

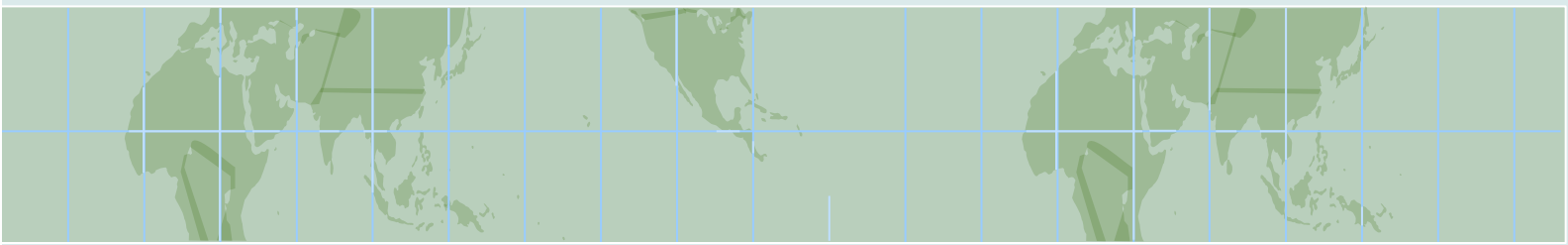
THE INTERNATIONAL
TAKAFUL **TP** **PRIMER**
SUMMIT

istishar iQ **Alkār**
CONSULTING

The 8th International Takaful Summit 2014
Abu Dhabi 25-26/02/2014

The Prospects of Takaful In Africa

Africa Retakaful



- General Overview
- Operating Environment
- Demographic Characteristics.
- Overview of African Takaful Market
- How to accelerate Takaful Growth in Africa
- Takaful Challenges in Africa
- African Retakaful: Africa Re's response to Market Challenges



General Overview of Global Takaful

□ Global Takaful Market:

- Is the youngest and most dynamic market
- 1st Company Started operations in Sudan in 1979 (Islamic Ins Company).

□ Global Takaful Turnover:

- USD 12 billion (2010)
- USD 25 billion (Est. 2015)
- Min. Annual growth 20%



General Overview of Global Takaful

❑ Concentration: Malaysia & Middle East

- GCC represents 49% share of Takaful companies
- Saudi Arabia: USD 7.7 billion (2012), is the most rapidly growing Takaful market
- Malaysia: USD 1.16 billion

❑ Rapid Growth:

- The Takaful industry is characterized by a rapid growth.
- The projected growth rate is 20% p.a

