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Reviving the Cooperative Spirit through Takaful

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The cooperative spirit is members helping each other to succeed



Discretionary and hybrid mutuals do not provide benefit guarantees and normally do not need to follow insurance regulations



Cooperatives excel for products where there are a large number of smaller claims, where profits take time to emerge or coverage is unavailable or expensive



Takaful is insurance following Islamic principles
NOT insurance for Muslims



Religious buildings and property can be insured taking into account its special risks, such as Ansvar insurance in Australia (connected to the Anglican church)



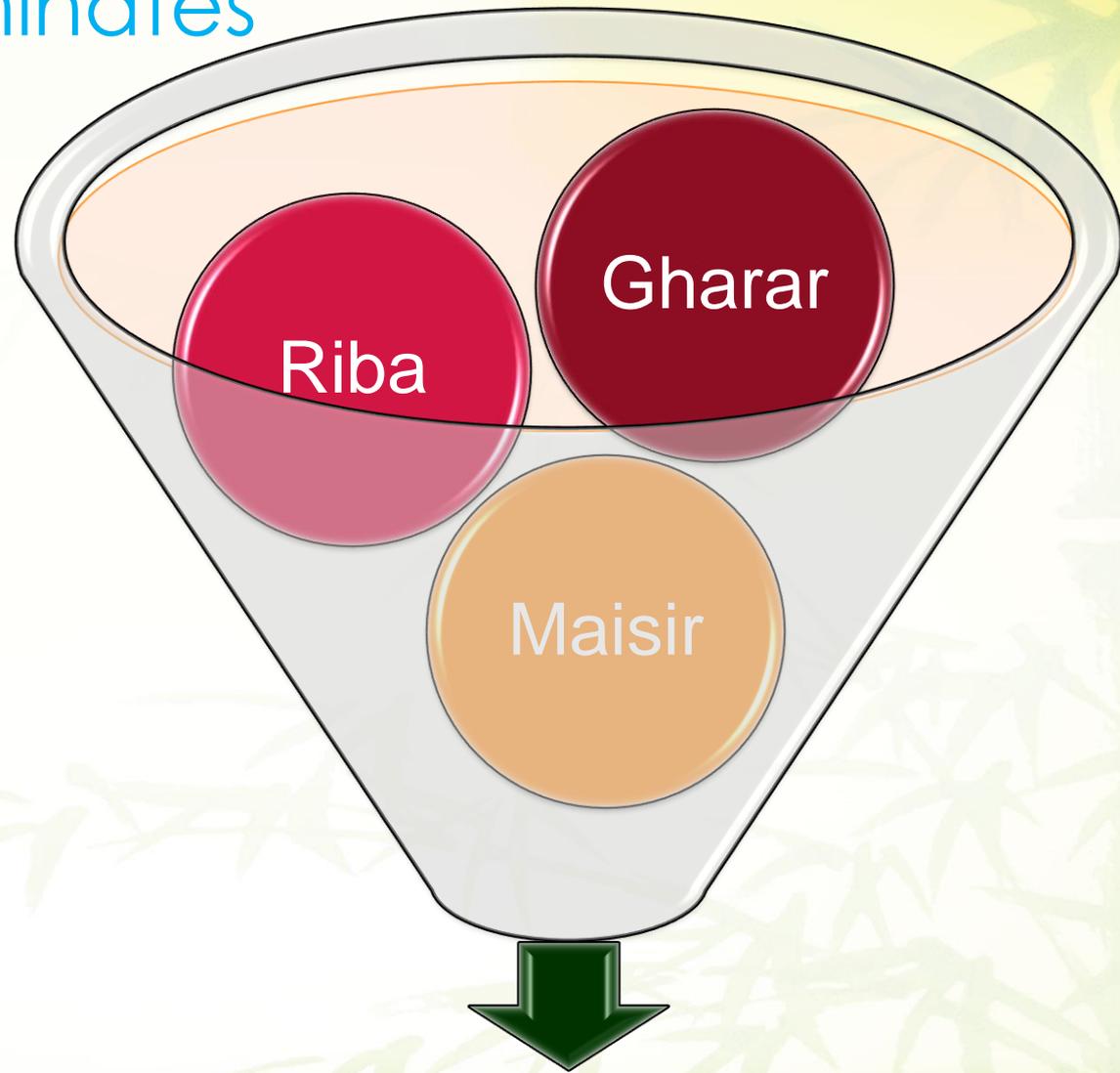
People of a specific religion can be insured, such as the Samaritan Ministries in the U.S. with health insurance



