Issue 02/2009/Q4

Oct-Dec 2009

# INSURANCE

A Quarterly Publication of The Malaysian Insurance Institute

## Asian Insurance Rising Standards

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Hashim Harun
New Chairman with a mission

**Focus:**
Risk-Based Capital
Is the framework working?

**Features:**

Insurance Distribution over the Internet
Will it work?

Managing Agency Sales Performance
Are the numbers managing you?

The Malaysian Insurance Institute

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# Setting high standards is a must.

Most commentators seem to agree that the insurance and takaful industries in Asia are headed for buoyant times. Partly this is due to the general economic recovery, which Professor Michael Heise points out in "Asia Set to Herald Economic Recovery," is expected to pick up speed in this second half of the year. However, there are other determinants that point to improving business as well.

We have pointed out in our news briefs that the Life Insurance Council of India has noted a life insurance penetration of around 4% of GDP per annum, compared to just 1.77% in 2000. The rate of penetration is increasing as a result of greater education about insurance and the liberalisation of the market. The story is repeated in many parts of Asia and in both insurance and takaful product segments. For instance as Zain Bador, Deloitte's Director of Islamic Finance points out in our industry update pages, " takaful premiums globally were growing at 15% and 20% annually and predicted to rise to US$4.3 billion by 2010..."

Perhaps "rosy" may be too strong an expectation looking at the immediate future, but "promising" is certainly applicable. As the finance sector has learnt many times, however, promising futures can become nightmares without top rate and relevant standards. And that is the theme of this issue of INSURANCE. Every aspect of our industry has been scrutinised as a by-product of the financial crisis and new standards are at various stages of implementation.

In Malaysia, the new Risk Based Capital regime was implemented effective 1st January this year, and we have a special focus on what this means for Malaysian insurers. In Singapore, the regulators have gone so far as to review the methods of marketing insurance products. The recent announcement from the Monetary Authority of Singapore bans the use of "capital protected" in product marketing, as reported in our news pages. This is a clear indicator of stringent standards in insurance marketing.

Having set standards, measurement is a very necessary step. In his article "Are you managing the numbers or are the numbers managing you?" Paramjit Singh gives some very practical advice based upon his experiences in managing agency sales. One can expect significant strides in monitoring systems in general as standards become more entrenched.

Whilst these are short, perhaps medium term initiatives to raise standards, the way forward for the long term development of insurance staff has been described by MII's new Chairman Encik Hashim Harun in this issue's lead interview. He recognises what he describes as a developing gap in expertise in the insurance industry in Malaysia and he has a clear vision as to what needs to be done to raise the standards, not only now but perhaps for the next decade.

**Khadijah Abdullah**
*Editor*

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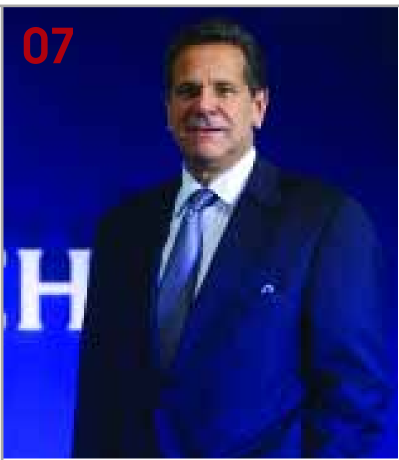








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## SINGAPORE BANS USE OF 'CAPITAL PROTECTED'

The Monetary Authority of Singapore (MAS) has decided to ban the use of the term 'capital protected' or 'principal protected' for financial products as part of its response to feedback that it had received on a slew of changes proposed in the wake of the collapse of Lehman-linked structured products.

The proposals, first released in March, were mooted in response to controversy over the way complex investment instruments were sold to people, including elderly and lowly educated folk.

Some of the key changes include requiring financial institutions to provide customers with simple, user-friendly 'product highlights sheets' and providing 'health warnings' on complex investments in appropriately large font.

MAS had also proposed that bank tellers should not sell investments and there should be a seven-day 'cooling off' period during which an investor could change his mind and pull out of his investment.

The ban on the use of the term 'capital protected' will apply to mass-market products familiar to retail investors, including structured notes, unit trusts and investment-linked life insurance policies.

A 'capital protected' product is where the principal sum is ploughed into investments like bonds which, on maturity, are expected to provide the 100 per cent capital protection. This is to be distinguished from 'capital guaranteed' products where an investor is guaranteed to get back at maturity the money that he invested on day one. Financial advisers said that many retail investors, even more experienced ones, cannot differentiate between the two terms.

MAS said that a way around the problem was for the industry to develop a standard definition for capital protected products. But it had found that all the suggested definitions tended to be too lengthy or not easily understandable by investors. Capital protected products were popular in the years just preceding the recent financial crisis. This is why consumer advocates are lauding the move.

"The term principal protected has never been understood by retail investors. Now they'll understand the terms of sales better," said David Gerald, president of the Securities Investors Association of Singapore.

The change will make it tougher for bankers to market these investments. According to one banker, some product manufacturers will find it harder to sell structured products in Singapore in future because they cannot distinguish the safer products from more risky ones. But Singapore will not lose its competitiveness as a wealth management centre since the measures as a whole will provide more transparency and confidence.

~ The Straits Times, 9 September 2009 ~

## US LIFE INSURANCE SALES POST BIGGEST DROP SINCE 1942

According to the trade group LIMRA International, US life insurance sales to individuals dropped 20% in the second quarter of 2009 as savers shunned investments linked to stocks, contributing to the biggest six-month decline since 1942. Premium sales fell 23% in the first half, compared with the year-earlier period. Sales of variable life policies, whose value is linked to the performance of stocks or bonds, plummeted 79% in the second quarter.

Sales of so-called term life policies, which promise a death benefit if the policyholder doesn't survive the period outlined in an insurance contract, slipped 3%. Term life doesn't expose the policyholder to the equity-market risk of variable policies.

~ Bloomberg, 31 August 2009 ~


James Schiro, Zurich Chief Executive

# ZURICH CHIEF BACKS EU SOLVENCY RULES

The head of Zurich Financial Services, one of the world's biggest insurance companies, has broken ranks to criticize industry rivals for lobbying against European plans to increase insurers' financial strength.

James Schiro, Zurich chief executive, said the fierce industry "pushback" against proposed new solvency rules for insurers was wrong. "I don't believe that the pushback …is good for the industry or the consumer. It does not send the right signal," he told the Financial Times.

He added that insurers should not fight higher capital requirements at a time when banks were being forced to raise theirs.

The rare comments on the so-called Solvency II directive, from a senior industry figure, are likely to be seized by policymakers under pressure to water down the proposal.

~ The Financial Times, 8 September 2009 ~

# INSTITUTE SEEKS FUNDS FOR FINANCIAL SERVICES INDUSTRY TRAINING

The Asian Institute of Finance (AIF) is sourcing for over RM200 million in funds to expand human capital development programmes in the financial services industry.

AIF executive director and chief executive officer Daniel Viets said the funds would be used to finance programmes over two to three years.

The funding would come partly from the industry with the amount raised to be matched by grants from Bank Negara. The funds will come under the trusteeship of the AIF and will be used for capacity enhancement.

The AIF is affiliated to organisations in 10 countries in Asia, Britain and the Middle East with some of its programmes already internationally accredited, according to Viets. The AIF was set up in November 2008 with the support of Bank Negara and the Securities Commission with its main role as the coordinator of four bodies involved in building human capital for the industry.

The four are the Institute of Bankers Malaysia, Islamic Banking and Finance Institute Malaysia, Malaysian Insurance Institute and the Securities Industry Development Corp. Bank Negara governor Tan Sri Dr Zeti Akhtar Aziz said that the establishment of the institute was part of the 10-year Financial Sector Master Plan.

The Plan was launched in 2001 to chart an orderly development of the financial services industry and ensure efficient financial intermediation to meet the needs of a rapidly growing economy. The governor said this will be achieved through strengthened institutional arrangements for collaboration between AIF and the four training institutions that currently serve the financial services sector.

~ The Star, 28 August 2009 ~

# LIAM: LIFE INSURANCE COVERAGE FOR INFLUENZA A(H1N1)

The Life Insurance Association of Malaysia (LIAM) has confirmed that death due to the Influenza A(H1N1) will be payable. In addition, all the 16 life insurance companies under LIAM will also be paying claims arising from hospitalization due to Influenza A(H1N1).

Even though a majority of the medical policies carry exclusion on communicable diseases requiring quarantine by law, life insurers are responding to an immediate need of the nation in light of the increasing number of people who have been infected.

Life insurance companies will nonetheless continue to monitor the Influenza A(H1N1) situation. In the event of any review of this decision on life insurance coverage, the policyholders will be duly informed.

~ Life Insurance Association Malaysia (LIAM), 21 August 2009 ~

## MISUSE OF INSURANCE FUND

A former director and chief executive officer of Pan Global Insurance Berhad pleaded not guilty in the Sessions Court here to 80 counts of misusing the company's insurance fund, involving more than RM2 million.

Bernard Wong Shoon Tet, 49, as the then director of the company, is charged with 27 counts of using RM2.2 million from the company's asset for expenses which are not related to its insurance fund. He is alleged to have committed the offence on 12B Floor, Menara Pan Global, at Jalan P. Ramlee here between October 19, 2004, and January 18, 2006.

Meanwhile, Edwin Wong Lee Tuck, 46, as the then chief executive officer of Pan Global, is charged with 53 counts of using RM2.7 million of the company's assets, also for the same purpose. He is alleged to have committed the offence at the same place between July 16, 2003, and January 18, 2006.

Judge S. M. Komathy Suppiah set bail at RM300,000 each and ordered them to surrender their passports to the court. The case is fixed for mention on September 28. Prosecuting officer from Bank Negara, Stanley Augustine, prosecuted, while lawyer L. K. Mak represented Shoon Tet, and lawyers Simon Subapathy and Alan Wong represented Lee Tuck.

They are the first persons to be charged under Section 41 (2) of the Insurance Act 1996 for an offence involving use of insurance funds. Last April 13, Bank Negara revoked Pan Global's licence and the company's insurance business was sold to Tokio Marine Insurans (Malaysia) Berhad.

~ Bernama, 21 August 2009 ~

## MALAYSIAN HEALTHCARE EXPENDITURE INCREASING

The healthcare expenditure in Malaysia is increasing as a result of increased privatisation within the healthcare service provision and upgrading of existing healthcare infrastructure within the public sector.

Dr Pawel Suwinski

Frost and Sullivan's senior consultant of healthcare Asia-Pacific, Dr Pawel Suwinski, said the market for healthcare services has also received positive impetus from growing promotion of health tourism and development activities. He noted that the total healthcare expenditure grew at 13.7% compound annual growth rate from 2003 to 2008, which stood at US$7.6 billion (US$1=RM3.45) in 2008.

In terms of infrastructure, the Malaysian healthcare system was dominated by private hospitals accounting for an average of 62% of total number of hospitals annually from 2002-2008. As at end-2008, there were 144 public hospitals and 224 private hospitals in Malaysia.

Suwinski remarked that the Malaysian government has put in strong efforts in boosting human resources in the healthcare sector. Nursing, in particular, has shown significant progress and has met the government's target of one to 600 population ratio.

~ Bernama, 5 August 2009 ~

## OPPORTUNITIES FOR INDIAN LIFE INSURERS

According to the Life Insurance Council of India, life insurance penetration in India has grown to about 4% of GDP, in terms of total premiums underwritten in a year, compared with 1.77% in 2000 and 2.4% in China. The rate in developed economies is about 6-9%.

With per capita incomes growing at 14.4% a year and an annual domestic savings rate of 37.7%, the country is seen as a huge growth opportunity, and foreign players have crowded into the market by taking minority stakes in local firms.

Consulting firm McKinsey forecasts the penetration rate in India to rise to over 5% of GDP in 2012, with premiums expected to swell to $80-$100 billion from $43 billion now. So far 19 foreign players have entered India through joint ventures with local firms, and liberalised rules would be likely to drive even further participation.

Last year, four new players — HSBC Holdings, Aegon NV, Prudential Financial and Dai-ichi Mutual Life Insurance — entered India. Some firms, such as Germany's Allianz, South Africa's Sanlam and New York Life have agreed with their Indian partners to lift stakes to 49% when rules allow. A relaxation in IPO rules would also make the sector more attractive to participants by providing a route both for raising funds and for exiting investments.

The insurance venture of Housing Development Finance Corp and UK-based Standard Life, which completes 10 years in 2010, has said it is eyeing a listing in 2010/11, and others are expected to follow as they pass the 10-year mark.

India's insurance regulator said [in July] it has started discussions with capital market regulator, the Securities and Exchange Board of India (SEBI), to frame IPO guidelines. Setting rules on stake sales would be likely to trigger a flurry of dealmaking.

~ Reuters, 18 August 2009 ~

# WEALTH MANAGEMENT: TAKAFUL TO STOKE GROWTH OF ISLAMIC FINANCE

Islamic finance experts believe that Islamic wealth management is an area of future growth for Islamic finance. As mainstream Islamic banking and finance matures, sophisticated consumers will demand more sophisticated products and services.

According to Deloitte's director of Islamic finance Zain Bador, one of the main target areas which will come to the forefront is Islamic wealth management, especially as the wealth of consumers increase. Deloitte expects to see Islamic financing as a funding source for infrastructure projects to gain ground, especially in view of the general infrastructure requirements of Asia and the Middle East.

He added, on the funding side, there are some interests from conventional but "ethical" investors who see value proposition in Islamic products. Zain also expects future growth to come from the *takaful* market.

He pointed out that *takaful* premiums globally were growing at between 15% and 20% annually and predicted to rise to US$4.3 billion (RM15.05 billion) in 2010 and US$7.4 billion by 2015.

Premium year-on-year growth in South and Southeast Asia, Middle East and Central Asia and Africa regions is reflective of rising incomes per capita — and a low starting base. The uptake of *takaful* is still low in Muslim communities as it accounts for just 1.1% of the total global insurance premium.

"Muslim-majority regions display an underdeveloped insurance sector. Insurance penetration rate in the GCC (Gulf Cooperation Countries) increased from 0.57% in 2001 to 1% in 2006, although this is still far below the world average of 7.52%," he said.

Zain said the *takaful* market, while already established in Malaysia, has not seen the level of development expected due to several factors. "I understand from practitioners that personal insurance, that is life and medical insurance, in general, is viewed as a low-priority discretionary spend given Malaysia's average income per capita, resulting in significant under-penetration. Structural considerations such as these may hinder product development in Malaysia in the *takaful* market," he explained.

On the local Islamic capital market, Zain said development in this sector, in particular, had been substantial. "In the span of 40 years, Malaysia has grown from a purely conventional interest-based economy to a dual-system economy, backed by sophisticated infrastructure and specialised Islamic banking and finance experts.

"With a full-fledged Islamic stockbroking company, as well as two conventional ones offering Islamic services, we have come a long way in establishing a viable and functional Islamic capital market that will potentially cater to the global market."

"I believe the market also recognises that Malaysia's Islamic capital market needs to expand its breadth of offerings in order to merely maintain leadership."

"As the needs of the players change, it is imperative that Malaysia continues to innovate and transform the market that it leads," he added.

Zain said that despite Malaysia being at the head of the pack, the country faced stiff competition from conventional financial centres seeking to participate in the Islamic financing space as Singapore, Hong Kong and the United Kingdom, have recently made their intentions known in this regard.

"Over the past few years Middle East countries have also staked a claim on the global Islamic capital market arena, although in retrospect we see that this activity was driven by pre-crisis, commodity-boom petrodollars." "Going forward, I believe that countries with a significant Muslim demographic such as Indonesia, and quite possibly India, may also have significant influence in shaping the international Islamic capital markets," he said.

~ The Edge Financial Daily, 10 August 2009 ~

## NEW RULES TO BOOST INSURANCE

Md Adnan Md Zain , President, LIAM

The lifting of the restriction on foreign insurers' tie-ups with local banks is expected to improve the penetration rate of insurance, apart from boosting insurers' revenues.

Before the liberalisation of the financial sector in April, foreign-owned insurers were only allowed to tie up with local banks to market bancassurance products. Foreign insurance companies are now able to partner as many local and foreign banks that they want to sell insurance products.

Life Insurance Association of Malaysia (Liam) President Md Adnan Md Zain said the measure would increase the distribution channels for life insurance as consumers could have access to a wider range of products. This augurs well for the Malaysian public as the percentage of people with life insurance protection was still around 41%.

With the restriction removed, Liam sees the bancassurance channel playing a more important role in distributing insurance, as foreign-owned insurers would now be more active in bancassurance.

According to Adnan, the traditional agency channel will remain an important distribution channel for insurance companies. Experience so far in Malaysia shows the bancassurance channel has its strength in distributing short to medium-term single premium products.

He further added that for regular premium products, the agency distribution channel is still the dominant channel. This is due to the complexity of regular premium products which the agency channel currently has a relative advantage in terms of experience and knowledge over their bancassurance counterpart.

For the life insurance industry, the bancassurance market share of total new business premium increased from 2% in 1994 to 42% in 2008. Last year, the share of bancassurance in single premium products was 65% while in regular premium products it was 7%. Bancassurance contributed RM2.47bil in single premiums and RM185mil in regular premiums in 2008. The corresponding figures for 2007 were RM3.17bil and RM130mil.

According to Adnan, the recent financial turmoil had affected the single premium business to an extent and, hence, the performance of bancassurance would be affected in the short term as well. However, with the liberalisation and the subsequent economic recovery, bancassurance was expected to grow positively in the medium to long term, he added.

As of June 30, there were 15 life insurance companies which had tie-ups with banking institutions. In the same period, a total of 7,375 bank staff selling life insurance were registered with Liam.

