

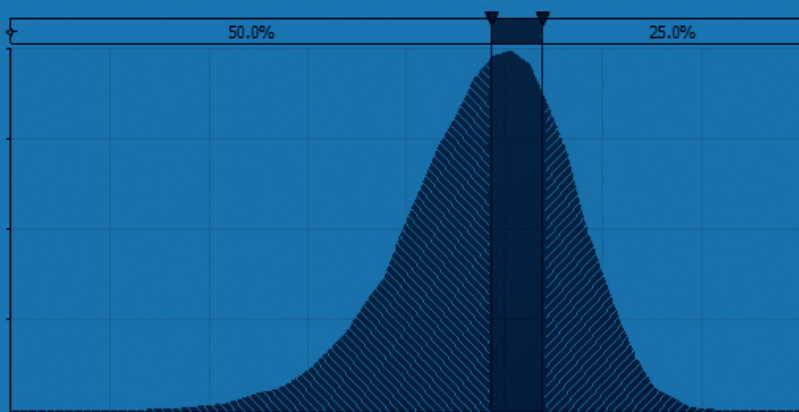


building value together



We are an actuarial consulting firm that has been partnering with clients in Takaful, insurance and retirement benefits for more than 3 decades...


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Partners has been active in Takaful consulting since 1984 in all aspects of Takaful from company setup to Appointed Actuary work. Our clients include companies using both *mudharaba* and *wakala* Takaful models, and range in location from Saudi Arabia to Malaysia, Indonesia to Nigeria and UK to Sudan. For many assignments, we are involved from the conceptual stage until product launch (and remain involved).

Conventional life and general insurance consulting which began in 1977 continues to be the mainstay of Partners' services. We have been the Appointed/Signing Actuary for companies in Malaysia, Singapore, Brunei, Hong Kong, Mauritius and the Middle East. Aside from the statutory role, we are also involved, among others, in the due diligence of merger & acquisition exercises (appraisal valuations), pricing and product development of Malaysia national products and development of Malaysia annual mortality study.

The retirement team at Partners provides advice on retirement plans and other long term benefit schemes to employers, trustees, government bodies and non-governmental organisations. The firm started in 1977 with retirement and employee benefits as its core business. The team has vast experience in the setting up of retirement benefit programs, financing, funding, accounting, communication, trustees training, administration, mergers & acquisition, surplus sharing and recently de-risking of the retirement benefit plans.

We are affiliated to Mercer, international benefit consulting firm, and work closely with professionals from Mercer to provide other retirement-related services, including investment consulting, global accounting coordination, valuation of stock option plans and flexible benefit plans.



Takaful And Insurance Consulting

Company Setup

The first step in entering Takaful is likely assistance in company setup. If you are unsure of which markets to enter or whether you should enter as Takaful or conventional operations then a feasibility study would be required. In some markets this study is done both for internal management as well as regulators in order to obtain a license. It could also include making presentations to the regulators. Once you are sure which market you would like to enter and have the necessary approvals, you need to set up the company. This includes putting the final details of the model together, business projections, IT and operational system and Shariah Council approvals.

Company Restructuring

In the life cycle of an insurer or Takaful Operator, there will be times when parts of the company must be sold off or purchased. In such cases, an actuarial appraisal will be needed in order to determine the value of the company. For the seller, ideally this would be done for several years beforehand as this will allow operations to be fine-tuned in order to maximize value. For the buyer, this exercise would also include reviewing the risks of the operations and how the buyer's own plans will affect value.

Company Management

Are you holding enough capital? Not enough capital and you run the risk of insolvency and losing the faith of participants and the regulators. Too much capital and servicing this capital will be difficult, requiring you to increase fees or risks which would also not be in the participants' interests. Similarly, insufficient Retakaful coverage poses risks for the Takaful fund, which, although managed by you, belongs to the participants. Too much Retakaful coverage passes the risks and profits to the Retakaful Operator, taking away the spirit of Takaful in sharing risks amongst participants. Thus company management requires proper planning and expertise not only in actuarial science but also in the nuances of Takaful.



