

Takaful – Legal Factors Impacting on the Growth of the Industry

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GROWTH OF THE INDUSTRY

Annual
2014

Annual P

"Global Takaful industry will be worth \$10 billion by 2015"

0.7 %

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2005 "Pre-reach \$ 4

(Source: M

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Global Takaful Market estimated at around US\$ 4 billion

(Source: Zawaya.com)

Growth of the Industry

24.79%

Growth of the Industry

■ 5%

■ 0.5% -1.5%

Takaful – A working definition

- A *Shari'ah* compliant insurance scheme operated on the basis of shared responsibility and mutual obligation to safeguard its participants against a defined risk

Why not use conventional insurance?

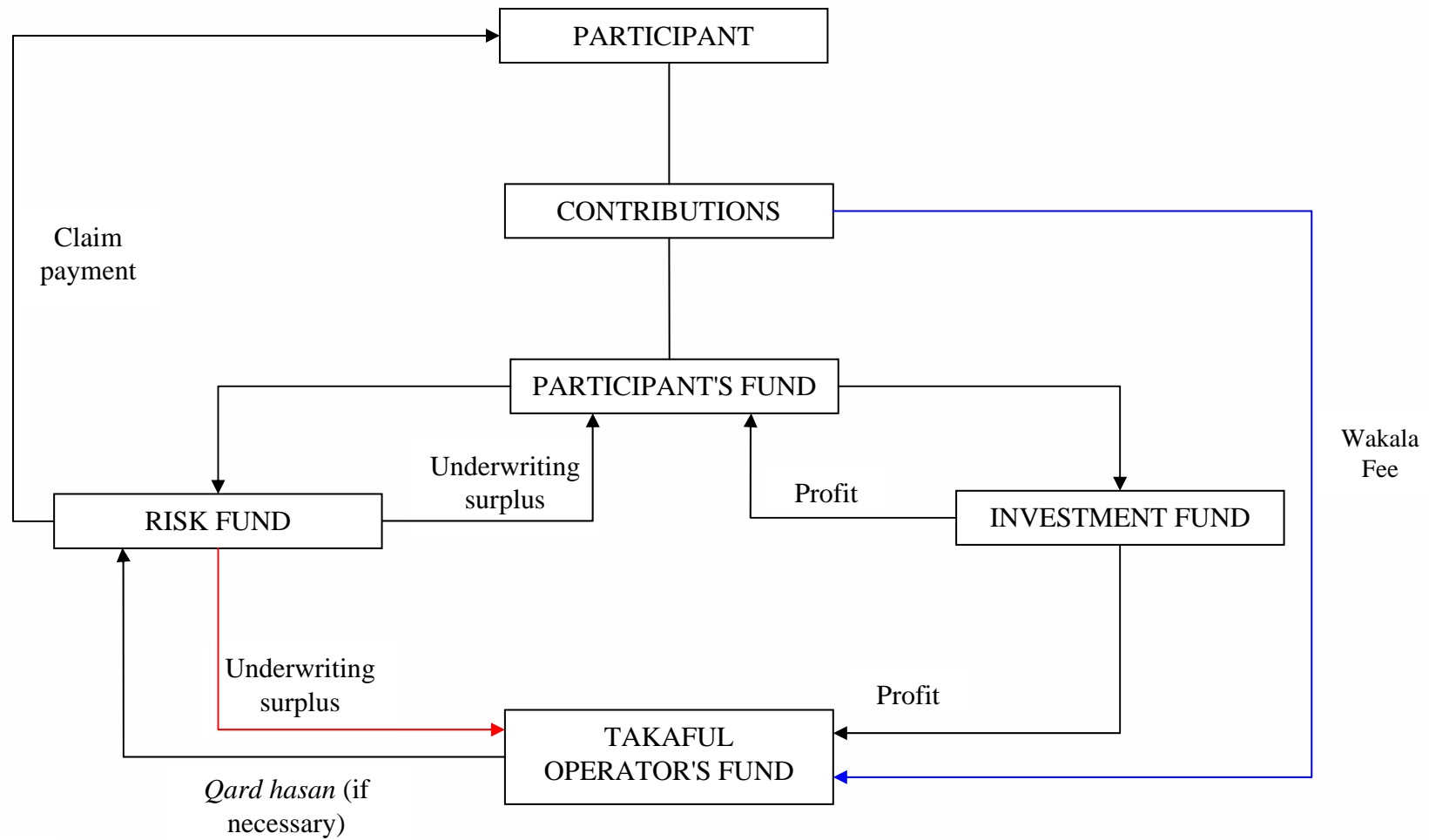
- Elements of *gharar* (uncertainty):

“... The Holy Prophet (saw) had prohibited transactions with *gharar* (uncertainty).” (*Imam Malik bin Anas, al-Muwatta*)

- Elements of unjust enrichment:

- payment of claims depends on circumstances and a service will only be provided if a loss occurs

Takaful models





■ CHALLENGES

The Challenges that lie ahead

- The need for a level playing field:
 - *Shari'ah* guidance – AAOIFI
 - Regulatory consistency and enforcement
- Capacity / consolidation / investment opportunities
- Unanswered questions
 - - insolvency
 - - policy drafting
- Product innovation / “education” of market



■ **ANY**
QUESTIONS?