~ The Star, 17 August 2009 ~

## LIFE INSURANCE SECTOR HOLDS VAST OPPORTUNITIES FOR BUMIPUTERA AGENTS

There are great opportunities for Bumiputera agents to penetrate the life insurance sector and be successful in it because many Malaysians, especially Bumiputeras, do not have such a policy.

The President of Life Insurance Association of Malaysia, Md Adnan Md Zain, said about 40% of Malaysians have life insurance policies and only 10% were Bumiputeras. This is a challenge for insurance agents to increase coverage especially for Bumiputeras and the rest of the Malaysians in general.

~ Bernama, 1 August 2009 ~

## INSURANCE SECURITISATION MARKET COMPLEMENTS REINSURANCE

Recently, the International Association of Insurance Supervisors (IAIS) released its first mid-year edition of the Global Reinsurance Market Report, entitled "Developments in (Re) Insurance Securitisation" where the report supplements the year-end report by providing a qualitative analysis of the main characteristics, functions and developments in the insurance securitisation market.

The insurance securitisation market, although relatively small, has proven to provide an effective mechanism to complement traditional reinsurance. Insurance securitisation arrangements encompass a wide variety of alternative risk transfer mechanisms by which insurance risks are transferred to the capital markets.

Jeremy Cox, Chair of the IAIS Reinsurance Transparency Group, noted that while insurance and banking securitisation share some key features, there are important differences between them, which are important for supervisors to be mindful of, especially during the current financial market situation.

The report highlights the unique nature of insurance securitisation by:

- describing the main features of insurance securitisation structures and how they operate in practice;
- providing data on emerging trends and their relation to financial stability;
- highlighting international developments in the regulation and supervision of insurance securitisation; and
- summarising key learning from recent developments.

~ International Association of Insurance Supervisors, 26 August 2009 ~

## IAIS: INSURERS NEED COMMON RULES ON SOLVENCY

According to Tatsuo Yamazaki, vice chairman of an executive committee at the International Association of Insurance Supervisors (IAIS) (an industry oversight group), insurance supervisors worldwide need to create common rules to prevent calamities such as the collapse of American International Group Inc (AIG). Insurers posted $239 billion in writedowns and credit losses worldwide from the global credit crunch in 2008.

He said that insurers are becoming internationally active, forming conglomerates as they handle various financial products in addition to insurance products. There's an increasing awareness that global standards will be needed in the insurance industry.

Yamazaki remarked that regulators should establish global standards on capital requirements, including the minimum ratio for solvency margins, a gauge of an insurer's ability to pay policyholders. Common rules also need to be applied to all group companies of global insurers, rather than just the insurer itself.

The IAIS is working on increasing industry oversight and has been gathering information on practices and supervisory rules of its 140 member nations.

U.S. President Barack Obama proposed an overhaul in regulations in June to prevent the failure of systemically important institutions such as AIG, which needed a $182.5 billion government rescue to stave off bankruptcy. European Union lawmakers in April passed legislation known as the Solvency II measure to step up oversight and risk management of big insurers.

The IAIS has been moving toward common rules consistent with protocols by the Financial Stability Board of the Group of 20 nations. According to Yamazaki, currently the regulators in each nation set their capital requirements, meaning that the minimum regulatory ratio for a solvency margin and calculation methods differ by country. Standard rules need to be created to make them comparable.

He added that the financial crisis highlights the importance of supervising insurers' local and overseas businesses. New measures may not be relevant to Japanese companies, many of which do most of their business domestically.

~ Bloomberg, 6 August 2009 ~

# Hashim Harun: New Chairman with a Mission

Hashim Harun, the newly appointed Chairman of The Malaysian Insurance Institute (MII), takes charge in particularly challenging times. Foreign players are entering the Malaysian market, there are new capital requirements, internationally the side effects of crisis are still with us and policy holders in every segment continue to be more demanding. In this scenario, Hashim explains that MII's objectives of training and people development are difficult, but he does have a clear vision going forward.

No doubt there are other senior insurers with the same years of experience as Hashim Harun, the newly appointed Chairman of the Malaysian Insurance Institute (MII). However, not many people have the same passion as Hashim for people development in his chosen industry and this is what makes him a natural choice to lead the MII as its Chairman.

In his own words, he says, "I love the people development side of business. My key strength lies in mentoring and putting teams together and organising them towards achieving a goal."

People development is of course exactly what MII is all about, and Hashim is very focused about the Malaysian insurance industry's people development challenge. He explains, "The insurance business in Malaysia is fragmented and there are about 30 over companies in the industry. With that kind of size, there are no economies of scale for any one company to create their own deep training department and churn out trained professionals for various career steps within the organisation. The situation is aggravated by the fact that the skill requirements of the insurance industry are quite diverse. Actuaries, mathematicians, claims specialists, loss adjusters are some of the clear requirements, however, we even need professionals from different disciplines i.e. medical doctors, chemists, engineers, economists, lawyers, accountants, just to name a few. These people are required to support and operate within such a diverse industry."

"No single insurance company can meet these needs, so the MII acts as a consolidation point so the industry players can put their resources and efforts together to create the critical mass to train and develop the next generation of insurance professionals."

Whilst the basic purpose for the MII is clear enough, there are challenges in terms of the detail of exactly what type of development and training should be provided because the industry does have many stakeholders, ranging from insurers, reinsurers, agents, actuaries, loss adjusters and so on. The list is extensive. This is one of the reasons explains Hashim that, "There has to be very consistent and very focused communication between the MII and its various stakeholders. We have to understand both what the stakeholders want today and help them to understand what may be needed tomorrow from an industry perspective. This information then

" We have to understand both what the stakeholders want today and help them to understand what may be needed tomorrow from an industry perspective. "

needs to be matched with what is already available and the gaps going forward."

"We already know that companies will provide product and process training for their staff from their internal resources. This is simply a business requirement. However, when it comes to professional certifications and longer term training and education requirements, we expect to find some gaps."

Whilst companies spend a large amount of money on training and developing their human capital, Hashim explains that much of this expenditure may be related to on-the-job technical tasks. Sometimes what may be needed is sending personnel to obtain a diploma or a degree or a professional qualification. These things take a long time. They require commitment and are costly.

This longer term area is partly where MII has to be focused. The actual certifications, diplomas and so on that are needed must be established through regular interaction with industry.

"The MII must be constantly focused upon establishing itself as the preferred institution for people who want to learn more about insurance, to excel in the insurance industry and to obtain a qualification in insurance. However, we are definitely not the only provider of insurance education and to some extent the MII has to play a wider role than merely education and training provider. It must act as the champion to ensure that other educational bodies play a part in the overall development of insurance skills in our workforce, for instance through alliances with universities and the like."

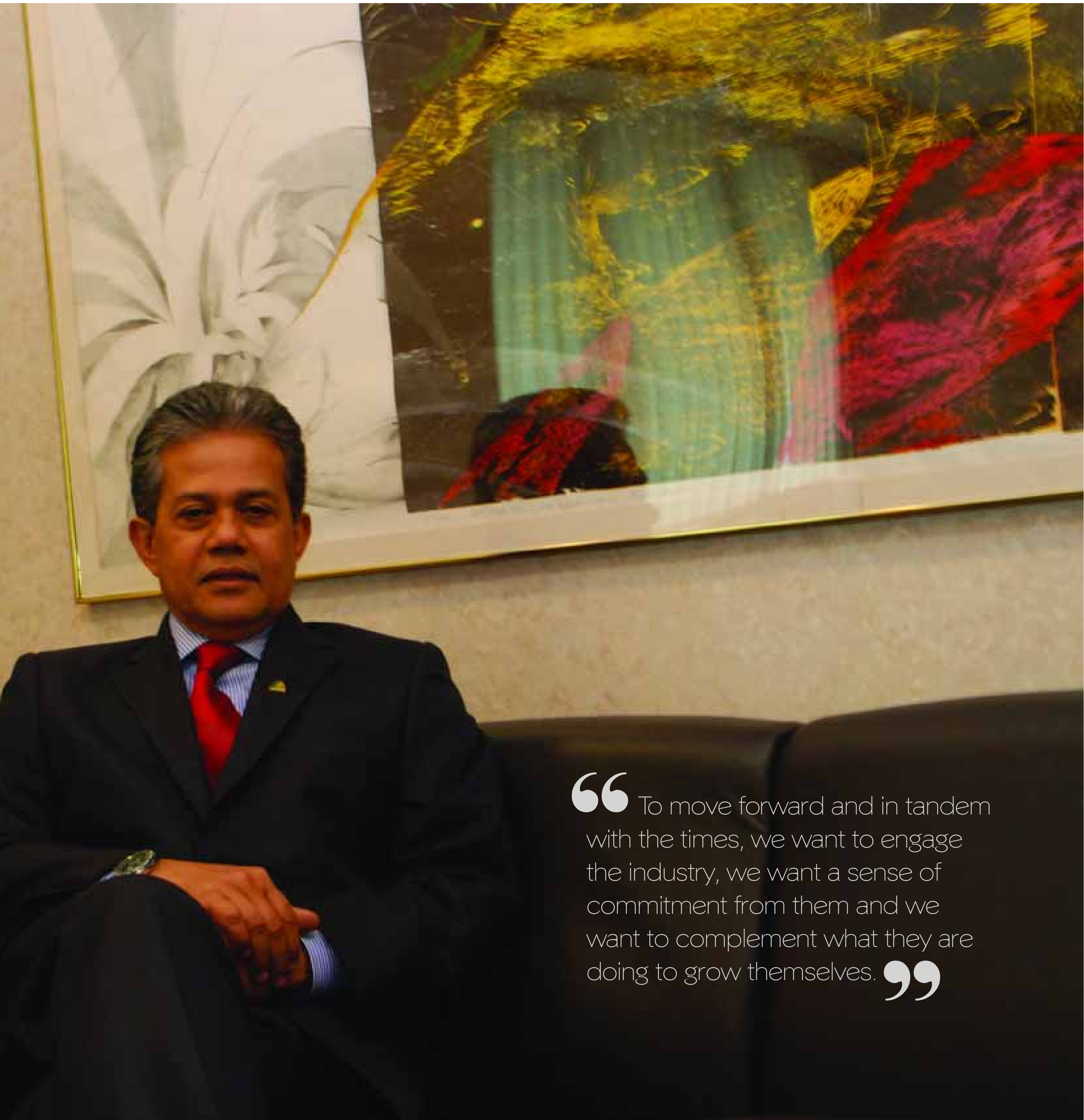
The shortage of skilled insurance professionals coming into the industry now has a few interesting dimensions according to Hashim.

"On one extreme of the spectrum, the industry requires university graduates with a good grounding in an insurance related programme, for example, actuarial studies. These must be made easily available in Malaysian universities. The industry also has to struggle with another extreme where there is a demand for certain specialised expertise for instance, a professional who can handle or manage motor claims, or who has the capability to do adjusting work in a given segment. Local universities do not provide professional certification for such expertise."

> "The MII must be constantly focused upon establishing itself as the preferred institution for people who want to learn more about insurance, to excel in the insurance industry and to obtain a qualification in insurance."

There is another challenge to the industry which is about obtaining qualified experts to train the next generation of professionals. According to Hashim, in the past when the insurance industry had just started, "there was expertise from London and Australia. While these people are still around, they are in the twilight of their career. In other words, there is no regeneration of these experts and this situation is becoming more serious for the industry. However, this is not to say that there is no expertise in Malaysia — it is a developing gap that we must address."

Hashim said, "MII can play a pivotal role. I think what we're trying to do during my tenure with MII is to look at the global requirements of the whole Malaysian industry and look at the gaps and how we can fill them. We will then prepare a business proposal detailing the monies



required; acquisitions of infrastructure and expertise or capabilities; create a faculty of lecturers etc."

"To move forward and in tandem with the times, we want to engage the industry, we want a sense of commitment from them and we want to complement what they are doing to grow themselves."

In this regard, whilst Hashim believes MII has been providing relevant professional training to the insurance and takaful industries, "it still has much to do where closing the divide between the sort of training programmes offered and the needs of the professionals are concerned. At the moment, the training programmes provided are very much reaction based i.e. if there is an immediate or short term demand for a particular training programme then the Institute will supply that programme. This is an ad-hoc basis and has not helped the Institute enough to grow and expand itself and to provide better facilities and resources to its members looking several years or perhaps even a decade ahead."

"There's always benchmarking that we can do with Australia, United Kingdom and Singapore. There are successful institutes there offering professional qualifications and certification which we can emulate and they are quite suitable to our needs," said Hashim.

Continuing the overseas theme, he explains that it is by no means a one way street. "There are many opportunities for MII regionally and internationally. It was a pleasant surprise to see a number of foreign graduates at our recent July graduation ceremony. So, this is a testament of MII's success in embarking on some of these projects outside Malaysia; to countries such as Indonesia, Thailand, Cambodia and even the Middle East," he elaborated.

"In everything we do, however, we must remember that our industry players are our main stakeholders"

"In relation to Malaysia being a centre of learning, insurance education is one of the areas that can be developed. It is not just your typical

UP CLOSE & PERSONAL

## Hashim Harun - From Auto Maker to Insurer

Hashim Harun seems like a formal person from his photographs in the media, but meeting him face-to-face proved otherwise. He exudes a sense of informality and has a very approachable demeanour. He is very people oriented and in fact, one of his key strengths lies in mentoring and he enjoys putting teams together and organising them towards achieving a goal.

He began his career in finance at the Credit Corporation (M) Berhad. He served in various capacities and was there for about 18 years. In 1996, with the acquisition of Credit Corporation (M) Berhad by the DRB Hicom Group, he was appointed by the Group as the General Manager at one of its subsidiaries, Automotive Corporation (M) Sdn. Bhd. — the assembler and distributor of Isuzu vehicles and the national truck, Hicom. He was there for three years.

university or college tertiary education and twinning programmes, it encompasses continuing professional education or development as well," he added.

"In everything we do, however, we must remember that our industry players are our main stakeholders. MII has not quite kept up with the changes and growth developments within the insurance industry, particularly from the stand point of liberalisation and expansion of the industry. However, this is not disastrous and simply needs greater engagement."

Another hindrance for MII is the lack of a consistent standard professional qualification that is recognised across the board for all insurance players in terms of qualification and rewards system for human capital development.

"It is one thing to have the best professional qualification but it is quite another thing to have the industry recognising that qualification as one that not only proves that the individual is competent in the job but is also a prerequisite for career movement within an organisation. MII will need to go back to the drawing board to structure lectures, rein in the necessary and relevant pool of lecturers and provide better infrastructure to their members."

"One aim would be to get the industry to holistically recognise an industry wide qualification and certification standard and to reward people for their efforts in gaining the various levels of qualification."

It does seem like MII has its work cut out for it to meet these emerging challenges. MII might be caught in a chicken-and-egg situation for the moment, but it won't be long before Hashim and his team turns things around to head in the right direction. He is confident that the Institute is poised to make a gradual but significant difference and bring the industry to an international level with an edge to it. i

According to Hashim, the switch from the finance sector to the automotive sector was dramatic. "I was thrown into the "lion's den" and was asked to manage it. Of course, we had a team of capable people at Automotive who were geniuses," Hashim recounted. He feels privileged for having been a part of this fantastic development for Malaysia.

"That was my first experience out of finance and we managed to launch the national truck but it was unfortunate that the timing was such that we hit the Asian financial crisis."

In 1998, he was selected by the Group to serve on the Board of SEA Insurance Berhad (now known as UNI.Asia General Insurance Berhad) and subsequently, he was appointed the CEO of the company. Hashim also served as a Director at UNI.Asia Capital Berhad and UNI.Asia Life Assurance Berhad. This was how Hashim became involved with the insurance sector. He joined Malaysian RE as CEO in April 2008.

Hashim has also been on the Central Administrative Bureau (CAB) from 2003 to 2005 and was a Director of Persatuan Insurans Am Malaysia (PIAM). He was a Director of Malaysian Rating Corporation Berhad and was on the Board of Malaysian Insurance Institute (MII) during the period of 2005 to 2007.

The insurance sector is an attractive and interesting sector to Hashim, especially as one who has moved from the financial sector and on to the automotive sector. He explained, "I saw some similarities in what I had been doing, especially in the automotive industry. One of the biggest problems is actually motor insurance with regards to workshops, agencies and so on. Until today, we still have problems like third party theft, runaway repayment cost and liability cost. All of these issues some how helped me understand how insurance works."

As the chairmanship at MII is on a voluntary basis, Hashim is glad to be of service to the Malaysian insurance industry and to take on the challenge to add value to the legacy of his predecessor.

*by* Steven Dewhurst,
Partner,
Regional Head of Insurance & Reinsurance at
Stephenson Harwood, Singapore

There are millions of internet users across the globe. Dewhurst explores the potential of using the internet as the platform for distributing and accessing insurance products for all potential customers. He points out common insurance features that could help standardise insurance regulation and harmonise it across jurisdictions of potential online customers.


# Insurance Distribution over the Internet

## and the Asian Economic Community

According to Internet World Stats, a website, Malaysia had just under 17 million internet users as of June 2009. Asia as a whole had over 700 million - more users, in fact, than Europe and the United States put together. The sheer size of this online population, which still only represents less than 20% of Asia's population, presents hitherto unparalleled opportunities to those in the

> "... the internet has evolved into all its current forms of sophistication over the past two decades, but insurance law ... has hardly changed."

insurance community who can exploit it commercially. Therein lies a problem: the current state of insurance regulation in Asia is such that the region's potential online customer base is simply not available as a collective mass. The concept of a single internet platform distributing insurance products and being accessible to all potential customers, irrespective of where they live or work, though technologically possible, still represents a utopian dream.

Broadly speaking, the laws which regulate the conduct of insurance business deal inadequately with one of the most efficient means of distributing it, namely over the internet. Take non-admitted insurance for example. Generally, insurers cannot sell insurance products to customers in a jurisdiction in which they are not authorised. When this prohibition protects under-capitalised insurers in one country against competition from their better capitalised neighbours, one has to question whether policyholders interests are being protected at all. When we talk about insurance 'products' we are talking about one thing and one thing only: the promise to pay. If the quality of that promise is better in one jurisdiction than it is in another, it is in the consumers interest to be allowed to take advantage of the enhanced financial protection available to them in another jurisdiction. In the insurance context, Asia is in dire need of a single market, an Asian Economic Community, if you like, much like the one established in Europe more than 50 years ago.

