

تواصل

Al Madina Takaful



المدينة تكافل

connect

Newsletter | January 2016

WINNING PERFORMANCE



Al Madina Takaful
'General Takaful Company of the Year'
Middle East Insurance Industry Awards 2015

Director's Message



“Let's find new ways to meet our objectives and continue to uphold our leadership position.”

Dear Colleagues,

Wish you a happy and wonderful New Year. Like all new beginnings, it's time to think afresh and start planning for a meaningful and successful year ahead.

2015 ended with us setting yet another benchmark in the industry, Al Madina Takaful being awarded the 'General Takaful Company of the Year' at the 2nd Middle East Insurance Industry Awards 2015. To be chosen as a winner amongst 280 nominations in different categories across the region is an outstanding achievement and one we should all be proud of. This award reflects our commitment and teamwork and as an industry-leading name in Oman, we have now set yet another benchmark for the year ahead.

As we look ahead, let's find new ways to meet our objectives and continue to uphold our leadership position through products and service that add value to our customers. Let's look forward to yet another successful year.

Best wishes for 2016!

Hamed Al Wahaibi
Director



المهتة العامة لسوق المال
Capital Market Authority

Capital Market Authority Report

During the third quarter of 2015

Total insurance premiums rise by OMR 346 million by 4.9%

According to the insurance sector unaudited financial statement gross direct premiums of insurance sector grew by OMR 346 million during the first three quarters of the current fiscal year 2015 from OMR 314 million for the same period last year 2014. The highest increase in premiums increased by 9.4% higher than over the same period in 2014. The total value of gross direct premiums subscribed during the third quarter is about OMR 100 million compared to OMR 87 million during the same period last year 2014.

Quarterly statements of insurance sector shows that Medical Insurance and Group Life Insurance are continually increasing, exceeded by 24% of the total subscriptions in other insurance categories. On the other hand, it has been noticed a decrease of 5% during 9 months of 2015, same thing happened same period last year 2014. This decrease is a reflection of reducing public spending from both sides Government and Private sector due to the financial circumstances that the Sultanate is facing, in addition to the overall decrease in insurance premiums by 0.02% compared to 2014.

Net premiums

The growth rate the insurance sector achieved in the gross direct premiums, for the third quarter of 2015, positively reflected on the net gross direct premiums, which is the premium held by the insurance company after deducting what is re-secured with reinsurers. Total Net direct premiums during, the third quarter of 2015, increased by 15% compared to corresponding period last year. Total net direct premiums for three quarters of the fiscal year 2015, is 195.4 million compared to 171.4 million during same period last year 2014.

It is worth mentioning that net premiums increased by 12.27% higher than in the same period of 2014. Net direct premium of Medical Insurance and Group Life Insurance achieved the first place exceeded 34%. This is clear evidence that insurance companies are aware of the importance of retaining premiums of these two insurance sectors in the Sultanate, while insurance companies do not want to keep the ratio of net Premiums for Transport and Engineering insurance than it was in the same period last year, where they decrease the retention ratios to 23.38% and 15.11% respectively.



Sharia'a Board Members In Profile

Sheikh Dr. Amin Fateh

Secretary, Sharia'a Supervisory Board

Sheikh Dr. Amin Fateh, member of the Sharia'a Supervisory Committee has Bachelors and Masters in honorable Hadith from the University of Jordan, and a PhD in Islamic studies from the University of Birmingham in Britain.

Imam for the Ministry of Awqaf and Islamic Affairs in Kuwait, he is an instructor in the Sharia'a Management at Kuwait Finance House in Kuwait, lecturer at the University of Women in Jordan, Director of Religious Affairs at the Islamic Center of Milwaukee and a lecturer at the Islamic American University in the USA.

Sheikh Dr. Amin Fateh is a founding member of the Sharia'a Scholars Association of North America (SSANA), and a former Chairman of its informational committee. He is also a former member of Fiqh Council in USA.

Dr. Fateh has delivered several lectures and courses on Islamic studies, both in Arabic and English.

He serves as a Sharia'a consultant for a number of religious and academic institutions and Islamic centers in North America, and UAE. He is a member of AAOIFI Sharia'a Committee in UAE and a member of numerous Sharia'a boards in UAE.

