

# Takaful, the future of value-based protection

**O**VER the years, the insurance and takaful industry has been a driving force to uplifting lives and fuelling economic growth.

Malaysia's takaful industry has continued to grow at a faster pace than conventional insurance. The Malaysian Takaful Association (MTA) has forecast the takaful industry to grow steadily after the penetration rate of family takaful grew by more than 20 per cent last year and 18.6 per cent in 2021, based on the number of in-force certificates relative to Malaysia's population.

But times are changing and with the spotlight now on ethics and sustainability, we often find ourselves pondering on how to tap the full potential of insurance and takaful products to offer value-based protection that truly aligns with the values of our clients.

Aligning with our aspiration to become our clients' lifetime takaful partner, Sun Life Malaysia saw the enormous potential of takaful serving as a powerful tool to promoting financial inclusion and a balanced socioeconomic development.

## Uniting financial and faith obligations

Takaful is not just any ordinary insurance; it's a versatile, syariah-

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## THE INSIGHTS



compliant financial instrument that weaves together long term financial security and the fulfilment of religious aspirations.

Over the last decade, we have empowered our clients in meeting their religious obligations, like zakat, haj and fidyah, through our innovative range of takaful products.

For example, our award-winning multigenerational critical illness plan, Prime Family Critical Care-i, combines critical illness protection for parents, spouse and children in one plan while allowing the person covered to meet their religious goals.

## Championing inclusivity and equitability

In a world grappling with social challenges, takaful stands as a true beacon of change. It goes beyond being just a financial protection tool; it embodies the spirit of inclusivity and equitability that we hold dear.

At its core, takaful is designed based on the Islamic concepts of mutual assistance (Ta'awun) through a donation (Tabarru'), fostering a caring spirit within our community. It's all about mutual cooperation, ensuring no one faces financial burdens alone.

This essence of interconnectedness forms the foundation of our commitment to financial security and social welfare protection through takaful.

Sun Life Malaysia has been a strong advocate of Value-based Intermediation for Takaful (VBIT) initiative. VBIT has revolutionised the way we design our takaful products, placing a strong emphasis on creating sustainable impacts that benefit businesses, society, and the broader community, while adhering to the objective of syariah (Maqasid Shariah).

Take, for example, our Takaful Mulia product enables our clients to do waqaf on a regular basis, where close to RM300,000 has been

channelled to Yayasan Waqaf Malaysia to support various community and sustainability programmes that benefit those in need.

Other than that, our Takaful Suria product assisted Muslim clients to meet their haj obligation. Through our partner, we have performed badal haj for more than 100 clients upon death or total permanent disability.

## Catalyst for ethical investment

While the world is shifting towards ethical investments in recent years, takaful has already been at the forefront of this change since its debut in Malaysia about 40 years ago.

Takaful is guided by syariah principles and, hence, investing only in socially and environmentally friendly industries. This means our clients, both Muslims and non-Muslims, can embrace ethical investment options.

Last year, we took a groundbreaking step by introducing the Sun Life Malaysia Islamic Global Sustainable Fund, the industry's first syariah-compliant environmental, social and governance investment-linked fund.

This move allows our clients to grow their wealth while staying true

to their faith and beliefs.

As we move forward, I am convinced that the future of value-based protection will be defined by the essence of takaful — unity, compassion and an unwavering commitment to building a better world together.

Malaysia is the third-largest takaful market globally, according to the Islamic Financial Services Board, with a vibrant Islamic finance ecosystem that includes Islamic banks, syariah-compliant corporates, Islamic fund managers, and halal industries that seek takaful products.

We expect the takaful sector to continue its sound growth this year on improved penetration rates, business models and technology capabilities amid higher takaful awareness, digitalisation innovation and government initiatives.

Together, let's embrace this transformative journey towards a brighter and more sustainable future.

To learn more about how takaful is championing value-based protection, visit [www.sunlifemalaysia.com](http://www.sunlifemalaysia.com)

Sun Life Malaysia is an insurance and takaful provider.