Registration No: 200701037463 (795492-W)

AIG MALAYSIA INSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Company No. 200701037463 (795492-W)

AIG MALAYSIA INSURANCE BERHAD
(Incorporated in Malaysia)

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AIG MALAYSIA INSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the underwriting all classes of general insurance business. There has been no significant change in the nature of these activities during the financial year.

FINANCIAL RESULTS

	RM'000
Net profit for the financial year	146,355

DIVIDENDS

The amount of dividend paid by the Company since 31 December 2023 was as follows:

A final single-tier dividend of 45.05% (RM0.4505 per share) on ordinary shares declared and paid in respect of financial year ended 31 December 2023 amounting to RM140 million on 10 December 2024.

An interim dividend of 6.44% (RM0.0644 per share) on ordinary shares declared and paid in respect of financial period ended 30 June 2024 amounting to RM20 million on 10 December 2024.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

PROVISION FOR INSURANCE LIABILITIES

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that there were adequate provisions for its insurance liabilities in accordance with Malaysian Financial Reporting Standard ("MFRS") 17 "Insurance Contracts".

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the Directors of the Company are not aware of any circumstances which would render the amount written off for bad debts or the amounts of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent.

DIRECTORS' REPORT (CONTINUED)

CURRENT ASSETS

Before the financial statements of the Company were made out, the Directors took reasonable steps to ensure that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Company misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets and liabilities of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(a) any charge on the assets of the Company which has arisen since the end of the financial year which secure the liabilities of any other person, or

(b) any contingent liability in respect of the Company which has arisen since the end of the financial year.

In the opinion of Directors, no contingent or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations when they fall due.

For the purpose of this paragraph, contingent or other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Company.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company for the financial year in which this report is made.

ISSUE OF SHARES

No shares were issued by the Company during the financial year.

SHARE OPTION SCHEME

No share option scheme was offered during the financial year.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Raziyah binti Yahya
Antony Fook Weng Lee
Richard Lewis Bender
Chin Siew Siew
Dato' Philip Tan Puay Koon

DIRECTORS' BENEFIT

During and at the end of the financial year, no arrangements subsisted to which the Company is a party with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the Employee Share Option Scheme over ordinary shares of American International Group, Inc.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors and professional fees paid to company in which a Director has interest as disclosed in Note 18(a) to the financial statements, and employee benefits of full-time employees of the Company and its related corporations) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares and options over shares in its ultimate holding company during the financial year were as follows:

	Number of stock options over ordinary shares of US$2.50 each			
American International Group, Inc.	As at			As at
Employee Stock Options	01.01.2024	Granted	Exercised	31.12.2024
Antony Fook Weng Lee	8,013	1,653	-	9,666

Other than as disclosed above, none of the Directors in office at the end of the financial year had any interest in shares in the Company or shares, options over shares and debentures of its related corporations during the financial year.

DIRECTORS' REMUNERATION

The details of remuneration receivable by Directors during the financial year are as follows:

	2024	**2023**
	RM'000	**RM'000**
Directors' fees	650	650
Directors' other emoluments*	2,524	2,217
Professional fees paid to Directors or any firms of which the Directors are members for service rendered	-	-
Amount paid to or receivable by any third party for services provided by Directors	-	-
Indemnity given or insurance effected for any Director	37	64
	3,211	2,931

* Included in Directors' emoluments are benefits-in-kind (based on estimated monetary value) of RM83,074 (2023: RM86,696).

DIRECTORS' REPORT (CONTINUED)

IMMEDIATE AND ULTIMATE HOLDING CORPORATIONS

The immediate holding company is AIG Asia Pacific Insurance Pte Ltd, a company incorporated in Singapore and the Directors regard American International Group, Inc., a company incorporated in the State of Delaware, USA as the Company’s ultimate holding corporation.

CORPORATE GOVERNANCE POLICY DOCUMENT

The Company has taken concerted steps to ensure compliance with Bank Negara Malaysia's ("BNM") Policy Document on Corporate Governance ("Policy Document") and its best practice applications at all times.

(A) BOARD RESPONSIBILITY AND OVERSIGHT

The Board is ultimately responsible for the proper stewardship of the Company's resources, the achievement of corporate objectives and the adherence to good corporate governance practices in conformity with the Policy Document. The Company has complied with the prescriptive applications and adopted management practices that are consistent with the Policy Document.

The Board has an overall responsibility to lead the Company, include setting the strategic future direction, review viability of the corporate objective and overseeing the conduct and performance of business.

The Board comprised of 4 Independent Non-Executive Directors and 1 Executive Director for financial year 2024. The Board is qualified and has wide business and financial experience to effectively provide directions in terms of corporate objectives and business strategies.

There were 10 meetings held during the financial year. All Directors in office at the end financial year 2024 complied with the 75% minimum attendance requirement at such meeting.

The details of attendance of each Director at Board meetings held during the financial year are set out below:

Name of Directors	**(Status of Directorship)**	**Total Meeting Attended**
Raziyah binti Yahya	(Independent Non-Executive Director)	10/10
Antony Fook Weng Lee	(Non-Independent Executive Director)	10/10
Richard Lewis Bender	(Independent Non-Executive Director)	10/10
Chin Siew Siew	(Independent Non-Executive Director)	10/10
Dato' Philip Tan Puay Koon	(Independent Non-Executive Director)	10/10

To support sound corporate governance and processes, the Board formed various Board Committees namely Remuneration & Nominating Committee, Risk Management Committee and Audit Committee in accordance with the requirements of the Policy Document. The Policy Document requires full compliance with the Terms of Reference of these Committees. The Board had adopted the terms of reference of these Committees.

The roles and members of the above Committees are as provided below.

Remuneration & Nominating Committee

The Remuneration & Nominating Committee ("RNC") comprises 3 Non-Executive Directors, appointed from the Board.

The current members are as follows:

Richard Lewis Bender	Chairman (Independent Non-Executive)
Chin Siew Siew	Member (Independent Non-Executive)
Dato' Philip Tan Puay Koon	Member (Independent Non-Executive)

The objective of the RNC is:

- to establish a documented formal and transparent procedure for the appointment of Directors, Chief Executive Officer ("CEO") and Key Senior Officers ("KSOs") and to assess the effectiveness of individual Directors, the Board as a whole (including various committees of the Board), CEO and KSOs on an on-going basis; and

- to provide a formal and transparent procedure for developing a remuneration policy for Directors, CEO and KSOs and ensuring that their compensation is competitive and consistent with the Company's culture, objectives and strategy.

The principal duties and responsibilities of RNC are:

(a) establishing minimum requirements for the Board and the CEO to perform their responsibilities effectively. It is also responsible for overseeing the overall composition of the Board in terms of the appropriate size and mix of skills, the balance between executive, non-executive and independent Directors, and other core competencies required;

(b) recommending and assessing the nominees for directorship, the Directors to fill Board Committees, as well as nominees for the CEO position. This includes assessing Directors and the CEO proposed for reappointment before an application for approval submitted to BNM;

(c) establishing a mechanism for formal assessment and assessing the effectiveness of the Board as a whole, the contribution by each Director to the effectiveness of the Board, the contribution of the Board’s various committees and the performance of the CEO. The assessments should also include ascertaining that the Director is not disqualified under the relevant law and fulfill the ‘fit and proper’ criteria;

(d) recommending to the Board the removal of a Director or CEO if he is ineffective, errant or negligent in discharging his responsibilities;

(e) ensuring that all Directors undergo appropriate induction programmes and receive continuous training;

(f) overseeing the appointment, management succession planning and performance evaluation of KSO, and recommending to the Board the removal of KSOs if they are ineffective, errant and negligent in discharging their responsibilities; and

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE POLICY DOCUMENT (CONTINUED)

Remuneration & Nominating Committee (continued)

(g) recommending a framework for the remuneration of Directors, the CEO and KSOs. The remuneration policy should:

- be documented and approved by the full Board and any changes thereto should be subject to the endorsement of the full Board;

- reflect the experience and level of responsibility borne by individual Directors, the CEO and KSOs;

- be sufficient to attract and retain Directors, CEO and KSOs of calibre needed to manage the company successfully; and

- be balanced against the need to ensure that the funds of the insurers are not used to subsidise excessive remuneration packages and should not create incentives for irresponsible behaviour or insider excesses.

(h) recommending specific remuneration packages for Directors, CEO and KSOs. The remuneration packages should:

- be based on objective considerations and approved by the full Board;

- take due consideration of the assessments of the nominating committee of the effectiveness and contribution of the Directors, CEO or KSOs concerned;

- not be decided by the exercise of sole discretion by any one individual or restricted group of individuals; and

- be competitive and consistent with the Company's culture, objectives and strategy.

There were 3 RNC meetings held during the financial year ended 31 December 2024. All members of the RNC at the end of financial year complied with the minimum attendance requirement at such meeting.

Risk Management Committee

The Risk Management Committee ("RMC") comprises 4 Non-Executive Directors, appointed from the Board.

The current members are as follows:

Dato' Philip Tan Puay Koon	Chairman (Independent Non-Executive)
Raziyah binti Yahya	Member (Independent Non-Executive)
Richard Lewis Bender	Member (Independent Non-Executive)
Chin Siew Siew	Member (Independent Non-Executive)

The objective of the RMC is to oversee the senior management's activities in managing the key risk areas of the Company and to ensure that an appropriate risk management process is in place and functioning effectively.

Risk Management Committee (continued)

The principal duties and responsibilities of RMC are:

(a) reviewing and recommending risk management strategies, policies and risk tolerance levels for the Board's approval;

(b) reviewing and assessing the adequacy of the risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively;

(c) ensuring that adequate infrastructure, resources and systems are in place for effective risk management; e.g. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the Company's risk taking activities; and

(d) reviewing the management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

There were 5 RMC meetings held during the financial year ended 31 December 2024. All members of the RMC at the end of financial year complied with the minimum attendance requirement at such meeting.

Audit Committee

The Audit Committee ("AC") comprises 4 Non-Executive Directors, appointed from the Board.

Dato' Philip Tan Puay Koon	Chairman (Independent Non-Executive)
Raziyah binti Yahya	Member (Independent Non-Executive)
Richard Lewis Bender	Member (Independent Non-Executive)
Chin Siew Siew	Member (Independent Non-Executive)

The primary objective of the AC is to ensure the integrity and transparency of the financial reporting process.

The principal duties and responsibilities of the AC are:

(a) To ensure that the internal audit department is distinct and has the appropriate status within the overall organisational structure for the internal auditors to effectively accomplish their objectives;

(b) To review and concur the annual audit plan, audit charter and annual budget of the internal audit department and the appointment of the external auditors;

(c) To ensure that internal audit staff have free and unrestricted access to the Company's records, assets, personnel or processes relevant to and within the scope of the audits;

(d) To review various relationships between the external auditors and the Company or any other entity that may impair or appear to impair the external auditors' judgment or independence in respect of the Company;

(e) To review with the external auditors that appropriate audit plans are in place and the scope of the audit plans reflect the terms of the engagement letter;

(f) To review with the external auditors the financial statements, audit reports, including reports to BNM and discuss the findings and issues arising from the external audit;

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE POLICY DOCUMENT (CONTINUED)

Audit Committee (continued)

(g) To ensure that management's remediation efforts with respect to internal and external audit findings and recommendations are resolved effectively and in a timely manner;

(h) To approve the provision of non-audit services by the external auditor and ensure that the level of provision of non-audit services is compatible with maintaining auditor independence;

(i) To review the Chairman's statement, interim financial reports, preliminary announcements and corporate governance disclosures in the Directors' Report;

(j) To review any related-party transactions and conflict of interest situations that may arise including any transaction, procedure or conduct that raises questions of management integrity;

(k) To ensure that the Company's accounts are prepared and published in a timely and accurate manner for regulatory, management and general reporting purposes; and

(l) To report to BNM annually, on the material weaknesses in the internal control environment and the measures taken to address those weaknesses.

The AC has the authority to investigate any matter within its terms of reference and has unlimited access to all information and documents relevant to its activities, to the internal and external auditors, and to employees and agents of the Company.

There were 4 AC meetings held during the financial year ended 31 December 2024. All members of the AC at the end of financial year complied with the minimum attendance requirement at such meeting.

Audit remuneration

External auditors remuneration for statutory audit for the financial year amounts to RM950,032, as set out in Note 18 to the financial statements. There were no indemnity given or insurance effected for the external auditors of the Company in their role as the statutory auditors.

(B) MANAGEMENT ACCOUNTABILITY

The Company has an organisational structure that clearly establishes the job descriptions, authority limits and other operating boundaries of each management and executive employee and formal performance appraisal is done annually. Information is effectively communicated to the relevant employee within the Company. The Company has a formal and transparent procedure for developing policy on executive remuneration. None of the Directors and senior management of the Company have, in any circumstances, conflict of interest in accordance to the provisions of the Financial Services Act, 2013.

The management meets all prescriptive requirements under these sections, and have already adopted best practices in the areas of organisational structure and allocation of responsibilities, conflict of interest, goal setting and the area of communication.

(C) CORPORATE INDEPENDENCE

All material related party transactions are conducted on the agreed terms as specified under BNM Guidelines, BNM/RH/GL/018-6 on Related-Party Transactions and BNM Policy Document on Corporate Governance. Related parties transactions and balances have been disclosed in the financial statements in accordance with MFRS 124 "Related Party Disclosure".

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE POLICY DOCUMENT (CONTINUED)

(D) INTERNAL CONTROLS AND OPERATIONAL RISK MANAGEMENT

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company through designated management functions and internal controls, which includes the setting of operational risk limits for all core activities. The Company has established internal controls which cover all levels of personnel that are capable of recognising and continually assessing material risks, including underwriting risk, reinsurance risk, investment risk, operational and legal risk, that could affect its performance and financial condition.

Continuous review and assessment of the effectiveness and adequacy of internal controls, which includes an independent examination of controls by the internal audit function, ensures corrective action where necessary, is taken in a timely manner.

(E) INTERNAL AUDIT

The internal audit function is provided by the ultimate holding company, AIG. While the Group Internal Audit ("GIA") reports directly to AIG's Audit Committee, it will assist the Company's Audit Committee in discharging its duties and responsibilities.

The main function of the GIA includes assessment of effectiveness and adequacy of internal controls, which includes an independent examination of controls and ensure corrective actions, where necessary, are taken in a timely manner.

(F) PUBLIC ACCOUNTABILITY

As a custodian of public funds, the Company's dealings with the public are always conducted fairly, honestly and professionally. The Company meets all prescriptive and best practice requirements under this section relating to unfair practices.

(G) FINANCIAL REPORTING

The Board has the overall responsibilities to ensure that accounting records are properly kept and that the Company's financial statements are prepared in accordance with Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards, the provisions of the Companies Act, 2016 in Malaysia and relevant regulatory requirements. In addition, the Company also meets the best practice requirements relating to management reporting, where the key performance indicators are reported on a monthly basis.

AUDITORS

The external auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

Signed on behalf of the Board of Directors in accordance with their resolution dated 27 March 2025.

ANTONY FOOK WENG LEE	RAZIYAH BINTI YAHYA
DIRECTOR	DIRECTOR

Kuala Lumpur
27 March 2025

AIG MALAYSIA INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Antony Fook Weng Lee and Raziyah binti Yahya, two of the Directors of AIG Malaysia Insurance Berhad, state that, in the opinion of the Directors, the accompanying financial statements set out on pages 12 to 97 are drawn up so as to show a true and fair view of the financial position of the Company as at 31 December 2024 and financial performance of the Company for the financial year ended 31 December 2024 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 27 March 2025.

ANTONY FOOK WENG LEE
DIRECTOR

RAZIYAH BINTI YAHYA
DIRECTOR

Kuala Lumpur
27 March 2025

Company No. 200701037463 (795492-W)

AIG MALAYSIA INSURANCE BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Zawinah Bte Ismail, the Officer primarily responsible for the financial management of AIG Malaysia Insurance Berhad, do solemnly and sincerely declare that the financial statements for the financial year ended 31 December 2024 set out on pages 12 to 97 are drawn up in accordance with Malaysia Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 and in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

ZAWINAH BTE ISMAIL

Subscribed and solemnly declared by the above named at Kuala Lumpur in the Federal Territory on 27 March 2025.