In 2007, Swiss Re's *Sigma* noted a trend towards bancassurers focusing on pure distribution, as opposed to the manufacture, of insurance products. The drivers for this type of trend are, perhaps, more relevant now than they have ever been: use of capital (and its adequacy), effective risk management, product transparency and disentanglement of the corporate structure. We have heard much about these issues in various contexts over the last two years, and they are particularly relevant to insurance. Diversified financial institutions may have been in vogue for the best part of the last decade, but the financial conglomerate ship has been well and truly holed below the waterline by one simple problem: sheer complexity.

The insurance market trend towards polarisation of manufacturers and distributors may actually be good news for all, because it points towards two things: insurers regaining some of the market share lost to banks over recent years and distributors getting back to what they are really good at. But it also presents the market with compliance challenges, many of which revolve around outmoded legal concepts. It is increasingly difficult to apply some concepts to the areas of insurance distribution which are of greatest interest, namely those with a high technology content which seemingly make it possible to broaden distribution whilst automating the sale and thereby reducing compliance risk and overhead. Put another way, the internet has evolved into all its current forms of sophistication over the past two decades, but insurance law, and the methodology of regulating the distribution of insurance products has hardly changed.

The core of the problem seems to be that the manufacturer of an insurance product is still seen as the principal to whom the regulator looks if something goes wrong. Such a regulatory mechanism for enforcing compliance was fine in the days when insurance was distributed through tied agents and compliance was largely regulated by the personal relationship between a tied agent and the customers from whom he derived his commission income, because they all lived and worked in the same neighbourhood. But with banks reverting to pure distribution and sophisticated technology making distribution easier, but a more impersonal customer experience, the law of agency, on which the regulation of the distribution of insurance products relies so heavily, has revealed its inadequacies. Why, for example, should an insurer still be held liable for the compliance failures of a bank whose compliance department is just as sophisticated as that of the insurer and may well be better resourced, simply because the bank acts as the insurer's agent?

From the distribution perspective, problems abound. What regulated entities need - more than anything else when conducting a regulated activity - is certainty. Insurers understandably want to know for whom they are legally responsible and their commercial partners involved in the distribution chain want to know whether, and how, they should be authorised. A generous view of Asian insurance regulation might encourage the view that insurance supervisors have opted for principles-based regulation, in the sense that regulation tells the industry what principle needs to be observed in order to achieve compliance, but leaves the mechanics up to market participants. Perhaps a more realistic view, however, is that the financial crisis has shown that principles-based regulation is itself deeply flawed; one only has to look at the mess the banking sector is in to appreciate that the capital adequacy regime under Basel II has not worked.

In any event, the proposition that Asian insurance supervision is a working example of principles-based regulation is itself controversial. Regulatory and compliance questions are often answered by drawing from analogous experiences in other jurisdictions, because the regulations which exist in Asia are largely silent on the scenarios raised by innovative products and distribution platforms. This is a difficult situation, when legal and regulatory certainty is such an important pre-requisite for the conduct of insurance business.

Insurance as a risk transfer mechanism is the same recognisable concept the world over: it works in pretty much the same way wherever you see it, so the issues involved in regulating its distribution ought to be common to most, if not all, insurance supervisors. If the regulatory issues faced are broadly similar, so should the tools used to regulate; the work of the International Association of Insurance Supervisors is a good example of how the fundamental principles of effective insurance regulation can be standardised. Internet technology is ubiquitous, so the need for up to date regulations which properly accommodate new technologies presents itself to all concerned.

> “The concept of a single internet platform distributing insurance products and being accessible to all potential customers, irrespective of where they live or work, though technologically possible, still represents a utopian dream.”

The point here is that, since so many of the features of insurance are the same across Asia, it ought to be possible not only to standardise insurance regulation, but also to harmonise it across the jurisdictions whose populations make up the existing 700 million potential online customers referred to earlier. This will require agreement between insurance supervisors in Asia on such issues as what constitutes "the carrying on of insurance business", what activities constitute someone an "insurance agent", how people or entities who merely refer insurance business to an insurer or an intermediary should be regulated, and capital security. This last issue is particularly important if policyholders' interests are to be protected, since the distribution of insurance products across national boundaries will only work if the promise to pay can be enforced efficiently. Again, however, this issue lends itself to centralised dispute resolution, allowing policyholders to take their grievances at minimal cost to a specialised authority, such as the Regional Centre for Arbitration in Kuala Lumpur, whom insurers and the like agree would have the means to both direct and enforce performance and ensure prompt payment in deserving cases.

Whilst, ultimately, the distribution of insurance products over the internet requires a degree of cooperation amongst insurance supervisors which is, perhaps, yet to make itself evident, the issue is not one for supervisors, or any one commercial entity, alone. There needs to be a collective effort on the part of all market participants to press for change. The appetite for this kind of effort may not presently exist, but the issue is unlikely to go away and the pressure for change will surely increase. i

Focus:

# Risk-Based Capital

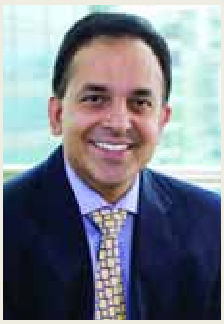
On 1 January 2009, after almost two years of parallel run with the previous solvency regime from April 2007, the Risk-Based Capital Framework for Insurers (RBC) was implemented. The RBC framework aims to provide better alignment for regulatory capital requirements, improve the transparency of prudential buffers and allow greater flexibility for insurers to operate at different risk levels that are commensurate with risk management infrastructure and practices.

While this section provides you with insights on the developments of the RBC Framework since its inception in Malaysia, it will also highlight similar framework development that is currently taking place in the European Union and is expected to be implemented by 2012.


"The Insurance Banana Skins survey of insurance practitioners worldwide including Malaysia (2009) ...found that the top 3 risks facing insurers were all connected with the fall-out from the credit crunch."

# Risk-Based Capital and Impact on Malaysian Insurers

The global financial crisis has resulted in considerable soul searching by financial services players and regulators worldwide on the root causes and the inability of the existing risk management framework that banks and insurers in the US and Europe had put in place, to prevent the calamities that occurred. Even as the debate continues on who is to be blamed for the ills that have befallen the financial services sector, Malaysian insurers who have largely escaped unscathed from the worst of the financial crisis, are learning to live in a new capital environment as the Risk-Based Capital (RBC) Framework (the Framework) became effective on 1 January 2009.



*by* Sridharan Nair,
Partner and Financial Services Leader,
PricewaterhouseCoopers Malaysia

## The practitioners' view of risks impacting insurers

Before we examine the impact of RBC on Malaysian insurers, it would be worthwhile to reflect on the risks that are currently seen as most pressing by insurers globally. The Insurance Banana Skins survey of insurance practitioners worldwide including Malaysia, which was conducted in early 2009 by CSFI (a New York-based think tank) together with PricewaterhouseCoopers (PwC), found that the top 3 risks facing insurers were all connected with the fall-out from the credit crunch.

Investment performance i.e. achieving sufficient returns to protect capital, remain profitable and meet commitments to policyholders was ranked No. 1, followed by concerns over the equity markets on which the insurance industry will depend heavily for income if, as expected, insurance business reduces and claims surge. The resulting squeeze on profitability could affect the industry's solvency, making capital availability a third key concern in the period ahead. The 2009 survey also raised concerns about the insurance industry's risk management techniques (ranked 6th) and the security of reinsurance arrangements (ranked 7th).

For Malaysian insurers, there are some important lessons from the survey results as they operate in an RBC regime. As the availability of capital can no longer be taken for granted, insurers will need to critically assess questions such as whether the free capital is too large for the insurance risks underwritten, and if so, can they accept greater risks by increasing the retention limit or taking a more aggressive investment strategy? On the subject of risk management, the international experience shows that this is still an area of weakness in the industry for a variety of reasons - the lack of skills and an overdependence on actuarial science being two major factors. Whilst insurers in Malaysia have in place the relevant processes and a mandatory Board Committee to oversee risk management, there is a need to assess the robustness and substance of the existing processes.

## Key changes arising from the implementation of RBC in Malaysia

Globally, regulators have over the years been moving away from a simple formula-based approach for solvency, which has little or no correlation to the actual risks undertaken by an insurer, to a more complex risk-based approach. The development of fair value reporting for insurance contracts has also contributed to this movement. Malaysia has undergone a similar transformation with Bank Negara Malaysia (BNM) replacing the admitted assets based computation of margin of solvency with the RBC Framework after a parallel run of almost two years.

Under the Framework, insurers are required to compute their Capital Adequacy Ratio (CAR), measured as a percentage of Total Capital Available (TCA) over Total Capital Required (TCR), and comply with not only the supervisory target capital level of 130%, but also a higher internal target capital level that better reflects their own risk profile and risk management practices.

Some of the key changes that insurers in Malaysia would have to deal with under the RBC Framework are as follows:

- The introduction of the concept of Tier 1 and 2 capital in arriving at the TCA, which may see insurers issuing new types of capital instruments over a period of time
- The need to compute capital charges for credit, market, insurance and operational risks in arriving at the TCR
- A change in the valuation basis of investments including fair values, which will now be more akin to the requirements under the accounting standard FRS139 Financial Instruments: Recognition and Measurement.
- The prescription of a fixed overall level of sufficiency of policy reserves at the 75% confidence level in the determination of the valuation basis of general and certain life insurance liabilities
- A change in the valuation basis of life insurance liabilities, where insurers are now allowed to use assumptions which are appropriate to the risk profile of the life insurance business, compared to prescribed valuation assumptions before, especially for discount rates/interest rates

In addition, BNM has prescribed a change in the format of the external auditors' report on the statutory insurance returns, including the RBC reporting forms. The auditors are now expected to explicitly opine that the insurance liabilities, and not just the financial statements as a whole, are true and fair. With this change and the greater degree of subjectivity that is prevalent in the actuarial estimation process under the RBC regime, the auditors will now need to engage their own actuarial specialists to review the work of the insurer's actuary in the determination of the valuation of general and life insurance liabilities.

> "... what many expected to be the capital benefits of reinsurance under a risk-based approach, will be reduced by an increased loading for credit risk."

## Impact of RBC on an insurer's strategy and operations

Going forward, arising from the changes explained earlier, clearly it will no longer be business as usual for many insurers as far as capital requirements are concerned, given the volatility that may arise in the CAR computation that will be dependent on fluctuations in investment values and changing market factors such as interest rates, credit ratings etc. It is important to appreciate, however, that the RBC regime has far reaching implications beyond the issues of valuation basis and capital adequacy alone, as areas such as product design and mix, reinsurance arrangements and investment strategy would also need to be re-examined.

For a general insurer, the risk charge prescribed under the RBC Framework in respect of its insurance liabilities for both claims liabilities (CL)

> "... the auditors will now need to engage their own actuarial specialists to review and challenge the work of the insurer's actuary in the determination of the valuation of general and life insurance liabilities."


and premium liabilities including unexpired risk reserve (URR) differs by class of business. For example, an insurer predominantly underwriting motor insurance business will need to hold a higher level of capital than one that has a more balanced mix of motor, fire and personal accident policies, given the higher risk charges for motor compared to the other two classes. As a result, insurers in Malaysia with business that is predominant in one class e.g. motor, will naturally look to have a more balanced portfolio going forward.

In the life insurance sector, there has been a discernible shift in demand globally including in Malaysia, from investment-linked products to traditional protection policies such as whole life insurance. Insurers also face dilemmas as some customers in emerging markets including Malaysia still have an appetite for more sophisticated products but with a greater desire for investment guarantees. Insurers will therefore need to balance the ability to grow the top line in this area based on the demand of the public, with the fact that such "guaranteed" policies come with greater capital requirements under the RBC Framework.

The area of reinsurance has also been impacted adversely by the global financial crisis, as the credit standing of hitherto well established reinsurance players has been subject to scrutiny and downgraded in many instances. Insurers in Malaysia will be well advised to robustly review their existing reinsurance arrangements as what many expected to be the capital benefits of reinsurance under a risk-based approach, will be reduced by an increased loading for credit risk. In addition, the RBC Framework introduces the concept of a "qualifying insurer" for reinsurers licensed under the Offshore Insurance Act that are based in Labuan. Insurers that cede out to Labuan-based players will face a higher credit risk charge if the latter do not meet the stricter definition of a "qualifying insurer".

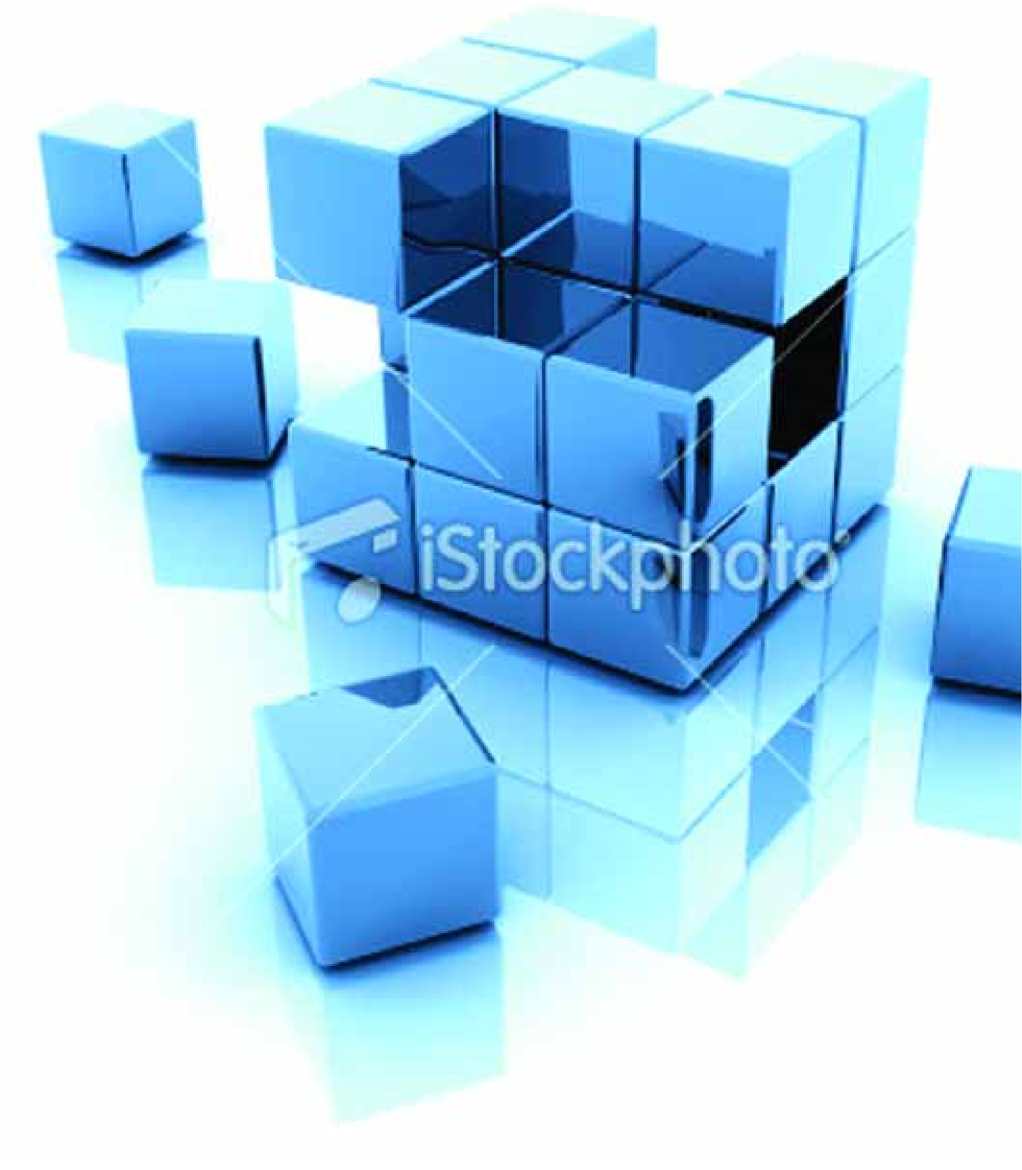
The investment strategy of an insurer would also have a significant impact under the RBC regime. For the first time, insurers need to classify their investments under the held for trading (HFT), held to maturity (HTM) or available-for-sale (AFS) categories, and deal with the complexities of fair value accounting if they choose the HFT or AFS categorisation. Given the strict rules that prohibit the reclassification of investments after initial recognition, except in limited circumstances, and the "tainting" penalties that may arise, it is imperative for insurers to have a clear strategy upfront on their optimal asset mix and concentration. Whilst the traditional investment philosophy was to match assets and liabilities by currency and duration to avoid risk, insurers should now balance this with the merits of investing mismatched but generating higher returns.

## Conclusion

The implementation of the RBC Framework in Malaysia provides a compelling reason for insurers to re-examine their modus operandi. Now is the time for insurers to perform continued and robust stress testing on areas such as premium growth, ultimate loss ratios, investment returns and asset mix. The best insurers ultimately will be those that operate most efficiently in terms of type and design of business with related retention limits relative to the capital employed, as well as those that optimise their asset allocation mix. i

# The Reason Behind Risk-Based Capital (RBC)

*Source: Extracted with permission from Bank Negara Malaysia, Financial Stability and Payment Systems Report 2008*




## Implementation of Risk-Based Capital Framework for Insurers

The Risk-Based Capital Framework for Insurers (RBC) came into effect on 1 January 2009 after almost two years of parallel run with the previous solvency regime from April 2007. The framework aims to better align the regulatory capital requirements with the underlying risk exposure of each individual insurer, improve the transparency of prudential buffers, and allow greater flexibility for insurers to operate at different risk levels that are commensurate with risk management infrastructure and practices. A new set of valuation rules was also introduced to ensure that assets and liabilities are valued in a realistic and market-consistent manner.

