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MALAYSIA



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INSURANCE & SOCIAL SECURITY

Statistical Training Course on Banking, Insurance and Financial Statistic'
Brunei Darussalam
17-19 November 2020

Organized by:
Statistical, Economic and Social Research and Training Centre
for Islamic Countries (SESRIC)



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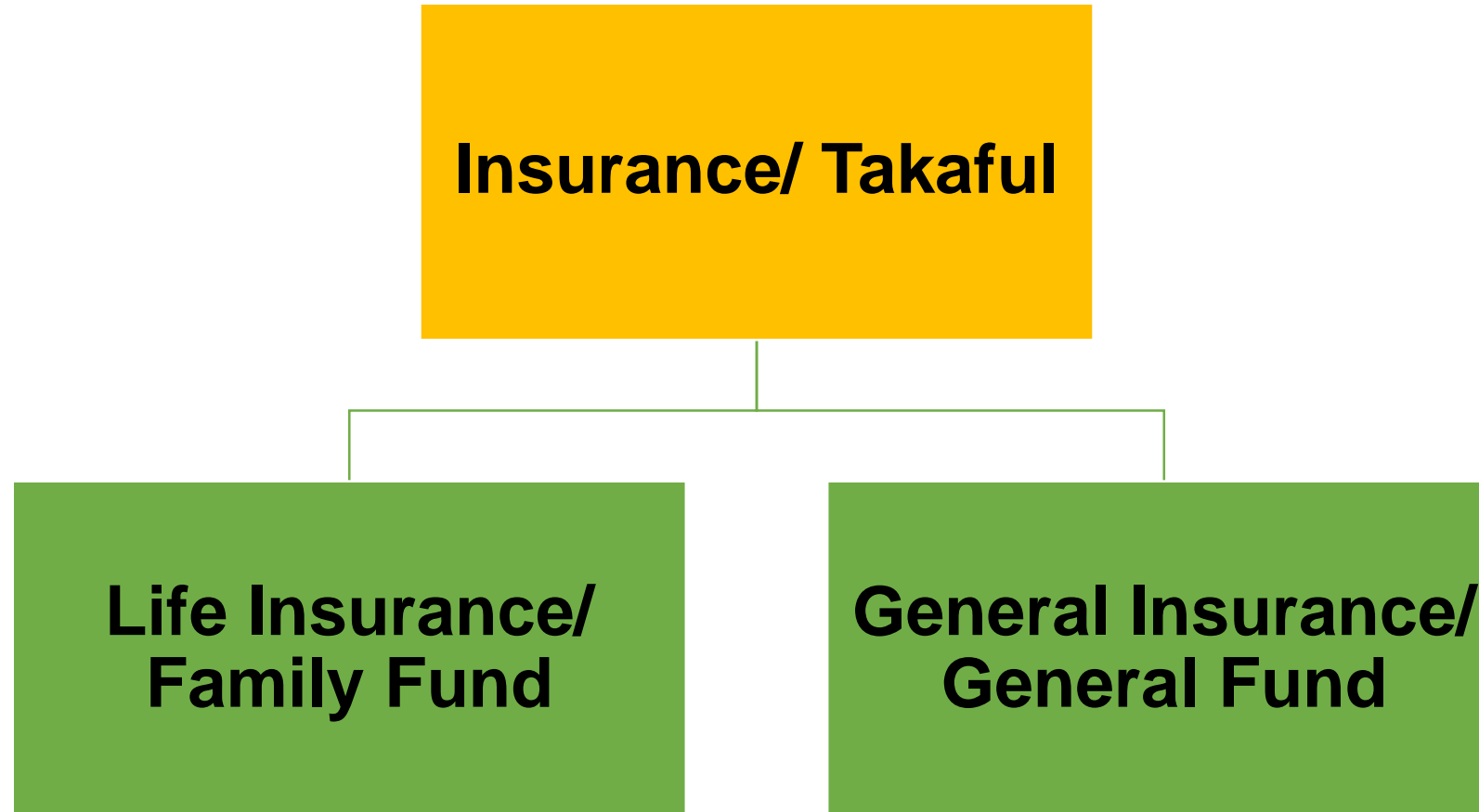
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Insurance and Pension Funding

- includes the underwriting annuities and insurance policies/ takaful certificates and investing premiums/contributions to build up a portfolio of financial assets to be used against future claims. Provision of direct insurance/ takaful and reinsurance/ retakaful are included.
- Covers Life/General Insurance/Takaful, Pension & Provident Funding
- Data sources: Bank Negara, Financial Statement From Companies

Activities Auxiliary to Insurance

- includes acting as agents (i.e. brokers) in selling annuities and insurance policies/ takaful certificates or providing other employee benefits and insurance/ takaful and pension related services such as claims adjustment and third party administration.
- Covers insurance/takaful broking & adjusting
- Data sources: Financial Statement From Companies, Economic Census/Annual Survey



Insurance

- The measurement of value of gross output for insurance services includes the following elements:

$$\begin{aligned}\text{Insurance} &= \text{Premium} \\ &\quad + \text{Investment income (premiums supplement)} \\ &\quad - \text{Claims paid}\end{aligned}$$

STATEMENTS OF INCOME

COMPANY A

1.1.2017 - 31.12.2017					1.1.2016 - 31.12.2016				
Note	Shareholder's fund RM'000	* General takaful fund RM'000	Family takaful fund RM'000	** Company RM'000	Note	Shareholder's fund RM'000	* General takaful fund RM'000	Family takaful fund RM'000	** Company RM'000
Operating revenue	19	780,009	1,290,696	1,780,935	2,266,821	710,050	1,250,561	1,581,806	2,031,850
Gross earned contributions	20	-	1,225,432	1,345,132	1,345,132	-	1,180,095	1,184,225	1,184,225
Earned contributions ceded to retakaful	20	-	(123,117)	(63,031)	(63,031)	-	(94,905)	(52,658)	(52,658)
Net earned contributions	20	-	1,102,315	1,282,101	1,282,101	-	1,085,190	1,131,567	1,131,567
Fee and commission income	21	664,194	19,602	9,906	9,906	611,842	15,900	4,694	4,694
Investment income	22	115,815	72,331	435,803	551,618	98,208	68,919	397,581	495,789
Net realised gains	23	24,908	4,171	132,506	157,474	46,792	13,427	39,111	55,903
Net fair value gains/(losses)	24	-	-	(14,954)	(14,954)	-	(369)	48,626	48,626
Other operating (expenses)/ income, net	25	(6,590)	898	(26,547)	(33,137)	(399)	13,229	(15,267)	(15,666)
Other revenue		798,387	97,002	536,714	670,907	726,443	111,106	474,745	589,346
Gross benefits and claims paid	26	-	(768,080)	(763,280)	(763,280)	-	(610,410)	(734,578)	(734,578)
Claims ceded to retakaful	26	-	94,916	35,228	35,228	-	29,524	24,595	24,595
Gross change to certificate liabilities	26	-	45,557	(458,644)	(698,957)	-	(52,274)	(203,153)	(536,475)
Change in certificate liabilities ceded to retakaful	26	-	1,582	29,410	29,410	-	29,935	13,546	13,546
Net benefits and claims		-	(626,025)	(1,157,286)	(1,397,599)	-	(603,225)	(899,590)	(1,232,912)
Management expenses	27	(288,889)	-	(26,600)	(160,684)	(279,982)	(1,031)	(30,134)	(153,927)
Change in expense liabilities	30	8,878	-	-	10,981	(56,057)	-	-	(36,443)
Fee and commission expenses	31	(238,623)	(370,181)	(295,751)	(131,367)	(228,510)	(351,836)	(264,623)	(128,356)
Profit on subordinated obligation		(13,560)	-	-	(13,560)	(13,597)	-	-	(13,597)
Tax borne by participants	32	-	594	1,697	1,697	-	5,128	8,859	8,859
Other expenses		(532,194)	(369,587)	(320,654)	(292,933)	(578,146)	(347,739)	(285,898)	(323,464)
Operating profit before surplus transfers		266,193	203,705	340,875	262,476	148,297	245,332	120,824	164,537
Surplus transferred to participants' funds		-	(112,306)	(240,313)	-	-	(137,240)	(333,322)	-
Surplus attributable to shareholders		100,562	(91,399)	(100,562)	-	87,502	(108,092)	(87,502)	-
Profit before taxation from continuing operations		366,755	-	-	262,476	235,799	-	-	164,537
Taxation	32	(114,606)	-	-	(65,278)	(109,573)	-	-	(64,730)
Zakat		(3,719)	-	-	(3,719)	(3,456)	-	-	(3,456)
Net profit for the year from continuing operations		248,430	-	-	193,479	122,770	-	-	96,351
Discontinued Operation									
Surplus transferred from General business		91,399	-	-	195,678	108,092	-	-	179,354
Taxation for discontinued operation		-	-	-	(49,328)	-	-	-	(44,843)
Net profit for the year from discontinued operation		91,399	-	-	146,350	108,092	-	-	134,511
		339,829	-	-	339,829	230,862	-	-	230,862
Basic and diluted earnings per share (sen) from :									
- Continuing operations	33	48.4	-	-	48.4	24.1	-	-	24.1
- Discontinued operation	33	36.6	-	-	36.6	33.6	-	-	33.6

* During the financial year, the Company received the approvals of Bank Negara Malaysia and the Minister of Finance ("MOF") for the proposed separation of the composite takaful business of the Company. This involves the transfer of general takaful business to a related corporation of the Group, Etiqa General Takaful Berhad ("EGTB") as disclosed in note 47. All the related notes to the Income Statement for the General takaful fund are considered as income and expenditure for the discontinued operations.

