

Market opportunities in Europe for Takaful



TAKAFUL & RE-TAKAFUL (EUROPE)

By Ezzedine Ghlamallah

The eurozone experienced solid growth in 2017 with less unemployment and a low inflation rate in the third quarter, with growth at 2.4% exceeding that of the UK and the US. This general economic context should benefit the western European insurance industry, which in 2016 accounted for US\$1.4 trillion in cumulative premiums.

There will be opportunities in the French market in 2018. This is shown by firstly, the abolition of the social security scheme for students. This scheme allowed mutual insurance companies to manage students' social protection and their health insurance; however after the abolition, students' social protection and their health insurance will be managed by health insurance organizations. This measure is a real shockwave for student mutual insurance companies that will have to reorganize themselves and adapt to the new scenario. It is within this framework that Takaful health insurance will allow student mutual insurance companies to reorient themselves and redeploy their offerings as part of a differentiation strategy allowing them to retain their workforce that previously worked on the management of the compulsory scheme and to conquer new market shares.

On the side of payment protection insurance, the market is full of

effervescence following the evolution of the legislation which will allow subscribers of mortgages to change annually their insurance attached to their loan. Since the 1st January, this will be possible on each anniversary date of the contract, thanks to the provisions of the Bourquin amendment.

Insurers, brokers and some insurtechs are looking forward to launch and grab market share from banks, which through their subsidiaries hold nearly 85% of the market. Insurers are generally more competitive than bankers, as stated by the Macif group president who also added that their rates are lower. Insurers are competitive because in the context of low interest rate, payment protection insurance became, for the bankers, their only source of profit in the area of personal loans.

It has to be said that today in France, Shariah compliant home financing is achieved without payment protection insurance. This situation has resulted in banks that offer this type of financing reducing the duration of financing and making conditions for more selective personal contributions. Takaful payment protection insurance could both enable insurers and brokers to meet the needs of banks and clients while benefiting from a favorable environment. ☺

Ezzedine Ghlamallah is the executive director of SAAFI which specializes in Islamic finance and Takaful solutions. He can be contacted at ezzedine.ghlamallah@saafi.fr.

IFN Sector Correspondents

CROWDFUNDING: Craig Moore
CEO, Beehive

DEBT CAPITAL MARKETS: Imran Mufti
partner, Hogan Lovells

FINANCIAL INSTITUTIONS & CORPORATE SUKUK:
Rizwan H Kanji, partner, King & Spalding

ISLAMIC LEASING: Shoeb Sharieff
president, ijara CDC, ijara Community Development Corp

LAW: Paul McVie
partner, head of Islamic finance, DLA Piper Middle East

MERGERS & ACQUISITIONS: Burak Gencoglu
partner, Gencoglu Law Firm

MICROFINANCE: Mohammed R Kroessin
head of Islamic microfinance, Islamic Relief Worldwide

PRIVATE EQUITY & VENTURE CAPITAL:
James R Stull, partner, King & Spalding

REAL ESTATE: Philip Churchill
founder partner, 90 North Real Estate Partners

RETAIL ASSET MANAGEMENT: Muzzammil Dhedhy,
chief operating officer, Hejaz Financial Services

RISK MANAGEMENT: Dr Ken Baldwin
senior lecturer in finance, Coventry University

SHARIAH & CORPORATE GOVERNANCE:
Prof Dr Mohamad Akram Laldin
executive director, International Shariah Research Academy
for Islamic Finance

SOVEREIGN SUKUK: Hamed Afzal
partner, King & Spalding

TAKAFUL & RE-TAKAFUL (ASIA): Marcel Omar Papp
head of Retakaful, Swiss Re Retakaful

TAKAFUL & RE-TAKAFUL (EUROPE): Ezzedine
Ghlamallah
director, Solutions Insurance and Islamic Finance (SAAFI)

TAKAFUL & RE-TAKAFUL (MIDDLE EAST):
Dr Sutan Emir Hidayat
assistant professor, head of Business Administration and
Humanities Department, University College of Bahrain

IFN Correspondents are experts in their respective fields and are selected by Islamic Finance news to contribute designated short sector reports. For more information about becoming an IFN Correspondent, please contact sasikala.thiagaraja@redmoneygroup.com



An all-new digital media platform

Featuring IFN Forum clips, exclusive interviews with senior industry movers and shakers, in-depth roundtable discussions, seminars and much more, IFN-TV is at the cutting edge of Islamic finance analysis.

