

# 2<sup>nd</sup> International Takaful Summit

London July 15<sup>th</sup> 2008

## Developing a Family Takaful Operation in the Kingdom of Saudi Arabia.

### Bank Aljazira's Takaful Ta'awuni – a Modern Day Success Story

Dawood Yousef Taylor  
General manager-Takaful  
Ta'awuni

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- Introduction to Family Takaful
- Family Takaful Products
- Family Takaful Investment Funds
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- Awards

# Takaful Ta'awuni Introduction

# What Is Takaful Ta'awuni?

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**“An Islamic alternative to a conventional mutual life insurance and savings/investment program, based on an Islamic, Sharia compliant, approved concept.”**

# Definition of Takaful Ta'awuni

- Takaful

Mutual guarantee or indemnification among the group members

- Ta'awun

The act of mutual help and assistance between the participants within the group

# Fiqh Academy Resolution 1985

- Islamic Fiqh (science of Sharia) Academy, emanating from the Organization of Islamic Conference, meeting in its Second Session in Jeddah, KSA, from 10 to 16 Rabei Al Thani, 1406 H (Dec 1985) issued a Resolution which in summary stated the following:
- The commercial Insurance contract... is prohibited (Haram) according to the Sharia.
- The alternative contract which conforms to the principles of Islamic dealings is the contract of **cooperative insurance**, which is founded on the basis of **charitable donation** and **Sharia compliant dealings**.

# Points to Consider on the Fiqh Academy Ruling

- The Fiqh Academy Takaful resolution did not specify the contract of choice for Takaful operations.
- Pluralism of Fatwas has been an integral element of Islamic law, resulting in the variations of Takaful models throughout the industry i.e. Wakala and Mudarabah
- There is no mention of an operator
- There is no mention of a savings element, only mutual risk protection

# Key Features of a Takaful Model

- **Cooperative Risk-sharing for Protection. No transfer of risk**
- **Sharia (Islamic) Compliant Investment strategies.**
- **Avoids al Riba (interest)**
- **Avoids al Maisir (gambling).**
- **Forgives Al Gharar (uncertainty) by utilising Tabarru' (charitable donation).**
- **Sharia Advisory Board.**
- **Fatwa – judicial opinion.**
- **Sharia Audit**

# Cooperative or Takaful?

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- There must be Cooperative principles in Islamic Insurance (Takaful)..... but there need not be Islamic principles in Cooperative Insurance.

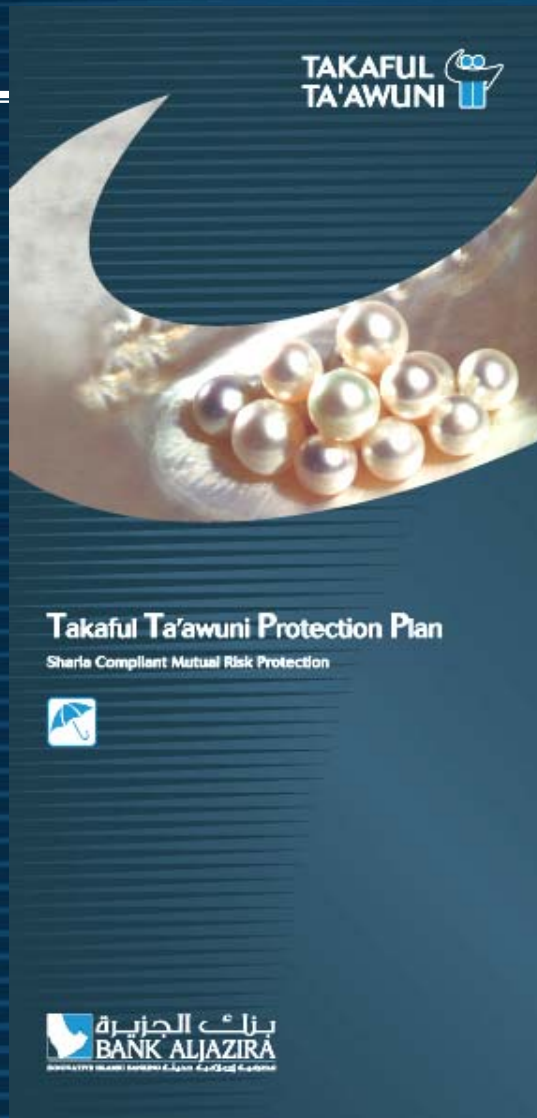
# So What is Modern Day Takaful?

