

# TAKAFUL SUMMIT

## 1 November 2007

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A Friendly Society Route to Takaful in the UK

John Gilbert  
Lovells

**Lovells**

# WHAT IS A FRIENDLY SOCIETY?

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- Mutual association to provide benefits to members
- Registered friendly societies
- Incorporated friendly societies
- Some typical societies
  - Large societies
  - Medium sized societies
  - Societies for special groups
  - Societies with religious affiliations

# HISTORY OF UK FRIENDLY SOCIETIES

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- Pre 1793
- Industrial revolution
- Beginnings of the welfare state
- Post World War II
- Modern times (post 1992)

# WHAT DO FRIENDLY SOCIETIES DO?

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- Provide insurance and other benefits to members
- Insurance benefits
  - Life assurance
  - Pensions and annuities
  - Permanent health and “Holloway” products
  - Accident, sickness and PMI
- Discretionary grants
  - Education
  - Relief during sickness, unemployment and distressed circumstances
- Social and benevolent activities

# WHAT IS SPECIAL ABOUT A FRIENDLY SOCIETY?

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- Non-commercial activities
- Tax treatment
- One member – one vote
- Committee of management
- Activities through subsidiaries
  - Opportunities for general insurance

# HOW ARE FRIENDLY SOCIETIES REGULATED?

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- FSA as prudential supervisor
- FSA as registrar
- Myners report
- Role of AFS and AMI

# WHAT ARE THE CURRENT ISSUES FOR FRIENDLY SOCIETIES?

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- Decline of with-profits business
- FSA's concerns
  - Finance
  - Governance
  - Treating customers fairly

# WHAT ROLES COULD FRIENDLY SOCIETIES HAVE IN TAKAFUL?

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- A new society?
- A bolt-on to an existing society?
- TPA arrangements
- Other common law countries



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