



# THE WORLD TAKAFUL REPORT

تقرير التكافل العالمي

 **ERNST & YOUNG**  
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**Managing Performance in a Recovery**  
*The World Takaful Report 2010*





THE WORLD TAKAFUL  
REPORT  
تقرير التكافل العالمي

Dear Insurance Industry Leader,

It is with great pleasure that we introduce the third annual edition of the Ernst & Young World Takaful Report 2010, a ground-breaking original research project and an industry-first initiative which has in the last three years become an established reference source for industry leaders seeking to successfully navigate the changing Takaful landscape.

As the global recession cautiously starts to give way to signs of recovery, industry experts are increasingly predicting substantial growth opportunities for Takaful operators. The Ernst & Young World Takaful Report 2010 (WTR '10) is launched at this opportune time and it will provide pointers on how the Islamic insurance industry can catalyse the next phase of growth as well as provide industry leaders with new insights as they seek to realign their business models to the realities of a challenging economic climate. The 2010 Report will feature an extensive re-assessment of last year's findings, with fresh perspectives on new issues shaping the industry given the current market conditions and responses being adopted by the leading players internationally.

Our gratitude goes to leading global professional services organisation, Ernst & Young and their Islamic Financial Services Group, who have invested their considerable international talent and resources in leading the research project and in developing the insights contained in this Report.

The Report is exclusively launched at the 5th Annual World Takaful Conference (WTC 2010), the world's largest and most influential gathering for leaders in the global Islamic insurance industry, held in Dubai on the 12th and 13th of April 2010. The Findings of the Report are debated by the more than 350 industry leaders gathered at the conference as they seek new insights to strengthen their market position and adapt their strategies for success in the global Takaful market.

We hope that the content of this third annual edition of the Ernst & Young World Takaful Report will be useful in your own strategic planning activities and will assist your organisation in its quest for success in this dynamic industry. To find out how your organisation can play a part in this initiative in the future, please email [andrew@megaevents.net](mailto:andrew@megaevents.net)

Yours sincerely,



**David McLean**  
Managing Director  
**The World Takaful Conference**  
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# The World Takaful Report 2010

Managing performance in a recovery

April 2010



# Disclaimer

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The contents of the World Takaful Report 2010 are based on a combination of quantitative data and qualitative comments and hence provide a subjective assessment of the current market. All quantitative comments are based on published information wherever possible. Where published reliable data was not available, qualitative comments were made which may or may not reflect the true state of affairs. Information has been assimilated from secondary sources, including published country, industry and institutional information, and primary sources, in the form of interviews with industry executives.

We are not expressing any assurance on the accuracy or completeness of the information obtained. Although this report has been documented based on our understanding of Islamic financing activities to include only such activities that are deemed Shari'a compliant, no Shari'a opinion whatsoever has been taken on this report. Hence, the contents of this report, in terms of the activities to be carried out, might not necessarily be consistent with Shari'a in all cases, and the opinion of a Shari'a scholar(s) should be taken before any further steps are made to implement suggestions made in the report.

Whilst every care has been taken in the preparation of this report, no responsibility is taken by Ernst & Young as to the accuracy or completeness of the data used or consequent conclusions based on that data, due to the respective uncertainties associated with any assumptions that have been made.

This report is documented for the World Takaful Conference. No part of this document may be republished, distributed, retransmitted, cited or quoted to anyone without prior written permission from MEGA Events and Ernst & Young.

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# Executive Brief

Dear Takaful Executive,

On behalf of Ernst & Young, I take this opportunity to introduce to you the 3rd annual edition of Ernst & Young's World Takaful Report (WTR10). We believe that the tremendous market response to WTR makes it a benchmark for the takaful industry and an essential global reference source for decision makers in Islamic finance.

We are entering a new and changing world, where quality of strategy execution and capital planning are on top of the management agenda. Global takaful contributions grew 29% in 2008 to reach US\$ 5.3 billion, and remain on course to surpass US\$8.9 billion by 2010. The industry has certainly shown resilience during the global financial crisis. Strong growth in health takaful in GCC, and family takaful in Malaysia are two noteworthy trends that have delivered growth for many operators. Government safety nets are being reduced providing new opportunities to offer product solutions in these respective business lines.

The industry is also faced with its share of challenges. Profitability is under unprecedented stress. In the aftermath of the financial crises, takaful operators are coping with depressed capital levels, distressed asset values and difficult capital markets. The role of Boards will be decisive in steering companies towards recovery. Many of the operators have initiated a rigorous review of their strategies and financial plans which we believe is a promising start. The five key focus areas identified are:

- ▶ Understanding risk-return implications of the chosen business model and aligning these with evolving and unique Shari'a and regulatory frameworks
- ▶ Business diversification and specialization - by lines of business, sectors, customer segments and geographies - with a view to improve risk understanding and pricing
- ▶ Strengthening underwriting capacity and introducing new products, especially as customers move from variable structures to more traditional products (flight to safety)
- ▶ Investment discipline, in the wake of steep decline in value of securities and returns
- ▶ Enhancing operating efficiency - through cost management around customer acquisition, retention and servicing, and structured claims management process

Capital generated internally through profitable operating performance will be critical to maintain financial stability and fund growth. We expect some consolidation across several markets over the next three years, leading to the creation of financially stronger market leaders.

Also notable are international players seeking a growth agenda through investment in global emerging markets. For the Middle East, North Africa and Asia, takaful is being actively explored. Success lies in clearly understanding the local markets and correspondingly choosing the right strategy, mode of market entry and local partners.

Preparing for recovery based on real market insights is key. I hope that you will find this report equally informative and useful for your business.

Sameer Abdi  
Partner  
Ernst & Young

# Introduction to Takaful

Takaful can be considered a Shari'a compliant form of conventional cooperative insurance



Source: Ernst & Young analysis



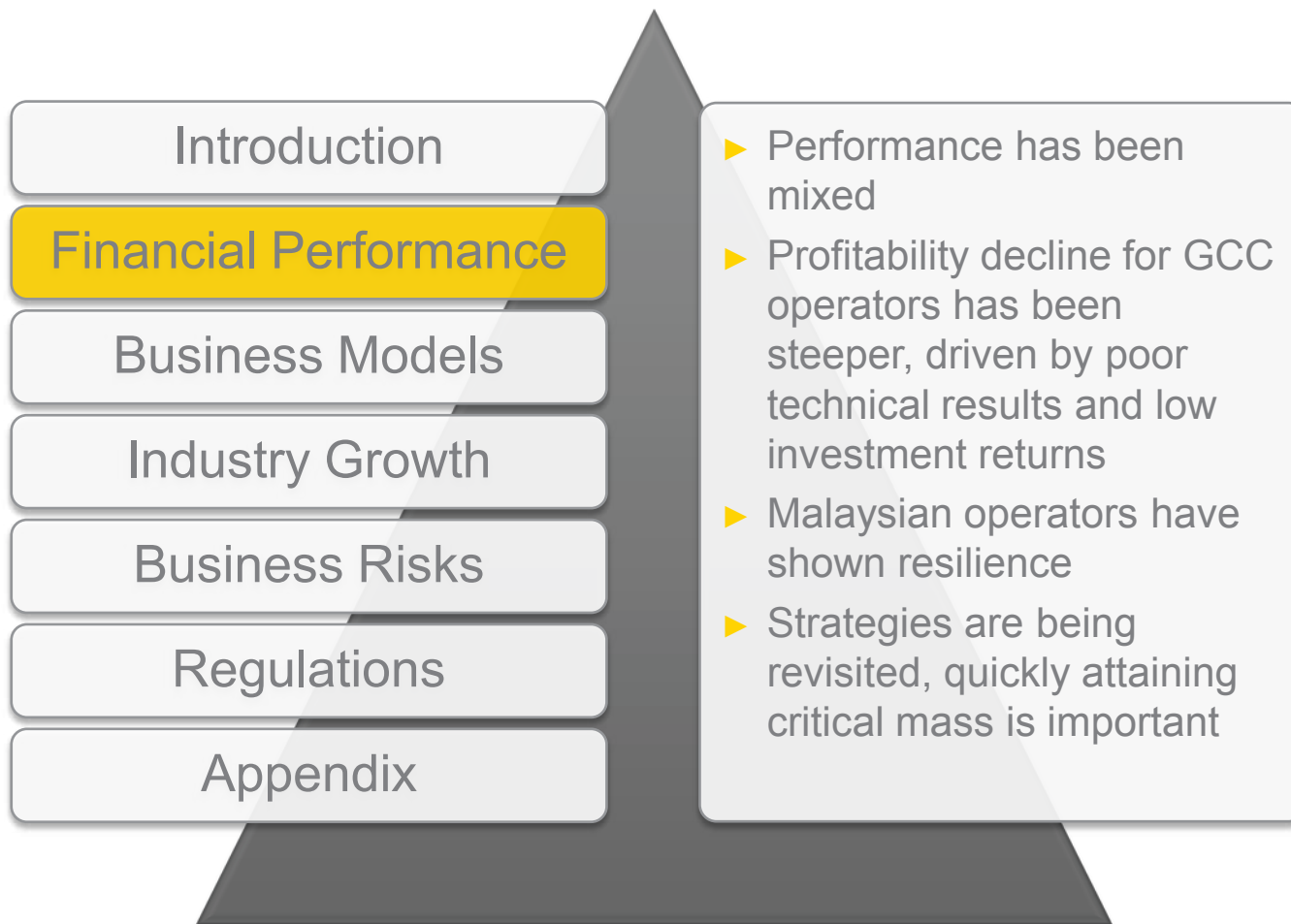
# Introduction to Takaful

Conventional forms of insurance are prohibited under Islamic law as they contain elements of *Maysir*, *Gharar* and *Riba*

	Takaful	Cooperative Insurance	Proprietary Insurance
Contracts Utilised	Donation and mutual contract.	Mutual contract.	Exchange contract.
Company Responsibility	Pay claims with underwriting fund and an interest free loans in case of shortfall (Qard Al-Hasan).	Pay claims with underwriting fund.	Pay claims from underwriting fund and shareholders' equity.
Participants' Responsibility	Pay contributions.	Pay contributions.	Pay premiums.
Capital Utilised	Participants' funds.	Participating capital.	Share capital.
Investment Considerations	Shari'a compliant.	No restrictions except prudential.	No restrictions except prudential.

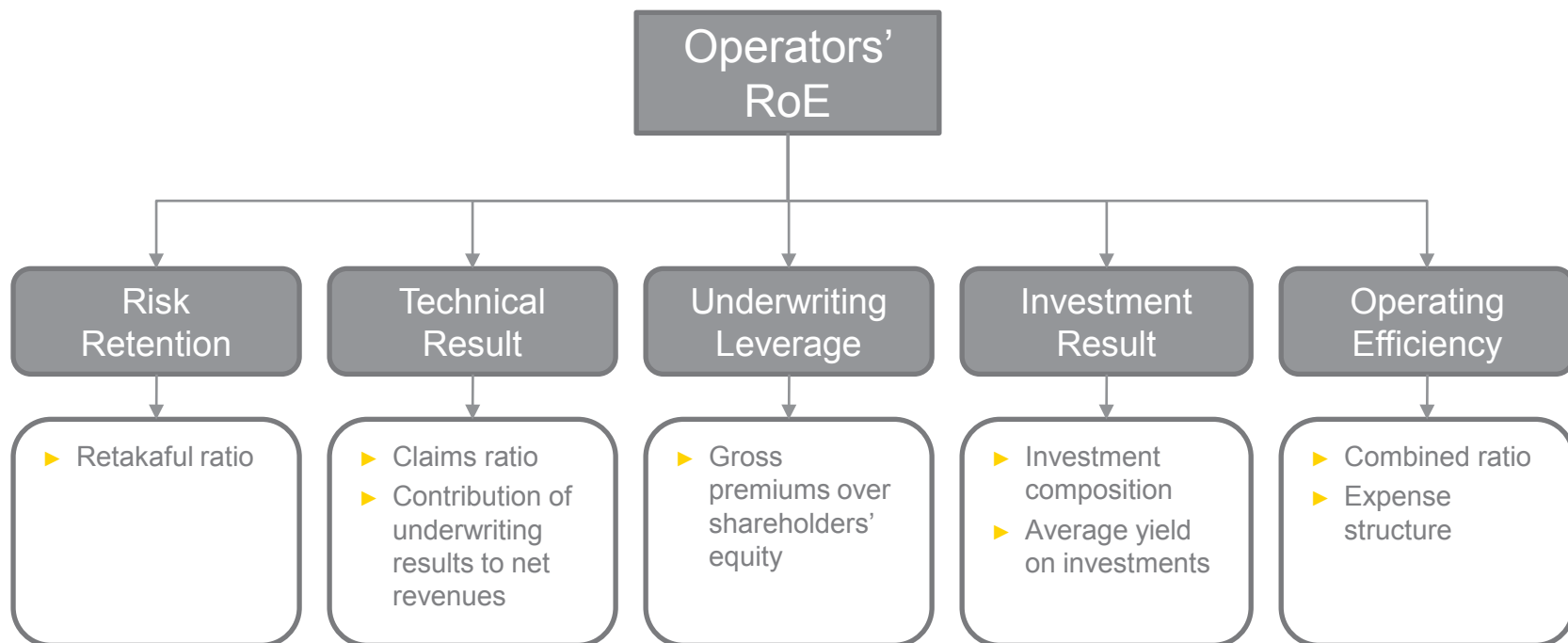
Source: Ernst & Young analysis

# Contents



# Breakdown of Financial Performance

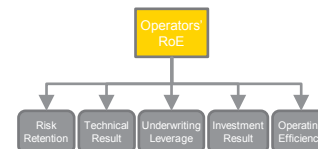
Takaful operators generate shareholder returns through a number of key drivers



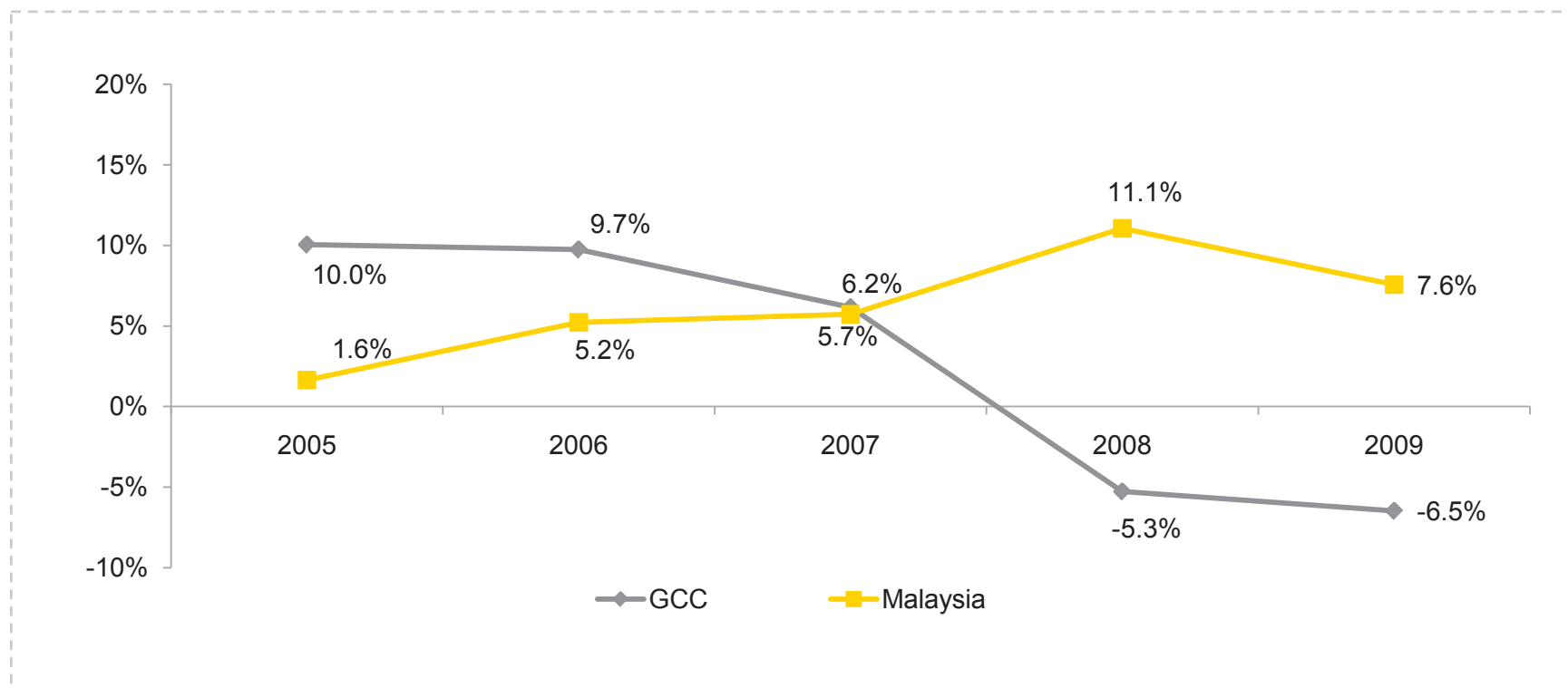
Note: Data used for the analysis is based on the company annual reports of takaful operators, including public companies and non-public companies (wherever possible) and reports from regulators. Reports from regulators in Bahrain and Malaysia are specific to takaful industry whereas, in Saudi Arabia and UAE reports are specific to the insurance industry. Annual reports for some of the companies for the year 2009 were not available at the time of publishing. Numbers may differ from previous reports as the sample size has been enhanced. Refer to appendix for a full list of operators included in our sample.

# Return on Equity

GCC operators have suffered more severely during the financial crisis



Average RoE for a Sample of Takaful Operators in GCC and Malaysia



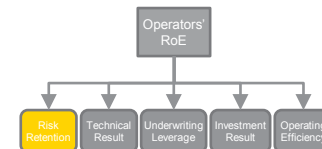
Note: Where possible, publicly available corporate information has been used. In the GCC, 9 companies published information in 2005, 12 in 2006, 15 in 2007, 16 in 2008 and 4 in 2009. In Malaysia, 1 company published information in 2005, 4 in 2006, 5 in 2007, 4 in 2008 and 2 in 2009.

RoE = Net profit / Shareholders' equity

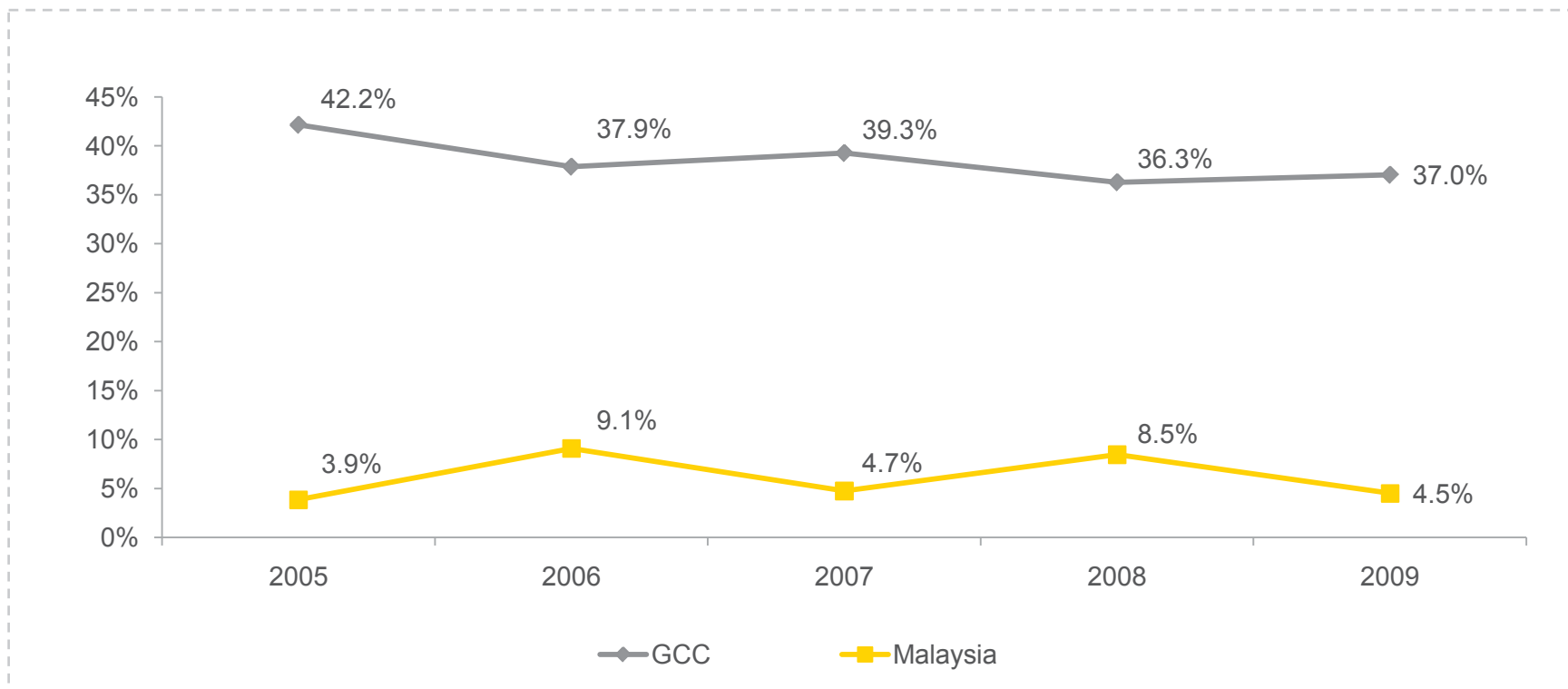
Source: Company Annual Reports, Ernst & Young analysis

# Retakaful Ratio

Risk retention is higher amongst Malaysian operators indicative of more sophisticated operational capability



Retakaful Ratios for a Sample of Operators in GCC and Malaysia

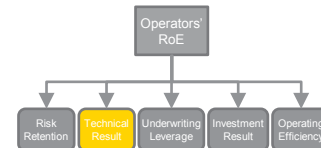


Note: Where possible, publicly available corporate information has been used. In the GCC, 6 companies published information in 2005, 9 in 2006, 8 in 2007 and 2008 and 3 in 2009. In Malaysia, 1 company published information in 2005, 4 companies in 2006, 6 in 2007, 4 in 2008 and 2 in 2009.  
Retakaful ratio = Retakaful contributions paid / Gross contributions

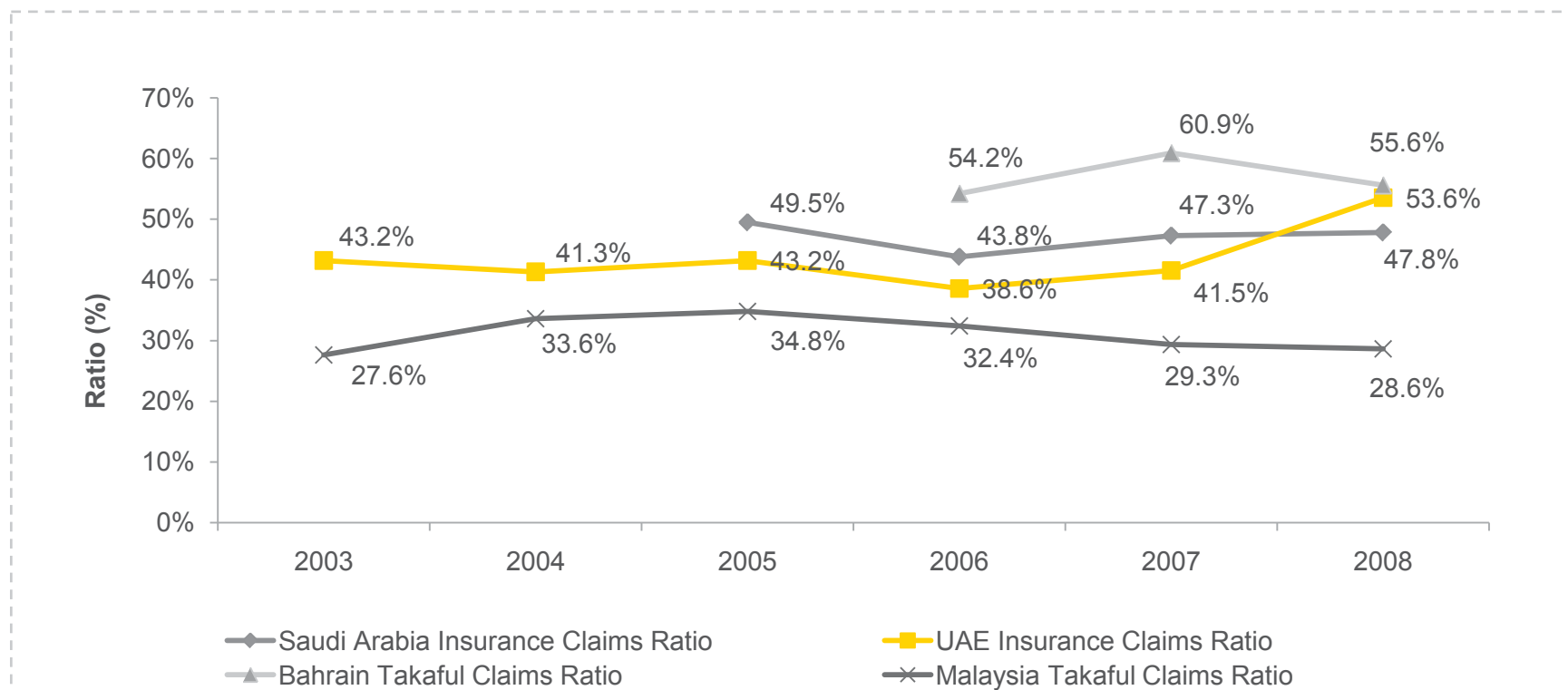
Source: Company Annual Reports, Ernst & Young analysis

# Technical Results

Claims ratios in the GCC remain significantly higher than Malaysia, where underwriting practice appears more structured



Average Claims Ratio for Takaful Operators in the GCC and Malaysia



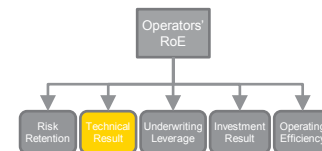
Note: Data of claims ratios for Bahrain and Malaysia are specific to the Takaful industry, while data for Saudi Arabia and UAE covers the insurance industry as a whole. Data was unavailable prior to 2006 for Bahrain and 2005 for Saudi Arabia.

