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COVER STORY



## AN INDUSTRY ICON AND THE COMPANY REDEFINING GREATNESS

An Interview with Dato' Sri Mohamed Hassan Kamil

GROUP CEO OF SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

42 | GATEWAY TO ISLAMIC ECONOMIES

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*OIC TODAY team had the pleasure to interview Dato' Sri Mohamed Hassan Kamil, Group CEO of Syarikat Takaful Malaysia Keluarga Berhad, to talk about the establishment of the company, its track record of excellence and the current and future strategies for further growth.*

#### **PROFOUND FOUNDATION**

We are proud to be the pioneer in the Islamic insurance industry in Malaysia. Takaful Malaysia has set a track record for consecutive business growth since the start of our Transformation Programme in 2008 and we strive to maintain our excellent performance moving forward. Ultimately, we have implemented the best solutions for the company to support the transformation journey. Takaful Malaysia has developed into a strong company with sustainable top and bottom-line growth over the years.

Our business grew significantly from the financial year ended 2008 to 2019. The company witnessed a phenomenal feat, particularly the tremendous increase in market capitalisation of the company which has grown from RM193.9 million as at 30 June 2009 to RM3.7 billion as at 30 June 2020. Our share price has outperformed the FBMKLCI by 1,715% since June 2009. The total assets witnessed a significant increase from RM4 billion in 2008 to RM10.3 billion in 2019.

Our profit after taxation and Zakat rose from RM25 million in 2008 to RM366 million in 2019 whilst our gross contribution continued its growth to RM2.76 billion in 2019 as compared to RM925 million in 2008. Our return on equity has also been very good and consistently hit above 15% since 2011 to close the year 2019 with a record of 33.1%. From 2008 to 2019, the company paid total dividends of RM778.4 million, which exceeded its issued and paid-up capital of RM196.8 million.

For the financial year ended 31 December 2019, we delivered a sterling performance and recorded growth in net profit exceeding the benchmark of RM300 million with double-digit growth of 25%. We sustained our market-leading position in the Family Takaful business with 30% market share and maintained as the second largest in the General Takaful business with 22% market share.

The success story of Takaful Malaysia has created an impact on the overall outlook of the insurance industry, which resulted in the emergence of a significant market for the Takaful industry to expand over the conventional insurance industry. Takaful Malaysia has successfully set the benchmark in the insurance industry to become an epitome to its peers and competitors. The company's excellent achievements, in other words, have proven to the world that the Takaful model

does work and is good if not better than the conventional insurers.

The company believes that technology disruptions will change the landscape of the insurance industry in the next few years. We are the market leader at the forefront of the digital transformation in expanding digital footprint and delivering innovative Takaful solutions. We are relying profoundly on our digital capabilities to maintain a close connection with our customers and business partners by offering faster and more comprehensive services through various online and digital platforms.

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*We have successfully expanded our market reach and have established ourselves as the preferred choice for protection not just amongst Takaful operators but also across conventional insurance providers as well.*  
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Takaful Malaysia has implemented various digital strategies and infrastructure to develop an online business with a full range of online protection products. We have witnessed substantial growth in our online takaful business as more customers started to realise and take advantage of the great convenience of online transactions, especially during the COVID-19 pandemic period.

We have successfully expanded our market reach and have established ourselves as the preferred choice for protection not just amongst Takaful operators but also across conventional insurance providers as well. Being the first Takaful company in Malaysia, we also endeavor to be known as a dynamic, customer-oriented company that offers the best service levels and competitive products with a strong brand and image.

#### **VISIONARY LEADERSHIP INSTIGATES EXCEPTIONAL PERFORMANCE**

Dato' Sri Mohamed Hassan Kamil needs no further introduction in the Takaful and insurance industry at large. At the helm of the first Takaful operator in Malaysia since 2007, Dato' Sri Hassan Kamil has propelled Takaful Malaysia to become a leading Islamic insurance company in the industry. As the Group Chief Executive Officer, he has steered the company to a higher level with proven and sustainable financial performance. Under his stewardship,

Takaful Malaysia has consistently recorded a double-digit sales growth over and above the industry performance.

One of the key factors behind the strong performance of Takaful Malaysia was the Transformation Programme, which was introduced and led by the man himself in 2008 whereby the company witnessed a phenomenal feat, particularly the tremendous increase in market capitalisation of the company. Under Dato' Sri Hassan Kamil's analytical leadership approach and along with his actuarial professional qualifications as a Fellow of the Society of Actuaries, Takaful Malaysia's business grew significantly since 2008.