- Modern day Takaful is a Hybrid combining Cooperative principles for risk protection between participants, with a stock holding operator running the business under regulatory conditions
- Takaful is therefore not a wholly mutual concept as originally envisioned

# Therefore... Takaful is a Hybrid ?

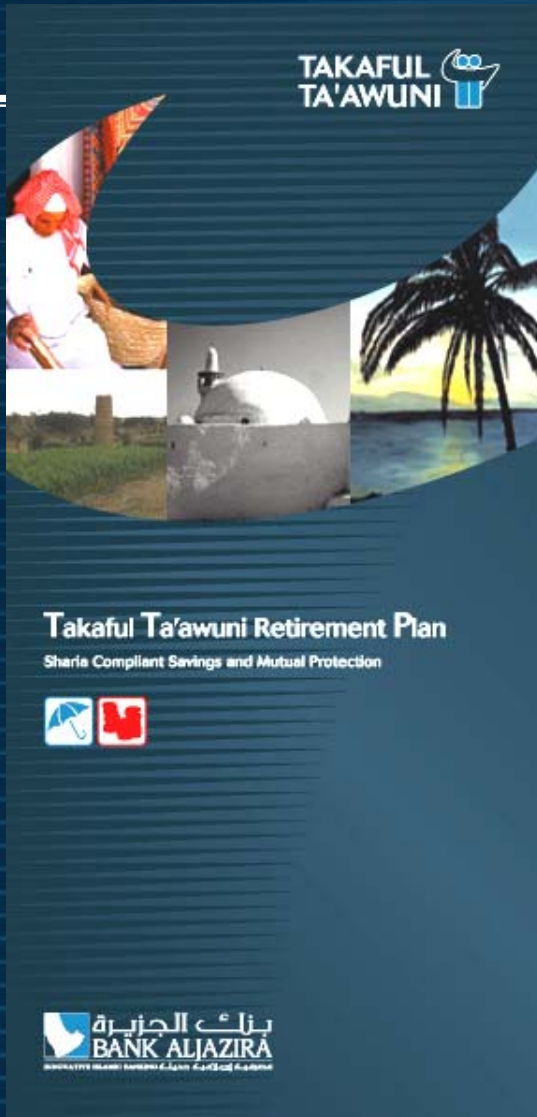
# Individual Products offered by Bank Aljazira Takaful Ta'awuni


# Level Term Protection




Provides level term protection  
For a fixed term  
Variations can provide reducing  
or increasing levels of protection

# Retirement/Savings



TAKAFUL  
TA'AWUNI 

Takaful Ta'awuni Retirement Plan  
Sharia Compliant Savings and Mutual Protection





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بنك الجزيرة



Designed to provide a capital lump sum on retirement, with built in level or reducing term cover.

# Marriage

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TA'AWUNI 



**Takaful Ta'awuni Marriage Plan**  
Sharia Compliant Savings and Protection



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Innovative Islamic Banking

Contract designed to be under child's name, with father as the contribution payer. Adheres to Islamic inheritance laws.

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# Education

TAKAFUL  
TA'AWUNI 

TAKAFUL  
TA'AWUNI 

Pays for Education at age 18, or 21  
for a chosen child, again adhering to  
Islamic inheritance laws

Takaful Ta'awuni Education Plan

Sharia Compliant Savings and Protection



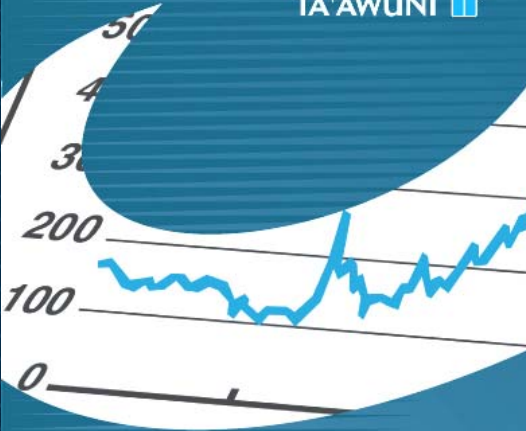

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# Capital/Single Contribution



**Takaful Ta'awuni Capital Plan**  
Sharia Compliant Savings and Protection





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مصرفية إسلامية حديثة  
Innovative Islamic Banking

Designed for clients with lump sums for investment and requirements for Takaful risk protection



