



2019

Corporate Governance

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VISION AND MISSION

VISION

To become the first choice in providing Takaful Solutions in Brunei Darussalam by 2023.

MISSION

- To offer truly Islamic Family Takaful products & services
- To position Insurans Islam TAIB Family Takaful as a household brand
- To “Takafulise” the customers by providing alternative solutions

ABOUT US

CORPORATE PROFILE

Insurans Islam TAIB Holdings Sendirian Berhad and its subsidiaries are amongst the leading Islamic financial institutions in Negara Brunei Darussalam.

In our continuous effort to comply with the Takaful Order 2008, particularly in transacting Takaful businesses, Insurans Islam TAIB Holdings Sendirian Berhad had established two subsidiaries: Insurans Islam TAIB Family Takaful Sendirian Berhad and Insurans Islam TAIB General Takaful Sendirian Berhad which offer wide range of their own Takaful products.



INSURANS
ISLAM TAIB

BOARD OF DIRECTORS

Chairman:

- **Yang Mulia Awang Haji Khairuddin bin Haji Abdul Hamid**

Members:

- **Yang Mulia Pengiran Hajah Zety Sufina binti Pengiran Dato Paduka Haji Sani**
(appointed on 23rd November 2019)
- **Yang Mulia Datin Dayang Hajah Hasnah binti Haji Ibrahim**
(appointed on 23rd November 2019)
- **Yang Mulia Dr. Awang Norfarizal bin Othman**
(appointed on 23rd November 2019)
- **Yang Mulia Mr. Ramesh Pillai**

- **Yang Mulia Dato Seri Paduka Ahmaddin bin Haji Abd Rahman**
(resigned on 23rd November 2019)
- **Yang Mulia Awang Haji Mohd Serudin bin Haji Timbang**
(resigned on 23rd November 2019)
- **Yang Mulia Dayang Hajah Noorrafidah binti Sulaiman**
(resigned on 5th October 2019)
- **Yang Mulia Awang Haji Osman bin Haji Md Jair**
(resigned on 23rd November 2019)

SYARIAH ADVISORY COMMITTEE

Chairman:

- **Yang Mulia Awang Haji Dennie bin Haji Abdullah**

Members:

- **Yang Mulia Dr. Awang Azme bin Haji Matali – Deputy Chairman**
- **Yang Mulia Awang Haji Mohd Serudin bin Haji Timbang**
- **Yang Arif Awang Haji Hassan Bin Haji Metali**
- **Yang Mulia Dayang Hajah Nornaimah binti Haji Zainip – Secretary**
(appointed on 2nd December 2019)

- **Yang Mulia Awang Haji Osman bin Haji Md Jair**
(resigned on 23rd November 2019)

GROUP AUDIT COMMITTEE

Chairperson:

- **Yang Mulia Pengiran Hajah Zety Sufina binti Pengiran Dato Paduka Haji Sani**
(appointed on 23rd November 2019)

Members:

- **Yang Mulia Dr. Awang Norfarizal bin Othman**
(appointed on 23rd November 2019)
- **Yang Mulia Awang Haji Mohd Serudin bin Haji Timbang**
- **Yang Mulia Datin Dayang Hajah Hasnah binti Haji Ibrahim**
(appointed on 23rd November 2019)
- **Yang Mulia Head of Perbadanan TAIB Internal Audit – Secretary**

- **Yang Mulia Dr. Awang Haji Abdul Manaf bin Haji Metussin**
(resigned on 23rd November 2019)
- **Yang Mulia Awang Haji Khairuddin bin Haji Abdul Hamid**
(resigned on 23rd November 2019)
- **Yang Mulia Awang Haji Yusop bin Haji Mahmud**
(resigned on 16th October 2019)

RISK MANAGEMENT COMMITTEE

Chairman:

- **Yang Mulia Mr. Ramesh Pillai**

Members:

- **Yang Mulia Managing Director of Perbadanan TAIB**
- **Yang Mulia Haji Zamrin bin Haji Ghani**
- **Yang Mulia Haji Shamsul bin Haji Muhamad**
(appointed on 28th March 2019)
- **Yang Mulia Dayang Hajah Noorrafidah binti Sulaiman**
(resigned on 5th October 2019)
- **Yang Mulia Awang Haji Osman bin Haji Md Jair**
(resigned on 23rd November 2019)

GROUP INVESTMENT COMMITTEE

Chairman:

- **Yang Mulia Awang Haji Khairuddin bin Haji Abdul Hamid**

Members:

- **Yang Mulia Pengiran Hajah Zety Sufina binti Pengiran Dato Paduka Haji Sani**
(appointed on 23rd November 2019)
- **Yang Mulia Managing Director of Perbadanan TAIB**
- **Yang Mulia Managing Director of Darussalam Holdings Sendirian Berhad**
- **Yang Mulia Managing Director of Insurans Islam TAIB Holdings Sendirian Berhad**
- **Yang Mulia Awang Haji Yusop bin Haji Mahmud**
(resigned on 12th November 2019)
- **Yang Mulia Dayang Hajah Noorrafidah binti Sulaiman**
(resigned on 5th October 2019)
- **Yang Mulia Awang Haji Osman bin Haji Md Jair**
(resigned on 23rd November 2019)

AUDITOR

Deloitte & Touche

Certified Public Accountants

5th Floor, Wisma Hajjah Fatimah

22 & 23, Jalan Sultan, Bandar Seri Begawan BS8811

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Bandar Seri Begawan

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BOARD OF DIRECTORS



**YANG MULIA AWANG HAJI KHAIRUDDIN
BIN HAJI ABDUL HAMID**
CHAIRMAN



**YANG MULIA PENGIRAN HAJAH ZETY SUFINA
BINTI PENGIRAN DATO PADUKA HAJI SANI**
MEMBER



**YANG MULIA DATIN DAYANG HAJAH HASNAH
BINTI HAJI IBRAHIM**
MEMBER



**YANG MULIA DR. AWANG NORFARIZAL
BIN OTHMAN**
MEMBER



YANG MULIA MR. RAMESH PILLAI
MEMBER

**YANG MULIA MANAGING DIRECTOR
OF PERBADANAN TAIB**
MEMBER

**YANG MULIA MANAGING DIRECTOR
OF INSURANS ISLAM TAIB HOLDINGS SDN BHD**
SECRETARY

SYARIAH ADVISORY COMMITTEE



**YANG MULIA AWANG HAJI DENNIE
BIN HAJI ABDULLAH**
CHAIRMAN



**YANG MULIA DR. AWANG AZME
BIN HAJI MATALI**
DEPUTY CHAIRMAN



**YANG MULIA AWANG HAJI MOHD SERUDIN
BIN HAJI TIMBANG**
MEMBER



**YANG ARIF AWANG HAJI HASSAN
BIN HAJI METALI**
MEMBER



**YANG MULIA DAYANG HAJAH NORNAIMAH
BINTI HAJI ZAINIP**
ACTING MANAGING DIRECTOR / SECRETARY
Appointed on 2nd December 2019



**YANG MULIA AWANG HAJI OSMAN
BIN HAJI MD JAIR**
MEMBER
Resigned on 23rd November 2019

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE DISCLOSURES

CORPORATE GOVERNANCE DISCLOSURES (AS REFERRED TO IN THE DIRECTOR'S REPORT)

The Board of Directors ("Board") of Insurans Islam TAIB Family Takaful Sendirian Berhad remains committed towards maintaining high standards of corporate governance throughout the Company and strives to continuously improve the effective application of the principles and best practices in conformity with Autoriti Monetari Brunei Darussalam's ("AMBD") policy documents TIU/N-3/2017/7 Notice on Corporate Governance for Insurance Companies and Takaful Operators ("CG") issued on 11 August 2017 and TIU/N-4/2017/8 Notice on Public Disclosure Requirements for Insurance Companies and Takaful Operators ("PD"), and is continually enhancing the standards of the overall governance of the Company.

The Company's policy is to implement these principles and best practices and to uphold high standards of business integrity in all activities undertaken by the Company. This includes a commitment to emulate good industry examples and to comply with guidelines and recommendations in the conduct of business activities within the Company.

Set out below is a statement on how the Company has applied the principles and complied with the Best Practices as prescribed under the CG and PD during the financial year ended 31st December 2019.

TERMS OF REFERENCE OF BOARD OF DIRECTORS

DIRECTORS

The Board

The Board is responsible for the overall corporate governance of the Group and is also entrusted with the responsibility of exercising reasonable care of the Company as well as the Group's resources in enhancing the shareholders' long-term value while taking into account other stakeholders. The Board understands that upholding corporate governance values is not merely achieving the desired financial performance, but also promoting ethical, professional and sustainable culture.

Terms of Reference

The Board is mindful of the need to protect the interests of its shareholders and other stakeholders. In discharging its duties effectively, the Board is guided by its Terms of Reference which sets out the roles and responsibilities of the Board. The Terms of Reference is reviewed as and when necessary to keep it up-to-date with changes in regulations and best practices and ensure its effectiveness and relevance to the Board's objectives.