Through the implementation of the Transformation Programme introduced by Dato' Sri Hassan Kamil, Takaful Malaysia has successfully expanded its market reach. Our achievements centered on across-the-board strategies of the introduction of new and enhanced competitive priced products, expansion of the company's distribution capabilities, enhancement of our IT portal initiatives and utilisation of new technology, partnership tie-ups with Islamic banks, implementation of the investor relations programme and aggressive brand awareness campaign initiatives.

Takaful Malaysia's sterling performance following the inception of the Transformation Programme has elevated the company's position in the market to be at par with the rest of the key players. We have garnered notable awards and accolades locally as well as at the international level, including The Edge Billion Ringgit Club and Corporate Awards, the International Takaful Awards, the Global Islamic Finance Award, the Innovation and Race for Cover Awards by the Malaysian Takaful Association and many more.

#### **SWIFT ADAPTATION TO NEW REGULATIONS**

The Financial Services Act 2013 (FSA) and the Islamic Financial Services Act 2013 (IFSA), which came into operation on 30 June 2013, has changed the landscape of the insurance industry. The new act requires conventional and Takaful insurers to relinquish their composite licenses, and conduct their life and general insurance businesses under separate units or subsidiaries.

In accordance with the Islamic Financial Services Act 2013 ("IFSA"), Takaful Malaysia separated its composite license into two (2)



licensed entities in June 2018. Takaful Malaysia is now known as Syarikat Takaful Malaysia Keluarga Berhad ("STMKB") to manage the Family Takaful business whilst Syarikat Takaful Malaysia Am Berhad ("STMAB") to manage the General Takaful business. STMKB is the holding company and owns 100% of STMAB. Both STMKB and STMAB operate through a combined network of service centres across 24 locations nationwide. Takaful Malaysia has adopted the shared and outsourcing arrangement to support the general takaful business to ensure both entities operate at the optimal expense structure. We are optimistic that this change will provide greater growth opportunities and contribute positively to the prospects of both companies through greater synergy and effective execution of across-the-board strategies to lead the Takaful industry development.

The General Takaful market has been consolidated with only four General Takaful operators, and four General Takaful operators have decided to exit the General Takaful market after the splitting of license requirement as required by IFSA 2013. With higher demand of

Takaful products as an alternative to general insurance, Takaful Malaysia has been able to continue to generate business growth in the last few years for its General Takaful business, and we aim to move our General Takaful business in the top 10 market position for the general insurance and Takaful segment.

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*Despite the conversion of its composite license into single licenses and splitting of the company into two entities, we continue to uphold our established brand name of "Takaful Malaysia."*  
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Since the introduction of the FSA 2013 and IFSA 2013, we have observed the conventional and Takaful insurance industry is now more competitive, with a greater capital position, and a comprehensive regulatory framework to improve market efficiency and resilience, and consumer protection. Our business philosophy, to stay the course to pursue consistent business growth to achieve the market-leading

position while staying true to the fundamental principles for long term financial sustainability and great customer service, has shaped our success to enable us to achieve steady growth, good profitability and solid solvency to create value for all stakeholders.

Despite the conversion of our composite license into single licenses and splitting of the company into two entities, we continue to uphold our established brand name of "Takaful Malaysia". Takaful Malaysia recorded an overall growth rate of 19% in new business with an increase by 20% of the Group's gross earned contributions for both the Family and General Takaful portfolios for the financial year 2019. As at 31 December 2019, the Group sustained its market-leading position in the Family Takaful business capturing 30% of the market share and maintained its strong foothold in the General Takaful business as the second-largest Takaful provider securing 22% market share. The two entities are self-sustainable with a comfortable level above the minimum regulatory requirement.

**OPERATIONAL RESILIENCE**

We continue to maintain our market-leading position whilst delivering record earnings, resilient returns and solid financial performance in a competitive market environment. This position of market leadership and financial performance was achieved by being a local company with an exceptional talent pool that is nimble, highly adaptable and quick to execute effective business strategies in a competitive market. We are proud to be the only local Takaful operator with such sterling financial performance recognised by many investors.

