

2nd INTERNATIONAL TAKAFUL SUMMIT, LONDON

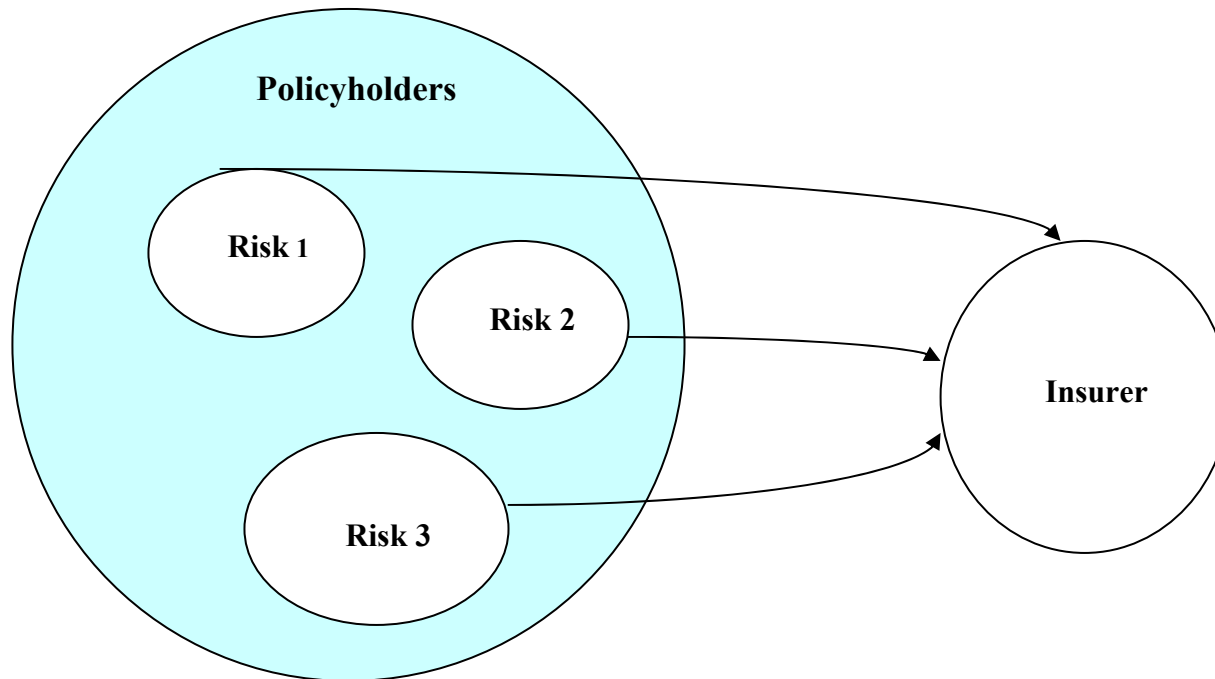
CAN TAKAFUL MODEL FIT INTO THE LLOYD'S STRUCTURE?

