

Newsletter | December 2018

تواصل
connect



المدينة تكافل
Al Madina Takaful
في تناغم تام
Everything in harmony

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New look, **BIGGER OUTLOOK.**

The new improved edition of Connect.

Let's Connect

Al Madina Takaful, Oman's leading insurance provider has set new benchmarks of excellence in the Islamic insurance sector of Oman through its products and services. In line with this belief, we have always been seeking new ways to reach our customers, partners and stakeholders, to be part of the larger Al Madina Takaful community. Towards this, we are proud to share with you our new improved edition of the Connect newsletter, which reaches out to a wider audience. Sharing, for the common good of all.

It has been a collaborative effort which has been informative, engaging and enriching.

Connect, our internal quarterly newsletter has been a platform for us to share and relate events and happenings within the Al Madina Takaful family. It has been a collaborative effort which has been informative, engaging and enriching.

Now, as we share this edition with our larger family, we see this as yet another milestone in our journey. Connecting and sharing with our customers, partners, stakeholders and employees, expands our community and together we can make this publication a forum for insights and learnings.

We hope you enjoy this new edition. Welcome to the Connect family!



Eng. Khamis Mubarak Al Kiyumi - Director

Step 1 - Your Attitude to Challenges

Transforming challenges to opportunities

We have often heard inspirational talks and quotes of how to overcome challenges and see opportunities in every challenge. The first step to achieve this is to change our attitude towards challenges. One of the best ways we can understand this is illustrate an example.

A daughter complained to her father that her life was miserable. She was tired of fighting and struggling all the time. It seemed just as one problem was solved, another one soon followed.

The first step to achieve this is to change our attitude towards challenges.

Her father, a chef, took her to the kitchen. He filled three pots with water and placed each on a high fire. Once the three pots began to boil, he placed potatoes in one pot, eggs in the second pot, and ground coffee beans in the third pot.

He then let them sit and boil, without saying a word to his daughter. The daughter, impatiently waited, wondering what he was doing.

After twenty minutes he turned off the burners. He took the potatoes out of the pot and placed them in a bowl. He pulled the boiled eggs out and placed them in a bowl. He then ladled the coffee out and placed it in a cup. Turning to her he asked, "Daughter, what do you see?"

Usama Al Barwani - Chief Executive Officer



“Potatoes, eggs, and coffee,” she hastily replied.

“Look closer,” he said, “and touch the potatoes.” She did and noted that they were soft. He then asked her to take an egg and break it. After pulling off the shell, she observed the hard-boiled egg. Finally, he asked her to sip the coffee. Its rich aroma brought a smile to her face.

“Father, what does this mean?” she asked.

He then explained that the potatoes, the eggs and coffee beans had each faced the same adversity– the boiling water.

However, each one reacted differently.

The potato went in strong, hard, and unrelenting, but in boiling water, it became soft and weak.

The egg was fragile, with the thin outer shell protecting its liquid interior until it was put in the boiling water. Then the inside of the egg became hard.

However, the ground coffee beans were unique. After they

were exposed to the boiling water, they changed the water and created something new.

“Which are you,” he asked his daughter. “When adversity knocks on your door, how do you respond? Are you a potato, an egg, or a coffee bean? “

In life, things happen around us, things happen to us, but the only thing that truly matters is what happens within us. And this attitude determines how we face challenges. It is the beginning of seeing our challenges differently.

Which one are you?

Are you weaker?

Are you stronger?

Are you smarter?



Dear Colleagues,

We are at the last leg of the current financial year and what a year it has been so far. After an impressive Q1, we witnessed a catastrophic event – Mekunu Cyclone. The losses from Mekunu impacted Al Madina just as it did to the entire insurance industry in Oman.

With some estimates pegging the losses at RO 200 million on the last count, it was an event which was bound to impact the operational performance and it also had implications on Treaty renewals for most companies and Al Madina was no exception. However, our skillful negotiations with the Reinsurers meant that compared to our competitors, we could achieve far better renewal terms than others. Of course the impact was nonetheless there.

With all hands on deck, I have no doubt in my mind that like the past 2 years, we will have yet another year of profitable growth.

As we close 2018, our immediate objective is to not only cover the losses sustained in Q2 but achieve the budgeted Business and Profit objectives of the company. I have confidence in Al Madina team which gives the company the intrinsic strength to successfully overcome the challenges posed. With all hands on the deck, I have no doubt in my mind that like the past 2 years, we will have yet another year of profitable growth.