A key objective of RBC is to ensure that prudential buffers reflect the underlying risk profiles of individual insurers. To achieve this, RBC requires more explicit quantification of the various risks inherent in the insurance business. This provides insurers with an additional tool to manage business more effectively, by identifying the sources of risk, and implementing the appropriate measures to mitigate, manage or remove risks. In the long run, having an improved understanding of the relationship between risk and capital, together with business strategies centred on sound risk management practices, will enable insurers to achieve sustainable profitability whilst safeguarding policyholders' interests.

**Chart 1 - Capital Adequacy Positions of Insurers as at December 2008**

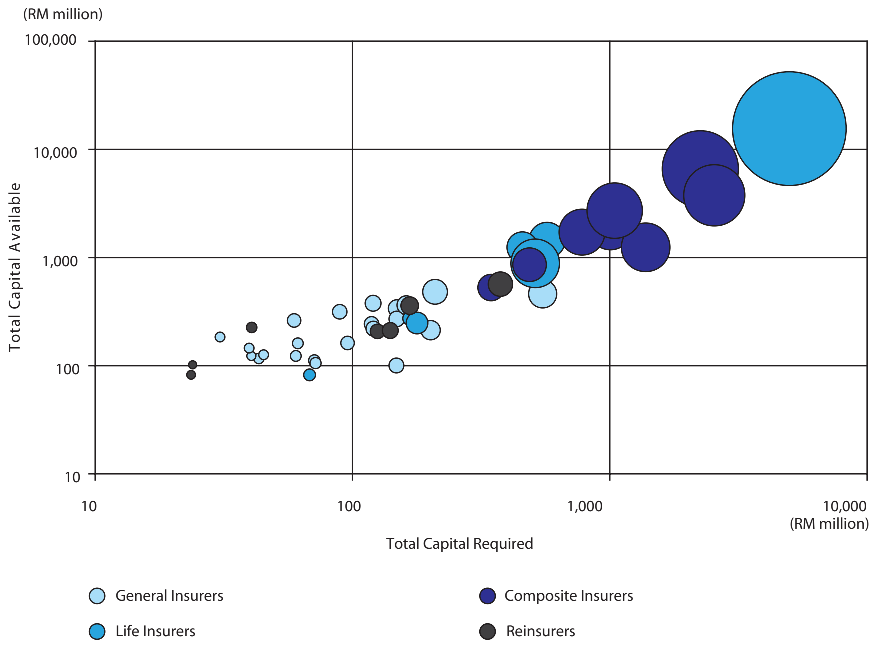



Chart 1 provides a snapshot of the current solvency levels in the industry by comparing the capital available against the capital required (All Funds) for insurers in the general, life, composite and reinsurance sectors, with the size of the bubbles denoting relative size by total assets. Life and composite insurers are typically larger, offer a wider range of products including complex products, and have greater exposure to market risk, hence the higher capital requirements.

Under RBC, capital adequacy requirements are more granular and risk-sensitive compared to the previous solvency regime which did not differentiate between the nature and sources of risk. For example, insurers whose asset portfolios are concentrated in high-risk assets or assets that are inadequately matched with the corresponding liabilities will be required to hold more capital under RBC compared to the previous solvency regime. Similarly, insurers who underwrite volatile lines of business or are highly concentrated in a single line of business will be required to hold more capital than insurers with diversified portfolios of relatively stable lines of business. The new solvency measure is hence a better reflection of financial strength and has resulted in greater differentiation between insurers with varying risk profiles. The new capital adequacy requirements are also based on explicit capital charges for market, credit, insurance and operational risks, thereby enhancing transparency and improving insurers' ability to identify, measure and manage the risks inherent in the insurance business. This will enable insurers to respond to emerging risks in a more pre-emptive manner.

With the introduction of RBC, insurers with capital resources that are commensurate with their risk profiles will have higher Capital Adequacy Ratios (CAR), thus allowing for the more efficient deployment of any 'excess' capital towards value generating activities. A number of insurers with inadequate capital and exhibit low CAR under RBC have undertaken remedial actions, and are in the process of reducing the overall level of risk exposure or injecting additional capital. Throughout the parallel run, the Bank has required these insurers to submit capital management plans with specific milestones on strategies and action plans to improve their capital positions. These milestones and action plans are closely monitored to ensure an orderly transition to the RBC regime.

To achieve its objectives, RBC is supported by a new set of valuation rules, requiring insurance liabilities and the related assets to be valued on a realistic basis, using market values or market value proxies, and which reflect the prevailing conditions in the business and economic environment.

The implicit margins that existed in the old valuation rules for insurance liabilities have been replaced with explicit margins for adverse deviations, which are now based on the actual experience of each individual insurer. For example, general insurers are now required to ensure that reserves are sufficient to meet expected claims based on the actual volatility of the claim patterns observed in the individual portfolios. Similarly, life insurers must hold reserves based on actual experience of mortality, morbidity, expenses, and persistency, instead of using a standardised mortality table with a fixed margin for prudence. In addition, insurers who underwrite innovative products with financial guarantees must hold additional reserves to ensure that those guarantees can be met even in adverse market conditions.

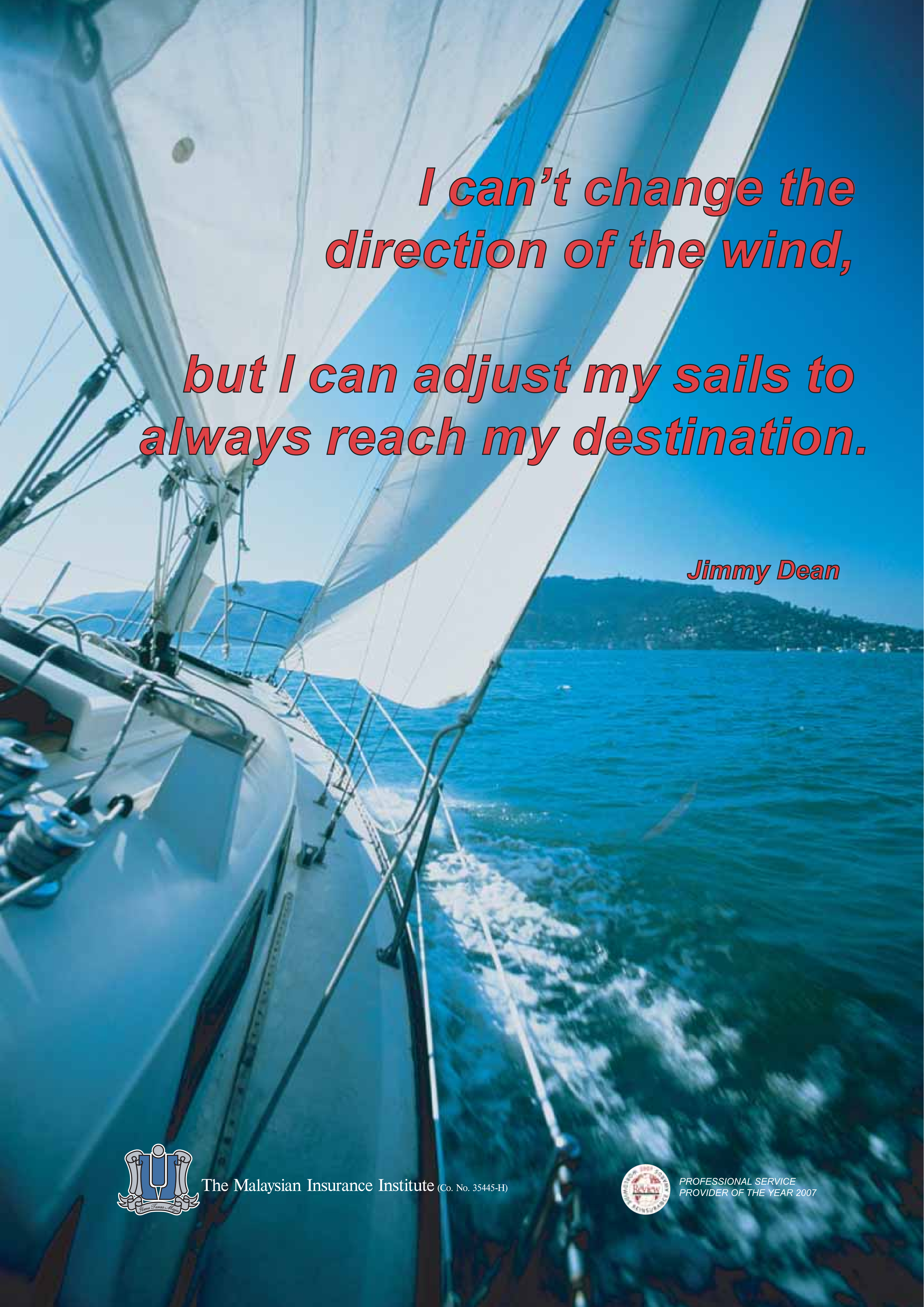
On the asset side, the introduction of market values has resulted in a more realistic balance sheet in accordance with the requirements of the relevant accounting standards. In response, many insurers have already taken the necessary steps to optimise asset portfolios according to risk appetite and expected return, while others are planning to make similar tactical shifts at the right market levels. Investment strategies are being rebalanced in response to prevailing market conditions and to improve the degree of matching between assets and liabilities. Portfolio changes during the parallel run have resulted in an increased level of assets of higher quality, which has served to support insurers well in the light of ongoing uncertainties in the capital markets.

The introduction of RBC has also provided the insurers' management teams with an additional quantitative tool to analyse and monitor the risks inherent in insurance activities. This shift of focus towards risk and its relationship with capital requirements has enhanced overall risk awareness and improved the quality of operational risk management and corporate governance. Many insurers are enhancing operations to improve their risk profiles, for example, by improving the quality of risk selection and underwriting, and by reducing volatility in loss experience through better claims management. Life insurers are also placing greater emphasis on product design and pricing, particularly to enhance the capital efficiency of their product range.

A survey of insurers also revealed positive changes to the intensity and breadth of oversight and discussion by Boards and Board Committees as a result of additional information arising from RBC. The same survey also revealed that many insurers are exploring other avenues to complement existing risk mitigants or increase available capital resources, such as reinsurance to transfer out excess insurance risks, derivatives to hedge asset-related risks or by the use of hybrid capital instruments.

Another positive development in the insurance industry arising from the introduction of RBC is the enhancement of insurers' technical expertise. The increased granularity and complexity of RBC computations have inevitably increased the demand for technical expertise, especially in the areas of realistic valuation of assets and liabilities, stress testing and the calculations for the various components within RBC. For example, insurers without access to in-house actuarial expertise have engaged external consultants to assist in the technical aspects of the RBC requirements. This is expected to further enhance insurers' technical competency through knowledge from such engagements. Furthermore, the increased proficiency of insurers in areas such as financial modeling will also support more effective risk management by enabling insurers to better anticipate emerging risks and to respond pre-emptively. Arising from the RBC requirements and the resulting increase in interaction with technical experts, insurers now recognise the need for developing such expertise internally or by obtaining the required support from group resources or external consultants.

The implementation of RBC is expected to further raise the overall level of resilience of Malaysian insurers, as the industry players continue to optimise their risk profiles and capital positions over the near future. The improvement in the quality and depth of statutory reporting brought on by RBC has also enhanced Bank Negara Malaysia's supervisory capabilities by providing an additional tool to identify problem areas early. Finally, the current market turmoil has also highlighted the need for a highly robust prudential framework that is supportive of strong capital adequacy, liquidity positions and risk management practices of insurers during periods of stress, while reducing the procyclical effects of regulation through economic cycles. To achieve this, the Bank is continuously reviewing and recalibrating the methodologies and parameters within RBC, to ensure that they remain relevant and appropriate at all times.


I can't change the direction of the wind,
but I can adjust my sails to always reach my destination.
Jimmy Dean
The Malaysian Insurance Institute (Co. No. 35445-H)
PROFESSIONAL SERVICE PROVIDER OF THE YEAR 2007


# Calculated Risk
# Solvency II

**Navin Pasricha outlines the requirements of Solvency II in the European Union (EU). The new requirements have brought strong protests from the insurance industry.**

*by* Navin Pasricha
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Malaysia is of course not the only jurisdiction that is revamping its capital requirements for insurance companies. Amongst the most publicised revamping exercises is the Solvency II regime in the EU that comes into effect from 2012.

Whilst many believe that the Solvency II initiative was a reaction to the financial crisis, the first exposure of the Solvency II requirements predates the crisis and from that point of view can be seen as a forward looking regulatory initiative. Additionally, Solvency II is not only about capital adequacy alone and the rationale for it was largely to facilitate a single market in the EU for insurers.

The discussion paper of Solvency II was released in 2006 and finally, after an iterative process it was tabled in European Parliament on 22 April 2009 and was endorsed by the Council of Ministers on 5 May 2009. The 'go live' implementation date is 31 October 2012. Built into this timeline is the release of implementation standards by the end of 2010.

Solvency II which will apply to both insurers and reinsurers has often been called the "Basel for insurers." Like Basel II which is the international framework for banking capital adequacy, the proposed Solvency II framework has three main areas (pillars):

- **Pillar 1** consists of the quantitative requirements for example, the minimum capital requirement or MCR and the Solvency Capital Requirement or SCR. Each has different options for calculation including the use of internal or partial internal models or opting for a standard formula.
- **Pillar 2** sets out requirements for demonstrating the governance and risk management of insurers, as well as for the effective supervision of insurers. This is through a mechanism called the Own Risk and Solvency Assessment or ORSA
- **Pillar 3** focuses on disclosure and transparency requirements.

As with all capital adequacy requirements, the motivations behind Solvency II are impeccable. They include reducing the risk that an insurer is unable to meet claims; reducing the losses suffered by policyholders in the event that a firm is unable to meet all claims fully and provide supervisors early warning so that they can intervene promptly if capital falls below a required level. Nobody argues against these benefits, however, it appears that the cost involved in terms of likely capital injections is something that the EU insurance industry is up in arms against.

The Association of British Insurers (ABI) for instance, has asked the government to intervene with the EU because it believes that Solvency II will lead to "over capitalisation"[i]. Essentially there are fears that the new rules will mean increased capital requirements, with some estimates being as high as Pounds 70 billion in the UK alone. Similar fears are apparent in other EU countries.

> "...it appears that the cost involved in terms of likely capital injections is something that the EU insurance industry is up in arms against."

The fears are partly a matter of timing. Nobody will have failed to notice for instance that the market capitalisation of many insurers was decimated during the crisis, so the expectation of having to raise yet more capital is daunting for the industry. In spite of this, however, the calls to water down the Solvency II directive are not receiving a favourable response.

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Note
[i] Financial Times, 8 September 2009, "Zurich Chief Backs Solvency Rules"

# Asia set to herald Economic Recovery

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The financial crisis of 2008 is a secular event that will change the course of development for many years. Today, the world trade is finding its feet again and the Asian emerging market region is expected to pick up speed in the second half of 2009. The same view is shared for Malaysia, which is heavily dependent on exports. Throughout the world we currently see signs of economic stabilization and prospects have become less murky. Thanks to the better than expected performance of some countries this year, the forecast for the Asian GDP growth in 2009 is revised from 2.8% to about 3.5%. But there are, of course, questions regarding the global medium-term economic outlook. Just think of the need for consolidation of public finances in many countries.

However, positively, with countries like China, South Korea and Singapore reporting positive 2Q growth, we will see a turnaround starting to occur for other countries in the region in the months ahead. The reason for this is the stabilization in world trade and the economic stimulus induced by fiscal and monetary policy. Can Asia lead the world out of the recession? Today, the Asian emerging economies unquestionably wield greater economic clout than only a few years ago. Between 1998 and 2008 the region significantly upped its share of global value added from 9.3% to 14.5%. More than half of the Asian share is currently contributed by China alone. Stable growth in Asia will therefore certainly help the world pull out of recession. Assuming that economic growth in Asia over the coming quarters reverts to an annualized rate of around 6-7%, this would represent a growth contribution to global output of almost 1 percentage points. Just think of the need for consolidation of public finances in many countries.

## Focus on structural changes and economic growth

The major structural change the region should make is an adjustment in its growth model. So far this model is characterized by a strong focus on external trade. In the future Asian trade surpluses will shrink. It is unlikely that the US will re-emerge as the source of such powerful demand and import growth, as 'consumer of last resort', as we have seen. Given America's importance as a sales market for Asian products, this inevitably implies momentous changes for the Asian growth model. If Asia's emerging markets hope to continue growing so buoyantly, they must focus more on domestic demand and on private consumption, in particular.

In terms of economic growth, Asia will remain the most dynamic region in the world. This also means that Asia's share of global value added will continue to increase and thereby also its importance as global growth engine. In the years 2006 and 2007, when China grew with rates of more than 11% per year, regional growth was about 9%. From my point of view these rates are no longer feasible whereas rates of between 6-8% are within reach.

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# Nomination Issues Relating To Muslim Policyholders


This article is largely based on and summarised from a paper presented by the author at the International Shariah Research Academy (ISRA) Takaful Workshop, 7 May 2009, Kuala Lumpur.

Nomination in insurance is the act of naming a person to receive policy moneys payable in the event of the death of the policy owner[1]. In this context, the nominee may or may not be a beneficiary. In many jurisdictions, the nominee would be a beneficiary if he/she is the legal spouse or child of the insured[2]; otherwise the nominee would not receive them as a beneficiary.