Before me,

COMMISSIONER FOR OATHS

PESURUHJAYA SUMPAH
W 864
MAZLEE BIN ISMAIL
01.01.2025 - 25.10.2027
MALAYSIA

79-1, First Floor, Sri Bunus,
Off Jalan Masjid India,
50100 Kuala Lumpur

AIG MALAYSIA INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
Assets			
Property and equipment	4	390	382
Right-of-use assets	5	4,615	2,745
Intangible assets	6	2,339	3,474
Financial investments	8	1,280,622	1,213,575
Reinsurance contract assets	9	417,194	360,933
Loans and receivables	11	38,428	40,193
Tax recoverable		4,408	238
Cash and bank balances		168,246	151,108
Total assets		1,916,242	1,772,648
Equity and liabilities			
Share capital	12(a)	310,800	310,800
Retained earnings	12(b)	360,969	374,614
Fair value reserve	12(c)	(392)	(1,630)
Total equity		671,377	683,784
Insurance contract liabilities	10	1,141,110	1,000,705
Deferred tax liabilities	13	13,684	8,326
Lease liability	7	3,797	2,516
Other payables	14	86,274	77,317
Total liabilities		1,244,865	1,088,864
Total equity and liabilities		1,916,242	1,772,648

The accompanying notes form an integral part of the financial statements

AIG MALAYSIA INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
Insurance revenue	15(a)	844,377	786,564
Insurance service expenses	15(b)	(572,785)	(443,714)
Net expenses from reinsurance contracts held	15(c)	(97,624)	(140,311)
Insurance service result	15	**173,968**	**202,539**
Interest revenue from financial assets not measured at FVTPL	16(a)	45,753	37,692
Investment revenue from financial assets measured at FVTPL	16(b)	3,031	2,939
Net gains on financial assets measured at FVTPL	16(c)	9,005	(3,255)
Realised net gains on investments in financial assets measured at FVTPL	16(d)	3,188	(5,902)
Net investment income		**60,977**	**31,474**
Net finance expenses from insurance contracts issued	17(a)	(16,367)	(16,124)
Net finance income from reinsurance contracts held	17(b)	6,597	7,504
Net insurance finance expense		**(9,770)**	**(8,620)**
Net insurance and investment result		**225,175**	**225,393**
Other income		2,595	5,601
Other operating expenses	18(b)	(32,205)	(27,721)
Profit before income tax		**195,565**	**203,273**
Income tax expense	19	(49,210)	(55,756)
Profit for the period		**146,355**	**147,517**
Earnings per share			
Basic	20	0.47 sen	0.47 sen

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

AIG MALAYSIA INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	2024	2023
	RM'000	RM'000
Net profit after taxation for the financial year	146,355	147,517
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Changes in other comprehensive income reserves:		
- Fair value gain/(loss) arise during the financial year	1,629	9,941
- Reclassification from other comprehensive income reserves to Statement of Profit or Loss arising from realised losses on disposal under FVOCI equities	-	-
Tax effect on changes in fair value reserves	(391)	(2,386)
	1,238	**7,555**
Total comprehensive income for the financial year	147,593	155,072

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

AIG MALAYSIA INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	<------------Non-distributable		----------->	Distributable	
		Share capital	Available-for-sale reserve	Fair value reserve	Retained earnings	Total
		RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023, as previously stated		**310,800**	**(2,418)**	**-**	**297,405**	**605,787**
Impact arising from adoption of MFRS 17		-	-	-	57,925	57,925
Impact arising from adoption of MFRS 9		-	2,418	(9,185)	6,767	-
At 1 January 2023 - restated		**310,800**	**-**	**(9,185)**	**362,097**	**663,712**
Profit for the financial year		-	-	-	147,517	147,517
Other comprehensive expenses for the financial year		-	-	7,555	-	7,555
Total comprehensive income for the financial year		-	-	7,555	147,517	155,072
Dividend paid during the financial year	21	-	-	-	(135,000)	(135,000)
At 31 December 2023 - restated		**310,800**	**-**	**(1,630)**	**374,614**	**683,784**
At 1 January 2024		**310,800**	**-**	**(1,630)**	**374,614**	**683,784**
Profit for the financial year		-	-	-	146,355	146,355
Other comprehensive expenses for the financial year		-	-	1,238	-	1,238
Total comprehensive income for the financial year		-	-	1,238	146,355	147,593
Dividend paid during the financial year	21	-	-	-	(160,000)	(160,000)
At 31 December 2024		**310,800**	**-**	**(392)**	**360,969**	**671,377**

The accompanying notes form an integral part of the financial statements

AIG MALAYSIA INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the financial year		**146,355**	**147,517**
Adjustments for:			
Depreciation of property and equipment		(47)	25
Amortisation of intangible assets		1,915	1,978
Depreciation of right-of-use assets		1,653	2,200
Finance cost on lease liabilities		61	106
Investment income		(46,914)	(40,631)
Impairment loss on FVTPL financial assets		(1,598)	(7,428)
Realised (gain)/loss on FVTPL financial assets		(3,168)	5,902
Gain on disposal of property and equipment		(21)	-
Net fair value gains recorded in profit or loss		(9,005)	3,255
Income tax expense		49,211	55,756
		138,442	168,680
Changes in working capital:			
Decrease in AC financial assets		26,719	35,185
(Increase)/decrease in reinsurance contract assets		(56,261)	22,957
Increase in insurance contract liabilities		140,405	3,477
Increase in other payables		8,957	1,783
Decrease in loans and receivables		1,765	3,547
Cash generated from operations		260,027	235,629
Tax paid		(48,412)	(83,993)
Net cash inflows from operating activities		211,615	151,636

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	Note	2024 RM'000	2023 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceed from disposal of property and equipment		21	-
Purchase of property and equipment		39	(80)
Purchase of intangible assets	6	(780)	(2,293)
Interest income received		48,229	45,482
Dividend income received		3,029	3,030
Purchase of FVTPL financial assets		(33,121)	(8,859)
Purchase of FVOCI financial assets		(476,430)	(443,588)
Proceeds from disposal of FVTPL financial assets		46,839	15,752
Proceeds from disposal of FVOCI financial assets		380,000	395,000
Net cash inflows from investing activities		(32,174)	4,444
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(160,000)	(135,000)
Payment of lease liabilities		(2,303)	(2,090)
Net cash outflows from financing activities		(162,303)	(137,090)
NET INCREASE IN CASH AND CASH EQUIVALENTS		17,138	18,990
CASH AND CASH EQUIVALENTS AT 1 JANUARY		151,108	132,118
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		168,246	151,108
Cash and cash equivalents comprise:			
Cash and bank balances		16,915	39,758
Fixed and call deposits with maturity of less than 3 months		151,331	111,350
		168,246	151,108

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1. PRINCIPAL ACTIVITY AND GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business of the Company is located at Level 18, Menara Worldwide, 198 Jalan Bukit Bintang, 55100 Kuala Lumpur.

The Company is principally engaged in underwriting all classes of general insurance business. There has been no significant change in the nature of this activity during the financial year.

The immediate holding company is AIG Asia Pacific Insurance Pte Ltd, a company incorporated in Singapore and the directors regard American International Group, Inc., a company incorporated in State of Delaware, USA as the Company's ultimate holding corporation.

These financial statements were authorised for issue by the Board of Directors in accordance with their resolution on 27 March 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards ("IFRSs"), the requirements of the Companies Act 2016 and the Financial Service Act 2013 in Malaysia.

The financial statements of the Company have been prepared under the historical cost convention, except for items specified in the material accounting policy information.

The Company has met the minimum capital requirements as prescribed by the RBC framework as at the statement of financial position date.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense will not be offset in the statement of income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during reported financial year. It also requires Directors to exercise their judgement in the process of applying the Company’s accounting policies. Although these estimates are based on the Directors’ best knowledge of current events and actions, actual results may differ from estimates.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.1 Basis of preparation (continued)

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following standards, amendments to standards and interpretation of standards:

On 1 January 2024, the Company adopted the following amendments to MFRSs mandatory for annual financial periods beginning on or after 1 January 2024.

- Amendments to MFRS 101, *Classification of liabilities as current or non-current*
- Amendments to MFRS 16, *Sale and Leaseback*
- Amendments to MFRS 101, *Non-current Liabilities with Covenants*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosure - Supplier Finance Arrangement*

The initial application of the abovementioned accounting standards and amendments did not have any material financial impact to the current and prior periods financial statements upon their first adoption.

2.3 Standards issued but not yet effective

The following are standards, amendments to standards and interpretations to standards issued by Malaysian Accounting Standards Board ("MASB"), but not yet effective, up to the date of issuance of the Company's financial statements. The Company intends to adopt these standards, amendments to standards and interpretations to standards, if applicable, when they become effective:

Effective for financial periods beginning on or after 1 January 2025.
- Amendments to MFRS 121, *Lack of Exchangeability*

Effective for financial periods beginning on or after 1 January 2026.
- Amendments to MFRS 9 and MFRS 17, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*
- Amendments that are part of Annual Improvements – Volume 11:
  - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
  - Amendments to MFRS 7, *Financial Instruments: Disclosures*
  - Amendments to MFRS 9, *Financial Instruments*
  - Amendments to MFRS 10, *Consolidated Financial Statements*
  - Amendments to MFRS 107, *Statement of Cash Flows*
- Amendments to MFRS 9 and MFRS 7, *Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity*

Effective for financial periods beginning on or after 1 January 2027.
- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

Deferred
- Amendments to MFRS 10 and MFRS 128, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* .

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Standards issued but not yet effective (continued)

Management expects that the adoption of the above standards, amendments to standards and interpretations to standards issued by MASB, but not yet effective, will have no material impact on the financial statements in the period of initial application.

2.4 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of income during the financial year in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the original assessed standard of performance of the existing asset will flow to the Company.

Property and equipment are depreciated on the straight-line basis to write off the cost of assets to their residual values over the estimated useful lives, summarised as follows:

Furniture and equipment	5 years
Computer equipment	2 years
Renovation	5 years

Residual values and useful lives of assets are reviewed and adjusted, if applicable, at each date of the statement of financial position.

At each date of the statement of financial position, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2.6 to the financial statements on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are credited or charged to the statement of income.

2.5 Intangible assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Costs associated with maintaining computer software programs are recognised as an expense when incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised using the straight line method over their estimated useful lives not exceeding 3 years.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.6 Impairment of non-financial assets

The carrying values of assets are reviewed for impairment at each reporting date and when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of the asset's fair value less cost of sell and the value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or, if it is not possible, for the cash-generating unit.

An impairment loss is charged to the statement of income immediately. A subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the statement of income in the period incurred.

2.7 Financial instruments

Initial recognition and measurement

Financial instruments are recognised by the Company when it becomes a party to the contractual provisions of a particular financial instrument (the "trade date"), except for deposits with financial institutions which are recognised on the date they are originated. Financial instruments are initially recognised at their fair value at the date of recognition plus or minus (for financial assets or financial liabilities not measured at FVTPL) incremental and directly attributable transaction fees and costs, including (for financial liabilities) loan origination fees and certain commitment fees, at the acquisition date. Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and security exchanges, and transfer taxes and duties. For financial assets and liabilities classified as FVTPL, transaction costs are expensed directly to profit or loss as incurred. Immediately after initial recognition, an expected credit loss ("ECL") allowance is recognised for financial assets measured at AC and investments in debt instruments measured at FVOCI.

Amortised cost and the effective interest rate

The amortised cost (“AC”) of a financial asset or liability is:

- the amount at which the financial asset or liability is measured at initial recognition; minus
- the principal repayments; plus or minus
- the cumulative amortisation using the effective interest rate ("EIR") for any difference between the initial amount and the maturity amount; and
- for financial assets, adjusted for any loss allowance.

The EIR is calculated at initial recognition of a financial asset or financial liability and is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to: the gross carrying amount of the financial asset; or the AC of the financial liability. The calculation does not consider the ECL and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the EIR.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original EIR. Any changes are recognised in profit or loss.

Interest revenue is calculated by applying the EIR to the gross carrying amount of financial assets at AC or FVOCI.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.7 Financial instruments (continued)

(a) Financial assets

<u>Classification and subsequent measurement of financial assets</u>

At initial recognition, the Company classifies financial assets into one of three measurement categories: Amortised cost ("AC"), FVOCI or FVTPL on the basis of a consideration of both:

i. its business model for managing the financial assets; and
ii. the contractual cash flow characteristics of the financial asset. This is also called 'Solely for payment of principal and interest' ("SPPI")

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as government bonds and corporate bonds.

Once classified, the Company measures financial assets as follows:

(a) Amortised cost: assets that are held for the collection of contractual cash flows (under the 'hold to collect' business model) where the cash flows of the asset represent SPPI are measured at AC. The carrying amount of these assets is adjusted by any ECL allowance recognised and measured as described below. Interest revenue from the financial assets is included in interest revenue from financial assets not measured at FVTPL using the EIR method.

(b) FVOCI: assets that are held for the collection of contractual cash flows and for the selling of the assets (under the 'hold to collect and sell' business model), where the cash flows of the asset represent SPPI are measured at FVOCI. Movements in the carrying amount of the asset are recognised in OCI, except for: the recognition of impairment losses and reversal of losses, interest revenue, and foreign exchange gains and losses on the asset's AC, which are all recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss accumulated in OCI is reclassified from equity to profit or loss and recognised in net investment income. Interest revenue from the financial assets is included in interest revenue from financial assets not measured at FVTPL using the EIR method.

(c) FVTPL: assets that do not meet the criteria for measurement under AC or FVOCI are measured at FVTPL. In addition, some assets that do qualify to be measured at AC or FVOCI are designated as measured at FVTPL where doing so significantly reduces an accounting mismatch. A gain or loss on a debt instrument is recognised in profit or loss and presented in net gains on financial assets measured at FVTPL in the period in which it arises.

Business model

The business model reflects how the Company manages the financial asset to generate cash flows. The business model is determined based on an evaluation of the Company's objectives for holding a financial asset and the activities the Company undertakes to achieve it. The factors that are considered include: past experience on how cash flows for the assets were collected; how the asset's performance is evaluated and reported to key management personnel; the risks that affect the performance of the business model and how those risks are managed; and, how managers are compensated.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.7 Financial instruments (continued)

(a) Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Debt instruments (continued)

Hold to collect business model

The objective of the 'hold to collect' business model is to hold financial assets to collect the contractual cash flows as they fall due over the entire life of the instrument. Although the realization of cash flows through the sale of financial assets is not precluded, such sales are incidental, and not a primary objective, of the model.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective.

The Company subsequently measures all equity instruments at FVTPL. All movements in the carrying value of equity instruments are recognised in profit or loss within 'net gains on financial assets measured at FVTPL'.

Deposits with financial institutions

Deposits with financial institutions represent term deposits with variable periods to maturity. Deposits with dates to maturity in excess of 90 days at initial recognition are recognised within financial instruments, with deposits with maturities of 90 days or less at initial recognition included within cash and cash equivalents.

Other financial assets

Non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as amortised costs. They are subsequently measured at amortised cost using the effective interest method less any impairment losses.

The effective interest method is described in section “Amortised cost and the effective interest rate” in the Note 2.7 above.

Impairment

The impairment model in MFRS 9 sets out a three-stage model based on changes in credit quality since initial recognition. The impairment approach is based on an ECL approach that is applied to all financial assets measured at AC or FVOCI. The Company recognises a loss allowance for ECL for all financial instruments measured at AC or FVOCI using the general approach under MFRS 9, except for purchased or originated credit-impaired assets.

The general approach

Under the general approach, the Company recognises either 12-month or lifetime ECL based on an assessment of whether there has been a significant increase in the credit risk ("SICR") on a financial instrument subsequent to initial recognition. In making this assessment, the Company considers the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of ECL. For the purposes of determining the risk of default, the Company applies the definition used for internal credit risk management purposes for the relevant financial instrument and considers qualitative indicators when appropriate. In measuring the ECL, the Company considers forward looking information which is reasonably available without undue effort.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.7 Financial instruments (continued)

(a) Financial assets (continued)

Impairment (continued)

The general approach (continued)

MFRS 9 outlines a three-stage model for impairment, based on changes in credit quality since initial recognition, as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1, and it has its credit risk continuously monitored by the Company.
- If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2, but it is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of the lifetime ECL that results from default events possible within the next 12 months. Instruments in Stage 2 or 3 have their ECL measured based on the ECL on a lifetime basis.
- A pervasive concept in measuring the ECL in accordance with MFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The following table summarises the impairment requirements of the general model under MFRS 9:

Impairment model stage	Stage 1	Stage 2	Stage 3
Applied to financial assets measured at AC and FVOCI:	• At initial recognition of the asset; and • Subsequently, where there has been no SICR of the asset since initial recognition	• Where there has been a SICR of the asset subsequent to initial recognition	• That are credit-impaired (i.e., in default)
Impairment allowance based on	12-month ECL	Lifetime ECL	Lifetime ECL

Measuring expected credit losses

The ECL is the discounted amount of the probability of default ("PD"), exposure at default ("EAO") and loss given default ("LGD"). The discount rate used in the ECL calculation is the original EIR or an approximation thereof.

The Company measures ECL of a financial asset to reflect:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.7 Financial instruments (continued)

(a) Financial assets (continued)

Impairment (continued)

Measuring expected credit losses (continued)

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure and is measured on either a 12-month (12M) or lifetime basis, depending on whether a SICR has occurred subsequent to initial recognition or whether an asset is considered to be credit-impaired.

The ECL is the discounted product of the PD, EAD and LGD, defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD) or over the remaining lifetime (Lifetime PD) of the obligation.
- The EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.
- The LGD represents the Company's expectation of the extent of loss on a defaulted exposure. The LGD varies by type of borrower, type and seniority of claim and availability of collateral or other credit support. The LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). The LGD is calculated on a 12M or lifetime basis, where the 12M LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and the lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a financial instrument portfolio from the point of initial recognition throughout the lifetime of the financial instrument. The maturity profile is based on historical observed data, and it is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

Forward-looking economic information is also included in determining the 12M and Lifetime PD, EAD and LGD. These assumptions vary by product type. The assumptions underlying the ECL calculation are monitored and reviewed on an annual basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Definition of default

The Company applies a definition of default that is consistent with the definition used for internal credit risk management purposes for the relevant financial instrument and considers qualitative indicators (such as financial covenants) when appropriate.

Significant increase in credit risk

The Company considers the follows as indicators of a SICR:

- When payments are more than 30 days past due unless other indicators are present that indicate otherwise.
- Breaching the established threshold to determine whether the remaining Lifetime Probability of Default at the reporting date has increased significantly compared to the residual Lifetime PD expected at the reporting date when the exposure was first recognised.

The Company considers financial assets with an external rating of "investment grade" to have low credit risk. Non-investment grade securities are further assessed for low credit risk, based on factors stated above.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.7 Financial instruments (continued)

(a) Financial assets (continued)

Impairment (continued)

Purchased or originated credit-impaired assets

Definition of credit-impaired assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event. Instead, the combined effect of several events may have caused financial assets to become credit-impaired.

For credit-impaired financial assets, the credit-adjusted effective interest rate is applied. This rate is calculated based on the AC of the financial asset instead of its gross carrying amount, and it incorporates the impact of the ECL on estimated future cash flows.

The Company did not have any purchased or originated credit-impaired assets during the year (2023: nil).

Derecognition other than modification

The Company derecognises a financial asset when and only when:

i. the contractual rights to the cash flows from the financial asset expire, or
ii. it transfers the financial asset and either (i) the Company transfers substantially all the risks and rewards of ownership; or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

The Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as pass-through transfers that result in derecognition if the Company:

i. has no obligation to make payments unless it collects equivalent amounts from the assets;
ii. is prohibited from selling or pledging the assets; and
iii. has an obligation to remit any cash it collects from the assets without material delay.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.7 Financial instruments (continued)

(b) Financial Liabilities

Classification and subsequent measurement of financial liabilities

A financial liability is initially recognised on the date the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognised at fair value including, where applicable, transaction costs directly attributable to the issue of the instrument. All other financial liabilities are subsequently measured at AC using the EIR.

