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# Takaful Risk Based Capital Seminar “Preparing for the Inevitable”

5 December 2012, Crowne Plaza Mutiara Kuala Lumpur

Themes: “Fitting Together: Takaful Operational Framework (TOF),  
Valuation Guidelines, Risk Based Capital for Takaful (RBCT) and Asset-  
Liability Management (ALM) under RBCT”



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**With the recently finalized RBCT guidelines by BNM, all Takaful Operators have to gear up their resources and systems in preparation for RBCT. Gain insights, tips and strategies on RBCT by participating in the Takaful Risk Based Seminar.**

The Takaful landscape is soon to change overnight with the enforcement of new regulations such as the Takaful Operational Framework (TOF), Valuation Guidelines and RBCT.

In light of the recently announced new guidelines for RBCT by BNM, Takaful Operators will face new stringent capital requirements and new challenges. They will have to adopt new strategies in order to stay competitive and to continue increasing the Takaful penetration rate.

Consider the following:

- Under the current guidelines, Takaful Operators are only required to perform actuarial valuations once a year. However, with the RBCT guidelines, Takaful Operators will need to perform quarterly valuations and submit them within 21 days. Takaful Operators will need to have sufficient resources and efficient systems or may face heavy penalties.
- With assets and any mismatch between assets and liabilities attracting additional solvency margins under the RBCT guidelines, Takaful Operators would need to manage their assets and the products they sell wisely. This is compounded by the challenge of limited availability of Shariah-compliant assets.

This event organised by Actuarial Partners with the support of Mercer Investment Consulting comprises a half-day seminar that looks into the implications of RBCT covering high level and technical issues pertaining to capital requirements, assets and liabilities under RBCT, including but not limited to valuation and ALM under RBCT. There will also be a parallel one-hour workshop for family and general Takaful which will provide participants with comprehensive insights and hands-on practical experience on doing the new valuation runs on RBCT.

This event is an excellent opportunity for industry practitioners to discuss recent developments and key issues in Takaful in Malaysia.

**Despite the challenges faced by Takaful Operators under RBCT, Takaful Operators can still expect to grow profitably through implementing the appropriate strategies and armed with the right tools to ensure a smooth transition into the RBCT regime.**

## Who Should Attend

**Chief Executive Officers of Family and General Takaful Operators**

**Senior Management of Family and General Takaful Operators**

**Shariah Scholars and Executives**

**Compliance Officers**

**Head of Pricing and Product Development**

**Head of Investments**

**Individuals involved in Risk Management For Takaful**

**Actuarial Executives involved in the following: Pricing, Valuation, Financial Condition Reporting**

**Academics and Researchers**

## Key Topics

**How will Takaful products change with the introduction of RBCT guidelines?**

**What will be the effect on the capital requirements of an Operator under RBCT?**

**How to manage Asset-Liability Mismatch (ALM) under RBCT?**

**Demonstrations of simulated runs for Family Takaful valuations using Actuarial Partners' in-house software 'Mo.net'**

**Demonstrations of quarterly IBNR and Risk Margin valuations for General Takaful using Actuarial Partners' in-house application tool**

**Malaysian Motor Insurance Pool (MMIP) and its implications**

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## PROGRAMME

Seminar : 5 December 2012

8:30am – 9:00am Registration

9:00am – 9:15am Opening Remarks – Zainal

### ***Takaful: Where we are now and where we need to go***

*In these opening remarks Zainal will put the current developments in Takaful into perspective and outline the role of the Takaful industry in the context of the need to increase the insurance/takaful penetration rate in the country, the need to prepare adequately for retirement in what is an aging society and the need to provide for the ever-increasing cost of medical care. Are current regulations making the attainment of these objectives more expensive? If so, what are the alternatives?*

9:15am – 10:30am First Session – Hassan, Farzana and Chee Yen

### ***Implication of RBCT on the industry***

*We will discuss the high level implications of RBCT with focus on the capital requirements and its impact on product selection and design. In particular, for general Takaful, to take a look into the implications of capital requirements to short and long tailed classes of business.*