Below are some key elements that contribute to the company's positive outlook:

- High ROE with pure equity capital structure without debt despite the competitive market environment
- Bancatakaful leadership with wide partner banks, supported by the banking's long-term strategic direction for higher Islamic assets.
- Strong presence in the government servant market to provide Takaful protection for governance house loans.
- Good general Takaful portfolio mix with motor mix at around 45-50% to achieve sustainable business in the general insurance and Takaful industry, and large market potential as an alternative to conventional general insurance
- Strong operational efficiency, optimal expense structure and good corporate governance
- Market leader at the forefront of the digital transformation in expanding digital footprint and delivering innovative Takaful solutions
- Strong capital position
- Strong brand awareness of Takaful Malaysia

**CLIENT FOCUSED & SOCIALLY RESPONSIBLE**

In these trying times, as the uncertainties of the COVID-19 outbreak continue to plague Malaysians, we remain committed to serve and support Malaysians by making monetary contributions towards the fundraising





initiatives organised by various responsible parties in aid of the fight against the pandemic. Takaful Malaysia contributed a total of RM900,000 to the selected funds administered by The Edge Media Group, Media Prima Group, Star Media Group and Ministry of Health ("MOH") respectively amidst the challenging business environment. We are truly honored to step forward and join forces in providing financial assistance to the respective funds, which are initiated for the purchase of medical equipment to ease the shortage of medical supplies faced by the designated government hospitals in providing screening and treatment for COVID-19 patients apart from providing financial aid to the frontliners and healthcare workers who are working tirelessly during these trying times for the safety of the communities.

We are also privileged to cooperate and work with the insurance and Takaful industry on other industry COVID-19 relief initiatives. The COVID-19 Relief Programme is an industry initiative offered by the life insurers and family Takaful operators to provide our eligible participants a deferment period of three months to pay the regular premium/Takaful contribution for their life insurance policies/family Takaful certificates. This is to ensure policyholders/certificate holders affected by COVID-19 continue to have life insurance/family Takaful protection even in the midst of temporary financial difficulties. However, participants must approach us to apply for this deferment as it is not an automatic contribution deferment programme.

It is open to our family Takaful participants with regular contribution Takaful products who have been infected by COVID-19, subject to mandatory home quarantine or those who have suffered a loss of income as a result of the COVID-19 situation and participants with contribution due date(s) of their regular contribution-paying Takaful certificates that fall between 18 March 2020 and 31 December 2020. If our participants still face difficulties in meeting their contribution payments, they can contact us to discuss on the repayment options after the deferment period and our participants may also consider other options like reducing their sum covered or removing some add-on riders or benefits in order to reduce their contribution amount for minimum protection. For general Takaful business, we allow an installment plan for some of our corporate clients who are facing short-term financial liquidity issues during this difficult period to alleviate the financial burden.

We also contributed to the COVID 19 testing fund initiated by LIAM, Persatuan Insurans Am Malaysia ("PIAM") and MTA. The Insurance and Takaful industry had pledged RM8 million contributions to establish a special fund for COVID-19 testing for medical insurance policyholders and medical Takaful certificate holders in support of the Ministry of Health's efforts to conduct more COVID-19 testing on Malaysians.



**THE WAY FORWARD**

Takaful Malaysia has been able to maintain its resilience from financial and operational aspects during this unprecedented period due to our solid financial fundamentals and past investment in technologies for operational efficiency.

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*Under these unprecedented times, we are relying profoundly on our digital capabilities to maintain an uninterrupted connection with our customers and business partners.*

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We may anticipate a flattish trend in business growth for the year 2020 as economic activities will take some time to recover. The mortgage Takaful business may witness a slowdown due to more cautious property buying decisions. However, banks are targeting more personal and business loans to address short-term

financial needs of customers and small and medium enterprises.

Under these unprecedented times, we are relying profoundly on our digital capabilities to maintain an uninterrupted connection with our customers and business partners by offering faster and more comprehensive services through various online and digital platforms. We have increased our presence in social media to cross sell our online products, especially targeting the customers who may not have access to intermediaries for face to face selling.

Takaful Malaysia has implemented various digital strategies and infrastructure to develop our online business with a full range of online protection products in the last few years. We have witnessed substantial growth in our online motor Takaful business as more customers started to realise and take advantage of the great convenience of online transactions, especially during the phased MCO period.

*Disclaimer: The information stated in this article is considered correct at the time of the interview. ■*