

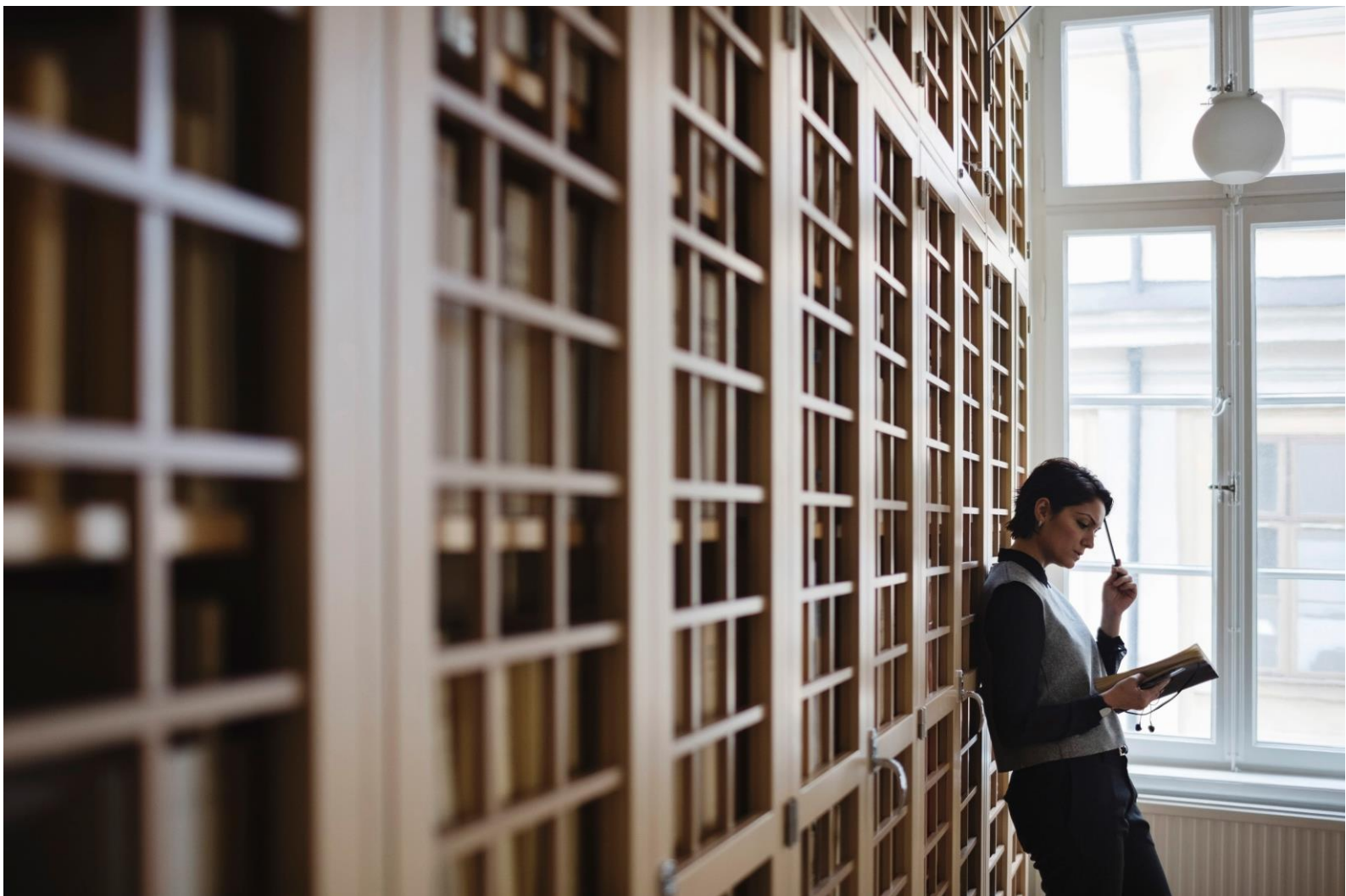


2025 Malaysian Claims Analytics Survey



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Executive Summary

The Malaysian general insurance industry is undergoing a structural shift, driven by rising loss costs, evolving customer expectations, closer regulatory scrutiny and increased competition. Within this shift, the Motor insurance segment, which remains the largest line of business, is under pressure to modernise as global market players begin to leverage advanced analytics, artificial intelligence (AI), and automation to transform their claims operations.