## Nomination in perspective

The issue of nomination for Muslim policyholders in Malaysia arises after the implementation of the Insurance Act 1996 where Section 167 states that:

(1) *A nominee, other than a nominee under subsection 166 (1), shall receive the policy moneys payable nominee on the death of the policy owner as an executor and not under solely as a beneficiary and any payment to the nominee shall form part of the estate of the deceased policy owner and be subject to his debts and the licensed insurer shall be discharged from liability in respect of the policy moneys paid.*

(2) *Subsection (1) applies to a nominee of a Muslim policy owner who, on receipt of the policy moneys, shall distribute the policy moneys in accordance with Islamic law.*

Notwithstanding the above, the writer is of the opinion that the Muslim policy owner should be allowed to decide whether the nominee receives the policy moneys payable on the death of the policy owner either as an executor or as a beneficiary and it should be made clear in the nomination form which of the above is the intention of the policy owner. The writer will argue that nominee's position as a beneficiary, if that is the intended purpose of the policyholder does not contradict the provisions of Section 167 of the Insurance Act 1996.

## Status of nomination in insurance

The purpose of nomination in insurance is to ensure that the beneficiaries of the policyholder have access to the insurance proceeds as quickly as possible without going through the lengthy administrative delays of estate administration as it is not subjected to the *Probate and Administration Act 1959* and the *Will Act 1959.*[3] The issue now is, can the Muslim policy owner give away the insurance proceeds as *hibah* under Islamic law? First of all we need to look at the status of the insurance proceeds itself; whether it is *halal* or *haram*. Under Islamic law, a *haram* asset cannot be given away as *hibah*. It has been argued that insurance proceeds are *haram* but the writer has argued elsewhere that this status of *haram* is not decisive.[4] Furthermore, if it is *haram*, then it cannot be subjected to *faraidh* as well, thus defeating the purpose of insurance.

One possible argument as to why the insurance proceeds cannot be given as *hibah* is that it does not exist at the time when the *hibah* is executed. According to jurists, when the object of gift is non existent at the time the *hibah* is executed, the contract is void.[5] However, the rationale (*ᶜillah*) for the prohibition is similar to the ones governing sale contracts i.e. the existence of *gharar* as Wahbah Zuhaily mentioned the general rule that whatever can be sold can be given as *hibah*. However, the opposite is not necessarily true and according to the majority of jurists, *gharar* does not affect gifts and other non-commutative

1 Section 163 (1) of the Insurance Act 1996
2 Legislation in many countries such as Malaysia and Singapore create a statutory trust for spouses and children with respect to life insurance proceeds. See for example Section 166 (1) of the Insurance Act 1996.
3 This is the case for Malaysia but in other jurisdictions similiar laws apply i.e. the relevant Insurance Act supersedes any other Act and where there is a conflict or inconsistency between a provision of the Insurance Act and that of other Acts, the provision of the Insurance Act will usually prevail. See for example, Section 172 and Section 199 of the Insurance Act 1996.
4 Azman Ismail, Issues in the takaful and retakaful industry, paper presented at the 3rd INFAD Discourse "Fatawa Muamalat" held on 18 December 2007, organized by the Institute of Management and Research of World Fatwa, Islamic Scence University of Malaysia.
5 Zuhaily, Wahbah, Al-Fiqh al-Islami wa Adillatuhu, Darul Fikr, Dimashq, 2006, 5: 3989 and Tanzil-ur-Rahman, A Code of Muslim Personal law Volume II, Islamic Publishers, Karachi, 1980, 24, quoting Al-Sharakhsi, Al-Kasani and Ibn Nujaym.

contracts.[6] Indeed an analysis of the texts by Sheikh Wahbah Zuhaily above[7] revealed that certain non-sellable items can be given away as gifts.[8] Furthermore, there are differences between *takaful* proceeds and the items that are deemed invalid to be given as gifts. All the invalid items mentioned, such as unripened fruit, the offspring of a sheep, an unborn calf, flour in the form of wheat and butter within milk[9] cannot be quantified whereas the takaful proceeds are clearly determined. What is important in making comparison between items is not what similarities there are but whether there are also material differences. In this case the difference is material, as the very prohibition of *gharar* is understood by jurists to be based on a cost-benefit analysis[10]; therefore they cannot be grouped in the same set together with the invalid items as the corrupting factor in *gharar* is the fact that it leads to (*kawnuhu matiyyat*) dispute, hatred, and devouring others' wealth wrongfully and it is known that this corrupting factor would be overruled if it is opposed by a greater benefit (*al-maslahah al-rajihah*).[11] On the other hand, giving away insurance proceeds as gifts will definitely bring greater benefit as the policyowner need not pay for a higher premium and the possibility of it leading to dispute, hatred, and devouring others' wealth wrongfully is very small.[12]

In the context of *takaful*, it was argued that the payment of *takaful* benefits upon the death of the policyholder before the maturity of a plan seemingly belongs to the deceased policyholder's legal heirs on the grounds that it is the product of the deceased's effort and hence is part of his *tarikah*.[13] Even though the money comes into existence only after the participant's demise, it is the effort of the participant by entering into the contract, which realizes the financial assistance in favour of his legal heirs upon his death.[14] Therefore strictly imposing a duty on the appointed nominee to distribute the money among the legal heirs of the dead participant seems to contradict the objective of both the *takaful* and is not based on valid arguments.[15]

> "...Muslim policy owner should be allowed to decide whether the nominee receives the policy moneys payable on the death of the policy owner either as an executor or as a beneficiary and it should be made clear in the nomination form which of the above is the intention of the policy owner."

The purpose of life insurance is to create an instant estate in the event of the early demise of a breadwinner. From the *sharᶜiah* perspective, leaving behind one's heirs rich is better than leaving them poor asking from others.[16] It is also a risk management technique and risk management is part of Islamic teachings. For example, when the Prophet Yaᶜqub a.s. told his sons not to enter through one gate,[17] it shows us that one must diversify one's risk to reduce the probability of loss. The same *surah* also

[6] El-Gamal, Mahmoud A, An Economic Explication of the Prohibition of Gharar in Classical Islamic Jurisprudence, 2001, pdf, 4
[7] Zuhaily, 5:3989-3990. The full text is as follows:

- أن يكون موجوداً وقت الهبة: فلا تنعقد هبة ما ليس بموجود وقت العقد مثل أن يهب ما يثمر نخله في هذا العام، أو ما تلد أغنامه هذه السنة؛ لأنه تمليك لمعدوم، فيكون العقد باطلاً. ومثل: أن يهب ما في بطن هذه الشاة، وسلطه على القبض عند الولادة، فلا ينعقد لاحتمال الوجود والعدم؛ لأن انتفاخ البطن قد يكون للحمل أو لداء في البطن. وكذلك لو وهب دقيقاً في حنطة أو دهناً في سمسم أو زبداً في لبن، أو زيتاً في زيتون: لا يجوز، وإن سلطه على قبضه عند حدوثه؛ لأنه معدوم للحال، والمعدوم ليس بمحل للملك، فوقع العقد باطلاً، فلا ينعقد إلا بالتجديد أما هبة اللبن في الضرع، والصوف على ظهر الغنم، والزرع والنخيل في الأرض، والتمر في النخيل: فهي كهبة المشاع الآتية تقع فاسدة، فلو فصل ذلك وسلم إلى الموهوب له، جاز؛ لأن الموهوب موجود مملوك للحال، إلا أنه لم ينفذ لمانع، وهو كونه مشغولاً بغيره، فإذا فصل فقد زال المانع، فتجوز الهبة وتصير صحيحة. ووافق الشافعية والحنابلة مذهب الحنفية في هذا الشرط، فقالوا: أن ما صح بيعه صحت هبته. وقال المالكية: تجوز هبة ما لا يصح بيعه كالعبد الآبق والبعير الشارد والمجهول والثمرة قبل بدو صلاحها والمغصوب.

[8] ibid
[9] Ibid. See also Tanzil-ur-Rahman, 24
[10] El-Gamal, 4
[11] Ibid, quoting Ibn Taymiya, A., Al-Fatawa Al-Kubra, Cairo: Harf (reprod.): Dar Al-Kutub Al-'Ilmiyyah. in Encyclopedia of Islamic Jurisprudence (CDROM), 1998
[12] Hibah is an excellent tool in estate planning as there is no hassle when the participant passes away since the takaful benefit is no longer subjected to the relevant laws such as the Probate and Administration Act 1959 and the Will Act 1959 mentioned above. See Ismail, Azman, Gift of Love, Personal Money, March 2003
[13] Ownership and Hibah Issues of the Takaful Benefit, Paper Presented by Dr Azman Mohd Noor and Dr Asmadi Abdullah at the ISRA Islamic Finance Seminar (IIFS) 11 November 2008, Kuala Lumpur, 12
[14] Ibid.
[15] Ibid.
[16] Hadith narrated by Saad bin Abi Waqqas
[17] Quran 12:67

> "The purpose of nomination in insurance is to ensure that the beneficiaries of the policyholder have access to the insurance proceeds as quickly as possible without going through the lengthy administrative delays of estate administration..."

narrates the story of the Prophet Yusuf a.s. as reducing risks through the implementation of a fifteen year economic plan.[18] Indeed the particular *surah* has lessons not only in faith and fate but also financial planning[19]. In financial planning, estate planning plays an important role and *hibah* is a very simple yet powerful that can be used.[20]

A consequential issue to the *hibah* concern is whether the *hibah* of the insurance proceeds can be revoked. In many countries, legislation provides protection for spouses and children and in naming them, a statutory trust in favour of the nominee of the policy moneys payable is created.[21] Having said that, life insurance is important especially in some jurisdictions as an additional means of providing liquid assets to the estate and surviving spouse.[22] It is usually received by the beneficiary free of income tax and the proceeds can be used for the payment of estate debts and expenses and for support.[23]

The issue of whether a gift can be revoked has not only attracted the attention of Muslim jurists; in English law the issue has been the subject of various legal principles, precedents and legislation. Prior to the *Policies of Assurances Act 1867*, a life policy was not assignable in law and although equity always permitted such assignments, the assignee could only sue to enforce the policy if he joined the assignor in the action and an insurer cannot obtain a good discharge against payment from assignees alone.[24] The Act protects legal assignment and the assignee can enforce it in his name.[25] It can also be assigned under Section 136 of the *Law of Property Act 1925* but a court found that this is not strong enough.[26]

Since then, various legislations have been enacted to protect the weak in society. Some of these are the *Married Women Property Act 1882* and the *Law of Property Act 1925* in the United Kingdom, the *Singapore Conveyancing and Law of Property Act 1909*, and the *Civil Law Act 1956* in Malaysia. *The Civil Law Act 1956* for example, provides for the creation of trust policies which are actually meant for "poor widows" although it is wide enough to cover husbands as well.[27] Specifically, Section 23(1) of the *Civil Law Act 1956* states,

> *"A policy of assurance effected by any man on his own life and expressed to be for the benefit of his wife or of his children or of his wife and children or any of them, or by any woman on her own life and expressed to be for the benefit of her husband or of her children or of her husband and children or any of them, shall create a trust in favour of the objects therein named, and the moneys payable under any such policy shall not as long as any object of the trust remains unperformed form part of the estate of the insured or be subject to his or her debts."*

The above is further affirmed by Section 166 (1) of the *Insurance Act 1996* which reaffirms the above and it states:

*A nomination by a policy owner, other than a Muslim policy owner, shall create a trust in favour of the nominee of the policy moneys payable upon the death of the policy owner, if -*

a) *the nominee is his spouse or child; or*

b) *where there is no spouse or child living at the time of nomination, the nominee is his parent*

The above is augmented with Section 166(2) which states that, "Notwithstanding any written law to the contrary, a payment under subsection (1) shall not form part of the estate of the deceased policy owner or be subject to his debts."

18 Quran, 12:47-49
19 Azman Ismail, Personal Money, February 2003
20 ibid
21 See for example, Section 166 of the Insurance Act 1996
22 Zaritsky, New Estate Planning Handbook, 247
23 Ibid, 248
24 Birds, John, Modern Insurance Law Second Edition, Sweet & Maxwell, London, 1988, 272
25 ibid
26 ibid
27 The Insurance Law of Malaysia, Myint Soe, 1979 Quins Pte Ltd Singapore , 98

"Even though the money comes into existence only after the participant's demise, it is the effort of the participant by entering into the contract, which realizes the financial assistance in favour of his legal heirs upon his death."


The implication of a trust policy is that the policy moneys do not form part of the estate and that it is not subject to creditors, provided it was not created to defraud creditors.[28] Indeed a policy owner cannot deal with such a policy by revoking a nomination under the policy, by varying or surrendering the policy, or by assigning or pledging the policy as security, without the written consent of the trustee.[29]

In *Re Fleetwoods Policy*,[30] F insured his life for £500 payable to his wife in the event of his death but also giving him the option of taking its cash value and accumulated profit if he is still living after twenty years. The insured went for this option and requested for payment amounting to £288. However, the insurer refused to issue the payment without the consent of the wife and the matter was brought to court. The court held that the policy fell within Section 11 of the *Married Woman Property Act 1882* as being effected by a man on his own life. The fact that the benefit to the wife is contingent in character was irrelevant and F is actually a nominee for the purposes of the trust. In *Cousins v Sun Life Assurance Society*, it was held that it belonged to her estate even though the husband remarried.[31]

In *Sadiq Ali v Zahida Begam*,[32] a husband assigned policies of insurance to his wife but it was contended that the assignment amounted to a gift, and it was invalid under the Muslim law. The validity of the assignment was attacked on two grounds namely that it was a gift in *futuro* and a contingent gift. The High Court (Thom C.J. and Ganga Nath J.) in the course of its judgment said, "It is essential for the validity of a gift that there should be: (1) a declaration of the gift by the donor, (2) an acceptance of the gift, express or implied, by or on behalf of the *donee*, and (3) delivery of possession of the subject of the gift by the donor to the *donee*. Where a person has assigned his right to receive money under insurance policies and the assignee has stated on oath that the policies were handed over to her and she accepted them, the gift is complete as soon as these conditions were complied with. The mere fact that the money was to be realised in future is not enough to make it a gift in *futuro*. Valid gifts can be made of actionable claims."[33]

In *CT Muthiah v Controller of Estate Duty*[34], the Supreme Court upheld the ruling of the Madras High Court and concurred that the proceeds of a personal accident policy, unlike a life insurance policy, forms part of the estate and are therefore chargeable to estate duty implicating that the nominee is solely a nominee. What this statement intends to show is the implicit status of a life insurance policy where it referred to the case that arose before the Jammu and Kashmir High Court in the case of *Controller of Estate Duty v. Kasturi Lal Jain.*[35] Ali. C. J. as the learned judge

[28] Birds, 273
[29] See Section 166 (4) of the Insurance Act 1996
[30] (1926) Ch 48
[31] (1933) Ch 126
[32] AIR 1939 All 744
[33] ibid
[34] [1986] MLB(IND) 293

then held that before a property could pass to the heirs of a deceased person under Section 5 of the Estate Duty Act 1953, it had to fulfil the following conditions:

(1) That the property must be in the power, possession and control (actual, constructive or beneficial) of the deceased.

(2) That the deceased must have an interest, whether in praesenti or contingent, in the said property.

(3) That the property must be in existence during the lifetime of the deceased or at the time of his death.

(4) That the deceased must have a power of disposition over the property.[36]

In *Re Man Bin Mihat*,[37] which is earliest case dealing with the provision of the *Civil Law Act 1956*, the assured had taken out an insurance policy on February 20, 1962 for $40,000 on his life and named his wife as the beneficiary. The question then arose whether the money payable under the policy belonged to her beneficially or formed part of her husband's estate, to be distributed among his heirs and it was held that:

(1) by virtue of section 23 of the Civil Law Ordinance 1956 as the policy of assurance was effected by the assured on his own life and expressed to be for the benefit of his wife, the moneys payable under the policy did not form part of the estate of the deceased;

(2) Muslim law does not disentitle the widow to take beneficially as it is lawful for a Muslim to dispose off his property during his life time by way of a gift or through trustees.[38]

The above was further reinforced by the decision of the court in *Re Bahadun Bin Haji Hasan*,[39] *Kishabai v. Jaikishan*,[40] *Manomani v. Great Eastern Life Assurance Co Ltd*[41] and *Shunmuga Vadevu S Athimulam & Ors v The Malaysian Cooperative Insurance Limited & Anor.*[42] *In Re Bahadun Bin Haji Hasan* it was held that that there was nothing in Muslim Law to prevent the deceased from making such a disposition in his lifetime of the policy money to the respondent on his death.[43] Furthermore, there was a completed gift even though the gift was contingent upon the life assured predeceasing the respondent before the maturity of the life policy.[44] It was also found that the disposition was in the circumstances a gift by the deceased to the respondent and such gift does not constitute a disposition by will and that reason it was in the court's judgment that the sum payable under the policy should be paid to the respondent for her own benefit and this sum does not form part of the assets of the estate of the deceased. In *Kishabai v. Jaikishan* B.T.H. Lee J, *inter alia*, held that the purpose of s. 23 of the *Civil Law Ordinance 1956* was to protect the interests of the widow and the children of a deceased assured who had created a trust in their favour pursuant to its provision. In *Shunmuga Vadevu S Athimulam & Ors v The Malaysian Cooperative Insurance Limited & Anor*, it was held among other that:

The first plaintiff was at all material times the wife of the deceased and she was nominated as a nominee under the policy. The deceased had not at any time appointed a trustee for the policy moneys. Thus, by virtue of s. 166(3) of the Insurance Act, the first plaintiff, as nominee, was the trustee. Thus, her written consent was required to effect any revocation of nomination. No such written consent was obtained and as such, the purported nomination of the second defendant was void.[45] It was also held that:

Section 23(1) of the CLA and s. 166(2) of the Insurance Act provides that where the beneficiaries of a life insurance policy are the spouse or children of the insured, the moneys payable shall not form part of the insured's estate. Section 165(1) of the Insurance Act further provides that where a nomination is made, the insurer is to pay the policy moneys according to the nomination. As the first plaintiff was the only nominee and sole beneficiary under the policy, she was entitled to be paid in her own right.[46]