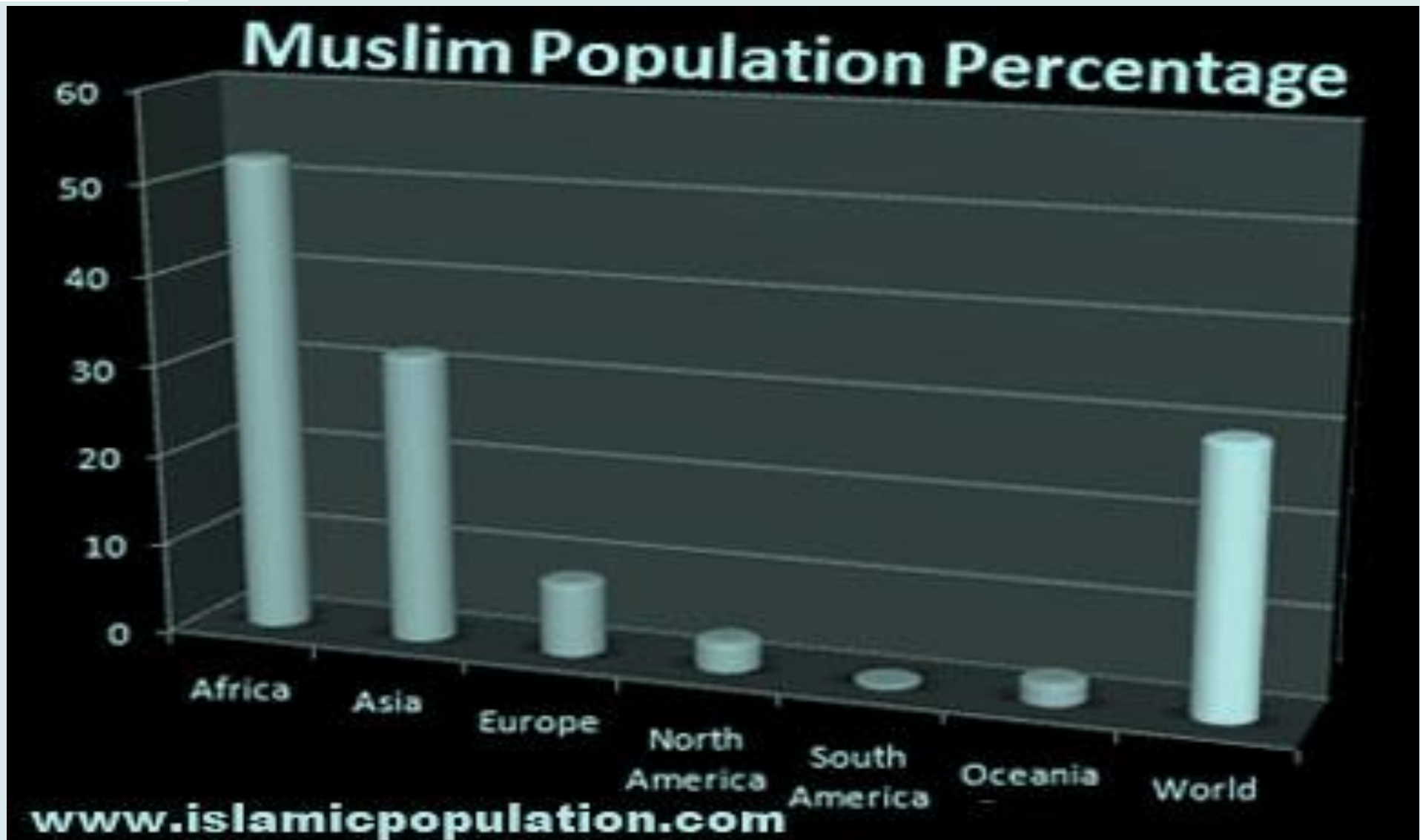


General Overview of Global Takaful

Continent Population (in million)	Total Population in 2011 (in million)	Muslim Percentage	Muslim Population in 2011 (in million)
Africa	1,051	52.39 %	554
Asia	4,239	32 %	1,356
Europe	740	7.6 %	56
North America	346	2.2 %	7
South America	595	0.41 %	2
Oceania	37	1.5 %	0.54
Total	7,009	28.73 %	1,977