Derecognition

Changes in the fair value of financial liabilities are presented in the Statement of Comprehensive Income.

A financial liability is derecognised from the Statement of Financial Position when the obligation is discharged, cancelled, or expires.

2.8 Insurance service result from insurance contracts issued and reinsurance contracts held

(a) Summary of measurement approaches

The Company uses Premium Allocation Approach ("PAA") measurement approach for all its general insurance contracts issued and reinsurance contracts held.

The Company issues general insurance products to individuals and companies. These include personal lines, accident & health, casualty, financial lines, property, marine, energy & construction, aviation, trade credit, political risks, small and medium enterprises ("SME") package products. These products offer protection of a policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.

The Company has performed PAA eligibility for all its insurance contracts at transition, and they are qualified to apply the PAA measurement model.

The Company also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities.

No contracts are within the scope of the Variable Fee Approach and General Measurement Approach.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.8 Insurance service result from insurance contracts issued and reinsurance contracts held (continued)

(b) Definition and classification

A contract is recognised as an insurance contract if it involves the assumption by the Company of significant insurance risk. Insurance risk is transferred to the Company where it agrees to compensate a policyholder if a specified uncertain future event, other than those caused by changes in a financial variable such as interest and foreign exchange rates, adversely affects the policyholder. The Company uses judgement to assess whether a contract transfers insurance risk (i.e., if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the insurance risk accepted is significant. Once a contract has been classified as an insurance contract, it remains an insurance contract until derecognised even if the insurance risk becomes insignificant during this period.

In the ordinary course of business, the Company places reinsurance with affiliated and unaffiliated reinsurance and insurance companies in order to manage exposures by limiting its maximum net loss arising from large risks or catastrophic events and protect the capital position of the Company. A reinsurance contract is deemed to transfer significant insurance risk if it transfers to the reinsurer substantially all of the insurance risk from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

A variety of traditional reinsurance products are used in connection with the Company's risk management strategy (as described in Note 23). These products include excess of loss treaties, which are designed to limit exposure to potentially substantial losses, and quota share treaties which cover specific lines of business. Facultative reinsurance is also used to manage large policy specific individual risk exposures.

All references to 'insurance contracts' in these financial statements apply equally to insurance contracts issued or acquired (including assumed reinsurance contracts from reinsurance and insurance companies) and reinsurance contracts held, unless specifically stated otherwise.

(c) Combination and separation of insurance contracts

Before measuring an insurance contract under the requirements of MFRS 17, the Company evaluates whether the contract contains components that should be separated. MFRS 17 distinguishes the following categories of non-insurance components that are required to be identified and accounted for separately:

- cash flows related to embedded derivatives identified and, where applicable, measured applying MFRS 9;
- cash flows related to distinct investment components measured applying MFRS 9; and
- promises to transfer distinct goods or non-insurance services, measured applying MFRS 15, Revenue from Contracts with Customers ("MFRS 15").

The Company applies MFRS 17 to all remaining components of the contract that are not separated. Where multiple insurance components are incorporated into a single contract, these multiple insurance components are measured separately where facts and circumstances indicate that separation more appropriately reflects the economic substance of the contract.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.8 Insurance service result from insurance contracts issued and reinsurance contracts held (continued)

(d) Level of aggregation

The Company identifies portfolios of insurance contracts that are subject to similar risks and managed together. Each portfolio is further disaggregated into groups of insurance contracts that are issued within a calendar year (annual cohorts) and are:

i. contracts that are onerous at initial recognition;
ii. contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
iii. a group of remaining contracts.

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Once established at initial recognition, the composition of the groups is not reassessed subsequently.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and, for the remaining contracts, whether they have no significant possibility of becoming onerous subsequently. This level of granularity determines sets of insurance contracts. The Company uses judgement to determine the level at which the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogenous that they can be allocated to the same group without performing an individual contract assessment. Where no such information is identified, insurance contracts are allocated to a group on the basis of a contract-by-contract review.

Where the Company is constrained by laws or regulation from setting a price to different policyholders fully reflective of their different risk profiles, the effect of such constraints is disregarded when applying the aggregation requirements of MFRS 17.

For insurance contracts measured using the PAA, the Company assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts may be onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous contracts. For non-onerous contracts, the Company assesses the likelihood of changes in relevant facts and circumstances in subsequent periods in determining whether contracts have no significant possibility of becoming onerous subsequent to initial recognition.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued and, unless the economic substance of the Company's rights and obligations under reinsurance contracts held meet the separation requirements, a group of reinsurance contracts held may provide coverage for underlying contracts that are included in different groups. Within a portfolio, the Company aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of:

i. contracts for which there is a net gain at initial recognition;
ii. contracts that at initial recognition, there is no significant possibility of a net gain arising subsequently; and
iii. other remaining contracts.

Reinsurance contracts are assessed for grouping purposes on an individual contract basis.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.8 Insurance service result from insurance contracts issued and reinsurance contracts held (continued)

(e) Recognition and derecognition

The Company initially recognises a group of insurance contracts issued from the earlier of the following:

- the beginning of the coverage period;
- the date when the first payment from a policyholder in the group becomes due or, if there is no due date, is actually received; and
- the date when the Company determines that the group becomes onerous.

The Company recognises a group of reinsurance contracts held that cover losses of separate (underlying) insurance contracts on a proportionate basis (proportionate or quota share reinsurance) at the later of:

- the beginning of the coverage period of the group of reinsurance contracts held; or
- the date of initial recognition of any underlying contract.

A group of reinsurance contracts held that cover aggregate losses from underlying contracts in excess of a specified amount (non-proportionate reinsurance contracts, such as excess of loss reinsurance) is recognised at the beginning of the coverage period of that group.

Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

Only contracts that meet the recognition criteria at the reporting date are included within the groups. Where contracts meet the recognition criteria after the reporting date, they are added to groups in the reporting period in which the recognition criteria are met, subject to meeting the annual cohorts' requirements. The composition of groups is not reassessed in subsequent periods.

An insurance contract is derecognised when:

- it is extinguished (i.e., when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified, subject to certain conditions being met.

Where the terms of a contract are modified by agreement between the parties to the contract or by a change in regulation, the Company accounts for any changes in expected fulfilment cash flows ("FCF") as a change in estimates unless any of the following conditions are present, in which case the Company derecognises the original contract and treats the modified contract as a new contract. The relevant conditions are that:

1. if the modified terms had been included in the contract at its inception:
   a. the modified contract would not have been within scope of MFRS 17;
   b. the Company would have different separable components from the host contract, resulting in different insurance components to which MFRS 17 is applied;
   c. the modified contract would have a different contract boundary; or
   d. the modified contract would have been in a different group of contracts.

2. the original contract was accounted for under the PAA, but the modifications mean that the contract no longer meets the eligibility criteria for that approach.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.8 Insurance service result from insurance contracts issued and reinsurance contracts held (continued)

(e) Recognition and derecognition (continued)

When an insurance contract accounted for under the PAA is derecognised, adjustments to the FCF to remove related rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

- if the contract is extinguished, any net difference between the derecognised part of the liability for remaining coverage ("LRC") of the original contract and any other cash flows arising from extinguishment;
- if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party;
- if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

(f) Measurement

<u>Fulfilment cash flows ("FCF")</u>

Fulfilment cash flows within the contract boundary

The FCF are current estimates of all the future cash flows within the boundary of each contract in the group that the Company expects to collect from premiums and disburse for claims and related expenses, adjusted to reflect the timing and uncertainty of those amounts.

The estimates of future cash flows are:

- a probability weighted mean of the full range of possible outcomes;
- reflective of the perspective of the Company, provided that estimates of any relevant market variables are consistent with observable market prices for those variables;
- current, reflecting conditions existing at the measurement date; and
- explicit - the Company estimates the adjustment for non-financial risk separately from other estimates. Cash flows are also estimated separately from the adjustment for the time value of money and financial risk, except where the most appropriate measurement technique combines these estimates.

The estimates for future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent that financial risks are not included in the estimates of future cash flows. The discount rates applied to the future cash flows:

- reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
- are consistent with observable current market prices (where available) for financial instruments with cash flows with characteristics similar to those of the insurance contracts, including in terms of timing, currency and liquidity; and
- excludes the effect of factors that influence the observable market prices but that do not impact the future cash flows of the insurance contracts.

An explicit risk adjustment for non-financial risk is estimated seperately from other estimates. For contracts measured under the PM, provided the contracts are not onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement for the liability for incurred claims ("LIC").

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.8 Insurance service result from insurance contracts issued and reinsurance contracts held (continued)

(f) Measurement (continued)

Fulfilment cash flows ("FCF") (continued)

Fulfilment cash flows within the contract boundary (continued)

Risk of the Company's non-performance is not included in the measurement of groups of insurance contracts issued.

In the measurement of reinsurance contracts held, the present value of the probability weighted mean of future cash flows includes an allowance for potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Company uses consistent assumptions to measure the estimates of the present value of the future cash flows for groups of reinsurance contracts held as for the estimates for the groups of underlying insurance contracts.

The Company estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts.

Contract boundary

The measurement of a group of insurance contracts includes all the cash flows within the boundary of each contract in the group. The assessment of the contract boundary is reviewed every reporting period.

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

1. the Company has the practical ability to reprice the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or

2. both of the following criteria are satisfied:
   a. the Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
   b. the pricing of the premiums for the coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

In assessing the practical ability to reprice, the Company considers all risks transferred from the policyholder to the Company, such as insurance risk and financial risk; other risks, such as lapse and surrender risk being excluded.

Riders, being optional add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at an additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all the cash flows within its boundary.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.8 Insurance service result from insurance contracts issued and reinsurance contracts held (continued)

(f) Measurement (continued)

Fulfilment cash flows ("FCF") (continued)

Contract boundary (continued)

Cash flows outside of the boundary of the insurance contract are excluded from measurement. These cash flows relate to future insurance contracts.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Company has a substantive right to receive insurance contract services from the reinsurer.

The Company's quota share reinsurance contracts held have an unlimited duration but are cancellable for new business with a 30 days and 60 days notice period by the Company and reinsurers respectively. This cancellation period is included within the contract boundary of the reinsurance contracts. Estimates of future cash flows arising from all underlying contracts either: issued at the reporting date; or, expected to be issued during the cancellation period after the reporting date, are included in each of the reinsurance contracts' measurement.

The accident year stop loss reinsurance contracts held provide coverage for claims incurred during an accident year. Therefore, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held. Some reinsurance contracts held may include mandatory or voluntary reinstatement reinsurance premiums, which are guaranteed per the contractual arrangements and are thus within the respective reinsurance contracts' boundaries.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other general operating expenses as incurred.

Insurance acquisition cash flows

Insurance acquisition cash flows represent cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts. Such costs include:

- costs directly attributable to individual contracts and groups of contracts; and
- costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

The Company uses a reasonable and consistent method to allocate:

1. insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
   a. to that group; and
   b. to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.

2. insurance acquisition cash flows directly attributable to the portfolio of insurance contracts, to groups in the portfolio.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.8 Insurance service result from insurance contracts issued and reinsurance contracts held (continued)

(f) Measurement (continued)

Fulfilment cash flows ("FCF") (continued)

Insurance acquisition cash flows (continued)

An asset for insurance acquisition cash flows is derecognised and included in the measurement of the group of insurance contracts when the group to which they are allocated is initially recognised. Where, in a reporting period, the Company only recognises some of the insurance contracts expected to be included in the group, the Company determines the related portion of the asset for insurance acquisition cash flows for the group on a systematic and rational basis, taking into consideration the expected timing of recognition of contracts in the group. The Company derecognises that portion and includes it in the measurement of the group of insurance contracts.

At the end of each reporting period, the Company assesses the recoverability of any asset for insurance acquisition cash flows. If facts and circumstances indicate that the asset may be impaired, the Company adjusts the carrying amount of the asset and recognises an impairment loss in profit or loss. To the extent that an impairment condition no longer exists or has improved, the Company recognises a reversal of some or all of an impairment previously recognised and increases the carrying amount of the asset.

Other pre-recognition cash flows

Before a group of insurance contracts is recognised, the Company recognises an asset or liability for any cash flows related to a group of insurance contracts other than insurance acquisition cash flows either due to the occurrence of the cash flows. Cash flows are related to a group of insurance contracts if they would have been included as FCF at initial recognition of the group if they had been paid or received at that date. These cash flows are included within the measurement of the related portfolios of insurance contracts issued or reinsurance contracts held.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the Company fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

The methodology and assumptions used to determine the risk adjustment for non-financial risk are discussed in Note 3.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.8 Insurance service result from insurance contracts issued and reinsurance contracts held (continued)

(f) Measurement (continued)

Initial and subsequent measurement - Groups measured under the PAA

The Company uses the PAA for measuring insurance contracts where:

- the coverage period of the contracts is one year or less; or
- the Company has determined that the LRC measured under the PAA for a group of insurance contracts would not differ materially from the LRC measured under the general measurement model ("GMM").

In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business. The Company has determined that all insurance contracts issued and reinsurance contracts held by the Company are eligible to apply the PAA and the Company has elected to apply this measurement model to all insurance contracts.

For insurance contracts issued, insurance acquisition costs are deferred and recognised over the coverage period of the contracts in a group.

Initial recognition

For insurance contracts issued, the Company measures the LRC for the group of insurance contracts:

1. at the amount of premiums received, if any, in cash; minus
2. any insurance acquisition cash flows paid at that date; plus or minus
3. any amounts arising from the derecognition at that date of:
   a. any asset for insurance acquisition cash flows; and
   b. any other asset or liability previously recognised for cash flows related to the group of contracts

For reinsurance contracts held, the asset for remaining coverage is measured at the amount of ceding premiums paid.

Subsequent measurement

For insurance contracts issued, the carrying amount of a group of insurance contracts at the end of each reporting date is the sum of:

1. the LRC, measured as discussed below: and
2. the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.8 Insurance service result from insurance contracts issued and reinsurance contracts held (continued)

(f) Measurement (continued)

Initial and subsequent measurement - Groups measured under the PAA (continued)

Subsequent measurement (continued)

At each subsequent reporting date, the LRC for a group of insurance contracts is comprised of:

1. the amount of the LRC at the beginning of the period; plus
2. premiums received in cash during the period; minus
3. premiums received in cash during the period; minus
4. amounts of expected premiums recognised as insurance revenue for services provided in the period; plus
5. amortisation of insurance acquisition cash flows recognised as insurance service expenses for services provided in the period; plus or minus
6. the effect of any currency exchange differences on the LRC; and plus
7. an adjustment to a financing component.

Where a policyholder remits premiums to an intermediary that is acting as an agent of the Company, premiums are recognised as received when the policyholder remits cash to the intermediary. The amount due to the Company from the intermediary is in scope of MFRS 9 and recognised as a receivable amount within Other Assets.

For contracts measured under the PAA, the Underlying Component ("UC") is measured similarly to the LIC's measurement under the GMM.

For reinsurance contracts held, the carrying amount of a group of insurance contracts at the end of each reporting date is the sum of:

1. the asset for remaining coverage ("ARC"): and
2. the asset for incurred claims recoveries ("AIC"), comprising the FCF related to past service allocated to the group at the reporting date.

At each subsequent reporting date, the ARC for a group of reinsurance contracts held is comprised of:

1. the amount of the remaining coverage at the beginning of the period; plus
2. ceding premiums paid in cash during the period; minus
3. amounts of ceding premiums recognised as reinsurance expenses for services received in the period; plus or minus
4. the effect of any currency exchange differences on the ARC; and plus
5. an adjustment to a financing component.

The AIC is measured similarly to the LIC measurement under the GMM.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.8 Insurance service result from insurance contracts issued and reinsurance contracts held (continued)

(f) Measurement (continued)

Initial and subsequent measurement - Groups measured under the PAA (continued)

Adjustment to a financing component

Where insurance contracts in a group of insurance contracts have a financing component, the Company adjusts the carrying amount of the LRC to reflect the time value of money and the effect of financial risk using the discount rates determined at initial recognition.

The Company has elected not to adjust the carrying amount of the LRC for the time value of money and the effect of financial risk where the period between the Company providing insurance services and the due date for the receipt of the related premium is no more than one year.

Onerous contracts

Where a group of insurance contracts is onerous, either at initial recognition or subsequently, the Company increases the carrying amount of the LRC to be equivalent to the FCF determined under the GMM, with the increase recognised immediately in insurance service expenses and presented as a loss component of the LRC for the group of contracts. In subsequent periods, the Company amortises the loss component of the LRC, decreasing insurance service expenses. The amortisation of the loss component is based on the passage time over the remaining coverage period of contracts included within the onerous group. Where facts and circumstances indicate that the expected profitability of the onerous group during the remaining coverage period has changed, the Company remeasures the FCF, applying the principles of the GMM, and recognises any change in the FCF by adjusting the loss component until the loss component is reduced to zero.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts, the Company adjusts the carrying amount of the ARC for a related reinsurance contract held by the amount of income recognised in profit or loss and establishes or adjusts a loss-recovery component of the ARC for the amount of income recognised.

(g) Amounts recognised in the Statement of Profit or Loss and Statement of Comprehensive Income

Insurance revenue

As the Company provides services under the group of insurance contracts, it reduces LRC and recognises insurance revenue. Insurance revenue for the period depicts the transfer of promised insurance services at an amount that reflects the portion of consideration the Company expects to be entitled to in exchange for those services.

For groups of contracts measured under the PAA, the Company allocates expected premium receipts and recognises insurance revenue during the coverage period based on the passage of time, unless the expected pattern of release from risk during the coverage period differs significantly from the passage of time, in which case the allocation is made on the basis of the expected timing of incurred insurance service expenses.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.8 Insurance service result from insurance contracts issued and reinsurance contracts held (continued)

(g) Amounts recognised in the Statement of Profit or Loss and Statement of Comprehensive Income (continued)

Insurance service expenses

Insurance service expenses include the following:

- incurred claims and benefits excluding investment components, including an estimate for claims incurred but not reported at the reporting date;
- other incurred directly attributable insurance service expenses;
- amortisation of insurance acquisition cash flows;
- changes that relate to past service (i.e., changes in FCF relating to the LIC);
- changes that relate to future service (i.e., losses or reversals of losses on onerous groups of insurance contracts from changes in the loss components); and
- impairment, and reversals of impairment, of an asset for insurance acquisition cash flows.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the Statement of Comprehensive Income.