WTW, in collaboration with General Insurance Association of Malaysia (PIAM), has jointly conducted a survey across Malaysian general insurers to capture insights on the challenges they face in claims management, identifying potential opportunities around modernising their claims operations, and to understand the impact that the growing adoption of electric vehicles (EVs) has on claims management and industry readiness.





Key Findings

- Claims processing still relies largely on manual workflows.** 82% of respondents use a combination of manual and automated steps for motor claims, while 9% operate fully manually. Only the remaining 9% have mostly automated processes, indicating that most insurers have yet to modernise their claims management. Early adopters of automation will benefit from lower costs and faster response times.
- Adoption of predictive AI and generative AI in claims operations as a potential competitive advantage.** 42% of respondents use or plan to use robotic process automation (RPA) or rule-based automation, while 27% are moving toward AI for claims management. A few insurers have adopted generative AI or predictive AI in claims operations. Early adopters will gain a competitive edge and improve efficiency.
- Application of advanced analytics remains limited in claims management.** Although analytics is commonly used for pricing and portfolio monitoring in Malaysia, its application in claims management primarily focuses on Motor fraud scoring and severity estimation. Broader use of claims analytics across Property, Health, Motor, and other areas remains restricted. This creates an opportunity for insurers to gain a competitive edge by expanding their analytics capabilities within claims management, enabling faster and more effective claims decisions.
- Fraud complexity is advancing more rapidly than insurers' detection capabilities.** Many respondents indicate that they use AI for fraud detection, yet investigations often still rely on manual reviews. This suggests that current tools may be too basic or fail to provide sufficient confidence for making claims decisions. Fraudsters are becoming increasingly creative and adaptive, outpacing the controls intended to detect and deter them. Although Malaysian insurers have widely adopted AI tools to combat fraud, detection methods have changed little over time and are now less effective at identifying potential fraud. The insurance industry risks mistaking outdated solutions for real protection. If smarter and more robust fraud detection capabilities are not developed, loss leakage will worsen and could raise loss ratios.
- EV readiness remains low in Malaysia:** While 55% of respondents currently provide motor insurance products or enhanced benefits tailored for EVs, only 17% utilise analytics to manage their EV claims. The remaining 83% are operationally unprepared, despite expectations that EV claims will surge by 2030. To address the evolving risk landscape associated with insuring EVs, insurers must enhance their operational capabilities beyond product availability. Those who implement analytics and AI early to manage their EV portfolios will be better positioned to achieve sustainable profitability as EV-related claims increase.

Slow Transition to AI Adoption in Claims Decision-Making

There are two levels of automation, as described by Tom Helm, WTW's Global Head of Claims:

- Process automation, which includes the use of robotics to replicate the basic administration processes that a claims handler might perform; and
- Smart automation, which relies on AI and predictive modelling and has the greatest potential to enable faster and smarter claims settlement.¹

However, with 82% of Malaysian insurers relying on a hybrid approach to claims processing, which utilises a mix of manual and automated processes, and only 9% of insurers having more fully automated claims processes, it is evident that Malaysian insurers have not fully embraced the use of Predictive AI and GenAI to augment their claims operations.