Actuarial Consulting

In some jurisdictions, an Appointed Actuary is needed for every insurer and Takaful Operator. This Appointed Actuary would sign off on the pricing of the products being sold and ensure the health of the company through yearly reviews of the actuarial liabilities of the company and the financial condition of the company. Even where there is an actuary in the company, during the first few years of operations the internal actuary might not be comfortable as Appointed Actuary due to lack of experience specific to that company, the region or the industry, especially in Takaful. In such cases, the actuary will need to work under the guidance of a more experienced actuary. Where there is an experienced actuary in the company or where an Appointed Actuary is not formally required, shareholders may still want an independent peer review performed regularly to ensure international best practices are followed.

Product Development

Products developed in the first few years of operations will determine how the IT system is set up and how the Takaful model will be implemented. Making changes to the model and product structure later is possible, but tends to be difficult as products with such changes usually need to be separated from the earlier plans, making IT and operational systems both costly and unwieldy. Thus it is extremely important to get the earlier products priced properly. Moreover, for many companies, once the basic suite of products is developed, the second generation products tend to be more innovative and new to the market.

Setting Up Takaful Operations

Setting up a Takaful company is a complex process, and in many ways is more complex than setting up a conventional insurance company. There are many aspects which can have a significant influence on how Takaful can be implemented. As an example, whereas for conventional insurers the product pricing is fairly standardized, in Takaful there is a wide variety of operating models to choose from. You must consider the most appropriate operating models, be it *mudharaba* (profit sharing), *wakala* (agency), *musharaka* (partnership) which will affect the pricing basis, to the interaction of English Law and Shariah (Islamic) Law and principles and avoidance of *riba* (usury) and *gharar* (risk).

The Shariah Council members, who are responsible for approval of the Takaful products, are most concerned with the adherence to these rules and principles. Partners can provide guidance with developing your model and identifying how your Takaful model adheres to these principles while maintaining business viability.

Our consultants can assist from the initial planning which includes conceptualisation of these Takaful models to implement until product launch, with our services grouped into three areas:



1. Financial model development:

- Determining appropriate distribution channels and types of products sold
- Determining the necessary capital and other statutory requirements
- Determining the model to use
- Developing the charges, compensation and Retakaful quotes (including sample projections)

2. Shariah Council assistance:

- Preparing submissions to the Shariah Council for approval of the Takaful model
- Refining brochures, underwriting forms, sales illustration and claim forms for shariah acceptability
- Modeling charges and compensations structure for shariah approval

3. Operations and Regulatory assistance:

- Preparing submissions to the Regulators for approval for the model and basic concepts / structure of the operations
- Submissions to the Regulators for approval for all products, forms and other operational aspects
- Assistance in testing of the system based on the final product design and *wakala* charges

Retirement & Employee Benefits

Retirement planning

Providing for adequate financial resources post-retirement is an important aspect of retirement planning. The two areas where we have significant experience are assisting companies with their corporate pension/retirement plans and working with governments on national social security and pension schemes.

Any retirement planning should be holistic in nature taking into account the various possible contingencies. As actuaries, we are trained to identify and quantify risks. Investment, inflation and longevity are key risks faced in retirement planning.

The first step in retirement planning is the employer's retirement plan. We can assist clients to identify their objectives and implement retirement strategies to achieve them. In addition to legislative changes, corporate reorganization, changing demographics and investment market volatility may cause clients to re-evaluate the effectiveness of their retirement programs from time to time. Our team specialises in the design of defined benefit, defined contribution and hybrid plans. Retirement plans can be integrated with government-mandated arrangements, such as social security, to form a cohesive benefits strategy.

Accounting and funding valuation

Where the benefit design links ultimate pay-out to a future variable (e.g. salary prior to retirement), the cost of such plans will vary over time with experience. Plan sponsors need to understand the funding and accounting implications of their plan. We provide valuation services to clients which include actuarial analysis needed to measure, report and fund the liabilities. Our actuaries can assist clients to align their funding objectives with their business objectives and prepare information required by the various accounting standards (e.g. MASB 29, IAS 19, FRS 119, FAS 87). In addition to retirement benefits, we provide valuation of other benefit plans such as medical benefits for retirees, termination indemnity and stock option plans in accordance with the relevant accounting standard e.g. FRS 2.