Claims Ratio = Claims incurred / Earned contribution

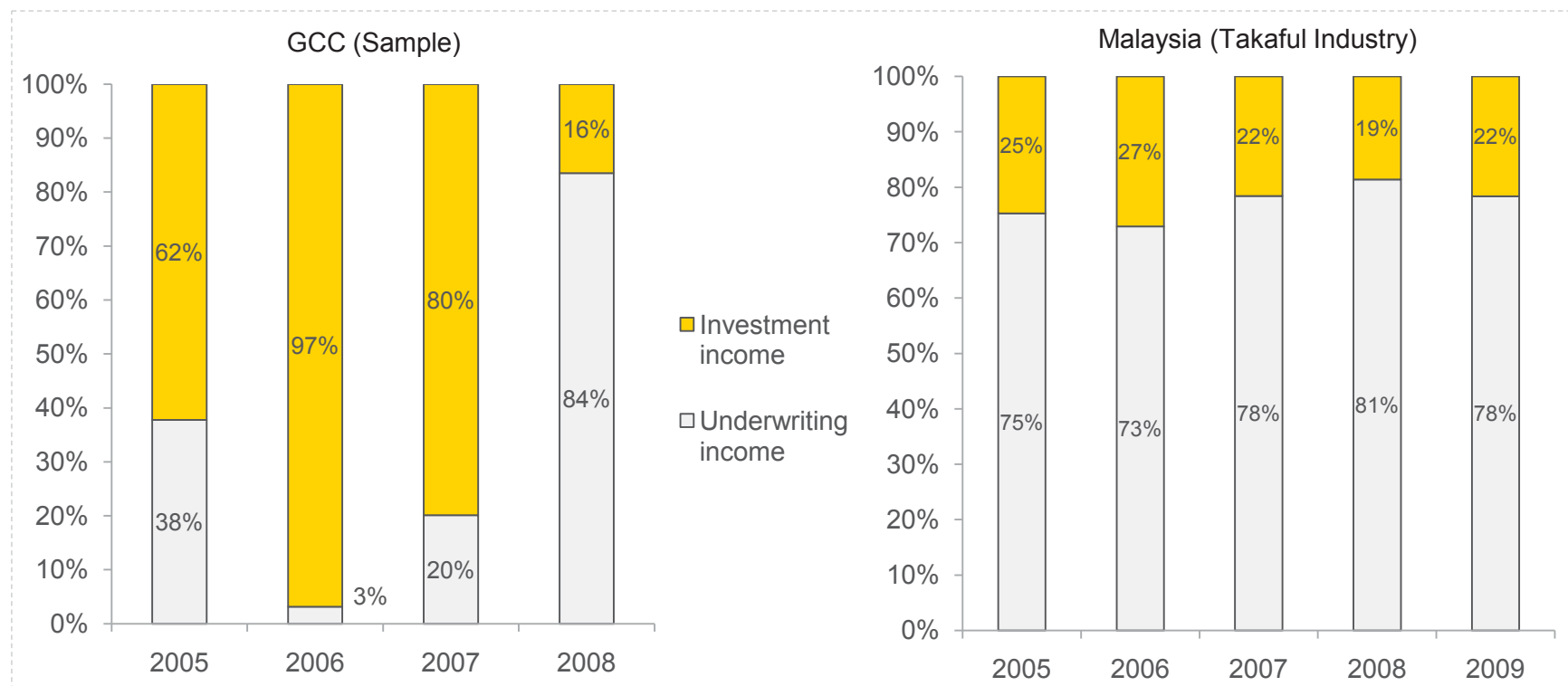
Source: CBB Insurance Market Review (Bahrain), Annual Takaful Statistics issued by Bank Negara Malaysia (Malaysia), Annual Insurance Statistics issued by Insurance Authority (UAE), SAMA Insurance Review (Saudi Arabia)

# Technical Results

Underwriting income has consistently contributed to the profitability of Malaysian operators - GCC operators traditionally relied on investments



Net Income Breakup for Takaful Operators in the GCC and Malaysia

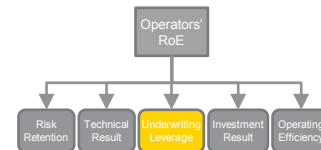


Note: Where possible, publicly available corporate information and regulator reports have been used. Consolidated takaful data for Bahrain was incorporated into the GCC sample but was only available for 2006 through 2008. In 2005, 1 company in Bahrain published data. 3 companies from Saudi Arabia and 1 from the UAE make up the balance of the sample in all years. Malaysia takaful data was sourced from the Bank Negara.

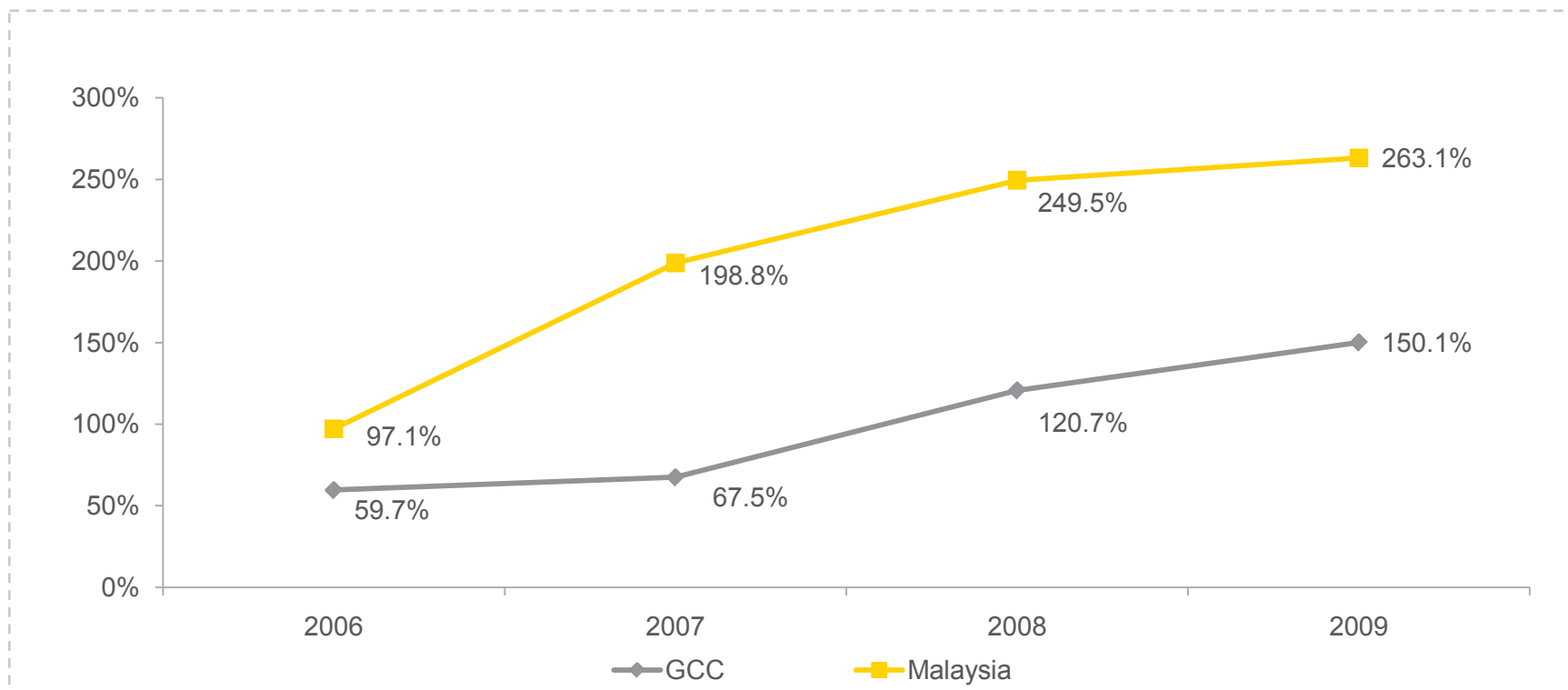
Source: Company Annual Reports, CBB Insurance Market Review (Bahrain), Financial Stability and Payments Systems Report (Malaysia), Ernst & Young Analysis

# Underwriting Leverage

On average, operators in the GCC and Malaysia have similar equity base, though operators in Malaysia generate better returns through scale



Gross Premiums over Shareholders' Equity for a Sample of Takaful Operators in GCC and Malaysia



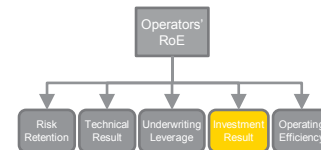
Note: Where possible, publicly available corporate information has been used. In the GCC, 10 companies published information in 2006, 10 in 2007, 11 in 2008 and 4 in 2009. In Malaysia, 3 companies published information in 2006, 5 in 2007 and 2008 and 2 in 2009.  
Underwriting Leverage = Gross contribution / Shareholders' equity

Source: Company Annual Reports, Ernst & Young analysis

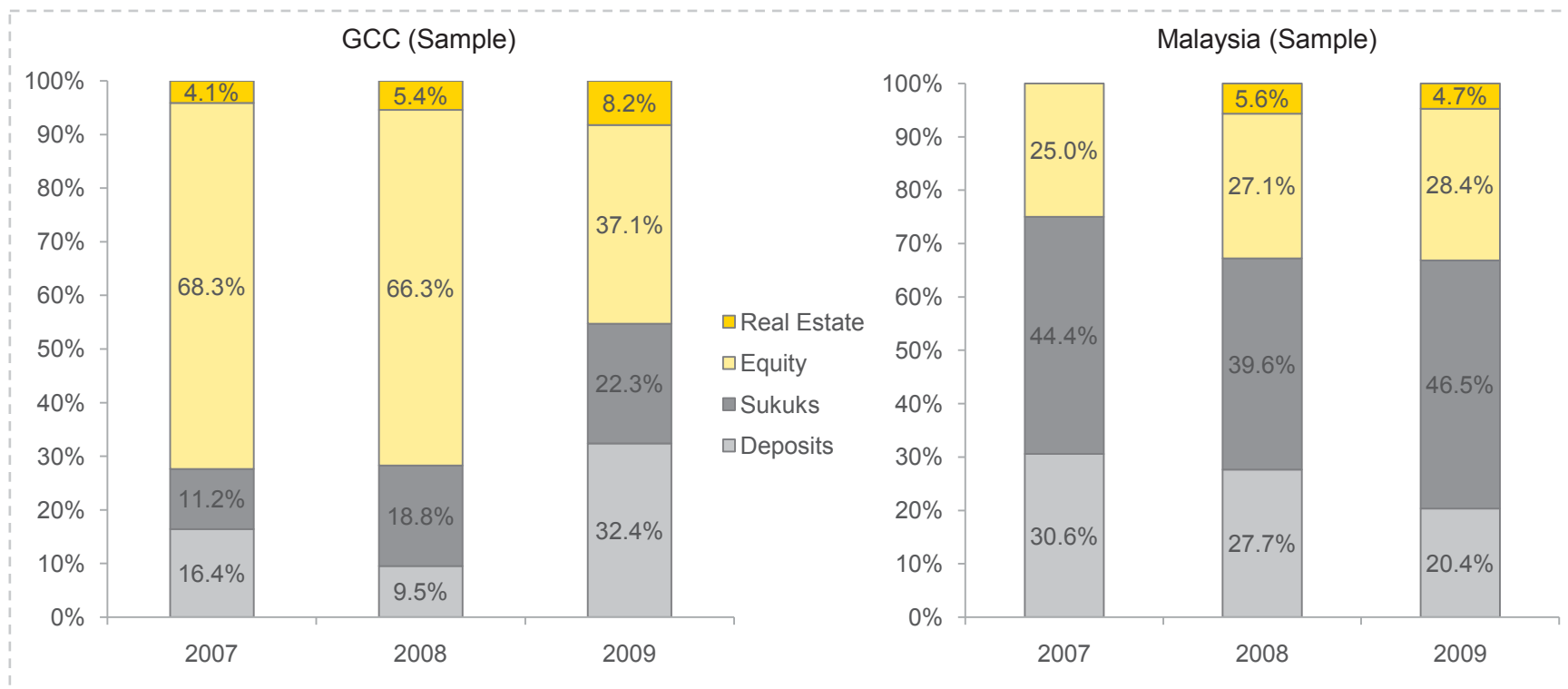


# Investment Composition

A vibrant Islamic capital market would help GCC operators maintain a more balanced portfolio



Average Investment Portfolio Composition for a Sample of Takaful Operators in GCC and Malaysia



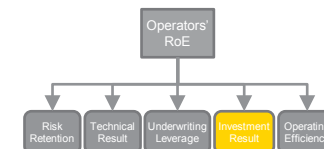
Note: Where possible, publicly available corporate information has been used. In the GCC, 6 companies published information in 2007, 9 in 2008 and 6 in 2009. In Malaysia, 3 companies published information in 2007, 4 in 2008 and 2 in 2009.

Deposits and placements with financial institutions in GCC are mostly less than three months. In Malaysia, deposits and placements with financial institutions vary from short term to long term.

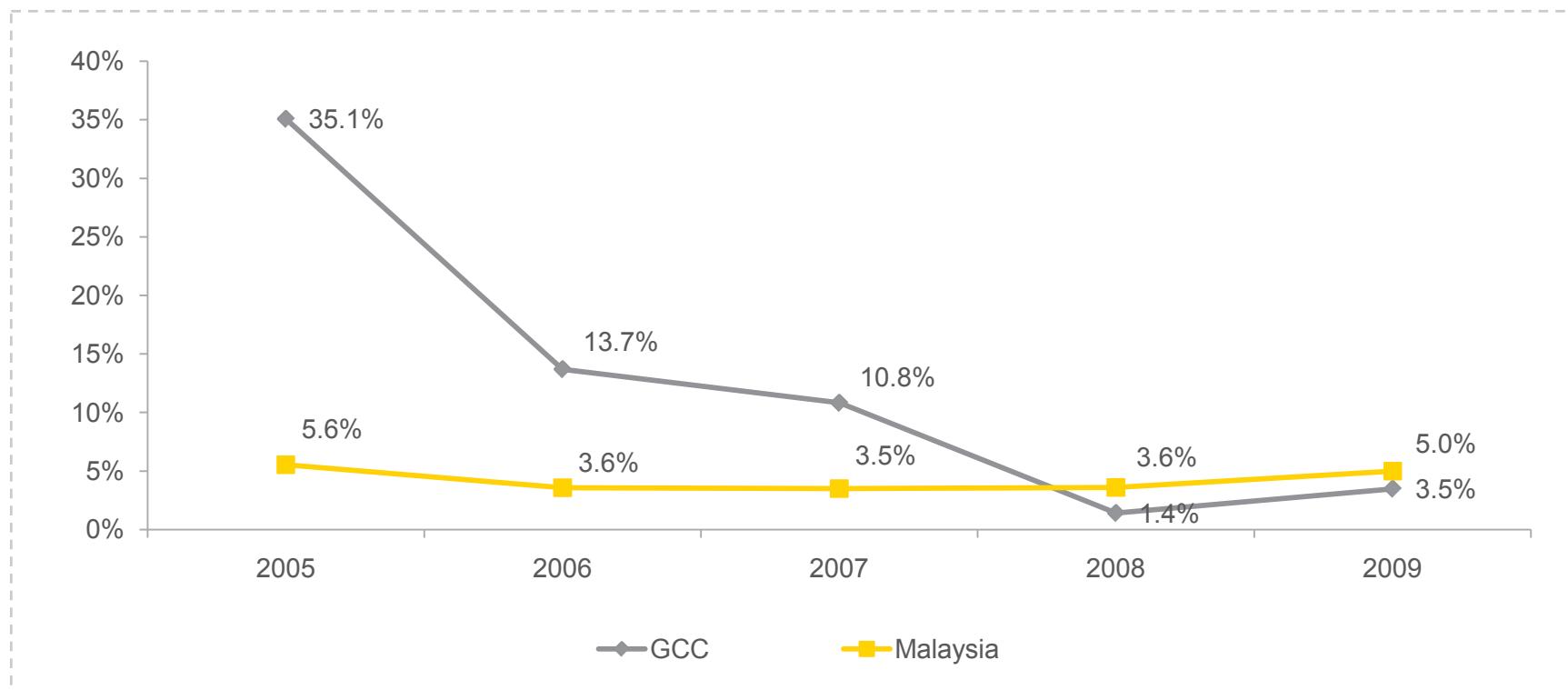
Source: Company Annual Reports, Ernst & Young analysis

# Investment Results

Yields realized by GCC operators have been comparably high but volatile, while Malaysian operators have posted stable returns



Average Yield on Investments for a Sample of Takaful Operators in GCC and Malaysia



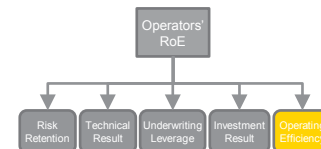
Note: Where possible, publicly available corporate information has been used. In the GCC, 7 companies published information in 2005, 10 in 2006, 11 in 2007, 12 in 2008 and 5 in 2009. In Malaysia, 1 company published information in 2005, 5 companies in 2006, 6 in 2007, 5 in 2008 and 1 company in 2009.

Yield on Investments = Investment Income / Investment Assets

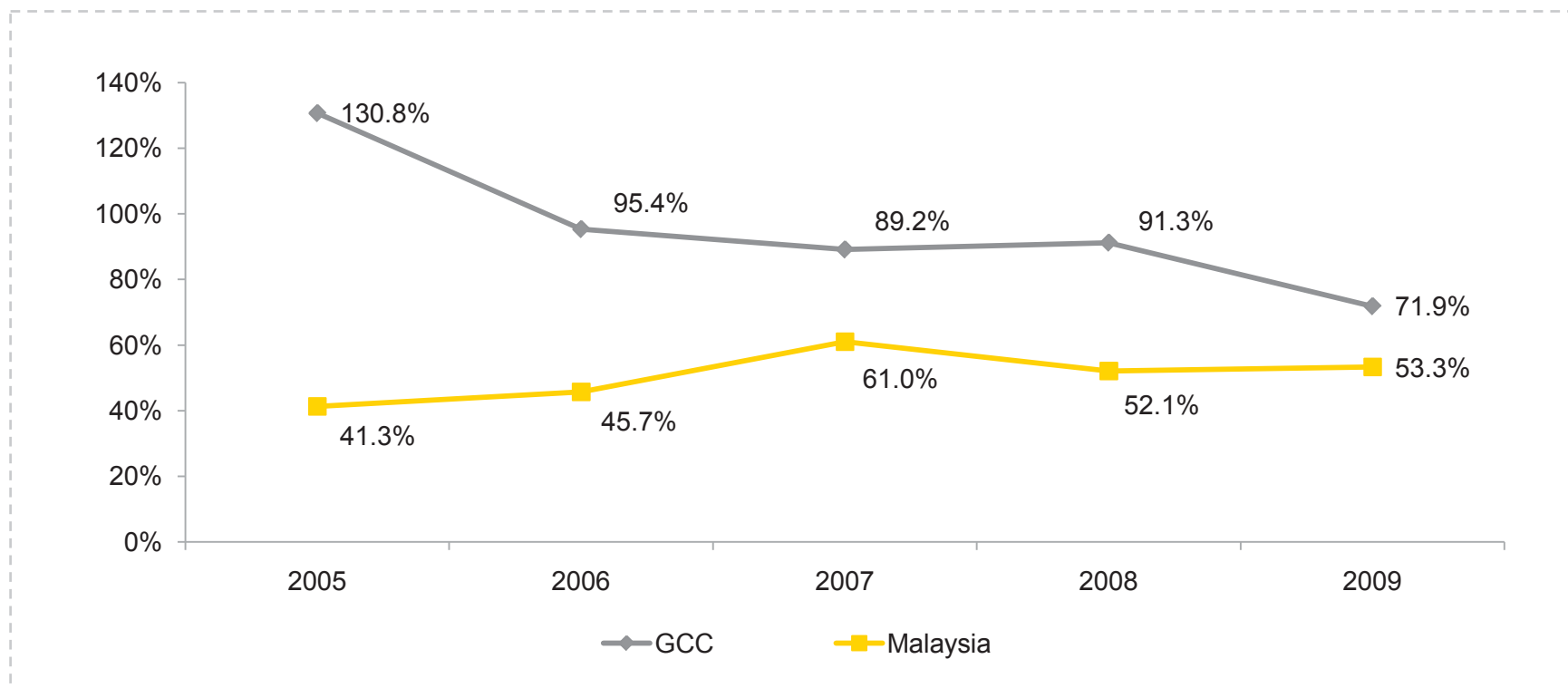
Source: Company Annual Reports, Ernst & Young analysis

# Operating Efficiency

Malaysia boasts consistently stronger combined ratios compared to the GCC, although the gap is shrinking



Average Combined Ratio for a Sample of Takaful Operators in the GCC and Malaysia



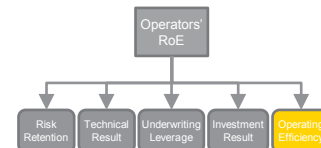
Note: Where possible, publicly available corporate information has been used. In the GCC, 4 companies published information in 2005, 5 in 2006 and 4 in 2007, 2008 and 2009. In Malaysia, 3 companies published information in 2005, 7 in 2006, 8 in 2007, 7 in 2008 and 3 in 2009.

