

March 2009

Together we continue our Development process

Dear Readers

A new beginning for the year 2009 and this the 10th issue of our periodical newsletter "Vision" provides the right platform to mention the tremendous strides of success your company has attained; such as the recent achievement of a long term "BBB" with a stable outlook credit awarded from the internationally renowned credit rating agency Standard and Poor's which bears testimony to our financial strength in the market.

With these accomplishments, we boldly challenge the current financial twists prevalent in the global market especially in the insurance sector. Our well experienced work team were able to move forward and gain such an honorable distinction especially in light of the rating being presented from one of the most prestigious and well known credit rating agency in the world.

Today, your company is embarking on a new era on the eve of its 20th anniversary, with stable and strong pillars to continue on providing the best insurance coverage which sustains your varied needs and on the other hand provides customized and innovated new Takaful products all in compliance with the Sharia'a principles.

The foundation base for our development is the dedication and unity of our well-experienced team, which enables us to move forward with our strategic plans and the futuristic vision we believe in. There is no doubt our achievements are outstanding and add to the historic development of Takaful International.

Adding to the success of your company is the fact that we achieved growth in the insurance contributions to reach 53% increase compared to last year. The Takaful Technical reserve has also increased by 41% compared to last year and thus reached BD 13 million; while the company's assets have been reported at BD 24.076, an increase of 24% from last year.

These figures are proof-evident to the company's stability to sustain large insurance projects and increase our financial strength to meet all the financial market challenges.

This year, in the General Annual Meeting and Extraordinary General Meeting of 2008, the Board of Directors decided to increase the company's capital and to distribute bonus shares to shareholders in due reference to the capital increase.



Younis J. Al Sayed
Chief Executive

Finally, we believe in development strategies, which are built on strong foundations, that definitely has helped us to enhance and enrich our honorable client base including individuals and corporations in the financial and insurance markets.

Wishing you an enjoyable reading

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Takaful Family

Standard and Poor's awarded the rating of "BBB" to Takaful International



Internationally renowned credit rating agency Standard and Poor's, have assigned its long term (BBB) credit and insurer financial strength ratings with a stable outlook to Bahrain based Takaful International Company. This rating was awarded to confirm the excellent and ever-improving performance of the company and the erudite growth of its insurance operation in the previous years.

“ We are most pleased with the awarded credit rating in spite of the current crisis, which has affected the financial sector. This proves to be an achievement in eradicating obstacles in the way of our progress. Our team of professionals have moved forward to accomplish this honorable triumph.

This growth was achieved according to strategic planning and due to our board of directors' futuristic and strategic vision, which lays emphasis upon far-sighted financial planning. Being the first Takaful company in the region we are proud to be the first (BBB) rated Takaful company in the Kingdom of Bahrain and of our position in the market when leadership and progress is called upon. That is precisely what is accomplished by us at Takaful International.

Younis J. Al Sayed
Chief Executive

“ The rating proves the financial stability of the Kingdom's financial institutions, which have been ascertained by our wise government leadership, notwithstanding the international financial crisis. Especially as the rating was awarded by one of the most renowned and internationally accredited rating agencies. It is a sign of continuous support received from international reinsurance companies by way of having treaties with top rated and first class reinsurance companies, have also facilitated gaining the trust of clients as well as helped in meeting the insurance contractual financial obligations of the company.

Essam Al Ansari
General Manager

“ The rating has arrived as a result of our strategy and corporate culture, giving utmost significance to financial system prudence and transparency and absolute adherence to corporate governance protocols. It also mirrors our consistently improving performance record over the last 10 years, building a well managed business portfolio. This in turn has led to improved market share and expanded volume of business by gaining the confidence of all government, financial and industrial institutes.

A. Aziz Al Othman
Deputy General Manager

S & P have ascertained in their report that the rating came as a result of many elements, mainly the good operating performance in managing both policyholders and shareholders' funds and good financial flexibility and adequate capitalization.

This rating is dedicated to Takaful International's team, which is very capable in insurance and risk management fields, innovating creative insurance solutions to provide the ultimate insurance protection. This is in addition to a successful insurance operations strategy and the position of the company in the local and regional financial market.

The company has now achieved its short term goals for the year 2008 and will commence the new year by implementing the second part of future business plan prepared by the company in order to tackle the changes facing the regional and international markets.