Net income/(expenses) from reinsurance contracts held

The financial performance of groups of reinsurance contracts held is presented on a net basis comprising:

- reinsurance expenses;
- incurred claims recoveries;
- other incurred directly attributable insurance service expenses;
- effect of changes in risk of reinsurer non-performance;
- changes relating to past service (i.e., changes that adjust expected amounts recoverable for incurred claims); and
- income on initial recognition of onerous underlying contracts.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of reinsurance services received at an amount that reflects the portion of ceding premium the Company expects to pay in exchange for those services.

For groups of contracts measured under the PAA, the Company recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.8 Insurance service result from insurance contracts issued and reinsurance contracts held (continued)

(g) Amounts recognised in the Statement of Profit or Loss and Statement of Comprehensive Income (continued)

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- the effect of the time value of money and changes in the time value of money; and
- the effect of financial risk and changes in financial risk.

For groups of insurance contracts measured under the PM, the main amounts within insurance finance income or expenses are:

- interest accreted on the LRC and UC;
- the effect of changes in interest rates and other financial assumptions; and
- foreign exchange differences arising from contracts denominated in a foreign currency.

The Company includes all insurance finance income or expense for the period in profit or loss, and does not apply the Other Comprehensive Income ("OCI") option.

2.9 Other revenue recognition

Interest income for all interest-bearing financial instruments, are recognised in the statement of income using effective interest rate method.

Dividend income is recognised in the statement of income as investment income when the right to receive payment is established.

2.10 Leases as leasee

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific identified asset or assets and the arrangement conveys to the Company a right to control the use of the asset.

Contracts may contain both lease and non-lease components. Where consideration of these components is not separately identified within the contract, the Company has elected to combine these components and account for the entire contract as a single lease component.

Assets and liabilities arising from lease contracts are recognised at the lease commencement date which is the date when the identified asset or assets are available for use by the Company and are initially measured on a present value basis. Measurement is based on all expected contractual payments over the lease term which begins on the lease commencement date and extends for the non-cancellable lease period (including any rent free periods) during which the Company has the right-to-use the identified asset or assets. The lease term will include any periods covered by contractual renewal options that the Company is reasonably certain to exercise; but will exclude any periods covered by early termination options that the Company is reasonably certain to exercise.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.10 Leases as leasee (continued)

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially using the index or rate prevailing at the lease commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Payments of any penalties for early termination of the lease, if the lease term reflects the Company exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. Where this rate cannot be readily determined, the incremental borrowing rate for the Company is used. This rate is determined based on rate that the Company would expect to pay to borrow funds to obtain an asset of similar value to the right-of-use under the same terms and conditions stated in the lease.

Where the lease includes variable lease payments based on an index or a rate, any potential changes to future lease payments are excluded from the measurement of the lease liability until they actually take effect. When future lease payments are adjusted based on an index or a rate, the lease liability is reassessed based on the revised payments and adjusted against the carrying value of the right-of-use asset.

Lease payments are allocated between the principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining lease liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the lease liability at initial measurement;
- Any lease payments made at or prior to the lease commencement date less any incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

Payments associated with short-term leases, where the lease term is 12 months or less, and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. No lease liability or right-of-use asset associated with these leases is recognised in the statement of financial position.

Operating lease payments, where the lessors effectively retain substantially all of the risk and benefits of ownership of the leased items, are recognised as an expense with payments made charged to the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the lease term. Any lease incentives, such as rent free periods, are recognised as a liability and amortised through the Statement of Profit or Loss on a straight-line basis over the lease term as a reduction to the related operating lease expense.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.11 Income taxes

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantially enacted at the reporting date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised as income or an expense and included in the statement of income for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

Deferred and income tax assets and liabilities are offset when there is a legal enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balance on net.

2.12 Contingent liabilities and contingent assets

The Company does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company. The Company does not recognise a contingent asset but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

2.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provision are reviewed at each date of the statement of financial position and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.14 Employee benefits

(a) Short-term employees benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Company.

(b) Post-employment benefits

The Company's contributions to the Employees' Provident Fund, the national defined contribution plan, are charged to the statement of income in the financial year to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

(c) Share-based compensation

The eligible employees of the Company participate in an equity-settled, share-based compensation plan offered by its ultimate holding company, American International Group Inc. Employee services received in exchange for the grant of the shares and share options are recognised as an expense in the statement of income over the vesting periods of the grant with a corresponding increase equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting condition (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each date of the statement of financial position, the Company revises its estimates of the number of share options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the statement of income with a corresponding adjustment to equity.

2.15 Foreign Currencies

The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

All financial assets and liabilities as at statement of financial position date were denominated in Ringgit Malaysia unless otherwise indicated.

2.16 Other Financial Liabilities and Other Payables

Other liabilities and payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.17 Cash and cash equivalent

Cash and cash equivalents consist of cash in hand, deposits held at call with financial institutions with original maturities of three months or less. It excludes deposits which are held for investment purpose.

The Company classified the cash flows for the purchase and disposal of investment in financial assets in its operating cash flows as the purchase are funded from the cash flow associated with the origination of insurance contracts, net of the cash flows for payments of insurance and claims benefits.

2.18 Events after the statement of financial position date

Any post year-end event that provides additional information about the Company's position at the date of the statement of financial position (adjusting event) is reflected in the financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. USE OF JUDGEMENT AND ESTIMATES

The Company exercises judgment in selecting each of the Company's accounting policies. FRS requires management to select suitable accounting policies, apply them consistently and make judgments and estimates which are reasonable and prudent when preparing the financial statements. These judgments and estimates are based on management's knowledge of current factors and circumstances and prediction of future events and actions. Actual results may differ from those estimates, possibly significantly.

<u>Valuation of insurance and reinsurance contracts</u>

Liability for remaining coverage

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under MFRS 4. Under the PAA, the Liability for Remaining Coverage (LRC) is initially recognized at the amount of premiums received, net of any insurance acquisition cash flows, unless such costs are expensed as incurred. The LRC is subsequently reduced over the coverage period in line with the passage of time, or on the basis of expected incurred insurance service expenses if they vary significantly over time.

The Company applied judgement in assessing the onerous groups' profitability and the remeasurement of loss component. For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows.

Liability for incurred claims

Undiscounted insurance contract liabilities

The cash flows related to the LIC can generally be categorized into two distinct groups. One group is short-tail classes of business consisting mainly of property, accident & health, auto, crisis management, energy, entertainment, extended warranty, kidnap & ransom, marine cargo & hull, personal lines dwelling & other, political risk, small and medium-sized enterprise package, surety, trade credit. The other group is long-tail commercial lines of business which includes auto lion city rental, aviation, environmental, excess casualty, commercial & financial fidelity, management liability commercial & financial, financial institution ("FI") professional indemnity, commercial & lawyer professional indemnity ("PI"), cyber, merger & acquisition, marine liability, casualty auto, general liabilities, and worker's compensation.

3. USE OF JUDGEMENT AND ESTIMATES (CONTINUED)

Valuation of insurance and reinsurance contracts (continued)

Liability for incurred claims (continued)

Undiscounted insurance contract liabilities (continued)

Short-tail classes do not have a significant delay from the date of accident to date of report to the Company and then settled by the Company. The estimates for these classes are more reliant on the case estimate on individual claims and utilize loss development methodologies in the projection of the future development of these case estimates.

Long-tail classes generally relate to coverage where litigation is frequent or where there is an element of bodily injury, especially in situations with long term injury. For these classes it may take some time from the date of accident for the claim to emerge and for claims to be settled from notification date due to the time taken to establish liability. Estimation of ultimate net indemnity losses and loss expenses for long-tail lines of business is a complex process and depends on a number of factors, including the class and volume of business involved as well as the complexity of the individual claim and the uncertainty of the business environment. The actuarial methods used by the Company for most long-tail commercial lines include loss development methods, expected loss ratio methods, and Bornhuetter-Ferguson method. Exceptional large claims or events, to the extent that these distort the historical development, are often removed from the analysis and considered separately.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis, such as activity-based costing method. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the number of contracts in force within groups of contracts.

For loss component determination, the estimation of future cash flows within the boundary of each group of contract in the scope of MFRS 17 are based on probability weighted expected future cash flows. The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions and forecasts of future conditions. The Company's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability weighted average of the future cash flows is calculated using a deterministic scenario representing the probability weighted mean of a range of scenarios.

Acquisition cash flows are typically allocated to groups of contracts based on gross premiums written. This includes an allocation of acquisition cash flows among existing, as well as future, groups of insurance contracts issued. Claims settlement related expenses are allocated based on claims costs incurred by the claims department.

3. USE OF JUDGEMENT AND ESTIMATES (CONTINUED)

Valuation of insurance and reinsurance contracts (continued)

Liability for incurred claims (continued)

Discount rates

The Company applies a bottom-up approach to deriving the discount rate for each group of insurance contracts. The Company determines the discount rates based on liquid risk-free yield curves, for the currency of each insurance contract within the group, which are adjusted to take into account the differences between the liquidity characteristics of the group of insurance contracts and the liquidity characteristics of risk-free financial instruments (known as illiquidity premium). The risk-free yield curves are derived based on government bond yield curve. For unobservable periods, the yield curves are interpolated using the cubic spline interpolation method.

The yield curves that have been used to discount estimates of future cash flows, that do not vary based on the returns on underlying assets, to fulfil insurance contracts are as follows:

2024

Product	1 year	2 years	3 years	5 years	10 years	25 years
All lines	3.19%	3.35%	3.51%	3.62%	3.85%	4.14%

2023

Product	1 year	2 years	3 years	5 years	10 years	25 years
All lines	3.27%	3.38%	3.49%	3.63%	3.77%	4.27%

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. The risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Company's degree of risk aversion. The Company estimates an adjustment for non-financial risk separately from all other estimates.

The Company begins its risk adjustment calculation by dividing its set of insurance contracts into a smaller number of "risk adjustment classes". The assumptions are derived for each risk adjustment class based on the confidence level method. Subsequently, the Company applies the assumptions on discounted reserves for each set of insurance contracts to derive the risk adjustment. For general insurance business, the gross risk adjustment estimation approach uses a statistical modelling tool to generate an independent risk coefficient of variation ("CoV"). The CoV is used as inputs and actuarial judgement is exercised to derive the gross risk adjustment for non-financial risk.

The resulting amount of the calculated risk adjustment corresponds to the confidence level of 75% (2023: 75%). The ceded risk adjustment is calibrated at a 75% level of sufficiency after taking into account diversification benefits. The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2024.

4. PROPERTY AND EQUIPMENT

	Furniture and equipment RM'000	Computer equipment RM'000	Renovation RM'000	Total RM'000
Cost				
At 1 January 2023	3,845	265	7,156	11,266
Additions	15	69	(4)	80
Written off	-	-	217	217
As at 31 December 2023/1 January 2024	3,860	334	7,369	11,563
Additions	201	-	15	216
Written off	(39)	-	(216)	(255)
Disposals	-	-	-	-
Reclassification	-	-	-	-
At 31 December 2024	4,022	334	7,168	11,524
Accumulated Depreciation				
At 1 January 2023	3,845	254	6,840	10,939
Charge for financial year	2	21	2	25
Written off	-	-	217	217
As at 31 December 2023/1 January 2024	3,847	275	7,059	11,181
Charge for financial year	31	34	143	208
Written off	(39)	-	(216)	(255)
Disposals	-	-	-	-
Reclassification	-	-	-	-
At 31 December 2024	3,839	309	6,986	11,134
Net book value				
At 31 December 2023	13	59	310	382
At 31 December 2024	183	25	182	390

5. RIGHT-OF-USE ASSETS

	Properties RM'000
Cost	
At 1 January 2023	16,602
Addition	355
Early Termination	(639)
As at 31 December 2023/1 January 2024	16,318
Additions	3,871
Early Termination	(348)
At 31 December 2024	19,841
Accumulated Depreciation	
At 1 January 2023	11,373
Charge for the period	2,793
Early Termination	(593)
As at 31 December 2023/1 January 2024	13,573
Charge for the period	1,970
Early Termination	(317)
At 31 December 2024	15,226
Net book value	
At 31 December 2023	2,745
At 31 December 2024	4,615

6. INTANGIBLE ASSETS

	Software RM'000
Cost	
At 1 January 2023	26,034
Additions	2,293
Written off	-
As at 31 December 2023/1 January 2024	28,327
Additions	780
Written off	-
At 31 December 2024	29,107
Accumulated amortisation	
At 1 January 2023	22,875
Amortisation for the financial year	1,978
As at 31 December 2023/1 January 2024	24,853
Amortisation for the financial year	1,915
At 31 December 2024	26,768
Net book value	
At 31 December 2023	3,474
At 31 December 2024	2,339

Intangible assets comprise computer application software which were acquired to meet the unique requirements of the Company.

7. LEASE LIABILITY

	2024 RM'000	2023 RM'000
Due in 1 year or less	1,531	2,293
Due in 2 to 5 years	2,266	223
Total present value of minimum lease payments	3,797	2,516
Future minimum lease payments	3,947	2,561
Less: finance cost	(150)	(45)
Total present value of minimum lease payments	3,797	2,516
Payable within one year		
Future minimum lease payments	1,617	2,334
Finance cost	(86)	(41)
Present value of minimum lease payments	1,531	2,293
Payable more than 1 year but not more than 5 years		
Future minimum lease payments	2,330	226
Finance cost	(64)	(3)
Present value of minimum lease payments	2,266	223

8. FINANCIAL INVESTMENTS

	2024 RM'000	2023 RM'000
Malaysian government securities	896,691	814,130
Cagamas papers	66,144	101,495
Corporate debt securities	247,115	200,614
Equity securities of corporations	66,850	68,210
Real estate investment trust	3,724	2,309
Fixed and call deposits	98	26,817
Total investments	1,280,622	1,213,575

The Company’s financial investments are summarised by categories as follows:

	2024 RM'000	2023 RM'000
Financial assets at FVTPL	70,574	70,519
Financial assets at FVOCI	1,209,950	1,116,239
Financial assets at amortised cost	98	26,817
Total investments	1,280,622	1,213,575

The following financial assets are expected to be realised after 12 months.

(a) Fair value through profit or loss (“FVTPL”)

	2024 RM'000	2023 RM'000
Equity securities of corporations - quoted in Malaysia	66,850	68,210
Real estate investment trust - quoted in Malaysia	3,724	2,309
	70,574	70,519

8. FINANCIAL INVESTMENTS (CONTINUED)

(b) Fair value through other comprehensive income ("FVOCI")

	2024 RM'000	2023 RM'000
At fair value		
Malaysian government securities - unquoted in Malaysia	896,691	814,130
Cagamas papers - unquoted in Malaysia	66,144	101,495
Corporate debt securities - unquoted in Malaysia	247,115	200,614
	1,209,950	1,116,239

(c) Amortised cost ("AC")

	2024 RM'000	2023 RM'000
Fixed and call deposits with licensed financial institutions with maturity more than three months	98	26,817

The carrying amount of the deposits with financial institutions approximates fair value due to the relatively short term maturities.