Combined Ratio = (Policyholders' expenses + Claims incurred) / Net earned contribution

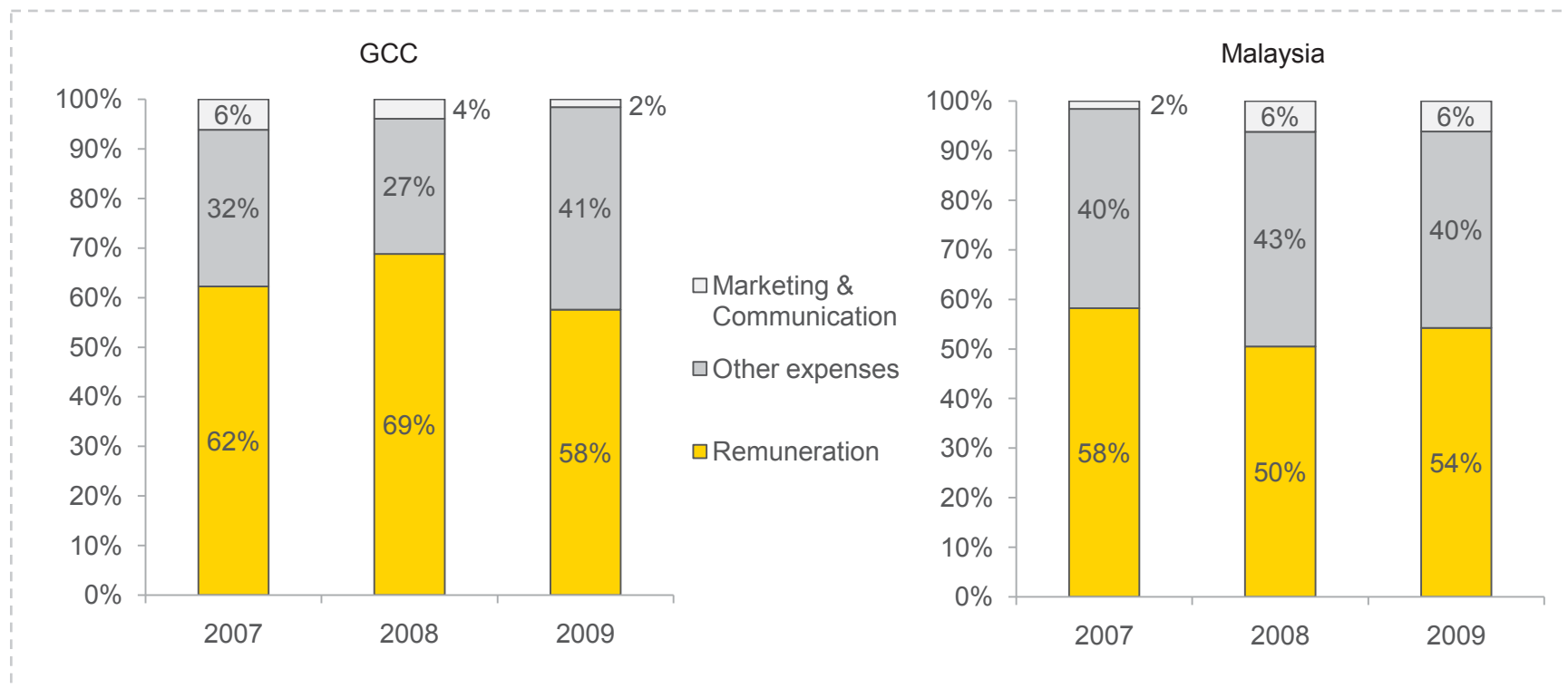
Source: Company Annual Reports, Ernst & Young analysis

# Operating Efficiency

Remuneration is the largest contributor to expenses in both the GCC and Malaysia



Average Expenses Composition for a Sample of Takaful Operators in the GCC and Malaysia



Note: Where possible, publicly available corporate information has been used. In the GCC, 4 companies published information in 2007, 5 in 2008 and 2 in 2009. In Malaysia, 3 companies published information in 2007, 2008 and 2009. Other expenses comprise mainly of rent and depreciation expense.

Source: Company Annual Reports, Ernst & Young analysis

# Financial Performance - Summary

Takaful in the GCC and Malaysia are at very different stages of development - each region faces unique challenges

Drivers	GCC	Malaysia
<b>Risk Retention</b>	<ul style="list-style-type: none"> <li>▶ On average, operators cede between 30-50% of gross premiums to retakaful companies. This reduces their ability to generate potentially positive underwriting results.</li> <li>▶ This broking approach causes excessive reliance on investment returns to generate profitability.</li> </ul>	<ul style="list-style-type: none"> <li>▶ On average, operators cede between 5-15% of gross premiums to retakaful entities, retaining a larger proportion of business on their books and converting this into better technical results.</li> <li>▶ This strategy requires greater underwriting competence and track record (using historical data) to build a quality book.</li> </ul>
<b>Technical Results</b>	<ul style="list-style-type: none"> <li>▶ Higher average claims ratio of between 40-60% can be improved through stronger underwriting competence. As historical data becomes more readily available, operators should strive to build cleaner books of diversified business.</li> <li>▶ Weak technical results have led operators to become heavily reliant upon investment income, that are volatile, to achieve shareholder expectations.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Average claims ratio of between 25-35% is also reflective of stronger underwriting discipline and diversified business.</li> <li>▶ Strong underwriting results allow operators to benefit from a larger participants pool and ability to re-distribute surplus, generating strong customer confidence.</li> <li>▶ Underwriting results account for the majority of overall profitability.</li> </ul>
<b>Underwriting Leverage</b>	<ul style="list-style-type: none"> <li>▶ Average equity of US\$ 70m and an underwriting leverage ratio of 150% in 2009 (skewed upward by a small number of large players) implies that scale has not yet been achieved.</li> <li>▶ Achieving critical mass is key to enhancing shareholder returns.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Average equity of US\$84m and an underwriting leverage ratio of 260% in 2009 imply significant scale and enhanced returns.</li> <li>▶ However, proposed risk-based capital rules may impact operators' abilities to write riskier lines of business without adequate capital cushion.</li> </ul>
<b>Investment Results</b>	<ul style="list-style-type: none"> <li>▶ Average yield on investments have fallen sharply to below 4% during the last two years.</li> <li>▶ Significant volatility owing to large allocation to high-risk asset classes. Flight to safety witnessed in 2009, with lower allocations to equity and higher allocation to deposits.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Average yield on investments have remained stable and reached 5% in 2009.</li> <li>▶ Large allocation to fixed income securities results in limited volatility.</li> </ul>
<b>Operating Efficiency</b>	<ul style="list-style-type: none"> <li>▶ Average combined ratios have continued to improve and reached 72% in 2009, indicating improving operational efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Average combined ratios have remained steady at around 53%.</li> </ul>

Source: Ernst & Young analysis

# The Way Forward

There are three priority areas which takaful operators should focus on going forward

## Key Strategic Issues

### 1 Quality of underwritten business

- ▶ Most takaful operators are startups or small players, limiting their access to quality customers
- ▶ Complex risks are not well understood and frequently mispriced
- ▶ Business mix is sub-optimal for many operators

### 2 Ensuring investment discipline

- ▶ Dearth of Shari'a compliant capital market instruments exerting pressure on returns
- ▶ High direct exposure to equity markets to maximize returns
- ▶ Ad-hoc approach to portfolio management

### 3 Efficiency in operation

- ▶ Most takaful operators are yet to achieve critical business volume, despite incurring substantial establishment costs over the years
- ▶ Combined ratio is much higher than conventional peers
- ▶ Service quality remains sub optimal for many operators

## Recommendations

### A Revisit strategy and implementation plan

- ▶ Change business mix in favour of product areas with growth potential
- ▶ Build scale
- ▶ Specialize by customer segments, sectors and business lines
- ▶ Build risk infrastructure and improve retention rate

### B Seek sustainable investment management

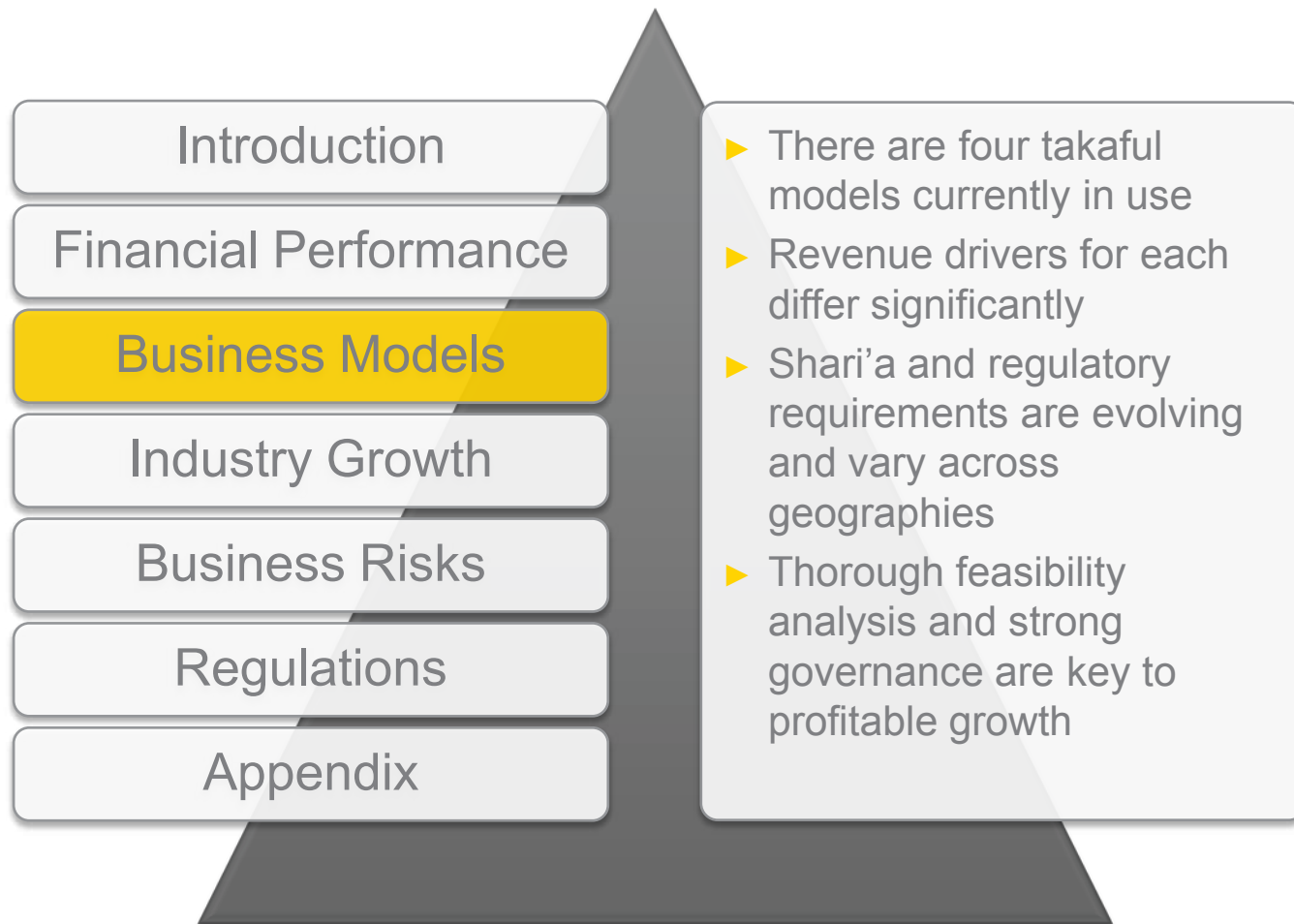
- ▶ Consider linking up with asset managers or large international insurers to develop new products
- ▶ Manage portfolio via specialist intermediaries
- ▶ Actively lobby for deepening local Islamic capital markets

### C Lower cost of operation

- ▶ Target economies of scale and scope through organic and inorganic growth
- ▶ Articulate cost strategy for customer acquisition, servicing and retention
- ▶ Improve loss ratios through changed business mix and better claims management
- ▶ Consider shared service arrangement for back office operations

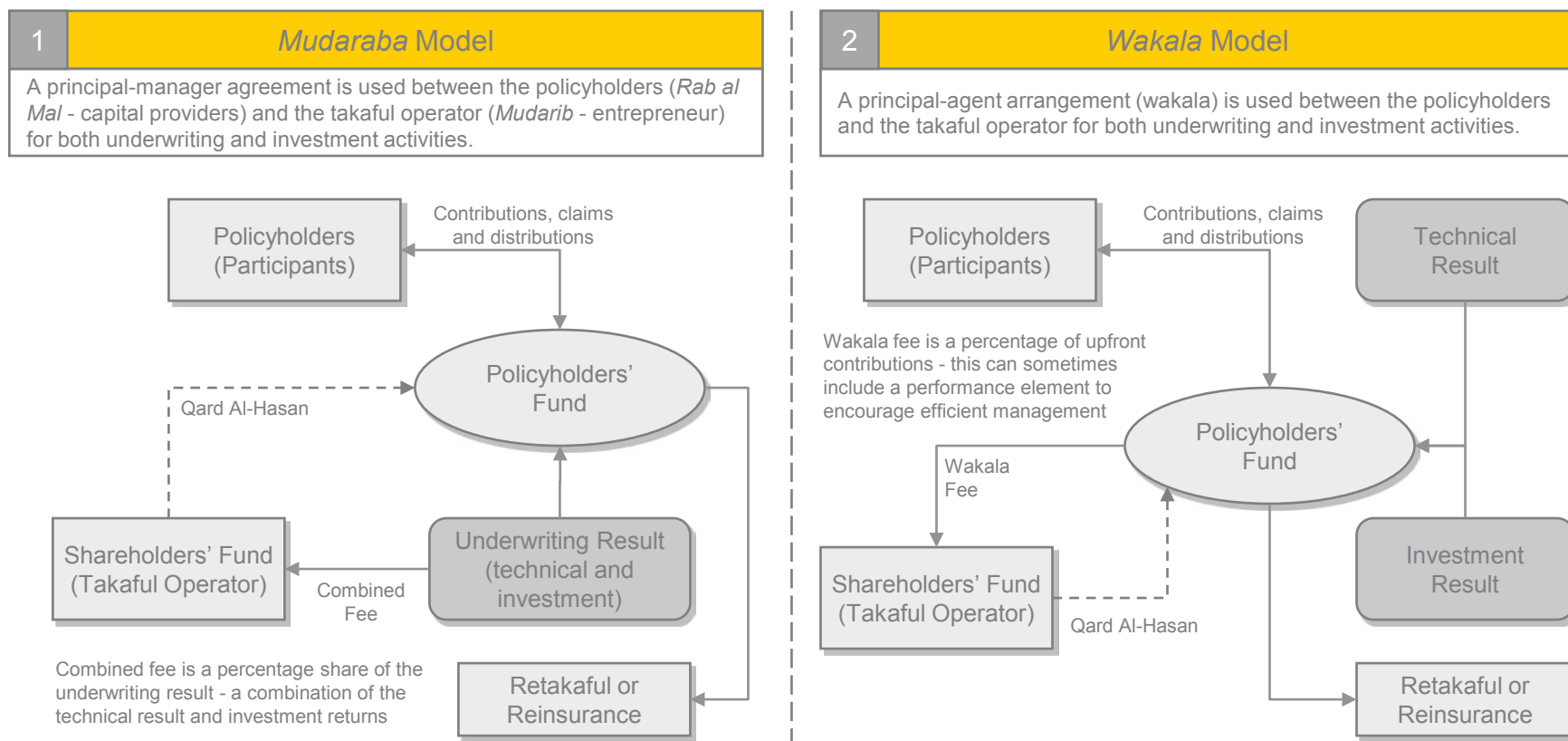
Source: Ernst & Young analysis

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# Business Models - Mudaraba and Wakala

Both the mudaraba and wakala models are based on single management contracts



Notes: Critics of the mudaraba model argue that, in the cooperative framework, the technical result is not considered a profit and the takaful operator does not therefore have any right to it. The mudaraba contract also entitles the takaful operator to a share in the underwriting result, but not to a share in any deficit.

The Qard Al-Hasan is an interest-free loan provided by the Shareholders to the policyholders' fund in the event of deficit.

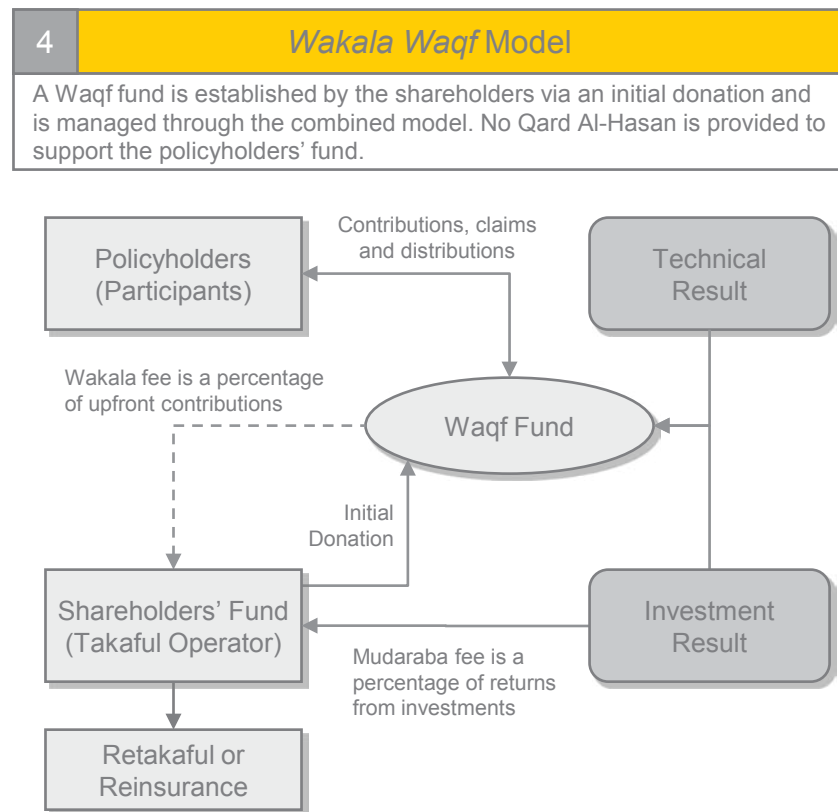
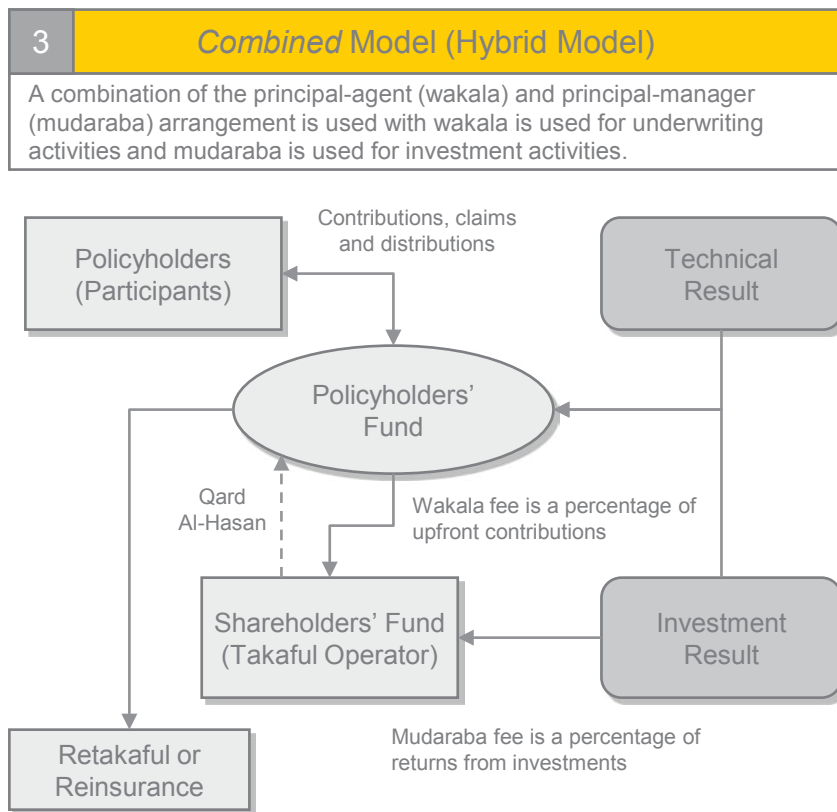
All takaful fees are preapproved as limits by the Shari'a board and vary between general and family offerings. The actual fees charged to participants is at the discretion of management. For example, if the Shari'a board approves a wakala fee of up to 40% the operator is permitted to charge anything equal to or below that number.

Source: Ernst & Young analysis



# Business Models - Combined and Waqf

The combined and wakala waqf model are both based on a combination of wakala and mudaraba



Notes: There is growing consensus that the combined model be considered leading practice. It is now mandatory in a number of markets including Bahrain and Malaysia. However, critics of the combined model point out that there is a conflict of interest between the operator which seeks to maximize profits for its shareholders and the participants which seek to collectively and sustainably indemnify themselves from risk and benefit from any surplus that is created. Furthermore, the Shari'a board is tasked with representing the rights of participants, but this feature of Islamic corporate governance does not provide input at the executive decision making level.

The wakala waqf model has proved popular in Pakistan and relies upon an initial donation from the shareholders to achieve scale. However, without a Qard Al-Hasan, solvency of the participants' fund is problematic given that it is based solely on contributions and the initial donation.

Source: Ernst & Young analysis

# Business Model Features

The four takaful business models share many of the same features with some differences

	Mudaraba	Wakala	Combined	Wakala Waqf
Share of technical results	None	Percentage of upfront contribution (no share in result)		
Share of investment result	None		Agreed profit sharing ratio	
Share of surplus (technical and investment results)	Percentage of surplus	None		
Loss on investments	Borne solely by policyholders			
Operating expenses	Borne solely by shareholders' fund			
Investment instruments	Acceptable Shari'a compliant instruments			
Deficit in the policyholders' fund	Qard Al-Hasan provided to policyholders' fund			Shareholders create initial Waqf fund by donation
Creation of takaful fund	Policyholders' contributions			Shareholders create initial Waqf fund by donation
Liquidation of policyholders' fund	Accrue to policyholders only			
Prevalent countries	Partially in Malaysia and Saudi Arabia*	United Kingdom	Bahrain, Malaysia and Sudan	Pakistan

Source: Ernst & Young analysis

\* Note: See subsequent page on regional characteristics.

