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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National Accounts Statistics Division
Department of Statistics, Malaysia

www.dosm.gov.my
www.mycensus.gov.my
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/ Takaful

Life Insurance/ Family Fund

General Insurance/ General Fund
• The measurement of value of gross output for insurance services includes the following elements:

Insurance = Premium
  + Investment income (premiums supplement)
    - Claims paid
**STATEMENTS OF INCOME**

**COMPANY A**

### 20. NET EARNED CONTRIBUTION

<table>
<thead>
<tr>
<th>Year</th>
<th>General</th>
<th>Family</th>
<th><strong>Company</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1,218,365</td>
<td>1,345,132</td>
<td>1,345,132</td>
</tr>
</tbody>
</table>

### 22. INVESTMENT INCOME

<table>
<thead>
<tr>
<th>Shareholder’s fund</th>
<th>General</th>
<th>Family</th>
<th><strong>Company</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Note</td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**APF financial assets:**
- Property income: 105,083
- Debt securities income: 37,870
- Equity securities income: 6,255
- Other income: 2,794

**NY:**
- Property income: 916
- Debt securities income: 373
- Equity securities income: 61
- Other income: 53

**LIA:**
- Property income: 6,081
- Debt securities income: 32
- Equity securities income: 22
- Other income: 22

### 26. NET BENEFITS AND CLAIMS

<table>
<thead>
<tr>
<th>Year</th>
<th>General</th>
<th>Family</th>
<th><strong>Company</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Claims ceded to rekatib:**
- 94,618
- 39,228
- 39,228

**Gross change in certificate liabilities:**
- 45,357 (458,649)
- 398,292

**Change in certificate liabilities ceded to rekatib:**
- 315
- 216
- 216
## FAMILY TAKAFUL

<table>
<thead>
<tr>
<th>Item</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue</td>
<td>2,148,206</td>
<td>1,751,025</td>
<td>1,145,061</td>
</tr>
<tr>
<td>Gross earned contributions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,148,206</td>
<td>1,751,025</td>
<td>1,145,061</td>
</tr>
<tr>
<td>Net earned contributions</td>
<td>1,630,108</td>
<td>1,301,436</td>
<td>992,303</td>
</tr>
<tr>
<td>Net investment income</td>
<td>92,160</td>
<td>75,172</td>
<td>58,694</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>1,722,268</td>
<td>1,376,608</td>
<td>1,051,002</td>
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</tbody>
</table>

## GENERAL TAKAFUL

<table>
<thead>
<tr>
<th>Item</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue</td>
<td>1,788,916</td>
<td>1,499,216</td>
<td>1,042,824</td>
</tr>
<tr>
<td>Gross earned contributions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,788,916</td>
<td>1,499,216</td>
<td>1,042,824</td>
</tr>
<tr>
<td>Net earned contributions</td>
<td>1,279,818</td>
<td>1,054,406</td>
<td>775,800</td>
</tr>
<tr>
<td>Net investment income</td>
<td>52,105</td>
<td>42,939</td>
<td>35,912</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>1,331,923</td>
<td>1,103,875</td>
<td>811,502</td>
</tr>
</tbody>
</table>
# OUTPUT CALCULATION:

<table>
<thead>
<tr>
<th>Source</th>
<th>Item</th>
<th>Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income and Expenditure Statement</td>
<td>Gross earned Contribution</td>
<td>a</td>
</tr>
<tr>
<td>Income and Expenditure Statement</td>
<td>Investment income</td>
<td>b</td>
</tr>
<tr>
<td>Income and Expenditure Statement</td>
<td>Gross benefits/claims paid</td>
<td>c</td>
</tr>
<tr>
<td>Output</td>
<td></td>
<td>a + b - c</td>
</tr>
</tbody>
</table>

## Company A

<table>
<thead>
<tr>
<th></th>
<th>Family Takaful</th>
<th>General Takaful</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross earned Contribution</td>
<td>1,345,132</td>
<td>1,225,432</td>
</tr>
<tr>
<td>Investment income</td>
<td>435,803</td>
<td>72,331</td>
</tr>
<tr>
<td>Gross benefits/claims paid</td>
<td>763,280</td>
<td>768,080</td>
</tr>
<tr>
<td><strong>Output</strong></td>
<td><strong>1,017,655</strong></td>
<td><strong>529,683</strong></td>
</tr>
</tbody>
</table>

## Company B

<table>
<thead>
<tr>
<th></th>
<th>Family Takaful</th>
<th>General Takaful</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross earned Contribution</td>
<td>1,133,942</td>
<td>552,383</td>
</tr>
<tr>
<td>Investment income</td>
<td>226,188</td>
<td>28,321</td>
</tr>
<tr>
<td>Gross benefits/claims paid</td>
<td>668,523</td>
<td>242,291</td>
</tr>
<tr>
<td><strong>Output</strong></td>
<td><strong>691,607</strong></td>
<td><strong>338,413</strong></td>
</tr>
</tbody>
</table>
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
MALAYSIA FINANCIAL SYSTEM & STRUCTURE

Financial System

Banking System
- Bank Negara
  - Malaysia
- Banking Institutions
  - Conventional
  - Islamic Banks

Non-Bank Financial Intermediaries
- Provident Fund (EPF)
- Insurance & Takaful
- Development Financial Institutions
- Saving Institutions

Money Market / Foreign Exchange
- Foreign Exchange / Money Changer

Capital Market
- Stock / Equity
  - Bond & Sukuk
  - Derivatives

Offshore
- Labuan Offshore
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.
INDUSTRIAL CLASSIFICATION: INSURANCE

