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Creating Winning Business Solutions

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15 October 2025

The Board of Directors
Chubb Insurance Malaysia Berhad
Wisma Chubb
38, Jalan Sultan Ismail
50250 Kuala Lumpur
Wilayah Persekutuan

Dear Sirs and Madams

Independent Assessment of the General Insurance Industry in Malaysia

We are an independent business consulting and market research firm based in Malaysia, established in 1993. We offer consulting services, including business plans, opportunity evaluations, commercial due diligence, feasibility studies, financial and industry assessments, and market research. Since 1996, we have been involved in corporate exercises such as initial public offerings (IPO), reverse takeovers, chain listings, transfers to the Main Market, and business regularisations for publicly listed companies on Bursa Malaysia Securities Berhad (Bursa Securities). Our corporate exercise services encompass business overviews, independent industry assessments, management discussions and analyses, and business and industry risk assessments for prospectuses, shareholders' circulars and information memorandums.

We have been engaged to provide an independent assessment of the general insurance industry in Malaysia for inclusion in the prospectus of Chubb Insurance Malaysia Berhad for its IPO and listing of its shares on the Main Market of Bursa Securities. This report has been prepared independently and objectively, with all reasonable due care taken to ensure its accuracy and completeness.

We believe the report provides a true and fair assessment of the industry, considering the limitations of timely and available information, and analyses based on secondary and primary market research as of the report date. However, it should be noted that our assessment pertains to the industry as a whole and may not reflect the performance of any specific company. We accept no responsibility for the decisions or actions of readers based on this document. This report should not be construed as a recommendation to buy, not buy, sell, or not sell the securities of any company.

Please be aware that our report may include disclosures, assessments, opinions, and forward-looking statements that are subject to hitherto unknown or undisclosed information, uncertainties, and contingencies. These statements are based on secondary information and primary market research, and despite careful analysis, the industry is influenced by various known and unforeseen factors that could cause actual outcomes and future results to differ materially from these statements.

Yours sincerely

Wooi Tan
Managing Director

Wooi Tan holds a Bachelor of Science from the University of New South Wales and a Master of Business Administration from the University of Technology, Sydney. He is a Fellow of the Australian Marketing Institute and the Institute of Managers and Leaders, Australia. With over 30 years of experience in business consulting and market research, he has also assisted companies in their IPO and listings of their shares on Bursa Securities.

VITAL FACTOR CONSULTING
Creating Winning Business Solutions

Date of Report: 15 October 2025

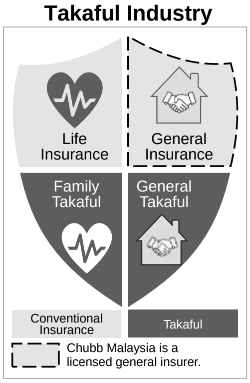
INDEPENDENT ASSESSMENT OF THE GENERAL INSURANCE INDUSTRY IN MALAYSIA

1. OVERVIEW OF CHUBB MALAYSIA'S BUSINESS AND REPORT PARAMETERS

- Chubb Insurance Malaysia Berhad (Chubb Malaysia) is a licensed insurer in Malaysia providing general insurance. Its top five largest premium contributors are motor, personal accident, liability, fire, as well as medical and health insurance, which shall be the focus of this report. Chubb Malaysia does not offer life insurance or general and family takaful. All information in this report refers to Malaysia unless stated otherwise and is the latest publicly available information.

2. INDUSTRY OVERVIEW

Insurance and Takaful Industry



- In Malaysia, there are two main types of insurance, namely conventional insurance and Takaful. Takaful is a Shariah-compliant insurance alternative to conventional insurance, based on a mutual guarantee or risk-sharing model where participants pool their contributions to collectively guarantee against losses.

- Conventional insurance refers to a contractual arrangement between an insurance company (insurer) and policyholders (insured). Policyholders pay premiums to the insurer, who in turn assumes the risk and provides compensation when covered events occur. It operates under the principle of risk transfer, where the risk is ceded from the insured to the insurer in exchange for premiums. Conventional insurance is further differentiated into:

  - **Life insurance**, which focuses on providing financial protection in the event of death or disability of the insured and often includes savings and investment components. It provides long-term protection and savings, with benefits payable upon death, disability, and maturity.

  - **General insurance**, which provides short-term coverage against a wide range of risks not related to life insurance, such as motor, property, liability, health, fire, and other risks. Chubb Malaysia only offers general insurance.

- Takaful is segmented into **family takaful**, which is equivalent to life insurance that offers long-term protection and savings but structured in compliance with Shariah requirements, and **general takaful,** which mirrors general insurance by providing short-term coverage against non-life risks.

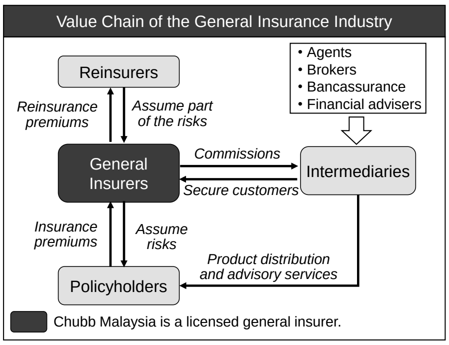
- As of the date of this report, Malaysia's insurance and takaful industry comprised 19 general insurers (including Chubb Malaysia), 14 life insurers, 4 general takaful operators, and 11 family takaful operators. *(Source: Bank Negara Malaysia (BNM))*

2.1 General Insurance Industry

- General insurance companies primarily operate to achieve profitability by offering a wide portfolio of insurance products and assuming the risks associated with them. The policyholders will pay premiums that are calculated to cover potential claim liabilities, administrative expenses, and to secure a reasonable profit margin for the insurer in exchange for the coverage stated in the policy.