# Strengths and Constraints

Each model has inherent strengths and constraints

	Mudaraba	Wakala	Combined	Wakala Waqf
<b>Strengths</b>	<ul style="list-style-type: none"> <li>▶ Comparatively simple model.</li> <li>▶ Enhanced profitability as the operator shares in the surplus.</li> <li>▶ Operator is incentivized to achieve strong technical results as it shares in the surplus.</li> <li>▶ The provision of the Qard Al-Hasan partially limits excessive risk taking by operators.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Comparatively simple model.</li> <li>▶ No sharing in the technical result.</li> <li>▶ Excessive risk taking in investments is fully mitigated as no upside exists for the operator.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Two sources of revenues - wakala from contributions and mudaraba from investments.</li> <li>▶ No sharing in the technical result.</li> <li>▶ The provision of the Qard Al-Hasan partially limits excessive risk taking by operators.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Two sources of revenues - wakala from contributions and mudaraba from investments.</li> <li>▶ No sharing in the technical result.</li> <li>▶ Since Qard Al-Hasan is not provided under this model, there are no issues with appropriately accounting for it.</li> </ul>
<b>Constraints</b>	<ul style="list-style-type: none"> <li>▶ Shareholders are permitted to share in the technical results, which, under the cooperative model, should be fully attributed to the policyholders through distribution.</li> <li>▶ The operator has incentive to take on excessive risk in investments (partially mitigated through Qard).</li> </ul>	<ul style="list-style-type: none"> <li>▶ Profitability is reduced as there is no investment upside from the policyholders' fund.</li> <li>▶ Direct financial incentives to improve technical results are limited (indirect benefits are realized through distributions to participants and through increased fund size).</li> </ul>	<ul style="list-style-type: none"> <li>▶ The operator has incentive to take on excessive risk in investments (partially mitigated through Qard).</li> <li>▶ Direct financial incentives to improve technical results are limited (indirect benefits are realized through distributions to participants and through increased fund size).</li> </ul>	<ul style="list-style-type: none"> <li>▶ No Qard Al-Hasan to address deficits (e.g. during catastrophic events), which may impact long-term sustainability.</li> </ul>
	<ul style="list-style-type: none"> <li>▶ No system of corporate governance that effectively addresses and represents the rights of participants.</li> <li>▶ No accounting policy which addresses issues of equitable distribution of surplus over time given varied entry and exit by participants.</li> </ul>			

Source: Ernst & Young analysis

# Regional Characteristics

The business execution of takaful varies significantly between key markets

## Saudi Arabia - Cooperative Model

- ▶ Insurance companies are required to operate under the cooperative model by the regulator (Saudi Arabian Monetary Agency). This requires a 90-10 split of profits between the shareholders and policyholders respectively and the corresponding segregation of funds (similar to the mudaraba model described in this report). However, any deficit in the policyholders' fund is borne solely by the shareholders.
- ▶ A number of cooperatives operate as takaful operators. These companies appoint a Shari'a board to supervise business operations, including investments, and ensure compliance with Islamic law.

## Malaysia - Combined Takaful Model\*

- ▶ All takaful operators operate under the combined model. The first two licenses issued by the regulator (Bank Negara) were under the mudaraba model but these have now switched to the combined model for all new business. The segregation of funds between shareholders and policyholders is required and in case of a deficit in the policyholders' fund, the operator is required to provide a Qard Al-Hasan.
- ▶ Operators also charge an additional nominal Surplus Administration Charge (SAC) when surplus targets are met in the participants' fund to encourage efficient management.
- ▶ Specific guidelines on Takaful Operational Framework are being considered by the regulator, the objectives of which are to promote uniformity of practices, safeguard participant interests, ensure fund sustainability and enhance operational efficiency of takaful businesses.

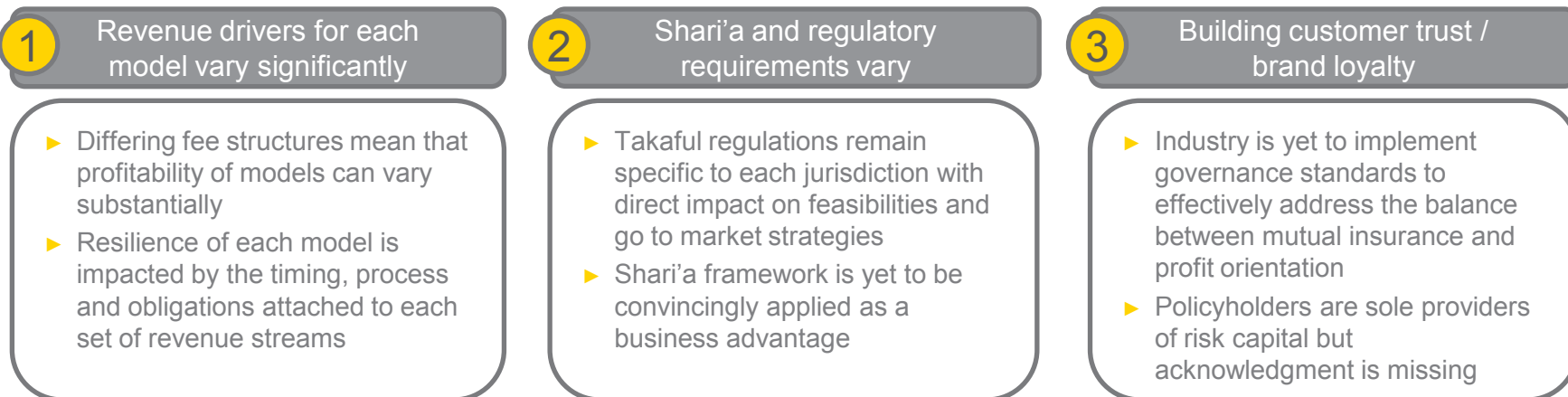
## Bahrain - Combined Takaful Model

- ▶ All takaful operators are required by the regulator (Central Bank of Bahrain) to operate under the combined model, disclose corresponding fees to policyholders, use AAOIFI's accounting standards and segregate policyholders' funds from that of the shareholders.
- ▶ In case of a deficit in the policyholders' fund, the operator is required to provide a Qard Al-Hasan.

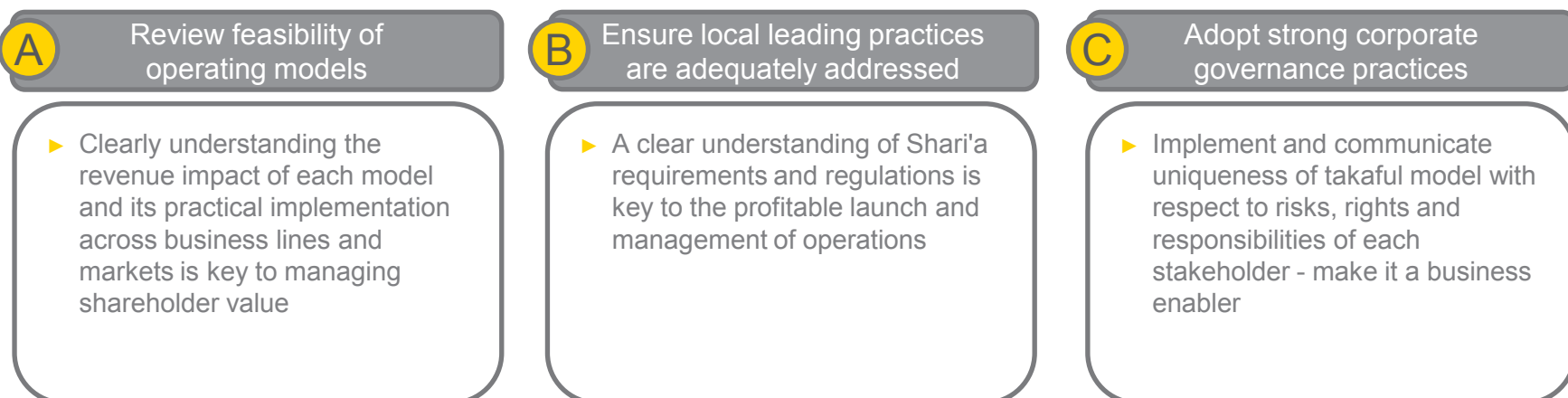
# The Way Forward

Each takaful model offers a different set of opportunities that need to be better understood to drive sustainable growth

## Key Strategic Issues



## Recommendations



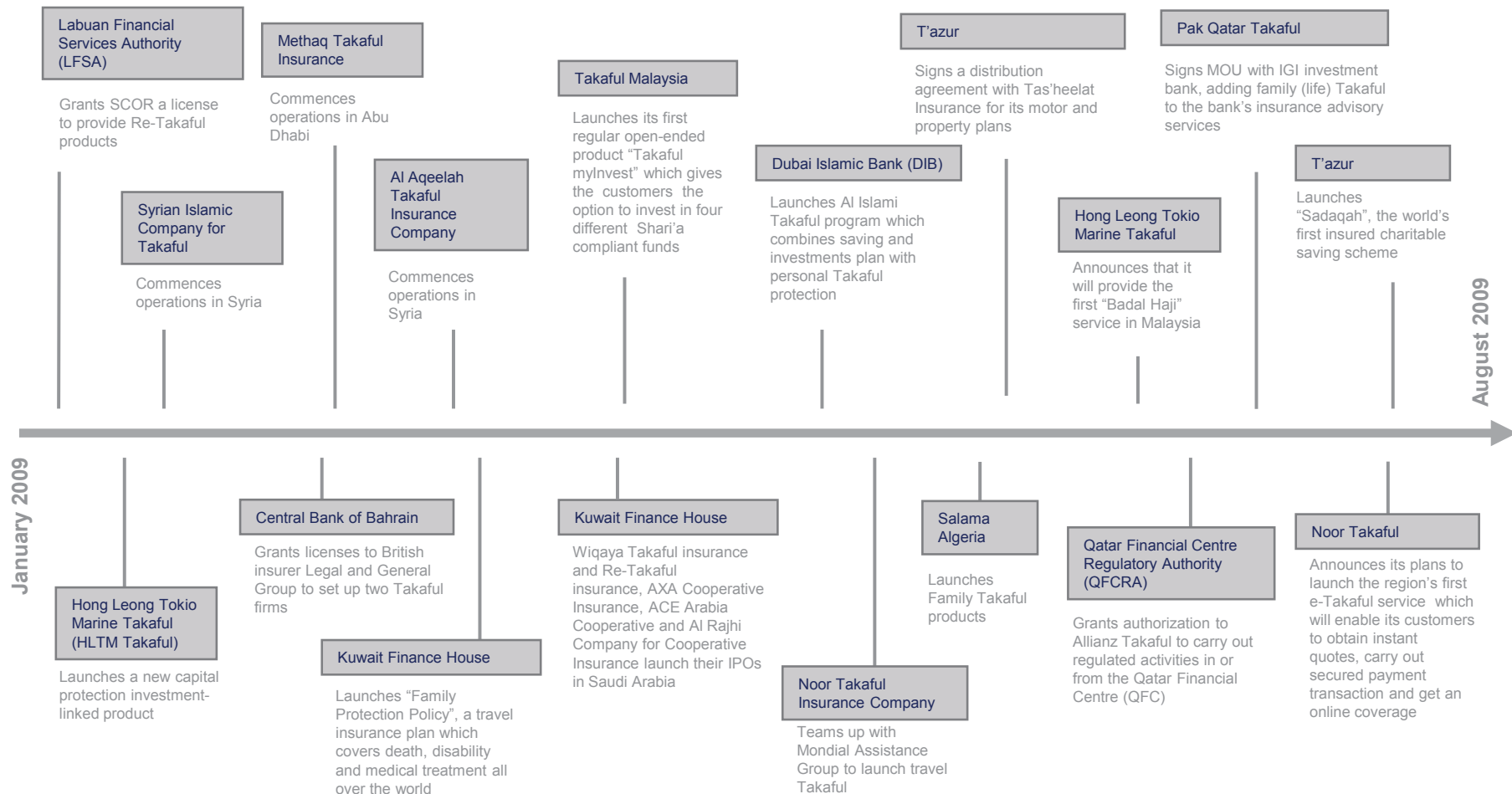
Source: Ernst & Young analysis

# Contents



# Summary of Key Events

January 2009 - August 2009

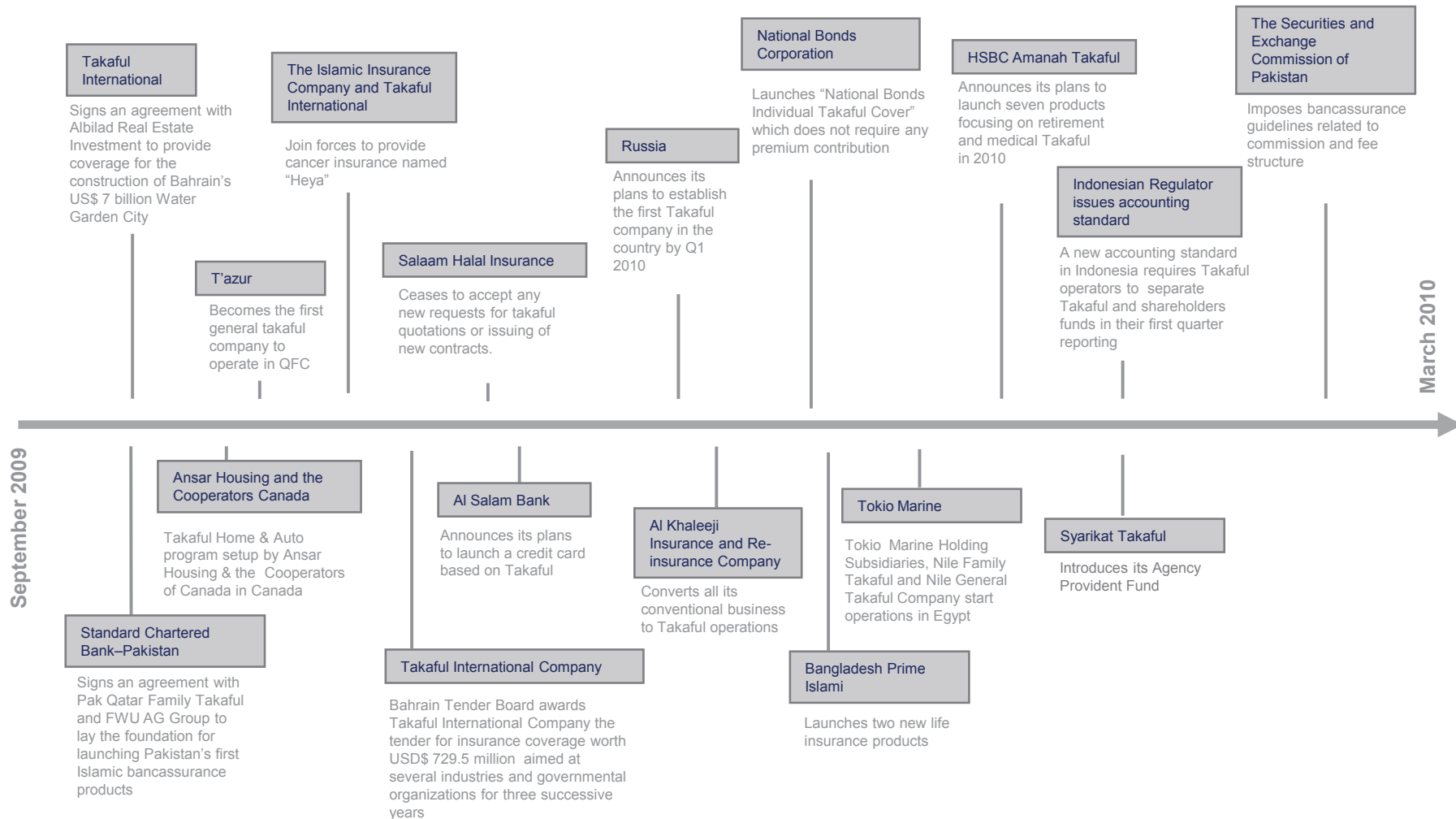


Source: Islamic Finance News, Factiva, Ernst & Young analysis

Note: This timeline is not exhaustive and intends to provide only a summary of major events

# Summary of Key Events

September 2009 - March 2010



Source: Islamic Finance News, Factiva, Ernst & Young analysis

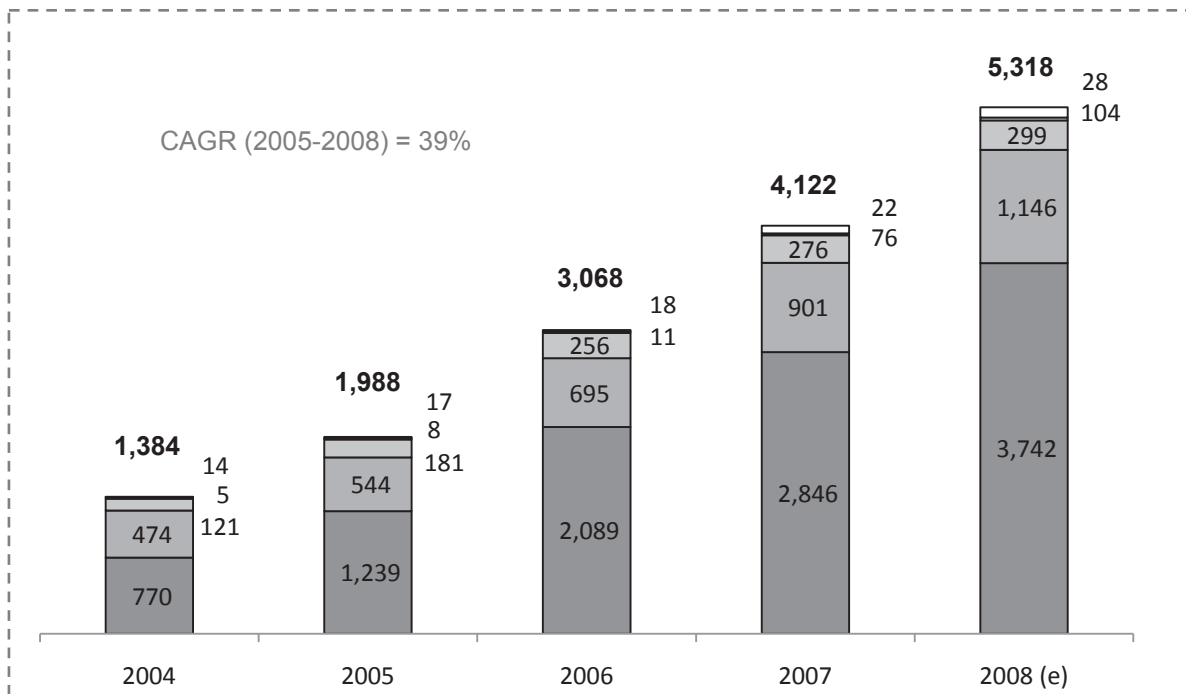
Note: This timeline is not exhaustive and intends to provide only a summary of major events



# Global Takaful Contributions

Global gross takaful contributions continue to post healthy growth, reaching US\$ 5.3 billion in 2008

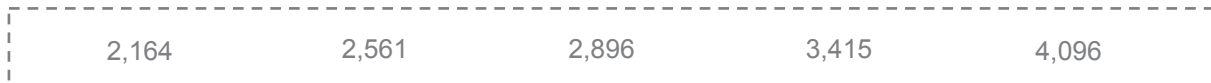
Global Gross Takaful Contributions (US\$m)



CAGR 2005-2008

□ Levant	18%
□ Indian Sub-Continent	135%
□ Africa	18%
■ South-East Asia	28%
■ GCC	45%

Iran - Gross Contributions by Year (US\$m)



17%

Notes: Iran's financial services sector is entirely Islamic and as such, has been shown separately from the global analysis. Saudi Arabia requires that all insurance companies operate under a cooperative business model, which is a key feature of takaful. As such, Saudi Arabia has been included in the global analysis. However, not all cooperatives in Saudi Arabia operate fully as takaful companies.

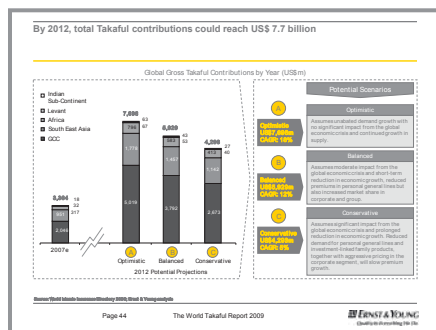
Data from the World Islamic Insurance Directory has been cross referenced with published national statistics for takaful where available. Consolidated data was available for Bahrain, Malaysia, Pakistan and Saudi Arabia. For these countries, the 2008 data was found to be within a margin of error of 5%. Numbers may not total correctly due to rounding.

Source: World Islamic Insurance Directory 2010 (Reproduced with permission from Takaful Re Limited), Ernst & Young analysis

# Global Takaful Contributions

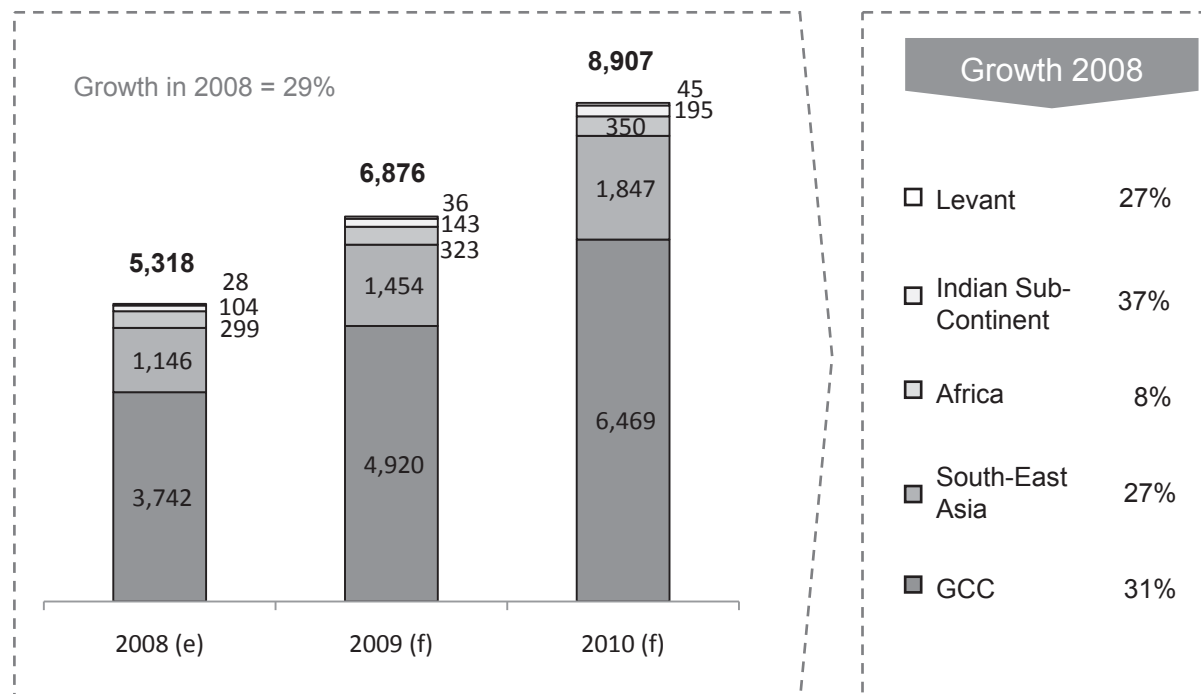
Strong fundamentals suggest global contributions could reach US\$ 8.9 billion by 2010

## WTR09 Forecasts



- ▶ World Takaful Report 2009 assumed an optimistic growth scenario of 18% CAGR and forecast total contributions of US\$7.7b by 2012.
- ▶ The results have been even better. Industry growth has proved resilient in 2008 and current growth trends would suggest US\$8.9b in gross contributions by 2010.