Although by default *takaful* proceeds are subject to *faraid*, Islam allows one to dispose one's assets during one's lifetime and the decisions of the courts in *Sadiq Ali v Zahida Begam*, *Re Man Bin Mihat* and *Re Bahadun Bin Haji Hasan* can be understood in the context of the decisions of the shariᶜah of both Dallah al-Baraka and Bank Negara Malaysia.[47] Therefore

[35] ibid
[36] ibid
[37] [1965] 2 MLJ 1
[38] ibid. See also [1974] 1 MLJ 14
[39] [1974] 1 MLJ 14
[40] [1981] 2 MLJ 289
[41] [1991] 1 CLJ 141
[42] [1999] 1 CLJ 231
[43] [1974] 1 MLJ 14
[44] ibid
[45] ibid
[46] ibid

these courts' decision were correct and in line with the objectives of the shariᶜah. The other question then, is whether in the above cases the gifts were valid because it was forced by legislation. The answer would be in the positive because the person has the option to participate in the life insurance. Whether or not the insured is aware of the implication is another matter in which the authorities and industry players, including their agents must play their role. If this reasoning is followed, then the opposite contention, i.e. that the insured wants to nominate their loved ones as beneficiaries, is equally applicable. In some countries, it has now been proposed that changes to the law are made to allow for both irrevocable and revocable nominations.[48]

Another issue is whether the *hibah* can be revoked without the consent of the nominee or the trustee. In this respect there seems to be a divergence of opinions on the revocation of gifts. This is so due to the different opinion on the grade of the *hadith* relating to gifts and differences in extracting the rules thereof. The main *hadith* that are quoted in the discussion on the legality of revocation of gifts are as follows:

"The person who revokes his gift is like the dog that licks its vomit."[49]

"The donor should not revoke his gift except when the father makes gift to his son."[50]

As to the first *hadith*, some jurists such as Imam an-Nawawi are of the opinion that it is not *haram* to revoke the gift but only *makruh*.[51] According to Imam Malik, Imam Shafiᶜi and Imam Ibn Hanbal and the majority of ᶜulama to revoke the gift after making over its possession is unlawful.[52] According to Imam Shafiᶜi, swallowing the vomit is *haram* thus revoking a gift is *haram* because gift is a covenant for proprietorship and revocation is opposed to the said purpose.[53] Al-Sharakhsi concluded that revocation between intimate ones such as husband and wife and between relatives is forbidden because it is a step that negates love and affection between them.[54] Saidina Ali (kw) is reported to have opined that the revocation by a husband is invalid whilst that by a wife is valid because 1) the husband is capable of compelling the wife but the wife is not capable of compelling her husband and 2) a wife can be intimidated by her husband while a husband has no such fear.[55] His argument is that a gift made by a person under compulsion is not valid because the condition for the validity of a gift is free and complete consent and compulsion annihilates consent.[56] Ibn Hazm, in his lengthy arguments concluded that one cannot revoke a gift except in the case of fathers and mothers to their children, whether the children are minors or not but cannot be revoked if the *donee* (children) dies before revocation is made.[57] Sheikh Wahbah Zuhaily is of the opinion that a *hibah* cannot be revoked if:[58]

1- compensation (ᶜ*iwad*) is made a condition of the contract

2 - non material compensation

3 - increase in the gift

4 - gift no longer with recipient

5 - if either party died

6 - if gift was consumed or perished

7 - if the recipient marries

The juristic opinion prohibiting revocation of gifts is the stronger opinion (*al qaul al rajih*) as we have seen above. Therefore, insurance benefits should be allowed either to form part of the estate or be given as *hibah* when viewed in the context of the overall estate planning. In life insurance, revocable life insurance trusts may also be used as a vehicle for the payment of debts, expenses and claims against the estate and an irrevocable *inter-vivos* trust, the proceeds of the policy will not be removed from the insured's gross estate.[59]

## Conclusion

Most jurists prohibit the revocation of gifts except from a parent to a child. However, in the case of a gift by a parent to a child, the gift belongs to the estate of the child should the child die before the parent according to some jurists. This is the most appropriate opinion to be adopted and will solve a lot of problems that Muslim policy owners face.

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[47] Both decided that the insurance/takaful proceeds can be given as hibah
[48] The Straits Times (Singapore), January 18, 2009
[49] Sahih Muslim, Kitab al-Hibah
[50] Aqil, Dr Jamaluddin Taha Al-, Aqd ul Hiba Bayn al-Fiqh al-Islami wal Qanun al-Madani, Cairo 1978 quoted in Nasir, Jamal J, The Islamic Law of Personal Status Third Edition, Kluwer Law International, The Hague, 2002, 253
[51] Tanzil-ur-Rahman, 81
[52] ibid. See also Nasir, Jamal J, The Islamic Law of Personal Status Third Edition, Kluwer Law International, The Hague, 2002
[53] Ibid, 85
[54] Ibid, 83
[55] Ibid, 84
[56] Ibid, quoting al-Sharakhsi and Ibn Nujaym
[57] Ibid 87-88
[58] Zuhaily, 5:3989
[59] Ibid, 249

# Managing Agency Sales Performance

# Are you Managing the Numbers or are the **numbers** MANAGING YOU?

*by* Paramjit Singh
MBA, LLB(Hons), BSc(Hons), PG-DBA, DMII, RFP, SRFP


Paramjit Singh discusses the key issues in managing agency sales performance that includes strategies and tools to help agents measure, interpret and analyse the figure which are the bedrock required to enforce and support the agency team in raking in the numbers.

Imagine for a moment, the CEO of a company walks into his office in the morning and as he settles down, he switches on his computer and looks at the screen that shows the sales performance figures. He looks at the screen and sees that the entire screen is full of green numbers or indicators (targets are being met on a year-to-date basis), he smiles and enjoys a cup of coffee before positioning himself for the task ahead. On the other hand, if there is a large percentage of red numbers or indicators (performance is below established targets), he starts the day by calling the head of sales and discusses what has to be done. The head of sales calls the next in line and makes suggestions on what needs to be done and it flows down the sales chain. Everyone is driven into action. The numbers are then tracked. The key is to make the entire sales structure focused on performance — day in and day out.

The key issue in sales is about managing numbers which reflect performance — the first year premium (FYP), annualised premium (ANP), the new business for the current year versus the flow-over of the new premium from the preceding year's business (for monthly cases), renewal business, persistency, manpower (recruitment figures versus attrition) etc. are all numbers. The insurance business is about numbers.

In managing sales performance it is essential to take a holistic view of:

- What is to be measured in sales performance?
- What numbers (performance indicators) are to be considered?
- What do the numbers reflect?
- How are the numbers formulated and measured?
- How are the numbers to be managed through interventions?
- How to track the impact of the interventions on the numbers?

In sales, it is essential to invoke the maxim **"we cannot manage what we cannot measure"**.

As I write this article, I recall a situation revealed by one of my former associates. He was talking to a senior marketing head of a multinational company responsible for the sales of consumer goods in South-East Asia. He said, "our philosophy is to manage sales from day one."

"We need to know our sales figures on day one, day two, day three ..., we can't wait for the end of the month to determine if we have achieved our sales goal for the month, its too late, we can't react if we are behind ... it creates a gap that we need to deal with in the next month ... that can be problematic as the gap adds on to the next month's goals... even if we can do that, for how long can we continue to transfer the gaps? It has a compounding effect and if the gaps are transferred too often, the goal will become unattainable!"

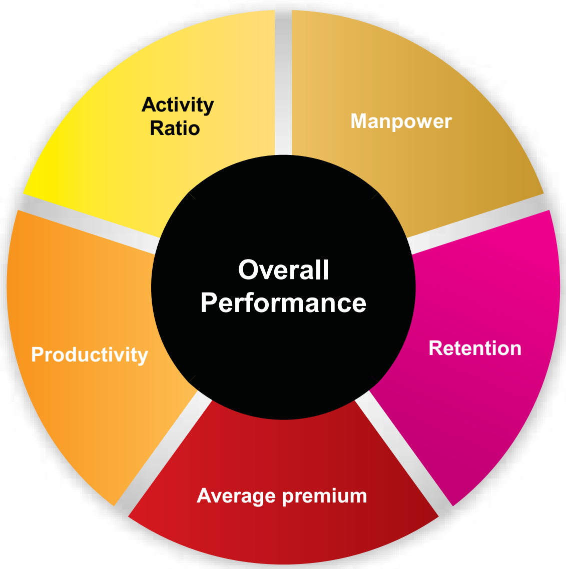
"We have been constantly drilled to be proactive and not reactive. We manage the numbers aggressively and if we are behind, we immediately institute interventions to bring the numbers back on track. It's challenging and exciting... and sometimes exhausting, but it helps us to keep focused."

> "In sales, it is essential to invoke the maxim "we cannot manage what we cannot measure"."

It is a revelation that has been imprinted in my mind. Not being able to manage the sales numbers, converts a sales manager into a 'fire-fighter', one who is constantly on the defensive — pushing and struggling in the attempt to 'push' up the sales numbers. It can place a manager in dire straits and lead to a tense and frustrating position.

## What Numbers Do You Manage In Sales?

The new business of a company can be determined and later tracked and managed by using a mathematical performance formula based on the key performance indicators as shown below:




By continuously and consistently managing the down line to achieve set goals by focusing on **key performance indicators**, management shifts from being reactive to being proactive.

So the issue boils down to "what numbers are to be monitored and managed?" In sales, there are several indicators that serve to show the 'end results' of our efforts. Some of these can be elaborated as follows:

- **The size and consistency of the sales force (manpower)**

> "...sales managers must respond to the changing scenario through quick and structured interventions."

It is a generally accepted fact that the larger the sales force, the larger the potential sales.

There are exceptions to the general rule - size is not quality. What must go hand in hand with size is quality. Does the sales force have the capacity to produce business? Does it have an inherent strength to go forward and support the company in achieving the sales targets? Are the sales force manpower numbers relatively stable?

The ability to recruit (recruitment rates) and manage attrition (attrition rates) are key performance numbers that must be managed. A high rate of attrition creates a sales force beset with issues of performance, service, morale, business retention - which can have an effect of shaping the corporate image in the market place. High attrition rates also affect the stability of the agency structure and consequently have dire consequences on the business generating capacity of the company.

- **The overall sales activity in the market place**

This has a direct impact on production. Strictly speaking, a sale is deemed completed when the premium is collected and the company has accepted the risk (upon which the policy will subsequently be issued).

For the purpose of tracking the bottom-line, it is essential to look at the number of policies that are issued during the month. If the number of policies is divided by the number of sales agents who had made a sale during the month, we will obtain a value called the activity ratio.

The activity ratio tells us the fraction or percentage of agents who had made a sale (even if it is the sale of one policy) during the month. The lower the value of the activity ratio, the greater the number of sales agents who are unproductive. This opens up the opportunity of introducing interventions to further 'activate and mobilise' the sales force.

- **Average productivity of the sales force**

This is an indicator that measures the contribution of active agents to production. Here the productivity measure is defined as the "number of policies an active agent sells on the average in a month or year". The productivity measure is therefore focused on "who is producing the business" and "how much is being produced by those individuals." It does not take into account those who are non-producers.

A combination of the activity ratio and productivity points towards the quality of the sales force. A consistently high activity ratio and productivity points to a strong sales force - one that is effectively contributing to the production. Conversely, a sales force with a low activity ratio and productivity points to a weak agency force beset with the problems of business production and possibly a higher than normal attrition rate.

It is pertinent for those involved in managing the sales force to determine the underlying causes for the low activity and productivity.

Low activity ratios and productivity are caused by various factors that can include:

- Poor recruitment standards.
- Random recruitment without some form of prior selection.
- Poor morale.
- Poor induction and initial training.
- Lack of sustained and continuous training that build and complement learning.
- Absence of goal setting.
- Poor monitoring and reviews.
- Lack of or poor hands on coaching.
- Poor relationship between agency leaders and the down-line.
- Poor product range.

Trouble shooting to ascertain the contributory causes for low activity and productivity is a necessary function to detail the interventions that need to be made to improve performance. The effectiveness of any intervention is then monitored by tracking improvements or otherwise of the activity ratio and productivity.

- **The market segment ( average size of the sale)**

Another key performance indicator is the average sales size. This is a reflection of the market segment in which the sales force is entrenched. It is a reflection of the competency of the sales force - is the sales force well trained and competent to penetrate the more affluent markets?

When reviewing the market segments, it is pertinent to look at the depth and breadth of the market penetration. The analysis will include the profile of the customer base, the suitability of the product range and the competency of the sales force to penetrate the said segment. This provides an opportunity to identify the potential markets and whether current products are suitable for new marker segments. For the penetration of higher income markets, the initiative must be supported by training and development that will position the sales person for the challenges of the specified market segment.

The above are some factors that can be considered in formulating a performance based measurement, monitoring and intervention system. Additional indicators can be built depending on the needs of the management.

## What are the benefits of a structured performance system?

The Sales Performance Management System is a structured approach in managing sales performance. It is a system that enables a company to:

- Analyse past performance,
- Plan and manage its current sales performance by setting performance standards or benchmarks,
- Define its critical success factors in achieving its business growth,
- Define interventions needed to manage the new business performance,
- Analyse and manage the retention business.
- Determine causes of sales gaps and define interventions needed to manage the business when sales gaps arise,
- Determine if interventions put in place are producing the desired outcome,
- Formulate and monitor the implementation


"By continuously and consistently managing the down line to achieve set goals by focusing on key performance indicators , management shifts from being reactive to being proactive."

of strategies for achieving goals to meet future growth targets based on the performance indicators.

## How can this system be introduced?

The fundamental components supporting the successful implementation of a structured performance management system include the following:

- Top-management commitment to use it as a performance review tool on an everyday basis.
- Branch Manager, Business Development Manager, Marketing Executives' must be thoroughly trained and committed to use the system in managing the sales force and the business.
- Planning, monitoring and review sessions are performed using the key performance indicators.
- The respective parties make all reports available to the target audience in the sales chain on time in a format that uses the sales indicators.
- Continuous training and support through value added programmes aimed at impacting the key performance indicators.
- An integrated IT system to support the initiative by ensuring the relevant performance reports and query system are available in the prescribed format for use by the management and the sales force to track performance - real time figures will be ideal. A structured sales information system with accurate and up-to-date figures with drill down features is an essential component of managing sales performance.

In conclusion, managing sales performance is a challenging task that requires a constant focus on the numbers that reflect the actual performance in the market place. It's a dynamic process - one that is constantly changing and sometimes changing rapidly. In tandem, the sales managers must respond to the changing scenario through quick and structured interventions. There is no escape from managing the various numbers in sales, the only question that needs to be answered is, "are you managing the numbers or are the numbers managing you?"

Your day is filled with making decisions. What course should we take? What should our pricing be? What will we do next? How will we explain that to the Customer? And even, where do you want to go for dinner?

# Decide!

# 5 Barriers to Decisiveness

## and How to Overcome Them

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All day long and in all parts of your life, decisions are required. Unfortunately, this doesn't mean that all of us are competent or confident decision makers. In fact thousands of opportunities, promising projects and good ideas have been squandered due to poor, or non-existent, decision making.

Regardless of that fact, and regardless your own personal past experience with decision making, this article will help you to diagnose why your decision making might not be as effective as you wish for it to be. More importantly, once you have a diagnosis, you will have ideas for being more decisive, starting now.

## The Five Barriers

**1. Fear.** Sometimes people are afraid to make a mistake, afraid to be wrong, afraid to make a decision. This happens to everyone, especially on big decisions. Caution is OK, paralysis is not.

*Action: Ask yourself, "What is the worst outcome that could come from this decision?" If you can live with that outcome, make the decision. Remember, that outcome isn't assured, only possible. If that negative outcome isn't an option, consider ways to mitigate or eliminate those results with a different decision, and then make that one. Also — remind yourself that 'no decision' is truly a decision. Don't let fear lead you to the 'no-action decision.'*

**2. Time.** "I need more time." I often hear people say that more time is needed to make a decision. Is some *time* needed for contemplation? Certainly. Just don't let more time become your crutch.

*Action: Give yourself a deadline. Perhaps allow yourself to sleep on the decision, or, if you are so inclined, meditate or pray about it. Then, when the deadline arrives, make sure to use the insights gained through that extra time to make the decision based on your thought process up until that time.*

**3. Information.** Sometimes it's about the facts and figures. The decision can't be made until you "have all of the data". You absolutely need the relevant information, and time spent on data collection can be a stalling tactic.

*Action: Find a balance. Determine what information and relevant experience you need, but balance that with a sense of urgency about deciding. Recognize too that if you are a data driven person this might be your tendency. Work with someone else in the data collection/analysis phase who might not share your love of information to help you move past the information to the implementation of your decision.*

**4. Deference.** It isn't your decision to make, or you want others to make the decision instead of yourself. This barrier could be an extension of one of the others, especially fear. It also could be that you really want others involved in the decision, for all the right reasons. While this can be a noble purpose, some decisions don't warrant deference or even the time it takes to hand the decision to someone else. (e.g. When there is a fire, someone needs to lead everyone to the door, and it doesn't have to be the team leader!)

*Action: Have a general agreement about who is able to make what types of decisions. When a span of control or other sorts of guidelines are in place, it will make it much easier for people to know when the decision is theirs.*

**5. Habit.** Your experience with the other four barriers, how you were raised, tendencies of your mentors and/or the culture of the organizations you've worked in can all combine into a habit of indecisiveness.

*Action: Recognize your normal (read: habitual) approach to decisions and consciously do something different. Based on which other barriers affect you, consider those suggestions to help you move forward.*

## Further Thoughts

Chances are, as you read this, there is a decision on your mind. It might be small, or it might be monumental. It might have just crossed your mind, or it may have been weighing on you for weeks.

Listen to your inner voice and consider your options on this decision. This article has given you some ideas, but ideas aren't enough. Now you must decide what you are going to do. Think about these barriers and the potential solutions. Decide now which of these actions you will take.

