



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

TAKAFUL INTERNATIONAL SUMMIT

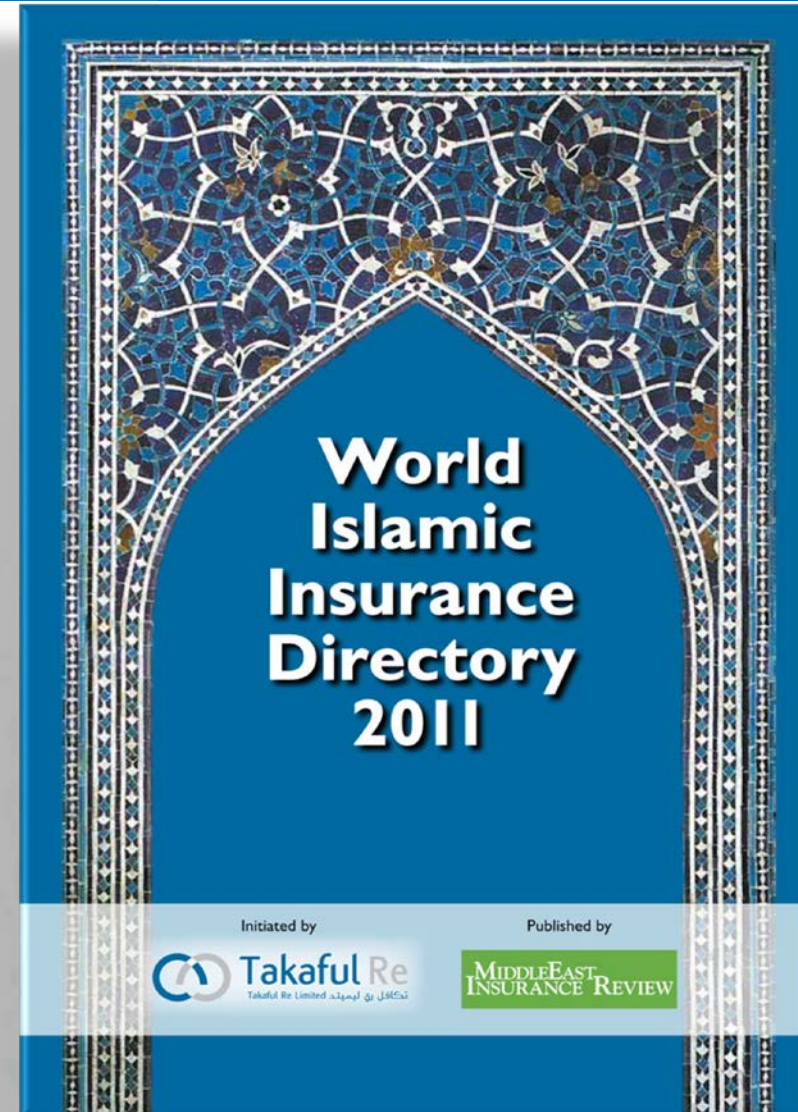
TAKAFUL STATISTICS & LATEST DEVELOPMENTS IN THE ME

Tuesday JULY12TH, 2011

Agenda

- World Islamic Insurance Directory
- The Global Takaful Market
- Key Markets Overview
- Political Unrest in Middle East

Global Takaful Statistics are now widely used as reference in other reputable reports like World Takaful Report (Ernst & Young)



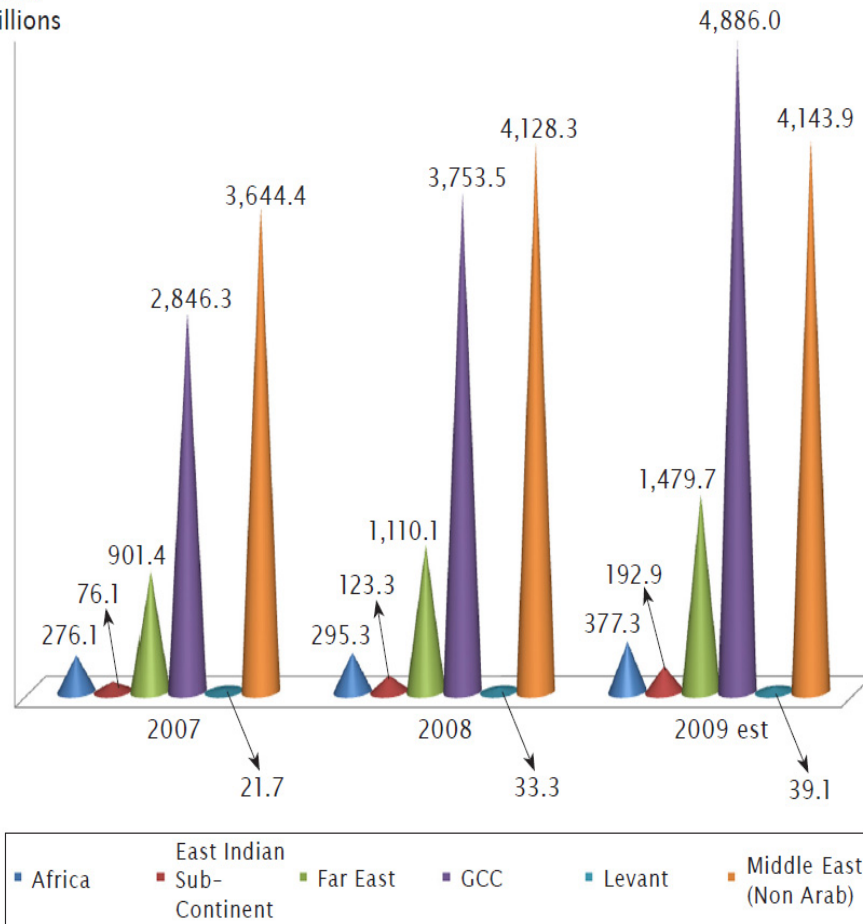
Islamic /Takaful Contributions Growth in the MENA