General Overview of Global Takaful





Africa-Takaful & Operating Environment

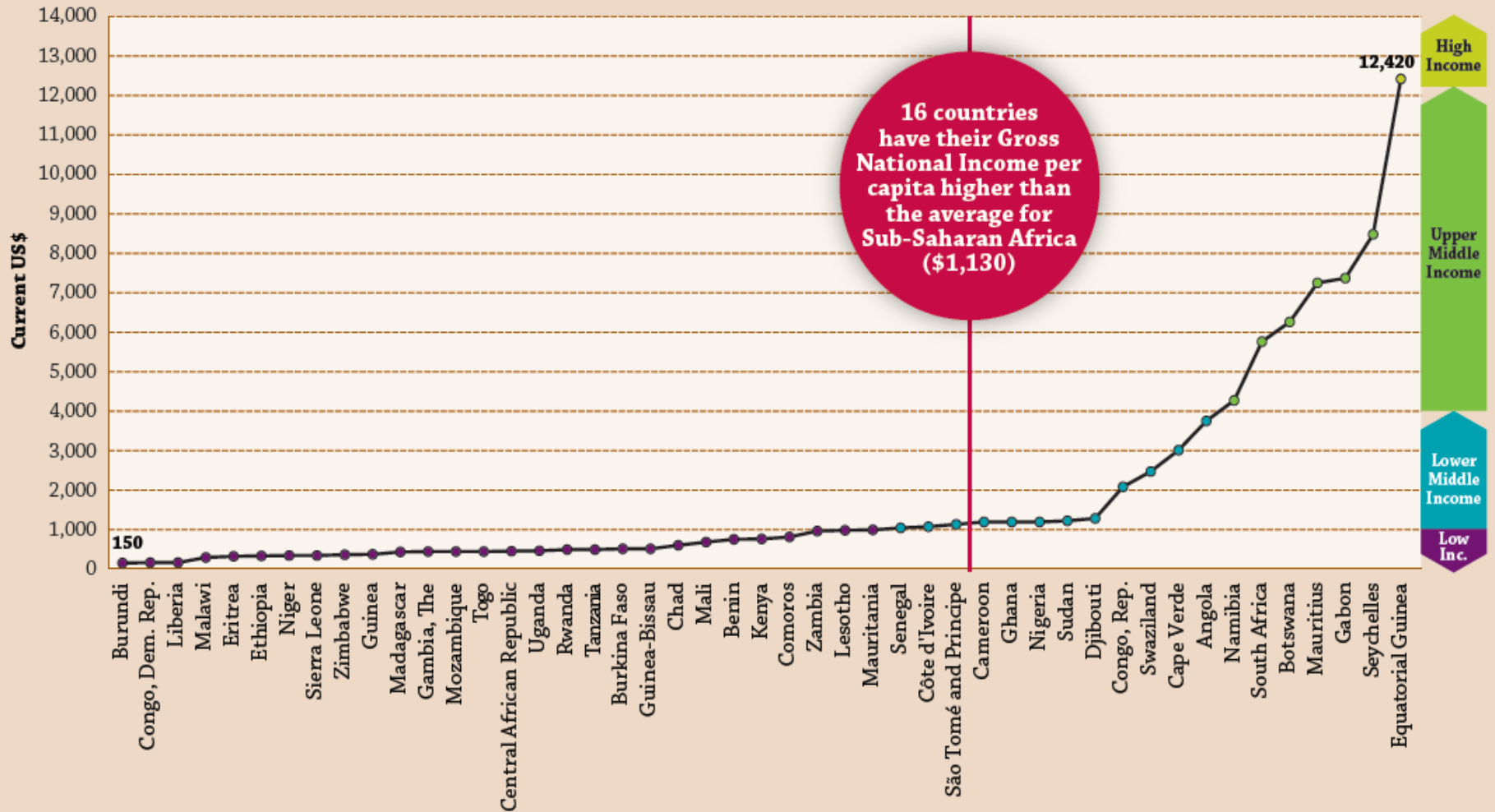
□ Market in Africa

- **Early stage of Economic Development**
- **Insurance penetration increases faster than GDP/Capita in developing economies (Swiss Re)**
- **Proportion of Muslims in Africa-53.4% (Asia 30%; Europe (excl. Turkey:7.2%))**
- **The Takaful products, satisfy Muslims needs, however, it is also open to non-Muslims**



Africa-Takaful & Operating Environment (SSA)