Manual claims processes are unsustainable as claims volumes grow, particularly within the Motor portfolio, where 48% of respondents indicated Motor as the highest-volume line of business. Industry research indicates that manual claims processing also drives higher operating costs compared to processes augmented by Predictive AI and GenAI. According to a report by McKinsey & Company, AI-enabled claims management can lower the cost of claims handling by 25% to 30%.²

As claims processing remains labour-intensive, time-consuming, and susceptible to errors, insurers that continue to rely on manual claims processes will face ongoing operational pressures. Inefficiencies in claims processing diminish policyholder satisfaction at a time when there is increasing demand for faster claims settlement and real-time visibility of claim status. Dissatisfaction surrounding their claims experience is a key reason driving customers to switch insurers.

For Malaysian insurers, augmenting the claims process with AI has evolved beyond a basic efficiency initiative and is increasingly a factor that differentiates industry leaders from slower adopters. Although the market is still developing, early adopters are likely to set industry standards and capture a disproportionate share of the efficiency and competitiveness benefits as adoption accelerates. Conversely, insurers that lag risk greater exposure to fraud and customer attrition due to slower processing and decision-making. Faster claims turnaround will also enable Malaysian insurers to comply with Bank Negara Malaysia's Policy Document on Claims Settlement Practices, which reinforces timely and fair settlements in a liberalised market.

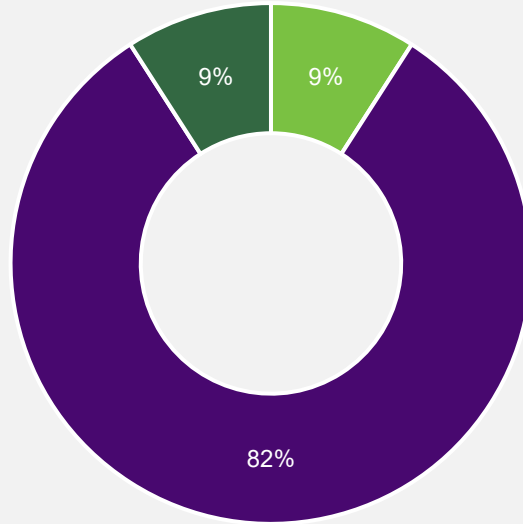
To enable the adoption of Predictive AI and GenAI within claims operations, insurers should first focus on improving data quality and governance by strengthening internal data assets, integrating policy and claims data, and supplementing these with unstructured sources such as scanned documents. Insurers may also build internal analytics or data science teams to support the development and management of AI-enabled claims processes. The lack of skilled personnel was cited as the biggest challenge insurers currently face in increasing the use of AI and analytics in claims. Where necessary, insurers can explore working with external consultants or third-party providers to bridge capability gaps.

Overall, insurers that effectively combine Predictive AI and GenAI across use cases such as fraud detection, claims triage, claims handler assignment, and outcome forecasting will be better positioned to deliver faster, smarter, and more transparent outcomes for both their business and their customers.

¹ Richardson, M. (2018, July 18). *How AI is set to transform claims*. Insurance Times. <https://www.insurancetimes.co.uk/how-ai-is-set-to-transform-claims/1427719.article>

² Brüggemann, P., Catlin, T., Chinczewski, J., Lorenz, J.-T., & Prymaka, S. (2018, April 4). *Claims in the digital age: How insurers can get started*. McKinsey & Company. <https://www.mckinsey.com/industries/financial-services/our-insights/claims-in-the-digital-age>

