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Dr M: Life insurance encourages savings

LANGKAWI, Sat. - The incentives given by the Government in the form of tax rebate for life insurance premiums are aimed at encouraging the savings habit to provide funds for other businesses, Prime Minister Datuk Seri Dr Mahathir Mohamad said tonight.

For instance, he said the Government increased the tax rebate for life insurance premiums from RM5,000 to RM7,000 recently to help generate more funds to stimulate the economy.

In the long term, by allowing such rebate and encouraging savings in the form of life insurance, the increased businesses would result in more revenue being collected by the Government.

Dr Mahathir said this when opening the Second World Chinese Life Insurance Congress at Mahsuri International Exhibition Centre.

More than 5,000 life insurance managers and agents from 11 countries including Malaysia are attending the three-day conference aimed at enhancing the skills of the participants.

Also present were the Prime Minister's wife, Datin Seri Dr Siti Hasmah Mohd Ali, and Menteri Besar Tan Sri Sanusi Junid.

Dr Mahathir said it was better for the people to have life insurance coverage instead of fixed deposits in banks.

He said this was because life insurance was for a long-term gain.

"Insurance is good for the community because it helps people to save money that will benefit everyone.

"It not only benefits the savers (those who have insurance coverage) but also the community and the Government because the savings will provide capital to a lot of businesses," the Prime Minister said.

He added that the high savings rate by Malaysians contributed to about 38 per cent of the gross national product.

Dr Mahathir said not everyone in the country benefitted from retirement schemes although there was a pension scheme for government servants and the Employees' Provident Fund for some workers, but these were inadequate.

Therefore, it was important for the people to have added security in the form of insurance, he added.

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