# Awqaf/Charitable donation

TAKAFUL  
TA'AWUNI 

Provides a charitable donation,  
to a chosen charity, on death  
or maturity



**Takaful Ta'awuni Awqaf Plan**  
Sharia Compliant Savings Plan for Charitable Donations



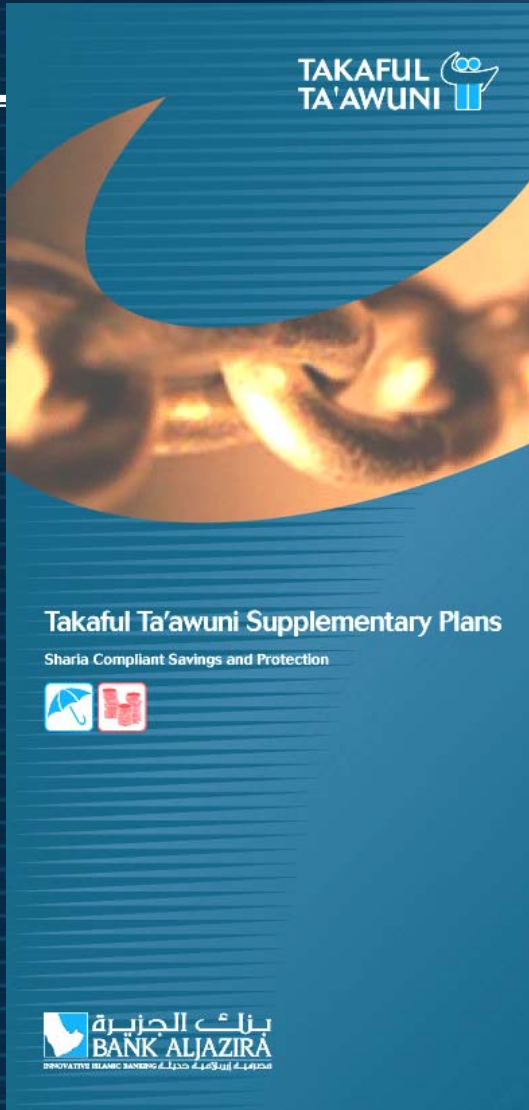
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# Riders



Provides additional add on  
risk protection riders such as,  
Critical Illness, TPD,  
Family Benefit cover and  
Premium Waiver

# Corporate and Group Plans

# Group Takaful Products

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- Group Term Life
- Group Credit Life
- Group Retirement/Pensions

# NEEDS

## MATRIX OF CORPORATE AND GROUP NEEDS AND PLANS

- Risk Protection for Employees and Families
- Financial Assistance to Employee in time of misfortune
- Peace of Mind and Security for families of employees
- Reduces Employee Turnover and lowers extra Training Costs
- Powerful Incentive for Employees via company Savings Plan
- Enhancement of Staff Loyalty
- Raises Esteem of Company with Employees when covered by Takaful Ta'awuni
- Expands opportunities for company sponsored Employees Savings Plan
- Improvement to HR benefits and compensation package
- Added HR Benefits allows company to attract better Staff
- Avoids Lump Sum payment by company to family of deceased
- Enhances Image of Employer in local community
- Eliminates Bad Debts and Writes off of Loans, Leases and Installment Sales
- Guarantees that financing/leasing will be repaid upon Death (or Disability) of Borrower/Lessee
- Avoids Hassle and Troubles of Repossessing assets upon default
- Protects Company's Principal and Profit in Asset financing and leasing
- Resources for a Buyout of deceased owner/partner's share from Beneficiaries (buy-sell)
- Support of local community Charitable Associations through Donations from Takaful Surplus