- The industry encompasses a broad spectrum of products, formally classified by BNM into distinct **business classes** that cater to diverse risk exposures across individuals, businesses, and industries. They comprise accident, sickness, land vehicles, railway rolling stock, aircraft, ships, goods in transit, fire and natural forces, damage to property, motor vehicle liability, aircraft liability, liability of ships, general liability, credit, suretyship, miscellaneous financial loss, legal expenses, assistance, space, and space liability *(Source: BNM).*

2.2 Industry Value Chain



- Generally, the value chain of the general insurance industry begins with the general insurance companies designing and underwriting insurance products tailored to meet the diverse needs of individuals, households, businesses, organisations, and governments. Coverage is typically provided to policyholders in three forms as follows:
  - **Individual insurance policies**, which are contracts between an insurer and a single insured party, which may be a person or an entity. These policies provide coverage against specific risks related to a person, asset, or event. Common examples include motor, fire, and personal accident insurance.
  - **Group insurance policies**, which cover multiple individuals under a single contract that organisations typically use to provide coverage for employees.
  - **Master insurance policies**, which are umbrella contracts that allow participants of an organisation or association to be covered under standardised terms. These master insurance policies are a type of group insurance policy, commonly available on e-hailing and digital financial platforms, providing a degree of protection to their customers.

- Insurance products are commonly made accessible to the market through various intermediaries that serve as a critical linkage between insurers and policyholders. Intermediaries play multiple roles, including facilitating market access, providing advisory services, managing customer relationships, and offering claims support. The main categories of intermediaries within the general insurance industry include:
  - **Agents**, who are individuals that represent one or two general insurers to market, promote, and distribute general insurance policies. Agents are required to pass examinations and be registered with the General Insurance Association of Malaysia (Persatuan Insurans Am Malaysia - PIAM). As of 31 December 2024, there were 40,365 registered agents across Malaysia *(Source: PIAM).*
  - **Brokers**, who are approved independent professionals governed by BNM, have a fiduciary duty to act in the interests of policyholders. Brokers provide impartial advice, comparing products across different insurers to obtain the most suitable coverage and terms for their clients. As at the date of this report, there were 24 approved insurance brokers (including 22 approved insurance and takaful brokers) and 2 approved international marine, aviation, and transit (MAT) insurance brokers *(Source: BNM)*.
  - **Financial advisers**, who are licensed by BNM to recommend insurance products as part of their broader financial planning suites, which may include investment, retirement, and wealth management, serving as part of the clients' financial strategy. As at the date of this report, there were 48 approved financial advisers *(Source: BNM)*.
  - **Bancassurance**, which refers to special arrangements between insurers and banks to distribute insurance products through the banks' extensive network of branches and customer base.

  Insurers have the obligation to pay remuneration to intermediaries in the form of commissions. To foster healthy competition within the industry, BNM has limited the maximum gross commissions for each business class that an insurer can pay.

- Once the insurance policy is underwritten, the insurers assume the associated risks. It is common for general insurers to cede part of their risks to reinsurers to manage their risk exposure and maintain sufficient capital. Reinsurance serves as a critical layer of risk management within the general insurance industry value chain, enabling insurers to safeguard their solvency, enhance underwriting capacity, and mitigate the impact of catastrophic events.

3. REGULATORY FRAMEWORK

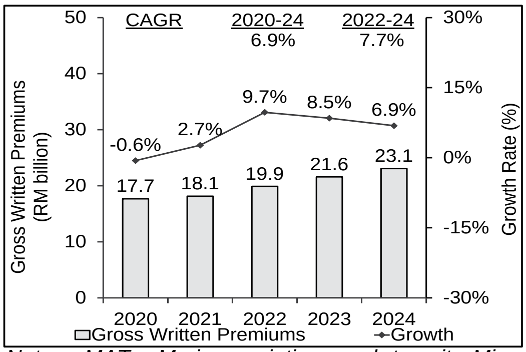
- The general insurance industry operates within a comprehensive regulatory framework designed to ensure financial stability and consumer protection. It is primarily governed by the **Financial Services Act 2013**, under the supervision of BNM, which issues various policy documents and guidelines to regulate industry practices. Some of the key regulations, standards, and guidelines include the following:
  - All general insurers must obtain a general insurance licence from BNM before they can introduce, market, and distribute insurance policies.
  - General insurers are required to set an individual target capital level that reflects their overall risk appetite, risk profile, and risk management practices. They must also always maintain a capital adequacy ratio above the supervisory target capital level of 130% to ensure solvency and financial resilience.
  - General insurers must establish a board-approved investment strategy for their insurance funds, aligned with their risk appetite, subject to the quantitative limit set out by BNM.
  - Compliance with Anti-Money Laundering, Countering Financing of Terrorism, and Countering Proliferation Financing (AML/CFT/CPF) obligations is mandatory. This includes conducting due diligence on employees and agents, performing risk assessments before launching new products or adopting new technologies, and implementing robust customer due diligence measures.
- These regulations, standards, and guidelines highlight the regulated nature of the general insurance industry in Malaysia, ensuring prudential soundness, effective risk management, market integrity, and strong consumer protection.

4. PERFORMANCE OF THE GENERAL INSURANCE INDUSTRY

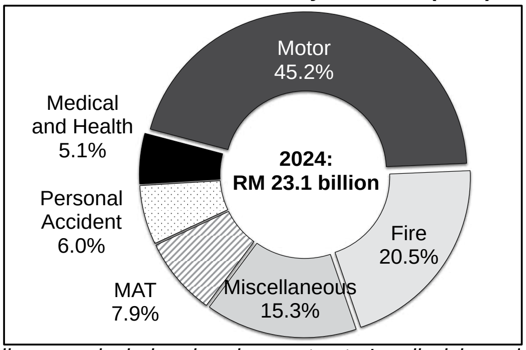
4.1 Gross Written Premiums

- The general insurance industry in Malaysia has expanded steadily over the past three years, recording a compound annual growth rate (CAGR) of 7.7% in gross written premiums between 2022 and 2024.