		Growth		
Region	Country	2007	2008	2009
Africa	Egypt	30%	2%	373%
	Mauritania	0%	0%	0%
	Sudan	7%	7%	21%
GCC & Yemen	Bahrain	21%	74%	22%
	Kuwait	6%	6%	27%
	Qatar	5%	144%	6%
	Saudi Arabia	24%	27%	34%
	UAE	468%	47%	18%
	Yemen	53%	39%	6%
Levant	Jordan	25%	54%	11%
	Lebanon	8%	17%	0%
	Palestine	0%	0%	-
Iran	Iran	26%	13%	n/a
Grand Total		30%	22%	18%

Islamic /Takaful Contributions by region

Gross Contribution Income by Region 2007 - 2009 est

US\$
Millions



Region	2007	2008	2009 Est.
Africa	276.1	295.3	377.3
East Indian Sub-Continent	76.1	123.3	192.9
Far East	901.4	1,110.1	1,479.7
GCC	2,846.3	3,753.5	4,886.0
Levant	21.7	33.3	39.1
Iran	3,644.4	4,128.3	4,143.9
Grand Total	7,766.0	9,443.8	11,118.9

Growth

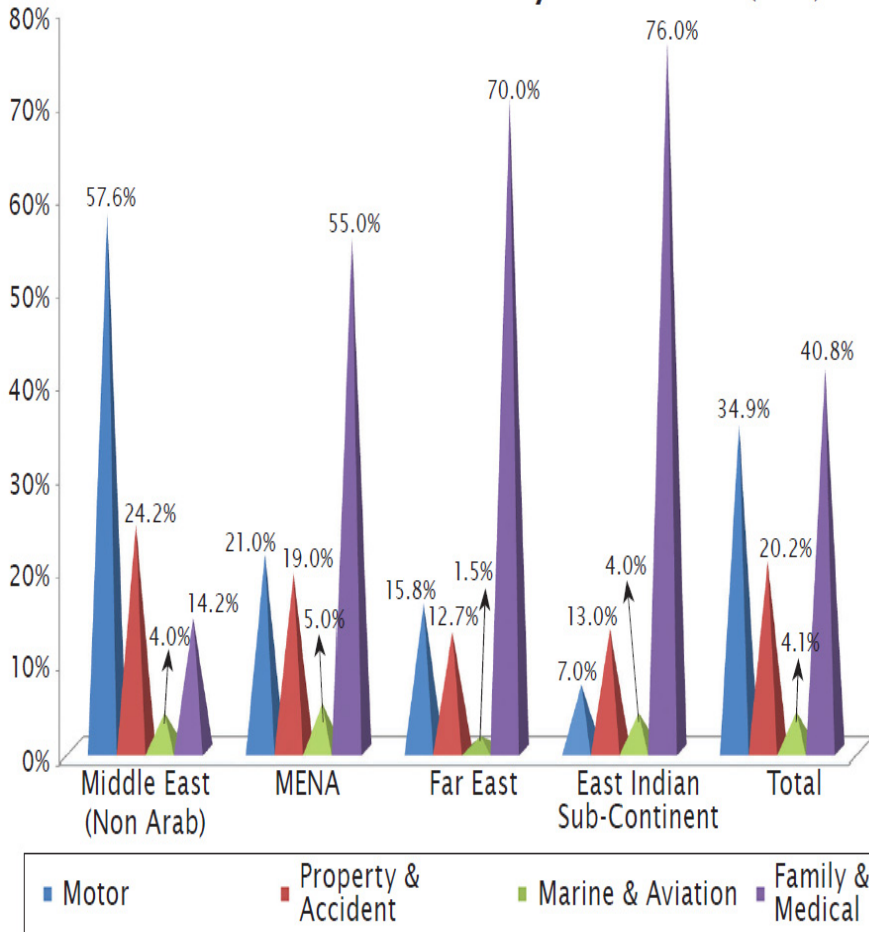
30%

22%

18%

Islamic /Takaful Contributions by Line of Business

Global Takaful / Islamic Insurance
Gross Contribution Income by Class 2009 (Est.)