### PLANS

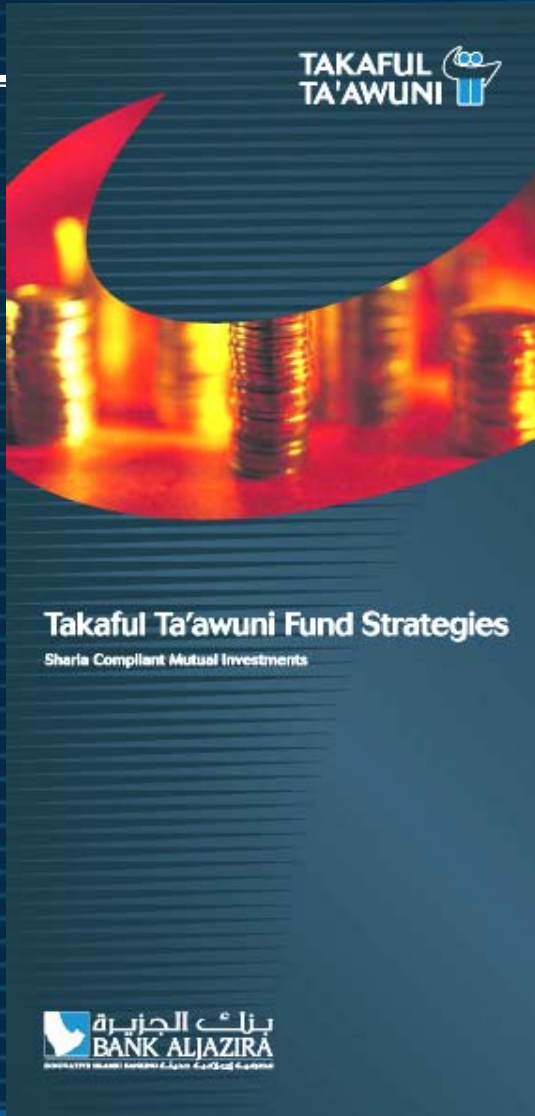
Group Term Protection	Group Retirement	Key Man Protection	Loan Repayment Guarantee
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☺	☺	☺	
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☺	☺	☺	☺

# Banctakaful Products

- Islamic Mortgages
- Islamic Consumer Loans
- Islamic Credit Cards
- Corporate Keyman loans
- Cross referral of clients
- Direct over the counter sales-Savings

# Sharia Compliant Investments

# Sharia Compliant Investments



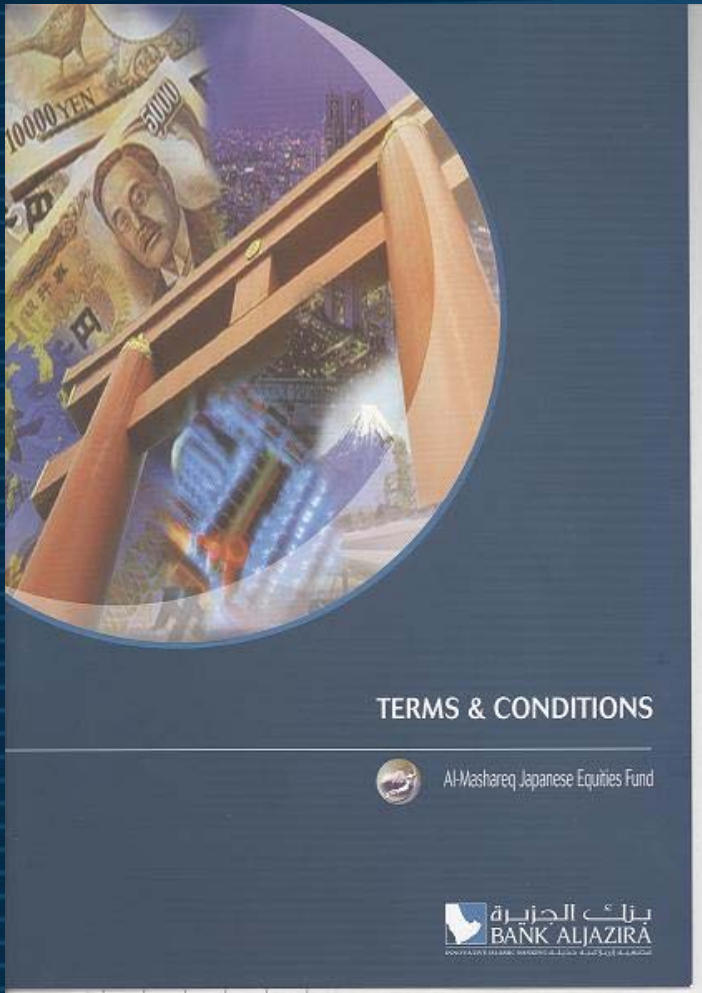
All contributions are invested  
in Sharia compliant funds