Gross Written Premiums



Gross Written Premiums by Products (2024)



Notes: MAT= Marine, aviation, and transit. Miscellaneous includes bonds, contractor's all risk and engineering, liabilities, others, workmen's compensation and employers' liability. The information above is based on aggregated calendar year statistics from January to December. (Source: Insurance Services Malaysia Berhad (ISM))

- Premiums are payments made by the policyholders to the insurers in exchange for the coverage specified in their policies. Gross written premiums refer to the total contributions received on insurance policies underwritten and assumed reinsurance premiums by insurers, including adjustments for additional or return premiums, before deducting any related expenses such as commissions and brokerage fees. In 2024, the general insurance industry in Malaysia continued to expand, as reflected in a 6.9% increase in gross written premiums to RM23.1 billion, although at a slower pace compared to the 8.5% increase in 2023.

- Motor insurance remained dominant in 2024, accounting for 45.2% (RM10.4 billion) of the total gross written premiums, largely due to the mandatory insurance requirement for motor vehicles. This segment grew by 6.7% in 2024, primarily driven by higher motor vehicle sales in Malaysia (see Section 5.2) and increased premium rates in line with rising vehicle prices. Fire insurance was the second largest segment, contributing 20.5% (RM4.7 billion), followed by the MAT insurance segment at 7.9% (RM1.8 billion), personal accident insurance at 6.0% (RM1.4 billion), and medical and health insurance at 5.1% (RM1.2 billion). The miscellaneous segment made up the remaining 15.3% (RM3.5 billion). This diverse portfolio underscores the industry's pivotal role in meeting both personal and business risk protection needs, with motor and fire insurance remaining the key drivers of overall growth. *(Source: ISM)* Sustained growth in gross written premiums augurs well for general insurance underwriters such as Chubb Malaysia, as it implies higher premiums collected from policyholders.

Gross Written Premiums by Products (2020-2024)

Products (RM million)	2020	2021	2022	2023	2024	'22-'24 CAGR
Motor	8,412	8,238	8,990	9,758	10,409	7.6%
Fire	3,611	3,804	4,054	4,465	4,723	7.9%
MAT	1,375	1,418	1,511	1,598	1,826	9.9%
Personal accident	994	1,011	1,446	1,212	1,391	(1.9%)
Medical and health	1,001	968	976	1,078	1,187	10.3%
Miscellaneous	2,266	2,691	2,914	3,463	3,517	9.9%

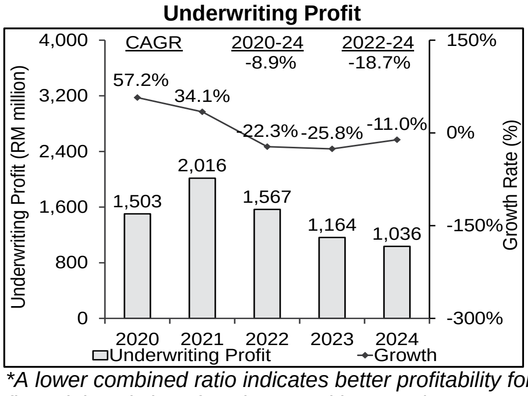
The information above is based on aggregated calendar year statistics from January to December. (Source: ISM)

- In the first half (H1) of 2025, the gross written premium of the general insurance industry increased by 4.0% compared to H1 2024 *(Source: PIAM)*.

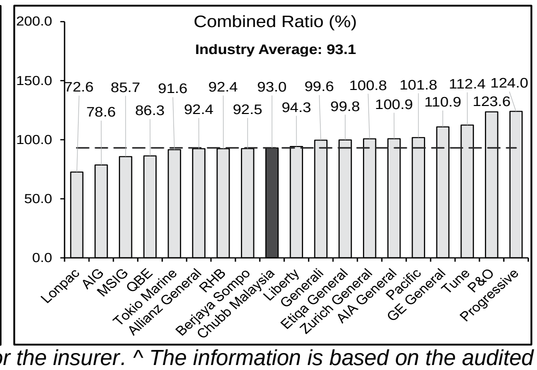
4.2 Underwriting Performance

- While the general industry has experienced growth in gross written premiums, the underwriting profit experienced a decline at an average annual rate of 18.7% between 2022 and 2024. Underwriting profits refer to the earnings an insurance company makes from its core business activities, primarily the process of assessing and accepting risks. It is calculated as the difference between the premiums collected from policyholders and the claims paid out, along with the operating expenses related to underwriting operations. In 2024, the underwriting profit of the general insurance industry declined by 11.0% to RM1.0 billion. The decline in underwriting profits was primarily attributed to a decrease in profitability for the motor, medical and health, and MAT insurance segments *(Source: ISM)*.

Underwriting Profit



Combined Ratio* of 19 General Insurers (2024)^



**A lower combined ratio indicates better profitability for the insurer. ^ The information is based on the audited financial statistics of each general insurer. (Source: ISM and Chubb Malaysia)*

- The combined ratio measures the profitability of the general insurance industry by dividing the sum of claims and expenses (including management expenses and net commissions) incurred by the total premiums earned. In 2024, the combined ratio of the industry average increased from 87.8% in 2023 to 93.1%, primarily driven by a rise in the loss ratio from 53.0% in 2023 to 57.4%. The increase in loss ratio was primarily driven by higher losses in the motor, medical and health, and the MAT insurance segments. In particular, the loss ratio for the motor insurance segment increased to 68.3%, in line with a 6.3% rise in reported traffic accident cases, which reached

638,060 in 2024, contributing to a higher frequency of claims *(Source: DoSM)*. Although average commission costs declined from 10.7% to 10.4% in 2024, the average management expenses increased from 24.0% to 25.3%, resulting in an overall expense ratio of 35.7%. *(Source: ISM)*

- The industry's average combined ratio of 19 general insurers was 93.1% in 2024, with 10 of them recording a higher-than-industry combined ratio. A higher combined ratio may affect the underwriting profitability of the insurers.