Asset liability modelling

Where retirement benefits are pre-funded, there is a need to understand the interaction between benefit pay-outs and investment cash flows. The risk of having to liquidate investments to pay out benefits when market prices are depressed can be expensive to plan sponsors, especially where the sponsors' own financial performance are directly correlated with asset prices. Asset Liability Modelling combines actuarial and investment expertise to assist clients with modelling the financial position of their retirement plan under different scenarios. The variables may include different asset allocation policies, crediting rate policies, actuarial assumptions, demographic changes and economic conditions. An investment strategy may then be formulated to best fit our clients' specific objectives and constraints.

Sharing of risks and responsibilities

At the heart of successful retirement planning is the sharing of risks between the various stakeholders. Besides the individual and his employer, the State is an important stakeholder. The underlying mandated social security benefits provided by the State have to be appropriate as to the level and coverage and yet should avoid unsustainable promises that would prevent the development of a robust private sector retirement industry.

The continuous increase in life expectancy coupled with falling birth rates and increasing urbanisation have put pressure on governments to allocate more of their financial resources to meet the needs of their older population such as the provision of old age pensions, healthcare and long-term care. It is important for policy-makers of today to formulate a dynamic program and policy towards mitigating the financial and social risks associated with an ageing society. With our extensive experience working with employers and the government/semi government sector we can assist in the design of social security programs.

Communication and training

A retirement plan, no matter how good it is, may not be appreciated by employees, plan members or beneficiaries if they do not understand it. At Partners we believe that the introduction of a benefit plan must be accompanied by an effective communication strategy. Our actuaries, through years of their involvement in the benefit design and restructuring exercise, can assist organisations in enhancing their benefit communication package. Another area where we can assist organisations is in financial education and retirement planning for their employees.

Financial modelling

In addition to the traditional actuarial work, actuarial skills are increasingly being applied in the building of financial models for provident funds, social security, labour planning, banking, project financing and investment. At Partners we are proficient in building and modelling future cash flows (deterministically or stochastically) and projecting future balance sheets and the revenue & expenditure accounts of financial organisations.



The company thrives under the leadership of our Senior Partner, Zainal Kassim. Together with the five partners, we have more than 100 years of consulting experience between us.

Senior Partner

Zainal Abidin Mohd. Kassim FIA

Zainal has been with the company since 1982. His consulting experience spans the full spectrum of actuarial services including life and general insurance consulting, family and general Takaful consulting, retirement and employee benefit consulting and investment consulting. He was among the first five Malaysians to qualify as a Fellow of an actuarial professional body.

With the benefit of a long and diverse career in actuarial consulting, he currently specializes in the strategic aspects of Takaful, insurance and retirement consulting. He is a firm believer that the best solutions are those that consider the long term needs of all stakeholders. This requires looking at problems on a holistic basis and recognizing the limitations of solutions that overly rely on laws to regulate behaviors.

He was the lead consultant in a team of international consultants which undertook a recent review of pension, social security and health care systems in Malaysia. He has also consulted to insurance regulators, most recently to insurance regulators in the Middle East.

Zainal has written many articles and spoken at conferences globally on his experiences with the development of Takaful. He was the first actuary to practice takaful in Malaysia. He has also been involved in strategic analysis and the setup of Takaful and Retakaful Operators in Asia, Africa and Europe.

Zainal started his career as a pension actuary and remains active in retirement consulting. He is currently a member of the International Accounting Standards Board Working Group in London which is reviewing proposed changes to IAS 19, accounting for pensions and other retirement benefits.

He is a Fellow of the Institute of Actuaries of the UK, a Fellow of the Actuarial Society of Malaysia, Fellow of the Singapore Actuarial Society and an Associate of the Society of Actuaries in the USA. He graduated in 1978 from City University in London with a First Class Honors degree in Actuarial Science.

He is a past President of the Actuarial Society of Malaysia.

Partners

Aiza Yasmin Benyamin FIA



Aiza is a qualified actuary who has been with the company since graduating in 1995. She is primarily involved in life insurance and Takaful consulting. Her clients have included life insurers, Takaful Operators and reinsurers in Malaysia as well as global life reinsurers.