And do it **now**.

The **best** way to become more decisive is to **make** decisions.

And **now** is the time to **begin**.

**Potential Pointer:** One way to become more effective in any area of our lives is to become more comfortable and confident as a decision maker. Being decisive will create new opportunities and more momentum on your path towards your potential. i


# The Power of Persistence: Doing Whatever It Takes

*The majority of people are ready to throw their aims and purposes overboard and give up at the first signs of opposition or misfortune. A few carry on despite all opposition until they attain their goal. Weak desires produce weak results.*

***Napoleon Hill***
Author: *Think and Grow Rich*

At some time or another, all of us will have our resolve tested — to keep going or quit. The moment of reckoning comes when your persistence and commitment to the cause are met with equal or even greater opposition.

*by* Ken Keis
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Persistence means to go stubbornly on or resolutely, in spite of difficulties.

Almost without exception, most high achievements are the result of persistence. If showing up and waiting for success is all it took, we would all be experiencing the sweet taste of victory. We know that's not true.

The biographies of great individuals show a common theme: how those individuals overcame adversity to realize victory and success. Think about some outstanding stories and the men and women who lived them. Now remove the hardships from their stories. How do you feel about those individuals now? Not as impressed or perhaps not even interested?

As a society, the stronger the adversity a person has seen, the higher our acknowledgment and respect for that individual. We say *Wow* and get encouraged, motivated, and inspired by his or her tale of persistence.

It seems there is some correlation between the level of persistence, the price paid, and the achievement. For example, Nelson Mandela spent decades in a South African prison but kept his dream of freedom alive. Walt Disney went bankrupt more than once. The best-selling *Chicken Soup* books were thought to be a losing idea; they were rejected by publishers more than 26 times!

So where is your persistence being tested?

I grew up on a dairy farm and later operated my own herd. In this type of operation, persistence is commonplace. During a record-cold February morning, I arrived in the barn at my usual 5:30 am to find everything frozen solid. Until pipes were thawed, no milking could be done. If you know a bit about dairy cattle, milking twice a day is not an option; it's a necessity. I did not have time to wait till evening or the next day or until things thawed. The situation had to be dealt with then and now.

> "Persistence is a choice. At every given moment, we can either give in to the challenges or figure out a way to overcome them."

> "Life is constantly presenting us with obstacles and challenges to test whether we are serious about our legitimate goals, desires, dreams, or objectives."

I had no hot water to thaw out the pipes. None of the vehicles would start, either.

What to do?

I walked to the neighbors' farm and carried two five-gallon buckets of hot water the few hundred yards back home. Several trips, complete exhaustion and two hours later — success. Now I could start my three hours of morning chores. It was never a question of if, only when.

Life is constantly presenting us with obstacles and challenges to test whether we are serious about our legitimate goals, desires, dreams, or objectives. Ask anyone who has realized a significant level of success in any field and you will almost always hear a story of persistence in spite of circumstances.

For those in sales, research bears this out. On average it takes 4 to 7 contacts to make a sale. Quit after three visits and you miss over 80% of the opportunities. That's why 20% of sales representatives earn 80% of the revenue — they are the ones willing to make calls 4, 5, 6 and 7.

This applies to everything in our life: health, relationships, investments, business ventures, and so on.

We are all familiar with the quote: "Quitters never win and winners never quit." The question is… where do you feel you lie on the persistence continuum? Not-at-all persistent? Fully and 100% persistent?

Apply your answer to all areas of you life. The energy you need to be persistent can come from the strategies listed in the Action Steps that follow but, in essence, your level of persistence will be equal to or less than your level of desire to achieve your objective. If you have little desire to be successful

> "When you fail — and you will — regroup, revisit, and revise your approach. Never, never quit when you are *on purpose*."

and you are not successful? whatever you define as success? why be surprised?

Think about new-born children and their learning-to-walk stage. After the first few falls, do we say, "It looks like this walking thing is not working so maybe you should crawl for the rest of your life." We would never accept that attitude from children, but every day we accept it from ourselves or others. Failure — such as falling down while learning to walk — is part of the human condition but *we have the power to decide whether we stay down or get back up and try again.*

Persistence is a choice. At every given moment, we can either give in to the challenges or figure out a way to overcome them.

I encourage each of you to embrace the quality and character of persistence and help others do the same.

## Action Steps

Building Persistence

1. Determine your level of persistence on a scale of 1 to 10 (10 being 100% persistent) in the following areas of your life.
   a. Health and Wellness
   b. Investments and Wealth Management
   c. Job/Career Achievement
   d. Realizing Fulfilled Relationships
   e. Business Opportunities
   f. Other
2. Based on your responses to question 1, what level of persistence do you have in each area of your life? What in your makeup and background has caused you to respond at those levels? Are you happy with your responses?
3. Persistence is fueled by being on purpose and having a burning desire to accomplish something. Is this true for each primary area of your life? If not, why not?
4. To be persistent, focus most on the outcome or final objective. This will encourage you to move forward and not be deterred by the current circumstances.
5. Seek encouragement — in person, on the phone, or from a book or tape — from others who have demonstrated the character of persistence.
6. Seek the additional knowledge required to realize your goals or objectives.
7. Understand that being foolish and ignorant in the quest of a goal is different than being persistent.
8. To build up your persistence habit, start with the minor and move to the major.
9. Avoid shortcuts, ignore negative people, and do not fear criticism.
10. When you fail — and you will — regroup, revisit, and revise your approach. Never, never quit when you are *on purpose.*
11. In the end you are responsible for your choices. After all, you will have to live with them for the rest of your life.

Until next time, keep "Living on Purpose."

# The MII Toastmasters Club

## Overview

The Toastmasters is an international non-profit organisation and its objective is to make *"oral communication a worldwide reality"*. It is now one of the fastest growing organisations with over 200,000 members all over the world. Although anyone and everyone can acquire knowledge but to apply that knowledge and logically present that knowledge to others can be a daunting task for many.

At the MII Toastmasters Club, our senior members are constantly helping the newer members to succeed, to become more accomplished speakers. Through constructive feedback and practice, every member of the club admits that his/her ability to speak in public has been richly enhanced. Come join us and witness the energy and excitement in our meetings! You will go back with many rewarding tips and improvements.

You could also check out more details from www.toastmasters.org and http://toastmii.blogspot.com/

## History of Toastmasters

Toastmasters International is a non-profit organisation established in 1924 in California, USA by Dr Ralph C Smedley, who conceived and developed the idea of helping others to speak in front of an audience more effectively.

Toastmasters is a unique programme that offers a proven way to improve your communication and leadership skills.

Joining a Toastmasters club enables you to:


1. Deliver great speeches by learning the art of presentation.
2. Easily lead teams and conduct meetings.
3. Give and receive effective evaluations.
4. Improve your listening and thinking skills.
5. Build self-confidence and personal growth.

Toastmasters empowers its members to achieve their full potentials and realise their dreams as they become better speakers and leaders. With self-confidence, members will find the courage to succeed in whatever path that they have chosen.

The MII Toastmasters Club was founded in 1985 by Masdiana Ooi Abdullah, Competent Toastmasters and Competent Leader together with Mohamad Abdullah, Distinguished Toastmasters and the club was officially Chartered on the 19 November 1991.

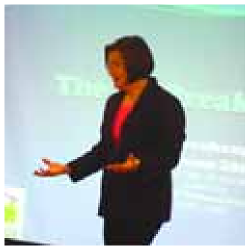
The club started as an in-house club for members of the Insurance industry but over the years this club has opened its doors to the general public who are interested in insurance. Membership here offers you access to a variety of manuals and speaking aids in addition to the award winning 'The Toastmasters' magazine which provides the latest insights on speaking and leadership techniques.

A normal meeting consists of about 20-30 members and lasts for two hours. Every meeting allows each member the opportunity to practice how to conduct meetings, give impromptu speeches and also present speeches based on assignment projects set out by Toastmasters International. Every speaker is assigned a team of Evaluators who highlights speech strengths and offers suggestions for further improvement.

If you are seeking to develop better communication and leadership skills, the MII Toastmasters Club has the necessary resources to help you achieve your objective.

## Why MII Toastmasters Club?

The MII Toastmasters Club with its club motto "For Better Fellowship" offers members:



i) A mutually supportive and positive learning environment in a club surrounding.

ii) A friendly atmosphere where members from various professions gather to share their own professional life experiences.

iii) The opportunity to foster friendship through festive celebrations, birthday gatherings and club outings.

iv) A chance to participate in community service projects like public speaking workshops for Rotary and Apex clubs, PEMADAM, YMCA and Youth Leadership Programmes in schools.

Sign up today
and witness a
whole new world
unfold before you.

### Subscription Fee

- First 6-month membership RM315.00 only
- Subsequent 6-month RM210.00 only

### Membership Benefits

- Attend Club regular meeting
- A monthly Toastmasters International magazine
- The Basic "Communication & Leadership Programme" Manual (a workbook of 10 speech projects)
- A copy of The Competent Leadership Manual
- A copy of The "Gestures: Your Body Speakers" Manual
- A copy of The "Effective Speech Evaluation" Manual
- A copy of "Your Speaking Voice" Manual
- One Club T-shirt
- One MII folder file

**For more information, please contact**

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# Top Bumiputera Life Insurance Agency Leaders Honored for Outstanding Achievement

Recently, The Malaysian Insurance Institute (MII) awarded 28 Bumiputera life insurance agency leaders with outstanding achievements awards in a special event held in conjunction with the Konvensyen Insurans Hayat Bumiputera. The event which took place on 1 August 2009 was organised by the Institute with the support from the Life Insurance Association of Malaysia (LIAM). In this event, each of the top three leaders from participating life insurance companies was awarded with trophies.

Present at the occasion were, the Assistant Governor of Bank Negara Malaysia who was also the Guest of Honour, Dato' Muhammad Bin Ibrahim, En Md Adnan Bin Md Zain, the president of Life Insurance Association of Malaysia (LIAM), CEOs of life insurance companies and MII CEO, Pn Khadijah Abdullah. Dato' Muhammad Bin Ibrahim gave away the awards to the recipients amid thunderous applause from the audience.

In addressing the gathering, Dato' Muhammad praised the award recipients for their persistence and resilience to rise above others and become top Bumiputera leaders in the country. He hoped their success would be followed by others to encourage further growth and development of the industry.

The award winners were nominated by each individual company based on their group achievements. Three categories of awards were presented during the event. The top Bumiputera leader in a company received gold award, followed by silver and bronze. The gold recipients were Mohd Manmohan Abdullah (AIA), Dr. Hamzaki Hj Hamzah (AmAssurance), Yusof Mt Sahat (Etiqa), Melvin Chong Hsein Loong (Great Eastern), Mohd Said Nanyan (Hong Leong), Marzuhidin Mohammad (ING), Raman Md Yasin (MAA), Mohd Fazil Shafie (MCIS Zurich), Hj Firdaus Lau (Prudential) and Azaha Berahim (UniAsia Life).

One of the gold recipients, Dr. Hamzaki Hj Hamzah was honoured with a Special Award for his outstanding contribution to MII through the participation of his agency in MII training programmes.

Earlier, in her speech Pn Khadijah mentioned that the Bumiputera Life Insurance Agents Convention is held annually with the aim of providing Bumiputera agents a platform to share formulae and experiences towards achieving better performance. The award presentation to top agency leaders was organised for the first time during the convention.

"Bumiputera agency leaders have contributed significantly to the growth of life insurance industry in the country. The awards not only signify their contributions but will hopefully spur further growth and achievements of the Bumiputera agents", said Khadijah.

During the convention three platform speakers spoke on different topics. The first speaker Prof. Datuk Dr. Muhammed Yusof Husin who is the Rector of Kolej Islam Darul Ridzuan and the Chairman of the Shariah Advisory Council of MCIS Zurich spoke on the topic of ethics in business. The second speaker, Azman Ismail from International Islamic Finance and Insurance spoke on the topic of insurance from Islamic perspectives while the final speaker, Syed Zain Syed Muhamed from Prudential Assurance related his interesting success story with the audience.

During the opening, the audience were entertained by the MII Choir Team singing the *MII Misi dan Visi* and a dance performance by primary school girls from Nurul Dance group.


*From Left : En. Yusof Mat Sahat, En. Melvin Chong, En. Azaha Berahim, Tn. Hj. Firdaus Lau, En. Mohd Fazil Shafie, En.Raman Md Yasin, Y.Bhg. Dato' Muhammad bin Ibrahim, En. Md Adnan Md Zain, En. Marzuhidin Mohammad, Pn Khadijah Abdullah, Dr. Hamzaki Hj. Hamzah, En. Mohd Said Nanyan, En. Manmohan Abdullah*

# General Insurance Agents Convention 2009

**Theme:** Weather the Global Financial Turmoil
**Date:** 21 July 2009
**Venue:** Hotel Istana Kuala Lumpur

Amidst the economic slowdown in 2009 and the decline in business, the environment for general agents is not as rosy as expected. Agents need to explore and innovate in developing and integrating opportunities and sharpening their creative strategies and sales skills.

Taking that as a responsibility, MII supported by PIAM took the initiative to organise the General Insurance Agents Convention 2009 with the theme "Weather the Global Financial Turmoil" on 21 July 2009 at Hotel Istana Kuala Lumpur.

The Convention was officiated by YBhg Dato' Muhammad bin Ibrahim, the Assistant Governor, Bank Negara Malaysia. It was well attended by 510 agents from 33 local insurance companies. The sponsors for this convention were eTiQa Berhad (Gold sponsor), AXA Affin General Insurance Berhad & MCIS Zurich Insurance Berhad (Silver sponsor), MUI Continental Insurance Berhad and AXA Affin Life Insurance Berhad.

To deliver the objective of this Convention, four knowledgeable and experienced speakers from Bank Negara Malaysia, HELP University College, National Heart Institute and Asia Master Sales Professional Academy shared their knowledge, experience and new information related to the general insurance agents business.

The Convention managed to provide a platform for the exchange of ideas pertaining to recent developments and future prospects of general agents in the Malaysian insurance industry.


*YBhg Dato' Muhammad and Pn Khadijah with speakers, gold and silver sponsors*

# The Malaysian Insurance Institute (MII) Graduation Ceremony

## 17 July 2009, Hotel Istana, Kuala Lumpur

The Malaysian Insurance Institute celebrated its Graduation Day at the Istana Hotel on 17 July 2009. A total of 168 graduates including 27 foreign graduates from Indonesia, Vietnam, Cambodia, Maldives and Oman received their scrolls for completing various MII professional studies. The highest achievers for each programme received the Best Student Award.

Gracing the occasion were the Governor of Bank Negara Malaysia, Tan Sri Dato' Sri Dr Zeti Akhtar Aziz, as the Guest of Honour, members of the MII Board of Directors and MII CEO, Pn Khadijah Abdullah. The Governor of Bank Negara Malaysia presented the certificates to the students. Witnessing the historic moment in the audience were the eminent guests, faculty, parents, friends and relatives of the students.

The MII Chairman, En Hashim Harun, addressed the gathering. In his speech, the MII Chairman praised the graduates for their persistence, resilience and the ability to rise above short-term difficulties. In addition to congratulating the graduates, he also advised them to continuously develop their professionalism through the acquisition of current and relevant knowledge. He hoped the graduates would be able to contribute and lead to the growth and development of the industry.

MII recognises meritorious students for their achievements with special awards. Seven Best Student Awards were presented for excellent achievement based on the number of distinctions achieved and completion of the study in the shortest period.

**The recipients of the Best Student Awards for the Diploma MII qualification were:**

*Foo Vee Ming*
*Tan Seow Yeit*
*Goh Chee Huat, and*
*Nora Binti Md Yassin*

**The recipients of Best Students Awards for the Associateship of The MII qualification were:**

*Amir Hidayat Abd Aziz*
*Meng Vanary, and*
*Nguyen Dieu Linh*

One of the best students was honoured with the Chairman's Award. This year, the Chairman's Award was given to Nguyen Dieu Linh from Vietnam who completed her studies with full distinctions in all the subjects taken.

During the ceremony, MII honoured three organisations that have given tremendous support to MII with special awards. They are Forte Insurance of Cambodia, PT Jasa Raharja of Indonesia and MNRB Holdings of Malaysia.

The Graduation ceremony concluded with MII Choir Team singing the new MII Corporate Song written, composed, and led by MII staff member, En Badrul Hisham bin Abdul Hamid.

*Governor of Bank Negara Malaysia, Tan Sri Dato' Sri Dr Zeti Akhtar Aziz (second from right) presented the scroll to one of the graduates, witnessed by Pn Khadijah Abdullah and En Hashim Harun*

# International Health & Medical Insurance Conference 2009

**Theme:** "Challenges Facing the Health Industry"

**Date:** 22 - 23 June 2009

**Venue:** Prince Hotel & Residence, Kuala Lumpur

This year, the theme "Challenges Facing the Health Industry" was chosen to address the situation of the healthcare system of this region that has undergone a significant paradigm shift over the years. Concerns were escalated by an increasing aging population, the series of pandemic outbreaks and changes in perception among the public towards health and long term care. This has intensified the pressure on the government and there are calls for support from the private sector to fund the healthcare system of the nation. It is with the above in mind, that The Malaysian Insurance Institute organised this Health & Medical Conference to bring together the sharing of issues and ideas from experts around the region.

The Malaysian Insurance Institute had set three objectives for this Conference. As delegates parted on the final day, they were already thinking about the next International Health & Medical Insurance Conference, and it was clear that the objectives had been met. Delegates left the Conference educated about the state of development of healthcare and medical insurance in Malaysia and other regions including advanced market. They had robust and strategic discussions on matters related to Health & Medical Insurance in the market; and also had the opportunity to network with speakers as well as fellow delegates.