** Company represents Family Takaful and the Takaful Operators' income and expenses only, net of elimination and excludes the General Takaful income and expenses.

The accompanying notes form an integral part of the financial statements.

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20. NET EARNED CONTRIBUTION

	*** General takaful fund RM'000	Family takaful fund RM'000	** Company RM'000
2017			
(a) Gross contribution	1,218,365	1,345,132	1,345,132
Change in unearned contribution reserves	7,067	-	-
	1,225,432	1,345,132	1,345,132

22. INVESTMENT INCOME

	Shareholder's fund RM'000	*** General takaful fund RM'000	Family takaful fund RM'000	** Company RM'000
2017				
AFS financial assets:				
Profit income	108,983	64,844	131,265	240,248
Dividend/distribution income:				
Quoted equity securities in Malaysia	2,917	291	18,892	21,809
Quoted unit and property trusts funds in Malaysia	78	4	971	1,049
Financial assets at FVTPL:				
- Designated upon initial recognition				
Profit income	-	-	267,820	267,820
- HFT				
Profit income	-	-	819	819
Dividend income:				
Quoted equity securities in Malaysia	-	-	404	404
Quoted unit and property trusts funds outside Malaysia	-	-	-	-
- LAR:				
Profit income	6,085	7,221	26,047	32,132
Profit income from financing receivables	520	-	-	520
Net amortisation of premiums	(2,172)	255	(9,244)	(11,416)
Other investment income	35	90	1,498	1,533
Investment related expenses	(631)	(374)	(2,669)	(3,300)
	115,815	72,331	435,803	551,618

26. NET BENEFITS AND CLAIMS

	*** General takaful fund RM'000	Family takaful fund RM'000	** Company RM'000
2017			
Gross benefits and claims paid	(768,080)	(763,280)	(763,280)
Claims ceded to retakaful	94,916	35,228	35,228
Gross change in certificate liabilities	45,557	(458,644)	(698,957)
Change in certificate liabilities ceded to retakaful	1,582	29,410	29,410
	(626,025)	(1,157,286)	(1,397,599)

STATEMENTS OF INCOME

COMPANY B

Company									
		2017				2016			
	Note	Takaful Operator RM'000	Family Takaful RM'000	General Takaful RM'000	Company RM'000	Takaful Operator RM'000	Family Takaful RM'000	General Takaful RM'000	Company RM'000
Operating revenue	19	36,689	1,340,249	619,314	1,991,293	29,301	1,293,091	522,138	1,839,267
Takaful operator income		679,962	-	-	-	594,383	-	-	-
Gross earned contributions	20(i)	-	1,133,942	552,383	1,686,168	-	1,096,422	473,152	1,569,435
Contributions ceded to retakaful	20(ii)	-	(41,465)	(239,898)	(281,363)	-	(34,697)	(189,209)	(223,906)
Net earned contributions	20(iii)	-	1,092,477	312,485	1,404,805	-	1,061,725	283,943	1,345,529
Administrative income		-	3,795	74,861	78,656	-	146	53,930	54,076
Investment income	21	36,689	226,188	28,321	286,396	29,301	211,563	28,320	264,060
Realised gains and (losses)	22	1,452	17,909	2,247	21,608	(2,583)	(4,183)	(2,101)	(8,869)
Fair value gains and (losses)	23	275	12,046	630	6,256	70	(2,161)	143	(3,892)
Other operating income	24	6,591	2,050	95	2,460	15,178	833	743	10,482
Other income		45,007	261,988	106,154	395,376	41,964	206,188	81,035	315,857
Gross benefits and claims paid	25	-	(668,523)	(242,291)	(907,478)	-	(741,149)	(290,034)	(1,038,168)
Claims ceded to retakaful	25	-	44,176	107,564	151,740	-	65,376	165,176	230,552
Gross change to contract liabilities	25	-	27,915	4,441	32,356	-	7,774	144,746	152,520
Change to contract liabilities ceded to retakaful	25	-	7,728	(13,158)	(5,430)	-	(13,748)	(124,766)	(138,514)
Net benefits and claims	25	-	(588,704)	(143,444)	(728,812)	-	(681,747)	(104,878)	(783,610)
Wakalah fee expense		-	(337,452)	(265,182)	-	-	(298,457)	(218,165)	-
Administrative fees		(131,018)	(68)	-	(131,086)	(118,251)	-	-	(118,251)
Expense reserves	16	(37,950)	-	-	(37,950)	(16,353)	-	-	(16,353)
Management expenses	26	(287,236)	-	-	(285,161)	(260,428)	-	-	(258,222)
Other operating expenses	28	(11,833)	(8,520)	(3,025)	(20,807)	(11,065)	(14,077)	(2,658)	(24,726)
Other expenses		(468,037)	(346,040)	(268,207)	(475,004)	(406,097)	(312,534)	(220,823)	(417,552)
Total profit for the year		256,932	419,721	6,988	596,365	230,250	273,632	39,277	460,224
Profit attributable to the Takaful Operator / participants		-	(419,721)	(6,988)	(340,843)	-	(273,632)	(39,277)	(230,540)
Profit before zakat and taxation		256,932	-	-	255,522	230,250	-	-	229,684
Zakat		(1,000)	-	-	(1,000)	(300)	-	-	(300)
Tax expense	29	(47,192)	-	-	(46,854)	(46,667)	-	-	(46,531)
Profit for the year		208,740	-	-	207,668	183,283	-	-	182,853

20. Net earned contributions

Contribution Income

		Group		Company	
		2017	2016	2017	2016
		Note	RM'000	RM'000	RM'000
Family Takaful					
(i) Gross contributions	19	1,246,256	1,215,505	1,114,061	1,081,528
Change in actuarial reserves / unearned contributions reserves		18,240	13,941	19,881	14,894
Gross earned contributions		1,264,496	1,229,446	1,133,942	1,096,422
(ii) Retakaful		(56,178)	(47,965)	(41,465)	(34,697)
Contributions ceded to retakaful		(56,178)	(47,965)	(41,465)	(34,697)
(iii) Net earned contributions		1,208,318	1,181,481	1,092,477	1,061,725

21. Investment income (continued)

		Group		Company	
		2017	2016	2017	2016
		Note	RM'000	RM'000	RM'000
Family Takaful					
Rental income from investment properties	4	8,954	9,204	8,838	8,511
FVTPL financial assets					
Dividend income					
- Equity securities		1,652	1,605	1,652	1,605
- quoted in Malaysia		115	-	-	-
- quoted outside Malaysia					
Profit income		5,207	5,989	2,502	2,144
- Islamic debt securities					
AFS financial assets					
Dividend income					
- Equity securities		5,073	11,820	5,073	11,820
- quoted in Malaysia		181	210	-	-
- quoted outside Malaysia		6,531	5,020	6,531	5,020
Unit trusts					
Profit income		8,396	5,192	8,396	5,192
- Institutional Trust Account		125,193	112,065	125,024	112,065
- Islamic debt securities		7,645	6,248	7,645	6,248
- Malaysian Government Islamic papers		(5,548)	(5,040)	(5,548)	(5,040)
Amortisation of premiums, net of accretion of discounts					
HTM financial assets					
Profit income		24,489	23,541	19,207	19,207
- Islamic debt securities		2,306	3,893	2,306	3,893
- Malaysian Government Islamic papers		(138)	(92)	(138)	(200)
Amortisation of premiums, net of accretion of discounts		53,775	47,779	46,562	43,012
LAR and cash and cash equivalents profit income		(1,862)	(2,178)	(1,862)	(1,914)
Investment expenses					
Total investment income	19	241,969	225,346	228,188	211,563

