

Growing under a Large Tree's Shadow

Maintaining Shari'a Compliance in a Conventional Market

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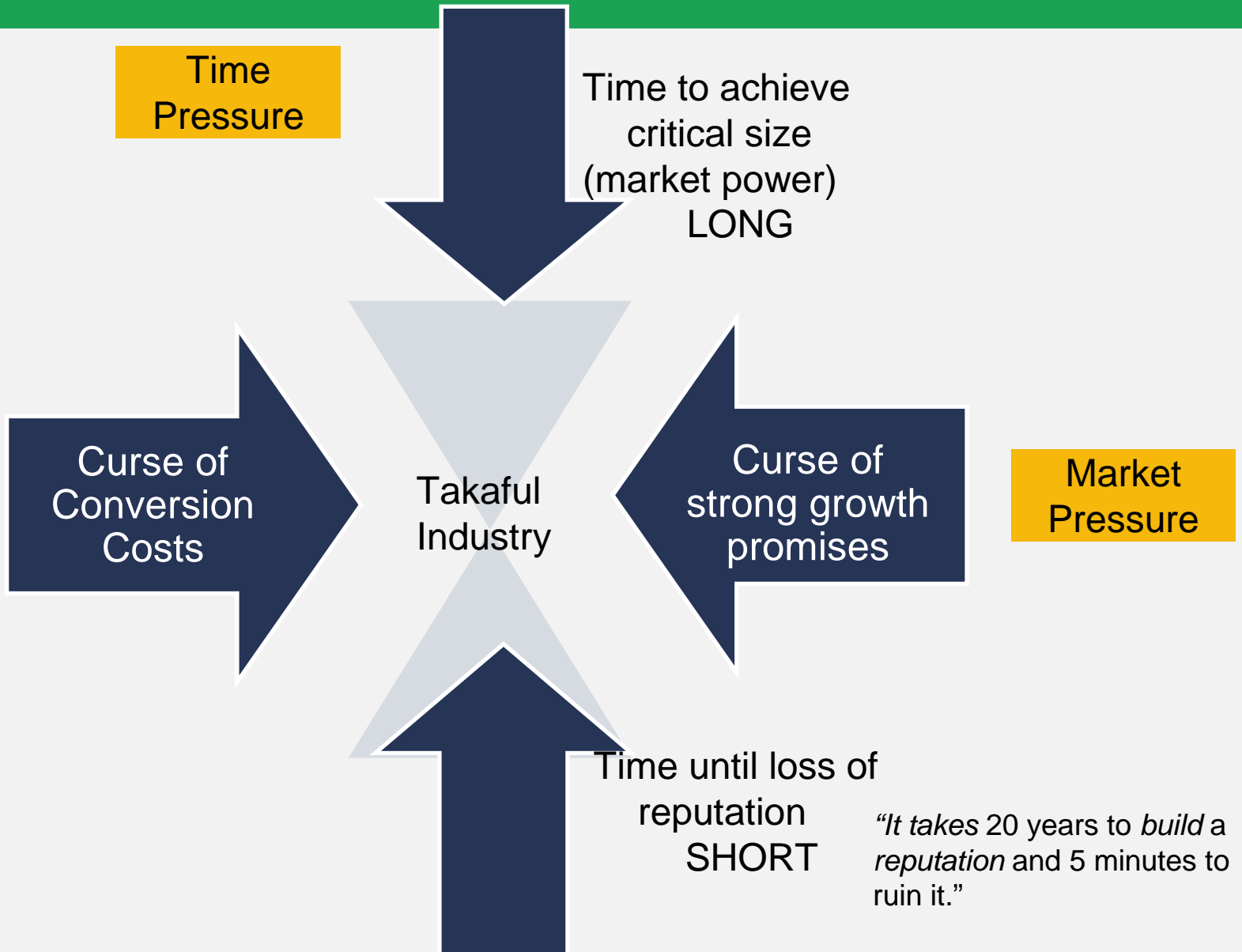
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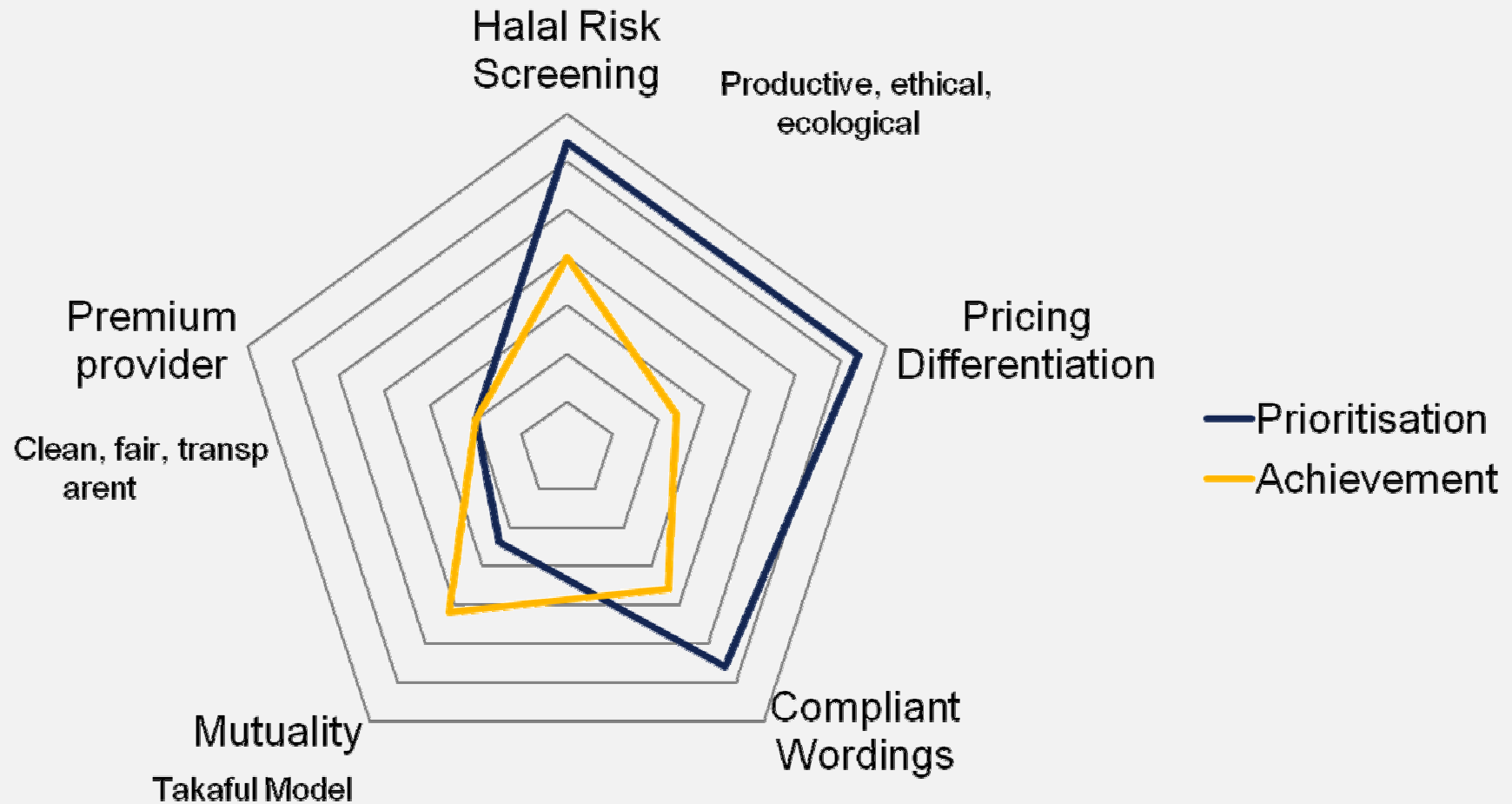
- Pressure from many directions
- The Prisma of Halal Industry Objectives
- Porter's Big Five Applied
- A Survival Strategy
- An Example