(d) Carrying values of financial assets

	FVOCI RM'000	FVTPL RM'000	AC RM'000	Total RM'000
As at 1 January 2023	1,065,500	86,568	62,002	1,214,070
Purchases	443,588	8,859	25,768	478,215
Maturities	(395,000)	-	(61,524)	(456,524)
Disposals	-	(21,653)	-	(21,653)
Fair value gains/(losses) recognised in:	9,941	(3,255)	-	6,686
- profit or loss	*-*	*(3,255)*	*-*	*(3,255)*
- comprehensive income	*9,941*	*-*	*-*	*9,941*
(Amortisation)/accretion of premium or discount	(7,774)	-	-	(7,774)
Movement accrued interests	(16)	-	571	555
As at 31 December 2023	1,116,239	70,519	26,817	1,213,575
As at 1 January 2024	1,116,239	70,519	26,817	1,213,575
Purchases	476,428	33,121	-	509,549
Maturities	(380,000)	-	(25,768)	(405,768)
Disposals	-	(46,839)	-	(46,839)
Fair value gains/(losses) recognised in:	1,629	9,005	-	10,634
- profit or loss	*-*	*9,005*	*-*	*9,005*
- comprehensive income	*1,629*	*-*	*-*	*1,629*
(Amortisation)/accretion of premium or discount	(5,676)	-	-	(5,676)
Movement of impairment allowance	-	1,598	-	1,598
Realised gain on disposal	-	3,168	-	3,168
Movement accrued interests	1,330	2	(951)	381
As at 31 December 2024	1,209,950	70,574	98	1,280,622

9. REINSURANCE CONTRACT ASSETS

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims ceded to reinsurers for the financial year ended 31 December 2024 is disclosed in the table below:

	2024				
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss recovery component RM'000	Loss recovery component RM'000	Present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Total RM'000
As at 1 January 2024	97,432	-	230,760	32,741	360,933
Allocation of reinsurance premiums paid	(180,968)	-	-	-	(180,968)
Recoveries of incurred claims	-	-	80,458	-	80,458
Adjustments to assets for incurred claims	-	-	-	2,886	2,886
Net (expense)/income from reinsurance contracts held	(180,968)	-	80,458	2,886	(97,624)
Net finance income from reinsurance contracts held	58	-	5,680	859	6,597
Total amounts recognized in comprehensive income	(180,910)	-	86,138	3,745	(91,027)
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	205,100	-	-	-	205,100
Reinsurance recoveries	-	-	(57,992)	-	(57,992)
Total cash flows	205,100	-	(57,992)	-	147,108
Other movements	67		113		180
As at 31 December 2024	121,689	-	259,019	36,486	417,194

9. REINSURANCE CONTRACT ASSETS (CONTINUED)

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims ceded to reinsurers for the financial year ended 31 December 2023 is disclosed in the table below:

	2023				
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss recovery component RM'000	Loss recovery component RM'000	Present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Total RM'000
As at 1 January 2023	109,187	-	239,614	35,090	383,891
Allocation of reinsurance premiums paid	(168,811)	-	-	-	(168,811)
Recoveries of incurred claims	-	-	30,244	-	30,244
Adjustments to assets for incurred claims	-	-	-	(1,744)	(1,744)
Net (expense)/income from reinsurance contracts held	(168,811)	-	30,244	(1,744)	(140,311)
Net finance income/(expenses) from reinsurance contracts held	259	-	7,850	(605)	7,504
Total amounts recognized in comprehensive income	(168,552)	-	38,094	(2,349)	(132,807)
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	156,797	-	-	-	156,797
Reinsurance recoveries	-	-	(46,948)	-	(46,948)
Total cash flows	156,797	-	(46,948)	-	109,849
Other movements	-	-	-	-	-
As at 31 December 2023	97,432	-	230,760	32,741	360,933

10. INSURANCE CONTRACT LIABILITIES

The breakdown of groups of insurance contracts issued, that are in a liability position is set out in the table below:

	2024 Assets RM'000	2024 Liabilities RM'000	2024 Net RM'000	2023 Assets RM'000	2023 Liabilities RM'000	2023 Net RM'000
Fire	-	301,119	301,119	-	228,409	228,409
Motor	-	84,339	84,339	-	148,702	148,702
Marine & Aviation	-	108,135	108,135	-	87,304	87,304
Miscellaneous	-	647,517	647,517	-	536,290	536,290
Total insurance contracts issued	-	1,141,110	1,141,110	-	1,000,705	1,000,705

Roll-forward of net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims

The table below analyses the movement in the net insurance contract liabilities, showing separately the liabilities remaining coverage and liabilities for incurred claim by line of business with material net liabilities:

Fire	**2024** Liability for remaining coverage: Excluding loss component RM'000	Liability for remaining coverage: Loss component RM'000	Liability for incurred claims: Present value of future cash flows RM'000	Liability for incurred claims: Risk adjustment for non-financial risk RM'000	Total RM'000
As at 1 January 2024	81,329	-	128,788	18,292	228,409
Insurance revenue	(177,986)	-	-	-	(177,986)
Insurance service expenses	25,412	-	89,811	1,665	116,888
Incurred claims and other directly attributable expenses	-	-	105,414	7,959	113,373
Changes that relate to past service relating to the LIC	-	-	(15,603)	(6,294)	(21,897)
Insurance acquisition cash flows amortisation	25,412	-	-	-	25,412
Insurance service result	(152,574)	-	89,811	1,665	(61,098)
Net finance expenses from insurance contracts issued	-	-	(1,601)	(161)	(1,762)
Total amounts recognized in comprehensive income	(152,574)	-	88,210	1,504	(62,860)
Cash flows					
Premium received	199,601	-	-	-	199,601
Claims and other directly attributable expenses paid	-	-	(54,089)	-	(54,089)
Insurance acquisition costs	(9,942)	-	-	-	(9,942)
Total cash flows	189,659	-	(54,089)	-	135,570
Other movements	-	-	-	-	-
As at 31 December 2024	118,414	-	162,909	19,796	301,119

10. INSURANCE CONTRACT LIABILITIES (CONTINUED)

Roll-forward of net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims (continued)

Fire	2023				
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component RM'000	Loss component RM'000	Present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Total RM'000
As at 1 January 2023	82,831	-	124,052	18,381	225,264
Insurance revenue	(160,700)	-	-	-	(160,700)
Insurance service expenses	20,655	-	52,397	(237)	72,815
Incurred claims and other directly attributable expenses	-	-	58,289	512	58,801
Changes that relate to past service relating to the LIC	-	-	(5,892)	(749)	(6,641)
Insurance acquisition cash flows amortisation	20,655	-	-	-	20,655
Insurance service result	(140,045)	-	52,397	(237)	(87,885)
Net finance expenses/(income) from insurance contracts issued	-	-	(2,112)	148	(1,964)
Total amounts recognized in comprehensive income	(140,045)	-	50,285	(89)	(89,849)
Cash flows					
Premium received	163,314	-	-	-	163,314
Claims and other directly attributable expenses paid	-	-	(45,549)	-	(45,549)
Insurance acquisition costs	(24,771)	-	-	-	(24,771)
Total cash flows	138,543	-	(45,549)	-	92,994
Other movements	-	-	-	-	-
As at 31 December 2023	81,329	-	128,788	18,292	228,409

10. INSURANCE CONTRACT LIABILITIES (CONTINUED)

Roll-forward of net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims (continued)

Motor	2024				
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component RM'000	Loss component RM'000	Present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Total RM'000
As at 1 January 2024	82,897	-	55,318	10,487	148,702
Insurance revenue	(221,137)	-	-	-	(221,137)
Insurance service expenses	50,095	-	71,528	815	122,438
Incurred claims and other directly attributable expenses	-	-	83,955	3,897	87,852
Changes that relate to past service relating to the LIC	-	-	(12,427)	(3,082)	(15,509)
Insurance acquisition cash flows amortisation	50,095	-	-	-	50,095
Insurance service result	(171,042)	-	71,528	815	(98,699)
Net finance expenses from insurance contracts issued	-	-	(11)	(56)	(67)
Total amounts recognized in comprehensive income	(171,042)	-	71,517	759	(98,766)
Cash flows					
Premium received	219,136	-	-	-	219,136
Claims and other directly attributable expenses paid	-	-	(134,418)	-	(134,418)
Insurance acquisition costs	(49,201)	-	-	-	(49,201)
Total cash flows	169,935	-	(134,418)	-	35,517
Other movements	(112)	-	(1,002)	-	(1,114)
As at 31 December 2024	81,678	-	(8,585)	11,246	84,339

10. INSURANCE CONTRACT LIABILITIES (CONTINUED)

Roll-forward of net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims (continued)

Motor	2023				
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component RM'000	Loss component RM'000	Present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Total RM'000
As at 1 January 2023	77,322	-	125,534	10,589	213,445
Insurance revenue	(206,918)	-	-	-	(206,918)
Insurance service expenses	47,798	-	54,043	(136)	101,705
Incurred claims and other directly attributable expenses	-	-	60,121	295	60,416
Changes that relate to past service relating to the LIC	-	-	(6,078)	(431)	(6,509)
Insurance acquisition cash flows amortisation	47,798	-	-	-	47,798
Insurance service result	(159,120)	-	54,043	(136)	(105,213)
Net finance expenses/(income) from insurance contracts issued	-	-	(940)	34	(906)
Total amounts recognized in comprehensive income	(159,120)	-	53,103	(102)	(106,119)
Cash flows					
Premium received	213,783	-	-	-	213,783
Claims and other directly attributable expenses paid	-	-	(123,319)	-	(123,319)
Insurance acquisition costs	(49,088)	-	-	-	(49,088)
Total cash flows	164,695	-	(123,319)	-	41,376
Other movements	-	-	-	-	-
As at 31 December 2023	82,897	-	55,318	10,487	148,702

10. INSURANCE CONTRACT LIABILITIES (CONTINUED)

Roll-forward of net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims (continued)

Marine & Aviation	2024 Liability for remaining coverage: Excluding loss component RM'000	Loss component RM'000	Liability for incurred claims: Present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Total RM'000
As at 1 January 2024	9,958	-	69,030	8,316	87,304
Insurance revenue	(41,300)	-	-	-	(41,300)
Insurance service expenses	5,568	-	27,735	595	33,898
Incurred claims and other directly attributable expenses	-	-	32,554	2,844	35,398
Changes that relate to past service relating to the LIC	-	-	(4,819)	(2,249)	(7,068)
Insurance acquisition cash flows amortisation	5,568	-	-	-	5,568
Insurance service result	(35,732)	-	27,735	595	(7,402)
Net finance expenses from insurance contracts issued	-	-	(80)	(38)	(118)
Total amounts recognized in comprehensive income	(35,732)	-	27,655	557	(7,520)
Cash flows					
Premium received	41,962	-	-	-	41,962
Claims and other directly attributable expenses paid	-	-	(9,658)	-	(9,658)
Insurance acquisition costs	(3,953)	-	-	-	(3,953)
Total cash flows	38,009	-	(9,658)	-	28,351
Other movements	-	-	-	-	-
As at 31 December 2024	12,235	-	87,027	8,873	108,135

10. INSURANCE CONTRACT LIABILITIES (CONTINUED)

Roll-forward of net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims (continued)

Marine & Aviation	2023				
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component RM'000	Loss component RM'000	Present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Total RM'000
As at 1 January 2023	10,365	-	54,119	8,549	73,033
Insurance revenue	(39,362)	-	-	-	(39,362)
Insurance service expenses	4,416	-	24,273	(116)	28,573
Incurred claims and other directly attributable expenses	-	-	27,003	250	27,253
Changes that relate to past service relating to the LIC	-	-	(2,730)	(366)	(3,096)
Insurance acquisition cash flows amortisation	4,416	-	-	-	4,416
Insurance service result	(34,946)	-	24,273	(116)	(10,789)
Net finance expenses/(income) from insurance contracts issued	-	-	1,583	(117)	1,466
Total amounts recognized in comprehensive income	(34,946)	-	25,856	(233)	(9,323)
Cash flows					
Premium received	39,302	-	-	-	39,302
Claims and other directly attributable expenses paid	-	-	(10,945)	-	(10,945)
Insurance acquisition costs	(4,763)	-	-	-	(4,763)
Total cash flows	34,539	-	(10,945)	-	23,594
Other movements	-	-	-	-	-
As at 31 December 2023	9,958	-	69,030	8,316	87,304

10. INSURANCE CONTRACT LIABILITIES (CONTINUED)

Roll-forward of net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims (continued)

Miscellaneous	2024				
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component RM'000	Loss component RM'000	Present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Total RM'000
As at 1 January 2024	184,229	-	317,411	34,650	536,290
Insurance revenue	(403,954)	-	-	-	(403,954)
Insurance service expenses	129,837	-	166,887	2,837	299,561
Incurred claims and other directly attributable expenses	-	-	195,879	13,560	209,439
Changes that relate to past service relating to the LIC	-	-	(28,992)	(10,723)	(39,715)
Insurance acquisition cash flows amortisation	129,837	-	-	-	129,837
Insurance service result	(274,117)	-	166,887	2,837	(104,393)
Net finance expenses from insurance contracts issued	757	-	15,560	1,997	18,314
Total amounts recognized in comprehensive income	(273,360)	-	182,447	4,834	(86,079)
Cash flows					
Premium received	424,781	-	-	-	424,781
Claims and other directly attributable expenses paid	-	-	(111,754)	-	(111,754)
Insurance acquisition costs	(115,721)	-	-	-	(115,721)
Total cash flows	309,060	-	(111,754)	-	197,306
Other movements	-	-	-	-	-
As at 31 December 2024	219,929	-	388,104	39,484	647,517

10. INSURANCE CONTRACT LIABILITIES (CONTINUED)

Roll-forward of net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims (continued)

	2023				
Miscellaneous	**Liability for remaining coverage**		**Liability for incurred claims**		
	Excluding loss component RM'000	**Loss component RM'000**	**Present value of future cash flows RM'000**	**Risk adjustment for non-financial risk RM'000**	**Total RM'000**
As at 1 January 2023	182,385	-	266,689	36,413	485,487
Insurance revenue	(379,584)	-	-	-	(379,584)
Insurance service expenses	117,618	-	123,512	(508)	240,622
Incurred claims and other directly attributable expenses	-	-	137,402	1,097	138,499
Changes that relate to past service relating to the LIC	-	-	(13,890)	(1,605)	(15,495)
Insurance acquisition cash flows amortisation	117,618	-	-	-	117,618
Insurance service result	(261,966)	-	123,512	(508)	(138,962)
Net finance expenses/(income) from insurance contracts issued	426	-	18,357	(1,255)	17,528
Total amounts recognized in comprehensive income	(261,540)	-	141,869	(1,763)	(121,434)
Cash flows					
Premium received	384,489	-	-	-	384,489
Claims and other directly attributable expenses paid	-	-	(91,147)	-	(91,147)
Insurance acquisition costs	(121,105)	-	-	-	(121,105)
Total cash flows	263,384	-	(91,147)	-	172,237
Other movements	-	-	-	-	-
As at 31 December 2023	184,229	-	317,411	34,650	536,290

11. LOANS AND RECEIVABLES

	2024 RM'000	2023 RM'000
Staff loans	-	40
	-	40
Other receivables:		
Amount due from Malaysian Motor Insurance pool ("MMIP")	36,272	38,483
- Assets held under MMIP	30,813	29,624
- Cash contribution to MMIP	5,459	8,859
Other receivables, deposits and prepayments	2,156	1,670
	38,428	40,153
Total loans and receivables	38,428	40,193

MMIP balance as at 31 December 2024 is a net receivable of RM25,480,147 (31 December 2023: RM25,210,497) after setting off the amounts due from MMIP against the Company's share of MMIP's liabilities for incurred claim and remaining coverage amounting to to RM10,792,072 (31 December 2023: RM13,272,811) included in Note 11 to the financial statements.

12. EQUITY

(a) Share capital

	2024		2,023	
	No of Shares '000	Amount RM'000	No of Shares '000	Amount RM'000
Authorised:				
At 1 January/31 December	310,800	310,800	310,800	310,800

(b) Retained earnings

The Company is under single-tier tax system, tax paid on the Company's income is a final tax and any dividend distributed will be exempted from tax in the hands of shareholders.

The Company may distribute single tier tax exempt dividend to its shareholder out of its retained earnings. Pursuant to Section 51(1) of the Financial Service Act 2013, the Company is required to obtain Bank Negara Malaysia's written approval prior to declaring or paying any dividend. Pursuant to the RBC Framework for insurers, the Company shall not pay dividend if its Capital Adequacy Ratio portion is less than its internal target capital level or if the payment of dividend would impair its Capital Adequacy Ratio portion is below its internal target.

(c) Fair value reserves

The fair value reserve comprises the cumulative net change in the fair value of investment in securities measured at fair value through other comprehensive income.

13. DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	2024 RM'000	2023 RM'000
Subject to income tax:		
Deferred tax liabilities	(13,684)	(8,326)
At 1 January	(8,326)	(3,285)
(Charged)/Credited to statement of profit/loss:		
- property and equipment	(176)	176
- amortisation of premium/accretion of discount from investments	(1,597)	(34)
- fair value through profit & loss (FVTPL)	(1,764)	(1,783)
- other payables	545	(468)
- premium liabilities	(33)	84
- change in accounting basis	(1,942)	(630)
	(4,967)	(2,655)
Charged to other comprehensive income	(391)	(2,386)
At 31 December	(13,684)	(8,326)
Subject to income tax:		
Deferred tax liabilities (before offsetting)		
- other payables	7,180	6,634
- insurance contract liabilities	(24,365)	(22,627)
- reinsurance contract assets	4,060	4,299
- amortisation of premium/accretion of discount from investments	2,834	4,990
	(10,291)	(6,704)
Offsetting	(3,393)	(1,622)
Deferred tax liabilities (after offsetting)	(13,684)	(8,326)
Deferred tax liabilities (before offsetting)		
- fair value changes on FVOCI financial assets	(3,393)	(1,622)
	(3,393)	(1,622)
Offsetting	3,393	1,622
Deferred tax liabilities (after offsetting)	-	-

14. OTHER PAYABLES

	2024 RM'000	2023 RM'000
Accrued expenses	7,907	4,722
Payroll liabilities	917	913
Amount due to related parties (Note 22)	5,812	5,632
Other payables	71,638	66,050
	86,274	77,317

15. INSURANCE SERVICE RESULT

		2024 RM'000	2023 RM'000
Insurance revenue	15(a)	844,377	786,564
Insurance service expenses	15(b)	(572,785)	(443,714)
Net income/(expenses) from reinsurance contracts held	15(c)	(97,624)	(140,311)
Insurance service result		173,968	202,539

	Fire RM'000	Motor RM'000	Marine & Aviation RM'000	Miscellan-eous RM'000	Total RM'000
2024					
(a) Insurance revenue					
Insurance revenue from contracts measured under the PAA	177,986	221,137	41,300	403,954	844,377
2023					
(a) Insurance revenue					
Insurance revenue from contracts measured under the PAA	160,700	206,918	39,362	379,584	786,564

	Fire RM'000	Motor RM'000	Marine & Aviation RM'000	Miscellan-eous RM'000	Total RM'000
2024					
(b) Insurance service expenses					
Incurred claims and other directly attributable expenses	(113,373)	(87,852)	(35,398)	(209,439)	(446,062)
Changes that relate to past service - changes in the FCF relating to the liability for incurred claims	21,897	15,509	7,068	39,715	84,189
Insurance acquisition cash flows amortisation	(25,412)	(50,095)	(5,568)	(129,837)	(210,912)
	(116,888)	(122,438)	(33,898)	(299,561)	(572,785)
2023					
(b) Insurance service expenses					
Incurred claims and other directly attributable expenses	(58,801)	(60,416)	(27,253)	(138,499)	(284,969)
Changes that relate to past service - changes in the FCF relating to the liability for incurred claims	6,641	6,509	3,096	15,495	31,741
Insurance acquisition cash flows amortisation	(20,655)	(47,798)	(4,416)	(117,617)	(190,486)
	(72,815)	(101,705)	(28,573)	(240,621)	(443,714)

15. INSURANCE SERVICE RESULT (CONTINUED)

	Treaties contracts RM'000	Facultative contracts RM'000	Total RM'000
2024			
(c) Net income/(expenses) from reinsurance contract held	(84,818)	(12,806)	(97,624)
2023			
(c) Net income/(expenses) from reinsurance contract held	(94,875)	(45,436)	(140,311)

