



**Persatuan Insurans Hayat Malaysia
Life Insurance Association of Malaysia**



FOR IMMEDIATE RELEASE

Life Insurance and Family Takaful industry receives encouraging response from policyholders/certificate holders financially affected by COVID-19 to opt for three months deferment of premium/ contribution payment

Kuala Lumpur, Friday, 10 April 2020 – The Life Insurance Association of Malaysia (LIAM) and Malaysian Takaful Association (MTA) have recorded over 19,000 public enquiries through life insurance and family takaful companies' call centres, e-mail, customer portal and social media platforms for the past three weeks since the announcement of the various relief measures for COVID-19 by 14 life insurers and 11 family takaful operators in the country.

“Out of this, over 13,000 applications for premium deferment have been received and about 3,900 applications have been approved,” said Ms Loh Guat Lan, President of LIAM.

The relief measures which include the **deferment of premium/contribution payment of three months** for policy holders/certificate holders who are financially affected by COVID-19 including those who are unable to earn an income to have a grace period of three months (or 90 days) to pay premium due. During this period, life insurers and family takaful operators will continue to provide insurance and takaful protection to the affected policyholders / certificate holders.

The option to defer payment of life insurance premiums/takaful contribution is available from 1 April 2020 until 31 December 2020. **All premiums /contributions due from 18 March 2020 to 31 December 2020 will qualify for this premium/contribution deferment option.**

The premium/contribution deferment option is applicable for annual, half-yearly, quarterly and monthly premium/ contribution modes of payment.

“This is to help life insurance policyholders and takaful certificate holders who face temporary financial constraints or challenges in paying their premiums arising from the COVID-19 pandemic. The intended outcome is to enable policyholders to maintain their insurance protection coverage during this challenging period,” said Ms Loh.

This flexibility may be provided by life insurers and family takaful operators through a no-lapse guarantee, an extension of grace period or any other means that maintain the policy/ certificate intact during the deferment period.

“Policyholders and certificate holders are advised to seek clarification from their insurer or takaful provider on the eligibility of their policy or certificates for this deferment option if they are impacted by this pandemic. They need to provide supporting documents like doctor's letter confirming the COVID-19 infection (if

policyholder is infected), employer's letter of salary reduction/termination letter/letter of closure of business or other relevant documents," said Encik Muhammad Fikri Mohamad Rawi, Chairman of MTA.

"This may include those who are home quarantined (mandatory) or suffered a loss of income; and small and medium enterprises (SMEs) which have suffered a loss of income, as a result of the economic impact of the COVID-19 situation. Examples of events that lead to such loss of income include retrenchment, shorter working hours and salary or commission reductions for individuals; and loss of business income for self-employed and SMEs," added En Muhammad Fikri.

"If the application by the policyholder/certificate holders is approved, the policy/certificate will remain in force during the deferment period. Once the deferment period ends, contractual provisions regarding premium/contribution payment will resume as usual. This deferral is a one-time exercise only although insurers or takaful operators can allow more liberal deferral at their discretion," Ms Loh elaborated.

Other than the three months deferment of premium/ contribution payment, life insurers and family takaful operators are also providing the following assistance to affected policyholders/ certificate holders until 31 December 2020:

- i. Extend the period during which a policyholder/certificate holders affected by COVID-19 can reinstate a policy/certificate that has lapsed;
- ii. Provide options to enable policyholders/certificate holders affected by COVID-19 to continue to meet their premium payments and maintain their policies/certificates. This may include changes in the sum assured, adjustments to the premium/contribution structure and conversion into a paid up policy;
- iii. Waive fees and charges imposed for changes made to policies/certificates; and
- iv. Waive any penalties for late payments of premiums/contribution, particularly where policyholders/certificate holders affected by COVID-19 are unable to access electronic payment channels during the Movement Control Order.

All policyholders/certificate holders are advised to contact their insurers or takaful operators for more information on the relief measures offered to them during this crisis.

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ABOUT LIFE INSURANCE ASSOCIATION OF MALAYSIA (LIAM)

LIAM is a trade association registered under the Societies Act 1966. LIAM has a total of 16 members, of which 14 are life insurance companies and 2 life reinsurance companies. More information on LIAM can be obtained at www.liam.org.my.

ABOUT MALAYSIAN TAKAFUL ASSOCIATION (MTA)

MTA is a trade association for the Takaful industry in Malaysia. MTA has a total of 18 members and is dedicated in promoting the interest of its members and to supervise the exercise of self-regulation within the Takaful industry. More information on MTA can be obtained at www.malysiantakaful.com.my.