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GEORGE TOWN: Insurance premiums for vehicles are likely to stay at the same level in the coming year despite a lower number of accidents and thefts during the pandemic and lockdown periods.

Lee Yen Ming, who runs a Bank Negara-approved insurance comparison site, said this was because the number of claims had remained high before the pandemic.

He said before the pandemic, the claim ratios had exceeded 100% before the lockdowns began.

Despite fewer claims made during the lockdown periods, premiums were likely to stay the same, as insurers try to recoup their losses, Lee said.
Insurers will have to account for some of the shortfalls faced before the pandemic, the PolicyStreet.com CEO said during a webinar today.

Lee anticipated that future calculations of insurance premium payments would go high-tech, based on telematics.

Telematics involves using a tracker fitted into a car to determine how gently or roughly a vehicle is driven. It also helps in the recovery of a vehicle in case of theft, as it is built-in with global-positioning system (GPS) tracking.

Lee said insurers would then reward customers who drove well and economically under this telematics system, offering discounts on their annual premiums.

He said the telematics move will see the phasing out of traditional, fixed-price premiums currently in use, giving way to personalised premiums based on the driver's risk profile.

The premiums would also be fair to careful drivers, unlike the current scheme where drivers with poor driving habits still get rewarded by having to pay the same premiums as other more careful motorists.

In the long run, lower premiums would also incentivise them to drive safely, leading to lower claims for insurers, he said.

Lee said in the future, motorists would also be given a choice to pay premiums based on the mileage covered.

He said General Insurance Association of Malaysia statistics show that at least RM8 billion in motor insurance premiums are collected annually.

The motor insurance industry is not a profitable one, according to Allianz Malaysia CEO Zakri Khir, saying the industry lost RM1 billion a year to rampant fraudulent claims.

In a media call earlier this year,

he said the payouts were higher than the premiums collected, hence making the industry not so profitable.

This was because workshops inflated the claims bill and did not always use the parts they claimed to use.

Earlier, Lee's PolicyStreet and Dreamshop launched an initiative where motorists can get quotes from 10 separate insurers at a glance.

This collaboration would also see motorists given a choice to convert their insurance premiums up to 36 months and 0% instalment plans with 10 participating banks.

Source: <https://www.freemalaysiatoday.com/category/nation/2021/11/11/vehicle-insurance-premiums-likely-to-remain-unchanged/>