An Exclusive Interview with Mr. A. Aziz Al-Othman



A. Aziz Al-Othman
Deputy General Manager

Recently, we have observed an increasing growth in Takaful (Islamic insurance) companies and more individuals, government and private institutions' interest to deal with those companies that apply the principle of Takaful in issuing their insurance coverage. Takaful International Company is the Kingdom's first Takaful company and has achieved a remarkable growth in the local market. In the light of that, we had this interview with Mr. Abdul Abdulaziz Al-Othman, Deputy General Manager Takaful International Company who will examine the current Takaful status and the reasons for its rapid growth in the financial market today.

1. Takaful International Company has achieved a remarkable growth of revenues according to the published financial statements in local newspapers. How do you see the growth in Takaful industry?

The rapid growth rate of insurance companies' business activities is

attributed to two key elements. The first element relates to the level of individuals, namely the spread of insurance awareness among individuals and the basic needs imposed by the global changes. On the hand, new Islamic insurance products were introduced. They take into account the cultural and ideological heritage of the region's peoples who consider insurance a breach of their beliefs and culture.

The second element, which has had a major role in the insurance growth, is the region's growth that results from the growth of economic variables and leads to the improvement of the national income of the region's countries. This, in turn, generated an urban boom that led to a boom in infrastructure and communications projects accompanied by growth of the traditional banking sector in general and the Islamic banking business activities in particular, and, in turn, enhanced the growth of Takaful companies' business activities. All the above elements form a picture of the successive economic movement, the so-called the multiplier effect.

The increase in investment spending does not exceed the GPA in a manner equals to its size only but to several times. The Takaful growth is one of the forces resulting from the "multiplier effect".

2. To continue our discussion on Takaful and the extent of its development at the present time, can you tell us about Takaful beginnings at the regional and international financial market?

Although a number of scholars of religion studied the traditional insurance contracts such as Sheikh Ibn Abidin in 1836, Sheikh Abdullah Siyam in 1932, and Sheikh Mustafa Zurqa, that was the basis of the Islamic Research Academy resolution at the Second Conference in 1965, which read: "insurance carried out by the cooperative societies in which all the subscribers participate in fulfilling all the subscribers' needs and services is a legal issue or a form of performance of good deeds". Then, the First World Conference of Islamic Economy held in Makkah in 1978, which was the basis of the establishment of the first

Islamic insurance company, namely the Sudanese Islamic Insurance in 1979, the first Sharia'a-compliant insurance company, followed by the establishment of a number of companies to begin the development phase, the legitimacy of regulation and Sharia'a review of Takaful industry. This was also followed by Malaysian experiment in 1986, which was the starting point of the organized Takaful business activities. During this phase, the laws and regulations were shaped to complete the missing link of the Islamic economic system, which is Takaful. A new Takaful Companies Law was issued to organize Takaful companies requirements.

In the Gulf region, Takaful International was the first to establish Takaful framework in Bahrain in the year 1989. In comparison with the neighboring countries, our Kingdom takes the lead in developing Takaful business activities in the Arab world as the Kingdom was a pioneer in the development of rules, frameworks and regulations governing Takaful business activities and enact laws to deal with the emerging industry.

"Despite some insurance products are highly demanded among the various segments of society as the majority of them are compulsory such as the vehicle and property insurance, other insurance products represent a social necessity, but few people are aware of the importance of such products at present."

3. In your opinion, do insurance products face challenges in the financial market due to the individual and establishments' ignorance of their importance?

Despite some insurance products are highly demanded among the various

segments of society as the majority of them are compulsory such as the vehicle and property insurance, people are not aware of the importance of other insurance products. For example, the family insurance or what is known in traditional insurance by the life insurance has been regarded by some as an aspect of well-being while in contrast, it is a social necessity to protect the family in the event of disability or loss of its breadwinner. Based on the major insurance companies' reports, the average per capita spending on the life insurance is \$1.7 in Saudi Arabia and \$74 in the UAE, compared to \$1600 in the United States and \$247 at the global level.

4. What are the reasons for this statistics discrepancy as the rate of life insurance in the Arab countries is relatively lower than other countries?

