

Takaful Insurance Time to Get Serious

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The Current Situation

- ▶ Most Takaful Operators are small and under capitalised and have focused on Personal Lines and Life
- ▶ Domestic Markets have inconsistent regulatory and legal frameworks
- ▶ There is too much reliance upon ceding commissions and not enough focus on underwriting profits from retention of risk – most act like brokers
- ▶ Facultative reinsurance for commercial exposure is inefficiently purchased and mainly comes from the conventional market
- ▶ Takaful's are not confident enough to compete on merit with their conventional counterparts and therefore tend to under-price risk
- ▶ There is too little local expertise to go around

How might things be improved?

- ▶ Local insurers should cooperate with international markets such as London in order to build a viable and sustainable insurance industry in the MENA region.
 - ▶ Development of shared expertise
 - ▶ Security & Trust
 - ▶ A profitable outcome for all
- ▶ Takaful insurers should attempt to put themselves on a similar economic footing to conventional counterparts
 - ▶ No significant business will be done with unrated counterparties
 - ▶ Solvency and other Regulations will drive change
 - ▶ Consolidation
- ▶ Press regulators to stop the artificial separation of Takaful from the conventional sector in order to ensure best practice whatever the product
- ▶ Use the strengths of the model to provide innovative products in a way which are fully inclusive

What the London Market has to offer

- ▶ A history of providing solutions for local markets that meet local needs
- ▶ A willingness to develop long term relationships built on trust and mutual profitability
- ▶ Significant and highly rated capacity that can now be delivered in a Shariah-compliant form
- ▶ A depth of expertise and knowledge that can be passed into local markets through mutual cooperation

Why get Serious?

Regulation
Competition
Reputation
Opportunity!

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The Shariah model is in many ways better
than the conventional one....

Time for everyone to know that in London
we now have the capacity and the capability!

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