Religious values can be ingrained in all aspects of insurance operations, such as with takaful and Christian Super in Australia



Takaful eliminates



Forbidden Activities

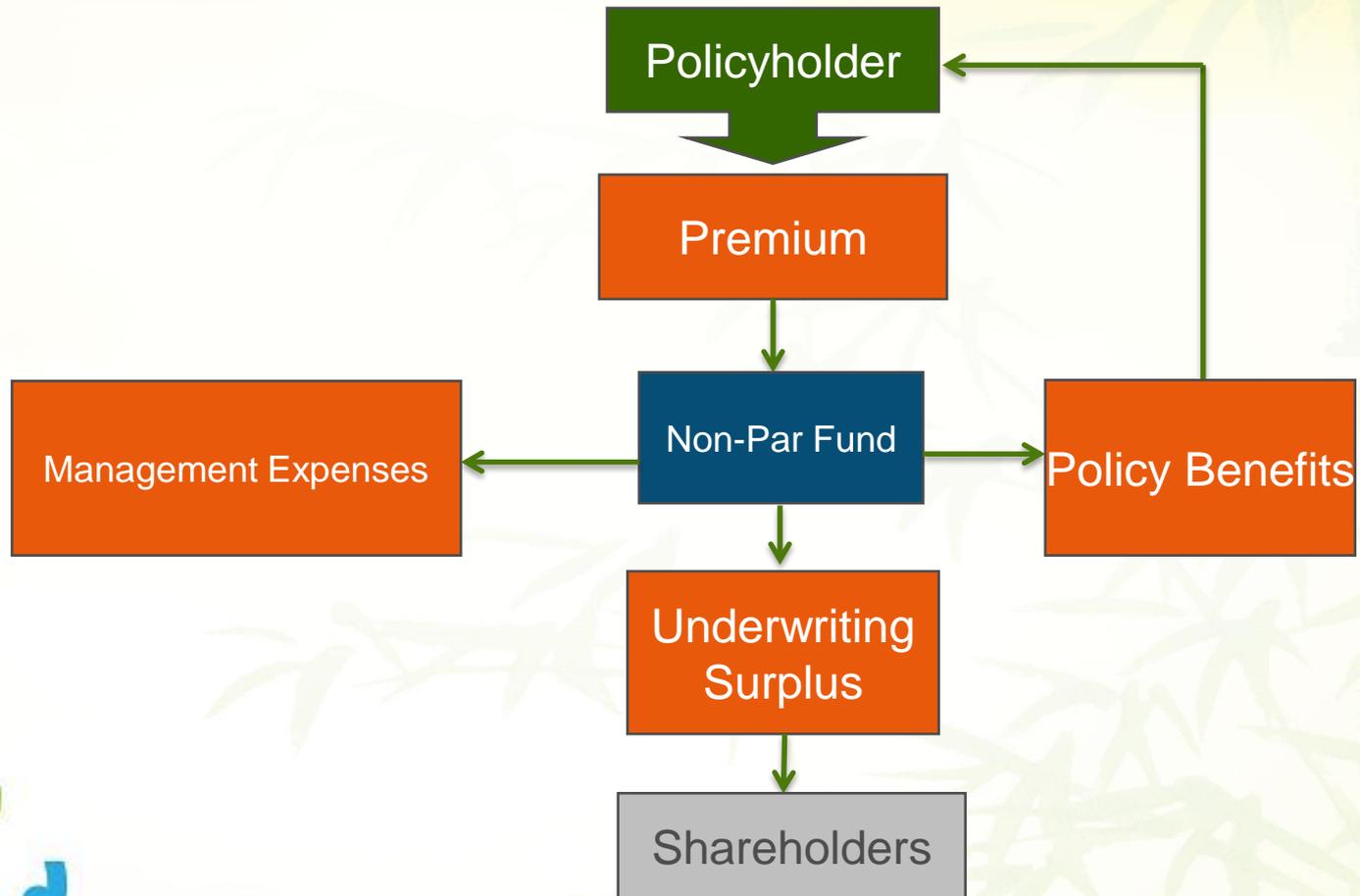




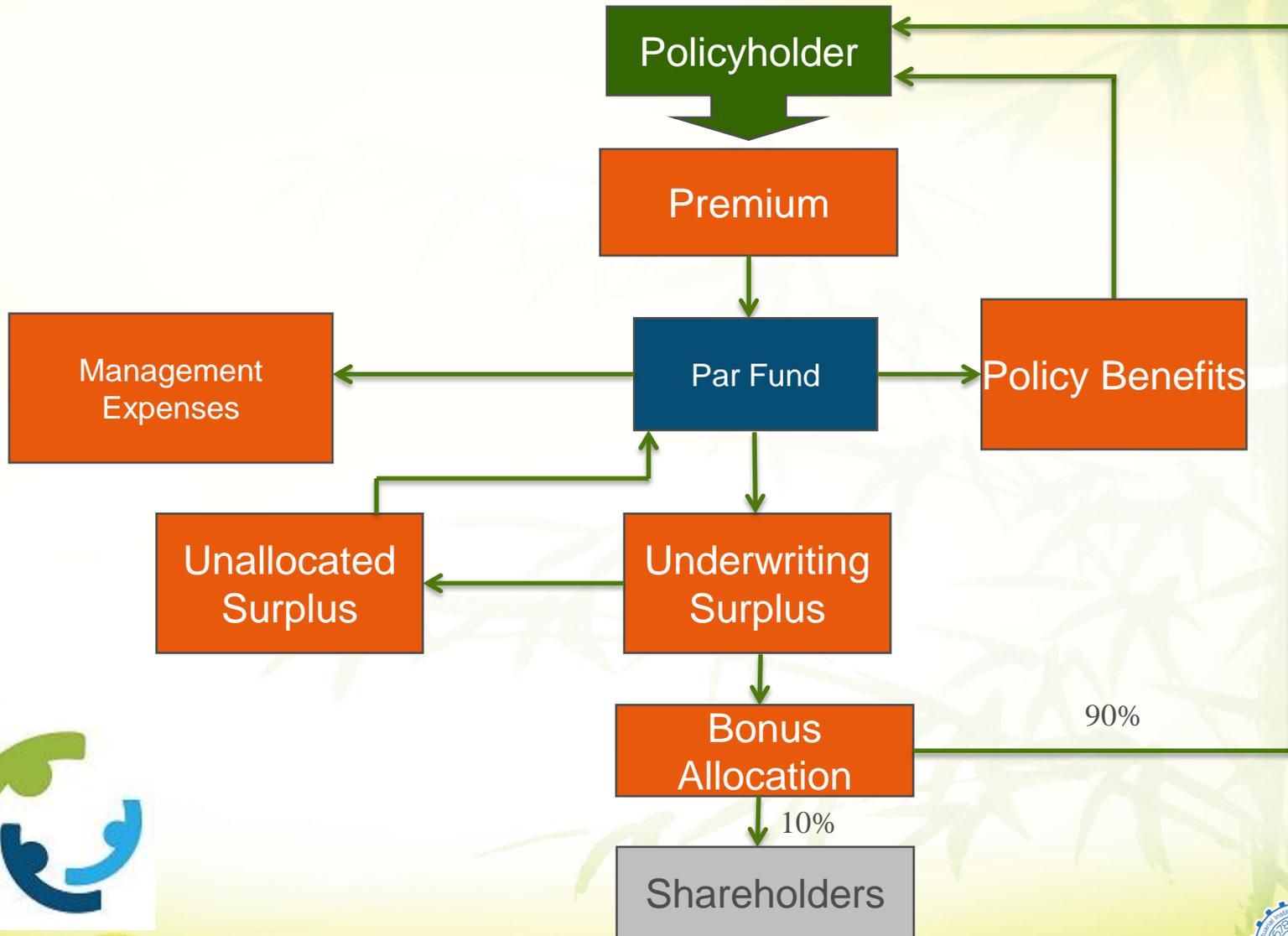
Takaful is managing risks
Receive fees for work performed