This rates difference is attributed to a number of reasons, perhaps most notably is the cultural and religious belief. Many people reject this type of products for fear of engaging in religious prohibitions. However, obstacle can be overcome by the introduction of Takaful. It is one of the Company's products and it protects and secures the individual based on Islamic law. This is why it grows and spreads at present. This will, in turn, enhance the per capita spending on insurance and Takaful market is expected achieve about 10 billion dollars annually with the coming few years.

"The phenomenon of the spread of the Takaful companies is healthy as it creates a competitive environment that enriches Takaful sector in terms of the development and continuous innovation by launching new Takaful products."

5. In your opinion, do you consider the growing phenomenon of the spread of Takaful companies is healthy, does it complete the Islamic economic system initiated by the Islamic banks, or do they have a negative impact in terms of competition?

The phenomenon of the spread of the Takaful companies is healthy as it creates a competitive environment that enriches Takaful sector in terms of the development and innovation by launching new Takaful products that meet the individuals and institutions' needs and in line with our beliefs and principles of Sharia'a.

The principle of the open market becomes an urgent need in the insurance industry to develop this sector. Referring to the experience of Islamic banks, we find a similar experience with the experiment of Takaful companies. The Islamic banks began their operations alone in the market and were able to get accustomed with its changes, and when they grew, new Islamic banks began to penetrate into the market. This had no negative impact on the banking sector but has led to the development of products and businesses and the creation of a new structure that was not in the market at that time.

The same thing applies to the insurance industry. According to the relevant statistics, we witness today a remarkable increase in the establishment of Takaful and Re-Takaful companies totaling more than 54 companies in the Arab region and 103 companies in the world. This was not the case in the recent past.

IN FOCUS

Success comes with Teamwork



Jijan Stephen
Manager, General Takaful

While individual talent is a fundamental element of our culture, teamwork is the key component of our achievements.

Dictionary defines teamwork as the actions of individuals, brought together for a common purpose or goal. The interactions among the members and the work they complete is called teamwork.

When groups have common goals, teamwork is essential to success. Teachers expect teamwork among students and provide them with group projects so that they can learn teamwork skills. Employers expect individuals to function effectively on various teams and most organizations convene teams to tackle problems or projects. Therefore, it's important to learn teamwork skills.

In Teamwork each person subordinates his or her individual interests and opinions to the unity and efficiency of the group. Teamwork goes beyond individual accomplishments. The most effective teamwork is produced when all the individuals involved harmonize their contributions and work towards a common goal. "We" and "our" replace "I" and "my."

In a Teamwork environment, people understand and believe that thinking, planning, decisions and actions are better when done cooperatively. People recognize, and even assimilate, the belief that "none of us is as good as all of us." Moreover Teamwork contributes to the overall success of the organization. You work with fellow members of the organization to produce these results. Even though you have a specific job function and you belong to a specific department, you are unified with other members to accomplish the overall objectives. The bigger picture drives your actions; your function exists to serve the bigger picture.

We conclude that in any field unity binds together diverse elements so that, by virtue of their strength, the whole becomes greater than the sum of its parts.

**"Coming together is a beginning.
Keeping together is progress.
Working together is success."**

Henry Ford

NEWS & EVENTS

Tender Awarded Worth More Than 668,435 Million U.S. dollars Ministry of Health awarded Takaful International its tender for insuring assets and properties



KINGDOM OF BAHRAIN
MINISTRY OF HEALTH

Ministry of Health has awarded Takaful International tender for the insurance of assets and properties for four successive years. This tender is estimated to be worth more than 668,435 million U.S. dollars. This operation was carried out through the Tender Board and Takaful was awarded this tender for providing the best technical and insurance conditions that suit the Ministry of Health's technical standards.

Winning this tender is an evidence of the trust the company gains for undertaking such risks, which complement the previous achievements and is a result of team effort.

Such achievements are based on careful and comprehensive studies on tenders and the capacity to meet competitive standards. The in-house expert team thoroughly goes through the tender's conditions to ensure best insurance coverage. In addition, the company works closely with global reputed insurance companies that have high-risk capacity. This truly reinforces the company's strength in the local and international market.



Together for Better Life

Takaful International Launches a New Advanced Computer System for a Better Customer Service

Takaful International has launched a new advanced computer system dedicated for Takaful insurance services, this system is considered the first of its kind in the Kingdom of Bahrain that covers all insurance services and is part of the company's continuous strategy to improve customer services.



