



Bringing Simplicity and Transparency  
to the Insurance Process

# Opening Comments

Today we are going to discuss:

- Bringing Re-Takaful up to speed to meet emerging challenges through two key words - **Simplicity** and **Transparency**.
- Simplicity, as it relates to the process and transparency, which relates to regulation, compliance and fairness.
- The importance of clearly defined, joined-up processes that can be audited at all stages.
- Related incentives and investment opportunities.

Today's discussion is focused on the Large Commercial segment.

# Operating Model

- Transacting this business is NOT difficult.
- Operating model constructed in collaboration with London market participants, and supported by Capita and Morning Data.
- Roles for all parties have been clearly defined to provide full end to end linkage:  
Client - Broker - Cobalt - Insurer
- Monies are properly segregated in Shariah-compliant/non-interest bearing accounts.
- Clear rules on Contribution payment/collection.
- Claims directly settled to the Insured, rather than the broker, thus avoiding complication and delay.
- Process is more efficient & cost effective than the way the market currently operates.

# Regulatory and Compliance

- Process puts the interests of the Insured/Customer first and is fully compliant with Treating Customers Fairly (TCF) obligations.
- All risks reviewed alongside guidance provided by:
  - International Islamic Fiqh Academy
  - Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI)
  - Islamic Financial Services Board (IFSB)
- Proof of acceptance - all new business and claims approved by Shariah Scholar.
- Regular audits are at the centre of the Compliance Monitoring process.
- Clear reporting and monitoring of the Participants Risk Fund (PRF), which holds the clients contribution.
- Full disclosure to Policyholders - all deductions/allocations must be declared.

# Investment Opportunity

- Limited Shariah-compliant liquid products exist.
- Funds can only be invested in Shariah-compliant products.
- Funds must comply with International regulations - including Solvency II (FCA).
- Profits resulting from such investments must be shared according to the contracts.
- Sukuk market is illiquid, therefore the opportunity exists for the Islamic Finance world to provide products to satisfy the needs of the Insurance world.

# Incentivisation

- Participants/Policyholders have a vested interest in the outcome of the insurance programme.
- The underwriting surplus (where contributions exceed claim payments after expenses have been accounted for), can be distributed to the Participants.
- In addition, Participants will have an interest in profits from Participant Risk Fund (PRF) related investments.
- The Wakala Fee is deliberately kept at a low rate to ensure that the PRF is strong enough to meet the interests of the Participants.

# Any Questions