

A2ii 10-Year Anniversary Conference

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Panel: Impact of insurance regulation

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IMPACT!

The Impact of Insurance Regulation

...

on
the development of responsible
inclusive insurance markets and
increased access
to insurance

Barriers, partners, leaders?



Evolution of inclusive insurance regulations in Malaysia

Over
the years...

2011 – BNM published the Financial Sector Blueprint 2011 – 2020
“Facilitating the insurance and takaful industry to develop microinsurance and microtakaful products, which provide the underserved with adequate financial protection”

2009 – Central Bank Act 2009
One of the primary functions of the Central Bank is
“to promote a sound, progressive and inclusive financial system”

2017 – Perlindungan Tenang initiative
Launch of microinsurance/microtakaful initiative to encourage insurers to offer affordable products catered to the lower-income segment

2016 – Microinsurance discussion paper
The Bank sought comments on the proposed proportionate regulatory framework for microinsurance/microtakaful products.

2019 –
10 micro-Tenang products available in the market

Takaful income assistance scheme by the Government in partnership with the industry, which offers protection to the lower-income group

Formal and proportionate regulations on Perlindungan Tenang, e.g. dedicated agents, affordability, value of insurance, pilot programmes

In focus: Perlindungan Tenang microinsurance/microtakaful initiative



Perlindungan Tenang assessment considerations



Affordable
•Premium < RM20/month



Easy to buy and claim
•Tailored processes to B40 circumstances
•On-the-spot acceptance/rejection of risk or guaranteed acceptance
•Claims paid within 5 working days upon complete documentation



Accessible
•Distribution channel targeted to underserved segment
•Eligibility criteria not restrictive



Good value
•50% of premium allocated to risk
•Sum Assured Multiple (SAM)* factor - about 200-300
•Life product: Riders may be considered, but product shall remain primarily a life protection product



Monitoring the impact



Easy to understand
•Product is self-explanatory
•Benefits are straightforward

List of data collected on a quarterly basis:

- Number of new and in-force policies
- Premiums collected
- Sum insured
- Number of claims received and paid out
- Proportion of claims paid within 5 days
- Number of complaints

We monitor these indicators based on the data collected:

- Growth rate (in number of policies)
- Penetration rate amongst the B40

Moving forward, we are looking at collecting other useful data to help monitor and identify areas for improvement:

- Renewal rate**
- Expenses incurred
- Number of claims rejected

*SAM: sum assured/annual premium

**Renewal rate: number of renewed policies/number of policies available for renewals

In focus: mySalam – National B40 Protection Scheme



Launched in January 2019, as a public-private partnership

How the Scheme works

The National B40 Protection Trust

- Fund (Fund) is governed and managed by a Board of Trustees
- Fund pays premiums or contributions on behalf of eligible B40 households to participating insurers and takaful operators, to provide protection for critical illnesses and income assistance for hospitalisation

Benefits

Critical illness

- A one-time RM8,000 lump sum cash pay-out upon diagnosis of the 36 defined critical illness

Hospitalisation

- RM50 daily hospitalisation income replacement up to 14 days or maximum RM700 per calendar year at any government hospitals



We observed that take up is still low and customer awareness on the Scheme could be improved



Hence, initiatives were introduced to tackle some of the challenges faced

- Insurance and Takaful awareness
- Awareness on the Scheme (Kiosk, Talks, Media etc.)
- Managing perception of public
- Data coordination to measure impact