## WTR10 Forecasts for Global Gross Takaful Contributions (US\$m)



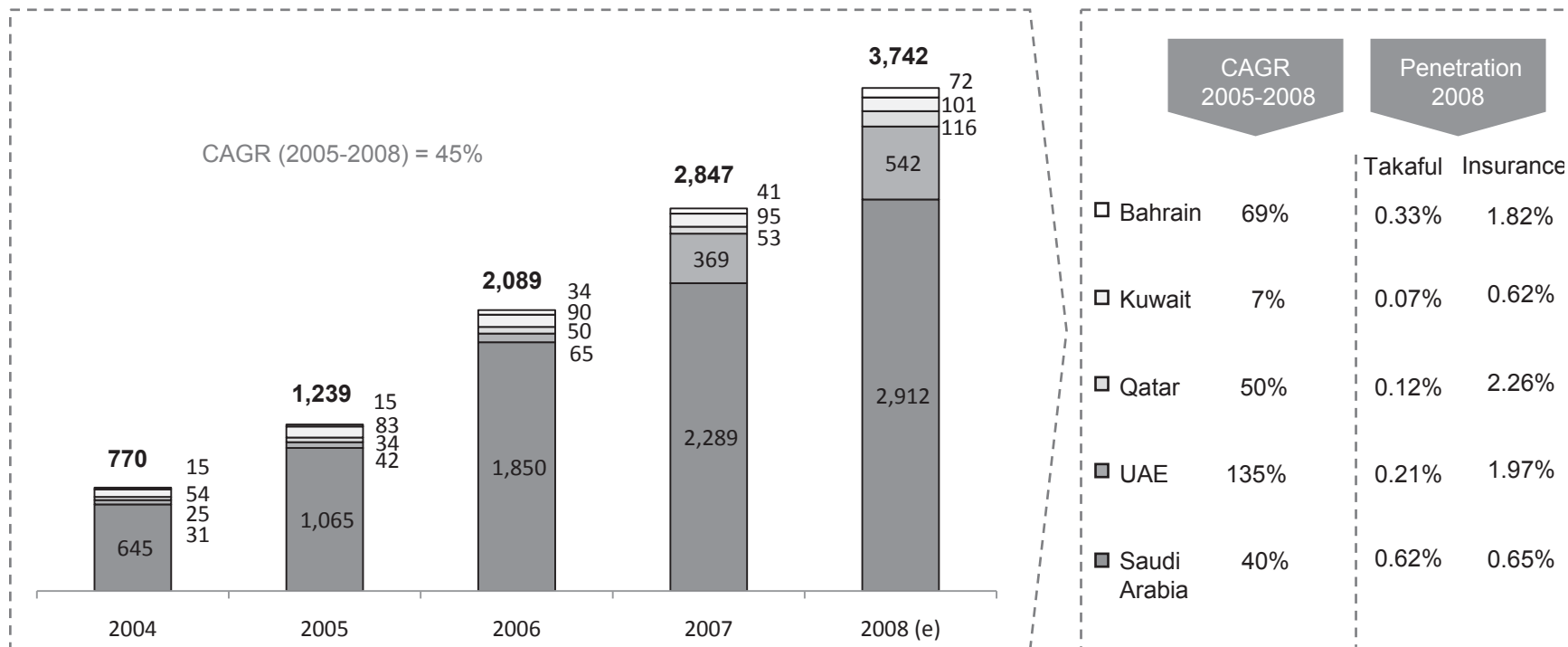
Note: Forecasted growth for 2009-2010 is based on respective growth rates in 2008, which we feel are more representative of true growth potential.

Source: World Islamic Insurance Directory 2010, Ernst & Young analysis

# GCC Takaful Contributions

Saudi Arabia remains the largest Takaful market in the GCC with contributions of US\$ 2.9 billion in 2008, while the UAE is the fastest growing

Gross Takaful Contributions in the GCC (US\$m)



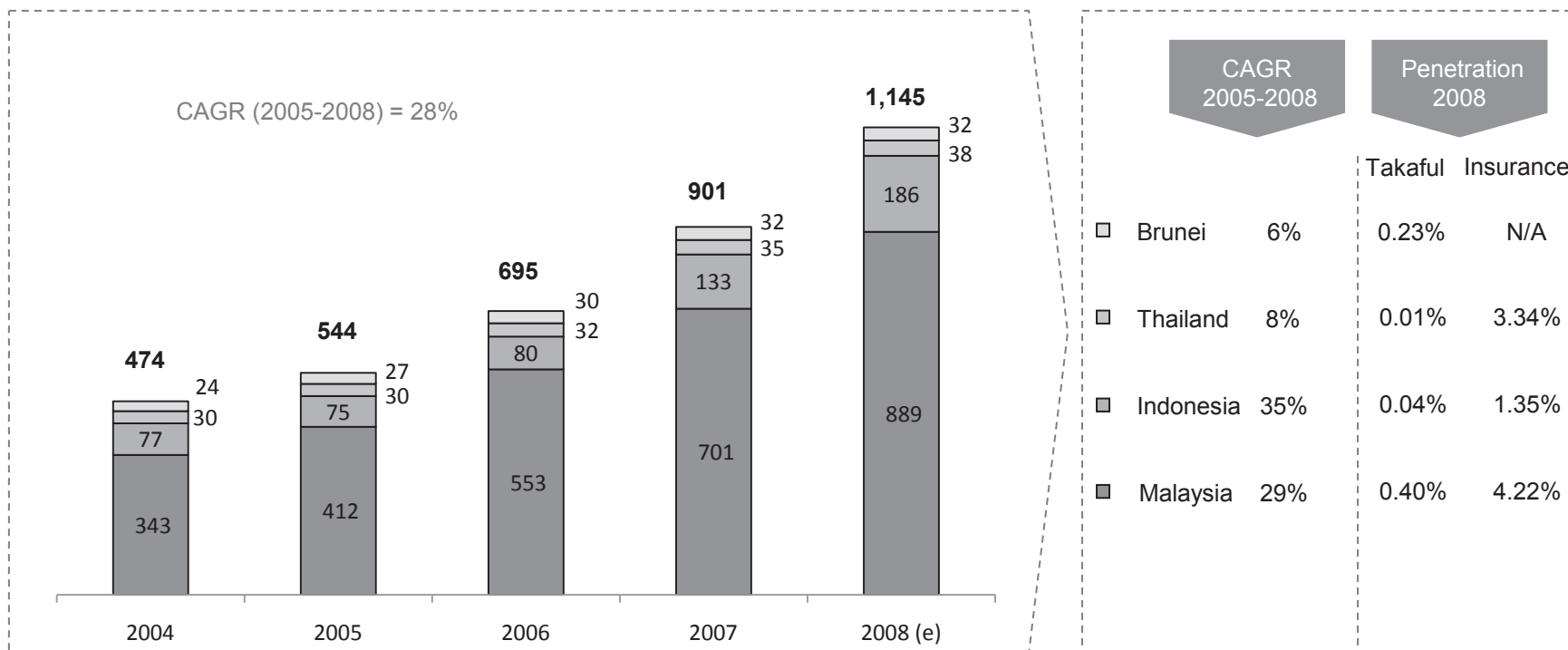
Note: Takaful penetration is gross contributions as a percentage of nominal GDP in respective year. Numbers may not total correctly due to rounding.

Source: World Islamic Insurance Directory 2010, Ernst & Young analysis; Global Insight; Swiss RE - Sigma No. 3 (2009)

# South East Asian Takaful Contributions

Malaysia remains the largest takaful market in South East Asia with contributions nearing US\$ 0.9 billion in 2008, while Indonesia is the fastest growing

Gross Takaful Contributions in South East Asia (US\$m)



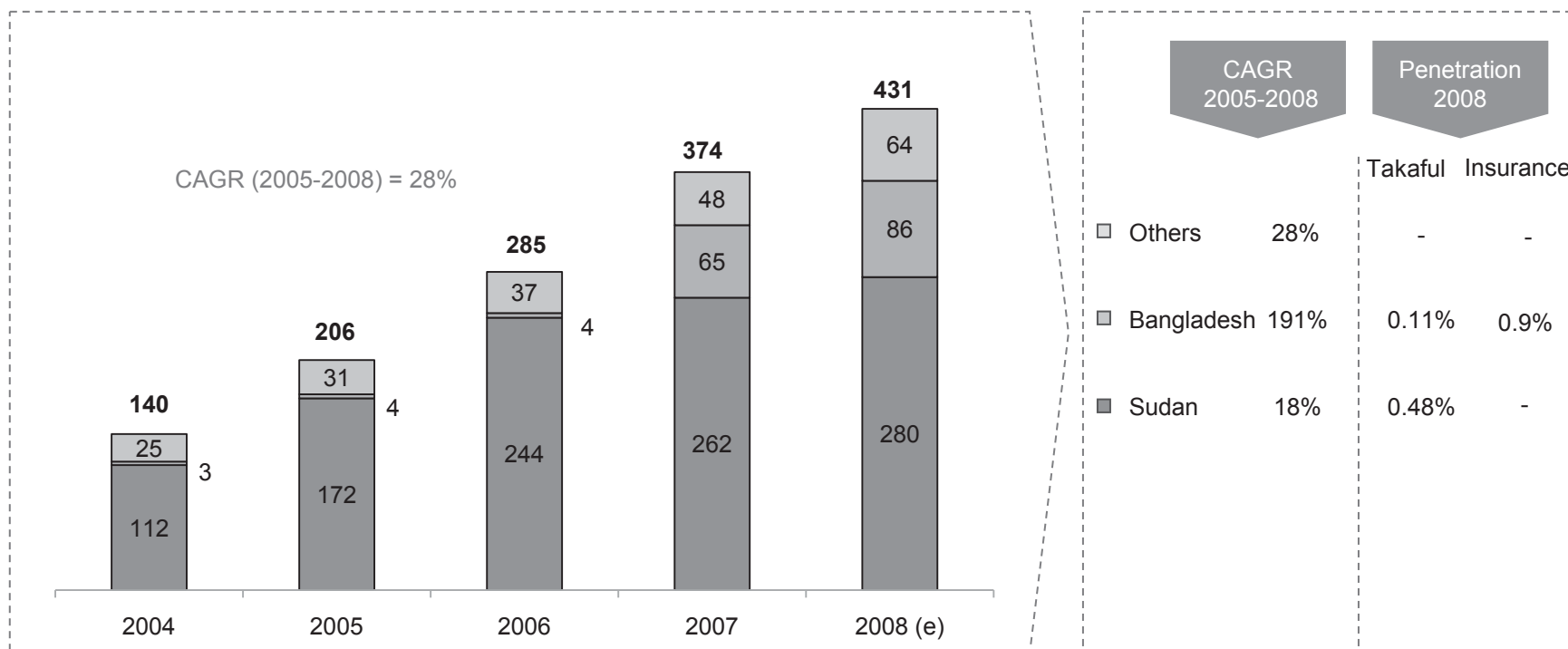
Note: Takaful penetration is gross contributions as a percentage of nominal GDP in respective year. Numbers may not total correctly due to rounding.

Source: World Islamic Insurance Directory 2010, Ernst & Young analysis; Global Insight; Swiss RE - Sigma No. 3 (2009)

# Other Markets Takaful Contributions

Sudan is the most significant market outside of the GCC and South East Asia, with contributions totalling US\$ 280 million in 2008

Gross Takaful Contributions in Other Markets (US\$m)



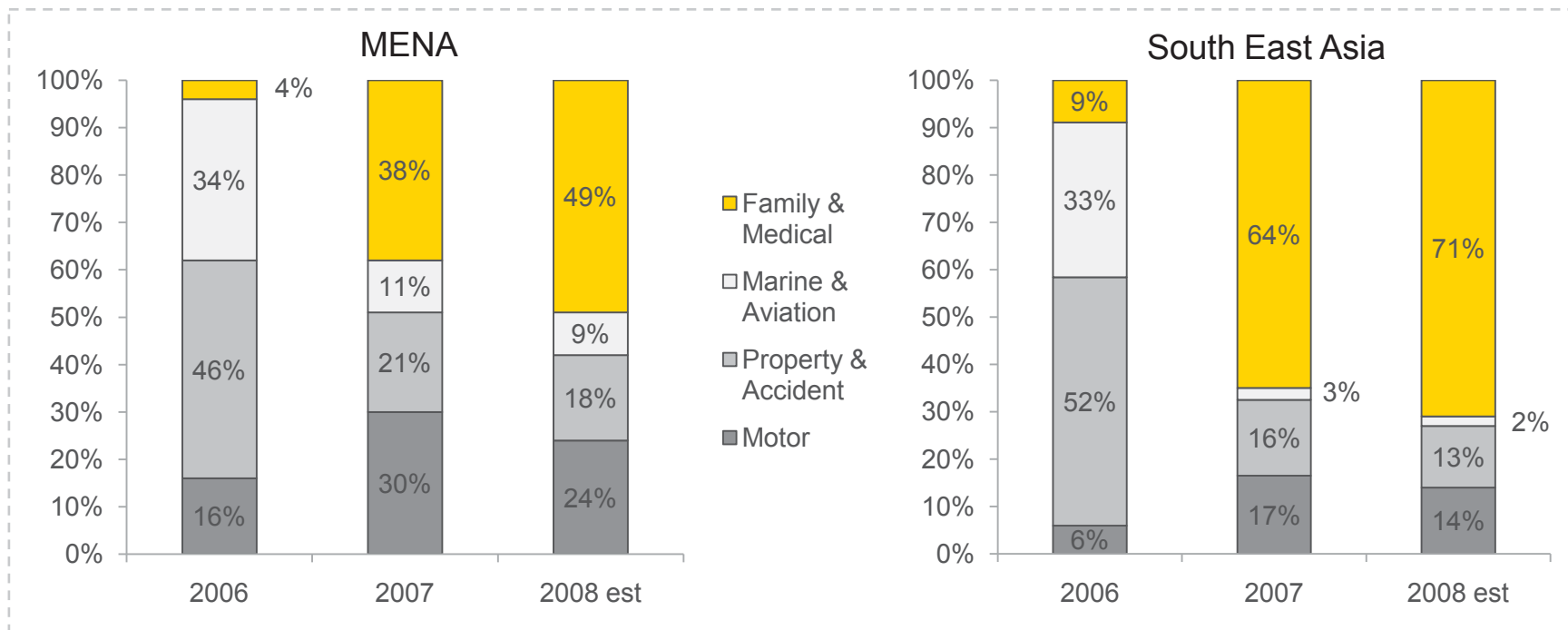
Note: Takaful penetration is gross contributions as a percentage of nominal GDP in respective year. Numbers may not total correctly due to rounding. The others category are countries with less than US\$40m contributions including: Singapore, Senegal, Egypt, Mauritania, Jordan, Lebanon, Yemen, Palestine, Pakistan and Sri Lanka.

Source: World Islamic Insurance Directory 2010, Ernst & Young analysis; Global Insight; Swiss RE - Sigma No. 3 (2009)

# Key Lines of Business

Family and medical takaful continue to grow strongly, with the MENA region following growth trends witnessed in SEA

## Takaful Contributions by Business



- ▶ Compulsory medical insurance requirements in Saudi Arabia have contributed to growth in Family & Medical.
- ▶ Family takaful remains underpenetrated and is estimated to contribute only 5% of gross contributions in the MENA region.

- ▶ Family takaful in Malaysia is highly penetrated and contributed 73% of net takaful contributions in 2008.
- ▶ By comparison, in 2008, life insurance contributed 58% of gross global insurance premiums.

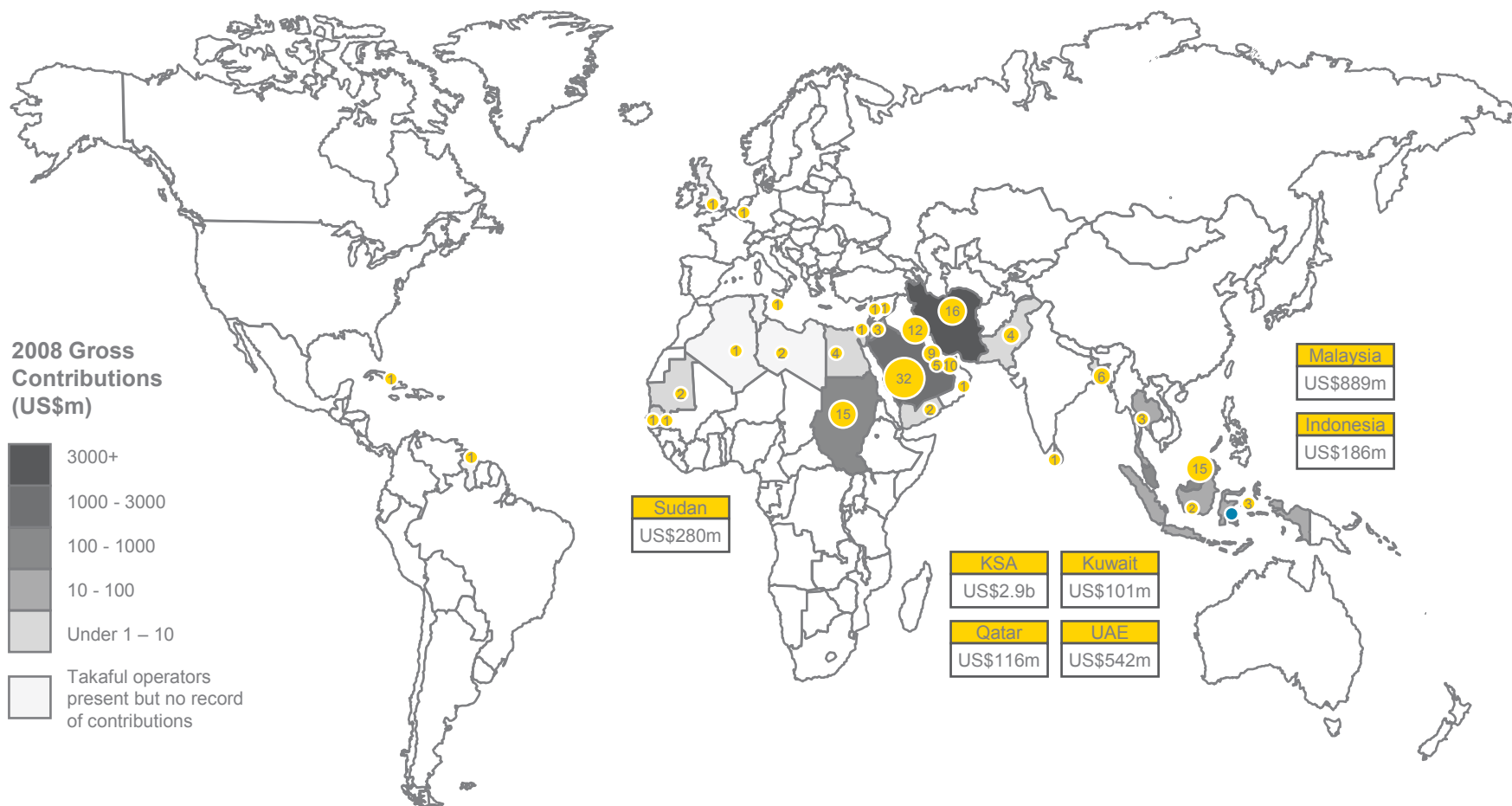
Note: MENA includes the GCC, Africa and Levant. The consolidated split between family and medical is not available.

Source: World Islamic Insurance Directory 2009 and 2010, Swiss RE - Sigma No. 3 (2009), Ernst & Young Analysis

# Current Contribution Concentrations

The takaful industry is concentrated in the MENA and South East Asia

Global Takaful Operators and Contributions in 2008



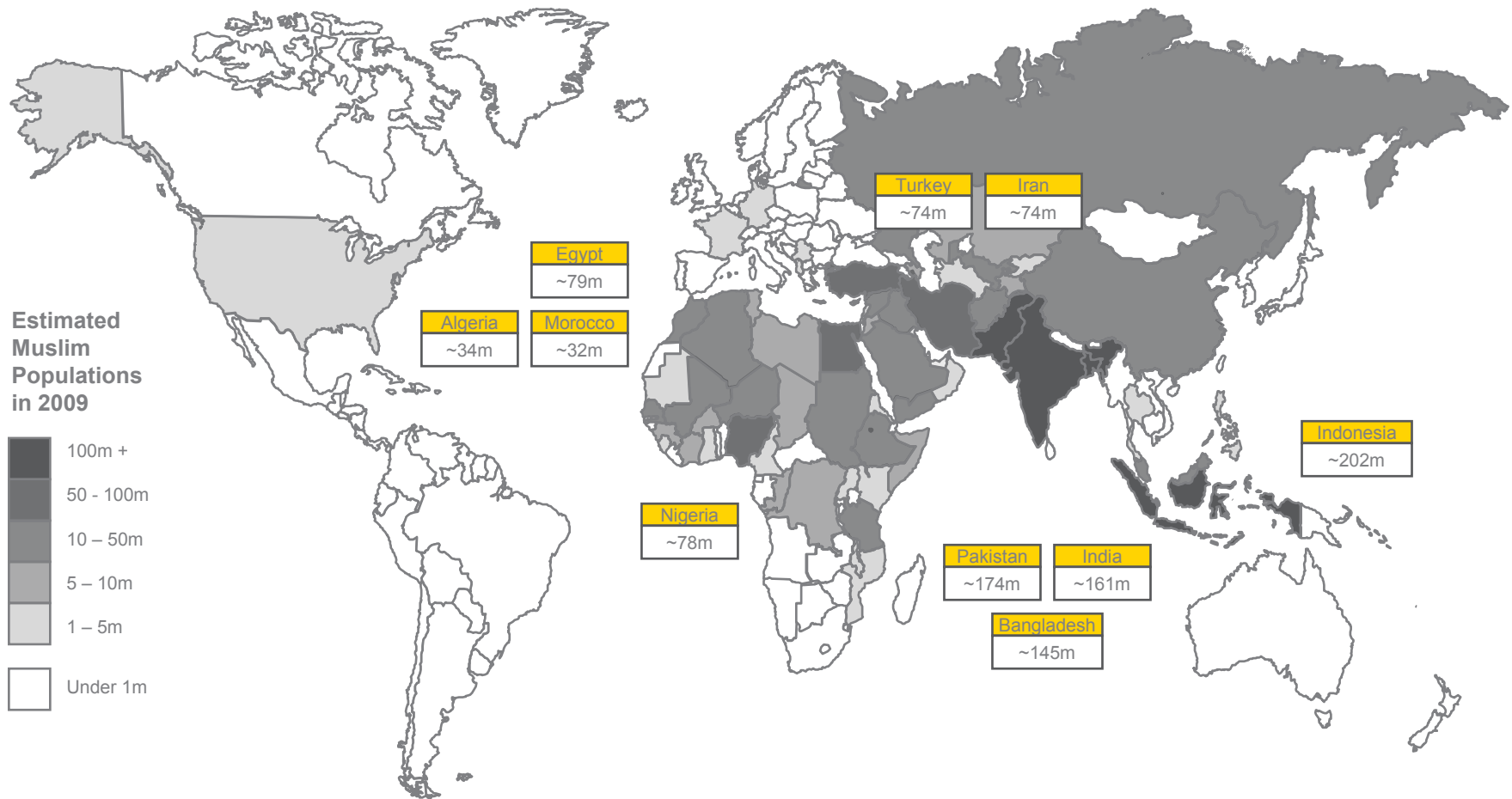
Source: World Islamic Insurance Directory 2010; Ernst & Young analysis

Note: Indonesia has three fully fledged takaful operators and 36 takaful windows.

