



# PRESS RELEASE

OLDWICK, N.J. • MEXICO CITY • LONDON • AMSTERDAM • DUBAI • SINGAPORE • HONG KONG

## FOR IMMEDIATE RELEASE

**CONTACTS: Tran Nhat Trung**  
Senior Financial Analyst  
+65 6303 5019  
[trung.tran@ambest.com](mailto:trung.tran@ambest.com)

**Yuan Tian**  
Senior Financial Analyst  
+65 63030 5016  
[yuan.tian@ambest.com](mailto:yuan.tian@ambest.com)

**Christopher Sharkey**  
Manager, Public Relations  
+1 908 439 2200, ext. 5159  
[christopher.sharkey@ambest.com](mailto:christopher.sharkey@ambest.com)

**Jim Peavy**  
Director, Communications  
+1 908 439 2200, ext. 5644  
[james.peavy@ambest.com](mailto:james.peavy@ambest.com)

### AM Best Affirms Credit Ratings of Malaysian Reinsurance Berhad

**SINGAPORE, 9 December 2021**—AM Best has affirmed the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Rating of “a-” (Excellent) of Malaysian Reinsurance Berhad (Malaysian Re) (Malaysia). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect Malaysian Re’s balance sheet strength, which AM Best assesses as very strong, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management.

Malaysian Re’s balance sheet strength is underpinned by its risk-adjusted capitalisation, as measured by Best’s Capital Adequacy Ratio (BCAR), which was at the strongest level as of the fiscal year ended 31 March 2021 (FY 2021), and is expected to remain so over the medium term. Capital adequacy is supported by the company’s moderate underwriting leverage, quality panel of retrocessionaires and conservative investment portfolio. As of the end of FY 2021, the majority of the company’s investments were held in cash and deposits, government bonds and high-grade debt securities. A partially offsetting balance sheet factor remains Malaysian Re’s notable exposure to catastrophe risks emanating from its overseas business, although the company has taken steps in managing these exposures.

AM Best views the company’s operating performance as adequate. Malaysian Re has reported a five-year average combined ratio of 99.6% and a return-on-equity ratio of 6.4% (FY 2017 - 2021). Despite competitive market conditions for its overseas business and some large claims from the domestic energy portfolio, Malaysian

—MORE—

—2—

Re reported an improved underwriting result in FY 2021. This was driven by a lower operating expense ratio and a reduction in the loss ratio for the company's domestic voluntary cession business and overseas Non-MENA portfolio. Despite the company's underwriting operations having exhibited thin margins over recent years, investment income arising from interest and dividends has remained strong and supported overall earnings. Prospectively, AM Best expects the company's investment results to experience some volatility amid the COVID-19 environment.

Malaysian Re is the largest non-life reinsurer in Malaysia, with a dominant domestic market share. The company benefits from a regulatory domestic cession arrangement, which contributes favourably to its overall premium volumes and technical profitability. However, this arrangement is subject to periodic regulatory reviews and approval. The company also underwrites a sizable portfolio of overseas business, which has grown in significance over recent years. As part of its business remodelling programme, Malaysian Re plans to expand further into non-traditional products, new markets and distribution channels to support business growth and diversification.

**Ratings are communicated to rated entities prior to publication. Unless stated otherwise, the ratings were not amended subsequent to that communication.**

**This press release relates to Credit Ratings that have been published on AM Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see AM Best's [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Guide to Best's Credit Ratings](#). For information on the proper use of Best's Credit Ratings, Best's Preliminary Credit Assessments and AM Best press releases, please view [Guide to Proper Use of Best's Ratings & Assessments](#).**

—MORE—



# PRESS RELEASE

---

OLDWICK, N.J. • MEXICO CITY • LONDON • AMSTERDAM • DUBAI • SINGAPORE • HONG KONG

—3—

**AM Best is a global credit rating agency, news publisher and data analytics provider specialising in the insurance industry. Headquartered in the United States, the company does business in over 100 countries with regional offices in London, Amsterdam, Dubai, Hong Kong, Singapore and Mexico City. For more information, visit [www.ambest.com](http://www.ambest.com).**

**Copyright © 2021 by A.M. Best Rating Services, Inc. and/or its affiliates. ALL RIGHTS RESERVED.**

####