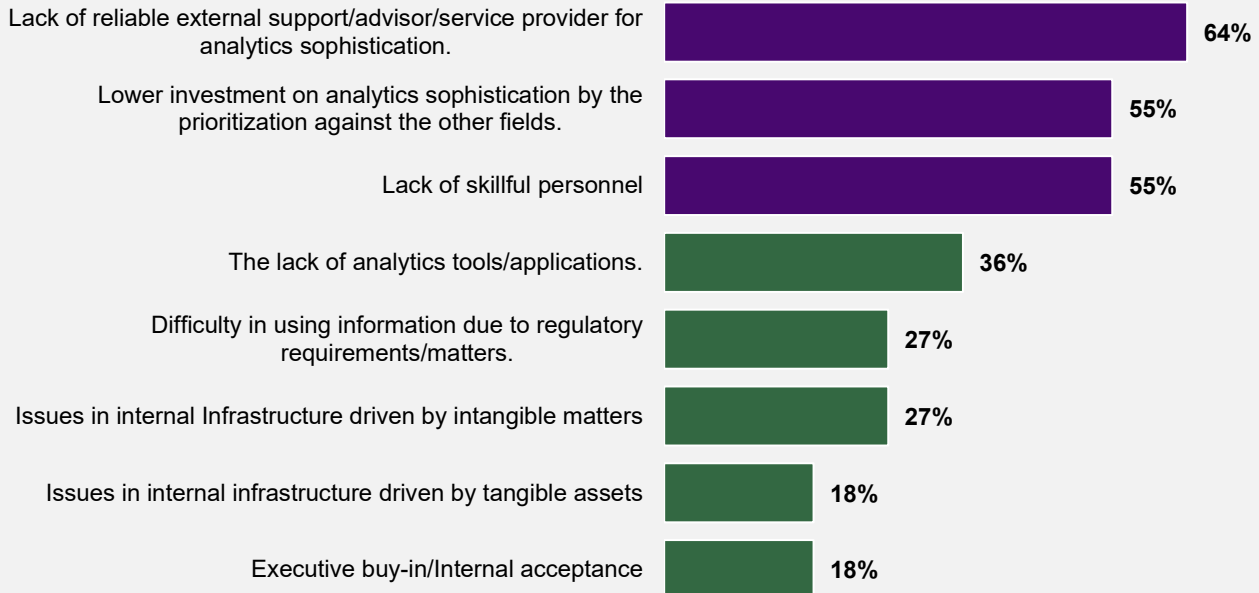
Figure 1:
Automation in Malaysian Insurers' Motor Claim Process



■ Mostly manual ■ Mix of manual and automated steps ■ Mostly Automated

Figure 2:

Top challenges preventing a company from increasing use of advanced analytics



Fraud Remains a Major Pain Point

Fraud detection remains a critical challenge for Malaysian insurers, with a majority of respondents highlighting difficulties in detecting fraudulent or overcharging claims early. According to the 2025 Malaysian Claims Analytics Survey, insurance fraud is becoming increasingly complex, with organised rings and targeted schemes exploiting vulnerabilities within traditional claims processes. Almost a third of survey respondents cited the increasing sophistication of fraud schemes as the most significant challenge in detecting fraudulent claims.