- **Medical remain the main LOB in the ME;**
- **In the Far East, Family Takaful is the main driver for Takaful;**
- **While in the Middle East is stagnant;**
- **Except Iran, the Motor seems declining in Far & Middle East.**



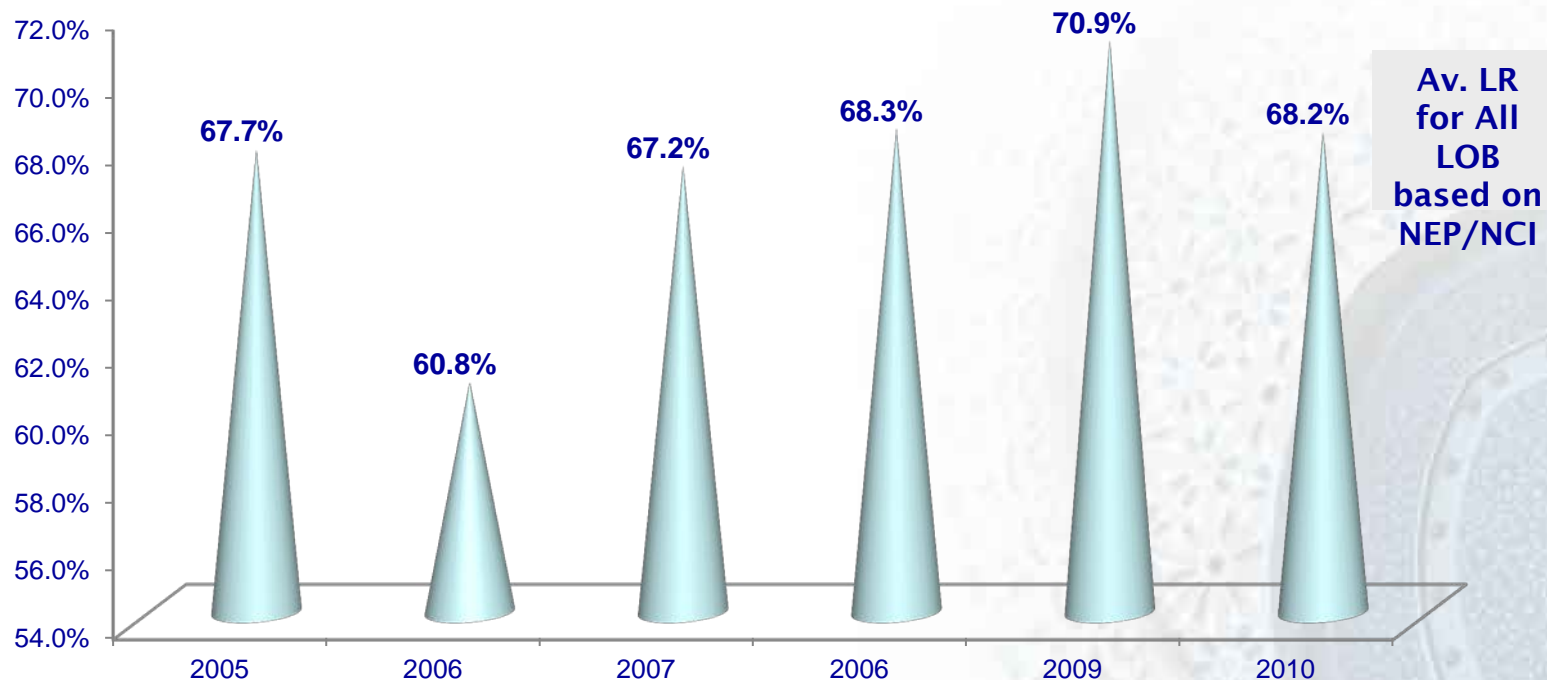
Saudi Arabia

- The supervision of insurance sector was entrusted to SAMA by virtue of a Royal Decree issued on 2/6/1424H (31/7/2003) approving the Cooperative Insurance Companies Control Law;
- Cooperative Health Insurance Act Issued By Royal Decree on August 1999, impact on insurance industry practically started in 2007;
- Up till end of 2010, 34 companies having been licensed;
- The market developed from GWP of SAR 14.6 Billion (USD 3.89 Billion) in 2009 to SAR 16.4 Billion (USD 4.37) in 2010, it was expected to reach SAR 18 Billion;
- The growth rate in 2010 was only 12.2% (was expected more than 20%):
 - Health Insurance increased by 19% (51% in 2009)
 - General Insurance increased by 6% (14% in 2009)
 - P&S (Family) **decreased** by 3% (increased by 69% in 2009)