Our new and advanced customer service at Seef

The new system aims to facilitate and speed the insurance operations for both individuals and corporations, adding the fact that this system will facilitate connection between the company's branches as well as connection to the e-government website.

It is worth to mention, that this system is designed in accordance with Takaful system and suits the company's needs. It is the result of Takaful International cooperation with Tata Consultancy Services which is one of the leading IT companies in the Republic of India. It has been customized to suit the nature of Takaful business which is in compliance with Sharia'a principles.

Home Takaful "Baitak"

Home Takaful "Baitak" is designed to provide security, peace of mind and confidence to protect your dream house from various sudden dangers (God forbid). This product suits your demands and needs for comprehensive coverage for dangers and house accidents that risk your safety.

Why do you need Baitak:

- To protect your hard earned property from risk that threaten its safety
- To enjoy peace of mind

The policy covers the following:

- Fire, lightning and explosion of domestic gas cylinders only
- Storm, tempest & flooding
- Escape of water
- Burglary
- Impact damage by road vehicles or animals
- Glass and sanitary fixtures
- Miscellaneous property
- Purchase cover at the most affordable price
- The policy is according to sharia'a guidelines
- Earthquakes or volcanic eruptions
- Fees and additional expenses
- Rent and accommodation
- Property owner liability
- Personal accident benefit
- Liability as Tenant
- Food in a freezer and / or Refrigerator.

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For more information and inquiry about Home Takaful "Baitak" product kindly contact us on the following numbers
Tel.: (+973)17 565656 , (+973)17 565631

Under the patronage of H.E. Fahmi Bin Ali Al Jowder, Minister of Works and Minster in Charge of the Electricity and Water Authority

Takaful International, participate in the safety week "Work Injuries Reasons and Solutions"

In co-ordination with Electricity and Water Authority, Takaful International participated in the safety week, Work Injuries - Reasons and Solutions from 24 to 27 of November 2008 in the Movenpick Hotel.

The safety week aimed to change the concept of safety cultures and decrease the work injuries in Electricity and Water Authority. The company also participated in the safety week exhibition, along with several specialists and decision makers in the safety section.



Takaful Celebrates Bahraini Women Day



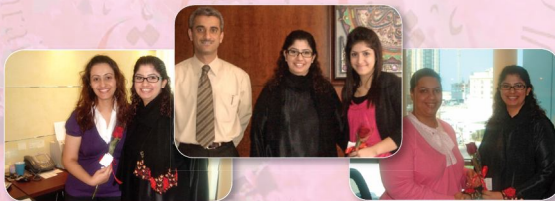
The successful women of Takaful International

The company distributed flowers to all female employees in celebrating and honoring Bahraini women for their prompt contribution to the Takaful Business and overall to the Bahraini society.

This gesture is in support of the company's belief in the major role women play in the financial and social aspects. It is in response to the call Her Highness Shaikha Sabeeka bint Ibrahim Al Khalifa, Wife of His Majesty the King of Bahrain and President of the Supreme Council for Women and launched on the first of December, the Bahraini Women Day.

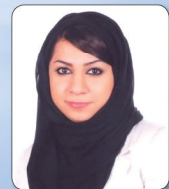
On this occasion, Mrs. Noor Al Nasser, Public Relations Manager emphasized on the women's role in improving society. She praised the active role of all female employees in increasing the productivity and developing business. On the other hand, the female employees thanked the management for this lovely gesture.

It is note worthy to mention, that in Takaful International there are more than 30 female employees, most of them holding leadership roles in advanced positions.



Noor Al Haji in an Insurance Training Course, UK

Takaful International Company delegated Ms.Noor Al Haji, head of personal and commercial accounts to attend a specialized insurance training course, in London, UK. This internship is with the cooperation of Wells insurance brokers, which is one of the largest reinsurance companies in the world.



Noor Al Haji

The program has achieved its desired objectives through gainfully enhancing insurance such as individual accounts, facilities and buildings insurance, financial insurance, banks and real estates insurance and also included a visit to insurance market, "Lloyd's".

Further more, this delegation is part of the company's strategies to develop its human resource, skills and knowledge.

Welcoming New joiners into The Takaful Family

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



Hasan Mirza



Amna Al Ansari



Ali Abdul Nabi



Pattapampil Sumdran S. Nair



Suvarna Kumar Gopalakrishna



Ahmed Janahi