CEO's Message

Dear Colleagues,

When you read this article the year 2015 will be over and we would have ushered in the New Year. In this note I have decided to look forward rather than dwell on the past. Because looking back at 2015 is not an appealing thought. In brief it was a year that I hope will not be repeated, at least for quite a few years to come. I also hope 2015 was a year that taught us some important lessons on survival. I must make one more exception to not looking back at 2015 – and that is to acknowledge the MEIR (Middle East Insurance Review) award for being the 'General Takaful Company of the Year'. We should take pride in this award and I would like to share my reply when asked by MEIR how we would celebrate winning the award – we will celebrate this award by renewing our pledge to elevate the level of service to our customers and provide leadership for other Takaful companies.

The experts believe that 2016 will be even more difficult than 2015. The oil prices will go through some severe testing and may find itself well below the current levels of sub \$40 per barrel. Every economy goes through cyclical bouts of good and not so good times. According to some these cycles appear every 10 to 12 years. We are in the middle of the down turn cycle. If the projections turn out to be right then there will be pressure on the economy and growth will be curtailed. At the same time I believe that companies that have the right strategy will ride the cycle and come out stronger at the end of this down turn phase. I believe we are one such company.

My optimism is on account of two reasons – one general and one specific. The general one relates to our people. I had mentioned in my last Connect article that 'when going gets tough, the tough get going'. Our people have the quality, the experience and the strength to find solutions to our challenges and focus on what needs to be done. This is going to be our biggest advantage in 2016. The second reason for optimism is more specific to business. We have built a portfolio that is well balanced and can even generate growth in difficult times. The business of Motor, Medical and SME will be the main stay of the industry and we are well placed in all those categories. Our strength lies in the loss profile of these portfolios that is amongst the best in the market. The integration of certain key functions and rationalization of our cost by sharing resources with Watania in Abu Dhabi will put us in a better position to remain price competitive and generate positive underwriting result.

On that positive note, I would like to wish you and your family best wishes for the New Year. May, 2016 bring you peace, prosperity and good health!

best wishes,

Gautam Datta
CEO

“ Our people have the quality, the experience and the strength to find solutions to our challenges and focus on what needs to be done. ”



Deputy CEO's Message

Dear Colleagues,

As we welcome a new year, we face a different set of challenges. It's not a surprise because life has taught us strategies to be always prepared for the worst.

Using these strategies, we will be sure to:

- Overcome circumstances and never let circumstances overcome us
- Lead not be led
- Make our lives and never let life make us

What to expect in similar economic conditions?

In the light of this critical economic condition, companies eliminate not only unproductive people but even those who are less productive.

What does this situation requires of us?

It requires to reassess our productivity, positivity and contributions that will add value to the company. As I always tell each new employee who joins us "Your mission in this company is not to bear the burden alone but to share the burden as a team".

In such circumstances you will not find anyone who will accept any person who has no value, and as Omar bin al-Khattab said, the second caliph after Prophet Mohammed (PBUH): (I hate to see any of you have nothing to do - aimless).

Aimless is a person who has nothing to do for his life and the hereafter. He is weak and worthless. Therefore, in the periodic evaluation, the company will look at both sides of performance and behavior, not just to people's work, as it is stated in the Holy Quran: (Which of you is best in deed).

Dear colleagues, we are facing a major obstacle and we need heroes to overcome it.

Usama Al Barwani

Deputy CEO & Secretary to the Board

“Overcome
circumstances and
never let circumstances
overcome us”



Al Madina Takaful named General Takaful Company of the Year.

The 2nd Middle East Insurance
Industry Awards 2015.

Al Madina Takaful has become the proud recipient of one of the most coveted awards in the insurance industry in the Middle East. The company was named 'General Takaful Company of the Year' at the 2nd Middle East Insurance Industry Awards 2015 held on 17 November 2015 in Dubai.

The awards ceremony marked a long journey of the awards programme that attracted close to 280 nominations in different categories from across the region. The judges' panel comprised about 26 leading members from the Middle East business world. The gala awards ceremony was well attended by delegates from the insurance and ancillary industries.

Speaking at the awards ceremony, Gautam Datta, CEO, Al Madina Insurance Co., said, "It gives us great

pride to be chosen as the General Takaful Company of the Year in the entire Middle East region. As the flagbearer of the industry, we are proud to bring this award to Oman, and we dedicate this as a special gift for the industry and country on the magnificent occasion of the country's 45th National Day. Oman is a relatively new entrant into the world of Takaful, and securing this award in the nascent stages of the industry will give all the players confidence and the encouragement to go further. We extend our thanks to the CMA for their continuous support, and to our business partners who inspire our performance. Thanks also goes to all our staff who are living our values, this is a celebration of all their efforts."