On a different but related note, Al Madina continues its focus on its Mission of 'Superior Customer service'. Several IT initiatives have brought in significant enhancement in efficiency and service deliverables. Our completely revamped Website and Mobile App will be launched shortly and this will enable customers to experience ease and convenience in just a click. We will continue to use Technology as a business enabler for better customer service.

Ajay Srivastava - Chief Operating Officer

An Electronic System to serve insurance companies' clients that enables follow up of the complaint

The Capital Market Authority launched an electronic application to serve insurance companies' customers. The application aims to transfer all complaint-related dealings to insurance companies electronically since the submission of the complaint until it is resolved through an electronic system. The application enables policyholder to follow-up the movement of his complaint between related parties inside CMA's departments and insurance companies.

This workshop was held at the Business Hall of CMA, and it targeted customer services officers of insurance companies. The workshop included two working papers, the first of which was on the new electronic complaint system for insurance companies and the second paper was on the quality of customer service.

With reference to this matter, Yousuf Al Baloushi, Director of Corporate Services and Awareness Department explained that the electronic system for customer service and complaints against insurance companies is effective for the policyholder due for the feature given to the complainant (policyholder) to follow-up with the progress of the complaint movement. This step is considered positive to cope with the transfer to the e-government and for improving communication channels between the public and insurance companies and speeding up the solution of problems that occur between insurance companies and policyholders.

Al Balushi pointed out that the system will save both effort and time for policyholder as he is able now to submit his complaint and follow-up its movement without the need to move around during his working hours. This system will also have positive effects in monitoring the number of complaints and classifying each for any of insurance companies, therefore; the system contributes to enhancing the quality of insurance services provided to customers and providing appropriate insurance coverage for them.

It is worth mentioning that the electronic system documents the corresponding communications between

insurance companies and CMA departments, so that there is a sequence for the date of the complaint. The system also sends reminders automatically in the absence of responses, and provides statistics showing companies' commitment to respond to complaints and inquiries.



Shari'ah Auditing: Definition and fundamental principles



Yasser Bin Abdullah Bin Mohammad Al Ghailani
In charge of Shari'ah Audit for Takaful Insurance.

Praise be to Allah, Lord of all, who revealed to us an unblemished law and honored us by Islam as a comprehensive religion for the affairs of both this world and the hereafter. May the peace and blessings be upon His Honest Prophet Mohammed bin Abdullah and upon his family and companions; our messenger who guided mankind to the good in both worlds and was sent as a bringer of good tidings, warner and mercy for the Alameen (mankind and jinn).

We would like to highlight the following:

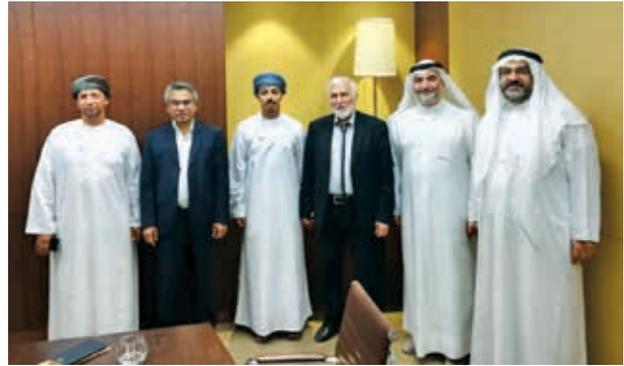
The field of internal auditing and compliance in general can be considered as one of the most significant and rich areas. Cooperative Shari'ah Auditing is deemed one of the most promising requirements in the Islamic banking worlds and Takaful insurance companies, especially as it is considered a safety valve and a shield defense for the design, operation and compliance of the company with all provisions and principles of our tolerant Islamic Law in all of its technical and mechanical activities. The tasks of Shari'ah Auditing are represented in collecting and assessing evidences on the activities of the company to determine the extent of the conformity of all paper transactions and daily practices with Shari'ah provisions and legal frameworks. The integrated concept of the Shari'ah audit process is to understand the Shari'ah transactions and realize it is not just limited to collecting data transferred from the rest of the other departments and specializations. The task of the Shari'ah Auditor is to examine these data very carefully to avoid conflict with the Shari'ah provisions, provided that these transactions are technical in its commercial sense and at the same time Shari'ah (legal) in its jurisprudence perspective.