The Prince Hotel & Residence, Kuala Lumpur served as the venue for the Conference as well as a place for speakers' accommodation. The Conference was officiated by Dr. Rahimah Mohd Ariffin, Deputy Director, Planning and Development Unit, Ministry of Health Malaysia on behalf of YB Datuk Rosnah Bt. Haji Abdul Rashid Shirlin, the Deputy Health Minister, Ministry of Health Malaysia. Over 100 delegates, from seven countries namely Taiwan, Papua New Guinea, Singapore, Brunei, Indonesia, Thailand and Malaysia, attended the conference.

They were treated to speakers that hailed from a wide number of organisations such as the MSG Global Solutions AG (Switzerland), Munich Reinsurance Company (Singapore), Taiwan Insurance Institute, Malaysian Medical Association, United Nations University - International Institute for Global Health (UNU-IIGH), The Pacific Insurance Berhad, ISM Insurance Services (M) Bhd, Prince Court Medical Centre, Marsh Risk Consulting, Prudential BSN Takaful, Jardine Lloyd Thompson Asia Sdn Bhd, MediExpress (M) Sdn Bhd, Sime Darby Lockton Insurance Brokers, Asia Assistance Network (M) Sdn Bhd and Malaysia Assurance Alliance.

All in all, the Conference was very productive, informative and relevant. Many professionals attended the Conference as speakers and delegates shared their knowledge and experiences and imparted new information on the Health and Medical Insurance industry. Some of the delegates extended their stay in Kuala Lumpur, enjoying the various nearby popular and cultural venues.


*Standing beside Pn Khadijah Abdullah is Dr Rahimah Mohd Ariffin, the Guest of Honour on behalf of YB Datuk Rosnah Abdul Rashid Shirlin.*

# Aloha, AMII International Students

## Welcome!

As part of the AMII International programme, our international students have to participate in a team-building programme. The 3-day programme was conducted over a weekend, 8 - 10 May 2009 at the Agrotek Garden Resort to foster better friendships amongst the MII team and students. This was also a part of the induction programme for the new students.

This year, the programme combines both the 2008 and 2009 group of students. During the programme, the graduating students shared their experience and views about the programme as well as their Malaysian experience. The new students took the opportunity to clear their doubts and set their expectations on the programme. They also sought advice on studying techniques and examination tips to ensure that they graduate from this programme by 2010.

The new groups of International Students comprised of four Indonesian, two Iranian and three Vietnamese while the graduating group comprised of seven Indonesians and two Vietnamese.

## Goodbye!

MII also organised a farewell gathering for the graduating students on 22 May 2009 at the MII International Students lounge. Pn Khadijah, MII CEO, congratulated them on their success. It was the fruits of their labour for slightly over a year. She also reminded them to use the knowledge and qualification for the betterment of the industry in their home country. The event was attended by MII's management team.

## Upcoming Events

### Insurance Industry Annual Dinner 2009

Date: Friday, 4 December 2009
Venue: Crowne Plaza Mutiara Hotel, Kuala Lumpur
Guest of Honour: YBhg Tan Sri Dato' Sri Dr. Zeti Akhtar Aziz, Governor, Bank Negara Malaysia
Theme: "Black & White"

The 2009 Insurance Industry Annual Dinner (IIAD) is co-organised by the Malaysian Insurance and Takaful Brokers Association (MITBA) and the Association of Malaysian Loss Adjusters (AMLA). This is the second IIAD jointly organised by both associations, and MITBA is chairing the organising committee under the able leadership of Mr Vicky Rajaratnam, CEO of Anika Insurance Brokers. MITBA is also the organising secretariat of the IIAD 2009. The event is jointly supported by the LIAM, PIAM, MTA and MII with representation of Bank Negara Malaysia in the committee.

The committee has selected "Black & White" as the theme for the evening to promote harmony and unity amongst the members of the industry which is one of the objectives of the function. This is also in line with the "1 Malaysia" concept as it brings together industry personnel from various races, cultures and beliefs under one roof for a joyous event of this nature. It is a simple enough theme for all to dress accordingly and with a little creativity; the night will see beautiful and elegant insurance and *takaful* people enjoying a wonderful dinner and entertainment together in a harmonious ambiance.

In anticipation that industry personnel will be going to the function directly from the office, the organising committee has arranged for pre-dinner mocktails and foyer activities to keep the guests entertained until the dinner commences.

To spice up the evening, the entertainment will be provided by the first ever Insurance Industry Idol finalists. This is a concert not to be missed as we will get an opportunity to watch the upcoming superstars of the industry perform.

The organising committee has limited the number of dinner tables to 80 only to ensure that guests enjoy the dinner and entertainment comfortably. Each table is sold at RM1,500. As the response from the industry has been over encouraging, the organising committee would like to invite members to book their tables as soon as possible. The table allocation is based on first-pay-first-served basis. Companies are also invited to advertise in the Dinner Souvenir Book published to commemorate the event.

For further information, please contact Mrs Joan Francis or Miss Jacqueline Naire of the IIAD Organising Secretariat at 03-7960 9476 (e-mail: mitba@streamyx.com).

### MII Inter Insurance Bowling Tournament 2009

Venue: Pyramid Bowl, Sunway Pyramid
Date: 14 November 2009 (Saturday)
Entry Fee: RM200 per team (inclusive of rental of a pair of shoes & Goody bag)

Participation:

- Limited to 48 teams on a first-pay-first-served basis.
- A team to comprise of five members with at least one lady member
- Each team member must be a staff of an insurance company/ insurance broker / loss adjuster / *takaful* operator
- Only two teams to represent one company

Registration Closing Date: 14 October 2009 (Wednesday)

Details will be posted in the MII Website: www.insurance.com.my
For enquiry, contact Kharid ext 283 or Noraini ext 263 at Tel: 03 - 2087 8883

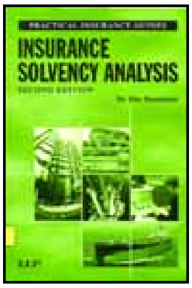
# Knowledge Centre

**Acquisition list: New books in the Knowledge Centre**

The listed books are the most recent acquisitions by the Knowledge Centre.

### Title: Insurance Solvency Analysis

Edition: 2nd Edition
Author: Jim Bannister
Call No: 00973 - 368.01221 BAN

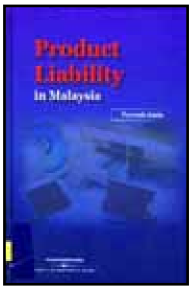



Insurance Solvency Analysis provides an expert commentary on the methods used to assess insurer solvency

Following a decade when so many insurance companies have failed, this book provides a practical guide to help ascertain whether or not an insurer or reinsurer will be willing and financially able to pay a claim when it becomes due.

### Title: Product Liability in Malaysia

Author: Naemah Amin
Call No: 01093 - 368.86595 NAE




The march of modernisation and the introduction of products of greater sophistication and complexity in the marketplace have also brought the rising trend of damage, injury and adverse consequences suffered by consumers as a result of product failure, shoddy workmanship or defective design. Product Liability Law encompasses a composite mix of various statues and common law principles.

Product Liability in Malaysia is a book which should not be missed by lawyers, in-house counsel, business owners, manufacturers and all consumers, whether individual or corporate.

### Title: All Risks Property Insurance

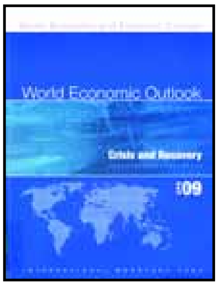
Edition: 2nd Edition
Authors: John Hanson and Christopher Henley
Call No: 00969 - 368.111 ALL


Where underwriting is still possible it is at the multinational, multi-location end of the market where the premium is sufficiently large to enable tailor-made policies to be negotiated. More often that not it is an all risks insurance policy which forms the core of such property programmes.

The book generally has been updated in respect of new legislation and case law.

### Title: World Economic Outlook April 2009

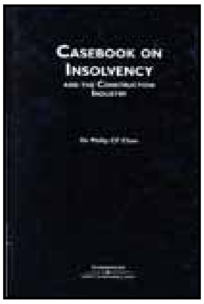
Author: International Monetary Fund
Call No: 01118 - 368 WOR




The analysis and projection contained in the World Economics Outlook are integral elements of the IMF's surveillance of economic development and policies in its member countries, of development in international financial markets, and of the global economic system. The survey of prospects and policies is the product of a comprehensive interdepartmental review of world economic developments, which draws primarily on information the IMF staff gather through consultations with member countries.

### Title: Casebook on insolvency and the construction industry

Author: Dr Philip CF Chan
Call No: 01094 - 332.22 CHA




Every recession and business failure creates problems for some and opportunities for others. The law, however, is blind to each person's fate and imposes itself upon all. As such, a person would do well to acquaint himself with the law so that he can plan his affairs and avoid ending up on the wrong side of it.

The prolonged recession in the construction and related industries has brought about the ills of the industry which often manifest themselves in solvency related law suits. This casebooks was written because it was felt that something could be learnt from these unfortunate episodes.

### Title: Third party rights in insurance law in Malaysia

Author: Chan Wai Meng
Call No: 00874 / 368.95034 CHA

The parties to an insurance policy owner and the insurer. However, in many instances, the insurance policy is used as an instrument to confer benefits to, or to protect, a person who is not a party to the policy. Unfortunately, at common law, rights of the third party are adversely affected by doctrine of privity and the strict requirement for compliance with the policy terms. Further, even if the insurer were to remit the policy moneys to the third party , the party may have account for them to the policy owner's estate or creditors.

**Please contact our team below for more information.**

Zamri / Harizam / Rosmimi at Tel: 03- 2063 2604 / 26918233 ext 104, 105
Or email to zamri@mii.org.my, harizam@mii.org.my, mimi@mii.org.my.
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Book Review

# Examining the Conceptual, Legal and Institutional Issues in Takaful

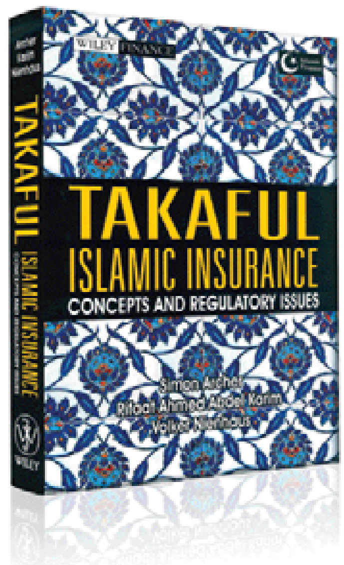
*Takaful* is the means of bringing the social and economic benefits of modern insurance coverage, in a form consistent with the principles of *Shari'ah*, to the Muslim community. Growth in the *takaful* industry has been robust in recent years, but the industry is still in its early stages of development - as the industry seeks to resolve its complex structure and other unresolved issues associated with *takaful* undertakings.

Published by John Wiley & Sons (Asia) Pte Ltd, the new book, "***Takaful Islamic Insurance: Concepts and Regulatory Issues***" (ISBN: 978-0-470-82352-1) provides an in-depth and comprehensive treatment of the issues governing the industry and its future direction. Edited by Professors Simon Archer, Rifaat Ahmed Abdel Karim and Volker Nienhaus - three eminent scholars and practitioners in Islamic finance - this authoritative book is a distillation of their expertise combined with contributions from some of the greatest thinkers and industry practitioners in this field.

Divided into two parts, the book first examines the business models and conduct, the *Shari'ah* principles, corporate governance as well as regulatory, legal and supervisory issues in *takaful*. The second half of the book proceeds to address the technical and operational issues of *takaful* and *retakaful*, including risk management and ratings, solvency, capital adequacy, investment portfolios, transparency and financial reporting.

For all those who seek a concrete understanding of the *takaful* industry, this timely book offers crucial information and advice invaluable for any serious player in the market.

*Additional information on the book is available at*
http://www.wiley.com/WileyCDA/WileyTitle/productCd-0470823526.html.




**Takaful Islamic Insurance:**
**Concepts and Regulatory Issues**
**Published by John Wiley & Sons, Inc.**
**Publication Date: July 21, 2009**
**US$120.00; Cloth; 300 pp.;**
**ISBN: 978-0-470-82352-1**

## About the Editors:

**Prof. Simon Archer** is Visiting Professor at the ICMa Centre, Henley Business School, University of Reading (U.K.), where he teaches on an MSc program Investment Banking and Islamic Finance. Previously, he was Professor of Financial Management at the University of Surrey (U.K.) having been Midland Bank Professor of Financial Sector Accounting at the University of Wales, Bangor. After studies in Philosophy, Politics and Economics at Oxford University, he qualified as a Chartered Accountant with Arthur Andersen in London and then moved to Price Waterhouse in Paris, where he became a Partner in Management Consultancy Services.

In addition to being co-editor of, and chapter contributor to, Islamic Finance: Innovation and Growth, and Islamic Finance: The Regulatory Challenged (published by John Wiley), Professor Archer is co-author of the CCH International Accounting/Financial Reporting Standards Guide and the author of a considerable number of academic papers on international accounting and on accounting, finance, and related issues in Islamic financial solutions. He also supervises research students in these areas. He has carried out a number of consultancy assignments for the Accounting and Auditing Organization for Islamic Financial Institutions, the Islamic Financial Services Board, and the World Bank on issues connected with Islamic finance.

**Prof. Rifaat Ahmed Abdel Karim** has been the Secretary-General of the Islamic Financial Services Board since 2002. Prior to his current position, Professor Rifaat was the Secretary-General of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), a post he held for more than eight years. He was a member of the Standards Advisory Council of the International Accounting Standards Board for two terms, and is currently a member of the Consultative Advisory Group of the International Auditing and Assurance Standards Board. Professor Rifaat was a Visiting Professor at Surrey University (U.K.) and Honorary Professor at Monash University (Australia). He is currently a Visiting Professor at Reading University (U.K.). Professor Rifaat is the co-author of Business and Accounting Ethics in Islam, the Euromoney bestseller book on Islamic Finance: Innovation and Growth, and Islamic Finance: The Regulatory Challenge recently published by John Wiley. He is also author of many academic and professional papers on accounting, governance and finance issues in Islamic banking and finance.

**Dr. Volker Nienhaus** was Professor of Economics at the German universities of Trier (1989-1990) and Bochum (1990-2004) before he became President of the University of Marburg (election period 2004-2010). He has published numerous books and articles on Islamic economics and Islamic banking and finance since the 1980s. He was a member of several academic advisory boards of public and private institutions in Germany, including the German Orient-Foundation (1993-2006) and the Federal Ministry of Economic Cooperation and Development (1998-2008). In 2006, he was appointed a member of the Governing Council of the International Center for Education in Islamic finance (INCEIF) in Kuala Lumpur. He is also consultant to the Islamic Financial Services Board on governance issues of takaful operations.

# International Management of Risk and Uncertainty (iMORU)

8 and 9 July 2009

Concord Hotel, Kuala Lumpur


The iMoRU programme is organised in collaboration with the Institute of Risk Management (IRM), UK.

Participants in this course were given a broad introduction to the subject of risk management, both the positive and negative aspects of risk and exposed the most prominent risk management models and codes of governance employed worldwide. A foreigner from Maldives was amongst the participants.

The programme has been designed for use across all business sectors and is equally relevant to those working in private entities and public authorities.

The next intake for iMORU programme will be offered from 28 to 29 October 2009

# AMII: The Qualification that Reinforces Professional Standing

The phenomenal growth of the ASEAN insurance market has made it the new frontier for both the regional and global insurance players. Parallel to the continuous growth of the emerging market is the demand for proficient insurance professionals capable of delivering professional service to support the industry.

For many years, The Malaysian Insurance Institute has introduced the The Associateship of the Malaysian Insurance Institute (AMII), a professional qualification that provides a comprehensive plan of action in producing technically qualified insurance professionals in all sectors of insurance industry. The programme has been developed and constantly upgraded in consultation with employers to meet the demands and evolving needs of the insurance community.

AMII provides in-depth technical knowledge on underwriting, claims and operation management of an insurance organisation. The programme is constantly updated to acknowledge both practical and academic experience enabling the proficiency, skills and capabilities acquired are applicable at workplace.

In many countries, AMII is the first choice for employers in the qualification and development of professional insurers. Besides Kuala Lumpur, AMII is currently offered in Indonesia, Cambodia and Bangladesh.

The AMII Full-Time International Class is an intensive study programme offered to international participants in Kuala Lumpur on a full-time basis with duration of about 13 months. This programme has attracted more than 300 participants from Thailand, Indonesia, Brunei, Cambodia, Oman, India, Maldives, Iran and Bangladesh. Employers benefit from well-qualified staff with the ability to apply their knowledge to the business. Many have reported job promotions and new career enhancements upon completion of the programme.

AMII is a must-have qualification for someone seeking greater job recognition, promotion or a new career direction. Our graduates are currently at the forefront of many of the most successful organisations in Asia.

The next intake of International Class will commence in May 2010 and registration is open now.

Please contact our team members below for further information on AMII programme

Freddie Phoon 20878882 ext 254; email: freddie@mii.org.my
Putri Noraini 20878882 ext 255; email: putri@mii.org.my
Hamizon 20878882 ext 235; email: hamizon@mii.org.my

# INSURANCE

A Quarterly Publication of the Malaysian Insurance Institute


## The Malaysian Insurance Institute (MII)

**INSURANCE** is a magazine for the Malaysian Insurance Institute (MII). It is a modern professional magazine that not only keeps members in touch with the Institute's local and international activities but it is also a practical aid to a member's professional development.

**INSURANCE** is published quarterly and is read by MII members from across Malaysia and the region. It has a readership of 10,000 members in the insurance profession and continues to develop its dual role as MII's service to members and a tool to help with continuing professional development.

The typical editorial coverage of **INSURANCE** includes: industry news and updates, feature articles on specific areas of the insurance industry, interviews with industry captains and regulators as well as news about MII's activities locally and abroad.

**INSURANCE** offers a range of opportunities to help you communicate with your potential customers in the most effective way possible.

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