# Muslim Population Centers

Large Muslim population centers can be found throughout the emerging markets of MENA and Asia

Global Estimated Muslim Populations in 2009



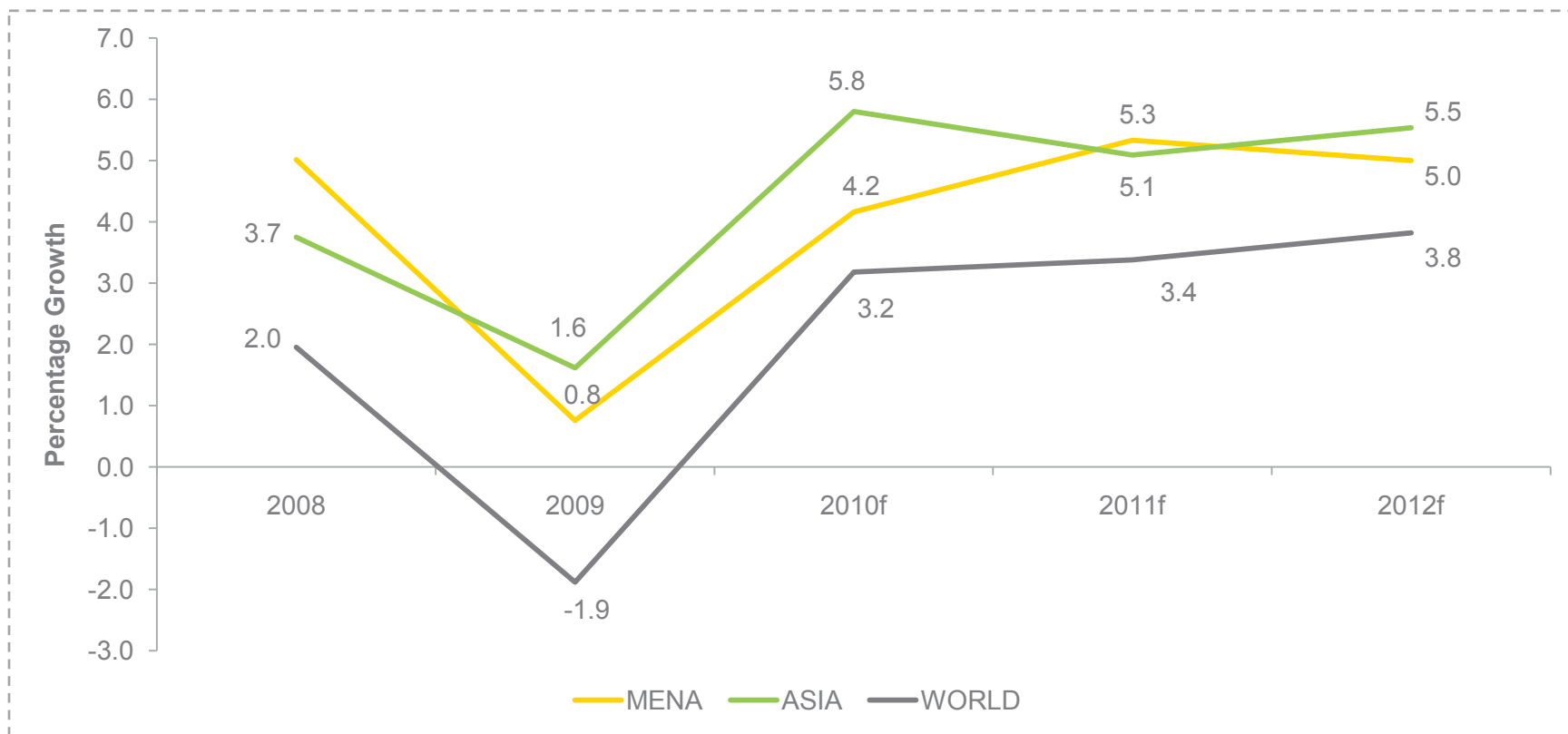
Source: Pew Research Center, Ernst & Young analysis



# Economic Growth Forecasts

The emerging markets are forecast to experience comparatively strong economic growth over the next three years

Real Regional GDP Growth Rates

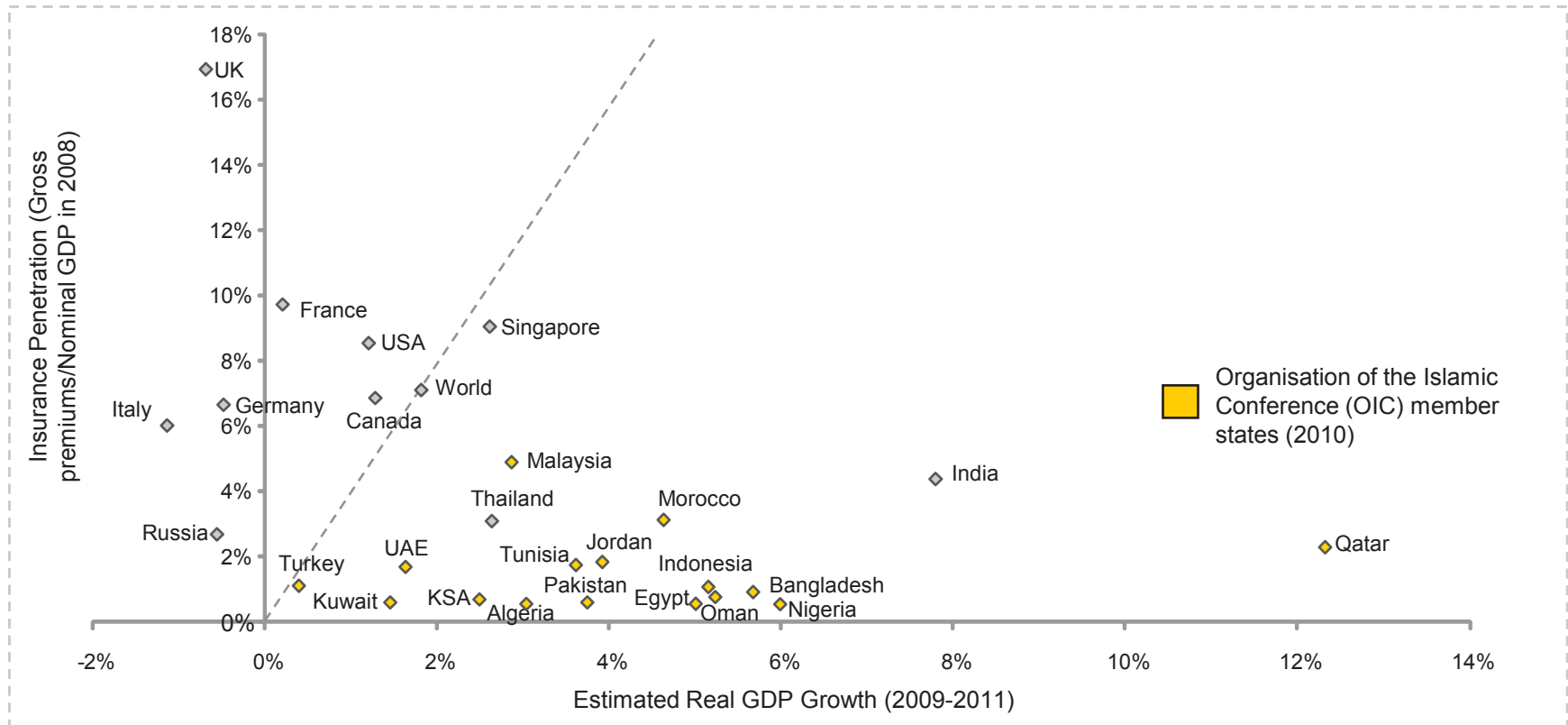


Source: Global Insight

# Insurance Penetration Rates

Comparatively high rates of real GDP growth, paired with low insurance penetration rates, suggest strong future growth across OIC countries

Insurance Penetration and Real GDP Growth for Select Countries



Source: Swiss RE - Sigma No. 3 (2009), Global Insight, Ernst & Young analysis

# The Way Forward

Growth remains promising driven by strong fundamentals in core markets, however operational constraints need to be addressed to capitalize on long-term potential

## Key Strategic Issues

1

### The growth agenda - recovering from the crisis

- ▶ Takaful is concentrated in emerging markets and has been less impacted by the global financial crisis
- ▶ International players seeking growth through investment in emerging markets - takaful approach being actively explored

2

### Diversification and Specialization

- ▶ Operators need to diversify to include new business lines (e.g. medical) or within business lines (e.g. SMEs, motor)
- ▶ Specialization by sectors, industry or business lines to address complex risk solutions

3

### Cultural and religious acceptability of insurance is low

- ▶ Social systems of protection have traditionally been dominant in Middle Eastern and South Asian countries
- ▶ Markets' awareness of risks, implications and Shari'a permissible takaful solutions is still limited

## Recommendations

A

### Ensure a clear understanding of local business conditions

- ▶ Focused strategy and clear understanding of local business practices will enable growth with profitability
- ▶ Regulators and industry infrastructure institutions to assume central role in guiding through this volatile period

B

### Partner for success

- ▶ Partner with international operators to leverage system, product and knowledge base
- ▶ Effective strategy execution is key – define and implement priority initiatives quickly – set-up Strategy Office with strong executive sponsorship

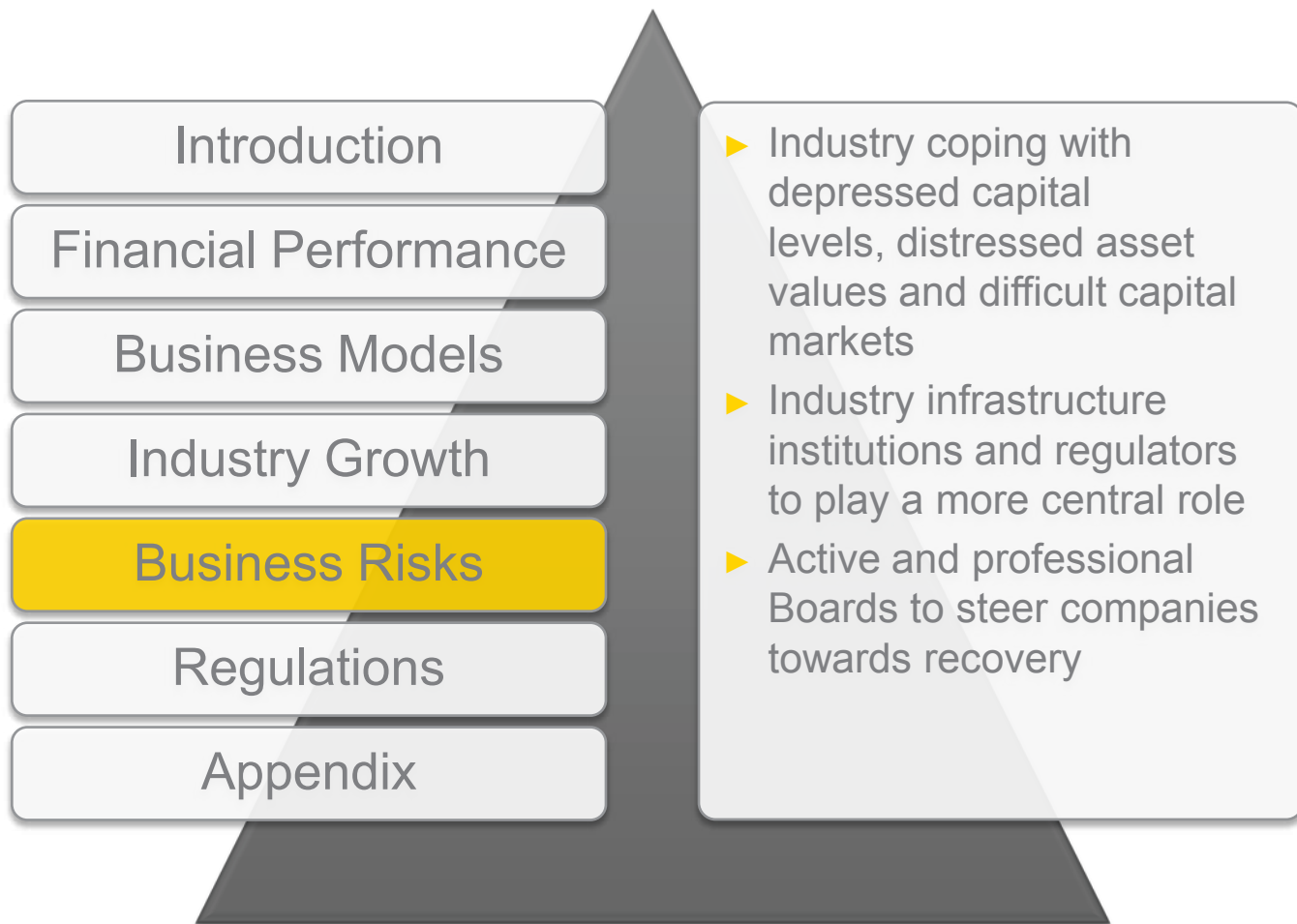
C

### Educate and inform customers

- ▶ Launch an integrated, cross-market industry think tank to build takaful awareness
- ▶ Build customers' trust in the brand – communicate uniqueness of Shari'a framework
- ▶ Tailor distribution model for specific business lines, products and markets

Source: Ernst & Young analysis

# Contents



# Takaful Business Risks

A shortage of expertise, increasing competition and high-risk investment portfolios remain key risks for 2010

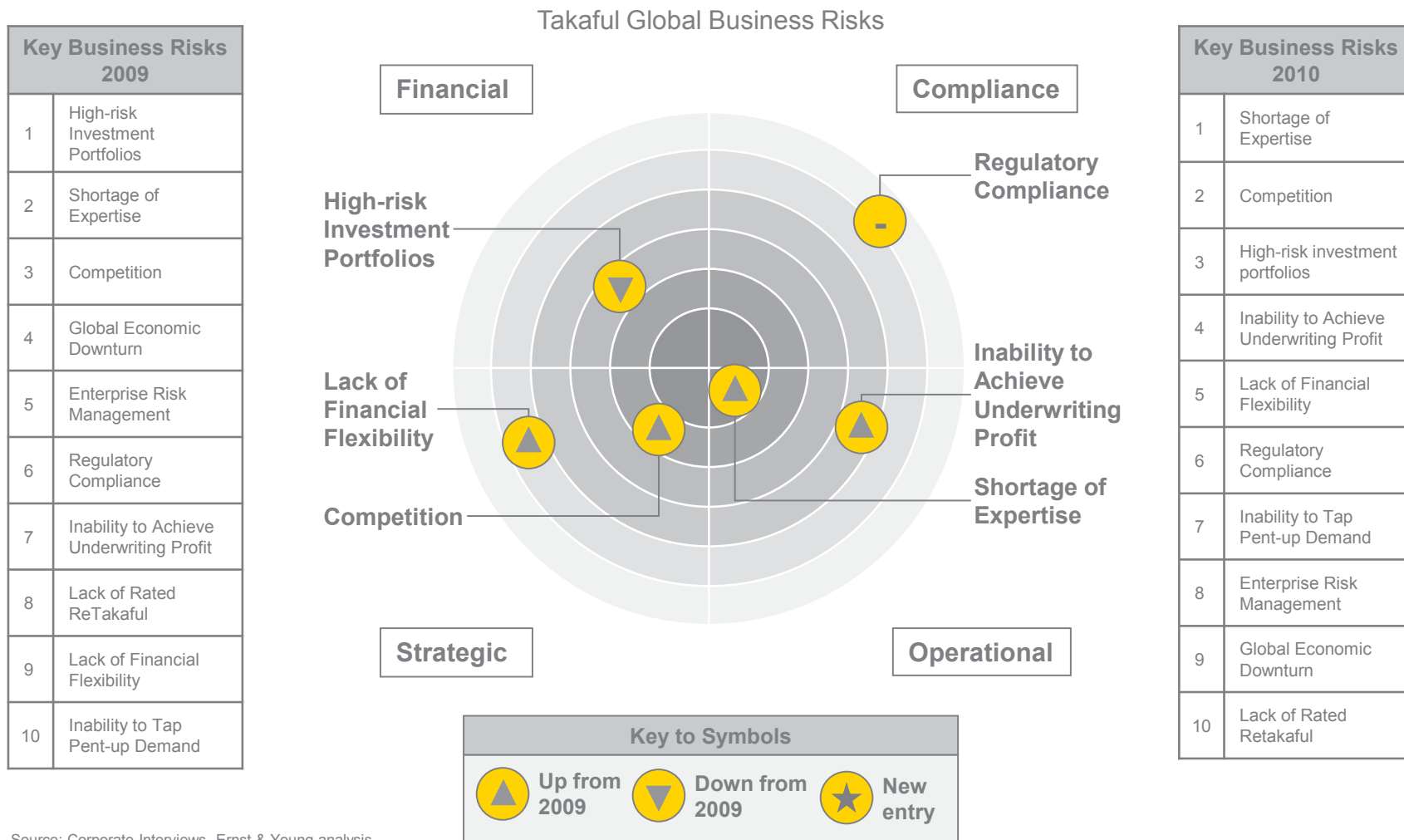
How the Business Risks Match up - Results from 2010 and 2009

Risk and Category	Shortage of Expertise	Competition	High Risk Investment Portfolios	Inability to Achieve Underwriting Profit	Lack of Financial Flexibility	Regulatory Compliance
	Operational Risk	Strategic Risk	Financial Risk	Operational Risk	Strategic Risk	Compliance Risk
2010	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>
2009	2 <sup>nd</sup>	3 <sup>rd</sup>	1 <sup>st</sup>	7 <sup>th</sup>	9 <sup>th</sup>	6 <sup>th</sup>
Contributing Factors	<ul style="list-style-type: none"> <li>▶ Lack of skilled HR and increasing competition for resources.</li> <li>▶ Limited pool of scholars with suitable knowledge.</li> <li>▶ Lack of operational expertise in certain lines of business.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Low barriers to entry (minimum capital requirements).</li> <li>▶ Increasing competition and aggressive pricing.</li> <li>▶ Competitive pressures reducing safety margin in premiums.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Restricted investment universe and unbalanced investment composition.</li> <li>▶ High equity exposures.</li> <li>▶ High counterparty risks.</li> <li>▶ Reduced Sukuk issuance is further limiting fixed income equivalents.</li> <li>▶ Low interest rates.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Limited technical underwriting capabilities.</li> <li>▶ Potential increase in claims ratios.</li> <li>▶ Aggressive pricing strategies and limited safety margins.</li> <li>▶ Investment volatility,</li> </ul>	<ul style="list-style-type: none"> <li>▶ Difficult to realize shareholder expectations.</li> <li>▶ Difficult to raise equity capital in current climate.</li> <li>▶ Limited ability to retain surpluses to finance growth.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Varying regulatory requirements, also specific to business models.</li> <li>▶ Young and developing regulatory regimes.</li> <li>▶ Evolving capital requirements (risk based capital).</li> </ul>

Source: Ernst & Young analysis

# Takaful Business Risks

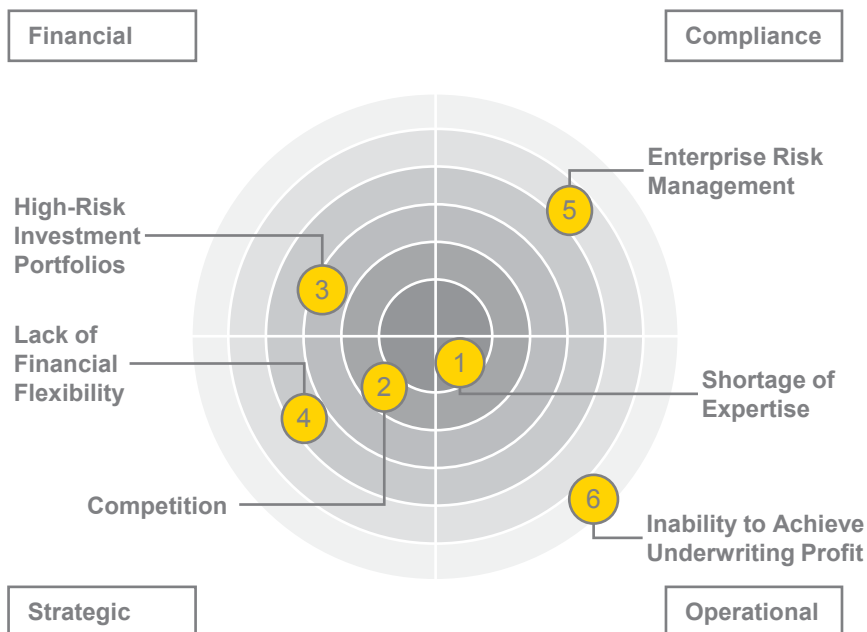
Alongside the top three risks - weak underwriting results, limited financial flexibility and regulatory compliance concerns - industry appears ripe for consolidation



# Takaful Business Risks

Shortage of qualified talent pool and rising competition have consistently been identified as key risks in both the GCC and SEA

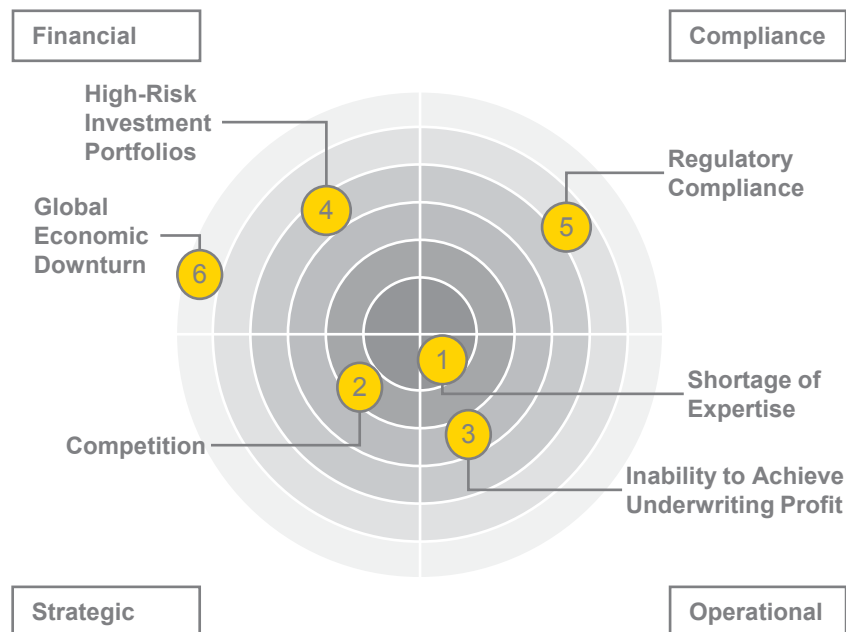
Takaful in the Gulf Cooperation Council (GCC)



## Business Risks in the GCC

- ▶ HR continues to concern many operators.
- ▶ Competition has continued to be a risk as newly established operators seek to acquire market share.
- ▶ Investment portfolios continue to prove problematic.

Takaful in South East Asia (SEA)



## Business Risks in SEA

- ▶ HR continues to concern many operators.
- ▶ New licenses in Malaysia are pushing up competitive risks.
- ▶ Historically strong underwriting is being placed under pressure as competition increases.

Source: Corporate Interviews, Ernst & Young analysis

# Shortage of Expertise

Availability of a qualified talent pool has once again become the most significant business risk for takaful executives

## Commentary and Contributing Factors

### Human resources risks are high on the executive agenda:

- ▶ Takaful continues to suffer from a shortage of human resources with requisite expertise. This risk was considered equally important in both the GCC and South East Asia. According to interviewees, human resource risk is particularly acute in specialist fields, including life insurance, risk management and Shari'a compliance.
- ▶ GCC operators' poor underwriting results and low retention rates suggest that technical underwriting capabilities remain in short supply.
- ▶ The continued under-penetration of life insurance in the GCC has resulted in the near non-existence of indigenous expertise. As a result, international conventional life insurers are likely to dominate this area of growth.
- ▶ Executives in both key markets (GCC and Malaysia), again voiced concern over the unavailability of sufficient Shari'a scholars with relevant business experience.

**“ With high turnover rates, it remains really difficult to retain skilled employees. ”**  
 - GCC takaful executive

**“ Where are the future leaders of this industry? The indigenous talent is just not there. ”**  
 - GCC takaful executive

**“ Issues of HR can be resolved through international recruitment. ”**  
 - GCC takaful executive

**“ Key person risk is a serious issue for most players. ”**  
 - Ratings executive

### However, not all operators are suffering to the same extent:

- ▶ Some takaful operators are successfully tapping large pools of conventional talent relocated from international markets. Furthermore, international players are able to attract large pools of existing talent to quickly build teams with requisite skills.