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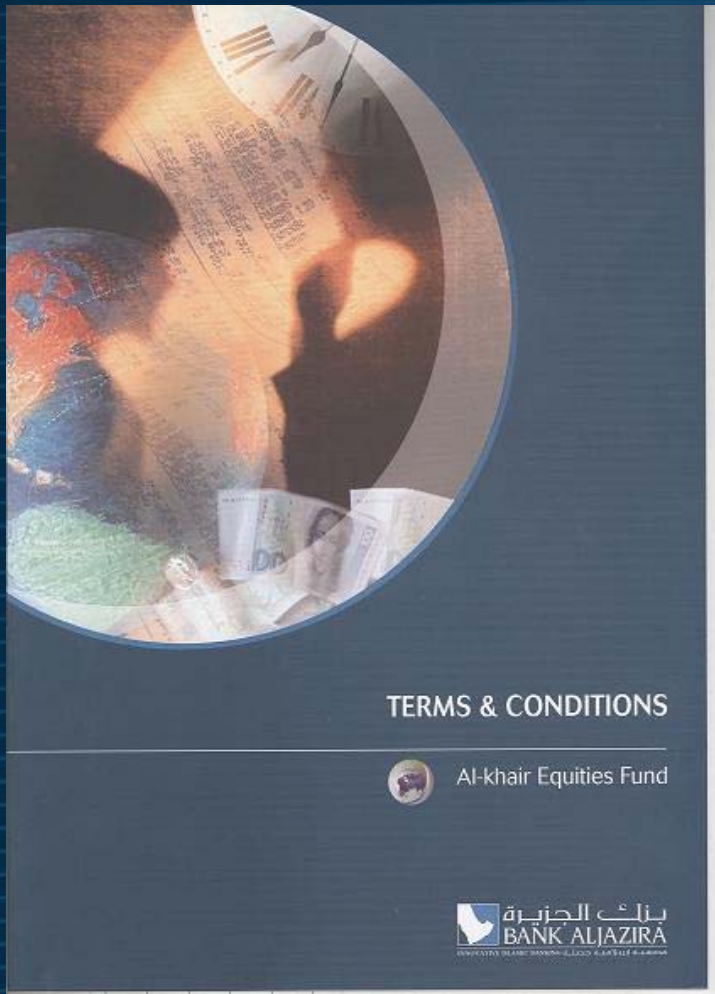
# Sharia Compliant Investments