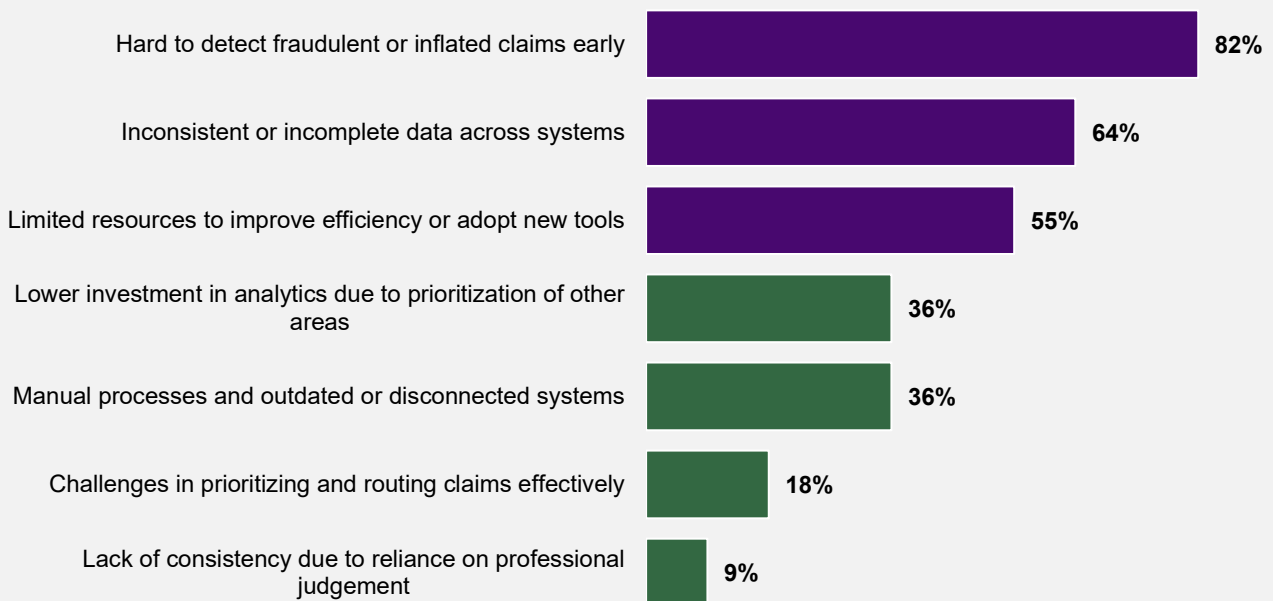
As fraudsters utilise more advanced technologies, such as generative AI to manipulate damage photos, it is becoming increasingly difficult for humans to accurately detect fraudulent claims through visual assessment of claims documents alone. Survey results indicate that a majority of Malaysian insurers still rely on rule-based algorithms to detect fraudulent claims, with only a small percentage utilising Predictive AI models. This suggests that while fraud analytics capabilities are available within the Malaysian insurance market today, they are not widely adopted, with most insurers continuing to rely on traditional methods to identify or flag fraudulent claims.

The consequences of failing to address these challenges are substantial. Continued reliance on outdated practices places insurers at a competitive disadvantage relative to those that implement forward-looking, predictive-based fraud detection strategies. Escalating fraud leakage directly impacts operating margins, while prolonged investigations increase operational costs and result in poorer customer experience. In Malaysia, where motor insurance pricing has been de-tariffed, unchecked fraud further jeopardises profitability and exposes insurers to heightened regulatory and reputational risks.

To adapt effectively, insurers should integrate fraud prevention measures at the earliest stage of the claims lifecycle. Implementing Predictive AI-led fraud scoring models at first notification of loss (FNOL) enables earlier identification and intervention for potentially fraudulent claims, reducing investigation costs and improving triage and resource assignment efficiency. By further combining Predictive AI with GenAI technologies, patterns and anomalies in data can be analysed to yield faster and more accurate fraud detection than what traditional methods alone can achieve. These AI solutions enhance fraud detection by leveraging machine learning models that continuously learn and adapt to emerging fraud patterns.³

Supported by specialised fraud analytics teams, these technologies can shift fraud management from a reactive to a proactive approach and deliver material cost savings and a competitive edge. Insurers that embrace these capabilities early will also be better positioned to safeguard margins and deliver superior customer experiences.

