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weqaya

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Insurance Is Weqaya

Enhancing Risk Management Practices in Takaful Industry

***Saif Sawalha
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Weqaya at a Glance

Weqaya Takaful Insurance and Reinsurance Company is a publicly listed with a SAR200 million as a paid-up capital. After a successful IPO on Tadawul exchange in April 2009, Weqaya Takaful became fully operational in January 2011. Weqaya Takaful is differentiated in the Saudi Arabian insurance sector by its advanced use of technology, and by its Sharia-compliant, explicitly takaful mode of operation combined with its financial strength, knowledgeable underwriting, first-class claims handling and loss control expertise which have define Weqaya as a center of excellence.

We are here in Weqaya proud of our locally and regionally well-recognized professional team, who was able to achieve many significant achievements, such as:

S&P's "BBB" credit rating with stable outlook



ISO 9001:2008 Certificate



1st Rank in "Best Saudi Company to work for award" in 2012



Best Takaful Company in 2012 by ITA



ISO 27001:2008 (ISMS) Certificate

**Will Be received on 6/2014*



Best Takaful Provider in 2013 by IFM



Weqaya Vision

Recognized as the preferred Takaful insurance service provider

Weqaya Mission

Provide an innovative range of compliant Takaful products and services to deliver excellence in client satisfaction and retention with professional team

Weqaya Values

*Integrity
Inspiration
Customer Focus*

*Team Work
Commitment
Quality*



The Big Questions

What is Enterprise
Risk Management ?

How we can enhance the
practices of Risk Management ?

Is there a difference between
Conventional Insurance and
Takaful ?



What is Enterprise Risk Management ?

There are various important ERM frameworks, each of which describes an approach for identifying, analyzing, responding to, and monitoring risks and opportunities, within the internal and external environment facing the enterprise



☐ Casualty Actuarial Society framework



☐ COSO ERM framework

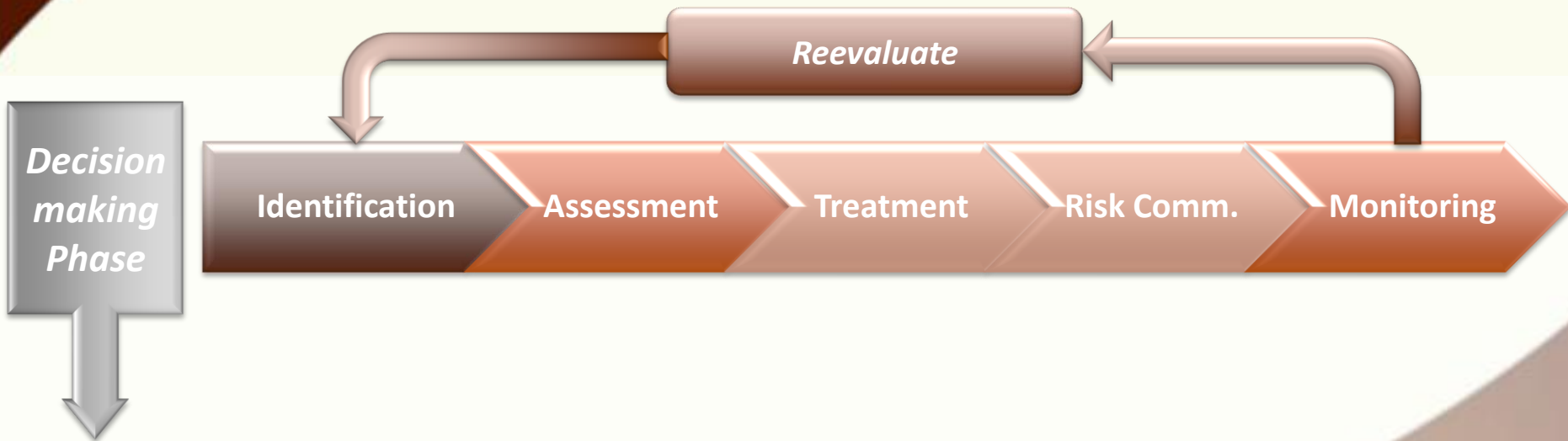


☐ RIMS Risk Maturity Model

How can we enhance the practices of Risk Management ?