16. NET INVESTMENT INCOME

	2024 RM'000	2023 RM'000
(a) Interest revenue from financial assets not measured at FVTPL		
Interest income	45,753	37,692
(b) Investment revenue from financial assets measured at FVTPL		
Dividend income	3,031	2,939
(c) Net gains on financial assets measured at FVTPL		
Equity securities	9,005	(3,255)
(d) Realised net gains on investments in financial assets measured at FVTPL		
Equity securities	3,188	(5,902)

17. NET (RE)INSURANCE FINANCE INCOME/(EXPENSE)

	2024 RM'000	2023 RM'000
(a) Net finance expenses from insurance contracts issued		
Interest accreted		
Fire	1,744	1,933
Motor	63	892
Marine & Aviation	117	(1,444)
Miscellaneous	(18,137)	(17,267)
	(16,213)	(15,886)
Effect of changes in interest rates and other financial assumptions		
Fire	18	30
Motor	4	14
Marine & Aviation	1	(22)
Miscellaneous	(177)	(260)
	(154)	(238)
	(16,367)	(16,124)
(b) Net finance income from reinsurance contracts held		
Interest accreted		
Treaties contracts	2,710	3,048
Facultative contracts	3,829	4,353
	6,539	7,401
Effect of changes in interest rates and other financial assumptions		
Treaties contracts	24	44
Facultative contracts	34	59
	58	103
	6,597	7,504

18. EXPENSES BY NATURE

	Note	2024 Expenses attributed to insurance acquisition cash flows* RM'000	Other direct attributable expenses RM'000	Other operating expenses RM'000	Total RM'000
Employee benefits expense		27,879	18,033	13,327	59,239
Wages		22,892	14,182	11,457	48,531
Contributions to defined contribution plan		2,763	1,715	1,201	5,679
Other benefits		2,224	2,136	669	5,029
Non-executive Directors' remuneration		-	-	650	650
Auditors' remuneration:		-	-	951	951
- Statutory audit		-	-	810	810
- Non-audit fee		-	-	141	141
Depreciation of property and equipment		20	25	20	65
Amortisation of intangible assets		1,915	-	-	1,915
Amortisation of right-of-use assets		(35)	(268)	(123)	(426)
Incurred claims		-	280,432	-	280,432
Commissions		99,321	-	-	99,321
Postage, telephone and telefax		26,847	668	249	27,764
Electronic Data Processing expenses		20,449	8,467	3,227	32,143
Other expenses		47,387	3,721	13,904	65,012
		223,783	311,078	32,205	567,066

	Note	2023 Expenses attributed to insurance acquisition cash flows* RM'000	Other direct attributable expenses RM'000	Other operating expenses RM'000	Total RM'000
Employee benefits expense		27,006	17,637	12,739	57,382
Wages		22,072	13,807	10,652	46,531
Contributions to defined contribution plan		2,673	1,741	1,201	5,615
Other benefits		2,261	2,089	886	5,236
Non-executive Directors' remuneration	18(a)	-	-	651	651
Auditors' remuneration:		1	-	1,924	1,925
- Statutory audit		-	-	1,924	1,924
- Non-audit fee		1	-	-	1
Depreciation of property and equipment		205	27	10	242
Amortisation of intangible assets		1,978	-	-	1,978
Amortisation of right-of-use assets		1,354	1,111	329	2,794
Incurred claims		-	244,128	-	244,128
Commissions		95,756	-	-	95,756
Postage, telephone and telefax		26,767	102	-	26,869
Electronic Data Processing expenses		17,362	9,176	1,928	28,466
Other expenses		28,673	1,982	10,140	40,795
		199,102	274,163	27,721	500,986

* Expenses attributed to insurance acquisition cash flows excluded capitalisation and amortisation of insurance acquisition.

18. EXPENSES BY NATURE (CONTINUED)

(a) Directors' Remuneration

The details of remuneration receivable by Directors during the financial year are as follows:

	2024 RM'000	2023 RM'000
Executive:		
Salaries and other emoluments	2,311	2,027
Contribution to defined contribution plan	213	190
	2,524	2,217
Non-executive:		
Fees	650	650
	3,174	2,867

The total remuneration (including benefits-in-kind) of the Chief Executive Officer and Directors are as follows:

	2024				
	Fees/ Salary RM'000	Bonus & LTIP* RM'000	EPF RM'000	Benefit-in-kind/ others** RM'000	Total RM'000
Chief Executive Officer					
- Antony Fook Weng Lee	1,695	533	213	83	2,524
Non-Executive Director					
-Raziyah binti Yahya	200	-	-	-	200
-Richard Lewis Bender	150	-	-	-	150
-Chin Siew Siew	150	-	-	-	150
-Dato' Philip Tan Puay Koon	150	-	-	-	150
	650	-	-	-	650
Total Chief Executive Officer and Director Remuneration (including benefits-in-kind)	2,345	533	213	83	3,174

** Long Term Incentive Plan (Share based)*
*** Travelling allowance*

18. EXPENSES BY NATURE (CONTINUED)

(a) Directors' Remuneration (continued)

	2023				
	Fees/ Salary RM'000	Bonus & LTIP* RM'000	EPF RM'000	Benefit-in-kind/ others** RM'000	Total RM'000
Chief Executive Officer					
- Antony Fook Weng Lee	1,510	430	190	87	2,217
Non-Executive Director					
-Raziyah binti Yahya	200	-	-	-	200
-Richard Lewis Bender	150	-	-	-	150
-Chin Siew Siew	150	-	-	-	150
-Dato' Philip Tan Puay Koon	150	-	-	-	150
	650	-	-	-	650
Total Chief Executive Officer and Director Remuneration (including benefits-in-kind)	2,160	430	190	87	2,867

** Long Term Incentive Plan (Share based)*
*** Travelling allowance*

(b) Reconciliation of expenses

The following breakdown presents the reconciliation of directly attributable expenses and non-directly attributable expenses:

	2024 RM'000	2023 RM'000
Directly attributable expenses		
Maintenance expenses	311,078	274,163
Insurance acquisition cash flows	223,783	199,102
	534,861	473,265
Non-directly attributable expenses		
Management expenses	32,144	27,708
Finance costs	61	13
	32,205	27,721

19. INCOME TAX EXPENSE

	2024 RM'000	2023 RM'000
Current tax		
Current financial year	48,006	54,246
Over accrual in prior financial years	(3,763)	(1,145)
	44,243	53,101
Deferred tax		
Origination and reversal of temporary differences	4,967	2,655
	49,210	55,756

An explanation of relationship between tax expense and profit before taxation is as follows:

	2024 RM'000	2023 RM'000
Profit before taxation	195,565	203,273
Tax calculated at Malaysian tax rate of 24% (2023: 24%)	46,936	48,786
Tax effects of expenses not deductible for tax purposes	4,269	10,171
Income not subject to tax	(727)	(705)
Over provision of deferred and current taxes	(1,268)	(1,145)
Others	-	(1,351)
Tax expense	49,210	55,756

20. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2024 RM'000	2023 RM'000
Profit attributable to ordinary equity holders	146,355	147,517
Weighted average number of shares in issue	310,800	310,800
Basic earnings per share (sen)	0.47	0.47

Diluted earnings per share are not presented as there were no dilutive potential ordinary shares as at the date of statement of financial position.

21. DIVIDENDS

	2024 RM'000	2023 RM'000
Interim dividend in respect of financial period ended 30 June 2024 - 6.44 sen per share, single-tier tax exempt dividend on ordinary shares	20,000	-
Final dividend in respect of financial year ended 31 December 2023 - 45.05 sen per share, single-tier tax exempt dividend on ordinary shares	140,000	-
Final dividend in respect of financial year ended 31 December 2022 - 43.44 sen per share, single-tier tax exempt dividend on ordinary shares	-	135,000

22. RELATED PARTY DISCLOSURES

The related parties of, and their relationship with the Company, are as follows:

Company	Country of incorporation	Relationship
American International Group, Inc.	State of Delaware, USA	Ultimate holding company
AIG Asia Pacific Insurance Pte Ltd	Singapore	Immediate holding company
Corebridge Institutional Investment (Europe) Limited, Irish Branch	Ireland	Fellow Subsidiaries
AIG Claims,Inc	State of New York, USA	Fellow Subsidiaries
AIG Global Operations, Inc	State of New York, USA	Fellow Subsidiaries
AIG Global Operations (Ireland), Inc	Ireland	Fellow Subsidiaries
AIG Property Casualty International, LLC	State of New York, USA	Fellow Subsidiaries
AIG Re-Takaful (L) Berhad	Malaysia	Fellow Subsidiaries
AIG Technologies (M) Sdn Bhd	Malaysia	Fellow Subsidiaries
AIG Travel Asia Pacific Pte	Singapore	Fellow Subsidiaries
AIG Travel Assist (M) Sdn Bhd	Malaysia	Fellow Subsidiaries
AIG Travel Emea Limited	United Kingdom	Fellow Subsidiaries
AIG Employee Service, Inc	State of New York, USA	Fellow Subsidiaries
Service Net Warranty, LLC	State of Indiana, USA	Fellow Subsidiaries
Tata AIG General	India	Fellow Subsidiaries

In the normal course of business, the Company undertakes at agreed terms and prices, various transactions with the ultimate holding company and other related corporations deemed related parties by virtue of them being members of American International Group, Inc. group of companies ("AIG Group").

(a) Details of significant related party transactions during the financial year:

	2024 RM'000	2023 RM'000
Reinsurance premium ceded	(129,612)	(105,820)
Claims paid	(16,245)	(16,866)
Commission earned	50,161	41,463
System related costs paid to related corporations	(19,873)	(16,013)
Reimbursement of expenses paid on behalf of immediate holding company	3,452	2,711
Asset management fees	(1,391)	(136)
Policy processing and related administration costs	(2,322)	(339)
Global service fees	(12,572)	(14,775)
Professional fees	(2,235)	(2,165)
Dividends paid	(160,000)	(135,000)

22. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Compensation of key management personnel

The remuneration of Directors and other members of key management during the financial year are as follows:

	2024 RM'000	2023 RM'000
Short-term employee benefits	6,761	6,215
Post-employment benefits:		
- Defined contribution plan	723	676
	7,484	6,891
Included in the total key management personnel are:		
Executive Directors' remuneration (Note 18(a))	2,524	2,217

Members of key management comprise those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

Significant related party balances related to above transactions are disclosed in Notes 14.

23. RISK MANAGEMENT FRAMEWORK

(a) Governance and Regulatory Framework

The Board has oversight responsibility for the management of risk within the Company through the Risk Management Committee. It monitors the implementation of the Company's Risk Management Framework, including:

- Management of risk consistent with the risk management strategy and risk governance structure;
- Ensuring the proper functioning of the Enterprise Risk Management ("ERM") function in meeting its responsibilities within the framework;
- Setting and adhering to risk appetite consistent with the Company's risk appetite; and
- Systematically identifying, measuring and managing the various types of risk inherent within the operations.

The successful execution of the risk management strategy will require the combined and coordinated responsibility of leadership of all business units and corporate functions.

(b) Risk Management Framework

The ultimate objective for managing risks is to maximise the likelihood of meeting the Company's strategic objectives. Strategic objectives are developed to ensure long-term viability and value creation. They are realised through the coordinated management of: (i) risk, (ii) profitability and (iii) growth. The specific objective for risk management is to manage the risk profile (i.e., distribution of outcomes of short-term and long-term financial performance) consistent with strategic objectives.

The Management through oversight of the Board implemented the risk management processes within the Company that sets out the overall business strategies and the general risk management philosophy. The major areas of risk that the activities of the Company are exposed to are, operational risk, liquidity risk, insurance risk, market risk and credit risk.

23. RISK MANAGEMENT FRAMEWORK (CONTINUED)

(b) Risk Management Framework (continued)

The risk management infrastructure of the Company sets out clear accountability and responsibility for the risk management process which underlines the principal risk management and control responsibilities.

Processes	Parties responsible
Establishment of risk management regime and Company's risk appetite and policy	Board of Directors Risk Management Committee ("RMC")
Implementation of Company's risk policy and compliance	Dedicated Committees • Risk & Capital Committee ("RCC") • Investment Committee Independent Risk Management and Control Unit • Internal Audit Department • Compliance Department • Risk Management Department
Implementation and compliance with the Company risk policy	Business Units • Agency Branch Channel Management Department • Client Broker Engagement • Claims Department • Digital Direct Marketing and Partnership • Finance & Accounting Department • Human Resource Department • Management Information Systems Department • Operations Department • Underwriting Departments: o Commercial Lines Division o Consumer Lines Division • Service Centres covering: o Administration o Compliance o Legal o Communications & Branding o Risk Management

The formal risk management framework of the Company is as follows:

- The RMC was established at Board level to provide oversight on the senior management's activities in managing the key risk areas of the Company and to ensure that an appropriate risk management process is in place and functioning effectively.

- At the management level, the Risk & Capital Committee ("RCC"), co-chaired by the Chief Executive Officer and the Head of Risk was established with the responsibility to identify and communicate to the RMC on critical risks (present and potential) in terms of likelihood of exposures and impact on the Company's business and the management action plans to manage these risks on a continuing basis.

- The independent risk management and control functions provide support to the RCC and the RMC and are responsible to ascertain that the risk policies are implemented and complied with.

23. RISK MANAGEMENT FRAMEWORK (CONTINUED)

(b) Risk Management Framework (continued)

- The Business Units are responsible for identifying, mitigating and managing risks within their lines of business and to ensure that their day-to-day business activities are carried out in accordance with established risk policies, procedures and limits.

- The role of the Audit Committee, supported by the Internal Audit Department, is to provide an independent assessment of the adequacy and reliability of the risk management processes and system of internal controls and compliance with risk policies, internal and regulatory guidelines.

- The risk management policies are subject to review to ensure that they remain applicable and effective in managing the associated risks due to changes in the market and regulatory environments. Risk management policies follow the structure set out by American International Group, Inc, ultimate holding company of the Company.

- The consolidated risk profile of the Company are presented to the RCC and RMC on a quarterly basis.

(c) Risk-based Capital Framework

Bank Negara Malaysia ("BNM") introduced a Risk Based Capital ("RBC") Framework, with effect from 1 January 2009. This Framework applies to all insurers licensed under the Insurance Act 1996. Under this Framework, an insurer is required to hold capital at a level that commensurate with its risk profile, taking into account credit, market, insurance and operational risks. Under this Framework, the Company is required to set an individual target capital level ("ITCL") with clearance from BNM and the minimum statutory capital adequacy ratio ("CAR") is 130%.

The Company has established adequate capital position for both of its ITCL and CAR at all times.

The RBC Framework uses a standardised approach, with prescribed capital risk charge applicable against each of the identified risk areas. Capital is equal to the difference between assets and liabilities of the insurer. The RBC Framework specifies the method of valuation for both assets and liabilities - and essential first step in establishing a base level of risk in the level of adequacy of the capital itself.

Assets are generally required to be valued at fair market value. Insurance liabilities (claims and premium liabilities) are required to be valued by an actuary.

The prescribed capital risk charges are then applied against the values of each of the asset and liability classes, in order to bring the base level of adequacy up to a level considered to provide regulatory security.

(d) Capital Management and Contingency Funding Plan

With clearance from BNM, the Board approved and adopted the Capital Management Plan ("CMP") and Contingency Funding Plan ("CFP") for the Company in line with the requirements set out in the RBC Framework.

The objective of the Capital Management Plan (“CMP”) is to optimise the efficient and effective use of resources in order to maximise the return on equity and to provide an appropriate level of capital to protect the policyholders while taking into account events that can impact the operations and financial resilience of the Company directly or indirectly.

The CMP guides the management of capital in accordance with by the Company’s business strategies and organisational requisites that take into account the business and regulatory environment that the Company operates in. In this respect, the Company sets capital targets for both Tier 1 and Tier 2 as defined under the RBC Framework that is above the minimum regulatory requirements.

23. RISK MANAGEMENT FRAMEWORK (CONTINUED)

(d) Capital Management and Contingency Funding Plan (continued)

The management committee responsible for the oversight of the Company's capital management is the Risk & Capital Committee. All proposals on any deviation from capital targets or capital raising exercise must be addressed to and approved by the RMC prior to recommendation to the Board for approval and implementation.

The RBC Framework and Guidelines on Internal Capital Adequacy Assessment Process ("ICAAP") for the insurance industry came into effect on 1 January 2009 and 1 September 2012 respectively. Under the frameworks, the Company has to maintain a capital adequacy level that commensurate with its risk profiles. The minimum capital requirement under the Risk-Based Capital Framework regulated by Bank Negara Malaysia is 130% .

Stress Testing

The RBC framework also includes a Stress Testing Policy. Stress Tests will be conducted twice a year and as and when required to systematically evaluate the extent by which the Company's capital could withstand market shocks and by which capital will be eroded by the principal risks identified due to exceptional but adverse plausible events and to determine the impact on the performance and financial conditions. The stress tests results together with the counter measures are tabled to the RMC for deliberation and recommendation to the Board for approval. The Stress Tests Result will be submitted to BNM upon request from time to time.

This is consistent with the Company to review and study ITCL every half-year which is consistent to the stress test guidelines.

Contingency Funding Plan

Purpose of this Contingency Funding Plan ("CFP") is to define

- Assessment methods including Early Warning Indicators ("EWIs")
- Governance structure, including monitoring and reporting requirements
- Procedures of assessment, notification and escalation, and lines of accountability regarding material liquidity concerns or liquidity crises with respect to AIG Malaysia Insurance Berhad.

(e) Asset-Liability Management ("ALM") Framework

The primary objective of the Company's ALM policy is to ensure that adequate liquid assets are held at all times and to provide satisfactory and consistent earnings on these assets. The Company's ALM is integrated with the management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance. The Company's Investment Committee is primarily responsible for the asset/liability management based on guidelines approved by the Board.

ALM Philosophy

The primary investment objective of the fixed income portfolios is long-term preservation of capital and to ensure adequate liquidity to meet claims and other expense liabilities as they occur. A secondary investment objective of the fixed income portfolios is yield and return performance while controlling risk.

With respect to the general insurance business where the average duration of the liabilities ranges mostly between two and five years, the fixed income portfolios shall normally be constructed on a laddered basis with a duration target of between two and seven years and a spread of bond maturities out to around 10 years. In normal general insurance market circumstances, the insurance cash flows together with investment income and bond maturities are likely to be sufficient to meet claims payments. When this is not the case, then the fixed income holdings need to be in liquid bonds which can be easily sold to meet such insurance claim payments.