The field of internal auditing and compliance in general can be considered as one of the most significant and rich areas.

The Shari'ah Audit has two main sections: internal and external auditing. The difference between these two sections is that the functions of an internal Shari'ah audit report is to the management of the institution, while the external audit reports is to the general assembly of the shareholders. Such audit shall be carried out by the Shari'ah Supervisory Committee constituted of an independent body of scholars and jurists with great experience in the jurisprudence of

transactions. The committee may also include members that are not jurists but are specialists in the field of Islamic financial institutions and fully aware of a transactions jurisprudence. We can say that the Department of Shari'ah Audit Takaful Insurance is the body authorized to follow up and audit all the work and transactions of the company in terms of compliance with the decisions and recommendations of the Supervisory Committee with clarification, description, and identification of irregularities, in addition to taking proper procedures to correct and improve them, as well as responding to Shari'ah inquiries and having continuous communication with the Committee whenever required. We can metaphorically say that the largest burden which the Shari'ah auditor faces is formed and structured from the fact that he shall act as a trustee, eye and hand for the Shari'ah Supervisory Committee, as well as to act as the link between the top management of the company at all three levels (executive management, operations management, financial management) and the Shari'ah Supervisory Committee. Moreover, he should find a way to coordinate between the two bodies in order to secure access to a common interest point that satisfies and persuades all parties and reaps the profitability of the foundation. It is meant by an "eye" that the auditor shall work as a supervisor for the committee to examine the transactions thoroughly and accurately and "hand" means that he shall promptly follow-up the decisions and be aware of the fundamental changes in the future, if any.

The Shari'ah Auditor is also responsible for checking records and files in all sections of the various branches, verifying the validity of the Shari'ah application of the transactions, ensuring implementation of the decisions of the Shari'ah Supervisory Committee and the General Directorate in terms of Shari'ah aspects, monitoring any errors or violations in the application and develop appropriate recommendations in this regard. In general, the structure of internal Shari'ah supervision in the Takaful Insurance Company should be characterized by the existence of important information from the statute of the State, with an integrated mix of the powers of the insurance management and the policies of investing the funds of the account of the participants and correcting the Shari'ah violations effectively. One of the critical features in which the Shari'ah is auditor of Takaful insurance shall be characterized by, is the tendency of occupational doubt to be convinced that it is possible to discover the existence of irregularities in all forms, in



addition to the complete independence, in order to ensure the absence of influence within or outside the company on the process of Shari'ah auditing. Last but not least, the permanent debate and the exchange of knowledge about any impacts and effects discovered, as well as remedying such impacts and develop strategies based on them.

The most important challenges and difficulties related to Shari'ah auditing are the confidentiality of transactions, in the sense that some of them may prevent giving practical details and hinder the executive steps of the audit process. Another aspect is the comprehensive lack of understanding by the management and the overall lack of awareness of the role of the Shari'ah Supervisory Committee and its legislative and executive authority. As some people think that the role of the committee is limited to issuance of fatwas (authorized Islamic opinions) and deciding upon the profitable commercial contracts offered to it, without addressing the general supervision and auditing. Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) is the main organization and main reference for Islamic banking transactions and it is considered an absolute financial accounting and financial organization. One of the most important professional certificates in this field of specialization is obtained from the external centers for training and development such as IPRF, AAOIFI, IIBI, CIBA, CSAA and CIMA.

Thanks to Allah, the Shari'ah Auditing process at Al Madina Takaful Insurance Company is supervised by an elite group of scholars and jurists who are well-known for their great scientific and occupational competence and play a prominent role in the development and empowerment of this long-established institution. Thus, they truly deserve our thanks and gratitude considering their great efforts, May Allah, for His grace and ability, protect them with His care and may they be rewarded and empowered by Him.

The Sohar branch

IN THE NAME OF GOD, WHO IS THE MOST COMPASSIONATE AND THE MERCIFUL

It gives me a great pleasure to avail this opportunity to talk to the Al Madina Family through this newsletter and share few things about my experience with the Company.

I joined Al Madina Takaful in May 2009 and came to Sohar to establish the branch. We had opened the Branch in January 2010 with one staff. It was tough to face the established insurers who were aggressive and were not willing to give up any space on their turf. However, with the professional experience and standard services in underwriting and claims we were able to withstand the competition and write good business in the initial year and continuously grow year by year. This year in 2018, we were able to close major Direct Medical business despite stiff competition, which had enhanced our branch portfolio.