Aiza has been involved in a number of actuarial due diligence exercises for mergers & acquisitions. For Takaful, she has led a team in performing feasibility studies for a number of life insurers and reinsurers looking to set up Retakaful operations in Malaysia, Africa and UK. She has also been responsible for a wide range of other traditional actuarial work, including financial condition reporting, statutory and bonus reserve valuation, asset share and bonus revision exercises, product development and pricing, embedded value and appraisal valuations on a Risk Based Capital (RBC) basis and MCEV basis.

Outside of traditional actuarial work, Aiza also worked on a bancassurance study commissioned by Bank Negara Malaysia in 2004, and recently worked with the Life Insurance Association of Malaysia (LIAM) in assessing the long term care environment, and policies regarding treating customers fairly.

Chin Chee Yen

Since joining the company in 1992, Chee Yen has been involved in various areas of actuarial work, particularly in general insurance. Her expertise lies in liability estimations for Incurred But Not Reported (IBNR) claims reserving, appraisal valuation of insurance companies for the purpose of mergers & acquisitions, and risk margin analyses under the RBC framework in Malaysia.

She has also performed reinsurance optimization analysis using stochastic testing and been involved in the rating of a motor portfolio in Singapore. Other work includes data integrity analysis, staff training for IBNR/RBC and model auditing for infrastructure projects in Australia.



Syed Hamadah Othman FFA



Hamadah leads the retirement business and is responsible for the delivery of retirement services to our clients. He specializes in consulting with multinational companies and local organizations on issues including pension funding & accounting, pension aspects of mergers & acquisitions benefit design and communication.

His experience includes being a member of the international consulting team on the review of pension, social security and healthcare systems in Malaysia. In addition to pension work, he is also involved in the delivery of traditional actuarial work in conventional life and Takaful, and concurrently heads a team of aspiring actuaries delivering pricing, reserving and appraisal valuation work.

Hamadah is a Fellow of the Faculty of Actuaries, United Kingdom and holds a BSc (Honors) in Actuarial Mathematics and Statistics from Heriot Watt University, Edinburgh.

Hassan Scott Odierno FSA



Hassan Scott Odierno has been with the company since 1996. His specialties are in life and Takaful consulting. He is the Appointed Actuary for both Takaful Operators as well as conventional insurers, extending from Malaysia to Mauritius to Hong Kong. He has been involved in assisting companies set up Takaful operations from feasibility studies to product and model development and business projections in countries such as Malaysia, Indonesia, Saudi Arabia and Bahrain for both local companies as well as multinationals. He has also been involved in merger & acquisition exercises for insurers in countries such as Malaysia, Taiwan, Thailand, Singapore and Bahrain. He is the co-author of a Takaful book and a contributing author to another book and frequently writes articles and gives presentations on Takaful. He is also the external adviser to two universities in Malaysia to their risk management and actuarial science programs.

Hassan is a Fellow of the Society of Actuaries, and has a Bachelor of Science degree with high distinction in Mathematics from Worcester Polytechnic Institute in the USA.

Nurul Syuhada Nurazmi FCAS

Syuhada joined the company after completing her BA in Actuarial Science and Risk Management & Insurance at University of Wisconsin, Madison (USA). She has been with the company since May 2004 and is among the first in Malaysia to qualify as a Fellow of Casualty Actuarial Society.

She has performed reserving for Incurred But Not Reported (IBNR) claims and Risk Based Capital (RBC) works for general insurers and Takaful Operators in Malaysia, Bahrain and Brunei. Her experience in appraisal valuation ranges from due diligence of the general insurers to determining the potential value of a bancassurance general operation of a Malaysian insurer. She has also assisted in the feasibility study for the set up of a family takaful operations in Malaysia. She is currently the Signing Actuary for several general insurers in Malaysia.

Syuhada is also involved in the pricing and certification of Medical and Health insurance products in Malaysia. This includes the pricing of Life Insurance Association of Malaysia's and Malaysian Takaful Association's Critical Illness Scheme for Employee Provident Fund and National Insurance Association of Malaysia's Sihat Malaysia.





Actuarial Partners:

Putting Years of Experience
and Informed Strategies to
Work for You

Actuarial Partners is more than a typical actuarial consulting firm. With more than 100 years of combined consulting experience, our partners are not only leaders in their field but are progressive and forward-thinking innovators.

