

VISION

TAKFUL
INTERNATIONAL
التكافل الدولية

Semi-Annual Newsletter

Issue 8

June 2008

Vision of a refreshing change



Younis J. Al Sayed
Chief Executive, Takaful International

Dear Readers

Once again we are pleased to bring to you another of our periodic bulletin albeit with a new look. The process of continuous development and improvement is one of the most outstanding and prominent contributors towards our success. So we are keen to interact and implement your views and proposals.

This periodic bulletin reflects our aspirations and our vision of the events and development in the Takaful industry and the news of our company in particular. In this issue we are trying to convey to our readers what they have to know, and through it we effectively communicate and display

what we intend to do. This is to interact and draft resolutions shared by our dear readers. Thus we represent the vision that we strive to share and realize.

The new name "Vision", which we think is more appropriate and more expressive of the goal of this bulletin reflects the picture that the company foresees.

In this issue, I am glad to mention through this forum the huge success the company has achieved for the financial year ended 31 of December 2007. The company has managed successfully to achieve excellent and remarkable growth in the business with a historic record growth rate of

60% in written contributions while our company's investment reached BD 19 mn. We were able to create the perfect balance in our business and this is a proof of our commitment to our successful strategies that ensures providing unique and exceptional insurance services under the Islamic values.

This unique combination and healthy competition we face in the market not only boost our development process, but also maintains our success in this highly competitive market. Thus, we are always committed to be on a leading position and to keep adopting high standards and values with our clients.



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An exclusive interview with Mr. Hussain Al Asousi



Mr. Hussain Al Asousi
Chairman
Takaful International, State of Kuwait

An observer of Takaful affairs clearly observes the continuous growth of establishing Takaful companies throughout the GCC countries. Many economists see that the increase of individuals and organizations' insurance awareness had made a qualitative progress in the insurance business activities as the region witnesses a growth estimated by 16% in 2005 compared to 4.3% worldwide. No doubt, there are several factors affecting the Gulf experiment in the insurance market in general and Takaful in particular such as GNP level improvement in most Gulf States. This is due to the rise of oil prices which resulted in construction boom extending from Oman's shores across UAE and Qatar to the State of Kuwait in which insurance premiums growth rate registered 24.5% in 2005 and in which the highest number of Takaful companies operate.

In addition, the increase of insurance awareness and availability of modern insurance tools complying with the peoples' beliefs and traditions has contributed to the growth of Takaful industry during the last ten years to a record rate ranging from 15% to 20%. To highlight the future of Takaful industry, success factors of Takaful companies entering the market and

projecting the future of Islamic insurance market, the editorial team interviewed a number of insurance specialists to project Takaful market components in the coming years, new companies business strategies and future trends.

Editorial team hosted Mr. Hussain Al Asousi, Chairman of Takaful International Company, State of Kuwait to talk about the new Company's objectives and his perspective of the Kuwaiti Takaful market.

Insurance industry, in general, and Takaful, in particular, witnesses a qualitative boom especially in the GCC countries. In your opinion, what are the reasons behind this boom and can we contribute it to the increase of individuals and organizations' insurance awareness?

The world market trend is an Islamic trend because of the increasing demand of Islamic products whether insurance, investment, finance or any other transactions that contribute to the increasing demand for such products, and hence drive investors into investing in this promising market by introducing innovative products. This is primarily due to various factors such as the availability of liquidity in the Gulf States, which

mainly results from the rise of oil prices and the return of much Arab capital from the West and USA, especially after 9/11 events. On the other hand, the individuals' insurance awareness witnessed a qualitative boom because of the availability of alternative protection that meets their needs and requirements without any Shariah constraints. This results in the rising growth of Islamic insurance market.

There are also a number of factors contributing to preparing the suitable environment for the growth of Islamic insurance. Many GCC states issued legislations and laws to organize the insurance market in general and Takaful in particular. This has created a relative assurance of capital owners to invest in establishing Islamic companies and therefore completing the Islamic economic system and creating the insurance component to serve the country's growth in line with the Islamic banks during the last two decades.

Hence, the above-mentioned factors have contributed to creating a qualitative boom of Islamic insurance, which is expected to reach the same growth rate within the next ten years amounting to 20% per annum.