25. Net benefits and claims

		Group		Company	
		2017	2016	2017	2016
		Note	RM'000	RM'000	RM'000
Family Takaful					
Gross benefits / claims paid	15(a)	(763,320)	(833,235)	(668,523)	(741,149)
Retakaful recoveries	15(a)	55,347	76,604	44,176	65,376
Net benefits / claims paid		(707,973)	(756,631)	(624,347)	(675,773)

Family Takaful

General Takaful

20. Net earned contributions (continued)

		Group		Company	
		2017	2016	2017	2016
		Note	RM'000	RM'000	RM'000
General Takaful					
(i) Gross contributions	15(b), 19	587,344	516,651	590,993	493,818
Change in actuarial reserves / unearned contributions reserves		(33,100)	(18,020)	(38,610)	(20,666)
Gross earned contributions	15(b)	554,244	498,631	552,383	473,152
(ii) Retakaful	15(b)	(250,490)	(201,122)	(250,399)	(196,183)
Change in actuarial reserves / unearned contributions reserves		9,092	6,915	10,501	6,974
Contributions ceded to retakaful	15(b)	(241,398)	(194,207)	(239,898)	(189,209)
(iii) Net earned contributions		312,846	304,424	312,485	283,943

21. Investment income (continued)

		Group		Company	
		2017	2016	2017	2016
		Note	RM'000	RM'000	RM'000
General Takaful					
Rental income from investment properties	4	798	787	798	787
AFS financial assets					
Dividend income					
- Equity securities		517	1,581	517	1,581
- quoted in Malaysia		528	495	528	495
Unit trusts					
Profit income		1,629	1,376	1,629	1,376
- Institutional Trust Account		17,101	17,006	17,101	17,006
- Islamic debt securities		277	-	277	-
- Malaysian Government Islamic papers		(1,188)	(1,215)	(1,188)	(1,215)
Amortisation of premiums, net of accretion of discounts					
HTM financial assets					
Profit income		329	408	-	-
- Islamic debt securities		439	1,279	439	1,279
- Malaysian Government Islamic papers		(10)	(52)	(10)	(52)
Amortisation of premiums, net of accretion of discounts		8,999	8,013	8,315	7,137
LAR and cash and cash equivalents profit income		(85)	(74)	(85)	(74)
Investment expenses					
Total investment income	19	29,334	29,604	28,321	28,320

25. Net benefits and claims (continued)

		Group		Company	
		2017	2016	2017	2016
		Note	RM'000	RM'000	RM'000
General Takaful					
Gross benefits / claims paid	15(a)	(248,319)	(300,309)	(242,291)	(290,034)
Retakaful recoveries	15(a)	108,649	168,158	107,564	165,176
Net benefits / claims paid		(139,670)	(132,151)	(134,727)	(124,858)



MEASUREMENT OF INSURANCE IN MALAYSIA

OUTPUT CALCULATION:

Source	Item	Formula
Income and Expenditure Statement	Gross earned Contribution	a
Income and Expenditure Statement	Investment income	b
Income and Expenditure Statement	Gross benefits/claims paid	c
	Output	a + b - c

Company A

RM '000		RM '000	
Family Takaful	General Takaful	Family Takaful	General Takaful
1,345,132	1,225,432	1,133,942	552,383
435,803	72,331	226,188	28,321
763,280	768,080	668,523	242,291
1,017,655	529,683	691,607	338,413

Company B

According to 2008 SNA:

6.195 The output of **life insurance** is derived as:

- Premiums earned,
- *plus* premium supplements,
- *less* benefits due,
- *less* increases (plus decreases) in life insurance technical reserves.
- Life insurance technical reserves increase each year because of new premiums paid, new investment income allocated to the policyholders (but not withdrawn by them) and decrease because of benefits paid.
- It is thus possible to express the level of output of life insurance as the difference between the total investment income earned on the life insurance technical reserves less the part of this investment income actually allocated to the policyholders and added to the insurance technical reserves.

Life Insurance = Premium

+ Investment income (premiums supplement)

- Claims paid

- increases (+ decreases) in technical/actuarial reserves

Output is estimated as the sum of costs i. e.

- intermediate consumption
- compensation of employees
- capital costs
- other taxes (less subsidies) on production

MALAYSIA'S FINANCE & INSURANCE



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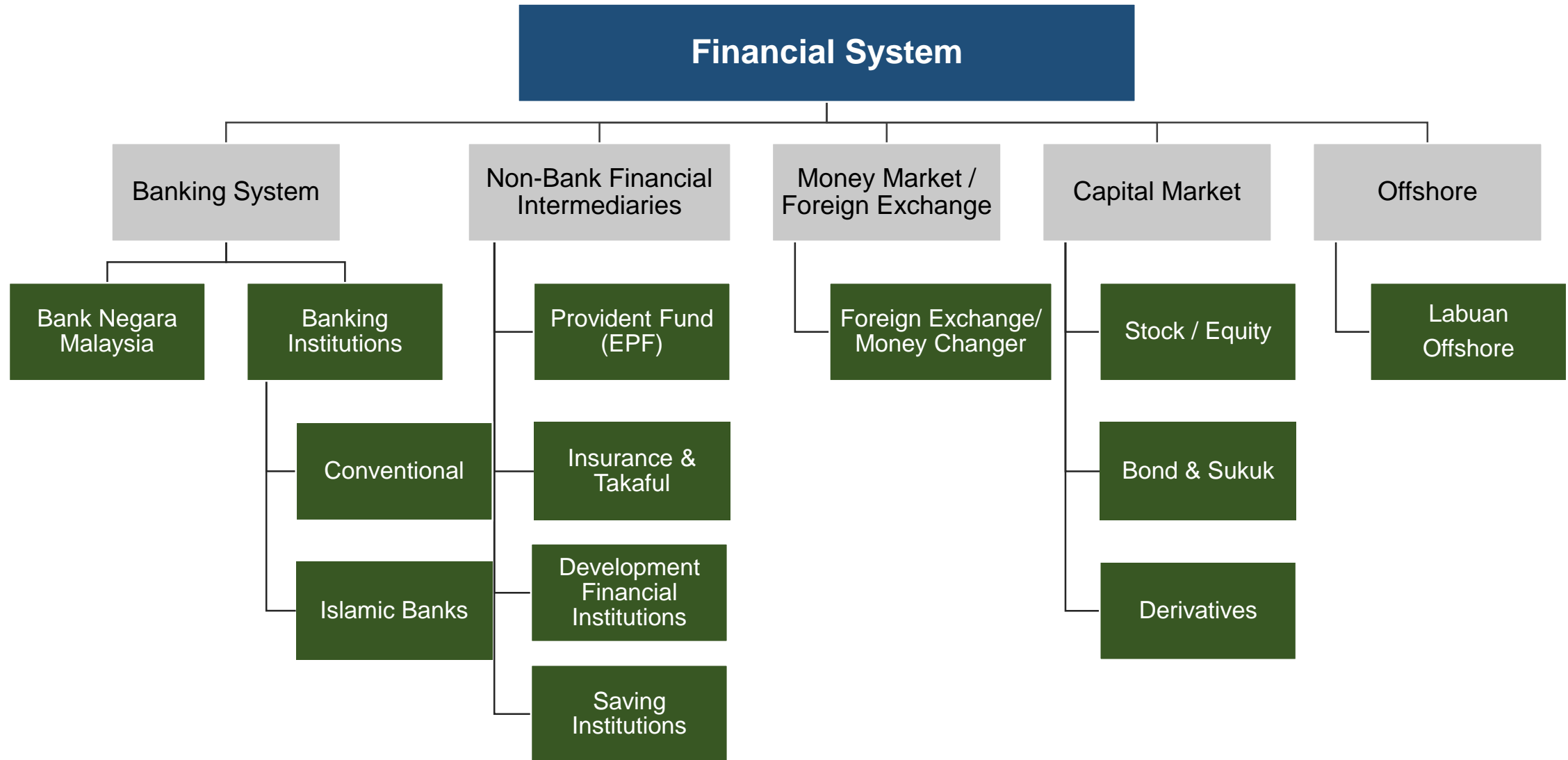


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INDUSTRIAL CLASSIFICATION : FINANCIAL

FINANCIAL SERVICE ACTIVITIES, EXCEPT INSURANCE/TAKAFUL AND PENSION FUNDING

This division includes the activities of obtaining and redistributing funds other than for the purpose of insurance/takaful or pension funding or compulsory social security.

GROUP 641 Monetary intermediation

This group includes the obtaining of funds in the form of transferable deposits, i.e. funds that are fixed in money terms, and obtained on a day-to-day basis and, apart from central banking, obtained from non-financial sources.

GROUP 642 Activities of holding companies

This group includes the activities of holding companies, i.e. units that hold the assets (owning controlling-levels of equity) of a group of subsidiary corporations and whose principal activity owns the group. The holding companies in this group do not provide any other service to the businesses in which the equity is held, i.e. they do not administer or manage other units.