By

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CHIEF EXECUTIVE OFFICER**

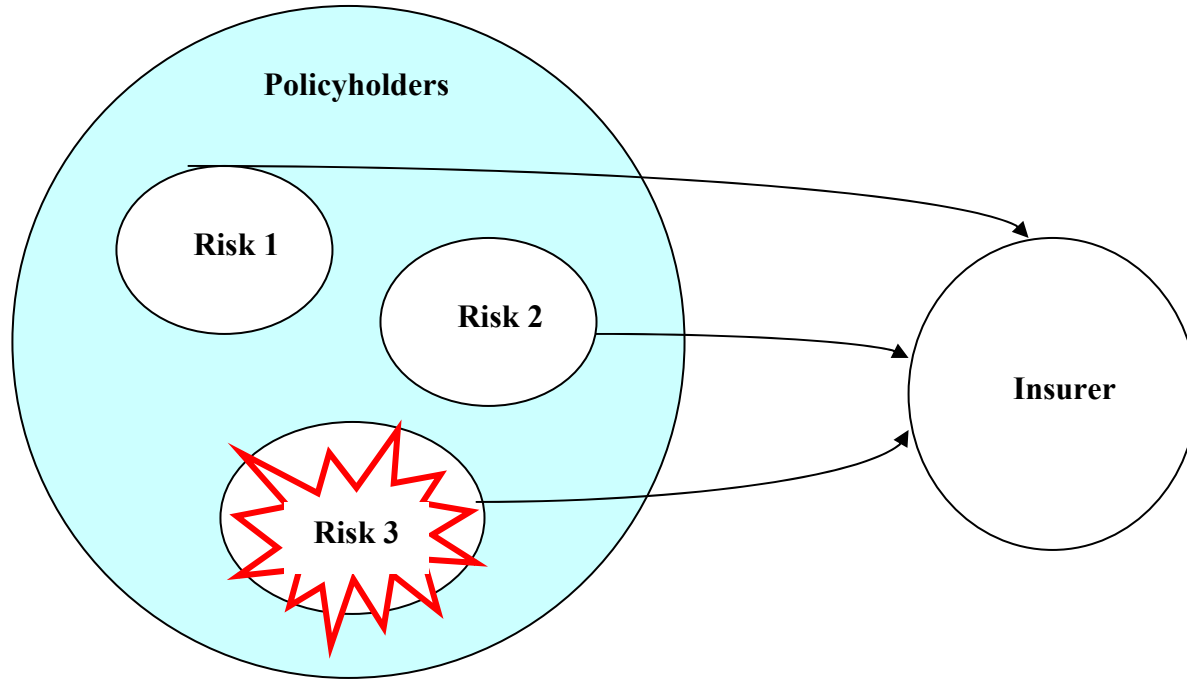


RISK MANAGEMENT – CONVENTIONAL APPROACH