Conventional Non-Par Product

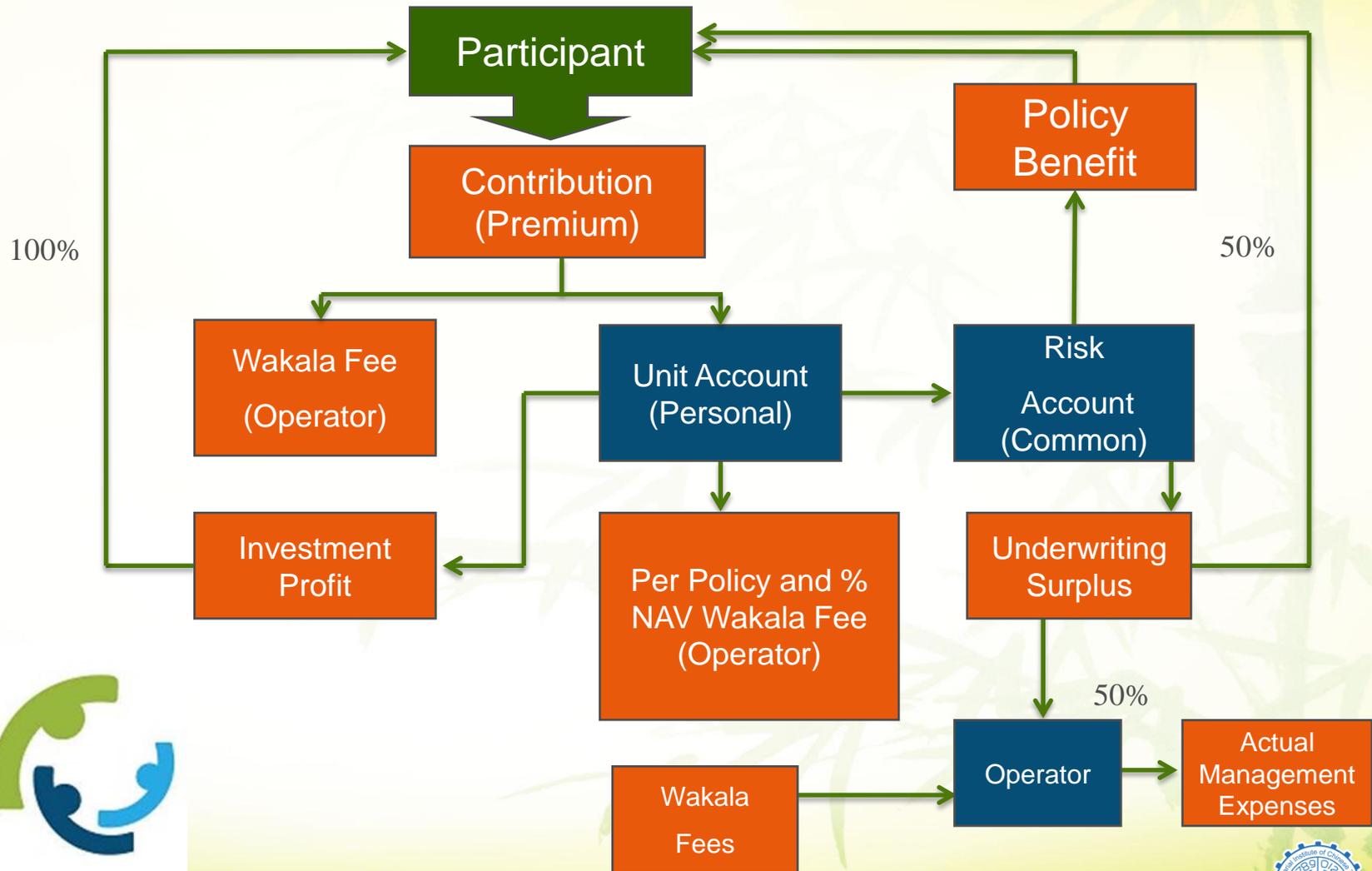