24. INSURANCE RISK

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the timing and the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and reserving, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or the severity of claims are greater that estimated. Insurance events are random, and the actual number and amount of claims will vary from year to year from the level established using statistical techniques.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk and type of business covered. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claim handling.

Underwriting policy

The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Company's basic underwriting policy is that each line of business is expected to make an underwriting profit on a stand-alone basis. Each product or line of business has its own detailed underwriting guidelines approved locally and regionally in New York. Underwriting authorities are clearly stipulated for each line of business within each profit center, and audited regularly by the profit center, and audited regularly by the profit center. Underwriting authorities and referral levels relate to both amounts and selection of risks to be covered.

Brief details of the Company's underwriting policy for the main classes of business are as follows:

Motor	Almost all business written consists of comprehensive insurance for private cars, generally sold through agents. The remainder consists of comprehensive cover for light commercial vehicles (C permit) and a very small amount of third party cover for private cars. Motor cycles are not accepted, other than on an accommodation basis. Cover is declined for vehicle models subject to high theft rates. A list of such vehicles (based on the Company's own experience) is monitored monthly and updated for underwriters at regular intervals. Rating is strictly in accordance with the BNM tariff and guidelines. Loadings are not generally applied, other than on risks which require referral (eg. young drivers, high value vehicles).
Accident & Health ("A&H")	The Company's A&H business comprises travel insurance, personal accident policies (both group and individual), and a relatively small amount of health cover, which are generally packaged products.
Commercial Lines	All accounts are individually underwritten, other than combined packages which are available on a pre-underwritten basis. Rating for property business is on a tariff basis.

24. INSURANCE RISK (CONTINUED)

Reinsurance

Reinsurance is used to limit the Company's exposure to losses by ceding risk with reinsurers providing high security.

AIG, Inc. formed the American International Overseas Association (the "Association"), a Bermuda unincorporated association, in 1976 as the pooling mechanism for AIG Inc.'s international general insurance operations. At the time of forming the Association, the member companies entered into a reinsurance agreement governing the insurance business pooled in the Association. The member companies of the Association are National Union Fire Insurance Company of Pittsburgh, Pa., American Home Assurance Company, and New Hampshire Insurance Company. The member companies of the Association act as the Company's immediate reinsurer for all of the Company's treaty reinsurance contracts.

In the ordinary course of business, the Company also cedes facultative reinsurance to other insurance companies in order to further limit the Company's exposure to losses.

Claims management

Proactive claims handling procedures are followed to investigate and adjust claims thereby preventing settlement of dubious or fraudulent claims.

The Company's claims reserving policy is to promptly establish a realistic case reserve based on all available factual information in order to produce a best estimate of the total ultimate payment of the claim. In addition, emphasis is placed on the need for consistency and stability of the reserving process, as case estimates are used in the Incurred but not reported ("IBNR") projections. The IBNR estimates are assessed by the external actuary appointed by the management.

Where there is insufficient information to set a case reserve when the claim file is first opened, a nominal initial reserve is established, equal to the average claim payment in the previous year for that class of business. As soon as additional information is received, the initial reserve is then updated.

Open claim files are reviewed at regular intervals, and reserves are adjusted whenever additional information is received. In addition, all open files are reviewed annually.

Diversification

Diversification is accomplished by achieving sufficiently large population of risks to reduce the variability of the expected outcome. The diversification strategy seeks to ensure that underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

The Company has an objective to control and minimise insurance risk, to reduce volatility of operating profits.

The Company manages insurance risk through the following mechanisms:

- The use and maintenance of sophisticated management information systems that provide up-to-date, accurate and reliable data on risk exposure at any point in time.
- Guidelines are issued for concluding insurance contracts and assuming insurance risks.
- Proactive claims handling procedures are followed to investigate and adjust claims thereby preventing settlement of fraudulent claims.
- Reinsurance is used to limit the Company's exposure to large claims by placing risk with reinsurers providing high security.

24. INSURANCE RISK (CONTINUED)

Diversification (continued)

The concentration of insurance risk before and after reinsurance (based on insurance contract liabilities) in relation to the type of risk accepted is summarised below:

2024	Note	Gross RM'000	Reinsurance RM'000	Net RM'000
Motor		221,067	(6,186)	214,881
Fire		295,677	(165,732)	129,945
Marine & Aviation		66,512	(31,460)	35,052
Miscellaneous		557,854	(213,816)	344,038
	9 & 10	1,141,110	(417,194)	723,916

2023	Note	Gross RM'000	Reinsurance RM'000	Net RM'000
Motor		220,779	(5,869)	214,910
Fire		216,910	(113,302)	103,608
Marine & Aviation		72,293	(41,887)	30,406
Miscellaneous		490,723	(199,875)	290,848
	9 & 10	1,000,705	(360,933)	639,772

<u>Key Assumptions</u>

The principal assumptions underlying the estimation of liabilities is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of loss development pattern and loss ratio movement.

Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example, isolated occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors, such as, portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors, such as, judicial decisions and government legislation affect the estimates.

<u>Sensitivities</u>

The general insurance claim liabilities are sensitive to the key assumptions shown below. It has not been possible to quantify the sensitivity of certain assumptions, such as, legislative changes or uncertainty in the estimation process.

Sensitivity analysis has been based on Modified duration which is an extension of Macaulay duration and is a useful measure of the sensitivity of a bond's price (the present value of its cash flows) to interest rate movements. Modified duration follows the concept that interest rates and bond prices move in opposite directions.

24. INSURANCE RISK (CONTINUED)

Diversification (continued)

Sensitivities (continued)

2024	Changes in assumptions	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax RM'000	Impact on equity RM'000
Loss Development	+1.5%	45,771	36,266	(36,266)	(27,562)
	+1.0%	30,514	24,178	(24,178)	(18,375)
	+0.5%	15,257	12,089	(12,089)	(9,187)
Loss Ratio	+1.5%	109,414	82,071	(82,071)	(62,374)
	+1.0%	72,943	54,714	(54,714)	(41,582)
	+0.5%	36,471	27,357	(27,357)	(20,791)

2023	Changes in assumptions	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax RM'000	Impact on equity RM'000
Loss Development	+1.5%	44,836	35,979	(35,979)	(27,344)
	+1.0%	29,891	23,986	(23,986)	(18,229)
	+0.5%	14,945	11,993	(11,993)	(9,115)
Loss Ratio	+1.5%	106,322	80,594	(80,594)	(61,252)
	+1.0%	70,881	53,730	(53,730)	(40,835)
	+0.5%	35,441	26,865	(26,865)	(20,417)

Claims development table

The following tables show the estimate of cumulative incurred claims, including both claims notified and IBNR reserves for each successive accident year at each date of the statement of financial position, together with cumulative payments to-date.

In setting provisions for claims, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development. As claims develop and the ultimate cost of claims becomes more certain.

24. INSURANCE RISK (CONTINUED)

Gross liability for incurred claims for 31 December 2024:

Accident year	Before 2016 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
At end of accident year		326,777	326,176	354,414	478,935	322,928	325,270	307,203	306,056	394,533	
One year later		316,708	338,952	315,455	508,975	351,623	265,462	284,900	272,570		
Two years later		300,782	324,480	342,267	485,740	307,888	248,902	271,135			
Three years later		295,850	318,690	332,863	483,180	306,197	252,095				
Four years later		294,534	311,879	319,289	481,461	288,088					
Five years later		294,739	310,475	315,172	482,502						
Six years later		291,122	303,310	309,624							
Seven years later		289,636	300,314								
Eight years later		293,219									
Gross Cumulative payments to date		286,403	297,337	291,545	412,589	196,043	223,816	193,887	186,723	156,266	
Gross Cumulative claim liabilities excluding MMIP	17,492	6,815	2,978	18,079	69,913	92,045	28,278	77,249	85,846	238,268	636,963
Gross Cumulative claim liabilities MMIP											8,197
Effect of discounting											(31,155)
Effect of the risk adjustment margin											79,398
Allocated actual cash flows											15,451
Gross liability for incurred claims											708,854

24. INSURANCE RISK (CONTINUED)

Net liability for incurred claims for 31 December 2024:

Accident year	Before 2016 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
At end of accident year		282,890	270,722	305,265	338,527	231,610	206,123	226,257	237,009	272,369	
One year later		277,947	269,004	280,898	335,949	243,098	182,448	214,326	221,730		
Two years later		264,063	259,382	292,739	335,889	224,913	171,447	210,864			
Three years later		261,525	256,587	288,354	335,905	225,951	172,526				
Four years later		260,413	255,964	282,425	334,748	218,089					
Five years later		260,345	255,037	280,884	336,671						
Six years later		257,683	250,280	276,856							
Seven years later		256,965	248,662								
Eight years later		258,756									
Net Cumulative payments to date		255,407	247,106	265,440	300,463	172,978	153,852	162,796	164,383	135,082	
Net Cumulative claim liabilities excluding MMIP	1,753	3,485	1,616	11,781	37,650	46,981	19,277	49,830	59,449	144,060	375,882
Net Cumulative claim liabilities MMIP											8,076
Effect of discounting											(17,995)
Effect of the risk adjustment margin											42,912
Allocated actual cash flows											4,474
Net liability for incurred claims											413,349

24. INSURANCE RISK (CONTINUED)

Gross liability for incurred claims for 31 December 2023:

Accident year	Before 2015 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
At end of accident year		302,706	326,777	326,176	354,414	478,935	322,928	325,270	307,203	306,056	
One year later		295,284	316,708	338,952	315,455	508,975	351,623	265,462	284,900		
Two years later		302,200	300,782	324,480	342,267	485,740	307,888	248,902			
Three years later		302,977	295,850	318,690	332,863	483,180	306,197				
Four years later		295,215	294,534	311,879	319,289	481,461					
Five years later		297,675	294,739	310,475	315,172						
Six years later		294,946	291,122	303,310							
Seven years later		294,554	289,636								
Eight years later		294,190									
Gross Cumulative payments to date		291,617	285,800	296,085	288,467	408,252	191,370	195,264	174,050	127,195	
Gross Cumulative claim liabilities excluding MMIP	6,294	2,624	3,912	7,372	27,248	74,690	117,243	54,804	113,497	184,318	592,002
Gross Cumulative claim liabilities MMIP											10,349
Effect of discounting											(46,096)
Effect of the risk adjustment margin											71,744
Allocated actual cash flows											14,293
Gross liability for incurred claims											642,292

24. INSURANCE RISK (CONTINUED)

Net liability for incurred claims for 31 December 2023:

Accident year	Before 2015 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
At end of accident year		263,953	282,890	270,722	305,265	338,527	231,610	206,123	226,257	237,009	
One year later		260,547	277,947	269,004	280,898	335,949	243,098	182,448	214,326		
Two years later		258,261	264,063	259,382	292,739	335,889	224,913	171,447			
Three years later		255,808	261,525	256,587	288,354	335,905	225,951				
Four years later		252,872	260,413	255,964	282,425	334,748					
Five years later		252,654	260,345	255,037	280,884						
Six years later		250,377	257,683	250,280							
Seven years later		250,066	256,965								
Eight years later		249,886									
Net Cumulative payments to date		248,458	255,083	246,033	263,440	297,090	169,002	143,209	150,501	111,621	
Net Cumulative claim liabilities excluding MMIP	1,892	1,479	1,959	4,393	17,986	39,138	59,365	29,404	66,472	130,846	352,934
Net Cumulative claim liabilities MMIP											10,349
Effect of discounting											(23,661)
Effect of the risk adjustment margin											39,003
Allocated actual cash flows											166
Net liability for incurred claims											378,791

25. FINANCIAL RISK

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is the proceeds from its financial assets are not sufficient to fund the obligation arising from its insurance contracts. The most important components of this financial risk are credit risk, liquidity risk and market risk. These risks arise from open positions in interest rate and equity products, all of which are exposed to general and specific market movements.

(a) Credit Risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk includes credit risks in investments and insurance portfolios and counterparty risks. Key areas where the Company is exposed to credit risk are:

- reinsurer's share of insurance liabilities
- amounts due from reinsurer in respect of claims already paid
- amounts due from insurance contract holders
- amounts due from insurance intermediaries
- amounts due from loans and receivables
- amounts due from debt securities
- amounts due from money market and cash position

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. Thus, a credit exposure exists with respect to reinsurance ceded to the extent that any reinsurer is unable to meet the obligations assumed under the reinsurance agreements. The Company manages its credit risk in its reinsurance relationships by transacting with reinsurers that it considers financially sound.

The Company manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. The Company also puts in place policies on credit terms extended to its producers and cancellation of insurance contracts with unpaid premiums beyond the agreed credit terms.

The Company manages the level of risk it accepts by putting in place policies on credit terms. Strict cash before cover and premium warranty endorsement of 60 days are enforced on all policies to prevent capital being tied up in receivables. Upon default, agents will be suspended and policies will be terminated or cancelled unless an appropriate proposal to settle is satisfactory to the management. Thereafter, management keeps a close monitoring on such defaulters by imposing cash terms until debts are completely settled.

Significant credit risk management expertise and resources are available at the regional and corporate offices of the ultimate parent company. The Company adopted policies and procedures developed internally and those mandated by its regional, its ultimate parent company.

The Company has put in place various monitoring and control measures depending on the types of financial assets for which the credit risk arises. For cash and cash equivalents, the Company monitors credit risk through the use of exposure limits. The level of bank exposure is monitored by the Company on a daily basis vis-a-vis the exposure limits. They are reported to the AIG New York office on a monthly basis.

For receivables, the Company prepares aging reports for each creditor type which management reviews on a monthly basis.

25. FINANCIAL RISK (CONTINUED)

(a) Credit Risk (continued)

Credit exposure

The table below shows the maximum exposure to credit risk for the components on the statement of financial position and items such as future commitments. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreements.

	Note	2024 RM'000	2023 RM'000
Loans and receivables	11	38,428	40,193
Financial investments	8	1,210,048	1,143,056
Reinsurance contract assets	9	417,194	360,933
Cash and bank balances		168,246	151,108
		1,833,916	1,695,290

Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Rating Agency of Malaysia's ("RAM") and Malaysian Rating Corporation Berhad ("MARC") credit ratings of counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade.

2024	AAA RM'000	AA RM'000	A RM'000	Not rated RM'000	Total RM'000
Loans and receivables	-	-	-	38,428	38,428
Reinsurance contract assets	-	78	297,740	119,376	417,194
Cash and bank balances	167,522	-	-	724	168,246
FVOCI					
Malaysian government securities	-	-	-	896,691	896,691
Cagamas papers	66,144	-	-	-	66,144
Corporate debt securities	-	10,147	-	236,968	247,115
AC					
Fixed and call deposits	98	-	-	-	98
	233,764	10,225	297,740	1,292,187	1,833,916

* The unrated FVOCI includes RM896,690,944 in Malaysia Government Securities and RM236,968,062 in Corporate Bonds.

25. FINANCIAL RISK (CONTINUED)

(a) Credit Risk (continued)

Credit exposure by credit rating (continued)

2023	AAA RM'000	AA RM'000	A RM'000	Not rated RM'000	Total RM'000
Loans and receivables	-	-	-	40,193	40,193
Reinsurance contract assets	-	2	268,714	92,217	360,933
Cash and bank balances	131,234	-	-	19,874	151,108
FVOCI					
Malaysian government securities	-	-	-	814,130	814,130
Cagamas papers	101,495	-	-	-	101,495
Corporate debt securities	-	10,147	-	190,467	200,614
AC					
Fixed and call deposits	16,334	10,482	-	1	26,817
	249,063	20,631	268,714	1,156,882	1,695,290

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial instruments. The Company's liquidity is primarily derived from the operating cash flows which are derived from two sources i.e. underwriting operations and investment operations.

The Company's strong capital position is integral to managing this liquidity. Directors believe that the Company's liquid assets and its net cash provided by operations will enable it to meet any foreseeable cash requirements. In addition, being a 100%-owned subsidiary, the Company relies on the funding capability of its immediate parent company. The major liquidity risk confronting the Company is the day-to-day cash requirements for claims arising from insurance contracts. This risk is addressed by an effective cash management function and ensuring that liquidity is a major consideration for selecting long-term investment securities.

A daily cash position report is prepared and reviewed by management on daily bank balances. The report takes into account projections for settlement of major claims and other liabilities based on the input provided by the different departments executing the transactions.

The table below summarises the maturity profile of the financial assets and financial liabilities of the Company based on remaining undiscounted contractual obligations, including interest/profit payable and receivable.

It is unusual for a company primarily transacting insurance business to predict the requirements of funding with absolute certainty as theory of probability its applied on insurance contracts to ascertain the likely provision and the time period when such liabilities will require settlement. The amounts and maturities in respect of insurance liabilities are thus based on management's best estimate using information that develops during the course of the loss adjustment process.

For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities.

25. FINANCIAL RISK (CONTINUED)

(b) Liquidity risk (continued)

Maturity profiles

The following tables show the expected recovery or settlement of financial assets and maturity profile of the Company's financial liabilities which are presented on contractual undiscounted cash flows.

2024	Carrying value RM'000	Up to a year RM'000	1 - 3 years RM'000	3 - 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Loan and receivables	38,428	839	-	-	-	37,589	38,428
Cash and bank balances	168,246	168,246	-	-	-	-	168,246
FVTPL							
Equity securities of corporations	66,850	-	-	-	-	66,850	66,850
Real estate investment trust	3,724	-	-	-	-	3,724	3,724
FVOCI							
Malaysian government securities	896,691	183,652	673,834	114,422	-	-	971,908
Cagamas papers	66,144	17,515	54,581	-	-	-	72,096
Corporate debt securities	247,115	68,329	172,308	16,005	10,356	-	266,998
AC							
Fixed and call deposits	98	98	-	-	-	-	98
Total assets	1,487,296	438,679	900,723	130,427	10,356	108,163	1,588,348
Other payables	86,274	86,274	-	-	-	-	86,274
Total liabilities	86,274	86,274	-	-	-	-	86,274

25. FINANCIAL RISK (CONTINUED)

(b) Liquidity risk (continued)

Maturity profiles

The following tables show the expected recovery or settlement of financial assets and maturity profile of the Company's financial liabilities which are presented on contractual undiscounted cash flows (continued).

