



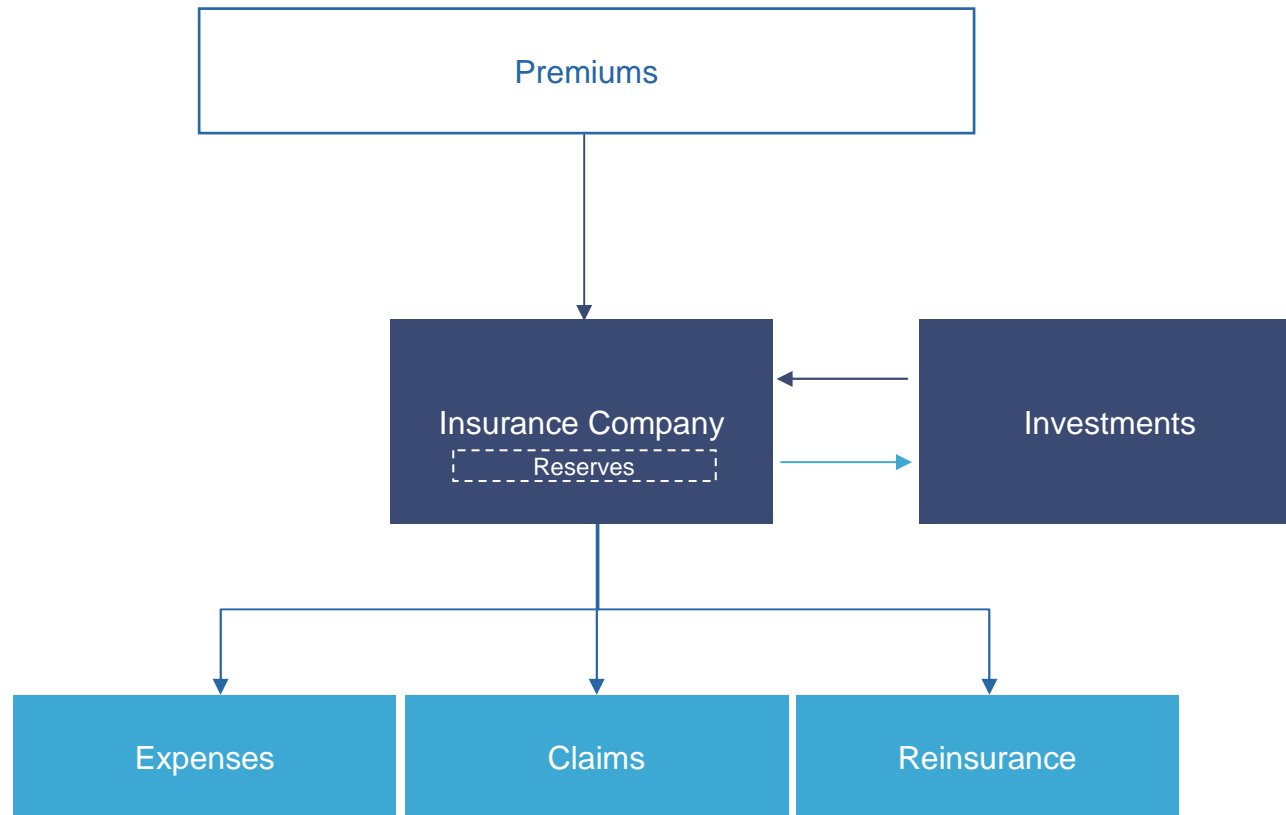
Takaful in Europe:  
How Real is the Opportunity?  
July 2008