GROUP 643 Trusts, funds and similar financial entities

This group includes legal entities organized to pool securities or other financial assets, without managing, on behalf of shareholders or beneficiaries. The portfolios are customized to achieve specific investment characteristics, such as diversification, risk, rate of return, and price volatility. These entities earn interest, dividends, and other property income, but have little or no employment and no revenue from the sale of services.

GROUP 649 Other financial service activities, except insurance/takaful and pension funding activities

This group includes financial service activities other than those conducted by monetary institutions.

ACTIVITIES AUXILIARY TO FINANCIAL SERVICE AND INSURANCE/ TAKAFUL ACTIVITIES

This division includes the provision of services involved in or closely related to financial service activities, but not themselves providing financial services. The primary breakdown of this division is according to the type of financial transaction or funding served.

GROUP 661 Activities auxiliary to financial service activities, except insurance/takaful and pension funding

This group includes the furnishing of physical or electronic marketplaces for the purpose of facilitating the buying and selling of stocks, stock options, bonds or commodity contracts.

GROUP 662 Activities auxiliary to insurance/takaful and pension funding

This group includes acting as agents (i.e. brokers) in selling annuities and insurance policies/takaful certificates or providing other employee benefits and insurance/takaful and pension related services such as claims adjustment and third party administration.

GROUP 663 Fund management activities

This group includes portfolio and fund management activities on a fee or contract basis, for individuals, businesses and others.

Finance:

LEVEL	Total
Division	2
Group (3D)	7
Class (4D)	14
Item (5D)	48

INSURANCE/TAKAFUL, REINSURANCE/RETAKAFUL AND PENSION FUNDING, EXCEPT COMPULSORY SOCIAL SECURITY

This division includes the underwriting annuities and insurance policies/takaful certificates and investing premiums/contributions to build up a portfolio of financial assets to be used against future claims. Provision of direct insurance/takaful and reinsurance/retakaful are included.

GROUP 651 Insurance/Takaful

This group includes life insurance/family takaful and life reinsurance/family retakaful with or without a substantial savings element and other non-life insurance/non-family takaful.

GROUP 652 Reinsurance/Retakaful

This group includes the activities of assuming all or part of the risk associated with existing insurance policies/takaful certificates originally underwritten by other insurance/takaful carriers.

GROUP 653 Pension funding and provident funding

This group includes legal entities (i.e. funds, plans and/or programmed) organized to provide retirement income benefits exclusively for the sponsor's employees or members. This includes pension plans with defined benefits, as well as individual plans where benefits are simply defined through the member's contribution.

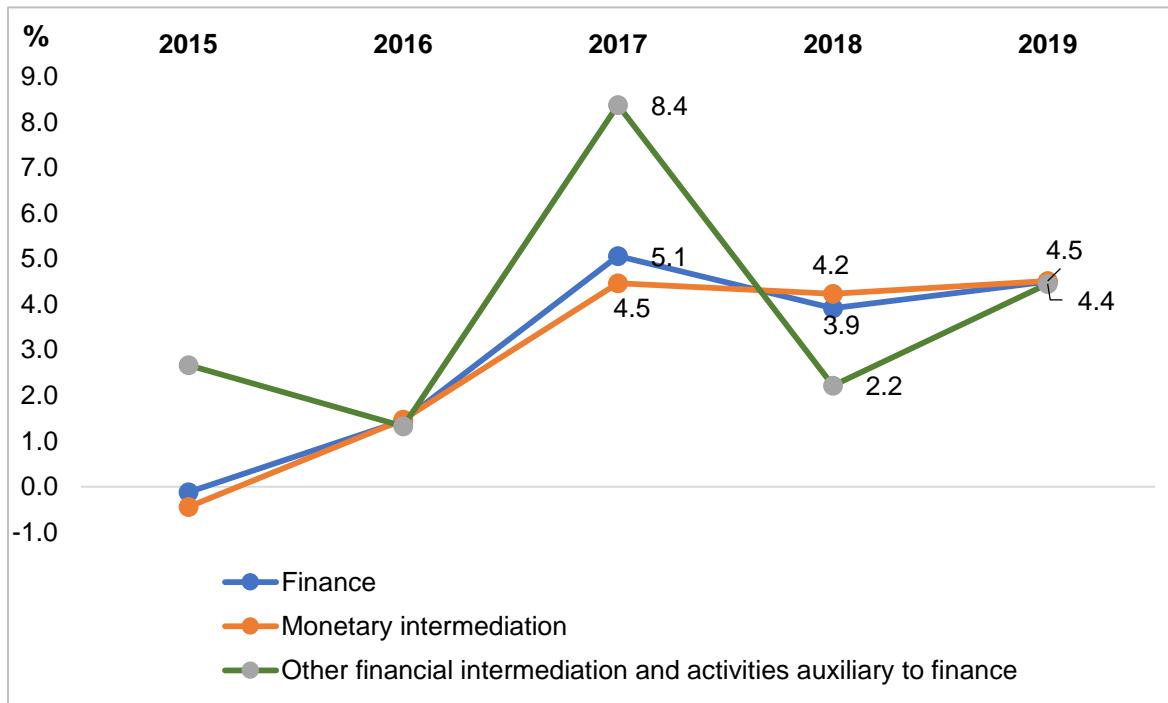
Insurance:

LEVEL	Total
Division	1
Group (3D)	3
Class (4D)	4
Item (5D)	16

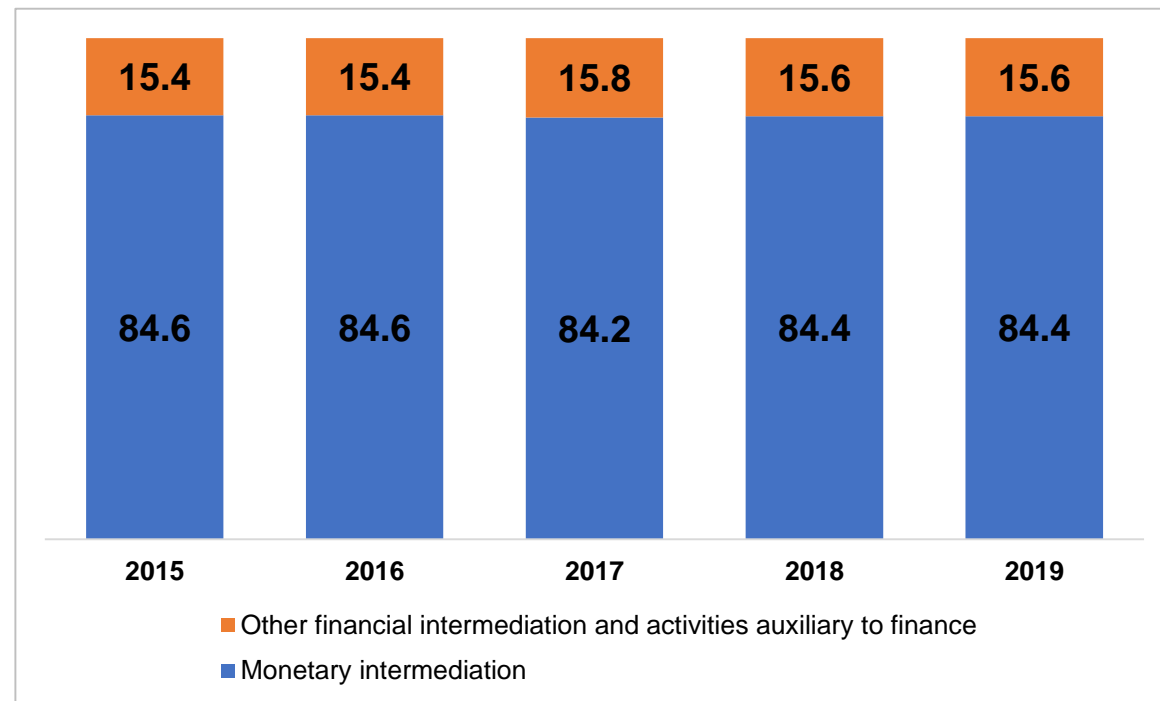
Finance & Insurance:

LEVEL	Finance	Insurance	Total	%
Division	2	1	3	3.4
Group (3D)	7	3	10	11.4
Class (4D)	14	4	18	4.2
Item (5D)	48	16	64	5.5

Finance - Annual Percentage Change (%)



Percentage Share to Finance (%)