Conventional Par Product



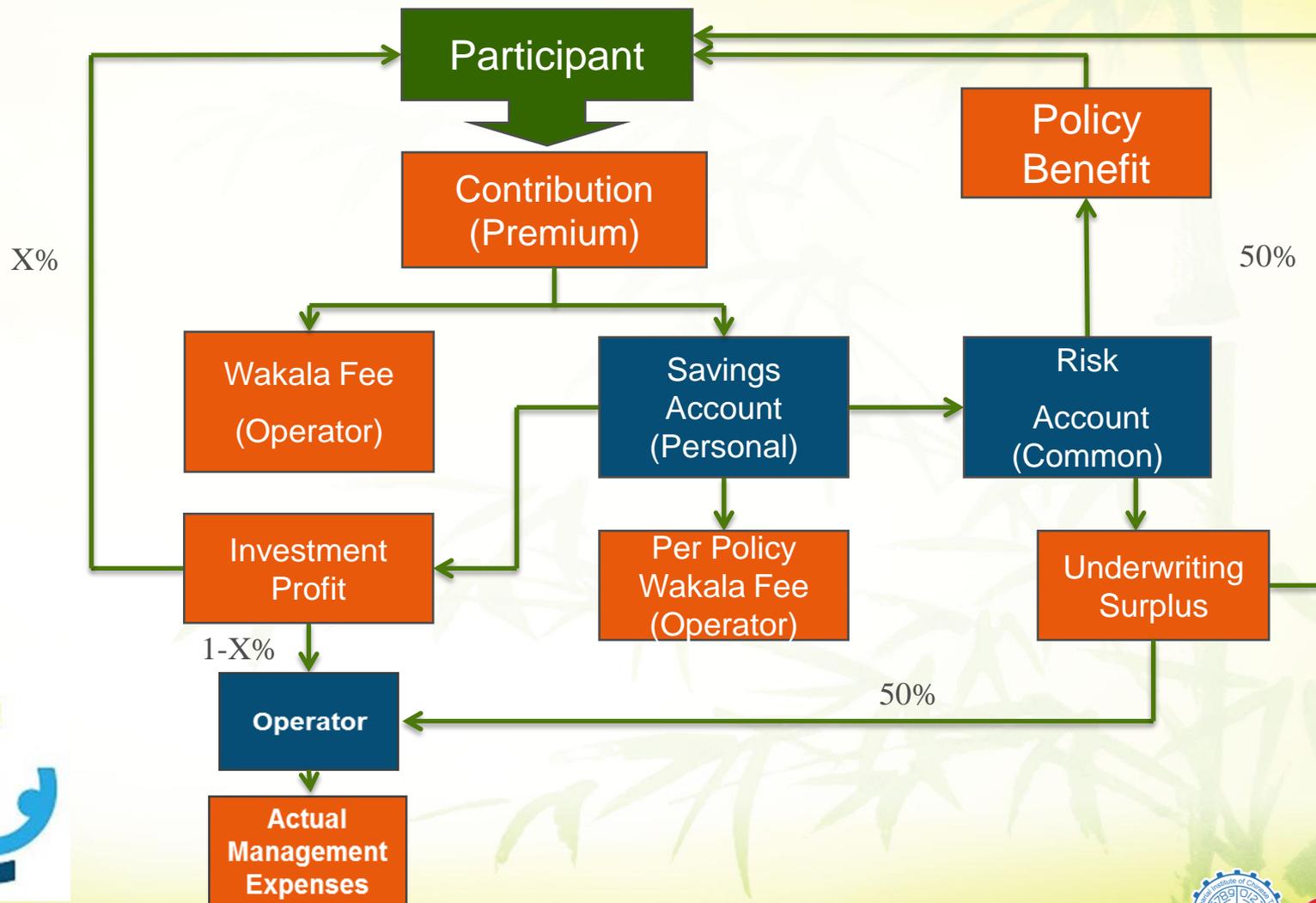
Wakala (unit linked)