The Kuwaiti market has recently witnessed the phenomena of establishing Takaful companies and many economic analysts see that it is due to the strength of Kuwait Stock Exchange Market. While achieving the maximum returns on investments are on top of shareholders priorities upon establishing their companies and then listing in the stock exchange and stock trading, the focus on insurance operations is not on top of such companies' priorities. What is your evaluation of such analysis and what is the Company's strategy in the Kuwaiti market?

Regardless of the validity of such analysis, Takaful International Company is established to grow. Therefore, the strategy on which the Company was established is to expand this project adopted by a number of Takaful investors on the regional and international levels as the Company will be a subsidiary of a holding company whose registered office will be located in Dubai Financial Centre.

The Company shall benefit from the success achieved by Takaful International - Bahrain in its capacity as the Company's technical consultant. Therefore, the Company's strategic trends complement

the activities of a group of investors and the Company has adopted strategies in line with the Group's long run strategies. Hence, we are at the point of talking about a clear vision that puts emphasis on the operating processes on par with the investment aspect.

Although the Islamic insurance market "Takaful" started a little late in the State of Kuwait, it is noticeable that Kuwait occupies the first position in terms of number of Takaful companies and therefore, competition is high among Takaful companies. What are Takaful International Company's success factors to own a good share in the insurance market?

There are a number of success factors. We greatly depend on the qualified administrative elements such as experienced personnel, and alliance with Takaful International Company, Bahrain was fruitful in preparing high capacity re-insurance programs to strongly penetrate into the Kuwaiti market. Our Company will not start from the scratch but it enjoys 17 years of experience and efforts to establish a comprehensive infrastructure that meets the market's continuous needs. In addition, we will introduce and market

innovative products in the Kuwaiti market when we start our business operations. On the other hand, our Company shall provide captive business.

What are the products to be introduced and what are the family Takaful products within this list? How will you market such products especially since they are not available in the Kuwaiti insurance market and none of Shariah Supervisory Boards of Takaful companies have approved such products like other GCC countries?

We think of introducing personal Takaful products that focus on individual family Takaful and they are approved by Shariah Supervisory Board upon close cooperation between the Shariah Board and insurance experts and specialists to introduce such innovative products that meet the insurance needs on one hand and are Shariah-compliant on the other hand. Moreover, we have drawn an expansion plan to market such products, which will make a qualitative progress in the Kuwaiti market.

Do you see that the increase of Takaful companies is a healthy phenomenon that can enrich the Islamic experiment in the insurance industry and complement the Islamic economic system initiated by the Islamic banks or it has negative effects in terms of competition which may make them lose their ideological strength as a Shariah-compliant insurance protection? What do you prefer?

No doubt, the increase of Takaful companies is a healthy phenomenon for competition. This will, in turn, enrich the experiment in terms of exerting more efforts, innovation, development and uniqueness by introducing new products that comply with our tradition and beliefs and set new standards in Takaful industry. In fact, I believe that Takaful industry is an open market, which is the optimum field to introduce



The Editor-in-Chief during the interview with Mr. Hussain Al Asousi

state-of-the-art service and quality performance. Hence, there is no room for fear in Takaful International Company. We can take the instance of the Islamic banks, which operated in markets and were able to accommodate themselves with the market position and this has resulted in developing their products and services to create a new business activity in the market. The same thing applies to Takaful companies as we are penetrating into a promising and healthy market encouraging inventing new services.

On the other hand, if we look at the current Takaful and Re-Takaful companies, we see that Takaful Companies Association unveiled that it has 25 members. Hence, it is a reality and not a special case. Moreover, new Re-Takaful companies have been established to meet the direct Takaful companies needs and consequently we are in the process of having a comprehensive

insurance system.

Takaful companies are obliged to invest their funds in Shariah-compliant channels and this may limit their revenues compared to the conventional insurance companies, which have open market. We have an economic problem in terms of meeting the investors' aspirations and limitations Islamic investment market and reduction of revenues. In addition, deficit of policy holders fund, if any, will increase the investment risks in Takaful companies and shareholders will be obliged to grant interest-free loan to meet the company's contracting obligations. What are your expectations from the Company's investment returns and how the Company will compete to achieve higher capital return?