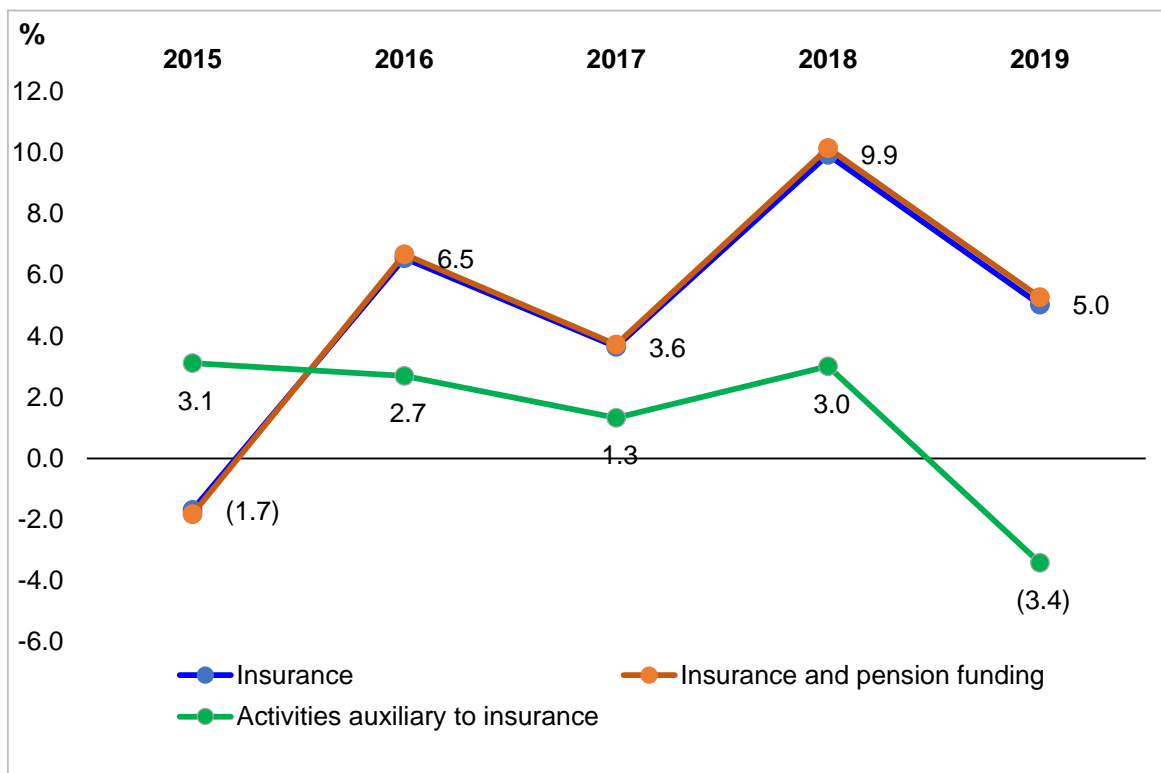


Share to GDP (2019) : 4.7%

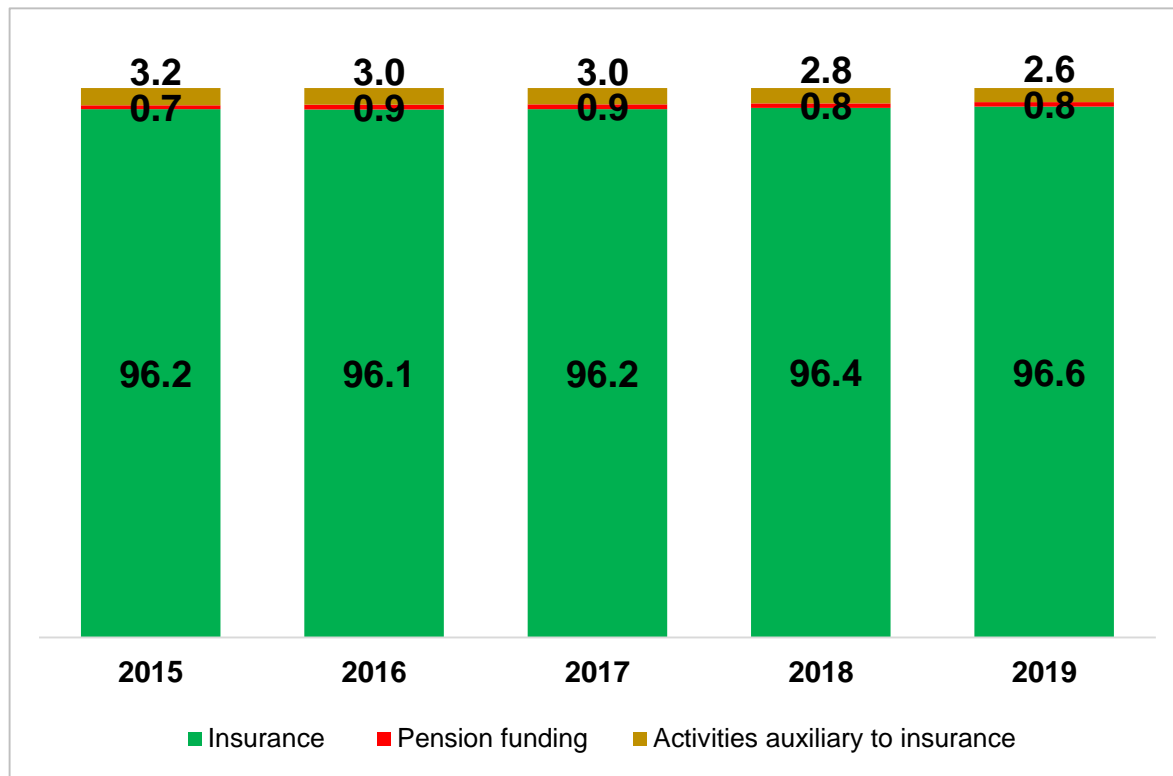
Monetary intermediation : 4.0%

Other financial : 0.7%

Insurance - Annual Percentage Change (%)



Percentage Share to Insurance (%)

