

Retakaful Capacity from the London Market

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Introducing Cobalt

The Cobalt Group was started in 2012

- ▶ backed by Capita, a FTSE100 company, and the Bank of London and the Middle East (BLME)
- ▶ We are formed of two operations:
 - ▶ Cobalt Underwriting - a specialist commercial underwriting agency based in the London Market
 - ▶ Cobalt Advisory - providing Shariah audit, training and certification

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Cobalt's Proposition

- ▶ We utilise a syndicated risk pool structure to enable the acceptance of large risk exposures
- ▶ We only provide Facultative Retakaful solutions for commercial risk exposures – all policies provided are Shariah-compliant
- ▶ We will only ever use S&P A plus rated capacity from global insurance companies and Lloyd's
- ▶ We have a fully Shariah compliant structure with a Shariah Supervisory Board chaired by Sheikh Nizam Yaquby
- ▶ We also have an in-house Shariah Scholar for the review of all transactions and activities

What are Syndicated Risk Pools

- ▶ A series of Participant Risk Funds (PRF) managed under multiple binding authorities
- ▶ PRF's can be held or managed by Cobalt on behalf of both Insurance Companies and Lloyd's Syndicates
- ▶ Binders are either per class, per underwriting year or a combination of both
- ▶ Replicates the structure of the London Subscription Market
- ▶ A common Shariah Supervisory Board for all participants – ensures a standardised response and is controlled by Cobalt to ensure Shariah standards are maintained
- ▶ Uses a single model for all participating insurers adhering to latest AAOIFI, IFSB and International Islamic Fiqh Academy standards
- ▶ Utilises standardised policy documentation based on recognised Market wordings.
- ▶ Allows placements to be made using the London Market Policy (LMP) form
- ▶ Ensures all funds are managed on a common platform

The Process

- ▶ Reinsurance Placements are achieved by brokers utilising the London Market Policy form. Cobalt have developed standard Shariah-compliant endorsements defining each participating insurer's Takaful Operators Protocols and payment terms.
 - ▶ Each placement contains a bespoke fatwa confirming the contract's compliance with Shariah.
 - ▶ All contracts have strict credit terms
 - ▶ Cobalt can therefore subscribe for any percentage of an order up to 100%
- ▶ Shariah funds must not be co-mingled with conventional ones so **Cobalt** collects contributions direct from the cedant.
 - ▶ For the placing broker, commission will be settled immediately on reconciliation
- ▶ Claims are handled in the normal way but are, like contributions, settled direct to the cedant