Figure 3:
Top challenges insurers face in claims processing

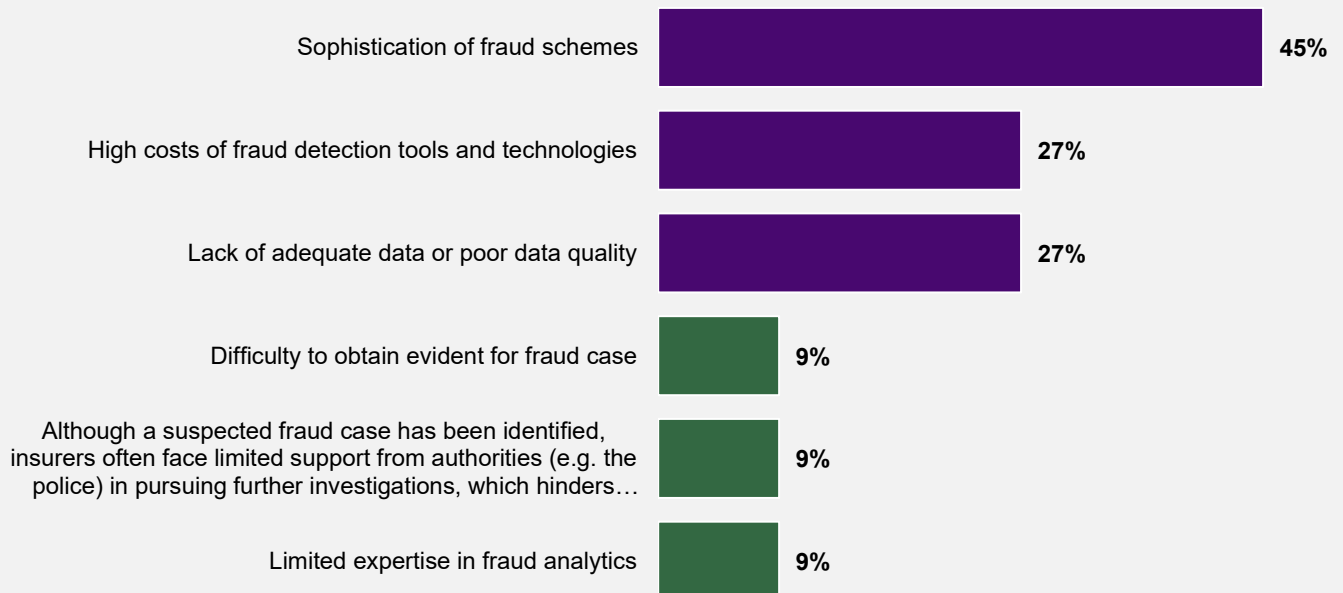


³ Helm, T. (2025, November 26). *Charting the course for AI in claims: 6 key areas where insurers can find value*. Willis Towers Watson. <https://www.wtwco.com/en-jo/insights/2025/11/charting-the-course-for-ai-in-claims-6-key-areas-where-insurers-can-find-value>

Figure 4:
Most significant challenges insurers face in detecting fraudulent claims



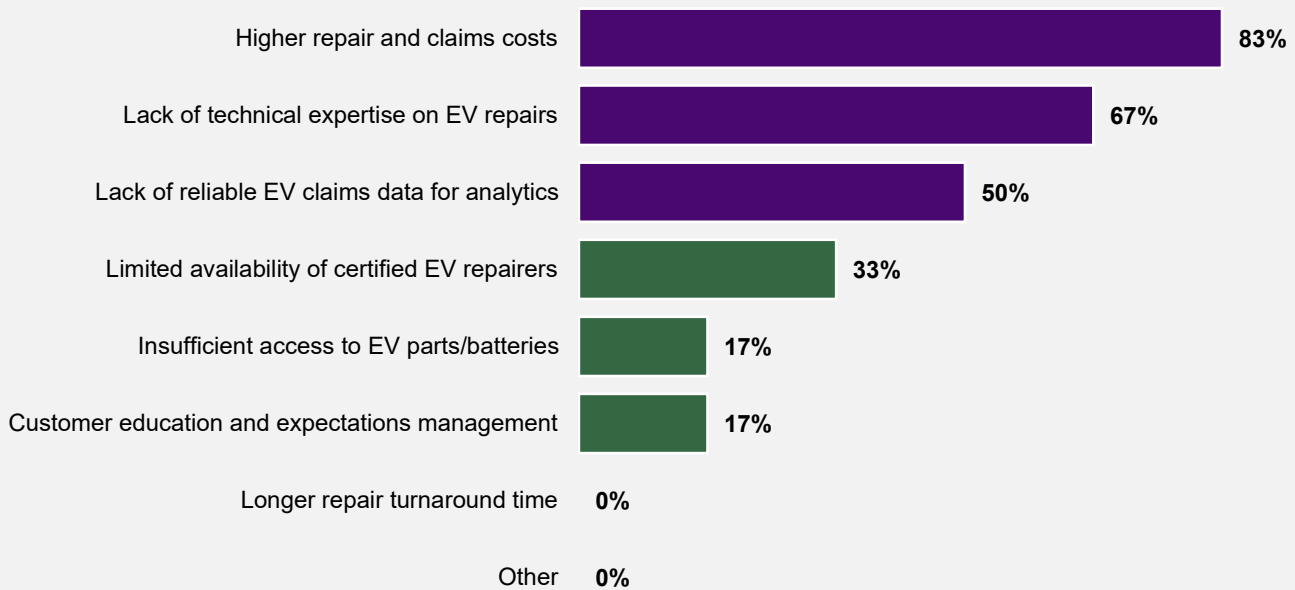
Figure 5:
Data and/or technology insurers currently use to detect fraudulent claims