Our strengths are numerous, and our experience is vast... making Actuarial Partners the right source for:

- Traditional Actuarial Consulting
- Strategic Consulting
- Risk Management

Our firm is distinguishable from other actuarial firms in that we pride ourselves on combining top-level strategic thinking and old-fashioned personal attention and sensibility to all of our clients for services such as: pension scheme valuation and design, pricing of insurance and Takaful products, determining appraisal values in mergers & acquisitions and the actuarial valuation of insurance and Takaful company liabilities.

Our clients are spread across the globe; from Malaysia to the UK, with various countries in between like Singapore, Brunei, Indonesia, Thailand, Hong Kong, Sri Lanka, Mauritius, Saudi Arabia, Bahrain, Oman, Nigeria and Sudan. We are leaders in consulting to the growing Takaful (Islamic Insurance) industry. In Malaysia we are widely accepted as the industry expert on pensions and the actuarial aspects of Takaful.

Our History

A Glimpse Into Our Past

When the firm was established in Malaysia in 1977, it was a subsidiary of a leading UK based actuarial firm, Duncan C. Fraser & Co. Its primary mission: To provide outstanding actuarial services for the Far East market.

The Malaysian company was initially headed by Huw-Wynne Griffith and succeeded by Adrian Waddingham in 1981. As time passed, the firm's needs and clientele expanded. It was during this transition that Actuarial Partner's current senior partner and office head, Zainal Kassim, started with the firm. Soon afterward in 1984, the firm was renamed Zainal Fraser & Co. SdnBhd, still under the Duncan C. Fraser & Co. umbrella.

When William M. Mercer acquired the worldwide operations of Duncan C. Fraser & Co. in 1986, the combined Malaysian operation of Mercer and Zainal Fraser moved into the current office location and was renamed William M. Mercer Zainal Fraser to reflect the merger of two leading consultancies. Under Mercer, our company developed international "best practices" and adopted time-tested processes in all areas of its operations, in particular in the development of peer review and checking processes, codes of conduct and other global policies and processes.

Our Present

Building Value Together with Our Clients

Whilst the firm thrived and developed in Malaysia under Mercer's umbrella, our firm's expertise in insurance, Takaful and retirement consulting conflicted with Mercer's shift in focus to human resource and investment consulting. This left our senior management with a dilemma.

A decision was made that in order to take the insurance and takaful practice to the next stage of development, a management buyout (MBO) of the actuarial practice of Mercer was the best option forward. After the completion of the MBO on 1st February 2011, the firm re-emerged as Actuarial Partners.

The new name, Actuarial Partners, provides a glimpse into our strengths as an organisation, namely:

- Our partners are Fellows of the Institute and Faculty of Actuaries in the UK, the Society of Actuaries in the USA and Casualty Actuary Society in the USA. They are also Fellows of the Actuarial Society of Malaysia.
- We use our core actuarial expertise in building value for our clients. Indeed we take pride in our ability to partner with our clients to add value.
- Our continued affiliation with Mercer after the MBO still allows us to provide high-level human resources, benefits and investment consulting in partnership with Mercer while maintaining our focus on our strength as actuaries.

The new Actuarial Partners logo depicts a family holding hands to signify our concern for our clients and our attitude towards our own staff. It is very much our conviction that we are 'partners' and we are here to build value together with our clients. The different sized hands show our interest in helping all clients, from the largest multinational corporations to the smallest local companies. The different colours indicate the diversity in our company as well as our ability and desire to reach out to diverse cultures around the world.

Although our name has changed, our services and our strong business model have not. Current clients can expect the same quality of service and attention they received before when the firm was under Mercer leadership. Our prospective business partners can rely on the accomplishments and the professional reputation of our firm to be maintained.

Our Future

Continued Growth, Expansion and Diversification



Our mission is clear and strong; to build value together with our clients. With this in mind, it is our hope and ultimate goal to pursue every opportunity we find suitable that will enhance value and benefits to our client.

Our experience around the globe and our ability and willingness to work with multinationals, diverse cultures and companies both large and small, place us at an advantage to extend operations to rapidly emerging regions of the Middle East, Africa, Asia... globally.





For further information please contact:

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