## Al-Mashareq Japanese Equities Fund

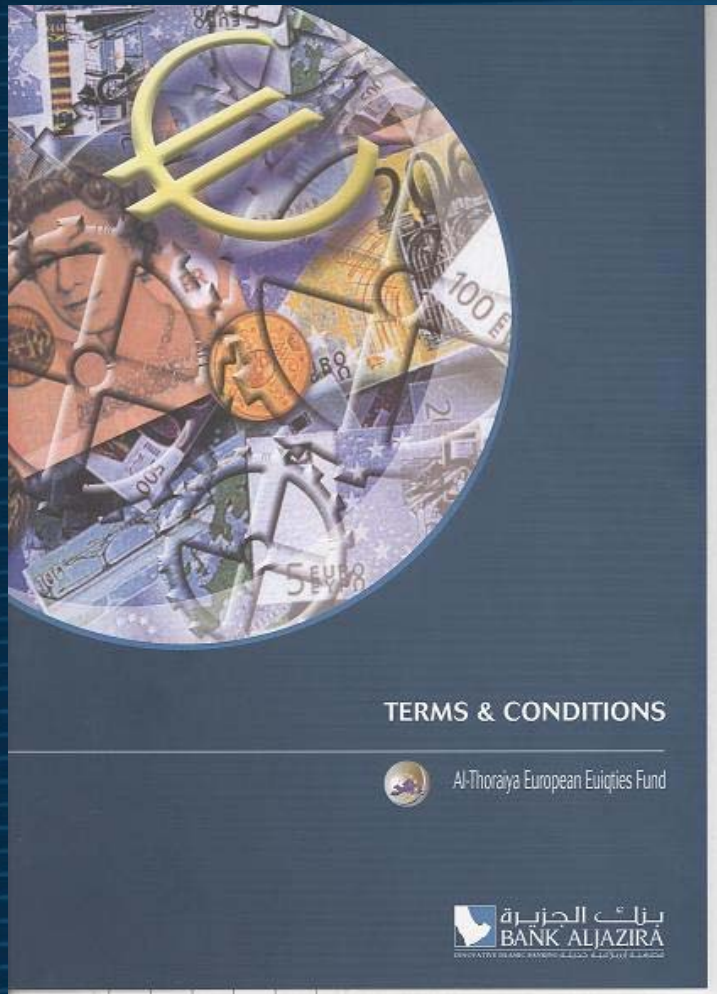
# Sharia Compliant Investments

## Al-Khair Equities Fund





# Sharia Compliant Investments

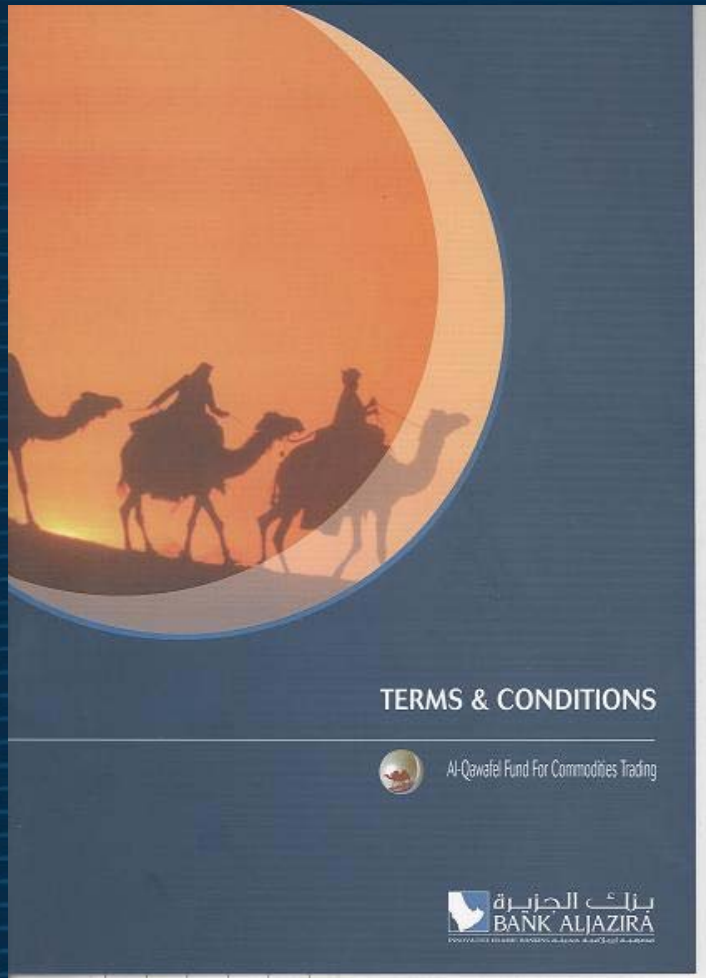


## Al-Thoraiya European Equities Fund

# Sharia Compliant Investments

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## Al-Qawafel Fund For Commodities Trading