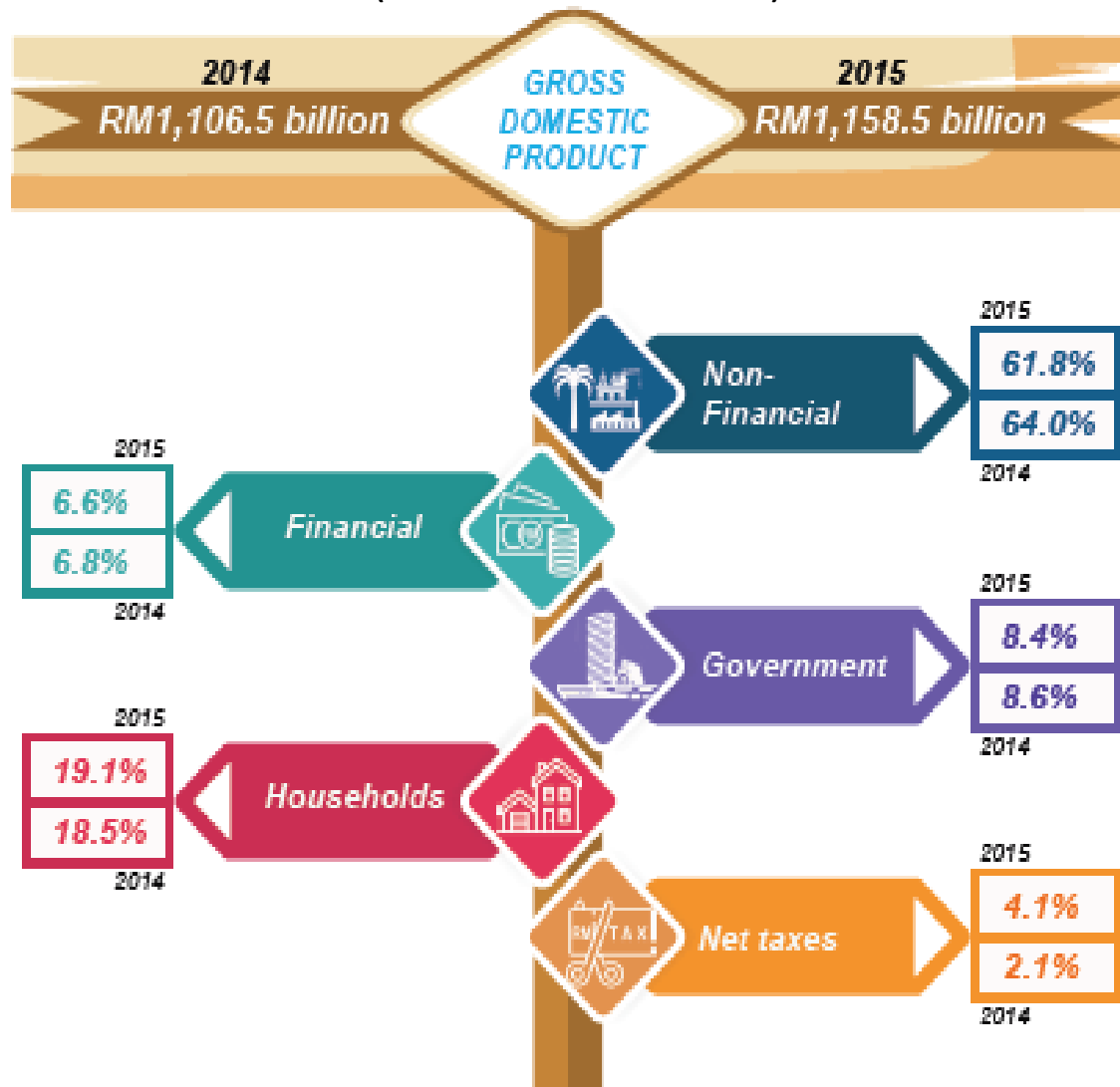


Share to GDP (2019) : 1.6%

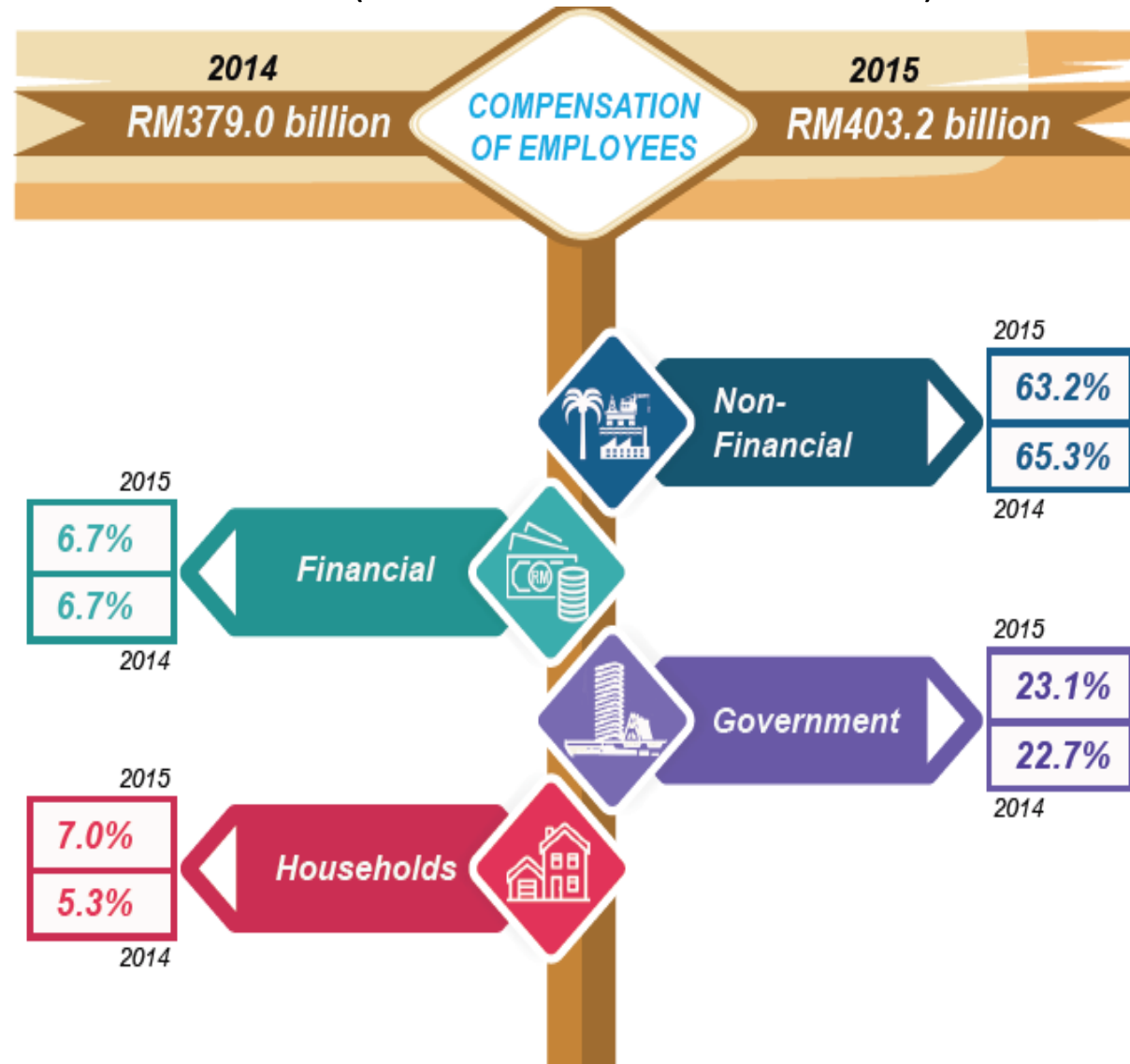
Insurance & Pension fund : 1.5%

Activities auxiliary to insurance : 0.01%

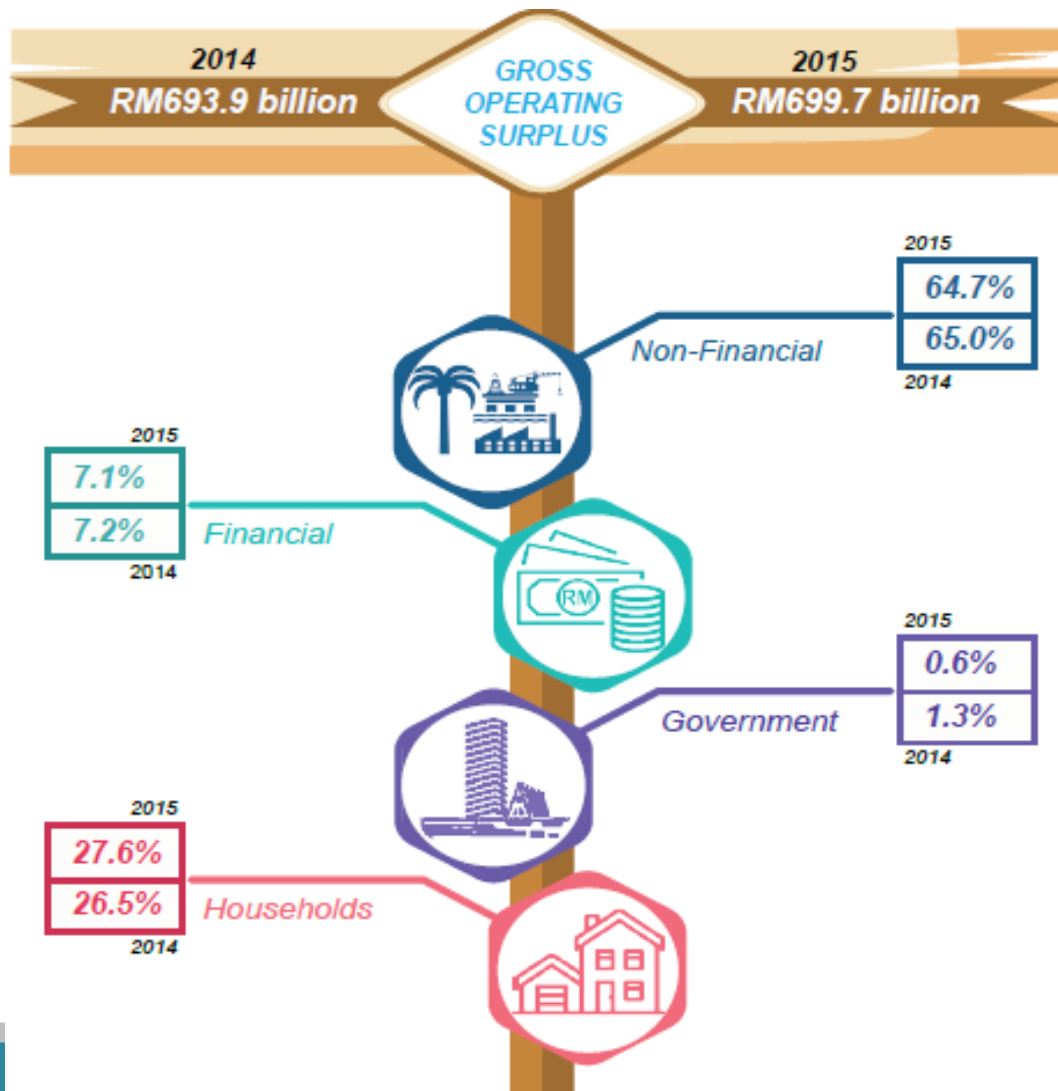
Gross Domestic Product (Production Account)