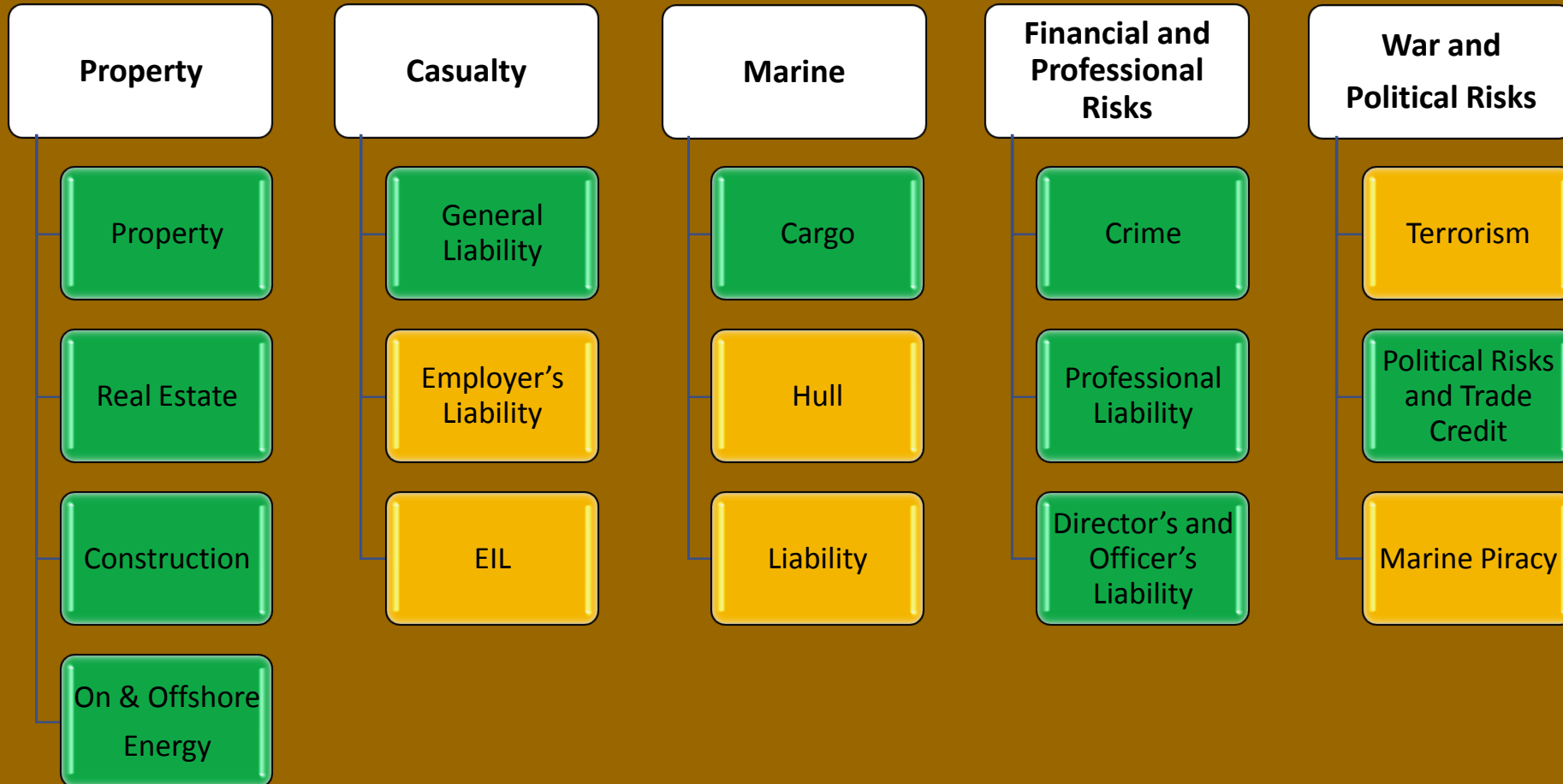
Compliance is in our DNA

- ▶ All our products and services are based upon the foundation of the ethics and principles of Shariah. These principles are founded on a need for transparency, certainty and fairness in any transaction or business dealing.
- ▶ The essence of any Shariah-compliant insurance is that it should
 - ▶ avoid usury (for example, investment returns must not be from interest earned on insurance funds)
 - ▶ involve the policyholder in the outcome of the underwriting process
 - ▶ ensure that all monies are protected from contamination by non-Shariah funds
 - ▶ place investments exclusively in Shariah-compliant investment products
- ▶ By combining the expertise, knowledge and standards of London together with the UK's desire to become a valued centre for Islamic finance, Cobalt is uniquely placed to provide retakaful support to the global Islamic insurance market.