LOB	2007		2008		2009		2010	
P&S	327	4%	594	5%	1,003	7%	971	6%
Health	3,065	36%	4,805	44%	7,292	50%	8,690	53%
General	5,191	60%	5,520	51%	6,315	43%	6,725	41%

Saudi Arabia

- The insurance penetration (GWP divided by GDP) decreased to 1% from 1.06% in 2009 (due to increase in GDP resulting from increasing Oil prices);
- Insurance penetration for non oil GDP increase to 2.08% from 2.02% in 2009 with an average growth of 16% from 2006 to 2010;
- The retention ratio in Saudi increased slightly from 67.4% in 2009 to 70.9% in 2010, high retention is mainly in Motor (96%) and medical (82%).



UAE

- The Insurance industry in UAE follows under the Federal Law No.(6) issued in 2007 cancelling the Federal law No. (9) issued in 1984;
- The Executive committee for the Insurance Authority was established in 2009;
- Licensed companies are around 60;
- GWP in UAE reached 22 Billion maintaining its position as the biggest market in the region with a growth rate of 10% in 2010 which is similar to 2009;
- The Split between Life & General is improving due to the increased awareness to saving after the economical crisis;
- Compulsory medical Insurance is only applicable in Abu Dhabi and still pending in the other 6 Emirates.

LOB	2007		2008		2009		2010	
Life	2,649	18%	2,660	15%	3,273	16%	4,032	18%
General	11,942	82%	15,614	85%	16,766	84%	18,016	82%
Total	14,591		18,274		20,039		22,048	

Takaful in UAE

- The market currently has 8 Takaful Operators and one under establishment;
- The Takaful market has developed by approx. 24% in 2010 compared to 18% in 2009 mainly due to the new operators;
- Takaful Law was introduced in 2010 ; which will harmonize the legal framework and enhance further development of Takaful;
- Reported GWP for Takaful in 2010 (Approx 3 Billion), but this is including consolidated figures of Salama Group;
- Assumed GWP for Takaful (UAE business only) is Approx. 1 Billion *;
- The Family Takaful Business exceeded 400M* as at end of 2010 representing around 10% of Life business in UAE.

Egypt

- The Egyptian Financial Supervisory Authority is a public Authority having a legal status, established in accordance to law 10 of the year 2009;
- Effective July 1st, 2009, the EFSA has in accordance with law No. 10 of 2009 regarding organization of regulation of markets and non-banking financial instruments, replaced the Egyptian Insurance Supervisory Authority (EISA) in terms of enforcement of provisions of the law on supervision and regulation of insurance promulgated by Law No. 10 of 1981;
- The market currently has 8 Takaful Operators;
- Only 2 Operations have Family Licenses (Life);
- The Takaful market has developed by more than 300% in 2009 (due to the new operators);
- The Takaful market share is still 4.2% as of 2009, expected to increase massively as 4 operators practically started in 2010.

Political Unrest in Middle East

Middle East unrest					
Country	Unrest Index*	Corruption	Poverty %	Age**	Literacy
Tunisia	49.4	59	7.6	29.7	78
Egypt	67.6	98	16.7	24	66
Bahrain	37.7	48	n/a	30.4	91
Yemen	86.9	146	41.8	17.9	61
Libya	71	146	n/a	24.2	88
Syria	67.3	127	n/a	21.5	n/a
Saudi Arabia	52.8	50	n/a	24.9	n/a
Jordan	50.3	50	14.2	21.8	92
Morocco	48.2	85	19	26.5	56
Algeria	51.3	105	22.6	27.1	73
Iran	n/a	146	n/a	26.3	82

Sources: *[Shoe Thrower's Index](#) from the Economist, [Transparency International 2010 corruption index](#) (higher number = greater corruption), World Bank, [CIA World Factbook](#), UN (** Median age)



Takaful in the Middle East

■ Challenges :

- Lack of added value i.e. companies are not innovating; no differentiation;
- Awareness is still lacking & penetration very low;
- Very low underwriting performance; and accumulation of deficit;
- Lack of transparency and needs for more Shari'a compliance;
- No critical mass, except KSA.

■ Outlook:

- The political unrest is impacting the whole area;
- Cooperative / Takaful industry are important contributors to the insurance industry in the GCC;
- Increasing number in the past years; however, except KSA, majority of companies did not reach a critical mass:
 - Potential substantial growth in years to come, and increasing market share;
 - Increasing competition between Takaful & vis a vis of conventional.
- Real need for change:
 - To resolve takaful model issues: deficit;
 - Mindset, political support and legal framework, products innovation.



Thank you

www.takaful-re.ae

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