



Press Release

Challenges and Opportunities in Malaysia's Insurance Market

Markel International, Singapore, October 01, 2012 – Peter Phillips addresses the 2nd Malaysia Insurance Summit.

A significant challenge for Malaysia is to continue to promote Labuan as a strategic domicile for reinsurance and to attract more foreign captives as a viable alternative to more established captive domiciles, Peter Phillips, the Principal Officer of Markel International Singapore said.

He was speaking at a high profile insurance industry gathering in Kuala Lumpur today.

Mr Phillips told delegates at the second Malaysia Insurance Summit that significant progress had been made by Malaysia in the promotion of Labuan as an offshore insurance and reinsurance domicile and it had been successful in attracting many companies and captives.

In his presentation entitled: "Malaysia – The Challenge of Globalisation", he highlighted the effects of globalisation on Malaysia's economy and also noted what he saw as the challenges facing the Malaysia insurance market in supporting home grown multinationals.

He said Malaysia is now a key partner in the global trading network and home to several powerhouses such as Petronas, Sime Darby and Malayan Banking. These growing companies were not immune from risks, he said.

He commented: "My general sense is that the Malaysian insurance market has not necessarily yet developed all the tools required by a global or regional multinational to manage its risks effectively outside Malaysia.

"This may change in light of the liberalization of the market but historically it has been difficult to establish master policies here that provide broad, cross jurisdictional coverage beyond the relative orthodoxy of the domestic Malaysian market.

"Also for specialist risks, notably energy for example, there is limited domestic capacity available, although admittedly the size and concentration of asset values including one of the world's largest LNG production facilities , are challenging for global insurance and reinsurance capacity, let alone the Malaysian market."

Peter Phillips commented that Labuan had grown as an offshore insurance and reinsurance domicile with nine direct insurers (of which two were composites), 34 reinsurers and 34 captive licences by the end of 2010.

By the end of 2011 written premium had increased to US\$1.6billion (from US\$1.2 billion in 2010) providing clear evidence of the appeal of Labuan in terms of providing market access in Malaysia, he added. This included a 32% increase in premiums written through captives.

He concluded: "In reality, the challenge for Malaysia and other newly industrialized countries which have embarked on the path of globalisation is to balance the need to protect the local economy against the fluid nature of global capital (including insurance capital) in a manner that brings global best practices, products and services to consumers in Malaysia."

Markel International Singapore, which is part of the Lloyd's Asia Platform in Singapore, recently set up an office in Kuala Lumpur and is a registered insurer in Labuan.

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For more information:

Markel International

Sean Martin

sean.martin@markelintl.com

Tel: 020 7953 6896 Mobile: 07786 564855

Helix Media

Edward Ion / Valerie Lim

Edward.ion@helixmedia.asia / Valerie.lim@helixmedia.asia

Tel: +65 9111 6871 / +65 9755 3636

Notes to editors

Markel International is a subsidiary of Markel Corporation. Based in London and comprising the international operations of Markel Corporation, Markel International wrote gross premiums of \$825 million in 2011. It has seven operating divisions and nine overseas offices writing business either through Markel Syndicate 3000 or Markel International Insurance Company Limited. Markel Corporation is a US listed business, capitalised at around \$4.0 billion. In 2011, it wrote gross premiums of \$2.3 billion. See www.markelintl.com