



The International Federation of Takaful and Islamic Insurance Companies

Takaful In Emerging Markets

All praise is rightfully due to Allah, the Lord of the Worlds, and peace be upon our prophet Mohammed, the messenger and servant, and upon his household, companions and these who follow him.

Ladies and Gentlemen I would like to thank the organizers, of this gathering as well as the chairman of this session, who reserved this chance to me to deliver my speech, on behalf of The International Federation of Takaful and Islamic Insurance Companies.

Emerging insurance markets are those Markets of South and East Asia, Latin America and the Caribbean, Central and Eastern Europe, Africa, the Middle East (Except Israel), Central Asia and Turkey.

Emerging insurance markets are expected to be the main drivers of premium growth in both life and non-life sectors during the next decades. The growth in one year exceeded US\$ 20 billion from US\$ 828.3 billion in 2014 to US\$ 849.7 billion Dollars in 2015.

We are also expecting to see a continuous and significant premium growth due to the extensive use of the new digital innovations and mobile applications, together with the, tremendous rise of private health insurance particularly in China and south East Asia.

Takaful investors and operators have a good chance to acquire a reasonable share of this growth because their products are more attractive for an ordinary client, their products guarantee and protect the client against insurable perils and render their services in the same levels (if not better) than their counterparts, (the traditional insurers) in addition to their unique privilege of surplus distribution and therefore, Takaful and Retakaful companies has the capability and leverage to survive in any community and to effectively compete and flourish.

Unfortunately Since the establishment of the first takaful company in the world, the Islamic Insurance Company (Sudan), preference of the establishment of takaful and retakaful companies is always given to the countries and areas of the Muslim communities, however takaful should not be exclusively designed and or rendered to any specific community or religious group because it is also feasible and may be more economical for the investors to plan and direct their investments and efforts and extend their services worldwide and particularly to the emerging and growing markets.

One of the problems facing Takaful and Retakaful companies is that most investors are not very well aware with the benefits and feasibility of investing in takaful, as they generally think that as far as they are obliged to distribute the annual surplus among their policyholders, there will not be any chance for other profits to the shareholders, while there are many methods of relationships between policyholders and shareholders which proved by practice to be very attractive to many investors and in many cases the profit of investing in takaful exceeded other stock market options. In some cases the percentage of the annual profits from a takaful company exceeded 50% of the capital invested.

The legal and regulatory requirement is another issue, although it is not impossible to overcome but it is a time consuming obstacle. The nature and rules of Takaful are not well known to many regulators and therefore investors spend a lot of time in discussions and negotiations to convince the respective regulatory authorities in the conventional markets to allow the establishment of these takaful companies and in many cases they fail.

Takaful operators and professional should exert more efforts to extend takaful awareness which is still far behind expectations and without such extensive awareness efforts potential investors will not effectively enter this field and our potential clients themselves will not properly evaluate the additional benefits and merits of dealing with a takaful company instead of the conventional ones.

This gathering being held in this important insurance centre (London) will serve and achieve many important goals, particularly the issue of extending awareness and for a similar target the International Federation of Takaful and Islamic Insurance Companies will arrange an important gathering in Khartoum (Sudan) on the 10th of September 2017 in which many papers will be delivered by distinguished takaful professionals and executives and we hereby cordially invite all the participants here to attend our gathering.

The secretary general of the federation will send the official invitations to all attendants here through their emails.

Once again I would like to thank the organizers and also to you for your patience.

Thank you and best regards

Adam Ahmed Hassan