



CONTRIBUTION OF RE-TAKAFUL PROVIDERS TO START-UP'S IN EUROPE

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Munich RE 

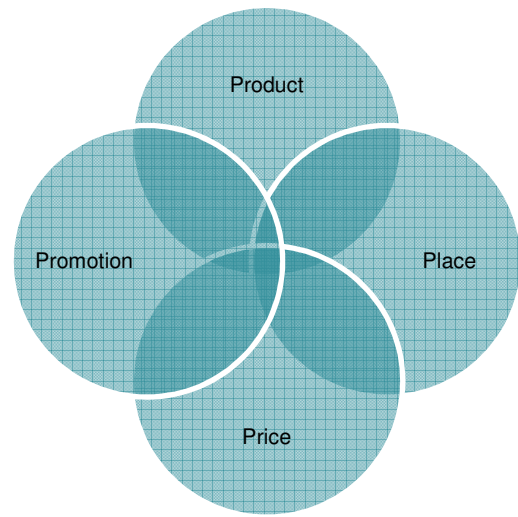
Agenda



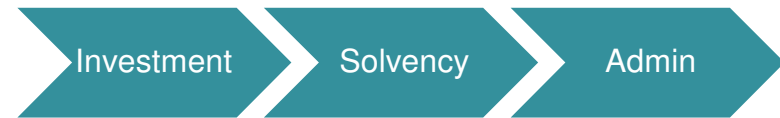
1. The challenges faced by possible takaful operators in Europe
2. The basic options
3. The value chain approach



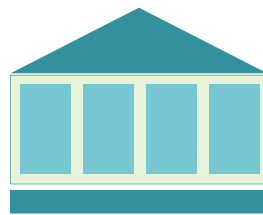
Market Entrance Strategy



Process



Double regulation

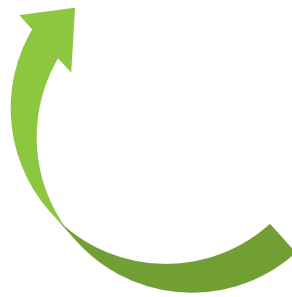


FSA, Bafin, etc.

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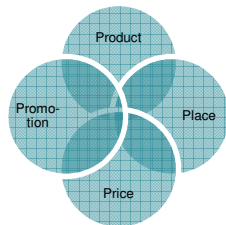


Shari'a boards,
AAOIFI etc.



The main challenge: bridging gaps

Market Entrance Strategy



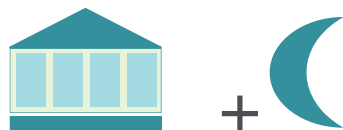
- Product awareness
- Used to conventional
- Choice of distribution system
- Role of ethnicity
- European brands
- Reservations of Non-Muslims

Process



- Conventional personnel
- Dedicated takaful personnel
- Investment market
- Cost structures
- Governance
- Language

Double regulation



- Double Reporting
- Modelling
- Solvency/Basel 2
- Handling clashes
- Supervising scholars?

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- **Legal Form:**
 - Branch/subsidiary of non-EU provider
 - Branch/subsidiary/window of EU stock company
 - Branch/subsidiary/window of EU mutual company
 - Stand-alone EU stock company or mutual company

 - **Market strategy:** LoB, ethnic, ethical, distribution partners....
 - **Choice of Shari'a board:** experience, reputation, ethnic background, language.
 - **Takaful model and compliance:** investment, solvency
 - **Process:** use and extent of shared service, outsourcing, IT

Value Chain Approach for Takaful Start-Up's. Change what needs to be changed only

Takaful-relevant functions



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- Assuming moderate Personal Lines business for the time being, service will be more important than capacity
 - The cultural and legal gaps that need to be bridged point to retakaful operators with European connections
 - Procedural support and training will be crucial at the start
 - On the other hand, the volumes may on its own merits not be sufficient for a European player
 - Windows of a European brand may thus profit from the conventional mother's connections



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THANK YOU VERY MUCH
FOR YOUR ATTENTION

Ludwig Stiftl