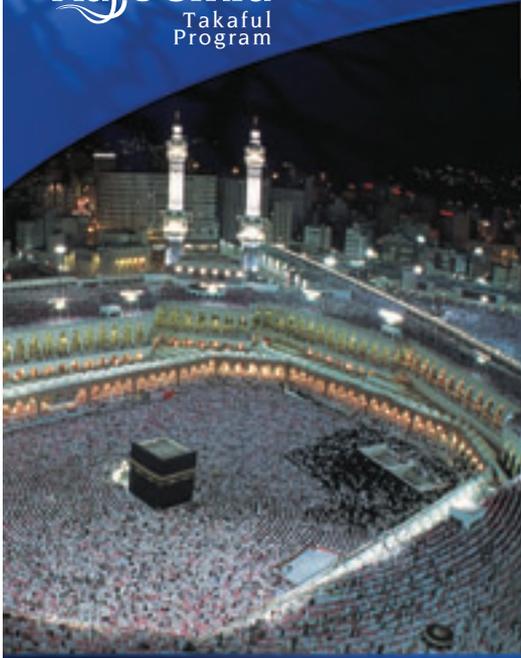
I disagree with you with regard to the limitations of Islamic investment

channels. Discovering new promising opportunities is no longer panic. There is diversity and several risks as we do not operate independently but we have a vision and open horizon. We are primarily an Islamic investment group and our strengths are derived from the Group's companies and strategies are established in compliant with the Group's investment policy, which has achieved many achievements. Reviewing the performance of such investment companies will increase the investors' confidence in dealing with Takaful International Company. Moreover, the region witnesses a promising Islamic investment trend.

To this point, we concluded our meeting with Mr. Hussain Al Asousi, Chairman of Takaful International Company, State of Kuwait, and we will have new interviews with high-profile insurance experts in the coming issues to get acquainted with the promising Takaful future.



Serving the Islamic world. Ensuring a safe pilgrimage.



Takaful International, Bahrain's first and leading Islamic Insurance Company offers you Hajj & Umra Takaful Program, in compliance with Sharia'a law and approved by the Sharia'a Board.

Coverage includes

- Personal Accident cover
- Medical Expenses cover during your stay in Mecca, Madina and Jeddah.

Now, as you answer the call of Almighty, we answer the call for providing you protection!

For more details, contact:
Takaful International Co. B.S.C.
 Tel.: (+973) 17 565656 Fax: (+973) 17 582886 • E-mail: takaful@takafulweb.com Website: www.takafulweb.com



IN FOCUS

Takaful instead of Conventional (Commercial) Insurance



Khalil Shams
Senior Manager
Personal & Commercial Line

Due to the lack of understanding the thinking of Takaful and Islamic insurance which may result from the faulty or defective application in several experiments in addition to unsound analysis and understanding of basic commercial insurance activities practice, there is unjust criticism to Takaful and Islamic insurance for the above-mentioned reasons

Takaful application originates from inherent, comprehensive, integrated and coherent thinking and is based on sound Shariah principles, which prohibit the commercial contracts and permit Takaful and Islamic insurance instead. The aim of this thinking which reviews insurance in a positive manner and an useful and required economic industry is to avoid risks and provide the financial protection on Takaful basis.

It also explains the true scientific, logical and Shariah which relies on co-operation and donation to achieve such goal according to the rules, mainly: insurer, insured, government and scientific methodology in managing such risks. The sound and technical basis and practice of insurance activity determine the role each of such rules plays in the economy and this industry to make the relationships among the parties compliant with Shariah and Islam and to be fair to all parties.

The principle differences between Takaful and commercial insurance are apparent in the legal dimension of insurance practice. They may match in the main inputs such as the financial, administrative and technical input and risk management of this industry in general. Moreover, they match in their main outputs, namely the financial

protection such as compensations, future financial reserves, returns on investments, savings and remunerations. However, Takaful is different from the commercial insurance in terms of basis and roles, and hence the economic inputs and outputs and consequent legal duties and rights.

Takaful thinking sees the insured (subscriber) as a person who avoids risks, co-operates with other insured, a provider of financial protection by contributing money and therefore he is an actual beneficiary of insurance funds and though he donates such money, he is still the owner of such money. In the commercial contract, the insured is a buyer of protection from the insurer by paying insurance premiums and therefore, he no longer becomes the owner of such money or a beneficiary and the insurer has a legal obligation to compensate him to the maximum money and wealth he owns under the insurance contact entered into between the two parties. This is definitely a mere claim on contrary to the true application of the commercial contract. It is established that the protection is provided based on the insurance premiums paid by the insured.