Industry Average Performance

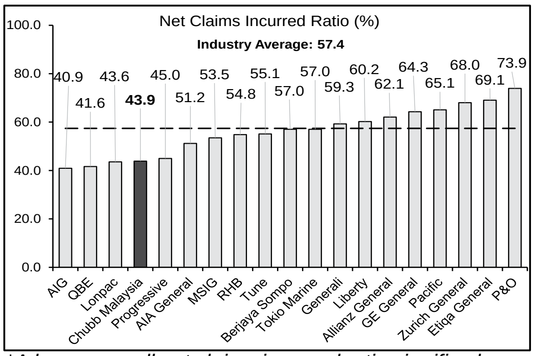
Industry average (%)	2022	2023	2024
Combined ratio	88.4	87.8	93.1
Net claims incurred ratio	53.4	53.0	57.4
Commission ratio	11.0	10.7	10.4
Management expense ratio	24.1	24.0	25.3

The information above is based on the audited financial statistics of each general insurer. (Source: ISM)

4.3 Net Claims Incurred Ratio Benchmark

- The net claims incurred within the general insurance industry also expanded by 8.1% to RM9.0 billion in 2024 *(Source: ISM)*. Net claims incurred represent the total claims paid by the insurers after deducting recoveries. A higher net claims incurred reduces insurers' profitability and underwriting performance. The net claims incurred ratio measures the portion of the premium earned that is spent on claims, reflecting insurers' effectiveness in managing underwriting risk. The average net claims incurred ratio has been increasing for the past three years, from 53.4% in 2022 to 57.4% in 2024, approaching the pre-pandemic level of 57.8%. Of the total 19 general insurers, 11 of them, including Chubb Malaysia, recorded a net claims incurred ratio lower than the industry average in 2024. Chubb Malaysia's net claims incurred ratio of 43.9% is 13**.5%** lower than the industry average of 57.4% in 2024, indicating its better performance in controlling its claims expenses.

Overall Net Claims Incurred Ratio* in 2024

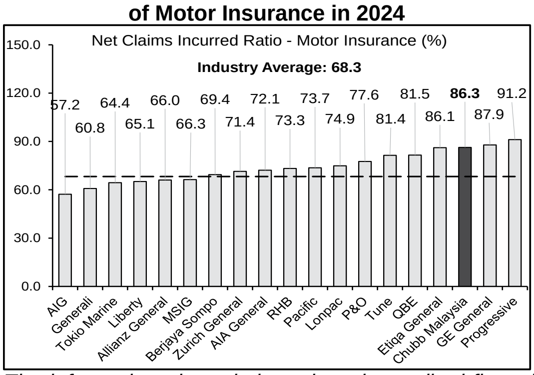


**A lower overall net claims incurred ratio signifies lower claims expenses. The information above is based on the audited financial statistics of each general insurer. (Source: ISM and Chubb Malaysia)*

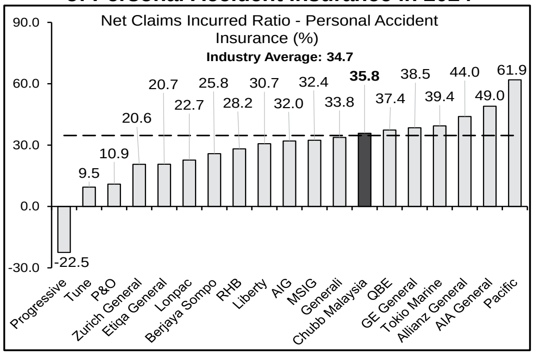
- The industry's average net claims incurred ratios have shown an overall upward trend over the past three years. Between 2020 and 2021, the Malaysian Government imposed various movement control orders, which included restrictions on movements as well as economic activities. This has resulted in the lower claims ratio during these periods (2020: 52.8%; 2021: 50.2%). Following the easing of restrictions and gradual resumption of activities since mid-2022, the overall net claims incurred ratio has been increasing.

- As Chubb Malaysia mainly focuses on motor, personal accident, liability, fire, as well as medical and health insurance, the following is the net claims incurred ratio of these products.

Net Claims Incurred Ratio of Motor Insurance in 2024

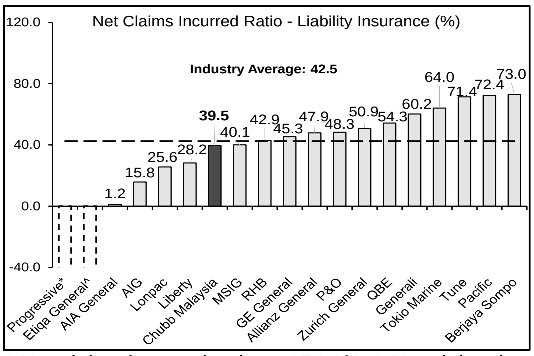


Net Claims Incurred Ratio of Personal Accident Insurance in 2024

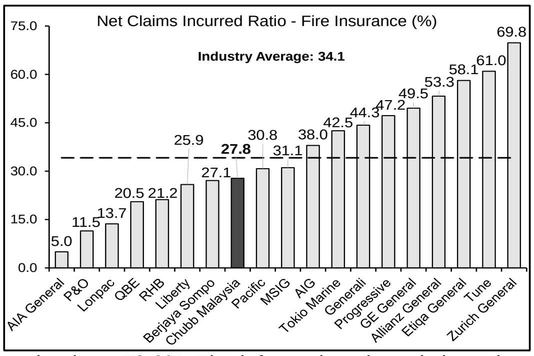


The information above is based on the audited financial statistics of each general insurer. (Source: ISM and Chubb Malaysia)