Gross National Income per Capita, Atlas Method, 2009





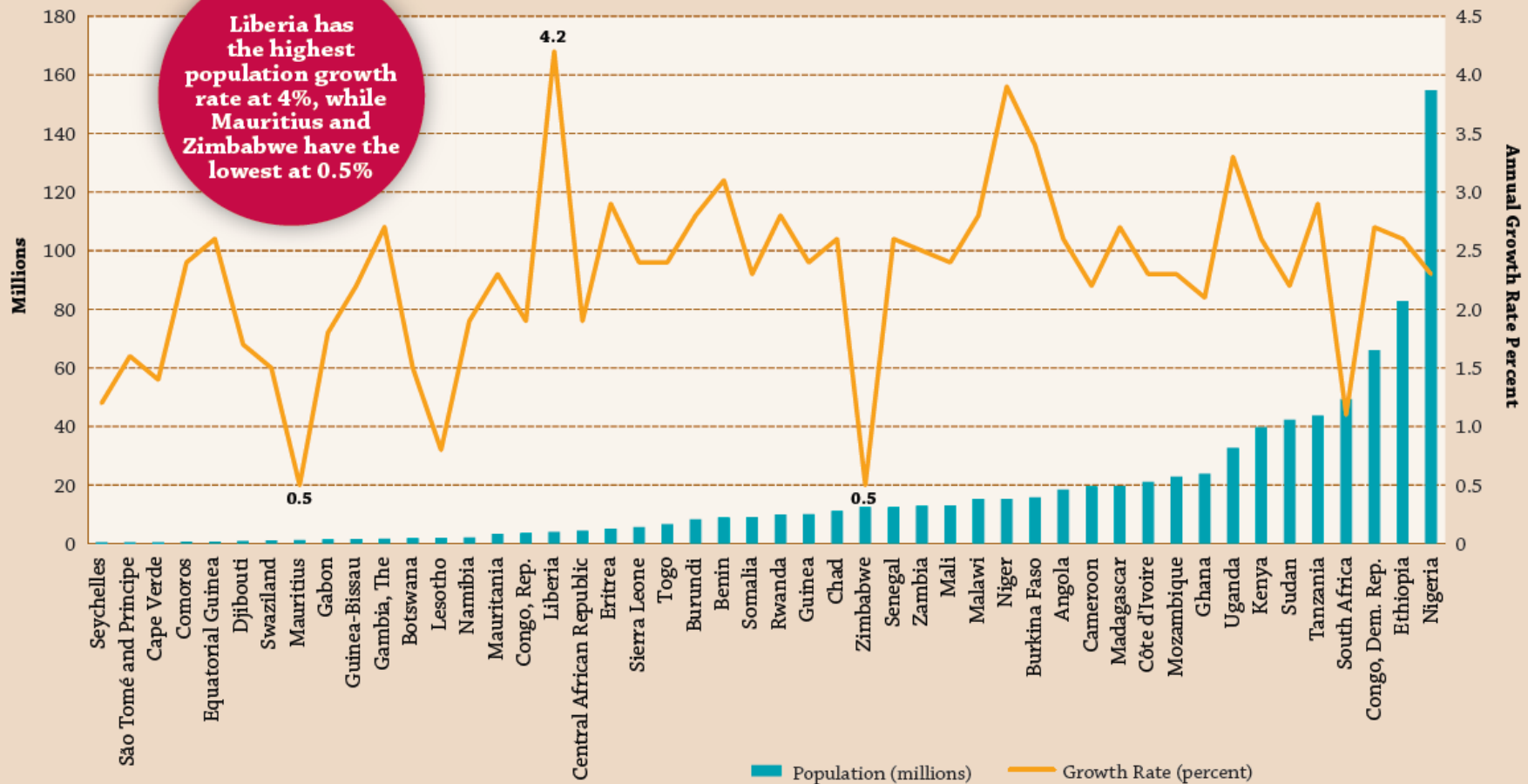
Africa-Takaful & Operating Environment

□ Opportunities for Takaful Growth in Africa:

- Penetration potentials high in Algeria, Egypt, Morocco & Nigeria.
- Substantial Muslim populations
- Realization of Oil and Gas potentials for many African countries.
- Increasing Takaful awareness among Muslims communities.

Demographic Characteristics–Population growth (SSA)