10:30am – 11:00am Coffee Break

11:00am – 12:00pm Second Session – Zainal and Garry

### ***Asset-Liability Management (ALM) under RBCT***

*The role in ALM for conventional insurance is well documented. With the introduction of RBCT it would seem that ALM for Takaful should now form part of the Operator's Risk Management strategy. This session would explain how ALM is implemented, the system issues and the limitations posed when dealing with a limited universe of Shariah compliant assets. Is the theory running ahead of what can be achieved in practice?*

12:00pm – 1:00pm Third Session – Zainal, Chee Yen, Hassan and Farzana

### ***Workshop on RBCT : Parallel family and general Takaful sessions on applying RBCT***

*For family Takaful, we will discuss some of the practical issues and challenges in applying RBCT, walk-through the RBCT reporting forms in respect of Takaful and expense liabilities, and discuss some of the controversial and ambiguous aspects of RBCT to gain a market consensus on applying RBCT.*

*For general Takaful, we will discuss the valuation methodology for determining PRAD, walk-through the RBCT reporting forms in respect of Takaful and expense liabilities, and demonstrate our in-house application tool for quarterly IBNR and Risk Margin valuations. We will also discuss on MMIP and its implications to Takaful liabilities and capital requirements.*

1:00pm-2:30pm Lunch and Solat Zohor

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## Speakers' Profile

### Zainal Kassim, FIA



**Zainal Abidin  
Mohd Kassim, FIA  
Senior Partner,  
Actuarial Partners**

With more than 30 years of experience, Zainal Kassim is a pioneer in the development of takaful in Malaysia being the first Appointed Actuary for Malaysia's first takaful company.

Zainal is among the leading actuarial experts in the world in takaful and has written many articles and spoken at conferences globally on his experiences with the development of takaful. 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.

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.

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.

### Chin Chee Yen



**Chin Chee Yen  
Partner, Actuarial  
Partners**

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



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## Speakers' Profile

### Hassan Scott Odierno, FSA



**Hassan Scott Odierno, FSA**  
Partner,  
Actuarial  
Partners

With 20 years of experience, Hassan is among the leading experts on the actuarial aspects of takaful and has been an advisor to the majority of takaful operators in Malaysia. He is a co-author of the World Bank book *Takaful and Mutual Insurance*, the co-author of the book *Essential Guide to Takaful*, a contributing author to another book and frequently writes articles and gives presentations on takaful.

He is the Appointed Actuary for both takaful operators as well as conventional insurers, extending from Malaysia to Mauritius to and Kenya 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 and acquisition exercises for insurers in countries such as Malaysia, Taiwan, Thailand, Singapore and Bahrain. 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.

### Garry Hawker



**Garry Hawker**  
Partner, Mercer

Garry initially joined Mercer in New Zealand in September 1992 after having worked for seven years with another consulting firm. Prior to his transfer to Singapore in February 2000, Garry had been responsible for the management of Mercer's Investment Consulting business in New Zealand. In October 2007, Garry relocated to Shanghai to oversee the establishment and development of Mercer's Investment Consulting business in China. Garry relocated back to Singapore in August 2009.

Since his move to Asia, Garry's major clients have included the national social security funds, central banks and national reserve investment agencies of many Asian countries. In April 2008, in recognition of his client focus, Garry became the Regional Director for Sovereign Funds, a newly created role to help Mercer fill an increasing need to provide innovative investment solutions to large funds, particularly those in emerging capital markets. Garry also chairs the group that contributes to Mercer's capital markets research and assumptions globally and is a member of the Best of Mercer committee, which is a global committee within Mercer's investments business charged with bringing Mercer's best ideas to our clients.

Garry is an associate member of the CFA Institute. He is also an actuary. He received his bachelor's degree in mathematics and statistics from the University of Canterbury in New Zealand.