Net Claims Incurred Ratio of Liability Insurance in 2024



Net Claims Incurred Ratio of Fire Insurance in 2024



** Net claims incurred ratio = -174.1%; ^ Net claims incurred ratio = -73.0%. The information above is based on the audited financial statistics of each general insurer. (Source: ISM and Chubb Malaysia)*

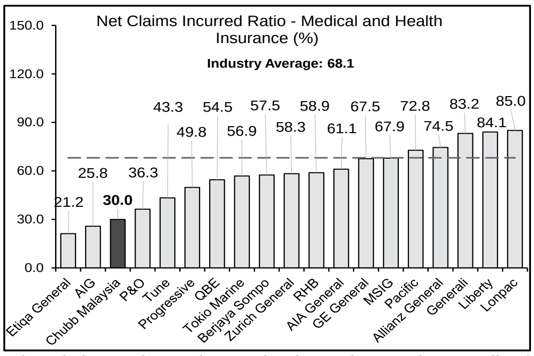
Industry Average – Net Claims Incurred Ratio

Malaysia (%)	Motor	PA	Liab	Fire	M&H	Oth
2022	64.8	24.6	32.7	29.4	61.7	46.2
2023	60.6	27.8	37.6	35.1	65.6	40.7
2024	68.3	34.7	42.5	34.1	68.1	34.8

PA = Personal Accident; Liab = Liability; M&H = Medical and health; Oth = Others. The information above is based on the audited financial statistics of each general insurer. (Source: ISM)

- Motor insurance rose from 64.8% in 2022 to 68.3% in 2024, personal accident insurance increased from 24.6% to 34.7%, liability insurance from 32.7% to 42.5%, fire insurance from 29.4% to 34.1%, and medical and health insurance from 61.7% to 68.1%, over the same period. Among these, personal accident, liability, fire, and medical and health insurance ratios have already surpassed pre-pandemic levels, while motor insurance is nearing its pre-pandemic benchmark. *(Source: ISM)*

Net Claims Incurred Ratio of Medical and Health Insurance in 2024



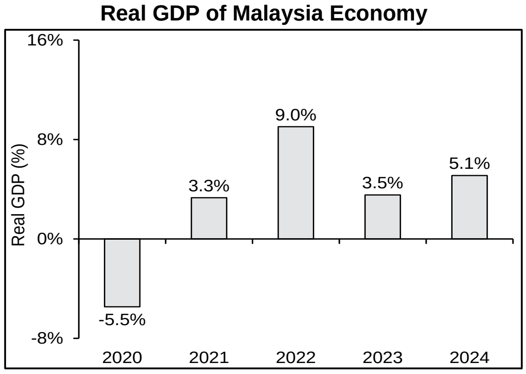
The information above is based on the audited financial statistics of each general insurer. (Source: ISM and Chubb Malaysia)

5. DEMAND DEPENDENCIES

The following are some of the demand drivers for selected general insurance segments, focusing on the top few insurance segments of Chubb Malaysia.

5.1 Economic and Socio-economic Factors

Real GDP of Malaysia Economy

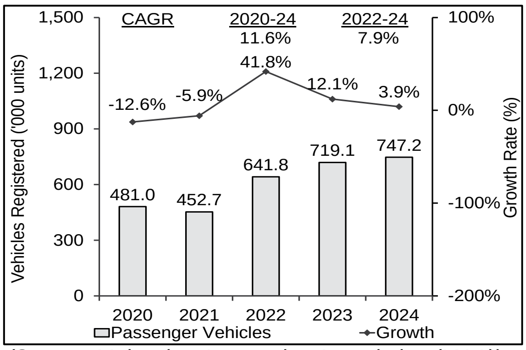


(Source: Department of Statistics Malaysia (DoSM))

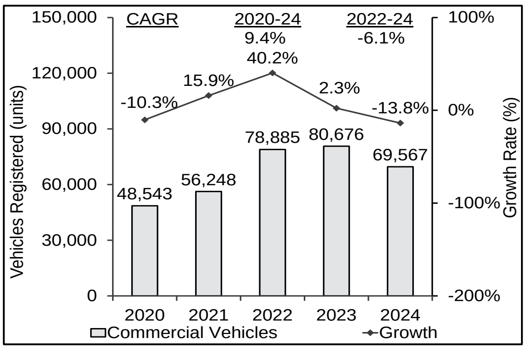
- In 2024, the real GDP of Malaysia expanded by 5.1%, underpinned by robust domestic demand and a notable acceleration in investment activities that marked the strongest growth since 2012. In H1 2025, Malaysia's real GDP continued to expand by 4.4%, driven by resilient household spending, robust investment, steady external demand for electrical and electronic products, and a recovery in tourism. *(Source: DoSM and BNM)* Sustained economic growth translates into increased business activity and higher household expenditure, both of which support greater demand for insurance protection. Business expansion increases the need for property, liability, and engineering insurance, while improved consumer confidence encourages the uptake of motor, medical and health, and personal accident policies. These trends highlight a supportive environment for growth in Malaysia's general insurance industry. Furthermore, Malaysia's population was estimated at 34.2 million in 2025. In 2025, the age distribution stood at 7.4 million (below 15), 24.1 million (15 to 64), and 2.7 million (65 and above) *(Source: DoSM)*. This demographic profile underpins broad demand for insurance, with the working-age population driving growth across various insurance coverage.