2023	Carrying value RM'000	Up to a year RM'000	1 - 3 years RM'000	3 - 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Loan and receivables	40,193	268	-	-	-	39,925	40,193
Cash and bank balances	151,108	151,108	-	-	-	-	151,108
FVTPL							
Equity securities of corporations	68,210	-	-	-	-	68,210	68,210
Real estate investment trust	2,309	-	-	-	-	2,309	2,309
FVOCI							
Malaysian government securities	814,130	420,162	438,721	104,317	-	-	963,200
Cagamas papers	101,495	38,875	51,372	20,724	-	-	110,971
Corporate debt securities	200,614	51,337	143,661	20,539	-	-	215,537
AC							
Fixed and call deposits	26,817	25,768	-	-	-	-	25,768
Total assets	1,404,876	687,518	633,754	145,580	-	110,444	1,577,296
Other payables	77,317	77,317	-	-	-	-	77,317
Total liabilities	77,317	77,317	-	-	-	-	77,317

25. FINANCIAL RISK (CONTINUED)

(b) Liquidity risk (continued)

Maturity profiles

The following tables show the maturity profile of insurance contracts issued and reinsurance contracts held that are liabilities of the Company based on the estimates of present value of the future cash flows expected to be paid out in the periods presented.

2024	Carrying value RM'000	Up to a year RM'000	1 - 3 years RM'000	3 - 5 years RM'000	Over 5 years RM'000	Total RM'000
Insurance contract liabilities	1,141,110	729,458	310,451	75,296	25,905	1,141,110
Reinsurance contract assets	(417,194)	(263,410)	(114,635)	(28,981)	(10,168)	(417,194)
	723,916	466,048	195,816	46,315	15,737	723,916

2023	Carrying value RM'000	Up to a year RM'000	1 - 3 years RM'000	3 - 5 years RM'000	Over 5 years RM'000	Total RM'000
Insurance contract liabilities	1,000,705	564,691	313,246	94,889	27,879	1,000,705
Reinsurance contract assets	(360,933)	(197,144)	(115,972)	(36,928)	(10,889)	(360,933)
	639,772	367,547	197,274	57,961	16,990	639,772

25. FINANCIAL RISK (CONTINUED)

(b) Liquidity risk (continued)

The following table shows the current and non current classification of assets and liabilities:

2024	**Current* RM'000**	**Non-current RM'000**	**Total RM'000**
Property and equipment	-	390	390
Right-of-use assets	-	4,615	4,615
Intangible assets	-	2,339	2,339
Financial investments	298,562	982,060	1,280,622
Reinsurance contract assets	263,410	153,784	417,194
Loans and receivables	839	37,589	38,428
Tax recoverable	4,408	-	4,408
Cash and bank balances	168,246	-	168,246
Total assets	735,465	1,180,777	1,916,242
Insurance contract liabilities	729,458	411,652	1,141,110
Deferred tax liabilities	13,684	-	13,684
Lease liability	1,531	2,266	3,797
Other payables	86,274	-	86,274
Current tax liabilities	-	-	-
Total liabilities	830,947	413,918	1,244,865

2023	**Current RM'000**	**Non-current RM'000**	**Total RM'000**
Property and equipment	-	382	382
Right-of-use assets	-	2,745	2,745
Intangible assets	-	3,474	3,474
Financial investments	482,716	730,859	1,213,575
Reinsurance contract assets	197,144	163,789	360,933
Loans and receivables	268	39,925	40,193
Tax recoverable	238	-	238
Cash and bank balances	151,108	-	151,108
Total assets	831,474	941,174	1,772,648
Insurance contract liabilities	564,691	436,014	1,000,705
Deferred tax liabilities	8,326	-	8,326
Lease liability	2,293	223	2,516
Other payables	77,317	-	77,317
Current tax liabilities	-	-	-
Total liabilities	652,627	436,237	1,088,864

* Expected utilisation or settlement within 12 months from the reporting date.

25. FINANCIAL RISK (CONTINUED)

(c) Currency risk

Currency risk is the risk that fair value of the financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's primary transactions are carried out in Ringgit and its exposure to foreign exchange risk arises principally with respect to US Dollar. The Company faces foreign currency risk, primarily because of its intra-company operating activities and some of its fixed deposit are held in US Dollar.

The following are the carrying amounts of the financial instrument that are denominated in currency other than the functional currency of the Company:

	2024 RM'000	2023 RM'000
Financial assets		
US Dollar	47,022	603
Financial liabilities		
US Dollar	33,973	33,525

The following table demonstrates the sensitivity to a reasonably possible change in currency rates for all currencies other than the functional currency stated above, with all other variables held constant showing the impact on the Company's profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact on currency risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

		2024		2023	
	Change in variables	Impact on profit before tax RM'000	Impact on equity* RM'000	Impact on profit before tax RM'000	Impact on equity* RM'000
Foreign Currency	+15%	1,957	1,488	(4,938)	(3,753)
Foreign Currency	-15%	(1,957)	(1,488)	4,938	3,753

* impact on equity reflects adjustments for tax, when applicable.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates, interest rates or market prices, whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Company makes moderate term investments primarily in Malaysian Government Securities and investment graded corporate bonds to support the general insurance policy liabilities.

Generally, insurance regulations restrict the types of assets in which an insurance company may invest. Investment risk represents the exposure to loss resulting from the cash flows from the invested assets, primarily long-term fixed rate investments, being less than the cash flows required to meet the obligations of the expected policy and contract liabilities and the necessary returns on investments.

25. FINANCIAL RISK (CONTINUED)

(d) Market risk (continued)

To minimise its exposure to investment risk, the Company adopts fundamental research and active management to seek a balanced portfolio to meet the investment objectives for income, security of principal and diversification in terms of size, issuers and types of industry.

Equity price risk

The Company's equity price risk exposure at financial year-end relates to financial assets and liabilities whose values will fluctuate as a result of changes in market prices, principally available-for-sale equity securities.

Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market.

The Company's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investment, diversification plan and limits on investments.

The Company currently maintains low exposure to listed equity securities at less than 10% of its total portfolio to limit equity price risk.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of financial assets and liabilities whose changes in fair value or recorded in Income Statement) and Equity (that reflects changes in fair value of available-for-sale financial assets). The correlation of variables will have a significant effect in determining the ultimate impact on equity risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

		2024		**2023**	
Market Indices	Change in variables	Impact on profit before tax **RM'000**	Impact on equity* **RM'000**	Impact on profit before tax **RM'000**	Impact on equity* **RM'000**
Bursa Malaysia	+15%	10,586	8,045	10,578	8,039
Bursa Malaysia	-15%	(10,586)	(8,045)	(10,578)	(8,039)

* impact on equity reflects adjustments for tax, when applicable.

25. FINANCIAL RISK (CONTINUED)

(d) Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Company is exposed to interest rate risk primarily through its investments in fixed income securities, insurance contracts and reinsurance contract held. Interest rate risk is managed by the Company on an ongoing basis.

An analysis of the Company's sensitivity to a +/- 100 basis points change in the interest rate at the reporting date, assuming that all other variables remain contant, is presented below:

	Impact on profit before tax		Impact on equity*	
	+100 basis point RM'000	-100 basis point RM'000	+100 basis point RM'000	-100 basis point RM'000
2024				
Insurance contracts and reinsurance contracts held	4,669	(4,837)	3,548	(3,676)
Financial instruments	(29,303)	29,303	(22,270)	22,270
	(24,634)	24,466	(18,722)	18,594
2023				
Insurance contracts and reinsurance contracts held	5,842	(6,100)	4,440	(4,636)
Financial instruments	(13,405)	14,033	(10,188)	10,665
	(7,563)	7,933	(5,748)	6,029

* impact on equity reflects adjustments for tax, when applicable.

Business and operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

The Company cannot expect to eliminate all operational risks but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff training and evaluation procedures. Internal Audit, supported by Legal and Compliance Departments, review the effectiveness of internal controls on a regular basis.

26. FAIR VALUE INFORMATION

Fair value measurement

The Company carries certain of its financial instruments at fair value. The fair value of a financial instrument is the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between willing, able and knowledgeable market participants at the measurement date.

Fair value hierarchy

Financial assets recorded at fair value in the Statement of Financial Position are measured and classified in a hierarchy for disclosure purposes consisting of three levels based on the characteristics of inputs available in the marketplace that are used to measure the fair values as noted below:

Level 1

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Level 2

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Company then determines fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include certain bonds, government bonds, corporate debt securities, repurchase and reverse purchase agreements, loans.

Level 3

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

There is no transfer between Level 1 and Level 2 of the fair value hierarchy during the period under review.

26. FAIR VALUE INFORMATION (CONTINUED)

Fair value hierarchy (continued)

The following table present information about assets carried at fair value by their valuation method.

2024	Level 1 RM'000	Level 2 RM'000	Total RM'000
Financial assets			
FVTPL			
Equity securities of corporations	66,850	-	66,850
Real estate investment trust	3,724	-	3,724
FVOCI			
Malaysian government securities	-	896,691	896,691
Cagamas papers	-	66,144	66,144
Corporate debt securities	-	247,115	247,115
	70,574	1,209,950	1,280,524

2023	Level 1 RM'000	Level 2 RM'000	Total RM'000
Financial assets			
FVTPL			
Equity securities of corporations	68,210	-	68,210
Real estate investment trust	2,309	-	2,309
FVOCI			
Malaysian government securities	-	814,130	814,130
Cagamas papers	-	101,495	101,495
Corporate debt securities	-	200,614	200,614
	70,519	1,116,239	1,186,758

27. REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 31 December, as prescribed under the Framework is provided below:

	2024 RM'000	2023 RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	310,800	310,800
Retained earnings	293,178	311,693
	603,978	622,493
Tier 2 Capital		
Eligible reserves	(392)	(1,630)
*Amount deducted from Capital	(9,057)	(14,072)
Total Capital Available	594,529	606,791

28. FINANCIAL INSTRUMENTS BY CATEGORY

2024	FVTPL RM'000	FVOCI RM'000	AC RM'000	Sub-total RM'000	Assets not in scope of MFRS 9 RM'000	Total RM'000
Assets						
Property and equipment	-	-	-	-	390	390
Right-of-use assets	-	-	-	-	4,615	4,615
Intangible assets	-	-	-	-	2,339	2,339
Financial investments	70,574	1,209,950	98	1,280,622	-	1,280,622
Reinsurance contract assets	-	-	-	-	417,194	417,194
Loans and receivables	-	-	38,428	38,428	-	38,428
Tax recoverable	-	-	-	-	4,408	4,408
Cash and bank balances	-	-	168,246	168,246	-	168,246
Total assets	70,574	1,209,950	206,772	1,487,296	428,946	1,916,242

2023	FVTPL RM'000	FVOCI RM'000	AC RM'000	Sub-total RM'000	Assets not in scope of MFRS 9 RM'000	Total RM'000
Assets						
Property and equipment	-	-	-	-	382	382
Right-of-use assets	-	-	-	-	2,745	2,745
Intangible assets	-	-	-	-	3,474	3,474
Financial investments	70,519	1,116,239	26,817	1,213,575	-	1,213,575
Reinsurance contract assets	-	-	-	-	360,933	360,933
Loans and receivables	-	-	40,193	40,193	-	40,193
Tax recoverable	-	-	-	-	238	238
Cash and bank balances	-	-	151,108	151,108	-	151,108
Total assets	70,519	1,116,239	218,118	1,404,876	367,772	1,772,648

29. INSURANCE FUNDS

The Company's activities are organised by funds and segregated into General Insurance and Shareholder's Funds in accordance with the Financial Services Act, 2013. The Statement of Financial Position by funds are presented as follows:

		2024			2023		
	Note	Insurance Fund RM'000	Shareholder's Fund RM'000	Total RM'000	Insurance Fund RM'000	Shareholder's Fund RM'000	Total RM'000
Property and equipment	4	390	-	390	382	-	382
Right-of-use assets	5	4615	-	4,615	2745	-	2,745
Intangible assets	6	2339	-	2,339	3474	-	3,474
Financial investments at FVTPL:	8(a)	70,574	-	70,574	70,519	-	70,519
Financial investments at FVOCI:	8(b)	1,209,950	-	1,209,950	1,116,239	-	1,116,239
Financial assets at amortised cost:	8(c)	98	-	98	26,817	-	26,817
Reinsurance contract assets	9	417,194	-	417,194	360,933	-	360,933
Loans and receivables	11	38,428	-	38,428	40,193	-	40,193
Tax recoverable		4,408	-	4,408	238	-	238
Cash and bank balances		168,246	-	168,246	151,108	-	151,108
Total assets		1,916,242	-	1,916,242	1,772,648	-	1,772,648
Share capital		-	310,800	310,800	-	310,800	310,800
Retained earnings		-	360,969	360,969	-	374,614	374,614
Fair value reserve		-	(392)	(392)	-	(1,630)	(1,630)
Total equity		-	671,377	671,377	-	683,784	683,784
Insurance contract liabilities	10	1,138,748	2,362	1,141,110	998,593	2,112	1,000,705
Deferred tax liabilities	13	13,684	-	13,684	8,326	-	8,326
Lease liability	7	3,797	-	3,797	2,516	-	2,516
Other payables	14	760,013	(673,739)	86,274	763,213	(685,896)	77,317
Total liabilities		1,916,242	(671,377)	1,244,865	1,772,648	(683,784)	1,088,864
Total equity and liabilities		1,916,242	-	1,916,242	1,772,648	-	1,772,648

29. INSURANCE FUNDS (CONTINUED)

The Company's activities are organised by funds and segregated into General Insurance and Shareholder's Funds in accordance with the Financial Services Act, 2013. The Statement of Profit or Loss by funds are presented as follows:

	2024			2023		
	Insurance Fund RM'000	Shareholder's Fund RM'000	Total RM'000	Insurance Fund RM'000	Shareholder's Fund RM'000	Total RM'000
Insurance revenue	844,377	-	844,377	786,564	-	786,564
Insurance service expenses	(572,785)	-	(572,785)	(443,714)	-	(443,714)
Net expenses from reinsurance contracts held	(97,624)	-	(97,624)	(140,311)	-	(140,311)
Insurance service result	**173,968**	**-**	**173,968**	**202,539**	**-**	**202,539**
Interest revenue from financial assets not measured at FVTPL	45,753	-	45,753	37,692	-	37,692
Investment revenue from financial assets measured at FVTPL	3,031	-	3,031	2,939	-	2,939
Net gains on financial assets measured at FVTPL	9,005	-	9,005	(3,255)	-	(3,255)
Realised net gains on investments in financial assets measured at FVTPL	3,188	-	3,188	(5,902)	-	(5,902)
Net investment income	**60,977**	**-**	**60,977**	**31,474**	**-**	**31,474**
Net finance expenses from insurance contracts issued	(16,367)	-	(16,367)	(16,124)	-	(16,124)
Net finance income from reinsurance contracts held	6,597	-	6,597	7,504	-	7,504
Net insurance finance expense	**(9,770)**	**-**	**(9,770)**	**(8,620)**	**-**	**(8,620)**
Net insurance and investment result	**225,175**	**-**	**225,175**	**225,393**	**-**	**225,393**
Other income	2,595	-	2,595	5,601	-	5,601
Other operating expenses	(32,508)	303	(32,205)	(27,997)	276	(27,721)
Profit before income tax	**195,262**	**303**	**195,565**	**202,997**	**276**	**203,273**
Income tax expense	(49,210)	-	(49,210)	(55,756)	-	(55,756)
Profit for the period	**146,052**	**303**	**146,355**	**147,241**	**276**	**147,517**

30. CONTINGENT LIABILITY

As background, the Malaysia Competition Commission ("MyCC") issued a decision in 2020 against Persatuan Insuran Am Malaysia (PIAM) and 22 other members of PIAM (including AIG) for the agreement between PIAM and the Federation of Automobile Workshop Owners' Association of Malaysia (FAWOAM) to fix trade discount rates for parts of certain vehicle makes and labour hourly rates for workshops under the PIAM Approved Repairers Scheme (the "Decision"). PIAM and its members appealed against the Decision to the Competition Appeal Tribunal ("CAT"), which delivered its decision in September 2022 to overturn the Decision.

MyCC then applied to the High Court for leave to judicially review against the CAT Decision and the hearing for the leave application was scheduled for 8 May 2023. AIG (together with PIAM and a majority of the insurers) then filed an objection to MyCC's leave application for Judicial Review.

The leave hearing scheduled for 8 May 2023 was postponed to 30 November 2023 instead. AIG had also filed an affidavit on 19 May 2023 ("AIG's Affidavit") opposing the Judicial Review Application. On 12 June 2023, MyCC had filed a reply to AIG's Affidavit. MyCC then filed its Written Submissions on 20 August 2023 and AIG filed its Written Submissions on 21 August 2023.

On 16 January 2024, the High Court dismissed the Judicial Review Application with costs of RM10,000 payable to each insurer ("High Court Decision"). MyCC filed an appeal to the Court of Appeal against the High Court Decision. During the case management on 15 May 2024, the court fixed the hearing of the appeal for 22 May 2025.

Saved as disclosed above, the management of the Company believes the criteria to disclose the above as contingent liability are met. Save as disclosed above, the Company does not have any other contingent assets and liabilities since the last annual balance sheet date.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF AIG MALAYSIA INSURANCE BERHAD
(Incorporated in Malaysia)
Registration No. 200701037463 (795492-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of AIG Malaysia Insurance Berhad ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 12 to 97.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF AIG MALAYSIA INSURANCE BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 200701037463 (795492-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF AIG MALAYSIA INSURANCE BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 200701037463 (795492-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF AIG MALAYSIA INSURANCE BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 200701037463 (795492-W)

OTHER MATTERS

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

LIEW CHI MIN
03529/09/2026 J
Chartered Accountant

Kuala Lumpur
27 March 2025