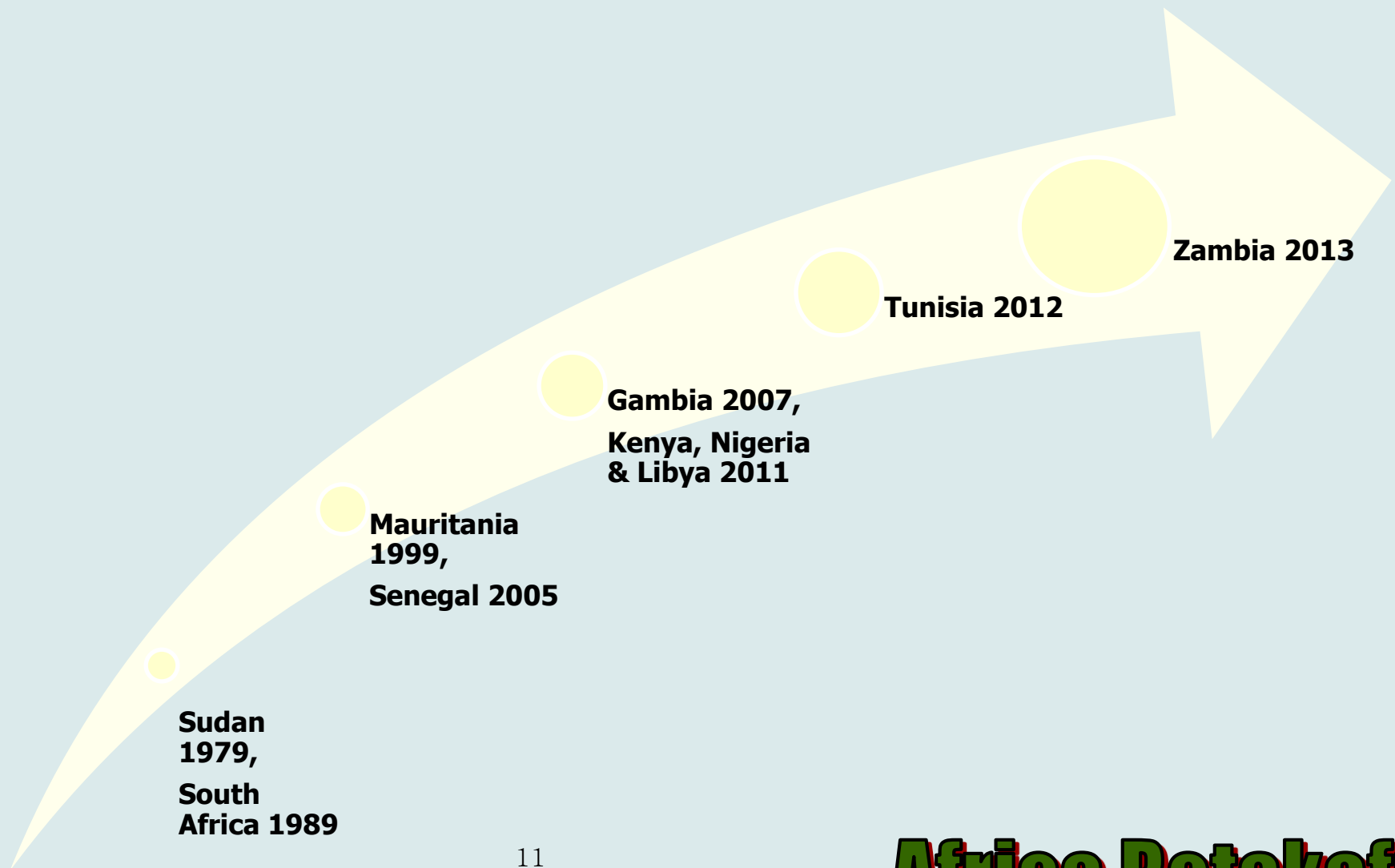
Population Size and Growth Rate, 2009





Overview of African Takaful Market

□ Markets & Year of operations commenced:





African Takaful–Success Factors

❑ How to accelerate Takaful Growth in Africa

- Appropriate legal framework.
- Investment in Infrastructure/Support institutions
- Promote/develop products to meet expectations of wide client base, thereby,
- Increasing insurance penetration rates
- Establish body to coordinate companies in Africa
- Building relationship b/w market players & Govt.
- Shariah compliant manpower-education, training R&D.
- Public awareness of concept- seminars, forums etc.
- Supportive Retakaful market providing necessary capacity.



Africa Retakaful: Africa Re's Response to Market Challenges

Takaful Challenges in Africa:

- **Absence of appropriate legal framework for carrying out Islamic Banking and Insurance operations in most of the Islamic countries.**
- **Shortage of trained manpower to conduct business complying with Shariah Rules.**



Africa Retakaful: Africa Re's Response to Market Challenges

- **Shortages of human capital, technical calibers and expertise support by way of education.**
- **Low level of Training and market research in the field of Takaful operations.**
- **Low Level of Takaful awareness among the Muslims regarding benefits of Takaful in socio-economic development.**
- **Limited Retakaful capacity to support for Retakaful arrangements in African countries.**



Africa Retakaful: Africa Re's Response to Market Challenges

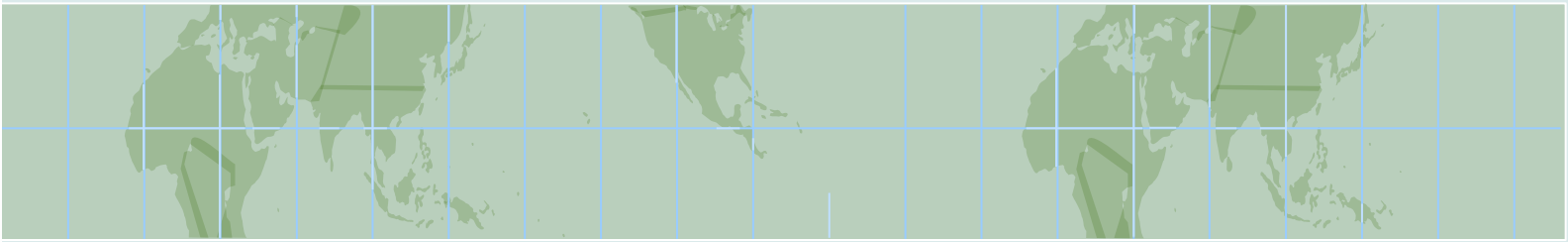
- In extension of its commitment to develop African Insurance market, and;
- In response to the capacity challenges, Africa Retakaful, (fully owned subsidiary of Africa Re) was set up in 2010 in Cairo.
- As a specialized regional vehicle, it seeks to increase awareness in Africa, Asia & M/East.
- Commenced business in 2011 to provide all types of Shariah compliant products.
- Africa Re, rated A- by Standard and Poor's and AM Best.



Africa Re's Response to Market Challenges–Africa Retakaful (Cont'd)

Africa Retakaful and Africa Re in brief:

- **Africa Retakaful** (Wakala & Mudaraba) models.
- The Takaful operations-based on Wakala model with management expenses charged as actual.
- No operational profits to be shared by the shareholders
- The investment model-the Mudaraba, is applied to shares returns on investments.
- Africa Retakaful fund is fully Shariah compliant operator.



Thank you