We will complete this subject in the next issue.

NEWS & EVENTS

Agreement signed with Gulf Petrochemical Industries Company (GPIC)



As part of Takaful International Company's interest in attracting new clients, the company has signed an insurance agreement with Gulf Petrochemical Industries Company (GPIC). This one-year agreement will provide all GPIC employees and their family members an exceptional health and family insurance under Islamic values.

Takaful gladly welcomes GPIC in to their esteemed client's family. The Company is aware and confident of their potentials in providing the best insurance coverages that is suitable to Shariah.

Moreover, this agreement helps establish a healthy and professional environment to all GPIC employees along with respecting their rights for having the best health care services



Mr. Younis J. Al Sayed, Chief Executive, shakes hand with Abdul Rahman Jawahery General Manager of GPIC

Insurance package deal signed with BFH



Mr. Younis J. Al Sayed, Chief Executive, while signing the agreement with Mr. Stephen Rothe, Chief Executive of BFH

Bahrain Financial Harbour and Takaful International Company signed an insurance contract, which provides an all Risk Insurance Cover and risk solutions.

In this occasion, Takaful International Co. also expressed sincere gratitude and appreciation to the Management of Bahrain Financial Harbour for their right choice in selecting Takaful International for providing their insurance services.

Adding the fact that the company's strategy is to place the client at the forefront of the priority list and ascertain long and cordial business relationship.

As for the contract, Takaful International will provide BFH with a comprehensive Sharia'a compliant insurance package, covering their assets for total amount exceeding US\$ 326 mn. In addition, it will extend them risk management services.

Moreover, BFH encourages not only foreign financial service providers to establish branches in Bahrain but are also continuously supporting well established and reputed companies based in the Kingdom. BFH is considered a turning point in the market of finance and investment in the Kingdom and the first financial center, which provides all the infrastructure demands and supplies.

Mutual Cooperation Agreement with Ahlia University



Mr. Younis J. Al Sayed, Chief Executive, while signing the agreement with Professor Abdulla Al Hawaj, President of Ahlia university

Takaful International and Ahlia University signed a Memorandum of Understanding subject to which Takaful International will provide all insurance services and covers to Ahlia University.

This memorandum will enable both

parties to carry out flexible and quick insurance operations as Takaful's insurance operations will cover all risk management, fire and riot insurance, in addition to personal accidents, employee's life insurance and health insurance.

In addition, the Memorandum is a sincere gesture to promote the strong and continuous relationship between both parties by providing all the innovative Islamic insurance services to raise the university academic standards.

Takaful International & Tas'heelat Insurance launch the first insurance product dedicated to women



During the Press Conference

Takaful International and Tas'heelat Insurance have launched a joint insurance product dedicated to females "Heya" meaning "she". This product will cover chronic diseases pertaining only to women in addition to personal accidents, various medical examinations provided by preferred hospitals and Second Medical Opinion provided by specialists from the United States.

The product proves the company's commitment towards introducing innovative products that cater to customer needs and keep abreast with the modern advancements. Moreover, it reflects the company's interest in providing special insurance solutions for women, which comes as recognition of their effective role in bringing up generations and enhancement of their leading community status in various aspects.

The insurance policy will contain four main schemes, namely: critical illnesses treatment, personal accident coverage scheme, and annual medical checkup scheme. It is worth mentioning that this product includes providing more than one independent medical opinions in case of diagnosing a critical illness by experienced world specialists to make sure that the proper diagnosis and best treatment is received.

And signs mutual memorandum agreement

Takaful International signed a mutual memorandum agreement for a mutual product "Baitak" with Tas'heelat Insurance.

Through this agreement and the product "Baitak", the customers will be able to secure their precious homes and belongings, the policy covers protected homes from fires, storms and water leakage risks and danger. In addition, it will protect

the belongings from personal accidents such as home breach.

This agreement will enable Tas'heelat Insurance clients to benefit from this product's outstanding and satisfactory insurance services, which Takaful Company provides under high Islamic standards suitable for various market demands.