ORGANISED BY:

MIDDLE EAST INSURANCE REVIEW

SUPPORTED BY:



Dubai
International
Financial
Centre



Speaking on what this award means to the organization, Usama Al Barwani, Deputy CEO, added, “This award inspires us to continue performing our role in providing leadership to the Takaful Industry in Oman and the region. We will continue to excel in the way we engage with our stakeholders – policyholders, employees, shareholders, intermediaries, regulators and all those in our sphere of influence. We will strive to innovate in the way we engage, in the way we find solutions and in the way we achieve our goals.”

“As the flagbearer of the industry, we are proud to bring this award to Oman.”



Specialty & Reinsurance

“Specialty requires to have intensive knowledge of the local as well as reinsurance market to strike a winning deal.”

AL Madina Takaful develops business through two major SBU (Strategic Business Units) - Commercial and Specialty. The Commercial SBU handles Employee Benefits comprising of Group Family & Medical Insurance and Personal Lines and Retail Products for Small to Medium Enterprises (SME). These products are underwritten for maximum retention under our treaty and some of them like Motor, Travel and Housemaid are driven through our proprietary IT platform Tameenet. Commercial SBU strategy is based on large volumes and brings in the main cash flow. The Specialty SBU basically comprises of large Corporate accounts as well as niche products which cannot be given off-the-shelf or driven through Tameenet. Specialty business requires bespoke underwriting which in turn requires understanding the exposures on the risk, the requirements of the client and building up a policy with a competitive price. Most of the times this requires facultative reinsurance support as our normal treaty is not set up for such businesses. The Sums Insured under these policies also happen to be quite large. The Commercial SBU provides the daily bread and butter and Specialty SBU creates a positive brand perception in the high end Corporate segment thus complementing each other.

Specialty requires to have intensive knowledge of the local as well as reinsurance market so as to bring them together to strike a winning deal. Risk engineering is also a key tool in Specialty underwriting. Specialty in Oman keeps the adrenaline running high due to the challenges of tender driven pricing, catastrophic exposed territory and in recent times the sluggish pace of economic development. In spite of these challenges Al Madina Takaful – Specialty has been successful in building strategic alliances with global reinsurers and has carved out an important place that is on par with the top two companies in Oman insurance market. It aims to continue strengthening its position and be considered as the leading insurer in this segment in future.

Sandeep Mahajan
GM Specialty & Reinsurance



Specialty Department

From left: Navpreet Singh Maan, Hilal Saleh Al-Shaqsi, Amar Jawalkar & Kalyana Krishnan

Specialty Department as the name suggest takes care of the risks which requires core subject knowledge, domain expertise, risk engineering and heavy reinsurance support from international reinsurers. Dealing in such risks require special planning which starts months in advance – filtering target accounts, keeping a track of local development and new projects announcement, regular meeting with clients and brokers, gathering risk information, local market intelligence, pre-risk engineering, scrutinizing followed by blocking of the preferred reinsurance market etc. Our department's scope of work is aligned with the overall mission of Al Madina Takaful i.e. growth at per with market but without compromising and maintaining the underwriting profits. The specialty business unit with qualified and experienced risk engineers and underwriters addresses the large complex risks in the Omani market.

The Reinsurance Department handles the Treaty Reinsurance as well as the Facultative Reinsurance for the Specialty accounts. Reinsurance Treaty is the backbone of an insurance company and a sound treaty backed by rated reinsurers will lay the seed for market penetration and future growth. This department is responsible for placement of reinsurance treaties for the company which provides stability to the company's balance sheet. Besides providing stability, reinsurance also helps in achieving better solvency margin for the company.

Following reasons necessitate the need for proper reinsurance for the Company.

- Capacity
- Stability
- Spread of Risk
- Confidence
- Taxation
- Catastrophic Protection
- Portfolio Management
- Development of New Products

The Reinsurance Program of the company is designed by the Reinsurance Department, keeping the following philosophy and objectives in mind:

- Optimum overall retention within the company consistent with prudent risk retention methods.
- Secure the best possible protection for the reinsurance cost incurred.
- Simplify administration of the business of the company.
- Develop adequate automatic reinsurance capacity vis-a-vis the financial strength of the company.
- Defining Objectives of Reinsurance commensurate with Corporate Policy.

Besides the aforesaid objectives, it is essential to protect the interest of stakeholders of the company. It is important that the business is transacted in such a manner that gives adequate return to the shareholders who have employed their capital as well as generate surplus in the Policyholders' Funds.