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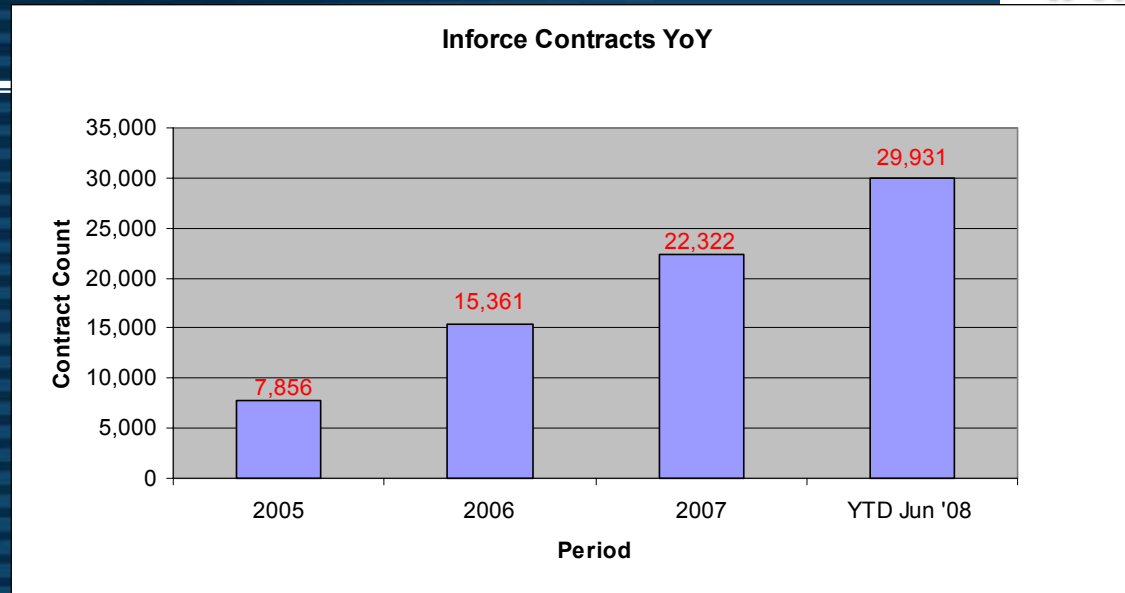
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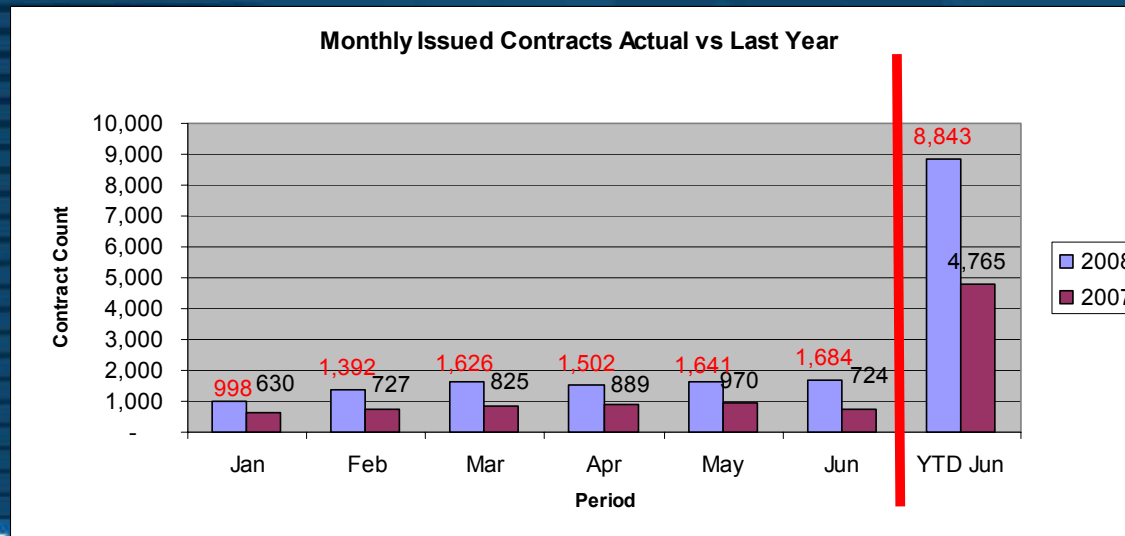
# BAJ TTD Performance

## They said it could not be done!

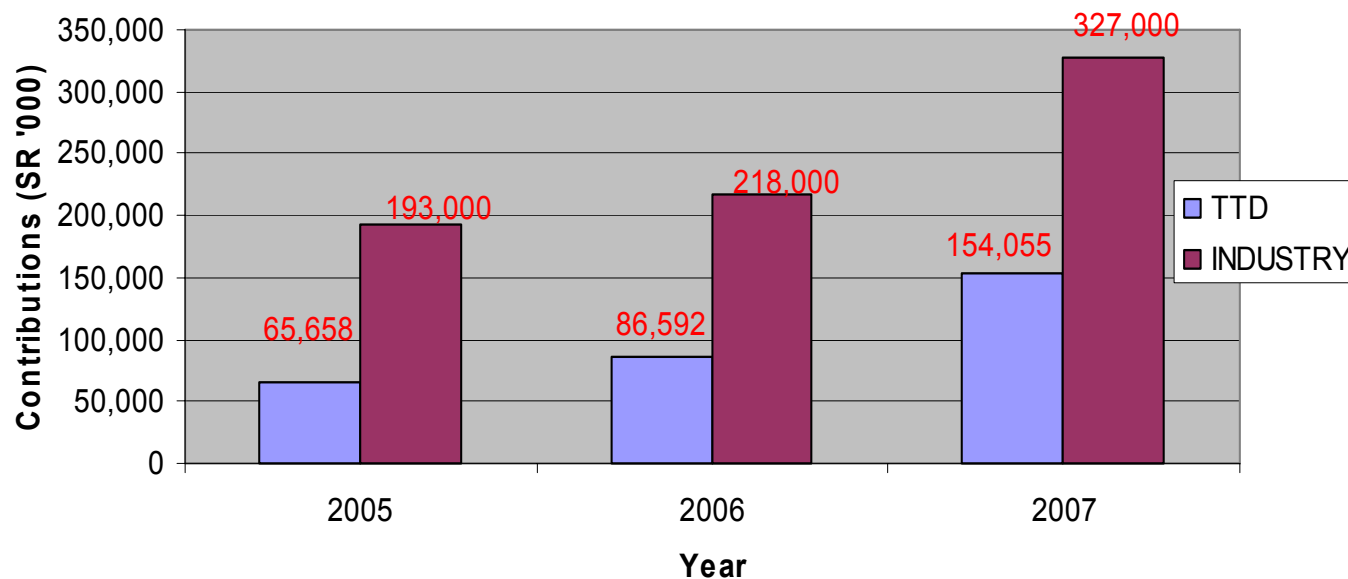
**Chart XI:  
Year on Year  
In-force  
Contract  
Count  
CAGR 25%**