Mr. Younis J. Al Sayed, Chief Executive, signs the agreement with Mr. Ali Al Daylami General Manager of Tas'heelat Insurance

Signing of another Insuring Assets and Properties Contract with GARMCO



Mr. Younis J. Al Sayed, Chief Executive, Takaful International (center) with Mr. Adel Al-Hamad, CEO, GARMCO (left) and Mr. Zakareya Buallay, GM - Administrative Affairs, GARMCO (right)

"The Gulf Aluminium Rolling Mills Company (GARMCO) has awarded Takaful International the tender for insuring its assets and properties for three successive years", said Mr. Adel Al-Hamad, GARMCO's CEO. The Company has adopted the policy of total transparency in insuring its assets and

properties, according to the highest international insurance standards", said Mr. Al-Hamad, expressing his appreciation on the cooperation shown by Takaful International in fulfilling all the terms and conditions of the Tender.

This operation took place through the Company's Tender Board, in coordination with the international insurance consultant, AON. Five local insurance companies participated in the tender, including Takaful International, which was awarded the tender because it had offered the best technical insurance conditions, in addition to offering the best covering price, among the companies participating in the tender.

Moreover, there is a distinguished technical team that has conducted a study of the international market that provides the best covers of these risks, and has cooperated with major reinsurance companies, including ACE Ltd. and RSA.

The Takaful international company considers this operation as one of its highly important insurance operations in which it helps the company to head steadily towards more development in a way that realizes its ambitions and commitment to provide all covers appropriate to these risks.



And while signing the contract

A trip to several hospitals in the Kingdom of Jordan

A delegation from Takaful International Company had visited several medical hospitals in the Kingdom of Jordan to have a thorough and deep overlook of the operations for a better understanding.

In addition to providing several advanced health care policies outside the Kingdom, this visit will empower and enhance the cooperative relation between the company and Jordan's hospitals.



The delegation from Takaful International visiting Jordan Hospital



And in a visit to Al Khalidi Medical Center

In Fond Memories



The late Dr. Hilal Al Shaiji with Mr. Younis J. Al Sayed

I express my heartfelt condolences at the demise of my dear friend and a distinguishing personality - Dr. Hilal Al Shaiji, whom I had known for the last several years. I recall meeting him last at the signing ceremony with Al Ahlia University, providing them insurance coverage.

I cherish our youthful days when we were in Kuwait together; sharing an accommodation, to pursue our higher studies; I was doing my degree and he was preparing for PH.D from Al-Azhar University. I have always admired his distinguishing qualities; highly intellectual yet simple, held top positions yet so humble. In short, a great mentor in all aspects.

Few personalities leave behind an everlasting impression which words can never express.

May his soul rest in peace.

Younis J. Al Sayed

Re-insurance training course, France



Redha Derbas
Head of Section - General Takaful

As part of its continuous endeavors to develop the Bahraini talents and the Company's plans to promote outstanding personnel to gain the main skills, Takaful International Company delegated Mr. Redha Derbas, Head of Section - General Takaful to the Republic of France to attend a re-insurance training course.

This international study will review the best covers and the highest international insurance standards and how to select the best programs to protect the company against any risks.



Good luck & Farewell

The management of Takaful International extends its gratitude towards the staff who have left and wishes them good luck for all their future endeavors!

Visit places with complete peace of mind

Travel Takaful, from Takaful International, promises the financial protection you need on a business trip or a vacation abroad, by covering all related medical expenses.

Benefits of Travel Takaful:

- Travel, Legal and Lost Luggage Assistance
- Emergency Medical Evacuation
- Repatriation of Mortal Remains
- Medical Translation Services
- Delivery of Essential Medicines
- Arrangement of Compassionate Visits
- Convalescence Expenses and many more



Welcoming new joiners into the Takaful Family

The management of Takaful International welcomes the following staff who have joined our family.



Asma Ali Abdulla Ali



Sarah Hassan Mohd Amer



Hussain Ali Al Banna



Salah Mohammed Awadhi



Manal Jassim A. Rahman



Mohammed Rashed Al Sutaihi



Jassim Mosa Malik



Afnan Jassim Arayyedh



Hesa Ali Salman



Michael Angelo



Haya Saleh Binhindi



Abdulla Khaled Al Jalahma

Up the ladder!

Congratulations and all the best wishes to the following staff who have been promoted and gone up the corporate ladder.



