



A special focus

# Takaful Ikhlas exceeds goal



Based on the performance for the first half of the financial year, Takaful Ikhlas is poised to surpass its initial projection of 50 per cent turnover growth.

**T**AKAFUL Ikhlas is on track to achieve more than ever since its inception five years ago. President and chief executive officer Syed Moheeb Syed Kamarulzaman said based on the performance for the first half of the financial year, Takaful Ikhlas was poised to surpass its initial projection of 50 per cent turnover growth.

For its half year ended June, the subsidiary of Malaysian National Reinsurance posted a turnover of more than RM180 million, up 60 per cent from the same period last year.

Takaful Ikhlas recorded a turnover of RM33 million in July, compared with RM17 million in the same month last year, and RM40 million in August

compared with RM18 million in the same month last year.

"This indicates that we're running at a faster pace than expected," Syed Moheeb said.

According to him, profit would "increase significantly" in tandem with higher turnover.

Last year, Takaful Ikhlas posted RM158 million in turnover for the family takaful segment while the general takaful segment generated RM63 million. Profit stood at RM1.5 million.

He attributed the favourable development to increasing contribution from its agents and the use of technology in its operations.

To expand its operations, Takaful Ikhlas was strengthening the workforce, he said, adding that the company want-

ed a mix of experienced workers and young graduates, as well as experts in marine and engineering insurance.

Takaful Ikhlas plans to increase the number of family takaful agents from 3,800 to 4,500 and general takaful agents from 800 to 1,000 by March.

It is also coming out with at least three products by year-end, on top of the 32 family takaful products and 35 general takaful products that it offers.

"We have almost a complete range of products. The products must serve needs and generate profit for participants. This is important because takaful is an alternative to savings. It is investment, savings

and protection."

He said different market segments looked at takaful differently, with higher-end customers taking up takaful as an investment tool and those in the lower-income group looking at it as protection.

Takaful Ikhlas has received approval from Bank Negara Malaysia to expand its branch network in Malacca, Ipoh and Kuantan.

The new outlets are expected to be opened by end of the current financial year.

Kota Kinabalu has an office that is operating. Another one will be in Putrajaya.

Takaful Ikhlas has branches in Johor Baru, Kota Baru, Sungai Petani, Kuching and Kuala Lumpur.



Syed Moheeb Syed Kamarulzaman

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on insurance and finance



# Technology a best friend

**T**AKAFUL Ikhlas' team of executives is led by president and chief executive officer, Syed Moheeb Syed Kamarulzaman.

He has more than three decades of experience in conventional insurance, reinsurance and takaful. Takaful Ikhlas is backed by MNRB Holdings, the national reinsurer.

Takaful Ikhlas' market performance and success are seen by the number of the visitors that the company has received. In the past few years, Takaful Ikhlas has received visitors from Indonesia, Brunei, Thailand, Nigeria, Pakistan, Zimbabwe, Australia, Germany, the UK, Tunisia, Egypt and United Arab Emirates.

Some of them, on an internship basis, were based at the company to study its operations for more than a week.

Emerging as a new takaful operator after being incorporated in 2002 and obtaining its licence from Bank Negara Malaysia in April 2003, Takaful Ikhlas listed one goal.

It was going to take on takaful and conventional players.

Hence, from the word go, the company placed importance on the differentiation of product and service.

When talking about customers' needs, it's about products and service. Takaful Ikhlas provided customers with more than 50 products in four years.

On the service front, in positioning the company as a preferred financial protection partner, Takaful Ikhlas has established service level agreements with its financial institution partners and corporate clients.

The driving force is to focus not just on products, but also the delivery system.

In the quest for delivering the highest level of service, the financial institution partners can access information and print letter of acceptance through its I-POS.

In the near future, agents can submit propos-

al forms and other documents through the same application.

Gone were the days when you submitted a document and waited for confirmation of receipt or approval.

Takaful Ikhlas is the forerunner of making the best use of technology to deliver good service.

For example, Takaful Ikhlas is one of the few insurers and takaful operators that can lay claim to activating the electronic claims estimation system from the beginning.

The company not only had the electronic cover notes in place, but from day one of operation, it had electronic claims estimation in place.

Some of the Internet-enabled products from Takaful Ikhlas include Motor e-cover note system (M-E), Internet Point of Sales (I-POS), Motor Direct Takaful (e-IKHLAS), Claims estimation system, Repair Tracker, Corporate website and Intranet portal.

e-IKHLAS, for example, is an Internet portal for customers to buy motor policy.

For I-POS, in stage one, open connection to the company's portal allows agents to submit, track performances and view payments.

In the next stage, the operator will open up the portal to policyholders to check options, including the status of their payment.