5.2 Motor Vehicles

New Passenger Vehicles Registered in Malaysia



New Commercial Vehicles Registered in Malaysia



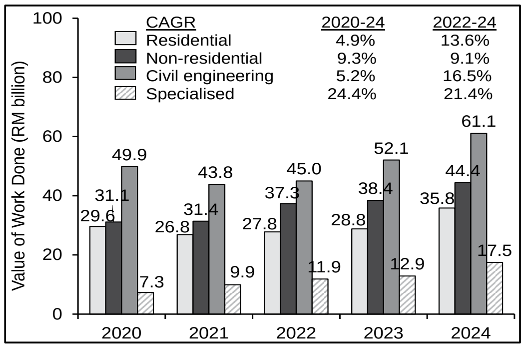
(Source: Malaysian Automotive Association (MAA))

- The number of new motor vehicle registrations in Malaysia may indicate demand, as third-party liability insurance for every motor vehicle is mandatory under the Road Transport Act 1987. Between 2022 and 2024, the number of new passenger vehicles registered grew at a CAGR of 7.9%. However, between 2022 and 2024, the number of new commercial vehicles registered declined at an average annual rate of 6.1%, primarily due to the removal of the diesel subsidy in June 2024. In 2024, the number of new passenger and commercial vehicles registered stood at 747,180 and 69,567 respectively. In H1 2025, the total number of new passenger and commercial vehicles registered was 347,084 and 26,552 respectively. This represented a decline of 3.0% in passenger vehicles and 21.0% in commercial vehicles respectively, compared to H1 2024. In 2025, the total number of new passenger and commercial vehicles registered in Malaysia is forecasted to decline from 816,747 units to 780,000 units. *(Source: MAA)*

5.3 Construction Industry

- The value of construction work done not only serves as an indicator of construction activity but also creates opportunities for insurance coverage. As construction activities expand, the demand for insurance related to construction and engineering increases. Additionally, the completion of new residential, commercial, or industrial properties increases the demand for fire insurance and other property-related coverage. Between 2022 and 2024, the total value of construction work done grew at a CAGR of 14.1% to RM158.8 billion. In H1 2025, the total value of construction work done continued to expand by 14.7% compared to H1 2024. *(Source: DoSM)*.

Value of Construction Work Done in Malaysia

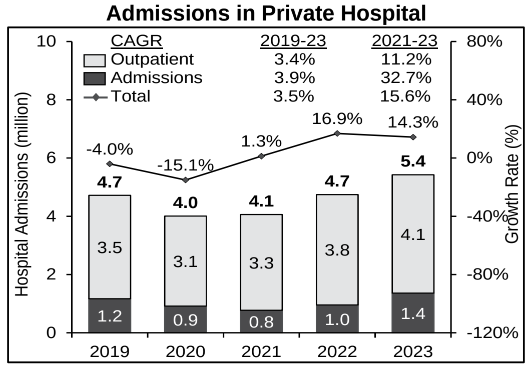


(Source: DoSM)

5.4 Outpatient Attendances and Admissions

- The number of outpatient attendances and admissions in private hospitals may provide some indication of the demand for medical and health insurance in Malaysia. Between 2021

Number of Outpatients and Admissions in Private Hospital



Note: Latest available data. (Source: Ministry of Health) and 2023, outpatient attendances and hospital admissions in private hospitals grew at a CAGR of 11.2% and 32.7% respectively. In 2023, private hospitals recorded 5.4 million patient visits, comprising 4.1 million outpatient attendances and 1.4 million admissions. Rising utilisation of private healthcare and increasing medical costs highlights the growing need for medical and health insurance to protect individuals from out-of-pocket expenses. This may create opportunities for general insurers that offer medical and health policies.

6. COMPETITIVE LANDSCAPE

- Malaysia's general insurance industry is **moderately to highly concentrated**, with 19 operators in 2024. The largest insurer held 15% of industry premiums, while the top five accounted for 52% and the top 10 for 81%. However, the lower tier of the industry remains fragmented. As of early 2023, Malaysia had 21 general insurers. However, following the transfer of general insurance business from Liberty Insurance Berhad to AmGeneral Insurance Berhad (now Liberty General Insurance Berhad) on 31 March 2023, and from MPI Generali Insurans Berhad to AXA Affin General Insurance Berhad (now Generali Insurance Malaysia Berhad) on 1 April 2023, the number of general insurers in Malaysia has reduced to 19 as of the date of this report.

- While Chubb Malaysia does not operate in the general takaful segment, it remains accessible to all consumers and businesses. As such, general takaful also competes with the general insurance market. The table below provides comparative financial data for general insurance providers in Malaysia, sorted in descending order by insurance revenue.

