant...



Over 29bil in life insurance companies

[Privacy - Terms](#)



Home



For You



Bookmark



Audio



Search



STARPICKS Chef Wan's recipes using Neoflam cookware to spice up your dishes

For 2019, the gross income from life insurance companies showed a sharp increase of RM44bil of which RM35bil was contributions from foreign owned companies and RM8bil was from locally owned life insurance companies.

Whereas for 2020, there is a slight decrease in gross income amounting to RM42bil of which RM8bil is from locally owned companies and the rest is from foreign owned companies. The obvious plausible explanation as to why 2020 shows a reduction in figure may be due to the Covid-19 pandemic that hit Malaysia from the end of 2019 where it had a huge impact to the country and across the globe.

From the total gross income reported, the largest contribution to life insurance companies is from the sale of policies or premiums. A total of RM29bil has been received for 2018 and 2019, while there is an increase for 2020 of RM31bil. This shows that Malaysian has a growing awareness on the importance of life insurance although the overall gross income reported a slight decline in 2020, policy sales continue to show an increase.

Comparing the percentage of policy sales for foreign owned and locally owned life insurance companies, the percentage of sales for foreign owned companies showed a downward trend from 86% for 2018 to 81% for 2020, while locally owned companies reflect an increase in policy sales which is 14% for 2018 and 19% for 2020. The possible increase may be due to the type of products offered, promotions and advertising made.

From the total number of policies sold or the risks to be borne, the life insurance company has reinsured some of the risks to the reinsurance company. Only 4% of reinsurance policies have been purchased by life insurance companies. This indicates that life insurance companies, whether foreign owned or locally owned, has a high ability to pay claims in the event of an insured risk.

The insurance industry in Malaysia is constantly changing and growing. This poses a challenge to all insurance companies including life insurance companies. Among the challenges that will be faced is the introduction of MFRS 17 to replace MFRS 4 which will come into effect from 2023. All parties, especially insurance companies and enforcers, mainly Bank Negara Malaysia and the Inland Revenue Board of Malaysia (IRBM) need to play their respective roles more efficiently and effectively to ensure

es: Malaysia esports teams



Sarawak has submitted 'formula' for special grant...



Over > strategy pl
vaccin
ibuted m

Privacy - Terms



Home



For You



Bookmark



Audio



Search

owned companies could together through more innovative advertising methods as well as offering competitive products may lead to increase in sales which in return will benefit everyone.

This article was contributed by:

Masnurah Zain

Specialised Industry branch

Inland Revenue Board of Malaysia

Disclaimer: The views expressed in this article are those of the author.

Join our [Telegram](#) channel to get our Evening Alerts and breaking news highlights

TAGS / KEYWORDS:

Life Insurance , Taxation , Premiums , Bank Negara Malaysia , Inland Revenue Board Of Malaysia

How useful is this article to you?



75% of our readers find this article useful

Found a mistake in this article?

Report it to us.



Others Also Read

METRO NEWS 12h ago

Ara Damansara folk tired of din caused by ambulance service in their midst

es: Malaysia esports teams



Sarawak has submitted 'formula' for special grant...



Over vacci

Privacy - Terms



Home



For You



Bookmark



Audio



Search