



Globalisation Takaful Business



GIFF

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Islamic Financial Services Board
(IFSB) Annual Meetings and Events 2007



Financial Regulators Forum
In Islamic Finance



Investors & Issuers Forum



Banking And Financial Law School 2007

Sohail Jaffer – Partner FWU Group

2007 Euromoney “Best Takaful Award” Winner
IFSB Observer Member



Takaful Industry Outlook

Asian Perspective For The Future



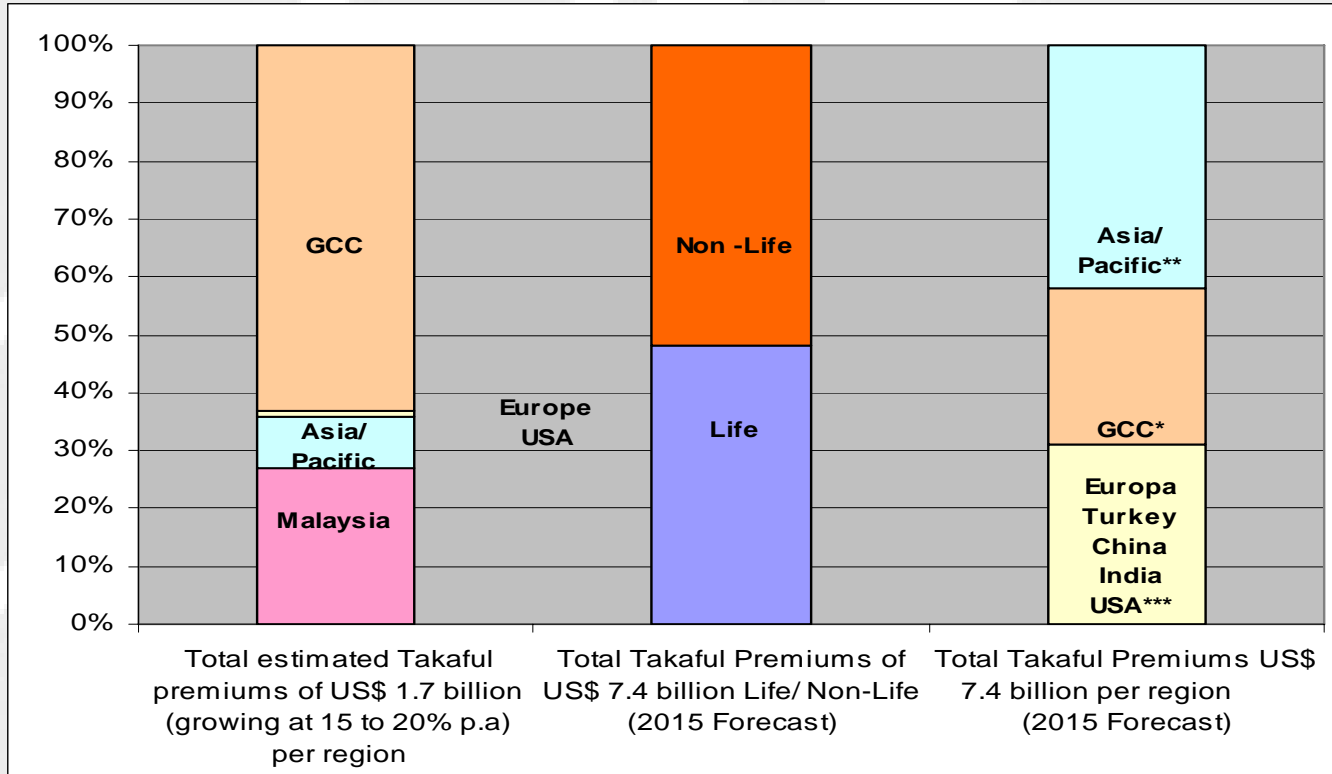
- Malaysia is the Center of Takaful Excellence in the Asia/Pacific region
- Takaful is expected to constitute some 20% of the total insurance market in Malaysia by 2010 (US\$ 1.85 billion)
- Global Takaful premiums to reach some \$7.4 billion in 2015
- Major global brands active in the Takaful business in Asia/Pacific region include Allianz, HSBC, Fortis and Tokio Marine



Takaful Industry Outlook



2006 Total Takaful Premiums



*GCC \$2bn (KSA \$900 mio, UAE \$480 mio and Egypt 467 mio)

**Asia/ Pacific \$3,1 bn (Malaysia/Indonesia \$1.4 bn)

***Europe, Turkey, China, India and USA \$2,3 bn



Assessing Global Takaful Business Models



Main operational models of Takaful include:

- Mudaraba (common in Malaysia) – The takaful operator manages the operation in return for a share of the surplus from underwriting or investment performance, which is distributed between the operator and the participants according to a pre-agreed ratio.
- Wakala (common in the Middle East) – The takaful operator acts as wakil (agent) on behalf of the participants. The operator is paid a pre-agreed fee in respect of underwriting, management and investment services, and does not share in any underwriting profits, as these are payable to the participants.
- Waqf operates as a public foundation – in Waqf the Takaful fund belongs to nobody in particular.

Challenges and Opportunities for Takaful Industry



Challenges

- Gain critical mass and build brand recognition
- Deliver quality service and exceed customer expectations
- Customer education and staff training
- Enhance corporate governance and ratings of Takaful operators

Opportunities

- Creative product design and packaging
- Customer convenience and transparency of product terms
- Expand share of Bancatakaful and Alternative distribution channels
- Deploy web based technology for sales process, policy administration & management reporting



Innovation in Takaful Products

Investment-linked



- Shift towards an Open Investment architecture
- Creation of defined risk/reward portfolios (Conservative, Balanced and Growth) investing in an agreed target universe of Sharia compliant mutual funds
- Embedding of principal protected structured notes in Single premium or Lump sum offering
- Linkage to multi-manager funds family like NCB's "Al Manarah"

Retakaful as a Strategic Catalyst



- Global growth of the Takaful industry has spurred the development of Retakaful capacity
- Regional providers include Best Re, Takaful Re, Millea Asia and ASEAN Retakaful International (ARIL)
- International players active in Retakaful include Munich Re, Swiss Re, Hannover Re, Converium and Creechurch (a new Lloyds Takaful syndicate)

Contact



Mr. Sohail Jaffer

Partner, FWU Group
FWU International Branch
4a, rue Albet Borschette
L-1246 Luxembourg

Tel: +352 – 26 197 701

Fax: +352 – 26 197 801

Email: S.jaffer@fwugroup.com

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