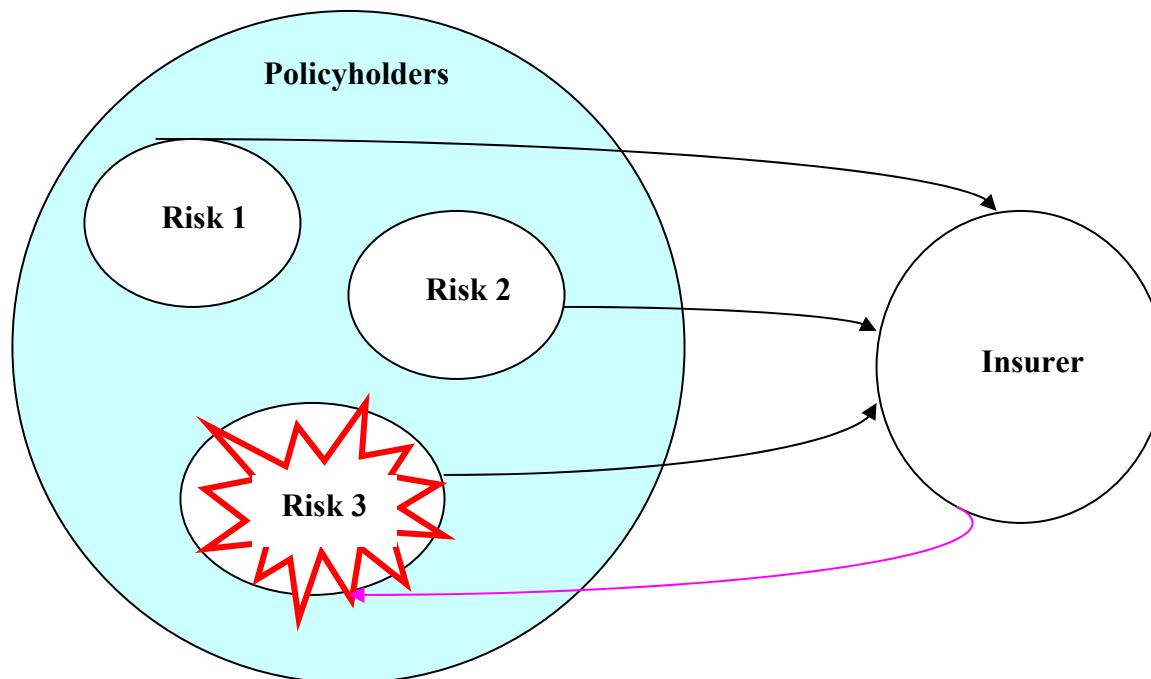
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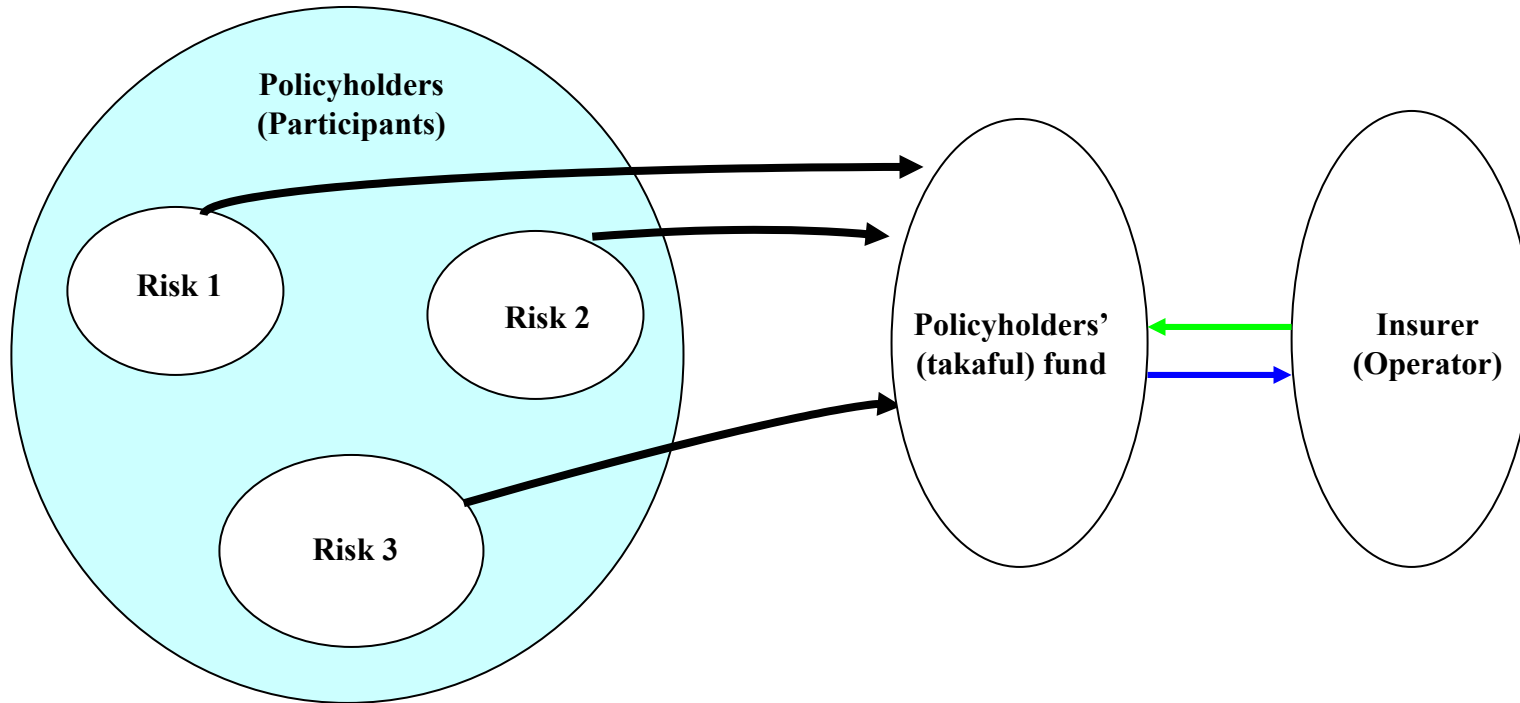