EV Claims are Emerging but the Industry is Underprepared

The survey shows that although some insurers now offer benefits specifically for EVs, such as roadside assistance and battery coverage, most still do not have the necessary tools, data, or certified repair networks to handle EV claims well. Insurers reported major challenges, including higher repair costs, a shortage of technical skills, and limited access to EV parts. Notably, only one insurer currently uses technologies focused on EVs, such as AI-powered repair cost estimates or remote diagnostics, revealing that the Malaysian insurance industry is largely at an early stage of preparedness.

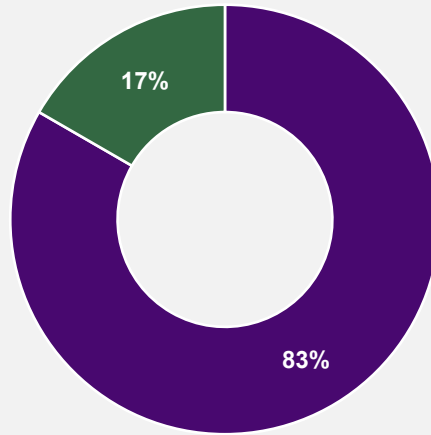
Figure 6:
Top challenges insurers face in handling EV-related claims



As Malaysia government aims for 20% EV penetration by 2030, insurers face considerable risks if they are not prepared. Insurers who lag behind will likely deal with rising costs, inefficiencies in claims processing, and potential damage to their reputation. Without networks equipped for EVs and effective data-driven cost management, claims operations may suffer from delays and reduced profit margins. Brand perception could also be tarnished as EV owners increasingly look for specialised, seamless services tailored to their vehicles' advanced technology.

To address these challenges, insurers should start by identifying and verifying repair shops certified for EVs, investing in staff training focused on high-voltage safety, and collecting EV-specific information during the claims process. Collaborating with vehicle manufacturers and tech partners can provide remote diagnostics and battery health checks, which helps reduce uncertainty and improve repair quality. Setting up dashboards to track EV claim costs and turnaround times will allow insurers to evaluate performance and stay competitive as EV adoption grows. Moreover, industry-wide cooperation in benchmarking and setting standards—which many survey participants supported—can speed up readiness and prevent duplicated efforts.

Figure 7:
Insurers readiness to manage EV-related claims by 2030



■ Somewhat prepared ■ Neither prepared nor unprepared

Conclusion

The 2025 Malaysian Claims Analytics Survey demonstrates that Malaysian insurers' claims functions have reached a pivotal juncture. While insurers acknowledge the importance of Predictive AI and GenAI for claims decision-making, fraud identification and assessment of claims for electric vehicles (EVs), considerable gaps persist in their execution. Long-standing inertia to move away from traditional manual processes, fragmented data sources, and limited skills and capabilities in analytics and AI contribute to ongoing inefficiencies in the claims management process and increased claims costs. Additionally, external influences, including regulatory requirements from Bank Negara Malaysia, de-tariffication, and the rapid adoption of EVs, are significantly transforming the claims environment.

