

Takaful in France



TAKAFUL

By Ezzedine Ghlamallah

French life insurance is a legal and fiscal envelope which offers many benefits such as monetary reward and capitalization of funds. In 2012, the total registered amount of life insurance in France was EUR1.13 trillion (US\$1.49 trillion). At the end of 2012, the outstanding discounted bill EUR1.4 trillion (US\$1.85 trillion), out of which 73.6 % of the outstanding discounted bills were essentially denominated in euros (bonds).

A government report ('Revitalize the financial savings of the households (houseworks) to finance the investment and the competitiveness' by Karine Berger, deputy of the Hautes-Alpes, and Dominique Lefebvre, deputy du Val d'Oise) on the needs for financing of the economy suggested that a re-organization to reorient the outstanding discounted bills of the life insurance towards investments to the most useful for the economy, that is more directed investing into the real economy than buying and selling of debt will be more beneficial.

It is recognized that life insurance constitutes an executive of particularly

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advantageous placement and beyond a certain maturity of the contract, the increases in value perceived at the time of the repurchase are not submitted to the tax system and not very weakly imposed (except social charges). On the other hand, in the event of death paid-up capitals are exempted from inheritance tax.



Two insurers, Swiss Life and Vitis, launched on the French market two Shariah compliant life insurance contracts which do not contain either death claim payment, or life annuity. Devoid of these guarantees these life insurance contracts assimilate more to contracts of capitalization presenting fiscal advantages in case of life and of deaths rather than to pure insurance. These two contracts were validated by the Independent Committee of the Islamic Finance in Europe (CIFIE). It is a question of saving on a medium of licit investment with regard to the Shariah in a fiscally advantageous frame while having the possibility to proceed to a “Stipulation for the benefit of a third party”.

Ezzedine Ghlamallah is the director of Solutions Insurance and Islamic Finance in France (SAAFI). He can be contacted at ezzedine.ghlamallah@saafi.fr.

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