One feature of Takaful Ikhlas is its application of the Wakalah model. Among others, the Takaful Ikhlas model has a system driven/automated monthly drippings, allowing for monthly declaration of returns.

Monthly drippings is cost efficient to the company as it provides the company with the chance to invest more.

This process provides better returns to the participant investment account.

Takaful Ikhlas has introduced repair tracker.

Once you send your car to a workshop, the com-



On the general insurance front, Takaful Ikhlas uses the front-end loss electronic estimation system. For motor insurance claims, for example, at least half of its cases receive responses within the same day.

pany will provide you with a password to enter its website to monitor stages of the repair.

You can also rate the workshop as well as provide other input. The idea is to allow workshop owners know that customers can appraise them.

Most workshops get away with shoddy repairs because they believe feedback does not go back to the insurer, which was the case for many insurance companies in the past.

This system allows the company to monitor workshop performance.

Takaful Ikhlas was one of the first insurance company to introduce the electronic cover note.

Take Internet sale, for example. Three other Malaysian insurance companies were selling motor insurance on the Internet, but not many people were aware of it.

Takaful Ikhlas took it one step further.

It advertised on billboards, in the media and spoke about in newspapers.

The move did not escape the attention of its rivals.

Takaful Ikhlas was also the first takaful operator to allow sale of new motor insurance policies over the Internet. (Others have followed suit since).

It was also the first in using electronic estima-

tion, as well. Then same goes with repair tracker, another first. Takaful Ikhlas had also brought up issues to the attention of the authorities through its involvement in industry committees.

It is also one of the few insurers to have all three systems on one platform: the life business, the general business and the group business.

Others tend to have it on different platforms.

Takaful Ikhlas has opened up its doors for universities professors to visit the company for study.

On its part, the company hopes to benefit from joint research with them, including on market survey.

Takaful Ikhlas has sponsored 11 staff to undergo the Certified Islamic Finance Programme with International Centre for Education in Islamic Finance.

The growth rate of its General Takaful business is 654 per cent for 2004/2005, 89 per cent for 2005/2006 and 36 per cent for 2006/2007.

For a new company, Takaful Ikhlas has been chosen as the preferred insurer for Auto Bavaria.

Although young, Takaful Ikhlas is on the panel of Auto Bavaria, Perodua, Naza, EON and UMW.

These companies, together, occupy about 80

per cent of the market.

The company can also ride on parent company MNRB Holdings.

On the general insurance front, Takaful Ikhlas uses the front-end loss electronic estimation system.

For motor insurance claims, for example, at least half of its cases receive responses within the same day.

In fact, some customers even receive responses within a few hours.

The difference is that it has its own people approving claims behind the terminals.

When the claims come in, its staff will access and decide on the claims.

Here, most companies will first download the claims and then send them to the officer concerned.

For life, due to its premier integrated IT infrastructure architecture, Takaful Ikhlas has an electronic linkage between claims system and finance.

The payment requisition is done through the system, instead of sending a physical form.

The service-level agreements with its panel motor workshops and other related parties also contribute to a faster turnaround time.

For motor insurance claims, for example, the

company wanted panel workshops to pay attention to its insured cars.

In return, it told them the takaful company would pay them equally fast.

The industry average for motor owned damaged claims is 7-14 days for approval of estimates.

Takaful Ikhlas' turnaround time, when adjusters are not involved and not involving a major damage, is two days.

If it involves adjusters, it is completed within three days of receiving their report.

The company has also injected innovation in approach to settle motor theft claims speedily.

The industry norm is to settle theft claims within six months.

Internally, Takaful Ikhlas has a three-month deadline.

Most of its theft claims are settled in the second month, with some even within the first month.

Conventionally, it takes six months because companies wait for the police investigation and feedback.

But at Takaful Ikhlas, it realises that any delay places participants in an inconvenient position.

So, it has cut short certain things.

For example, it gets its officers to go the police stations and get

the details. Based on its understanding of the local market at putting innovation at work, Takaful Ikhlas has decided that sitting on their claim is unproductive.

The argument is premised on the fact that the police could not find the car within a month, the chance of recovery becomes slim.

It is aware that most recovery happens within the first two weeks.

Hence, the waiting period is more of procedural delays. So it has decided to dispense with it.

Its officers go to the police and interviews them. If they say it has not been found, it initiates its own processes.

One key component of standards is the service level agreements with its partners.

Whenever Takaful Ikhlas develops any relationship with a bank or another party, it lists down and agrees with them a turnaround time. Internally, the takaful operator is then driven by that turnaround time.

When it started, Takaful Ikhlas benchmarked itself against European standards. The company attained ISO 9001:2000 on its general and family takaful claims processes from an accreditation body, UKAS.

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