Although advanced analytics has been implemented extensively across other segments of the insurance value chain, its adoption and integration into claims management and claims decision making remains low.

Insurers that do not embrace modernisation in their claims process will face heightened risks of claims leakage, prolonged settlement periods, and a decline in customer trust and satisfaction. In contrast, insurers that take proactive measures such as investing in AI to enhance claims operational efficiency, deploying insights-driven fraud prevention systems, building claims analytics expertise, and preparing for EV claims will achieve improved cost control and deliver a superior customer experience. These advancements are poised to establish the foundation for sustained competitive advantage in an industry where speed, accuracy, and transparency are increasingly essential.

To address these challenges, insurers should consider the following strategies:

- **Strengthen Technology Infrastructure:** Invest in building technology infrastructure to support adoption of AI-enabled analytics platforms.
- **Build Data and Analytics Capability:** Enhance data quality and governance practices, establish unified claims data architectures, and implement predictive models for fraud identification, facilitate straight-through processing, claims triaging and assessment of claim complexity and expected claims cost to inform claims decisions.
- **Prepare for EV Claims:** Establish EV-ready repair networks, systematically capture EV-specific data, and collaborate with original equipment manufacturers (OEMs) and technology partners to manage costs and improve turnaround times.

By focusing on these areas, Malaysian insurers have the potential to elevate claims management from a cost centre to a strategic enabler. The insurance industry is approaching a tipping point where GenAI, Predictive AI and rule-based automation must work together to unleash the full value of intelligent claims management. Early adopters are already realising significant gains in speed and accuracy of making claims decisions, leading to better customer experience, and this gap between leaders and slow adopters is widening quickly.

Momentum is equally critical in EV claims, where an industry-wide benchmarking initiative can accelerate readiness, strengthen transparency, and support Malaysia government's broader sustainability agenda. Insurers that act now will set the new industry standards, while those that delay may struggle to keep pace.

PIAM has 23 member companies comprising direct general insurance and reinsurance companies operating in Malaysia. Our vision is to be the trusted voice of the insurance industry, delivering innovative, reliable, and customer centric insurance solutions that ensure financial security and peace of mind for all.

Guided by this vision, PIAM's mission is twofold: advocating for a resilient, sustainable, and efficient insurance industry through research, innovative solutions, and the adoption of best practices for the insurance industry, and enhancing consumer protection and awareness through education, proactive engagement, and the promotion of industry-leading best practices for the consumer.

About PIAM

Persatuan Insurans Am Malaysia (PIAM) originated from the establishment of various insurance and tariff associations set up in 1885 that played a role as a collective voice of the insurance industry in Malaya and Singapore shortly after the Independence of Malaya in 1957. In June 1961, the Insurance Association of Federation of Malaya was formed to maintain tariff insurance legislations and promote sound insurance practices. For the first time, an Association was established in Kuala Lumpur to safeguard the country's general insurance interest. Subsequently, PIAM was established in May 1979 as a statutory trade association recognised by the Government of Malaysia for all registered insurance business.

WTW's Insurance Consulting and Technology business serves the insurance industry with a powerful combination of advisory services and leading-edge technology. Our mission is to innovate and transform insurance, and we deliver solutions that help clients better select, finance, and manage risk and capital.

We work with clients of all sizes globally, including most of the world's leading insurance groups. Over 1,000 client companies use our specialist insurance software on six continents. With over 1,700 colleagues in 35 markets, we continually strive to be a partner and employer of choice to the insurance industry.

About WTW

At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help you sharpen your strategy, enhance organizational resilience, motivate your workforce and maximise performance. Working shoulder to shoulder with you, we uncover opportunities for sustainable success – and provide perspective that moves you. Learn more at wtwco.com.

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