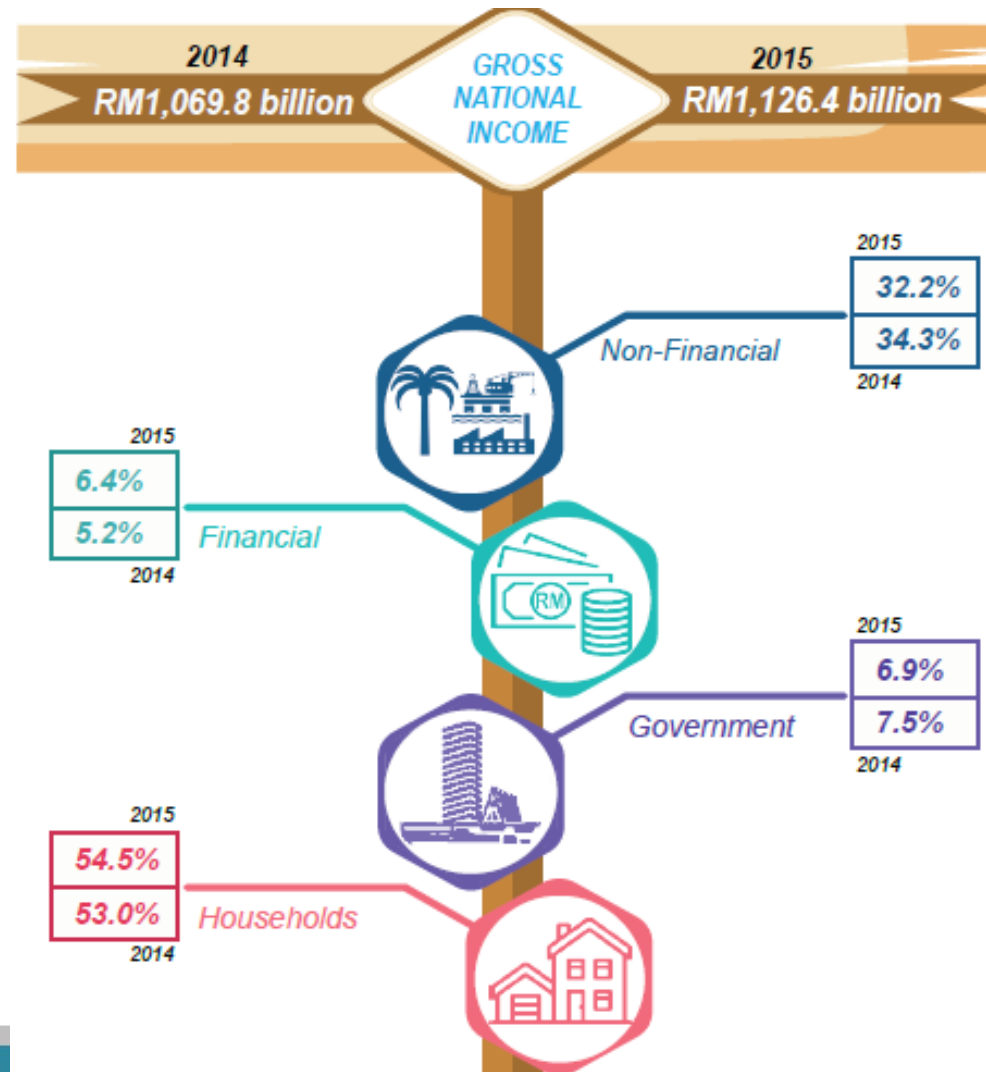
Compensation of Employees (Generation of Income Account)



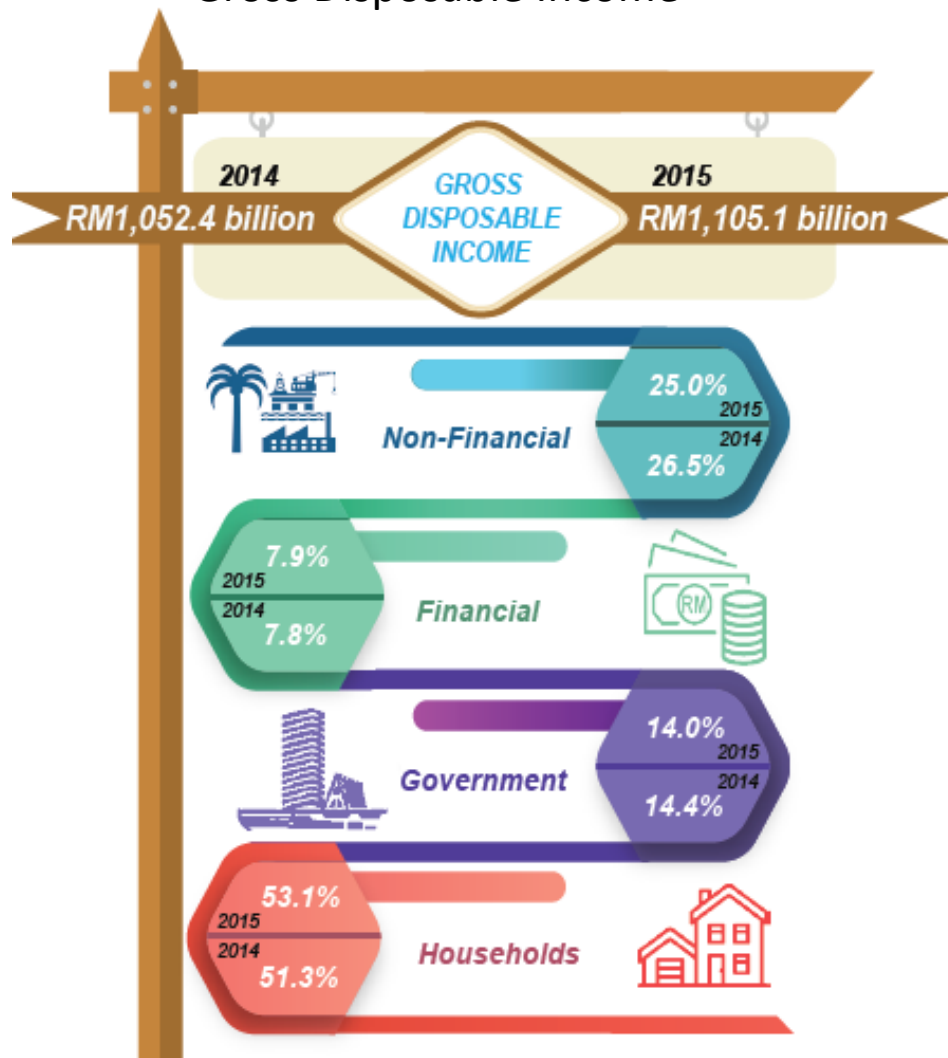
Gross Operating Surplus (Allocation of primary income account)



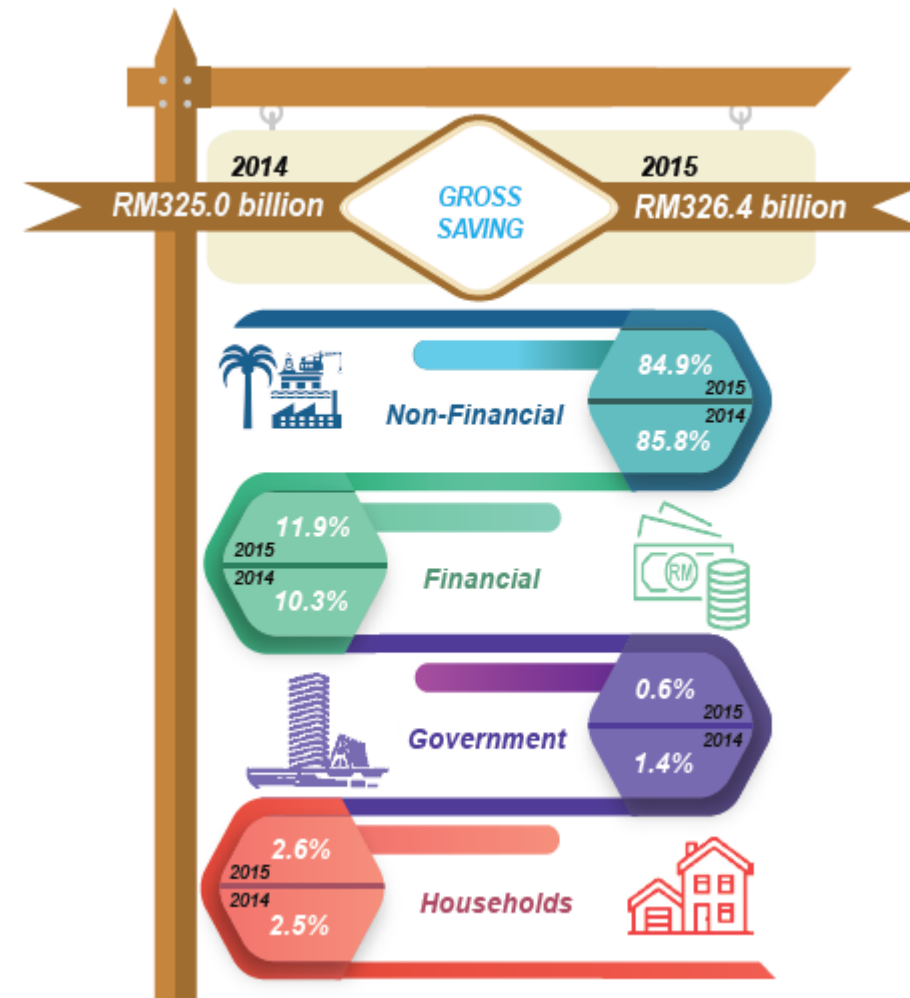
Gross National Income (Allocation of primary income account)



