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LIFE INSURANCE-MALAYSIA

MALAYSIA'S LIFE INSURANCE MARKET YET TO FULLY TAPPED SAYS AMAB

KUALA LUMPUR, Nov 18 (Bernama) -- There is still room for expansion in the local life insurance market as many Malaysians are yet to have life insurance coverage says Datuk Azlan Hashim, chairman of Arab-Malaysian Assurance Bhd (AMAB).

Currently, life insurance rate in Malaysia is still low at 30 percent compared with 100 percent in developed countries, he told reporters here today after launching two new products from AMAB.

Due to the still vast market, foreign life insurance companies are keen to enter the local market to grab market share, he said.

However, he added that there was a growing awareness among Malaysians for the need to be insured besides relying on their company medical benefits and pension fund.

Meanwhile the company which launched its latest life insurance products called Arab Malayisan Value Pay and Teras Malaysia.

Teras Malaysia is the national insurance policy which had been earlier launched in September by Prime Minister Datuk Seri Dr Mahathir Mohamed which saw for the first time the collaboration of local insurance companies to introduce a life insurance scheme designed to fulfill the needs of Malaysians.

Azlan said the Value Pay policy had already secured RM150 000 in premiums since its soft launch last month.

Saying that Value Pay would cover 30 percent of AMAB's new business potfolio, he added that its main attraction would be its retrenchment benefits scheme which had been tailored to suit the current economic condition.

On the performance of the company, Azlan said that AMAB was slightly affected by the economic downturn just like its other counterparts.

He added that on an industry basis, new insurance business had dropped by approximately 20 percent.

The company's sales of general insurance, meanwhile, has decreased by 10 percent he said, but added that with its new products it hoped to gain a 20 percent growth in premiums for the financial year ending March 31, 1999.

He also said that AMAB had introduced motor insurance in October this year and planned to add housing insurance by January 1999.

On the company's life insurance business, Azlan said it was expected to grow by by 10 to 15 percent in the current financial year.

He also explained that while up till June this year, many policy holders had surrendered their policies, the company had seen an increase in its new premiums since October.

On the call by Bank Negara for insurance companies to merge he said, "If you are not able to meet the capital requirement, you have to merge but at AMAB we have met our capital requirement and there is no need for us to merge."

He however added that for the purpose of synergising or if there was a suitable partner it would consider merging.

"We have a capital of RM50 million which exceeds the minimum capital requirement of RM35 million set by Bank Negara. -- BERNAMA

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