

Takaful & re-Takaful in the European region



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In Europe there are legal statutes of mutual insurance companies provided by the law of insurance that allow to practice both Family and General Takaful while remaining faithful to the principles of mutualism and philanthropy. Mutual insurance companies fulfill the conditions of the Takaful cooperative model (non-profit, solidarity, variable contributions, recall and contribution rebates) and they are also essentially in keeping with the spirit of Waqf. This specificity is conducive to considering the possibility of creating a Takaful institution in the European legal framework of mutual insurance, with a fund established in the form of a Waqf. Thanks to the European passport, the company once created could offer its cover throughout the European continent.

By creating a Takaful institution that invests its assets in accordance with the rules of Islamic finance, having a Shariah supervisory board as recommended by the AAOIFI and IFSB standards in force, produces a model allowing to obtain a consensus on its compliance, and in which consumers can have greater confidence.

The term 'sustainable' development was first mentioned in 1987, as defined by the UN World Commission on Environment and Development in the Brundtland Report: "Forms of development that meet the needs of the present without compromising the ability of future generations to meet theirs.". This concept is reminiscent of the Maqasid Shariah that seek to promote everything that contributes to the preservation of creation.

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In this respect, the Takaful institution, which wishes to perfect its implementation in Europe, will also have to apply these principles and be at the forefront of corporate social responsibility (CSR). In addition to being certified as compliant with European law and Shariah, it will also need to ensure that the recommendations of ISO 26000, which specifies the integration of social responsibility, governance and ethics standards, are implemented within organizations. To be at the forefront of CSR, this Takaful company of European law will also have to make investments that are both in accordance with the rules of Islamic finance but also those of socially responsible investment, in a way that to respect the letter of Islamic law but especially to embody the spirit. This will entice people who are attracted by Muslim ethical compliance but also



those who are looking for an alternative model closer to the values of solidarity, sharing and responsibility.

Review of 2018

In a context where the needs of the Muslim population are numerous and where there are many compulsory assurances, Takaful in Europe is still embryonic. In 2018, Takaful insurance offerings in continental Europe only concern life and health insurance and mainly life insurance products, ie savings-investment products.

SAAFI, a pioneer in Takaful in Europe, continued its development and worked on the satisfaction of other needs including financing funeral coverage. There is a great need among the Muslim community in Europe. There are many Muslims who wish to be buried in their home countries or in Europe according to the Islamic law.

Preview of 2019

SAAFI has therefore worked at the request of various non-profit associations and Muslim funeral societies to structure SAKINA Takaful, a financing funeral coverage adapted to these needs. Shariah certification has been awarded to the International Shari'ah Research Academy for Islamic Finance in Malaysia. SAAFI and its distribution network composed by financial advisors, insurance brokers, non-profit associations and funeral companies in the first quarter of 2019 will distribute this solution.

SAKINA Takaful is based on a Wakalah model, through membership in an underwriting non-profit association. The participants join a non-profit association called Bayt Al Mel and pay a membership fee to this association and a contribution to the Takaful fund which is managed by MUTAC a mutual insurance company. The association Bayt Al Mel will take out a contract on behalf of these members with MUTAC. The Wakalah fee will be known in advance and the Takaful Fund managed separately from the other assets of MUTAC. The claims will be settled from the Takaful fund and the surpluses donated to Bayt Al Mel's social action fund for use in solidarity actions.

Conclusion

In Europe, Muslims represent more than 16 million inhabitants with a banking and insurance equipment rate to be among the highest in the world. They are therefore in the world among those who have the largest number of banking services and insurance coverage compared to Muslims in other countries where banking and insurance services are significantly less developed. This high level of insurance penetration can contribute to the rise of Takaful institution in Europe if start-ups in the sector are able to develop themselves in order to become a major player. 📌