Standard ERM Framework



Decision making phase is where CEO and Managing directors play an important role to allocate the necessary resources to effectively and economically, develop, implement and conduct appropriate ERM

Decision Making Phase

The role of Executive management

The Role of the Director

The role of the Board

The role of the Chief Risk Officer

Business Units

ERM Framework

Identification

- ☐ Is the process of identifying risk
- ☐ Source Analysis or Problem Analysis
- ☐ Methods used to identify a risk
 - Brain storming session
 - Workshop
 - Scenario Analysis (Zombie Scenario)
 - Pest Analysis (Extended to STEEPLE & STEEPLED)
 - SWOT Analysis
 - Questionnaires
 - Competitors comparison (Benchmarking technique)
- ☐ Perception of Risk



ERM Framework

Assessment

- ☐ Once a risk is identified it must be assessed as to its severity and probability
- ☐ One of the most difficult tasks for the Risk Manager
- ☐ Quantitative vs. Qualitative approach to risk assessment
- ☐ Tools used to identify a risk
 - Risk Map
 - Gain/Loss Curves
 - Tornado Chart
 - Historical data register (validation technique)



ERM Framework

Treatment

- ☐ Once a risk is assessed, specific risk responses can be adopted
- ☐ There are four fundamental choices

Avoid	Accept	Reduce	Share
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Divest	<input type="checkbox"/> Retain	<input type="checkbox"/> Disperse	<input type="checkbox"/> Insure
<input type="checkbox"/> Prohibit	<input type="checkbox"/> Re-price	<input type="checkbox"/> Respond	<input type="checkbox"/> Reinsure
<input type="checkbox"/> Stop	<input type="checkbox"/> Self Insure	<input type="checkbox"/> Diminish	<input type="checkbox"/> Hedge
<input type="checkbox"/> Target	<input type="checkbox"/> Offset	<input type="checkbox"/> Isolate	<input type="checkbox"/> Securitize
<input type="checkbox"/> Screen		<input type="checkbox"/> Control	<input type="checkbox"/> Transfer
<input type="checkbox"/> Eliminate		<input type="checkbox"/> Improve	<input type="checkbox"/> Outsource
		<input type="checkbox"/> Relocate	<input type="checkbox"/> Indemnify
		<input type="checkbox"/> Redesign	
		<input type="checkbox"/> Diversify	



ERM Framework

Communication

- ☐ Communication is an important factor that need to be taken into consideration
- ☐ NOT an isolated process
- ☐ Top Down Communication
- ☐ Upward Communication
- ☐ Horizontal Communication



ERM Framework

Monitoring

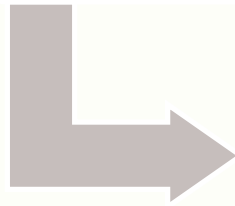
- ☐ Risk management is never finished process new risks will emerge and existing risk will disappear
- ☐ Severity and probability is subject to change
- ☐ Risk management strategy should be an elastic document that is regularly updated to take account of changes in the organization
- ☐ Emphasis on the importance of:
 - Company infrastructure
 - Executive management
 - Internal Audit
 - Regulator
- ☐ ERM Maturity Models



Important Aspects affecting ERM

Training and Education

- In-house training
- International Institution



Technology

- Internet
- Emails
- Reports
- Risk Management Software



Directive, Standards & Regulation

- Solvency 2
- ISO 31000/2009
- SAMA – Risk Management Regulations



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Takaful

Going Back To The Basics

- ☐ Understand your Business
- ☐ Shariah Board : Regulatory and Reporting
- ☐ Risk Specific To Takaful Operator
 - Culture and Believes
 - Shariah Non-Compliance Risk
 - Interest
 - gambling and speculation
 - Islamic investments
- ☐ Enhancing and upraising awareness about the importance of Takaful principles in insurance and in managing Takaful risks.





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