## Key Considerations

### Focus on developing a larger well trained workforce and working through alliances:

- ▶ Local players to focus on underwriting and claims management capabilities, product structuring skills, and more effective application of risk management and technology tools.
- ▶ International players to build distribution capacity and Shari'a credibility.

Source: Corporate interviews, Ernst & Young analysis



# Rising Competition

Newly established operators in the GCC and additional licences in Malaysia have pushed competition up the risk agenda

## Commentary and Contributing Factors

### New operators are aggressively acquiring market share:

- ▶ Newly established operators have sought to capture market share through aggressive pricing strategies that were described by a number of interviewees as “unsustainable”. Interviewees, particularly in the GCC, argued that this trend was especially evident in pricing for group and commercial risks.
- ▶ Regulatory authorities across the GCC, particularly Saudi Arabia, UAE and Kuwait, have reacted to adverse competitive trends by restricting new licenses. Players wishing to enter the market are being advised to buy existing licenses.
- ▶ Two additional family takaful licenses in Malaysia will greatly enhance competition in this market.

**“ Premiums remain soft and competitive. In terms of pricing, premiums are not sustainable in the long-term. ”**  
- GCC takaful executive

**“ Our business model does restrict our ability to discount based on past claims. ”**  
- GCC takaful executive

**“ Where are all the family takaful operators? ”**  
- GCC family takaful executive

### Implementing the wakala model (for underwriting) can have significant commercial implications:

- ▶ When competing with conventional insurers, operators argue that full distribution to policyholders could impede their ability to discount and competitively price future policies. As a result, a number of interviewees argued that competitive pricing for group and commercial cover is challenging.

**“ I don’t think they (GCC operators) have been able to deploy the agency model. ”**  
- SEA family takaful executive

### Family takaful yet to create impact:

- ▶ For the majority of GCC-based interviewees, critical mass has not yet been achieved for family takaful and effective distribution remains a challenge. Interviewees from SEA argued that successful agency distribution models could work well in the GCC.

## Key Considerations

### Countering competition:

- ▶ Quickly build critical business volumes through organic growth or mergers and consolidation.
- ▶ Differentiate based on specialization, governance and service quality.
- ▶ Pursue stronger alignment between intermediaries and takaful operators in commission structures.

Source: Corporate interviews, Ernst & Young analysis

# High Risk Investment Portfolios

Continued market volatility, limited Shari'a compliant instruments and low interest rates mean investments remains a key business risk

## Commentary and Contributing Factors

### Limited investment universe results in concentrations:

- ▶ Takaful operators are required to invest only in Shari'a-compliant investments. The dearth of capital market instruments result in an unbalanced investment portfolio which is over-concentrated in equity instruments, illiquid real estate and low-return murabaha deposits.
- ▶ Reduced volumes of sukuk issuance and lower interest rates have also impacted the ability of operators in both the GCC and SEA to generate solid investment returns. Recent defaults have also emphasized the risks associated with this asset class including counterparty risks.
- ▶ Operators in the GCC have seen investment returns drop significantly as the global financial crisis impacted local markets. The corresponding impact on value erosion has been significant.
- ▶ For family and retakaful operators, there was also concern over the limited availability of sukuk and structured instruments with long term tenures.

**“ The number of new issuances, their availability to us and their returns have all remained low. ”**  
 - SEA takaful executive

**“ There are not enough investment avenues causing a lack of investment diversification. ”**  
 - GCC takaful executive

### Conservative investment strategies do exist:

- ▶ Takaful subsidiaries of conventional insurers have maintained prudent investment strategies. Structured investment products that provide capital protection were also identified by interviewees as a less risky alternative to equity investments.

**“ Long-term assets to match our long-term liabilities are just not available. ”**  
 - GCC family takaful operator

## Key Considerations

### Rebalance revenue model and lobby primary issuers for access to sukuk:

- ▶ Focus on generating sustainable revenues from core underwriting business, topped up by investment returns.
- ▶ Industry to lobby for variety and depth of Islamic capital market instruments.
- ▶ Consider working together with professional asset managers.

Source: Corporate interviews, Ernst & Young analysis

# Generating Technical Profits

Both GCC and SEA operators are increasingly concerned with their ability to enhance underwriting performance in challenging markets

## Commentary and Contributing Factors

### Technical results vary hugely between SEA and GCC:

- ▶ Operators in SEA have historically achieved higher underwriting income and retained a larger proportion of takaful business than their counterparts in the GCC.
- ▶ For GCC operators, increased competition and overly optimistic growth targets have led to aggressive pricing strategies and eroded safety margins. As one GCC takaful executive pointed out, "Motor is currently a loss making business".

**" Poor pricing discipline has become a feature of takaful in the last couple years. "**  
- GCC retakaful executive

### Impact of the financial crisis:

- ▶ Claims ratios for the insurance industry in the UAE have jumped from 42% in 2007 to 54% in 2008. Although not as severe, it is expected that this trend of increased claims will also appear for other GCC countries. Takaful operators are also expected to be more severely impacted, given that many of them are startups seeking to gain market share through aggressive pricing strategies.
- ▶ Malaysian operators are optimistic of the current trends in local market, with one operator pointing out that claims pattern has remained broadly stable. That said, analysts agree that maintaining historically low claims ratios, 29% for 2008, will be challenging.

**" Heavy technical underwriting is still not happening in this part of the world. "**  
- GCC takaful executive

**" Claims patterns do not indicate any moral hazard factors as usually associated with the conventional sector. "**  
- SEA takaful executive

## Key Considerations

### Invest in quality technical professionals across functions:

- ▶ Build competencies to understand, originate and price complex risks.
- ▶ Build competencies in claims, to better manage technical complexities and higher volumes. Consider outsourcing of back office processes and invest in technology to improve efficiency.

Source: Corporate interviews, Ernst & Young analysis

# Limited Financial Flexibility

Keeping adequate and flexible capital to maintain rating agency and regulatory requirements has moved up the risk agenda

## Commentary and Contributing Factors

### Market downturn has created financial constraints:

- ▶ Solid returns are key to ensuring financial flexibility. Takaful operators in the GCC have been more adversely impacted by the downturn in investment income than their Malaysian counterparts. Historically high but unsustainable returns have now been reduced to losses and many institutions are revisiting their business growth assumptions and corresponding strategies.
- ▶ Financial constraints of local players are placing strategic objectives at risk. For example, a number of proposed joint ventures are either under stress or have been cancelled.

**“ Raising capital in this market is very challenging. ”**  
 - GCC takaful executive

### Current market conditions make further capital raising difficult:

- ▶ Over the last five years a large amount of public and private capital has been raised to fund takaful operators across the GCC. Non-restrictive minimum capital requirements led to the launch of a large number of small operators. Forecasted returns were based on unrealistic growth assumptions which have not materialized. In current market conditions, operators have found it difficult to obtain further equity capital from existing shareholders.

**“ Shareholders have not been realistic in their expectations. ”**  
 - GCC takaful executive

**“ Operators in this part of the world rely too heavily on reinsurance. ”**  
 - Ratings executive

### Quality of retakaful is key:

- ▶ Retakaful is a key source of financing for takaful, especially for GCC-based operators. Its prudent use requires standard review and acceptance of all providers, thorough creditworthiness and the use of brokers with a solid track record.

## Key Considerations

### Review and enhance capital planning process:

- ▶ Effective capital planning is key to ensuring fund requirements for future business expansion can be met.
- ▶ Boards to actively direct strategic initiatives including mergers and consolidation and ensure financing is readily available.
- ▶ Prudent usage of retakaful.

Source: Corporate interviews, Ernst & Young analysis

# Evolving Regulations

Recent economic events are driving constructive evolution of regulatory frameworks, which is likely to permanently alter the way the takaful industry operates

## Commentary and Contributing Factors

### Regulations in the GCC vary significantly and are evolving:

- ▶ Regulators cater to takaful industry under the standard insurance regulatory framework. Some markets, like Bahrain, provide explicit guidance on takaful within the insurance rulebook.
- ▶ Regulators define the acceptable takaful business model for their respective jurisdictions. Each jurisdiction has further written and informal stipulations on the practical implementation of these business models that may have significant implications on the feasibility and go-to-market strategies of takaful operators.
- ▶ Over the last five years, GCC regulators have issued a large number of new insurance licenses, which led to a significant increase in competition. Deteriorating market conditions have led regulators to restrict further licenses and instead encourage consolidation.
- ▶ Shari'a governance framework is yet to be implemented in its true spirit.

**“ The GCC is not a single market. Regulations are cumbersome to deal with. ”**  
- GCC takaful executive

**“ Instead of providing a Qard, the regulator has asked operators to absorb the policyholders' deficit in full. ”**  
- GCC takaful executive

### Malaysian regulations are also evolving:

- ▶ The regulator now requires that all new takaful business be written using wakala instead of the mudaraba model. This may have implications on financial performance of operators.
- ▶ Bank Negara is in the process of implementing risk-based capital (RBC) requirements for takaful operators. The regime is being run in parallel to existing regulations with a view to fully implement within two years. Takaful operators have injected further capital in order to meet these requirements.
- ▶ Specific guidelines on operations are being considered by the regulator to promote best practice Shari'a and corporate governance. Shari'a governance framework is yet to be implemented in true spirit.

**“ Pricing may be impacted by the regulator's decision on business model requirements. ”**  
- Ratings executive

## Key Considerations

### Anticipate more regulatory changes:

- ▶ Industry must play a more active role (through infrastructure institutions like IFSB, AAOIFI and IIFM) towards facilitating consistent regulatory, legal, accounting, capital markets and tax regimes.
- ▶ A consultative approach will be key to directing the still-evolving takaful industry.

Source: Corporate interviews, Ernst & Young analysis

# The Way Forward

Key business risks can be mitigated through proper planning and effective strategy execution, role of Boards and senior leadership team will be instrumental

## Mitigating Key Strategic Business Risks

1

### Developing talent pool

- ▶ Boards to actively direct investment in skill building programs in key disciplines
- ▶ Establish alliances with specialists
- ▶ Initiate industry-wide compulsory training and qualification programs

2

### Managing competition

- ▶ Quickly build critical business volumes through organic growth and through mergers and consolidation
- ▶ Create differentiation based on specialization, service quality and Shari'a governance
- ▶ Strategy execution and accountability will be critical

3

### Balancing investment portfolios

- ▶ Disciplined approach to investing, preferably through specialist intermediaries
- ▶ Lobby for new product development and deeper Shari'a capital markets

4

### Strengthening underwriting capabilities

- ▶ Specialize by customer segment, sectors and business lines
- ▶ Link-up with specialists from international markets
- ▶ Focus on originating quality business at competitive pricing

5

### Creating financial flexibility

- ▶ Boards to actively direct strategic mergers and consolidation
- ▶ Initiate advanced capital planning to address business and regulatory requirements
- ▶ Prudent use of retakaful

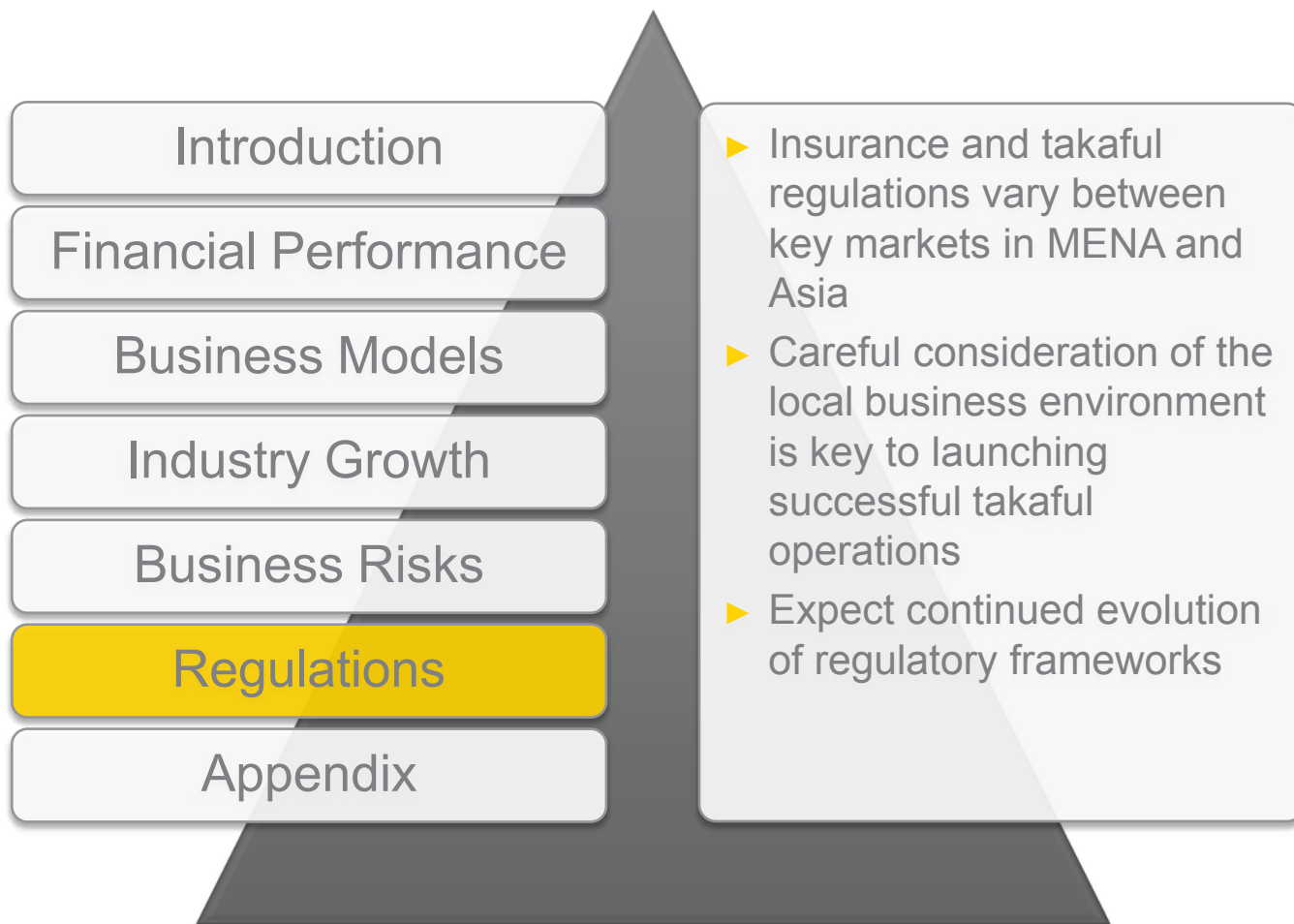
6

### Applying regulatory guidance as a business enabler

- ▶ Rethink regulatory compliance from a holistic perspective, recognizing that every aspect of your operations will be permanently altered
- ▶ Infrastructure institutions like IFSB, AAOIFI and IIFM to play a more proactive role

Source: Ernst & Young analysis

# Contents



# Regulations

A score-based survey was conducted to provide an overview of the insurance regulatory environment in current and potential takaful markets

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## Methodology and Limitations

The survey covered the insurance regulatory environment and attractiveness of respective regulatory regimes and business environments. The markets covered in the survey included:

- ▶ Bahrain
- ▶ Saudi Arabia
- ▶ Qatar
- ▶ Kuwait
- ▶ UAE
- ▶ Dubai International Financial Centre (DIFC)
- ▶ Malaysia
- ▶ Egypt
- ▶ Lebanon

Ernst & Young professionals working in the local insurance sector were asked to score factors on a scale of 1 to 5 based on their interaction with and feedback from the industry.

The result is a subjective assessment of each regulatory regime which aims to provide the reader with an indication of the relative attractiveness of each market. The opinions and details included in this section are as of March 2010.



# Takaful and Insurance Regulatory Summary

Factor	Rating Key	UAE*	Bahrain	DIFC	Egypt	KSA	Kuwait	Lebanon	Malaysia	Qatar
Primary Regulating Bodies		Insurance Authority (IA)	Central Bank of Bahrain (CBB)	Dubai Financial Services Authority (DFSA)	Egyptian Financial Supervisory Authority (EFSA)	Saudi Arabian Monetary Agency (SAMA)	Ministry of Commerce - Insurance Supervision Department	Insurance Control Commission (ICC) and Directorate of Insurance Affairs	Bank Negara Malaysia	Ministry of Business & Trade
Regulatory System	1 = Complex 5 = Enabling	3	4	4	2	3	3	3	4	3
Tax System	1 = Complex 5 = Attractive	5	5	5	3	3	3	4	3	2
Legal System	1 = Opaque 5 = Transparent	4	4	5	2	3	4	3	4	4
License Availability	1 = Restricted 5 = Available	2	4	5	4	2	2	2	2	2
Licensing Process	1 = Restrictive 5 = Enabling	5	5	3	4	2	2	2	4	4
Foreign Ownership	1 = Prohibiting 5 = Permitting	2	5	5	3	3	3	3	3	2
Consumer Protection Code	1 = Limited 5 = Thorough	3	3	2	4	3	2	2	4	2
Minimum Competency Requirements	1 = Limited 5 = Thorough	3	4	4	4	3	4	2	4	3
Risk Management Requirements	1 = Limited 5 = Thorough	2	3	4	4	4	3	2	4	2
Ratings requirements	1 = Limited 5 = Thorough	4	2	3	4	2	3	2	3	2
Public Disclosure Requirements	1 = Limited 5 = Thorough	4	4	2	4	4	3	2	4	2
Takaful specific regulations	1 = Limited 5 = Thorough	2	3	2	3	4	2	2	3	2
Indicative Overall Score		39	46	44	41	36	34	26	42	30

\* Excluding DIFC which is covered separately

Source: Ernst & Young Subject Matter Experts; Local Insurance Regulations; Global Insight

# Takaful and Insurance Regulatory Summary

Feature		UAE*	Bahrain	DIFC	Egypt	KSA	Kuwait	Lebanon	Malaysia	Qatar
Minimum regulatory capital requirements (US\$)	General	US\$ 27.17 M	US\$ 13.3 M	Not Offered	US\$ 11 M	US\$ 26.7 M	Kuwaiti Insurance Company – US\$ 0.5 M Foreign Insurance Company – US\$ 0.8 M	US\$ 1.5 M	US\$ 29 M	US\$ 10 M
	Life	US\$ 27.17 M	US\$ 13.3 M	Not Offered	US\$ 11 M	US\$ 26.7 M	As above	NA	US\$ 29 M	US\$ 10 M
	Reinsurance	USD 67.9 M	US\$ 26.6 M	US\$10 M	US\$ 11 M	US\$ 53.4 M	NA	NA	US\$ 29 M	US\$10 M
Risk-based capital requirements		N	N	Y	Y	Y	N	Y	N	Y
Investment Restrictions/ Requirements		N	Y	N	N	Y	Y	Y	N	N
AAOIFI accounting standards		N	Y	Y	N	N	N	N	N	Y

Source: Ernst & Young Subject Matter Experts; Local Insurance Regulations; Global Insight

# Regulatory Snapshot – United Arab Emirates

## Regulatory Facts and Requirements

### Regulating Bodies:

FEDERAL INSURANCE AUTHORITY (FIA)

### Minimum Regulatory Capital Requirements:

General Insurance: US\$ 27.2 million

Life: US\$ 27.2 million

Reinsurance: US\$ 67.9 million

### Risk-based Capital Requirements:

No requirements have been specified for risk-based capital by the FIA.

### Investment Restrictions:

No significant restrictions.

## Takaful Specific Facts

### Takaful specific regulations:

The Wakala model is currently enforced, allowing the takaful company to act as an agent in managing takaful operations on behalf of the participants.



Is AAOIFI applicable?  
**No**

## Commentary

Among the existing players, price competition is high which has pushed down safety margins across the UAE.

## Insurance Regulations and Business Environment

### Regulatory System:

Prompted by the financial crisis, the UAE regulatory regime is expected to play a more active role.



### Tax System:

A selective and limited corporate tax regime has been adopted where only oil, petrochemical, and foreign bank branch offices pay taxes.



### Legal System:

Legislations for business activity are a mixture of international business regulations and local laws designed to maintain independence from other emirates.



### Current License Availability:

No new licenses for insurance companies are being issued.



### Licensing Process:

Considered to be efficient.



### Foreign Ownership:

At least 75 percent of the capital should be owned by UAE or GCC national individuals or corporate bodies.



## Other Insurance Regulations

### Consumer Protection Code

Limited Thorough



### Minimum Competency Requirements (Professionalism)



### Risk Management Requirements



### Ratings Requirements (Insurers' Financial Strength Ratings)



### Public Disclosure Requirements



Source: Ernst & Young Subject Matter Experts; Local Insurance Regulations; Global Insight

# Regulatory Snapshot – Bahrain

## Regulatory Facts and Requirements

### Regulating Bodies:

CENTRAL BANK OF BAHRAIN (CBB)

### Minimum Regulatory Capital Requirements:

General: US\$ 13.3 million

Life: US\$ 13.3 million

Reinsurance: US\$ 26.6 million

### Risk-based Capital Requirements:

The regulator does not currently require risk-based assessment of capital requirements.

### Investment Restrictions:

Investment restrictions exist covering counterparty, sector and asset class concentrations.

## Takaful Specific Facts

### Takaful specific regulations:

No specific module for takaful operations exists in the CBB rulebook. Sections addressing takaful operations have been added to the conventional insurance module.



Is AAOIFI applicable?

Yes

## Commentary

Small market with significant competition. Premiums are highly competitive but there are currently no signs of consolidation.

Source: Ernst & Young Subject Matter Experts; Local Insurance Regulations; Global Insight

## Insurance Regulations and Business Environment

### Regulatory System

Regulator is forthcoming in designing and enforcing regulatory standards that promote smooth functioning of institutions.



### Tax System

Bahrain levies no taxes on personal or corporate income, capital gains, estates, interest, dividends, taxes, royalties or fees.



### Legal System

System in Bahrain is liberal and well designed, and meets the needs of foreign investors.



### Current License Availability

Licenses are currently available.



### Licensing Process

An extensive exercise.



### Foreign Ownership

No restriction on foreign ownership.



## Other Insurance Regulations

### Consumer Protection Code

Limited Thorough



### Minimum Competency Requirements (Professionalism)



### Risk Management Requirements



### Ratings Requirements (Insurers' Financial Strength Ratings)



### Public Disclosure Requirements



# Regulatory Snapshot – DIFC

## Regulatory Facts and Requirements

### Regulating Bodies:

DUBAI FINANCIAL SERVICES AUTHORITY (DFSA)

### Minimum Regulatory Capital Requirements:

Reinsurance: US\$ 10 million

No Life or General insurance operations are supported by the DFSA.

### Risk-based Capital Requirements:

Risk-based capital requirements are enforced by DFSA.

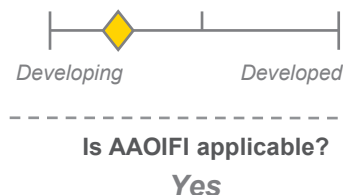
### Investment Restrictions:

Broad guidelines exist for the reinsurance sector and apply to retakaful operators.

## Takaful Specific Facts

### Takaful specific regulations:

The DFSA does not stipulate which retakaful business model should be used and will consider modifications to its retakaful-related rules.



## Commentary

The DIFC is progressively establishing itself as a reinsurance and retakaful hub.

## Insurance Regulations and Business Environment

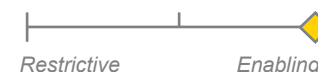
### Regulatory System:

Based on international best practices, the DIFC regulatory framework is robust and allows for a substantial degree of sovereignty.



### Tax System:

Effective tax rate is 0% until 2055 when a firm can apply for another exemption term.