**Chart XII:  
Month on  
Month  
Issued  
Contracts  
2008/'07**



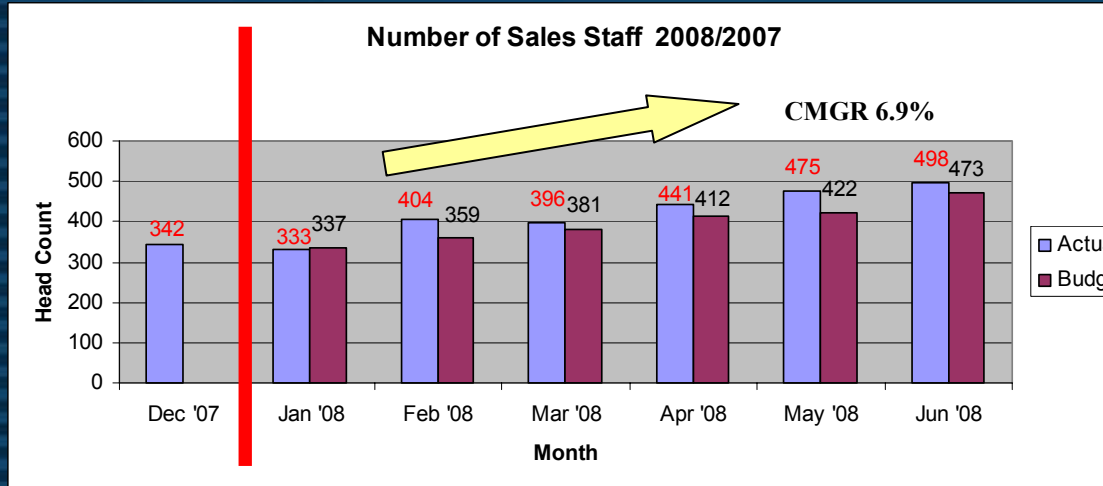
**Market Share - Gross Written Premium**



**Table J: Gross Written Premium**

	2005	2,006	2007
TTD	65,658	86,592	154,055
INDUSTRY	193,000	218,000	327,000
TTD's Share	34%	40%	47%

# Sales Staff Actual v Budget as at 30 Jun 2008



Note: CMGR – Compounded Monthly Growth Rate

Sales staff are the key driving factor behind the impressive sales growth recorded for the period. With the planned opening of new offices such as in Dammam (Ladies branch) and Medina (Men and Ladies branches), TTD can recruit and train more sales force to generate bigger sales.

## The true award is your trust



ISLAMIC FINANCE WEEKLY 2004 AWARD  
Best Takaful Operator



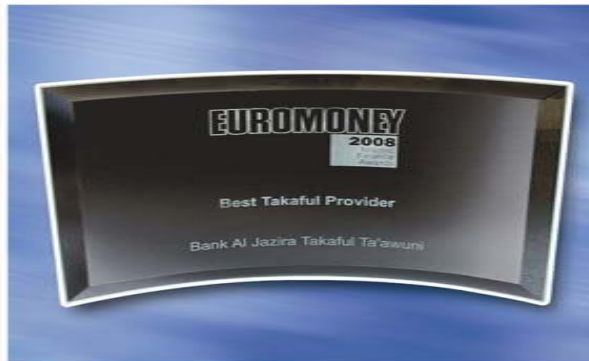
EUROMONEY 2006 AWARD  
Best Life Takaful Operator



POLICY 2007 AWARD  
Life Insurer of the Year



KLIFF 2007 AWARD  
Most Outstanding Takaful Company



EUROMONEY 2008 AWARD  
Best Takaful Provider



POLICY 2008 AWARD  
Life Insurer of the Year

- Largest Life Takaful Operator in the Kingdom of Saudi Arabia
- Over 500 sales staff kingdom wide
- 12 Takaful branches
- Saudization rate of 92%
- Over 30,000 individual clients

## God willing, we'll continue

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TA'AWUNI 

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THANK YOU