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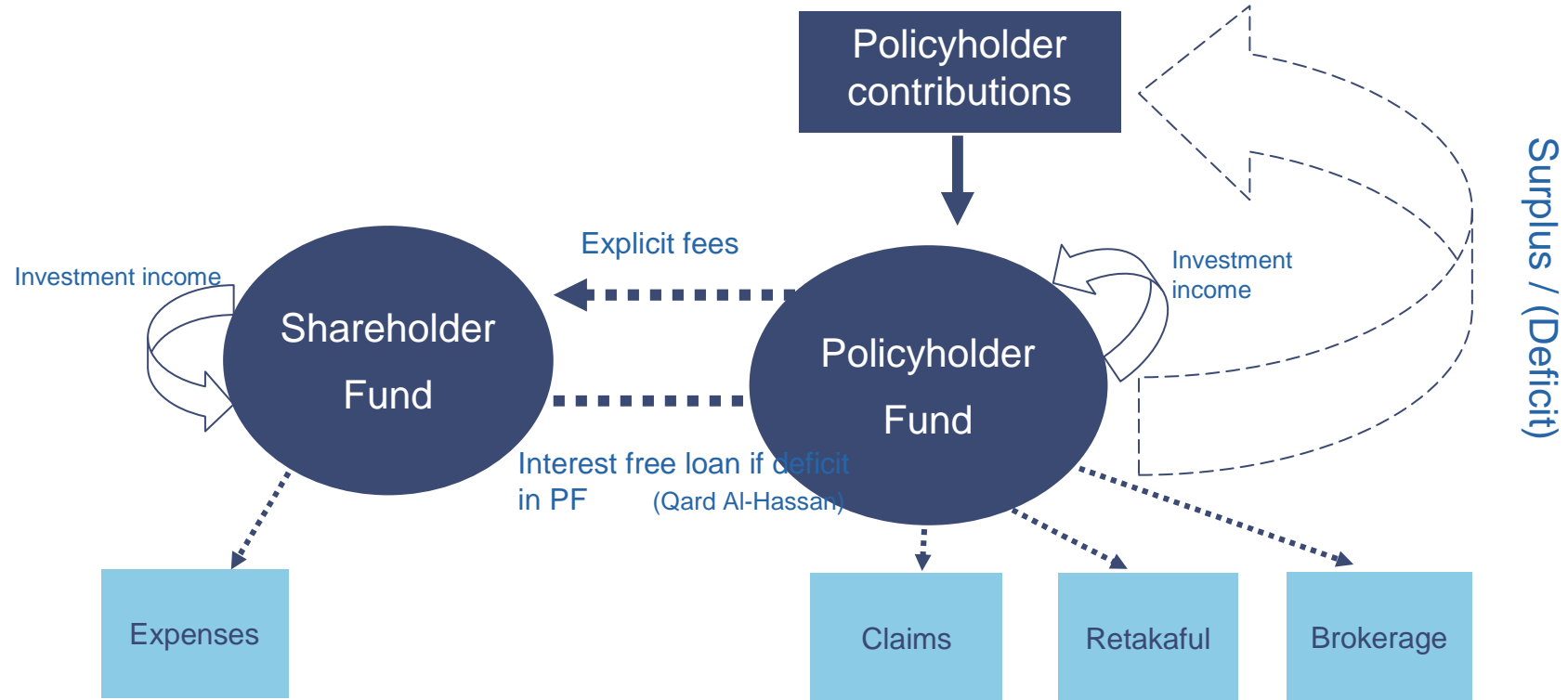
# Takaful opportunities in Europe

- Ethical
- Transparent
- Insurance surplus is shared amongst the policyholders
- Mutual company with a shareholders wrapper
- Under the most common takaful structure, shareholders make their return on each takaful contract as soon as the business is written
- An independent committee that annually publishes a statement showing that the investments are “ethical” and that the company is operating in an “ethical” (Islamic) manner.

# Typical insurance business structure



# Takaful Structure



**Wakala model (agency)**  
 Fixed fee applied to either contributions or investment income

**Mudahraba model (profit & loss sharing)**  
 Management fee + percentage share of surplus

**Hybrid model (agency)**  
 Mix between Wakala Model and Mudaraba model

# Challenges to expansion in Europe

- Critical mass
- Marketing to non-Muslims
- Shariah compliance
- Regulatory and accounting challenges
- Shortage of skilled resources
- Investment compliance
- Limited Retakaful capacity

# Questions?

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