Drip with incentive compensation



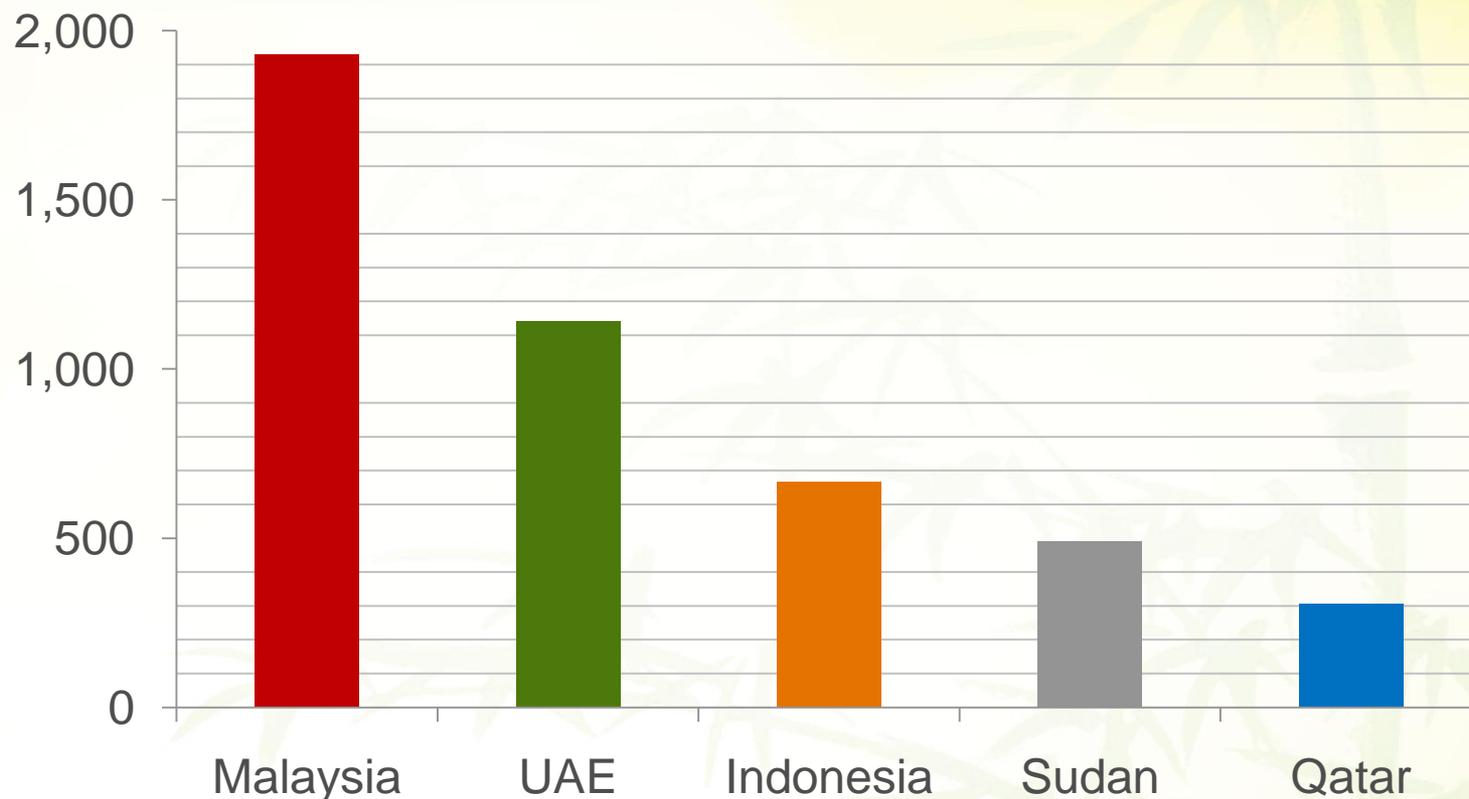
Wakala With Mudharaba

Drip with incentive compensation



The Current Takaful Market

2012 Takaful Sales (US\$) million



Total US\$5.31 billion excluding Saudi Arabia and Iran, from 2013 EY World Takaful Report. Total Africa is 527 million, split for Sudan is estimated

Takaful products have shifted away from being unique to mirroring conventional products



It is difficult in takaful to find assets to back new product types with guaranteed maturity benefits



Takaful annuities presents a particular challenge as the desire is for guaranteed payments for life



With a lack of fixed investments in takaful, by right liabilities should be variable as well similar to discretionary mutuals to minimize ALM risks



By right products with no guarantees
whatsoever would have much lower capital
charges and thus be cheaper and cater to a
different market segment