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:

<table>
<thead>
<tr>
<th>LEVEL</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Division</td>
<td>1</td>
</tr>
<tr>
<td>Group (3D)</td>
<td>3</td>
</tr>
<tr>
<td>Class (4D)</td>
<td>4</td>
</tr>
<tr>
<td>Item (5D)</td>
<td>16</td>
</tr>
</tbody>
</table>

Finance & Insurance:

<table>
<thead>
<tr>
<th>LEVEL</th>
<th>Finance</th>
<th>Insurance</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Division</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>3.4</td>
</tr>
<tr>
<td>Group (3D)</td>
<td>7</td>
<td>3</td>
<td>10</td>
<td>11.4</td>
</tr>
<tr>
<td>Class (4D)</td>
<td>14</td>
<td>4</td>
<td>18</td>
<td>4.2</td>
</tr>
<tr>
<td>Item (5D)</td>
<td>48</td>
<td>16</td>
<td>64</td>
<td>5.5</td>
</tr>
</tbody>
</table>
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%
Distribution & Use of Income Accounts and Capital Account

**Gross Domestic Product** (Production Account)

- 2014: RM1,106.5 billion
- 2015: RM1,158.5 billion

- 2014: 6.6% Financial, 19.1% Households
- 2015: 6.8% Financial, 18.5% Households
- 2014: 61.8% Non-Financial, 8.4% Government
- 2015: 64.0% Non-Financial, 8.6% Government
- 2014: 4.1% Net taxes
- 2015: 2.1% Net taxes

**Compensation of Employees** (Generation of Income Account)

- 2014: RM379.0 billion
- 2015: RM403.2 billion

- 2014: 6.7% Financial, 23.1% Households
- 2015: 6.7% Financial, 22.7% Households
- 2014: 63.2% Non-Financial
- 2015: 65.3% Non-Financial
- 2014: 7.0% Government
- 2015: 5.3% Government
Distribution & Use of Income Accounts and Capital Account

Gross Operating Surplus
(Allocation of primary income account)

Gross National Income
(Allocation of primary income account)
Distribution & Use of Income Accounts and Capital Account

Gross Fixed Capital Formation

- Non-Financial
  - 2014: RM 287.4 billion
  - 2015: RM 302.7 billion

- Financial
  - 2014: 2.4%
  - 2015: 1.9%

- Government
  - 2014: 15.3%
  - 2015: 12.9%

Net Lending / Borrowing

- Non-Financial
  - 2014: RM 48.6 billion
  - 2015: RM 35.2 billion

- Financial
  - 2014: RM 31.6 billion
  - 2015: RM 30.8 billion

- Government
  - 2014: -RM 39.5 billion
  - 2015: -RM 37.7 billion

- Households
  - 2014: -RM 36.1 billion
  - 2015: -RM 27.5 billion
Macroeconomic Indicators by Institutional Sector, 2015

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Non-Financial</th>
<th>Financial</th>
<th>Government</th>
<th>Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>RM Billion (Share %)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Domestic Product</td>
<td>715.7</td>
<td>76.3</td>
<td>97.6</td>
<td>221.4</td>
</tr>
<tr>
<td>(41.6%)</td>
<td>(6.6%)</td>
<td>(5.4%)</td>
<td>(19.1%)</td>
<td></td>
</tr>
<tr>
<td>Compensation of Employees</td>
<td>255.2</td>
<td>26.8</td>
<td>93.0</td>
<td>28.1</td>
</tr>
<tr>
<td>(43.2%)</td>
<td>(8.7%)</td>
<td>(23.1%)</td>
<td>(7.0%)</td>
<td></td>
</tr>
<tr>
<td>Gross Operating Surplus</td>
<td>452.8</td>
<td>49.3</td>
<td>4.4</td>
<td>133.2</td>
</tr>
<tr>
<td>(44.7%)</td>
<td>(7.1%)</td>
<td>(0.8%)</td>
<td>(7.8%)</td>
<td></td>
</tr>
<tr>
<td>Gross National Income</td>
<td>362.8</td>
<td>71.9</td>
<td>78.2</td>
<td>613.5</td>
</tr>
<tr>
<td>(32.2%)</td>
<td>(6.4%)</td>
<td>(6.9%)</td>
<td>(54.5%)</td>
<td></td>
</tr>
<tr>
<td>Gross Disposable Income</td>
<td>276.8</td>
<td>87.5</td>
<td>154.4</td>
<td>586.3</td>
</tr>
<tr>
<td>(25.0%)</td>
<td>(7.9%)</td>
<td>(14.0%)</td>
<td>(53.1%)</td>
<td></td>
</tr>
<tr>
<td>Gross Saving</td>
<td>276.8</td>
<td>38.9</td>
<td>2.1</td>
<td>8.6</td>
</tr>
<tr>
<td>(84.9%)</td>
<td>(11.8%)</td>
<td>(0.6%)</td>
<td>(2.8%)</td>
<td></td>
</tr>
<tr>
<td>Gross Fixed Capital Formation</td>
<td>216.4</td>
<td>7.2</td>
<td>32.8</td>
<td>46.3</td>
</tr>
<tr>
<td>(71.4%)</td>
<td>(2.4%)</td>
<td>(10.9%)</td>
<td>(15.3%)</td>
<td></td>
</tr>
<tr>
<td>Net Lending (+)/ Borrowing (-)</td>
<td>35.2</td>
<td>73.3</td>
<td>-33.7</td>
<td>-36.1</td>
</tr>
</tbody>
</table>

Notes:
1. GDP data may include non-market transactions.
THANK YOU