A new customer experience centre at Avenues Mall

Al Madina Takaful, opened its new customer experience centre in Avenues Mall, reaching out to customers, closer to where it's convenient and comfortable. This new centre is part of Al Madina Takaful's all round approach to be where its customers are.

Al Madina Takaful has been finding new ways to bring about immeasurable ease by being conveniently located and easily accessible. This new customer centre is designed to aid the process of choosing the right insurance and get to know more about the different product offerings, while existing customers can renew their policies and seek assistance.

"With this new customer experience centre, we bring ease and convenience to our customers. We are committed to bringing convenience to the process of choosing insurance and this is another way in which we can be closer to our customers." said Usama Al Barwani, Deputy CEO, Al Madina Takaful.

Apart from this new centre, mInsurance, Oman's first mobile app by Al Madina Takaful and yet another new branch in Ruwi are some of the other ways in which Al Madina Takaful has been expanding its reach to its customers.

Takatuf Scholars Work Experience



Al Madina Takaful, collaborated with the **Takatuf Scholars Programme** for the second consecutive year by providing two young Omani scholars with real world work experience at their head office, kiosks and outlets throughout Muscat. **Sultan Al Obeidani** from Rustaq, Oman, currently attending Millfield School in Somerset, UK where he is completing his A-levels and **Abdullah Al Farsi** from Muscat, attending Brewster Academy in New Hampshire, USA where he is completing an Advanced Placement curriculum were placed with Al Madina Takaful to fulfil their first work experience requirement as international Takatuf Scholars.

The two week programme started on August 16 and concluded on the 31st of August with a presentation made by the students to Al Madina Takaful's CEO, Mr. Gautam Datta, and Professor Kathryn Bindon, Director of the Takatuf Scholars Programme. The two scholars highlighted their new understanding of insurance, and the complexity and importance of the business. Both noted a new appreciation for the opportunities that exist for young Omani professionals in the private sector, and talked about how they could use their new knowledge about risk assessment in their future engineering careers. The Takatuf Scholars Programme joins academic excellence to real world experiences. Designed to prepare Oman's most talented young people for personal and professional success, the programme introduces them to the tools and equipments

with the skills needed to adapt to an ever-changing global environment for the good of Oman.

As a leading insurance provider, Al Madina Takaful was proud to create an applied learning opportunity for these young Omani scholars who not only gained a practical sense of being in the workplace and the many elements that make a business work, but who also learned about the emerging Islamic insurance sector and the pioneering role that Al Madina Takaful has played in positioning it as a core activity in Oman's diversifying economy.

"We are immensely proud to collaborate with the Takatuf Scholars Programme and contribute to the development and enrichment of young Omani scholars", said Mr. Usama Al Barwani, Deputy CEO of Al Madina Takaful. "It is integral to our growth as an organization to empower the next generation of Omanis with the skills and expertise to be future-ready, for Oman. We wish them the very best for a bright future and we feel privileged to have contributed to their journey in a meaningful way."

Both the scholars will be applying to attend leading international universities when they return to school, and their work experience at Al Madina Takaful and the references provided by their supervisors there will be included in the application materials.



Winner of the Mark Dorfman Award for Best Research paper

Al Madina Takaful Board Advisor Wins International Recognition

“ It is a matter of pride to be able to receive this honour and to be recognized for the hard work and commitment at an international forum. ERM is a very important area of focus and to be able to deliver a research paper that is impactful in this area is immensely satisfying ”

Khalid Al Amri

Al Madina Takaful, board advisor, Khalid Al Amri was bestowed the Mark Dorfman Award in recognition as co-author of the Best Graduate Student Paper presented by Western Risk and Insurance Association Annual Meeting at Napa, California. Themed “Does Enterprise Risk Management Effectively Manage Operational Risk?” the research paper on Enterprise Risk Management (ERM) provides a novel approach to managing all risks faced by a firm as a portfolio. This study investigates ERM implementation across a broad spectrum of industries. In particular, it examines the effectiveness of ERM in improving firm internal controls by its impact on operational risk.

Al Madina Takaful, Oman’s first Takaful provider, has been providing an environment which is conducive and inspiring for its employees to seek new horizons and explore areas of growth. “This recognition for our Board Member is a great achievement and to be recognized at an international level is remarkable,” said Usama Al Barwani, Deputy CEO, Al Madina Takaful.