BNM to introduce affordable insurance scheme next month

KUALA LUMPUR: Bank Negara Malaysia governor Tan Sri Muhammad Ibrahim said the current insurance products are too complex and unaffordable to many Malaysians.

“From the perspective of the population that remain underserved, the existing business models are essentially broken,” he said.

He pointed out that the industry is increasingly concentrated on a narrow insurance segment.

“If we eliminate double-counting, only 35% of adults have some form of coverage,” Muhammad said during his keynote address at the Malaysian Insurance Summit 2017 on Monday.

In addition, he said that the purchasing and claiming processes are fraught “with anxiety and headache”.

To address the issue of unaffordable insurance products, Muhammad said the central bank is partnering with the industry to roll out Perlindungan Tenang, a national branding and communication platform next month in Kuching.

“Perlindungan Tenang is intended to reach 8 million working-age Malaysians and over 700,000 micro enterprises that currently need insurance and takaful protection against key risks,” he said.

By 2020, he hoped that about 75% of the population would have some sort of insurance coverage.

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