

# Takaful Summit

New Capital Instruments for UK Mutual Insurers – An Opportunity for Islamic Investors

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# UK Mutual Insurers – the upside

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- Ready-made legal structure for life and savings products
- Strong alignment with Sharia principles underlying Takaful
  - Mutuality
  - Tabarru'
  - Use of surpluses for social and benevolent purposes
- Favourable tax regime
- Small, flexible and innovative organisations
- European passport rights
- Backing from all major UK political parties

# UK Mutual Insurers – the downside

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- Solvency II ringfencing of with-profits funds
- Contamination through haraam investments in existing funds
- Difficulty in finding re-takaful in start-up phase

# Deferred shares – a way forward

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- Project Chrysalis
- Mutuals Deferred Shares Bill 2014-15
  - Collaborative project between industry and Government
  - Private member's Bill in House of Lords with Government backing
  - Report stage in House of Commons on 6 March
  - Main features:
    - Enabling legislation
    - Effectively permanent share capital
    - Fully transferrable
    - Restrictions on voting rights on demutualisation
    - No restrictions on how investors may be remunerated (subject to Solvency II)
    - One member, one vote
- Next steps
  - Investor interest?
  - Drafting of regulations with industry representatives, HM Treasury, UK financial services regulators

# Contact details

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