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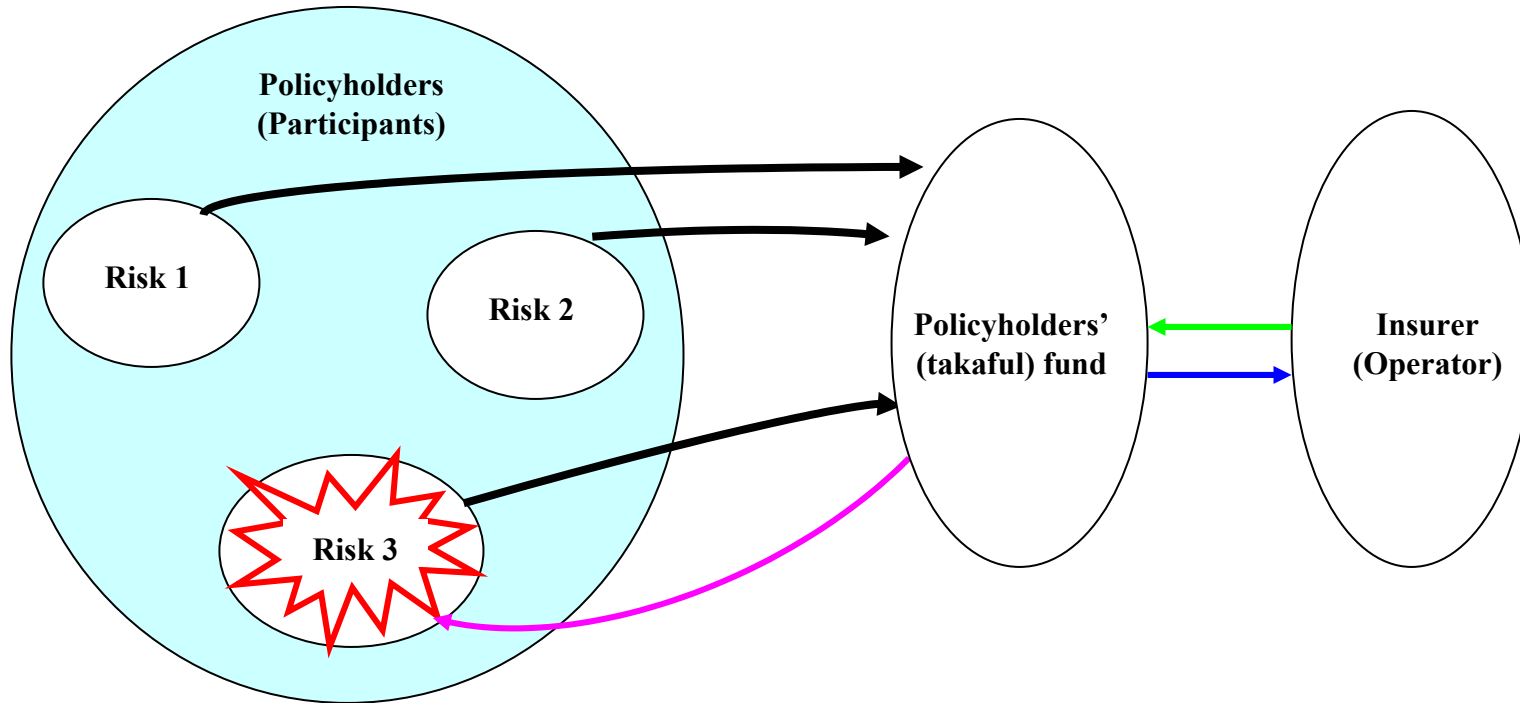
insurer pays claim to policyholders in the event of disaster





RISK MANAGEMENT – TAKAFUL APPROACH



- policyholders (participants) pay premium (contribution)
- insurer (operator) as agent (wakil) manages the policyholders' (takaful) fund
- insurer (operator) is paid agency fees (wakalah fees)

