



BANK NEGARA MALAYSIA

**SIXTEENTH ANNUAL REPORT OF THE
DIRECTOR GENERAL OF TAKAFUL
2000**

*For further information about Bank Negara Malaysia
and its publication:*

write to:

*Head
Corporate Services Department
Bank Negara Malaysia
Jalan Dato' Onn
50480 Kuala Lumpur
Malaysia*

*Phone: +(603)26988044
Fax: +(603)26912990*

or e-mail us at:

Info@bnm.gov.my

or access our World Wide Web site:

<http://www.bnm.gov.my>

In reproducing or quoting contents, acknowledgement of source is requested.

Price: RM10.00

ISSN: 0127-84011

Mission

We are committed ...

to create an efficient, progressive and comprehensive Islamic financial system that contributes significantly to the effectiveness and efficiency of the Malaysian financial sector while meeting the economic needs of the nation.

(Islamic Banking and Takaful Department)

towards total quality supervision of the takaful operators and takaful intermediaries; promoting financial system stability; and fostering a sound and progressive takaful industry.

(Insurance Supervision Department)



BANK NEGARA MALAYSIA

Letter of Transmittal

*Yang Berhormat Tun Daim Zainuddin,
Minister of Finance,
Malaysia.*

Yang Berhormat Tun,

In accordance with the requirements of section 56 of the Takaful Act 1984, I have the honour to submit for presentation to Parliament, the Sixteenth Annual Report on the administration of the Takaful Act 1984 and other related matters during the year ended 31 December 2000.

Respectfully submitted,

Kuala Lumpur
1 March 2001

Dato' Dr. Zeti Akhtar Aziz
Director General of Takaful

CONTENTS

	Page
<i>Preface</i>	i
1. Administration of the Act	
Legislation	1
Registration of Takaful Operators	1
Licensing of Takaful Intermediaries	1
Syariah Supervisory Council	1
Appointment of Director, Chief Executive or Principal Officer of Takaful Operators	1
New Offices of Takaful Operators	1
Statutory Accounts and Valuation Reports	2
Statutory Asset Requirements	2
Assets of Takaful Funds	2
Statutory Deposits	2
Changes in Equity	2
Employment	3
Compounding of Offences	3
Public Complaints	3
2. Policies and Developments	
Policies and Measures to Strengthen the Industry	4
Setting up of Islamic Banking and Takaful Department	4
Code of Ethics for Takaful Operators	4
Measures Taken by Takaful Operators	4
Other Related Matters	5
Regional Co-operation	5
International Co-operation	5
Technical Assistance and Joint-Ventures	5
3. The Takaful Industry Performance	
Overview of Industry Performance	6
Performance of Family Takaful Business	6
New Business	6
Terminations	8
Business in Force	8
Average Size of Certificates in Force	9
Average Cost of Certificates in Force	10
Income and Outgo	10
Takaful Benefits Payments	11
Assets of Family Takaful Funds	11
Valuation Report	12
Performance of General Takaful Business	13
Growth and Distribution of Takaful Contributions	13
Net Retention	14
Claims Experience	15
Underwriting Experience	15
Assets of General Takaful Funds	16

APPENDICES

Page

I	Subsidiary Legislations Made under the Takaful Act 1984 as at 31 December 2000	A2
II	Takaful Operators Registered under the Takaful Act 1984 as at 31 December 2000	A3
III	Syariah Supervisory Council Required under Section 8(5)(b) of the Takaful Act 1984	A4

TABLES

Administration of the Act

1.1	Number of Offices Approved	1
-----	----------------------------	---

The Takaful Industry Performance

Family Takaful Business

3.1	New Business	6
3.2	Distribution of New Business by Plan	7
3.3	Terminations of Sums Participated	8
3.4	Business in Force	8
3.5	Distribution of Business in Force by Plan	9
3.6	Average Size of Certificates in Force	9
3.7	Average Cost of Certificates in Force	10
3.8	Income and Outgo	11
3.9	Assets of Family Takaful Funds	12
3.10	Valuation Result	13

General Takaful Business

3.11	Distribution of Gross Contributions	13
3.12	Retention Ratio	14
3.13	Distribution of Net Contributions	14
3.14	Claims Experience	15
3.15	Claims Ratio	15
3.16	Underwriting Experience	15
3.17	Assets of General Takaful Funds	16

CHARTS

1.1	Distribution of Paid-up Capital of Takaful Operators	2
3.1	Takaful Contributions	6
3.2	Composition of Assets of Family Takaful Funds	12
3.3	Composition of Assets of General Takaful Funds	16



Preface

The Sixteenth Annual Report of the Director General of Takaful 2000 provides a review of the performance and developments of the Malaysian takaful industry during the year 1999/2000, and the administration of the Takaful Act 1984 (Act) by Bank Negara Malaysia (BNM). It also reports on other related responsibilities of the Director General of Takaful (Director General).

The Report is divided into the following three chapters: -

- Chapter 1 - Administration of the Act*
- Chapter 2 - Policies and Developments*
- Chapter 3 - The Takaful Industry Performance*

Chapter 1 highlights the experience of BNM in year 2000 in administering the Act in several key areas, such as registration of takaful operators, licensing of takaful intermediaries, opening of new branches, submission of statutory accounts, asset management and compounding of offences.

Chapter 2 touches on developments in the takaful industry during the year 2000, including measures taken by BNM and the takaful operators to strengthen the industry. It also includes efforts taken to foster greater cooperation among the takaful operators in the region and to promote takaful business internationally.

Chapter 3 reviews the performance of the takaful industry. It contains a detailed analysis of the performance of family and general takaful business during the year 1999/2000 based on the statutory accounts and actuarial reports of the takaful operators for the 2000 financial year.