Key Responsibilities of the Board of Directors

The Board provides strategic direction to the Company and its principal roles and functions include the following:

- (i) Providing stewardship, including direction setting and general oversight of the management and operations of the Company;
- (ii) Approve the Company's short-term and long-term enterprise-wide business objectives, strategy and plans (capital, financial, liquidity), including its risk appetite and risk limits;
- (iii) Approve the Company's succession plans with respect to the Board, Chief Executive Officer /Managing Director (CEO/MD) and where appropriate, other members of senior management, including the heads of the control functions;
- (iv) Approve the mandate, resources and budgets for the control functions;
- (v) Review the business and financial performance relative to the Board-approved strategy and risk appetite;
- (vi) Promote Syariah Compliance in accordance with expectations set out in any Syariah governance requirements issued by AMBD and the Syariah Financial Services Board (SFSB);
- (vii) Approve the Company's governance framework and internal control framework and overseeing their implementation and effectiveness, and periodically review whether these remain appropriate in light of material;
- (viii) Approve the appointment, performance review and compensation of the CEO/MD, and where appropriate, other members of senior management, including the heads of the control functions;
- (ix) Review and discuss the Company's policies and compliance with applicable laws, regulations and guidelines.

The Board retains full and effective control over the Company's affairs. This includes the responsibility to determine the Company's development and overall strategic direction. Key matters such as the approval of external auditor, financial results, major capital expenditures, and appointment of actuary, are reserved for the Board or its appointed committees to deal with.

Board Meeting

The Board meeting dates for the ensuing financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and schedule these dates into their respective meeting schedules.

The Board meets regularly during the year, to review the business performance and key activities of the Company and to consider business proposals of a significant nature. All members of the Board participate actively in Board discussions and decisions are made objectively in the interests of the Company. The Board guides Management with strategic directions to achieve its stated goals and the Management remains accountable to the Board, and where warranted by particular circumstance, ad hoc Board or Board Committee meetings will be convened.

Directors' Training

The Company acknowledges that continuous education is vital for the Board members to gain insight into regulatory updates and market developments to enhance the Directors' skills and knowledge in discharging their responsibilities.

All new Directors are required to undergo an induction programme in which they receive information about the Company, the formal statement of the Board's role, the powers that have been delegated to the Company's Senior Management and Management committees as well as the latest financial information about the Company. This is to enable them to contribute effectively from the outset of their appointment.

During the financial year, all Directors attended various seminars and programmes to strengthen their skills set and knowledge in order to effectively discharge their responsibilities, as well as to acquire sound understanding of current issues and developments in the financial and business environment.

The Company facilitates the organization of internal training programmes and the Directors' participation in external programmes. The Company keeps a complete record of the training received or attended by the Directors.

Board Committees

To enable the Board to discharge its duties effectively whilst enhancing business and operational efficacy, the Board delegates certain responsibilities to its Committees:

- Group Audit Committee (GAC)
- Group Investment Committee (GIC)
- Risk Management Committee (RMC)

Reports of the proceedings and outcome of the meetings are incorporated in the minutes of the Board meeting. All the Group Board Committees have been constituted with clear Board-approved written terms of reference.

Syariah Advisory Committee

The Company is advised by the Syariah Advisory Committee ("SAC") which performs an oversight role on Syariah matters related to the Company's business operations and activities. This is achieved through the Syariah review and the Syariah audit functions. This establishment is in compliance with AMBD regulations.

The majority of members shall at least hold a bachelor's degree in Syariah, which includes study in Usul Fiqh (the origin of Islamic Law) or Fiqh Muamalat (Islamic transaction/commercial law) from a recognised university.

The SAC plays a significant role in assisting the Board of Directors in making decisions on policies, operations and other matters relating to Syariah compliance.

Group Audit Committee

The Group Audit Committee (“GAC”) comprises of four (4) independent Directors.

The GAC is undertaken by Perbadanan Tabung Amanah Islam Brunei (TAIB) to assist the Board in carrying out more effective oversight of the operations and business affairs of the Company.

The GAC is authorised by the Board to undertake any activity within its terms of reference and has unlimited access to all information and documents relevant to its activities, to both the internal and external auditors, as well as to all employees of the Company.

The GAC must be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

The GAC must also have the authority to obtain independent legal or other professional advice as it considers necessary.

The Committee's terms of reference include the review and deliberation of the Company financial statements, the findings of the External and Internal Auditors, compliance-related matters; any related party transactions and any conflict of interest situations within the Company.

Group Investment Committee

The Group Investment Committee (“GIC”) comprises of five (5) Directors.

The GIC is undertaken by Perbadanan Tabung Amanah Islam Brunei (TAIB) to assist the Board in carrying out more effective oversight of the operations and business affairs of the Company.

This GIC oversees, guides and monitors the investment operations of the Company as well as approves recommended investment related transactions. The GIC is also responsible to note and approve specific transactions of a nature that, by regulation, requires awareness of and sanctioning by the Board.