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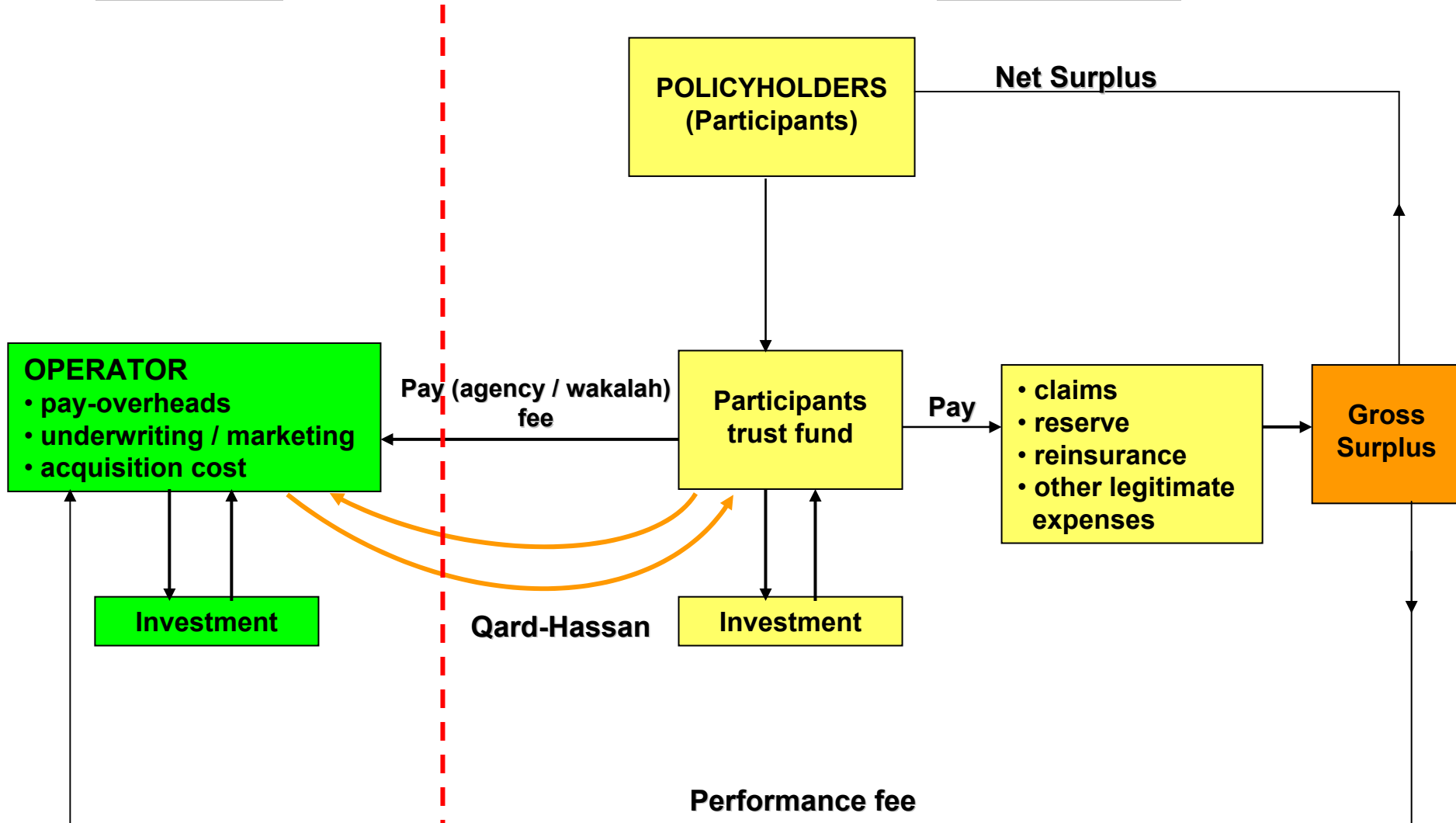


-  policyholders (participants) pay premium (contribution)
-  insurer (operator) as agent (wakil) manages the policyholders' (takaful) fund
-  insurer (operator) is paid agency fees (wakalah fees)
-  pay claim out of policyholders' (takaful) fund