Company	FYE [1]	Insurance Rev (RM mil)	ISR (RM mil)	ISR Margin	PAT/(LAT) (RM mil)	PAT/(LAT) Margin
Allianz General[2]	Dec-24	3,219.0	424.2	13.2%	408.7	12.7%
Liberty[3]	Dec-24	2,317.0	200.7	8.7%	233.7	10.1%
Etiqa General[4]	Dec-24	2,216.5	46.5	2.1%	113.9	5.1%
Generali[5]	Dec-24	2,089.2	235.7	11.3%	163.8	7.8%
Lonpac[6]	Dec-24	1,781.6	377.8	21.2%	339.5	19.1%
MSIG[7]	Dec-24	1,711.5	249.4	14.6%	324.9	19.0%
Tokio Marine[8]	Dec-24	1,397.2	178.6	12.8%	186.8	13.4%
Berjaya Sompo[9]	Dec-24	1,271.0	114.8	9.0%	159.8	12.6%
Zurich General[10]	Dec-24	1,044.0	68.5	6.6%	98.2	9.4%
Pacific[11]	Dec-24	928.5	26.7	2.9%	28.4	3.1%
RHB[12]	Dec-24	886.0	39.2	4.4%	82.0	9.2%
AIG[13]	Dec-24	844.4	174.0	20.6%	146.4	17.3%
Chubb Malaysia	**Dec-24**	**703.5**	**194.3**	**27.6%**	**73.8**	**10.5%**
GE General[14]	Dec-24	619.6	(5.1)	(0.8%)	10.7	1.7%
AIA General[15]	Dec-24	354.5	47.5	13.4%	34.0	9.6%
Tune[16]	Dec-24	320.2	(1.4)	(0.4%)	13.1	4.1%
P&O[17]	Sep-24	269.5	(22.7)	(8.4%)	(10.9)	(4.1%)
QBE[18]	Dec-24	233.4	23.6	10.1%	28.5	12.2%
Progressive[19]	Dec-24	155.2	(5.8)	(3.7%)	12.6	8.1%

FYE= Financial Year Ended; Rev= Revenue; ISR= Insurance Service Results (the insurance service result represents the profit or loss earned by an insurer from providing insurance coverage and related services during a reporting period); PAT= Profit After Tax; LAT= Loss After Tax; mil= million; Bhd= Berhad.

***(1)** Latest available financial data from annual reports and Chubb Malaysia. **(2)** Allianz General Insurance Company (Malaysia) Berhad. A subsidiary of Allianz Malaysia Berhad, a listed entity on the Main Market of Bursa Securities. **(3)** Liberty General Insurance Berhad. **(4)** Etiqa General Insurance Berhad. A subsidiary of Malayan Banking Berhad, a listed entity on the Main Market of Bursa Securities. **(5)** Generali Insurance Malaysia Berhad. A subsidiary of Assicurazioni Generali S.p.A., a listed entity on the Milan Stock Exchange. **(6)** Lonpac Insurance Bhd. A subsidiary of LPI Capital Bhd, a listed entity on the Main Market of Bursa Securities. **(7)** MSIG Insurance (Malaysia) Bhd. A subsidiary of MS&AD Insurance Group Holdings, Inc, a listed entity on the Tokyo and Nagoya Stock Exchange. **(8)** Tokio Marine Insurans (Malaysia) Berhad. A subsidiary of Tokio Marine Holdings Inc., a listed entity on the Tokyo Stock Exchange. **(9)** Berjaya Sompo Insurance Berhad. A subsidiary of Sompo Holdings, Inc, a listed entity on the Tokyo Stock Exchange. **(10)** Zurich General Insurance Malaysia Berhad. A subsidiary of Zurich Insurance Group Ltd, a listed entity on the*

SIX Swiss Exchange. ***(11)*** *The Pacific Insurance Berhad. A subsidiary of Fairfax Financial Holdings Ltd, a listed entity on the Toronto Stock Exchange.* ***(12)*** *RHB Insurance Berhad. A subsidiary of RHB Bank Berhad, a listed entity on the Main Market of Bursa Securities.* ***(13)*** *AIG Malaysia Insurance Berhad. A subsidiary of American International Group, Inc., a listed entity on the New York Stock Exchange.* ***(14)*** *Great Eastern General Insurance (Malaysia) Berhad. A subsidiary of Oversea-Chinese Banking Corporation Ltd, a listed entity on the Singapore Exchange.* ***(15)*** *AIA General Berhad. A subsidiary of AIA Group Limited, a listed entity on the Stock Exchange of Hong Kong Limited.* ***(16)*** *Tune Insurance Malaysia Berhad. A subsidiary of Tune Protect Group Berhad, a listed entity on the Main Market of Bursa Securities.* ***(17)*** *Pacific & Orient Insurance Co. Berhad. A subsidiary of Pacific & Orient Berhad, a listed entity on the Main Market of Bursa Securities.* ***(18)*** *QBE Insurance (Malaysia) Berhad. A subsidiary of QBE Insurance Group Limited, a listed entity on the Australian Stock Exchange.* ***(19)*** *Progressive Insurance Bhd.*

7. BARRIERS TO ENTRY

- Barriers to entry in the general insurance industry are **high**, mainly due to the highly regulated nature and the requirement for sufficient capital. General insurers must maintain a minimum paid-up capital and comply with the Risk-Based Capital Framework. Effective 30 June 2001, BNM raised the minimum paid-up capital requirement for insurers from RM50 million to RM100 million, a move that triggered industry consolidation and continues to shape the market. Meeting regulatory and capital requirements demands substantial financial resources. As of the date of this report, there are 19 general insurance companies registered with BNM. Obtaining an operating licence forms a significant barrier, as insurers must first secure approval from BNM before conducting general insurance business. According to BNM on 2 September 1997, the Malaysian Government has maintained a policy of not issuing new licences for direct insurance business in Malaysia (excluding Labuan International Offshore Financial Centre), including general insurance.

