

The Shariah mission to support European Takaful development



TAKAFUL & RE-TAKAFUL (EUROPE)

By Ezzedine Ghlamallah

The Takaful activity envisaged in Europe is able to generate significant profits. There are unmet needs such as Takaful health insurance, retirement savings or the guarantee of borrowers. Thanks to a differentiation strategy, the solutions offered by a Takaful company are able to meet the unmet needs of the European population and are sufficiently attractive to trigger an act of purchase. And due to the absence of an existing Takaful alternative in the European insurance market, these needs concern a large number of potential clients. That is why this activity will generate a large turnover and will be profitable.

The Takaful contract as part of its European implementation is like a traveler going to Muslim countries to acclimatize to local rules and finally return to his source to enrich himself

with the specificities acquired during the trip.

The Shariah mission is to ensure that this new acclimation is done in compliance with Shariah principles set up by a Takaful company. It ensures the application of the opinions of the Shariah supervisory board by the different functions of a Takaful company. It is also in charge of the Zakat and charity actions and carries out research on Shariah in subjects important to a Takaful company or its clients.

In order to verify the application of the opinions of the Shariah supervisory board, the Shariah function sets up a permanent control to detect incidents and anomalies of non-conformity and also implements a punctual Shariah audit.

The Shariah audit examines the conformity with Shariah of all the activities of a Takaful company and ensures that the company does not go against the precepts of Shariah.

The internal Shariah audit is an integral part of a Takaful company and operates according to established policies. The audit charter must be prepared by management and approved by the Shariah committee. Internal Shariah auditors must have all the required skills and a sufficient academic level to carry out their duties.

Beyond its commercial ethics, a Takaful company will have to undertake and carry out charitable actions that can take different forms and reinforce its unique identity in the market.

Studies in Shariah applied to Takaful enable a Takaful company to meet clients' expectations, in particular with regards to elements relating to inheritance law and the beneficiary clauses of insurance contracts. ☺

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.

Return on empathy



REAL ESTATE

By Philip Churchill

Reviewing my morning IFN Alerts, I was interested to read of Olive Investments's launch of their Shariah compliant fund to invest in Australian medical properties. It is great to see more Islamic investment focus on Australia and in this case in the healthcare sector, one that Islamic investors have been drawn to frequently over the years.

While the investment rationale of investing in social infrastructure can often be made around performance being unrelated to the direction of the economy overall, I also believe that just as Islamic investors wish not to invest in real estate that directly or indirectly damages society, they see great benefit from going to the other end of the spectrum and partaking in some positive impact investing, as it can be characterized.

Our own 90 North invested in a portfolio of care homes a few years ago.



Touring the properties with our Kuwaiti investment partners was very humbling, with all of us awestruck by the patience and genuine care offered by the teams at these properties and making a request that the care providers travel to Kuwait to see whether similar dementia care facilities could be established there. It was more a case of 'return on empathy' than 'return on equity'.

There are plenty of other cases, including Tadhamon Capital developing new care homes for dementia, nursing and residential care in the UK, as well as

previously investing into a special needs school.

Another Islamic solution has recently been proposed for a EUR100 million (US\$122.97 million) Sukuk facility, to be issued by the Maltese government in order for multiple health centers to be provided across the islands. Meanwhile, Tabung Haji announced at the end of December its plan to expand its investment into new hospitals across Malaysia.

Adding numerous senior living investments in the US, frequent hospital acquisitions in the UK and multiple healthcare investments across the Middle East and you have a convincing case to support such social impetus, truly across the globe.

Never underestimate the positive Shariah motivations. We are an industry that cares. ☺

Philip Churchill is the founder and managing partner of 90 North Real Estate Partners. He can be contacted at pchurchill@90northgroup.com.