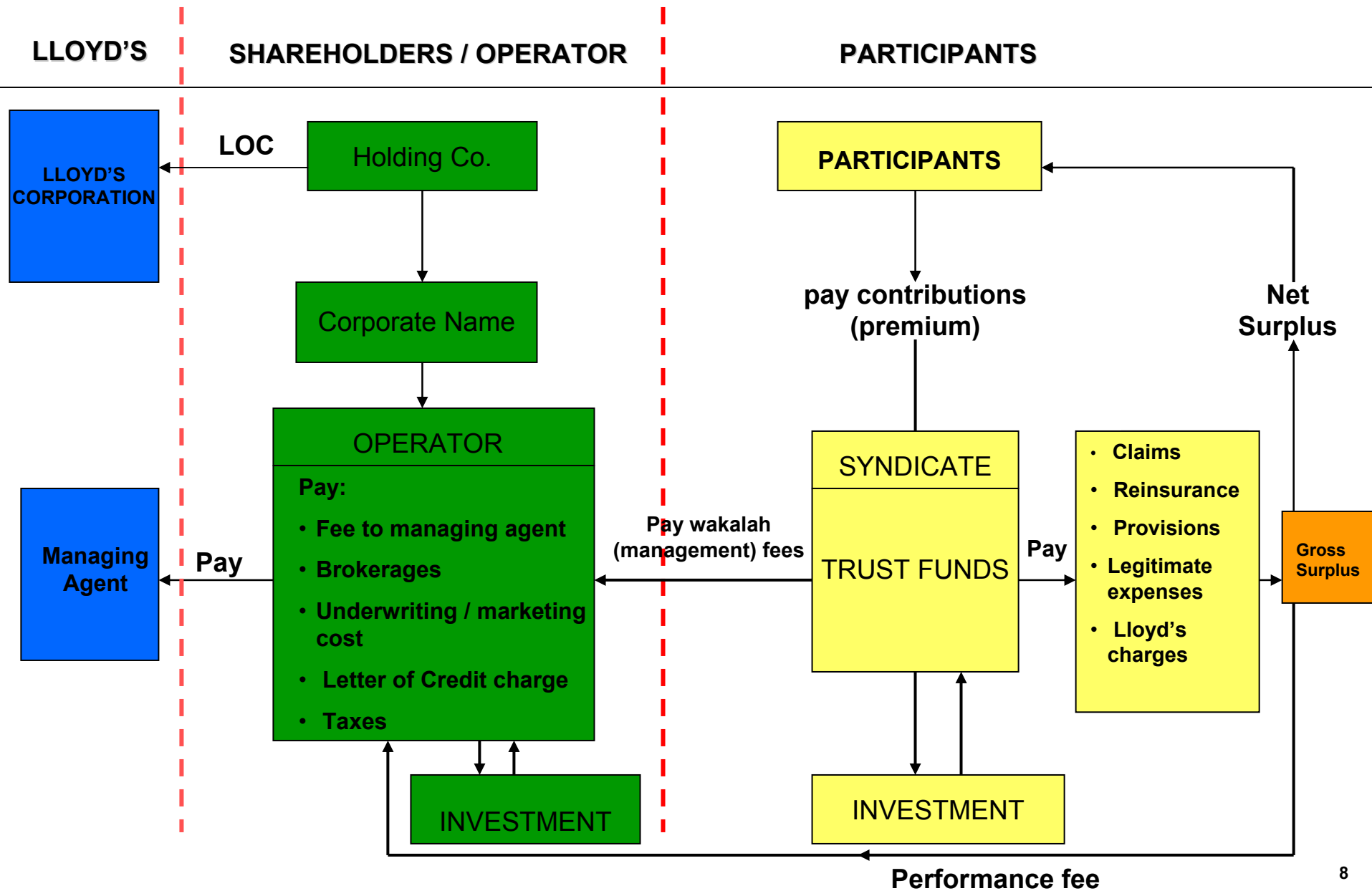
TAKAFUL OPERATING MODEL - WAKALAH

OPERATOR

PARTICIPANTS



PROPOSED TAKAFUL SYNDICATE OPERATING MODEL



ISSUES RELATED TO TAKAFUL SYNDICATE

Capital	Shareholders / operator to pool resources to back Letter of Credit (LOC)
Segregation of funds	Shareholders would manage their own fund and participants fund (trust fund) to be managed by Managing Agent
Fund at Lloyds (FAL)	Normal contribution and would be part of or segregated from total FAL (subject to advice of Shariah Advisory Council)
Investment	Follow Lloyd's investment guidelines (subject to the advise of Shariah Advisory Council)
Benevolent loan (Qard Hassan)	Lloyd's may request to top-up LOC to offset deficit in the trust fund
Shariah Advisory Council	To supervise compliant with operational and investment policy
Protection	Could buy protection from conventional reinsurers or existing retakaful operator
Surplus Distribution	Subject to agreement after Managing Agent release profits