

Global Islamic Finance Forum 26-29th March 2007 – Kuala Lumpur

Prepared for:

Investors & Issuers Forum

Globalising Takaful Business



Atsuhiko Ayabe

28th March 2007

The Kuala Lumpur Convention Centre

10-minutes presentation

Topics

1. Possible Models for Global Takaful Business
2. Innovation in Takaful Products (a case study)
3. Mission-driven Globalisation



1. Possible Models for Global Takaful Business

Direct Investment is not a must


- Creation of a New Venture
- Takaful Window under existing network (subject to local regulations)
- White Labelling Services
- Retakaful as Risk-sharing Consultant



2. Innovation in Takaful Products (a case study)


Most of existing Takaful Operators are Composite

- A trial to develop the first Composite Takaful product



Comprehensive Mortgage Takaful

New in Malaysia
Your financial burden will be mitigated in the event of Death or Total Permanent Disability (TPD) of the houseowner and loss or damage to your house due to fire or other named perils.



Comprehensive Mortgage Takaful

What is Takaful?
Takaful is a concept of mutual guarantee which is in compliance with Shariah principles. Contributions collected from participants are pooled together to provide for the benefits in the event of losses suffered by any of its members or participants. Hong Leong Tokio Marine Takaful Berhad (HLTM Takaful) as a Takaful operator is entrusted to properly invest and manage this mutual fund.

What is HLTM Takaful's Comprehensive Mortgage Takaful (HLTM Takaful-CMT) plan?
This is the first composite Takaful scheme in Malaysia. In the event of Death or Total Permanent Disability (TPD) of the houseowner, or the occurrence of fire or named perils on the house, you and/or your family members may have to continue servicing the outstanding financing of your house. With our HLTM Takaful-CMT plan, the financial burden arising from the occurrence of any of the above events is covered on a long term basis.

How does our HLTM Takaful-CMT plan provide the coverage for the various perils?
Our HLTM Takaful-CMT is a single contribution plan. In the event of Death or TPD, a reducing Takaful benefit is payable from the Risk Fund. The payable amount is expected to match the outstanding mortgage. Our HLTM Takaful-CMT also has a special feature where you, as the Certificateholder or your nominee will be paid the excess from the accumulated Participant's Fund, if any.

In the event of damage caused by fire or named perils during the coverage period, our HLTM Takaful-CMT plan provides Takaful benefit. The payable amount will be made from the Risk Fund to the Master Certificateholder or to the participant (if financing is completely settled). The named perils include explosion, impact damage by road vehicles or animals, Flood, windstorm, aircraft damage, bursting or overflowing of domestic tanks, apparatus or pipes et cetera.

Exclusions to the Takaful coverage
The Death or TPD benefit shall not be payable if the Death is due to or arising from suicide or attempted suicide and/or other causes prohibited by civil, criminal laws and/or by Shariah. Under such circumstances, only the value of the Participant's Fund at the time of Death will be payable.
No benefit shall be paid if the TPD is due to AIDS, strike, riot, war, aerial activity other than as a fare paying passenger of a scheduled air flight or the influence of intoxicants.
For fire or named perils coverage, benefits will not be paid if the loss or damage is caused by war, mutiny, riot, acts of terrorism and other specified events.

How is the Participant's contribution allocated?
An upfront wakalah fee will be deducted from the single contribution made by the Participant. The wakalah fee goes into the Operator's fund to cover operating costs. The balance of the Participant's single contribution will go into a savings account (Participant's Fund) from which periodic donations (tabarru') will be made into the Risk Fund.

How will the contribution in the Participants' Fund and Risk Fund be invested?
Both funds will be invested in compliance with Shariah principles. The investment profits (in case of Participant's Fund, after deduction of the Operator's share) shall be kept in the respective funds.

How are surpluses, if any, from the Risk Fund treated?
Any surplus exceeding reserves may be donated by the Operator to charities selected by the Operator as advised by the Operator's Shariah Advisory Committee.

What happens if the Risk Fund is insufficient to pay for the benefits?
The Operator will provide a benevolent loan (Qardul Hasan) to ensure continued solvency of the Risk Fund to pay the benefits. This loan will be repaid in time from emerging surpluses that may arise in the Risk Fund in subsequent periods.

Eligibility

Term	Minimum : 5 years Maximum : 30 years (subject to expiry age of 65 years)
Entry Age	Minimum : 18 years old Maximum : 60 years old
Sum Covered	Minimum : RM 70,000.00 (subject to underwriting approval)

What would be the acceptance procedure to participate?
You are only required to fill in a simple Application Form. However, HLTM Takaful may require additional information from you if deemed necessary. This may include a medical examination, the cost of which, will be borne by HLTM Takaful.

Notes:

- You should satisfy yourself that the plan will best serve your needs and that the contribution payable under the contract is an amount you can afford.
- This leaflet is merely for brief information and is not intended to be the basis of a contract of Takaful. The information contained in this leaflet may be changed without prior notice. The precise benefits, terms and conditions and other details of coverage are set out in the Master Certificate.
- In the event of any dispute or ambiguity arising out of the Bahasa Malaysia translation in this leaflet, the English version shall prevail.

For more information, email us at ReachUs@hitm.hongleong.com.my
or visit our website www.hitmt.com.my.

Hong Leong Tokio Marine Takaful Berhad

3. Mission-driven Globalisation

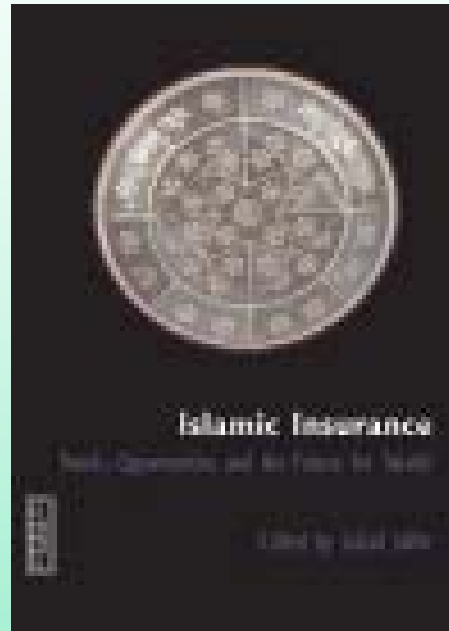
Do not consider Globalisation merely as Business Opportunities

- To sincerely serve all people especially Muslims in all parts of the world by our customer-oriented Takaful products with high-quality services
- To promote Takaful as fair, transparent and effective measures of risk mitigation and investment



Thank you for your attention

For more details of the Composite product can be seen in:



Atsuhiko Ayabe

General Manager, Research & Product Development

Hong Leong Tokio Marine Takaful Berhad

AtsuhikoAyabe@hltm.hongleong.com.my