Internal Control and Risk Management

Responsibility

The Board acknowledges that it is responsible for ensuring the Company has appropriate systems and functions for risk management and internal controls and to provide oversight to ensure that these systems and the functions that oversee them are operating effectively as intended. It recognizes that risk management is a continuous process, designed to manage the risk of failure to achieve business objectives. In pursuing these objectives, internal controls system can only provide reasonable and not absolute assurance against material misstatement or loss.

There are clearly defined delegation of responsibilities to the Board Committees and the Management, including authorisation levels for all business units. Each business unit has clear accountabilities for ensuring that appropriate risk management and control procedures are in place. These delegated responsibilities are subject to review throughout the year.

The Board acknowledges that Senior Management of the Company has established an adequate risk management process for identifying, evaluating and managing significant risks faced by the Company (i.e. Enterprise Risk Management Framework or ERM).

Infrastructure

While the Board is ultimately responsible for the management of risks within the Company, apart from the Board Risk Management Committee, several risk oversight committees have been established over the years to facilitate in depth review of the risks associated with specific aspects of the business such as Management Team, Asset Liability Committee and Product Development Committee. The duties and scope of work of these committees are documented in their respective terms of reference.

The segregation of duties is paramount in ensuring that members of staff are not assigned with potential conflicting responsibilities, relating to, among others, approvals, disbursements and administration of policies, execution and recording of investment matters, operational and internal audit/compliance functions, underwriting and recovery.

Risk Management and Internal Control Structure

The key features that the Board has established in reviewing the adequacy and effectiveness of the risk management and internal control system include the following:

(i) Enterprise Risk Management Framework (ERM Framework)

- The Board believes that an effective ERM Framework and strong internal control system is essential to the Company in its commitment to achieve its business objectives, especially on the continued profitability and enhancement of shareholders' value in today's market environment.
- A Dedicated Board committee known as the Risk Management Committee of the Board ("RMCB") had been established on 14th November 2018 at the Holdings Company level to oversee the implementation of an enterprise-wide risk management framework in the Company.
- The Group Audit Committee (GAC) complements the role of the Board by providing an independent assessment of the adequacy and reliability of the risk management process, and compliance with the risk policies and regulatory guidelines. The GAC is assisted by an independent Internal Audit Department in performing its role.
- The Risk Management Division and Compliance Division were established, which was part of the Company's plan toward implementation of ERM and to provide the necessary infrastructure to carry out the risk management and compliance functions. Head of Risk Management and Head of Compliance were appointed and are required to organise, facilitate and oversee the risk management process throughout the Company.
- The Company adopts the Three Lines of Defence model, whereby operating units are the first line of defence, risk management and compliance oversight functions are the second line of defence, and an independent assurance is the third line. Heads of Divisions are responsible to manage risks and system of internal controls within their respective functions on a day-to-day basis, as well as communicate significant risks via the risk management and compliance functions. The risk management and compliance functions assume overall responsibility for the implementation of the ERM Framework and its continued application in the respective entities. Internal Audit provides the GAC with independent assurance on the adequacy and effectiveness of the ERM Framework.

(ii) Internal Audit Function

- The Internal Audit Function of the Company is undertaken by Internal Audit Division of Perbadanan Tabung Amanah Islam Brunei (TAIB). The department has a functional reporting line to Group Audit Committee of TAIB.
- The Internal Audit Division is responsible for conducting independent reviews to verify that each division's internal guidelines and standard operating procedures are adhered to.
- Where applicable, the Internal Audit Division provides recommendations to improve on the effectiveness of risk management, control and governance processes. Management will accordingly follow through to ensure the resolution of recommendations agreed upon. Audit reviews are carried out on functions that are identified on a risk-based approach, in the context of the Company's evolving business and its regulatory environment, while also taking into consideration inputs of Senior Management and the GAC.
- The GAC meets as and when required to review matters identified in reports prepared by the Internal Auditors, External Auditors, and Regulatory Authorities. It further evaluates the effectiveness and adequacy of the Company's internal control system. The GAC has an active oversight on the Internal Auditors' independence, scope of work and resources.

(iii) Policies and Procedures

A number of policies and procedures have also been put in place to guide and facilitate consistency in application across the board. These cover key areas of risk such as:

- Retakaful
- Underwriting
- Financial and Accounting
- Investment
- Claim
- Asset Liability Management / Liquidity

(iv) Other Key Elements of Internal Control

- The Underwriting Guidelines have been put in place to manage risks that are being underwritten.
- Retakaful programs exist where there is a spread of retakaful operators with acceptable ratings from accredited agencies. The securities of these retakaful operators are reviewed on an annual basis.
- Annual business plans are submitted to the respective Committees for approval.
- A detailed budgeting process has been implemented in the Company where the Company prepares a budget for the upcoming financial year for the approval of the Board. The budgets are monitored and major variances are followed-up by the Management.
- The Syariah Advisory Committee (SAC) has been established to provide oversight on Syariah related matters for the Company.