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## Speakers' Profile

Farzana Ismail, FIA



**Farzana Ismail,  
FIA  
Principal,  
Actuarial Partners**

Farzana Ismail joined the company recently from Milliman, a multinational actuarial and consulting firm in London where she was a senior consulting actuary in the life insurance practice for nearly 8 years.

In London, she worked on various assignments with life insurance companies such as statutory valuations, Individual Capital Assessments, mergers and acquisitions, block annuities transactions and various aspects of Solvency II work. She had also led the takaful initiatives within Milliman London.

Farzana has worked on client assignments in Europe, US and Asia Pacific. She regularly writes and presents on several actuarial topics including longevity risk, Solvency II and Takaful. She is a co-author of the multi-contributory book 'Longevity Risk' by Risk Books and a co-author of the Global Family Takaful Report 2011 by Milliman.

She is a Fellow of the Institute and Faculty of Actuaries in the United Kingdom. She graduated with a BSc (Honours) in Actuarial Science from London School of Economics and a Masters (Distinction) in Actuarial Management from CASS Business School, UK.

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Fax to: +603 21613595

## Registration Form

To: Ms Sharon Chan, Tel: +603 21610433  
Email: events@actuarialpartners.com

### Participant details (1)

Title  Dr  Mr  Mrs  Ms

Full name: \_\_\_\_\_

Position: \_\_\_\_\_

Organization: \_\_\_\_\_

Address: \_\_\_\_\_

Tel: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

### Participant details (2)

Title  Dr  Mr  Mrs  Ms

Full name: \_\_\_\_\_

Position: \_\_\_\_\_

Organization: \_\_\_\_\_

Address: \_\_\_\_\_

Tel: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

## Registration (please )

Early Bird  
(valid till 28 Nov 2012)

Regular

5 December 2012 Seminar  RM350.00  RM400.00

Full registration fees **MUST** be paid before the valid dates for admittance at conference.

Only registrations **FULLY PAID FOR** by the early-deadline will be eligible for the discount.

### Group Registration:

### Special Dietary Requirements

I would like to have vegetarian meals during the seminar.

Closing date for registration: 4 December 2012

Fax to: +603 21613595

## Payment

I enclose a cheque / bankdraft in Malaysian Ringgit made payable to **Actuarial Partners Consulting Sdn Bhd**

Telegraphic / Wire Transfer to the following account:

**Actuarial Partners Consulting Sdn Bhd (35090-H)**  
**Standard Chartered Bank Malaysia Berhad**

1st Floor

No.2 Jalan Ampang 50450 Kuala Lumpur

Account No: 312-1-0088332-8

Swift Code: SCBLMYKXXXX

## Cancellations

Your registration is subject to acceptance by Partners. You will receive confirmation of acceptance and further details close to the scheduled seminar date. Confirmation of the seminar proceeding is dependent on enrolments. The seminar fees cover documentation, lunches and refreshment. Participants are responsible for their own travel, accommodation and out-of-pocket expenses. For cancellation in writing made before **28 November 2012**, 50% of the fee will be refunded. No refunds will be made for cancellations after **28 November 2012**. You may nominate a substitute to take your place at any time before the start of the seminar. No-shows on the day of the seminar will not be refunded.

Partners reserves the right to cancel any part of its published seminar due to unforeseen circumstances and to determine the suitability of any registrant to attend the seminar. Payment must be received in full before the start of the seminar. Please note that we reserve the right to refuse admission to the seminar if proof of payment has not been received. An invoice will be sent upon receipt of the registration form.

## Hotel Accommodation

Hotel is not included in the seminar fee. To reserve accommodation at the event venue, please contact the hotel address below. Kindly mention our company name and the event details to get a special corporate rate.

### Crowne Plaza Mutiara Kuala Lumpur

Jalan Sultan Ismail

50250 Kuala Lumpur

General Line: +603 2148 2322

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