We have participated in roadshows hosted by Oman Aluminum Rolling Mills LLC and Alizz Islamic Bank. The Al Madina Takaful stall helped to enhance awareness on products and services at the events and introduce participants to Al Madina Takaful's products and services.

At the Al Madina Takaful Sohar Branch, we have been providing superior quality services to our valuable customers and policyholders at a time when they need our services the most regarding underwriting and motor claims.

We are also providing claims and underwriting services in the regions of Al Batina, Musandam and Buraimi.

I sincerely thank the management and my colleagues. Without their support the branch could not have succeeded.

Sreedhar Vemula

Branch Manager - Sohar



Employee Spotlight



When I first joined Al Madina Takaful, I aspired to lead in a positive role and have an impact in this company, along with being able to contribute to the institutional work in it. This company has been able to prove that it is one of the leading insurance companies in the Sultanate and it has been a great honor for me to be part of the success that Al-Madina Takaful have achieved in the insurance sector, considering the fact that we are the first Takaful insurance in Oman, since we provide insurance services that suit the requirements and needs of society. Even more, I am proud to work in this outstanding institution and to be part of its system.



It has always been my pleasure and source of pride to be the youngest Omani employee, in the company's history. I was given the responsibility of a leading role for the launch of the sector of 'Sayarati Prestige', a sector that specializes in providing insurance for luxury cars, and the first insurance app for smart phones (M Insurance), in addition to managing the cars subscription section.

The sense of responsibility and team work resulted in success. The Cars subscription section requires quick thinking and decision-making that only takes a few seconds in which all necessary criterion are closely valued, by which giving the feasible insurance price is possible.

Hard work ensures stability and success in all aspects of life and it can only happen by working in a positive environment that is marked by unity and institutional loyalty so that we can all remarkably achieve the outcome we aspire for.

Ali Al-Harthy
Senior Officer Motor Underwriting

Agricultural insurance



Fahima Al Jahdhami
Senior Officer Underwriting
Non-Motor

In the name of Allah the Merciful. Peace and blessings be upon His Prophet

It is a great honor to have the opportunity to participate with this valuable article, which talks about the latest types of coverage and is considered as one of the most important coverage currently in the Omani insurance market. My role as a Senior Officer Underwriting – Non-Motor includes defining insurance products, so I thought it right to introduce you to this new product. It is important to spread awareness about this insurance, especially at the moment due to weather fluctuations and its impact on the global warming phenomenon, which has far reaching effects including an economic impact.

Despite the importance of the agriculture, animal and fisheries sectors and their role in providing food and promoting economic and social development, they are still vulnerable to catastrophic natural climatic changes that cannot be controlled. This may cause great losses both in infrastructures and products. The role of agricultural insurance is to protect farmers against such uncontrolled events by

bearing these unexpected losses. This is the reason for calling the agricultural insurance a safety net for the farmer in particular and the agricultural sector in general.

In light of the company's belief in its national duty towards this generous country and due to the senior management's keenness in providing insurance coverages that contribute to the growth of the national economy, Al Madina Takaful decided to provide this coverage in the Omani insurance market.

With the adoption of modern technology and the improvement of agricultural practices, Omani farmers have increased the productivity of several agricultural crops such as fruits, vegetables and other crops to enhance the level of food security and meet the growing demand for agricultural products.

In response to this challenge, the Ministry of Agriculture and Fisheries in cooperation with Oman Chamber of Commerce and Industry, the Capital Market Authority, Oman Development Bank and a number of leading insurance companies in the Sultanate, including Al Madina Takaful, joined hands to provide this coverage (protection) for farmers to protect their crops and compensate them in the event of any accidents / losses in production due to natural phenomena beyond their control and against any widespread pests. This coverage is expected to help farmers manage their risks and increase their production.

Farmers (fishermen and animal breeders) are primarily targeted by this product. Agricultural insurance is designed for them because any step towards protecting this sector can only be through them. The Sultanate of Oman, like other countries that are sometimes exposed to climatic conditions causing significant losses, has shown great interest in the introduction of agricultural insurance to protect the agricultural sector through the protection of those involved in it.

Agricultural insurance product was launched in October 2017. Farmers planting vegetables can now insure their crops very easily. They only have to communicate with one of the nearest insurance companies.