### Legal System:

Legal framework was created by the DIFC Courts and are modeled loosely on British Common Law. The Courts are conducted in English and are open to the public.



### Current License Availability:

Actively targeting retakaful and issuing licenses.



### Licensing Process:

Retakaful licensing process is moderately efficient.



### Foreign Ownership:

No restriction.



## Other Insurance Regulations

### Consumer Protection Code



### Minimum Competency Requirements (Professionalism)



### Risk Management Requirements



### Ratings Requirements (Insurers' Financial Strength Ratings)



### Public Disclosure Requirements



Source: Ernst & Young Subject Matter Experts; Local Insurance Regulations; Global Insight

# Regulatory Snapshot – Egypt

## Regulatory Facts and Requirements

### Regulating Bodies:

EGYPTIAN FINANCIAL SUPERVISORY AUTHORITY (EFSA)

### Minimum Regulatory Capital Requirements:

General Insurance: US\$ 11 million  
Life Insurance: US\$ 11 million  
Reinsurance: US\$ 11 million

### Risk-based Capital Requirements:

Are enforced by the EFSA focusing on solvency requirements (net asset position) of the firm.

### Investment Restrictions:

No major investments restrictions.

## Takaful Specific Facts

### Takaful specific regulations:

Insurance law specific to takaful requires additional financial statement presentations and disclosures.



Is AAOIFI applicable?  
**No**

## Commentary

A large number of underinsured and uninsured individuals and a relatively small insurance industry point to high growth potential.

## Insurance Regulations and Business Environment

### Regulatory System:

High expenses and slow processes are primary criticisms of the system. However, the government is prioritizing regulatory reform.



### Tax System:

The system has improved significantly, although bureaucracy and complexity are still concerns.



### Legal System:

Low efficiency due to shortage of judges and insufficient funds available to courts.



### Current License Availability:

No restriction on number. Availability is based on compliance with licensing requirements.



### Licensing Process:

Well-defined and understood licensing process is in place.



### Foreign Ownership:

Minimum Egyptian shareholding interest of 51% in an insurance firm is required.



## Other Insurance Regulations

### Consumer Protection Code

Limited Thorough



### Minimum Competency Requirements (Professionalism)



### Risk Management Requirements



### Ratings Requirements (Insurers' Financial Strength Ratings)



### Public Disclosure Requirements



# Regulatory Snapshot – Saudi Arabia

## Regulatory Facts and Requirements

### Regulating Bodies:

SAUDI ARABIAN MONETARY AGENCY (SAMA)

### Minimum Regulatory Capital Requirements:

General Insurance: US\$ 26.7 million

Life Insurance: US\$ 26.7 million

Reinsurance: US\$ 52.4 million

### Risk-based Capital Requirements:

Risk-based capital requirements covering seeding to reinsurers and solvency margins by line of business.

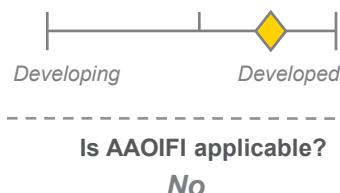
### Investment Restrictions:

As a risk mitigation measure exposure to banks, Saudi government debt, bonds and non-secured loans are more defined.

## Takaful Specific Facts

### Takaful specific regulations:

Saudi Arabia has its own cooperative insurance regulations which require a 90-10 split of profits between shareholders and policyholders respectively and the segregation of funds.



## Commentary

The insurance industry is fast evolving and recent issuance of new licenses have increased competition significantly.

## Insurance Regulations and Business Environment

### Regulatory System:

Progressive regulatory reforms have led to facilitative improvements.



### Tax System:

Tax system discriminates against foreign investors by levying a 20% flat corporate tax, while GCC firms pay lower zakat tax.



### Legal System:

Moderately efficient, expected to improve with plans for an overall currently in place.



### Current License Availability:

No further licenses envisaged.



### Licensing Process:

Significant dialogue required.



### Foreign Ownership:

Public listing of firm is required.



## Other Insurance Regulations

### Consumer Protection Code

Limited Thorough



### Minimum Competency Requirements (Professionalism)



### Risk Management Requirements



### Ratings Requirements (Insurers' Financial Strength Ratings)



### Public Disclosure Requirements



# Regulatory Snapshot – Kuwait

## Regulatory Facts and Requirements

### Regulating Bodies:

INSURANCE SUPERVISION DEPARTMENT (Ministry of Commerce)

### Minimum Regulatory Capital Requirements:

US\$ 0.52 million for local firms

US\$ 0.78 million for foreign firms

### Risk-based Capital Requirements:

Broad guidelines for risk-based capital levels exists. However, no specific risk-based capital requirements are enforced by the regulator.

### Investment Restrictions:

Restrictions exist on investments covering asset retention, cash level and local firm exposure.

## Takaful Specific Facts

### Takaful specific regulations:

No specific model has been enforced by the authorities. However, the hybrid model is the most prominent.



Is AAOIFI applicable?  
**No**

## Commentary

A large number of local under-capitalized operators are expected to consolidate in the foreseeable future.

Source: Ernst & Young Subject Matter Experts; Local Insurance Regulations; Global Insight

## Insurance Regulations and Business Environment

### Regulatory System:

Limited monitoring and control of the insurance sector with primary focus on ensuring cash retention within Kuwait.



### Tax System:

The government reduced corporate tax and removed barriers to foreign investment.



### Legal System:

Islamic Shari'a law is largely confined to family matters, with the well-developed body of commercial law being based on continental-style codes.



### Current License Availability:

On hold due to poor sector performance.



### Licensing Process:

Process is considered slow.



### Foreign Ownership:

No restriction on foreign branches or GCC-based insurance companies.



## Other Insurance Regulations

### Consumer Protection Code

Limited Thorough



### Minimum Competency Requirements (Professionalism)



### Risk Management Requirements



### Ratings Requirements (Insurers' Financial Strength Ratings)



### Public Disclosure Requirements





# Regulatory Snapshot – Lebanon

## Regulatory Facts and Requirements

### Regulating Bodies:

INSURANCE CONTROL COMMISSION (ICC - Ministry of Economy & Trade) - Monitoring and regulating the insurance sector  
DIRECTORATE OF INSURANCE AFFAIRS (Ministry of Economy & Trade)  
- Collection of fees and penalties, review of licenses

### Minimum Regulatory Capital Requirements:

US\$ 1.5 million with additional guarantee funds for each branch.

### Risk-based Capital Requirements:

Solvency margin (min. 10%) and admitted assets ratio are two metrics enforced by the regulator.

### Investment Restrictions:

Life insurance companies are required by law to invest 50% of their assets in onshore investments (principally treasury bills and time deposits). No investment restrictions on other forms of insurance companies.

## Takaful Specific Facts

### Takaful specific regulations:

No takaful regulations exist. Conventional insurance regulations apply to takaful operators.



Is AAOFI applicable?  
**No**

## Commentary

The increase in regulatory barriers to entry (increase in capital requirement to US\$ 1.5 million (2001), additional technical reserves and solvency margins requirement of 10% of gross premiums) has led to consolidation, with total insurance companies decreasing from 85 in 1997 to 53 in 2008.

Source: Ernst & Young Subject Matter Experts; Local Insurance Regulations; Global Insight

## Insurance Regulations and Business Environment

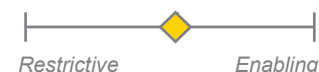
### Regulatory System:

The regulatory environment is conducive for the development of insurance and for local and foreign competition within the sector.



### Tax System:

Corporate taxation exists across industries.



### Legal System:

Framework is based on the constitution and a body of well-established laws. Constitution guarantees private ownership and free flow of funds.



### Current License Availability:

Difficult to obtain licenses due to the high number of insurance companies in Lebanon.



### Licensing Process:

The current licensing process is simple but takes time to receive approval.



### Foreign Ownership:

Lebanese companies can be owned by foreign shareholders with restrictions on the percentage of foreign board members.



## Other Insurance Regulations

### Consumer Protection Code



### Minimum Competency Requirements (Professionalism)



### Risk Management Requirements



### Ratings Requirements (Insurers' Financial Strength Ratings)



### Public Disclosure Requirements



# Regulatory Snapshot – Malaysia

## Regulatory Facts and Requirements

### Regulating Bodies:

BANK NEGARA MALAYSIA (BNM)

### Minimum Regulatory Capital Requirements:

General Insurance: US\$ 29 million  
Life Insurance: US\$ 29 million  
Reinsurance: US\$ 29 million

### Risk-based Capital Requirements:

Enforced for conventional insurance. Requirements for takaful operators to be implemented shortly - currently RBC reports needs to be submitted to BNM.

### Investment Restrictions:

No explicit restrictions but solvency and capital adequacy requirements may indirectly affect investment decisions.

## Takaful Specific Facts

### Takaful specific regulations:

Regulations specific to takaful exist and are considered comprehensive.



Regulators require all new underwriting to take place under the hybrid model.

Is AAOIFI applicable?

No

## Commentary

A large volume of takaful premiums are originated from non-Muslims, owing largely to competitive pricing and strong agency-driven distribution. It is expected that two takaful operators will be given family takaful licenses and a number of retakaful windows will likely open in Labuan in the medium term.

## Insurance Regulations and Business Environment

### Regulatory System:

The central bank has been active in monitoring the financial services sector and in taking regulatory steps to attract foreign capital.



### Tax System:

Corporate tax rates cut to 25% in 2009.



### Legal System:

Based on English Common Law and pro-business in outlook. Instances of political influence have occurred but redress to higher courts for commercial issues is effective.



### Current License Availability:

Two new operators expected to be licensed. No further licenses expected.



### Licensing Process:

Regulator is considered facilitating.



### Foreign Ownership:

Up to 70% share in a local entity



## Other Insurance Regulations

### Consumer Protection Code



### Minimum Competency Requirements (Professionalism)



### Risk Management Requirements



### Ratings Requirements (Insurers' Financial Strength Ratings)



### Public Disclosure Requirements



Source: Ernst & Young Subject Matter Experts; Local Insurance Regulations; Global Insight

# Regulatory Snapshot – Qatar

## Regulatory Facts and Requirements

### Regulating Bodies:

MINISTRY OF BUSINESS & TRADE

### Minimum Regulatory Capital Requirements:

No specific minimum regulatory capital requirement for the insurance industry. However, the minimum regulatory capital requirement for a listed company is US\$ 2.75 million.

### Risk-based Capital Requirements:

No enforcement of risk-based capital requirements have been set by the ministry.

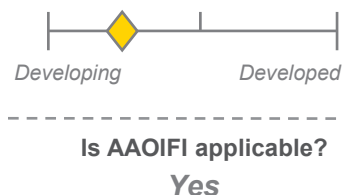
### Investment Restrictions:

No specific restrictions.

## Takaful Specific Facts

### Takaful specific regulations:

No specific module or section exists in the regulatory manual focusing on the takaful sector. Takaful firms have to adhere to regulations set out for the conventional insurance companies.



## Commentary

In recent years, Qatar's insurance industry has experienced the fastest growth in premiums compared to other GCC countries. With high barriers to entry and a few players there is no pricing pressure on individual firms.

Source: Ernst & Young Subject Matter Experts; Local Insurance Regulations; Global Insight

## Insurance Regulations and Business Environment

### Regulatory System:

Possesses an efficient system for implementation of policies and regulations for the private sector.



### Tax System:

The top corporate tax rate that applies to foreign corporations operating in Qatar is 35%.



### Legal System:

Reasonably mature, with emiri decrees forming the basis of a coherent body of modern statute law that is in line with Shari'a principles.



### Current License Availability:

Only one takaful company has been granted a license over the last 3 years.



### Licensing Process:

Straightforward with the primary requirement being a feasibility study.



### Foreign Ownership:

Limited to a maximum of 49%.



## Other Insurance Regulations

### Consumer Protection Code

Limited Thorough



### Minimum Competency Requirements (Professionalism)



### Risk Management Requirements



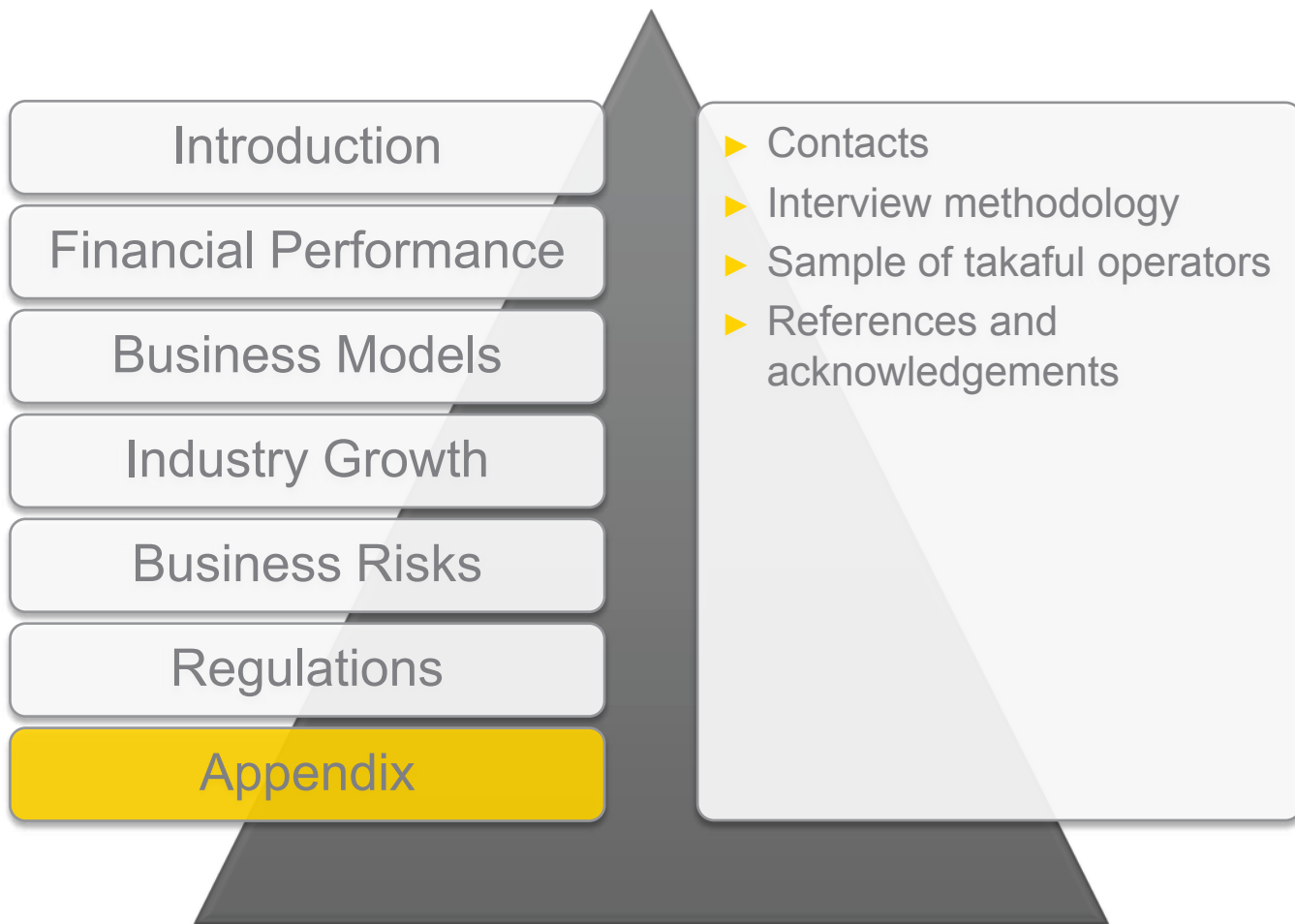
### Ratings Requirements (Insurers' Financial Strength Ratings)



### Public Disclosure Requirements



# Contents



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# Report methodology and our interviews

## Survey Methodology

- ▶ Our survey sought to identify key trends and business risks for the global Takaful industry through in-depth interviews with executives and industry observers.
- ▶ These discussions were used to gauge business sentiment and identify key areas for inquiry.
- ▶ Interviews were conducted in February and March of 2010. A total of 15 interviews were conducted in six different countries by Ernst & Young staff.
- ▶ Interviews centered on three main topics of discussion, namely;
  - ▶ Business confidence, demand and supply
  - ▶ Mega trends
  - ▶ Business risks

## Business Risk Ratings

- ▶ Ernst & Young subject matter experts from the Middle East, Asia and Europe developed a list of Takaful business risks and contributing factors.
- ▶ All interviewees were provided with this list of business risks and requested to rate each to reflect its severity to their respective business over the coming 12 months. Interviewees were also asked to add any additional risks they felt were important.
- ▶ The results of this rating process were tabulated and a relative ranking assigned to each. This rank formed the basis for our comparative study with 2009 results.

## Business Risks Radar

- ▶ The Ernst & Young risk radar is a simple device that allows us to present the top 6 business risks in the Takaful industry.
- ▶ The risks at the center of the radar are those that the individuals we interviewed thought would pose the greatest challenge to the industry in 2010.

## Business Risk Categories

- ▶ The radar is divided into four sections that correspond to the Ernst & Young Risk Universe™ model.
- ▶ **Compliance** threats originate in politics, law, regulation or corporate governance;
- ▶ **Financial** threats stem from volatility in markets and the real economy;
- ▶ **Strategic** threats are related to customers, competitors and investors; and
- ▶ **Operational** threats impact the processes, systems, people and overall value chain of a business.

## Anonymity and Quotes

- ▶ All interviewees were assured of anonymity and minutes documented during our discussions were approved by respective interviewees.
- ▶ Quotations have been used to support arguments made in the report.

# Sample of takaful operators

## Takaful operators that contributed data to our sample:

### Bahrain

- ▶ Takaful International Company
- ▶ Solidarity Group Holding

### Saudi Arabia

- ▶ Allied Cooperative Insurance Group
- ▶ Al Ahlia Cooperative Insurance Company
- ▶ Alahli Takaful Company
- ▶ Company for Cooperative Insurance
- ▶ Gulf Union Cooperative Insurance Company

### UAE

- ▶ Abu Dhabi National Takaful Company
- ▶ Dubai Islamic Insurance and Reinsurance Company
- ▶ Dar Al Takaful
- ▶ Methaq Takaful Insurance Company
- ▶ Islamic Arab Insurance Company (Salama)

### Qatar

- ▶ Qatar Islamic Insurance Company

### Kuwait

- ▶ First Takaful Insurance Company
- ▶ Wethaq Takaful Insurance Company
- ▶ Gulf Company for Takaful Insurance

### Malaysia

- ▶ CIMB Aviva Takaful Berhad
- ▶ Hong Leong Tokio Marine Takaful Berhad
- ▶ Prudential BSN Takaful Berhad
- ▶ Takaful Ikhlas Sdn. Berhad.
- ▶ AIA Takaful International Berhad
- ▶ Syarikat Takaful Malaysia Berhad

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- ▶ Saudi Arabian Monetary Agency (SAMA) Insurance Review
- ▶ Annual Insurance Statistics - Insurance Authority (UAE)
- ▶ CBB Insurance Annual Reviews
- ▶ Annual Insurance Statistics 2008 - Bank Negara Malaysia
- ▶ Financial Stability and Payments Systems Report 2009 - Bank Negara Malaysia
- ▶ Company Annual Reports (published information for takaful operators)

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Competitiveness Report  
المؤتمر العالمي للمصارف الإسلامية تقرير التنافسية



THE WORLD TAKAFUL  
REPORT  
تقرير التكافل العالمي

## Shaping the Future of the Islamic Finance Industry Since 1993

### Approaching 2 Decades of Supporting the Market Leaders

MEGA is the leading international information firm focused on achieving business results for the Islamic banking & finance industry since 1993. Our exclusive focus on Islamic finance has enabled us to create significant value for the leading players in the Islamic banking, finance and investment markets. The portfolio of MEGA brands represents the landmark industry conferences and our clients are the leading players in the international financial markets.

### Partnering with Governments and the Industry Thought Leaders

Our Strategic Partners are world leaders in their respective fields and include key government finance and regulatory agencies such as the Central Bank of Bahrain, Dubai International Financial Centre, UK Trade & Investment, the Monetary Authority of Singapore and the Economic Development Board of Bahrain. These and our other strategic alliances with international thought leaders including Ernst & Young and global strategy advisory firm McKinsey & Company further strengthen MEGA's brand leadership position by providing original new research insights on the Islamic finance industry worldwide.

### Investing in Our Brands: Number 1 in Each of Our Markets

MEGA continues to grow its portfolio of Islamic finance brands to further extend our leadership position across the Banking, Takaful, Funds, Capital Markets, and Project Finance segments. Each brand is successfully developed over many years in order to further cement its number 1 position in its respective market.

In 1994 we founded the World Islamic Banking Conference (WIBC), which at the time was one of the first conferences in the world to focus on this nascent industry. That first year we had 120 pioneering delegates and one sponsor. Today, fast approaching 2 decades later and with more than 1,200 delegates from over 50 countries attending the conference each year, WIBC is an iconic brand internationally recognised as the world's largest gathering of Islamic finance leaders.

### A World Stage: Genuinely Global Dialogues

MEGA brands have a genuinely global reach across the Islamic finance industry. An initiative to further broaden this international representation 'The World Comes to WIBC' was launched at WIBC 2007 and has grown to now feature a British Pavilion led by UKTI and comprising 18 British-based banks. 2008 saw us further extending this programme to Asia, in partnership with the Monetary Authority of Singapore, which resulted in a high-profile Singapore delegation led by the MAS Governor. A number of leading international Islamic banking groups also now convene their annual board meetings along the sidelines of WIBC.

### Understanding Client Needs & Delivering Long-Term Value

MEGA's leadership position has come as a result of our relentless focus on the constantly changing needs of our clients as the Islamic finance industry has grown and matured. Whether it be the challenges of launching a new bank, a new investment fund, an innovative new retail financial product or raising corporate profile in a key target market, we ensure that our offerings are closely aligned to the immediate business priorities of our clients. Then we make sure that we deliver on our promises and that is why the market leaders come back and work with us year after year. Our genuine value creation is highlighted by our long-term relationship with Ernst & Young who have worked with us continuously since the inception of the World Islamic Banking Conference 17 years ago - and who are also now our partners across the portfolio of MEGA brands.



### MEGA Brands: Shaping the Future of the Islamic Finance Industry Since 1993

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MEGA Brands. MEGA Clients. Market Leaders.

www.megaevents.net



WTC is a MEGA Brand



### MEGA BRANDS. MEGA CLIENTS. MARKET LEADERS.

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THE WORLD TAKAFUL  
CONFERENCE  
مؤتمر التكافل المالي



THE WORLD TAKAFUL  
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تقرير التكافل المالي



THE WORLD ISLAMIC  
FINANCE & INVESTMENT  
CONFERENCE  
المؤتمر العالمي للتبويل والاستثمار الإسلامي



SAUDI  
SUMMIT



THE WORLD ISLAMIC  
BANKING CONFERENCE  
المؤتمر العالمي للمصارف الإسلامية

Asia  
Summit



THE WORLD TAKAFUL  
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SAUDI  
SUMMIT



THE ISLAMIC FUNDS &  
INVESTMENTS REPORT  
تقرير الصناديق والاستثمارات الإسلامية



THE WORLD ISLAMIC  
BANKING CONFERENCE  
المؤتمر العالمي للمصارف الإسلامية



THE WORLD ISLAMIC  
CAPITAL MARKETS  
CONFERENCE  
المؤتمر العالمي لسوق رأس المال الإسلامي



THE WORLD  
ISLAMIC FUNDS  
CONFERENCE  
المؤتمر العالمي لصناديق الاستثمار الإسلامية



MIDDLE EAST INSURANCE  
FORUM  
ملتقى الشرق الأوسط للتأمين



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