Essam Al Ansari
General Manager

Younis J. Al Sayed
Chief Executive

A. Aziz Al Othman
Deputy General Manager



Raef Al Hammad
Manager
Motor & Branches



S. Jaffar Khalil Hussain
Manager - Information
Technology



Noor Al Nasser
Manager
Public Relations



Ahmed Ebrahim Swailem
Senior Manager
Major Account



Khalil Shams
Senior Manger
Personal &
Commercial Line

3 Easy Steps for Takaful Coverage Enhancement (Commercial Lines)



Ahmed A. Qudoos Ahmed
Senior Manager, Business Development

Dear Reader,

If you are an owner of a business enterprise or responsible for fulfilling the Insurance/Takaful requirements of your organisation, the following questions might cross your mind:

1. Do I/the organisation have the optimum Takaful protection?
2. What are the Takaful policies that best suit my/our business?

In our continuous endeavour to enhance our service to our esteemed clients, we at Takaful International would like to assist you in choosing the adequate covers that suit your line of business. To achieve this, simply follow the three steps mentioned below and leave the rest to us:

- 1) Go to the heading which best describes your business.
- 2) Cross (X) the box if Covered and leave it blank if Not Covered.
- 3) For new requests or enquiries kindly contact our Commercial and Personal Accounts Manager on **17 565668** or for policy renewals the person who is following your renewal to explain to you the necessary steps to be taken to enhance your coverage.

Shop Owners & Retailers

- Fire, Special Perils & Theft
- Riots, Strikes, Malicious Damage, Sabotage & Terrorism
- Public Liability
- Employer's Liability
- Personal Accident to owner of shop & partners
- Money in Transit/Safe
- Marine Cargo

Banks & Financial Institutions

- Bankers Blanket Bond
- Fire, Special Perils & Theft
- Riots, Strikes, Malicious Damage, Sabotage & Terrorism
- Electronic Equipment
- Credit Cards
- Fidelity Guarantee
- Credit Takaful
- Professional Indemnity
- Public Liability
- Employer's Liability
- Personal Accident
- Directors and Officers

Engineers & Contractors

- Contractors All Risks
- Erection All Risks
- Contractors Plant & Machinery
- Decennial Liability for Major Projects
- Employer's Liability

Hospitals & Clinics

- Fire, Special Perils & Theft
- Business Interruption
- Riots, Strikes, Malicious Damage, Sabotage & Terrorism
- Electronic Equipment
- Plate glass
- Medical Malpractice
- Public Liability
- Employer's Liability
- Money in Transit/Safe

Hotels & Restaurants

- Fire, Special Perils & Theft or Hotelier's Comprehensive
- Business Interruption
- Riots, Strikes, Malicious Damage, Sabotage & Terrorism
- Plate glass
- Public Liability
- Employer's Liability
- Money in Transit/Safe
- Goods in Transit cover
- Machinery Breakdown
- Business Interruption following Machinery Breakdown
- Deterioration of stock following Machinery (Freezers) Breakdown

Commercial Buildings & Offices

- Fire, Special Perils & Theft or Office Comprehensive
- Alternative accommodation
- Riots, Strikes, Malicious Damage, Sabotage & Terrorism
- Plate glass
- Public Liability
- Employer's Liability
- Personal Accident
- Money in Transit/Safe

Manufacturers & Workshops

- Fire, Special Perils & Theft or Property All Risks for larger industrial firms
- Business Interruption
- Riots, Strikes, Malicious Damage, Sabotage & Terrorism
- Electronic Equipment
- Public Liability
- Employer's Liability
- Money In Transit/Safe
- Boilers
- Machinery Breakdown
- Business Interruption following Machinery Breakdown
- Deterioration of Stock following Machinery Breakdown
- Directors and Officers

Lawyers & Consultants

- Fire, Special Perils & Theft or Office Comprehensive
- Business Interruption
- Riots, Strikes, Malicious Damage, Sabotage & Terrorism
- Professional indemnity for solicitors and lawyers
- Employer's Liability
- Personal Accident
- Money In Transit/Safe

Other Takaful Products applicable to all groups

- Motor Comprehensive
- Healthcare for Groups (corporates with more than 10 employees only)
- Family Protection or Life (groups & individuals)
- Education Plan (individual)
- Savings Plan (individual)
- Hajj & Omrah (large groups only)
- Travelers Emergency Medical
- Domestic Help

Important Note

There are other cover packages available for various groups and the ones listed above are the most common ones.