Agricultural insurance provides a sense of peace of mind and reassurance to the farmer, especially when the climate authorities announce any adverse weather or climatic conditions that may affect the Sultanate especially those associated with strong wind or heavy rain or hail. This means that the crop will be protected against any unexpected loss.

The agricultural insurance provides insurance cover for agricultural crops (vegetables and green houses.) It provides protection against any adverse climatic conditions such as storms causing floods and over streaming of valleys, or strong winds or landslides, or hail causing crop losses, or

even natural fires caused by the storms, or extreme heat. If the farm was one of those affected from such risks, the insurance company will inspect the farm and compensate for those unexpected losses.

There are two ways the farmer can insure his crop:

Method 1: Insure the cost of production

In this method, the total amount of insurance is calculated according to the average production cost per acre, multiplied by the cultivated area (number of Feddans).

Method 2: Insurance based on market price:

The total amount of insurance is calculated according to the average market price per tonne multiplied by the average quantity of production per feddan multiplied by the Cultivated area (number of feddans).

The contribution of the farmer does not exceed 20% the total amount of losses.

The protection of greenhouses includes the following:

- Steel structure of units or green houses
- Connectors
- Cost of installation of protected units
- Plastic cover (if new)
- Authorized equipment for the operation of units or green houses.

Risks covered in Insurance Greenhouses:

- Natural fire, lightning and explosions.
- Storms, hurricanes, floods, wadis, rain, cold, strong winds, forest fires and earthquakes.
- Riots, strikes and civil disobedience: civil unrest, labor unrest, riots,
- Strike or forced closure of the farm.

The Ministry of Agriculture and Fisheries is very keen on raising farmers' awareness of the importance of this insurance cover, when it was created in response to the request of the Omani Farmers' association. Based on the outcome of a number of seminars and meetings with farmers in many governorates, the association highlighted the need of the market and the farmers for this coverage. Al Madina Takaful participated in a number of these meeting and exhibitions to promote this product the latest of which was Oman International Food Expo (Agro Oman).

Important Note:

To date of publication and printing of this article, the final approval of the Capital Market Authority has not been issued on the agricultural insurance policy and has not yet been approved by Al Madina Insurance Company (Takaful).



Mr. Chetlur Shanthi Prasad
Senior Manager – Employee Development

The insurance sector in Oman has been consistently growing in the last decade. Providing employment to Omani nationals being a national priority, insurance sector and all related entities will have to actively participate in this endeavor.

One of the key challenges that the industry faces is the challenge of “Employability”. In very simple terms, when existing competencies of a candidate or employee meets a pre-defined job criterion, the candidate or employee could be considered employable.

Every employee has career aspirations and would like to advance in his/her career. Every level of hierarchy within an organization, has its own set of competence requirements. Should one aspire to progress in their careers, it is imperative that they meet the competence levels. This is both a great opportunity and a challenge at the same time. This aspect requires organizations, and employees to pause, think and act on how they could get together to achieve career and business goals in a synchronized manner. This would

Collaboration between the employees and the organization with respect to agreeing on common learning goals is very critical.

Building competencies

encourage employees in their effort and organizations to willingly invest in order to sustain the initiatives.

Building competencies to effectively perform a role provides organizations with greater surety in achieving their business goals. Given this clear understanding, organizations would need to implement a structured and effective process to define, develop, deploy and evaluate the process of building competencies of their workforce.

Collaboration between employees and the organization with respect to agreeing on common learning goals is very critical. Organizations and employees should make the effort to align their personal career aspirations to the learning opportunities in order to create win-win situations. The process of building competencies through a systematic and structured learning and development process should result in employees being provided with opportunities as and when possible, to take up higher responsibilities in the organization and eventually get promoted to the next level. This would really cement the purpose and meaning of the entire process of competency building. The key value that is derived from the process of building competencies is mid and long-term possibilities for organizations to create competitive advantage for business growth.

This key initiative should have a direct link to rewards. When employees are in a position to visualise and understand the linkage between building competencies, performance management and rewards, they would collaborate and actively participate in this initiative. This should pave the way to implement best reward practices and programs. With proper emphasis on rewards communication to employees, this would create a win-win situation for companies and the industry at large.

In summary, the sustenance and growth of companies and intermediaries in the insurance sector has very strong linkage to the collective competencies of employees. Hence, building competencies, providing opportunities for employees to demonstrate their newly acquired competencies and eventually resulting in their personal growth should be one the key focus areas in the years to come to ensure that the industry has sustained growth and actively contributes to the national economy.