8. INDUSTRY SIZE AND SHARE

- The general insurance industry size and the market share of Chubb Malaysia are as follows:

2024 – Gross written premiums	Malaysia's industry size (a)	Chubb Malaysia	
		Gross written premiums(b) (3)	Market share (4)
Malaysia	RM23,053 million (1)	RM724 million	3%
- Liability	*RM1,027 million (2)*	*RM131 million*	*13%*
- Personal accident	*RM1,391 million (1)*	*RM150 million*	*11%*
- Medical and health	*RM1,187 million (1)*	*RM55 million*	*5%*
- Fire	*RM4,723 million (1)*	*RM127 million*	*3%*
- Motor	*RM10,409 million (1)*	*RM161 million*	*2%*

Source: (a) ISM and Vital Factor analysis; (b) Chubb Malaysia.
(1) *Based on the aggregated calendar year gross written premiums.* ***(2)*** *Due to the lack of calendar year information, the gross written premiums for liability insurance is based on the audited financial statistics of each general insurer.* ***(3)*** *Chubb Malaysia's gross written premiums for the full year of 2024.* ***(4)*** *Chubb Malaysia's gross written premiums divided by Malaysia's industry size x 100%.*

9. INDUSTRY OUTLOOK AND PROSPECTS

Some factors impacting the outlook and prospects of the industry in Malaysia are as follows:

Opportunities and drivers of growth

- Increased **economic activities** will drive demand for general insurance, as business expansion and higher household disposable income may drive demand for insurance coverage. Malaysia's economy grew by 4.4% in H1 2025 and is expected to grow between 4.0% and 4.8% in 2025, driven by strong domestic demand, resilient labour market, targeted assistance programmes, and tourism activities. The economy is projected to expand between 4.0% and 4.5% in 2026, backed by sustained domestic activity and a stable external sector. *(Source: Ministry of Finance (MoF))*.

- **Population growth** drives demand for insurance products. The population in Malaysia is projected to reach 36.5 million in 2030 and is further projected to reach 42.4 million in 2060. *(Source: DoSM)*

- The growing adoption of **digitalisation** and advancements in artificial intelligence (**AI**) present significant opportunities. In 2024, 77% of Malaysia's insurance and takaful operators had adopted at least one AI application *(Source: BNM)*. The emergence of Generative AI has the potential to enhance efficiency by automating routine tasks, strengthening risk management capabilities, optimising underwriting, and improving customer experience through AI-driven chatbots.

- Increased **construction** activities will boost demand for fire insurance. In 2024, the total construction work done reached RM158.8 billion, up 20.2% from 2023, and grew further by 14.7% in H1 2025 *(Source: DoSM)*. In 2025, the construction industry is expected to grow by 10.1%, and is forecasted to expand by 6.1% in 2026, backed by broad-based sectoral growth *(Source: MoF)*.

- Increased sales of **vehicles** will drive demand for motor insurance. In 2024, the number of new motor vehicle registrations increased by 2.1% to 816,747 units, compared to 2023 *(Source: MAA)*. Gross written premiums for motor insurance increased by 6.7% to RM10.4 billion *(Sources: ISM)*.

- BNM's **Financial Sector Blueprint 2022-2026** aims for an insurance and takaful penetration rate of 4.8% to 5.0% of GDP and seeks to double microinsurance and microtakaful coverage by 2026 *(Source: BNM)*. Malaysia's general insurance penetration rose from 1.3% in 2022 to 1.4% in 2023 and stayed steady in 2024, reflecting modest growth but also indicating substantial untapped market potential for wider product access and risk awareness *(Source: PIAM)*.

- **Rising health awareness and escalating medical costs** are expected to boost demand for medical and health insurance. Malaysia's medical cost inflation hit nearly 15% in 2024, well above the global and Asia Pacific averages of 10%. Effective 1 September 2024, insurers and takaful operators must offer co-payment products with lower premiums to enhance affordability. BNM has also introduced interim measures, including staggered premium increases, a one-year freeze on senior premium hikes, and policy reinstatements without underwriting *(Source: BNM)*. Under Budget 2026, the Government will introduce affordable base medical and health insurance/takaful products and maintain tax relief on medical insurance to encourage policy uptake *(Source: MoF)*.

- Increasing climate-related disasters, especially **floods**, are driving higher demand for motor and fire insurance. Flood-related losses rose 23.6% from RM755.4 million in 2023 to RM933.4 million in 2024 *(Source: DoSM)*. These losses may increase awareness and demand for flood coverage.

- **Micro, small, and medium-sized enterprises** (MSMEs) offer opportunities for the industry. In 2024, MSMEs accounted for 96.1% of all Malaysian businesses, contributing RM652.4 billion (39.5%) to the national real GDP, a 5.8% increase from 2023. There were 1.1 million MSMEs, comprising 761,897 micro, 306,764 small, and 17,725 medium enterprises. MSMEs span across multiple sectors, with 84.4% in services, 8.7% in construction, 5.3% in manufacturing, 1.4% in agriculture, and 0.2% in mining and quarrying *(Source: DoSM).* Their scale, diversity, and economic importance make MSMEs a large yet underserved market with rising demand for insurance to protect operations and ensure business continuity.

Threats and challenges

- The **liberalisation of motor and fire tariffs,** introduced in July 2017, allows insurers to charge premiums based on individual risk profiles rather than fixed tariff rates. While this promotes risk-based pricing, it also intensifies price competition, putting downward pressure on premiums.

- **Shifts in consumer behaviour** for more personalised, innovative, and digital solutions require insurers to innovate rapidly. Failure to keep pace may result in loss of relevance and market share.

- **Competition** is intensifying with the entry of digital insurers and takaful operators. On 9 July 2024, BNM issued the Policy Document on the Licensing and Regulatory Framework for Digital Insurers and Takaful Operators (DITOs), which came into effect on 2 January 2025. This includes licensing procedures, lower initial capital requirements (foundational phase of RM30 million), and an application window from 2 January 2025 to 31 December 2026. This has opened the market to new players with technology-driven business models, posing challenges to traditional insurers.

- **Inflationary pressures** pose a threat to the industry. In August 2025, Malaysia's headline inflation rose by 1.3%, largely driven by a 5.6% increase in insurance and financial services *(Source: DoSM)*. This reflects rising premiums, underpinned by higher claims costs, which in turn place pressure on insurers' profitability. While premium hikes may boost revenue in the short term, they also reduce policy affordability and could eventually dampen consumer demand.