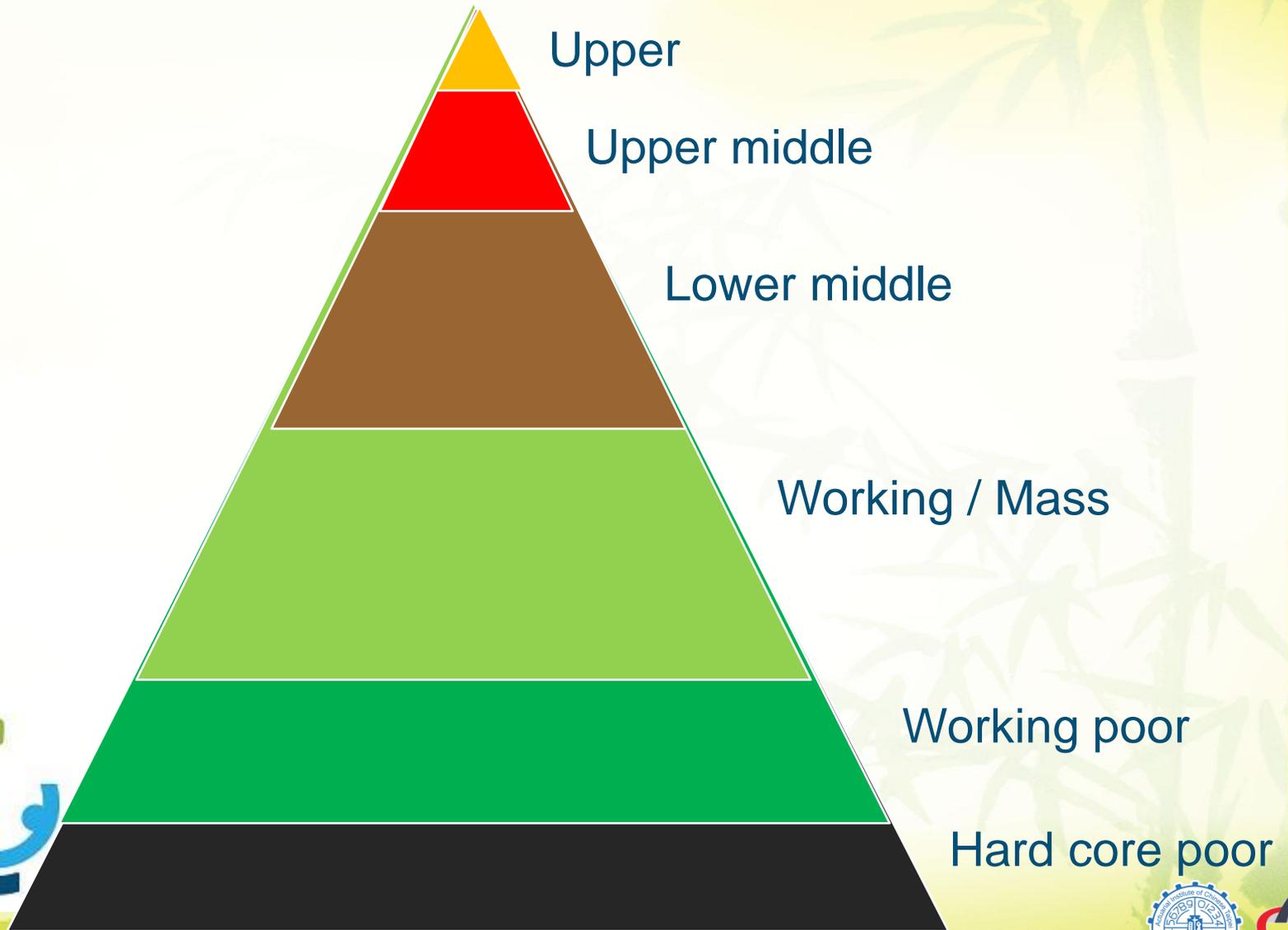
Takaful can be used to design risky products such as long term care which are needed due to the changing demographics in Asia but under conventional insurance would be capital intensive