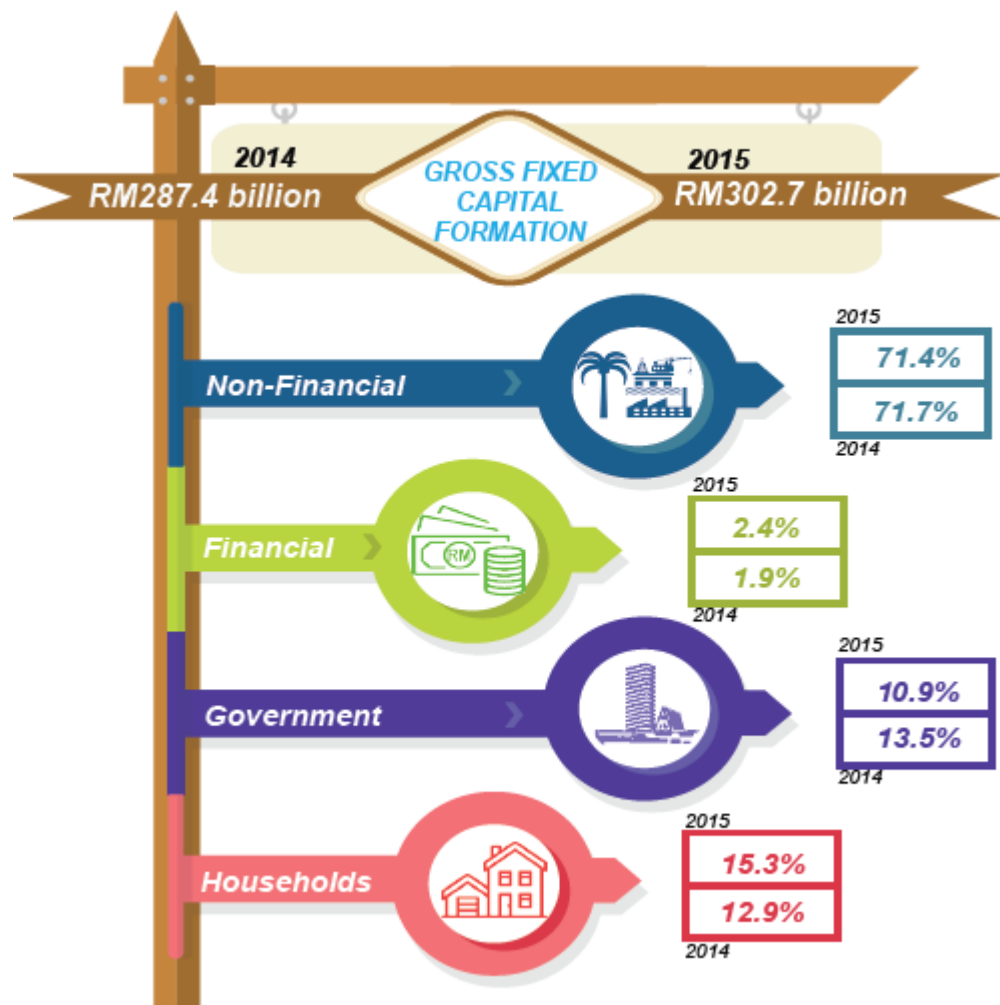
Gross Disposable Income



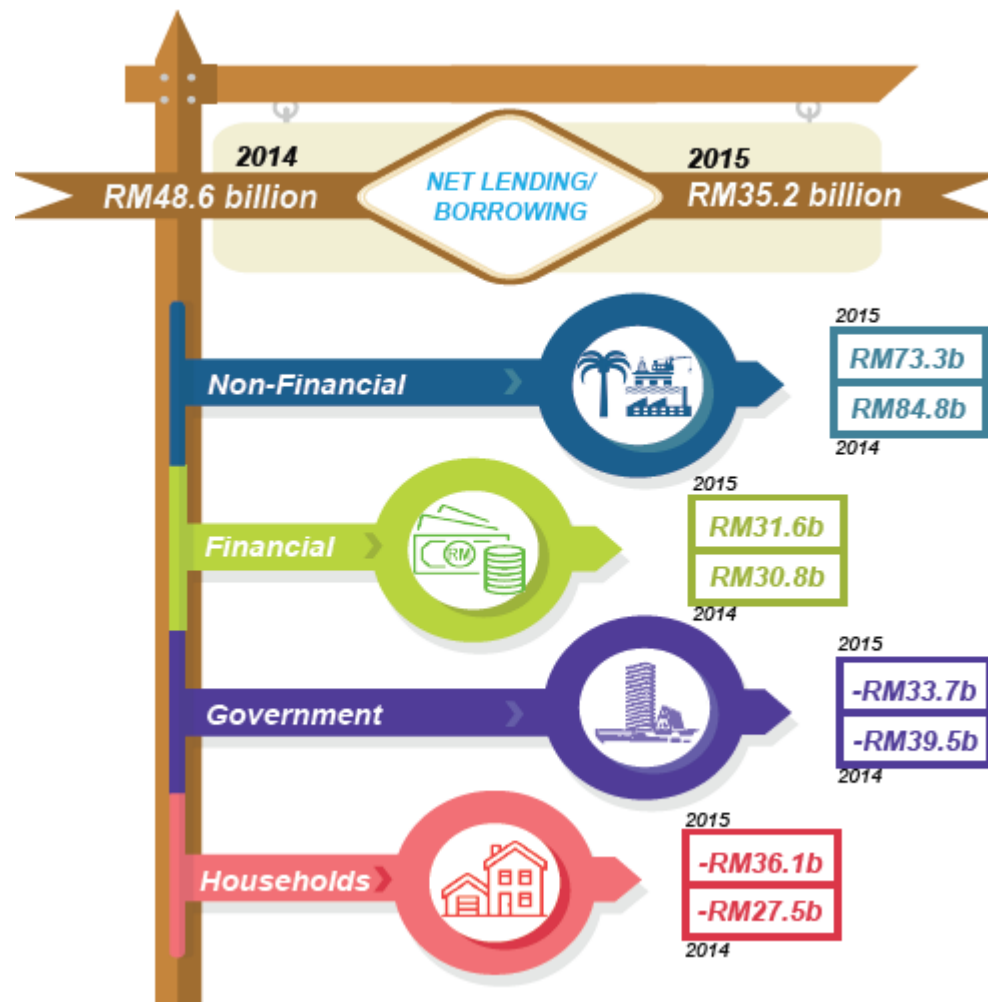
Gross Saving



Gross Fixed Capital Formation



Net Lending / Borrowing



Macroeconomic Indicators by Institutional Sector, 2015

RM Billion (Share %)	Non-Financial	Financial	Government	Households
Gross Domestic Product[†]				
1,158.5	715.7 (61.8%)	76.3 (6.6%)	97.6 (8.4%)	221.4 (19.1%)
Compensation of Employees				
403.2	255.2 (63.2%)	26.8 (6.7%)	93.0 (23.1%)	28.1 (7.0%)
Gross Operating Surplus				
699.7	452.8 (64.7%)	49.3 (7.1%)	4.4 (0.6%)	193.2 (27.6%)
Gross National Income				
1,126.4	362.8 (32.2%)	71.9 (6.4%)	78.2 (6.9%)	613.5 (54.5%)
Gross Disposable Income				
1,105.1	276.8 (25.0%)	87.5 (7.9%)	154.4 (14.0%)	586.3 (53.1%)
Gross Saving				
326.4	276.8 (84.8%)	38.9 (11.9%)	2.1 (0.6%)	8.6 (2.6%)
Gross Fixed Capital Formation				
302.7	216.4 (71.4%)	7.2 (2.4%)	32.8 (10.9%)	46.3 (15.3%)
Net Lending (+)/ Borrowing (-)				
35.2	73.3	31.6	-33.7	-36.1



Jabatan Perangkaan
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