Pressure from many directions.....





The Prisma of Halal Industry Objectives



Porters Big Five applied to Shari'a Sealing Pressures and Leeways

New (Takaful)
Entrants

- + Increases Market Weight
- + Increases Innovation
- Increases Race for Volume

Suppliers:
Brokers
Reinsurers

(Conventional)
Competition

Buyers

- Shifting efforts
- Cost of Knowledge
- Optimized conventional processes (off-the-mill)

Substitutes
(Pseudo-
Takaful)

- + New Buyers support Takaful
- + Some Pricing Leeway

- See race for volume



Conclusion: A Survival Strategy until Maturity

1. New entrants are allies
2. Buyers are your friends. Do marketing (Premium Provider)
3. Win the Suppliers over, by
 - Creating Standardised Processes (“off the mill”)
 - Developing Standard Wordings
 - Solve the Halal screening issue (risk categories, thresholds)

Example: Facultative Placements and Acceptances

1. Provide “positive list” of occupancies
2. Agree on “negative lists” and thresholds (country-wide)
3. Choose and educate distribution partners
4. Optional: create industry-owned distribution channels
5. Work and Wait



Munich Re Retakaful

Munich Re Retakaful at a glance:

- The first foreign retakaful operator established in Malaysia
- Composite licence for family and general retakaful business
- Munich Re's Global Retakaful Hub and Centre of (Re)Takaful Competence geared to support takaful operators in their effort to achieve regional and international expansion
- Excellent AA- (very strong) financial strength rating by Standard & Poor's
- Munich Re Retakaful acts as a wakeel and ensures risk-adequate pricing and compliance with Munich Re's underwriting and claims-handling guidelines
- Transparent contract terms, in particular in respect of wakalah fee, surplus sharing and qard hasan
- Level of service and technical assistance Munich Re is known for, but tailored to takaful operators
- International Shari'ah Board ensuring global Shari'ah compliance
- We see advice for Shari'ah compliance as a chance for innovation, not as a limitation

Our vision: We strive to combine Munich Re's first-class financial strengths and technical expertise with a profound understanding of Islamic economics and takaful techniques.

Munich Re Retakaful Munich Re's Global Retakaful Hub and Centre of (Re)Takaful Competence

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