Work Performed for Long Term Care



Social Pyramid



Typical Insurance Company

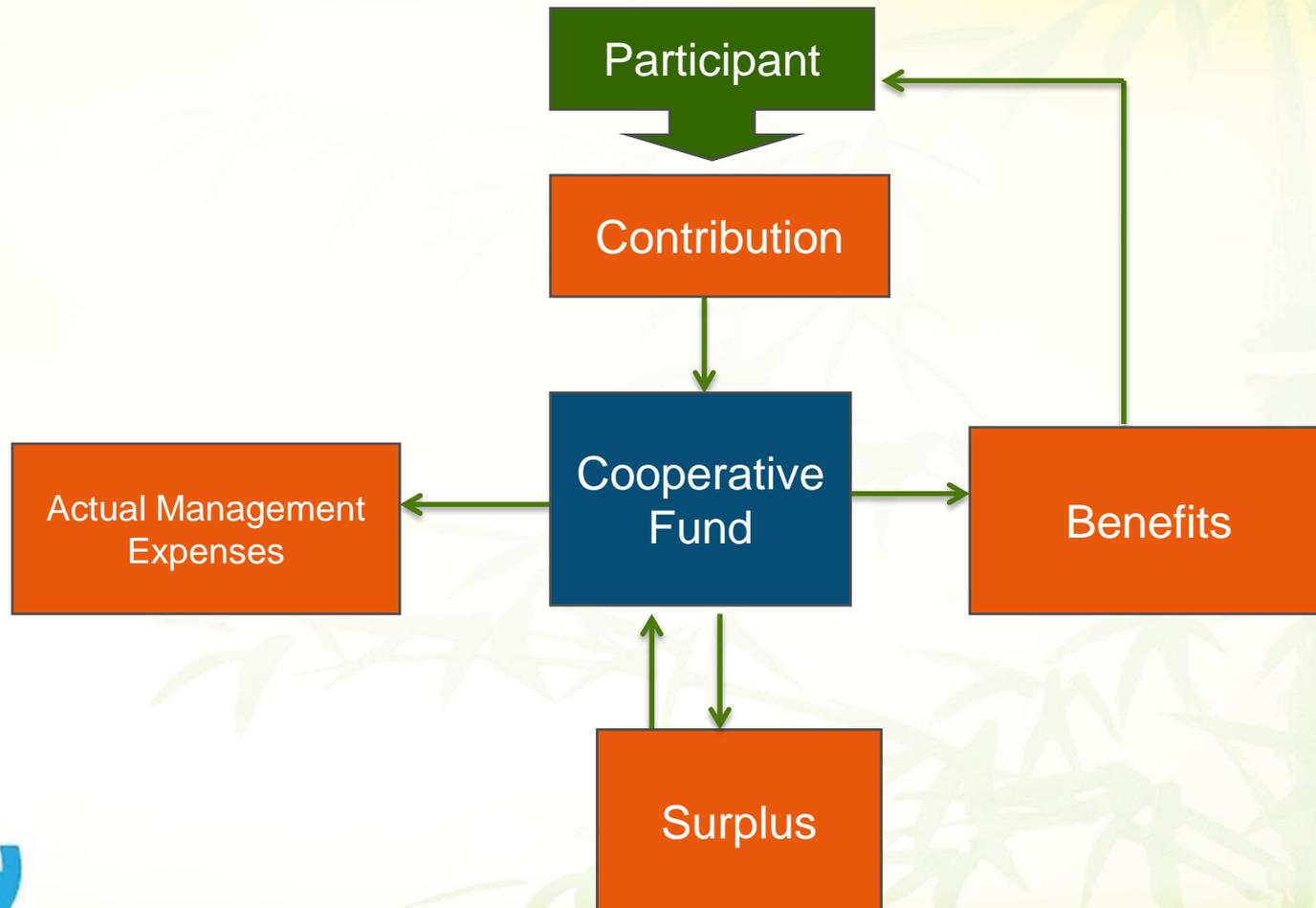
	% of Premium
Benefits	35%-45%
Commissions	15%-20%
Expenses	10%-25%
Profit	5%-20%
Others	10%-15%



NGO's or other organizations in the community can create a risk pool for members, or hospitals / clinics can create a prepaid or risk pool for people using their services



Pure Cooperative Model



Surplus can be used to provide other benefits for the participants or channeled back to the community





Microtakaful can be given to the hard core poor using zakat funds



Takaful can be used to expand the market by
reviving the cooperative spirit through innovative
product design