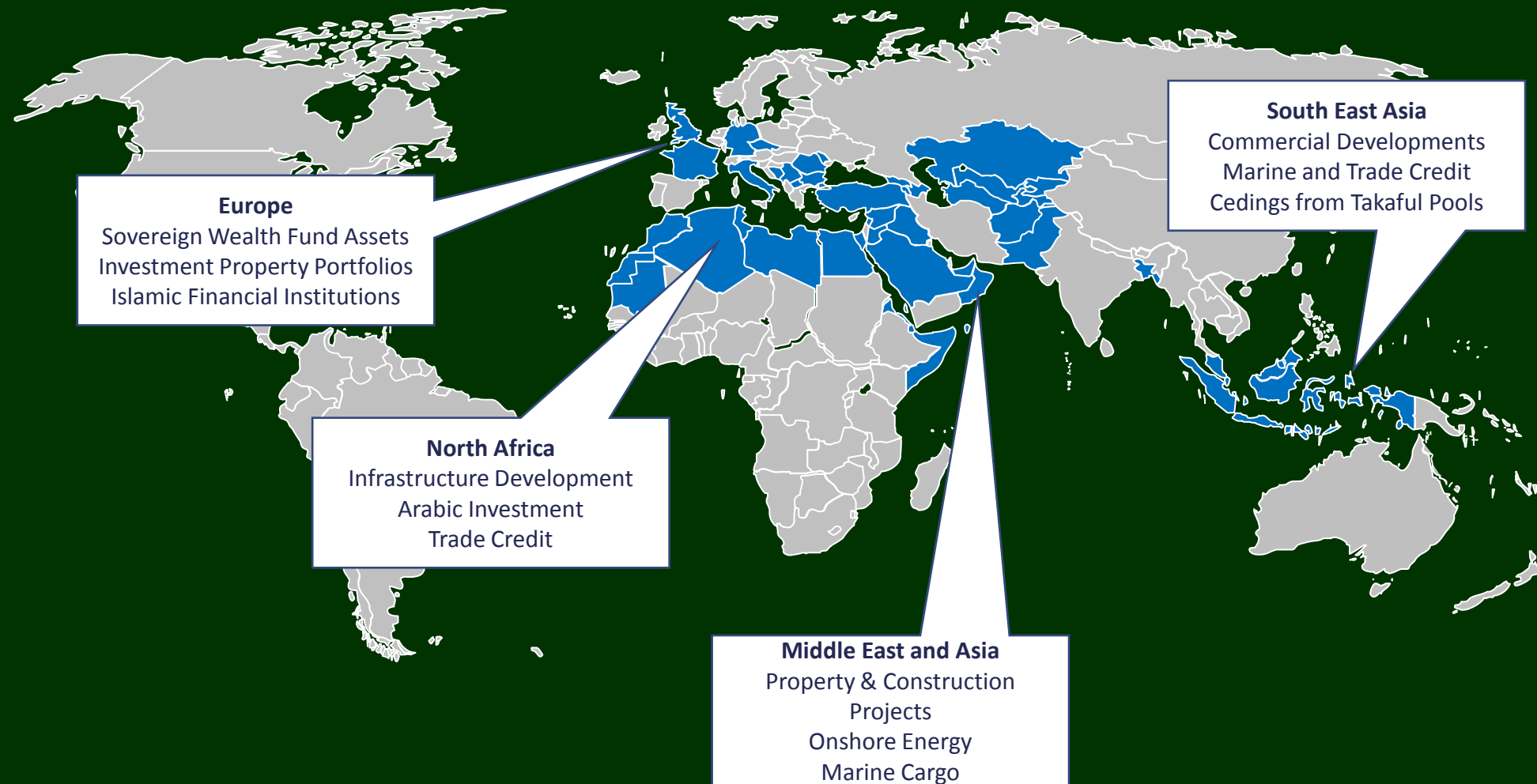
a bit more about our
proposition

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Risk Appetite



Our Geographic Focus



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Pricing

- ▶ We start from a principle that, for commercial risk exposures, there should be no difference between the Shariah pricing of risk and the conventional pricing.
- ▶ Our pricing will therefore be comparative whether priced by the conventional carrier or via Cobalt.
- ▶ As we can subscribe to an LMP, we will look to support or lead wherever appropriate
- ▶ Remember “A” rated security comes at a price – we will not necessarily support pricing just because the source is Takaful. It must not be uneconomic.

Capacity

- ▶ We are constantly reviewing the capacity we need to support demand
- ▶ Our model allows new insurers to participate very quickly and efficiently, so if demand increases we can add capacity where it is needed
- ▶ For example, we currently have a maximum line size for property of US\$ 300 million. This will shortly to increase to in excess of US\$ 750 million.
- ▶ Therefore, in conjunction with existing retakaful markets, there is now more than sufficient Shariah-complaint capacity available for most commercial risks, so long as pricing is economically viable

In summary...

Let's all of us do more
business together!

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The Legal Bit

Cobalt Underwriting Services Limited, trading as Cobalt Underwriting is authorised and regulated by the Financial Conduct Authority.

Cobalt Underwriting are located on Gallery 4, 12 Leadenhall Street, London, EC3V 1LP and on +44 20 3176 6200

More details can be found at www.cobaltuw.com

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