

Amana Takaful pays dividend



MALDIVES

By Aishath Muneeza

Amana Takaful Maldives (Amana Takaful) has announced its interim dividend payment to its shareholders for the year 2017 based on its commendable performance. Amana Takaful reported a profit of MVR4.8 million (US\$307,625) in the first seven months, ending July 2017, compared to a growth of 21% over the same period in 2016. In addition, gross written premiums worth MVR80 million (US\$5.13 million) were recorded, showing a notable growth with higher volumes in the leading classes.

During the same period, the company honored claims amounting to over MVR24.3 million (US\$1.56 million) to its participants. Notwithstanding the claims, the Risk Fund recorded a 27% growth. The shareholders' fund also outperformed

expectations with a growth of 19% compared with the previous year.

Significant improvement in investment and other income also contributed to overall revenue. As pioneers and the only fully-fledged Takaful operator, Amana Takaful continuously adheres to the highest ethical standards since inception. The company continues to pay surpluses and dividends consistently since its listing on the Maldives Stock Exchange in 2011. An interim dividend of 5% to be paid to shareholders was declared for 2017 on the face value of the issued shares. The book closure was on the 30th August for the entitlement of the declared dividend.

Amana Takaful is the first Islamic financial Institution established in the Maldives. It began its operations in the country in 2003. In 2011, it became a public listed company and is the first and

only company listed on the Maldives Stock Exchange offering Shariah compliant equities.

In May 2017, the company introduced a new product Kashavi, which provides a 24-hour cover for permanent disabilities and death in case of any accidents. It is a product tailor-made for servicemen in this country and was launched by Minister of Home Affairs Azleen Ahmed. Kashavi is offered to members of the Maldives Police Service, Maldives National Defence Force, Maldives Immigration, Maldives Customs Service, Maldives Airport Rescue and Firefighting Service, Maldives Correctional Service and National Disaster Management Center. Members of these organizations can obtain this free cover by obtaining third-party motor insurance from Amana Takaful. ☺

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The legal qualification under the Shariah law of Takaful contributions



TAKAFUL & RE-TAKAFUL
(EUROPE)

By Ezzedine Ghlamallah

Scholars unanimously recognize that Tabarru is a noble concept of the Muslim jurisprudence. This practice in the Takaful industry, however, raises a crucial issue as the contributions paid by the participants are not a pure gift, but rather a conditional gift: each participant gives an amount in expectation of receiving a financial benefit in the future. In addition, the amount of the donation is adjusted according to the nature of the risk to be covered. This is problematic from the Shariah point of view because the amount given as Tabarru is supposed to be voluntary and not obligatory.

The terms Tabarru and Hibah are in principle interchangeable and share a common sense of 'donation'. When a person performs an act of Tabarru or Hibah, he does so in a disinterested manner, without seeking anything in return or for his own spiritual fulfillment. This has the legal consequence that once the donor has made the gift, the property is immediately transferred to the donee in perpetuity.

In a Takaful fund, the participant settles a contribution for which the operator and the participant mutually agree that it will be intended to cover the secured risk. In the case of realization of the risk, the Takaful fund will pay a compensation to cover the loss, and in case of the non-realization of the risk, the participant will have the right, depending on the technical result, to receive a share of the surplus. The contribution paid into a Takaful fund cannot be considered as Tabarru or Hibah, since the participant expects a guarantee in return.

Given that in a Takaful contract, the participant essentially pays a contribution for the purpose of the material benefits it procures and not in consideration of spiritual benefits, Prof Dr Md Ma'sum Billah believes that the contribution paid by the participant should instead be considered as a Musahamah contribution rather than as a Tabarru donation.

With a Tabarru gift, the property is transferred with a spiritual benefit to the donor while with a Musahamah contribution, the contributor retains the material and legal benefits of its contribution.

The Musahamah is, in an insurance contract, a monetary counterparty paid by the participant under the contractual obligation which obliges him to pay a contribution in exchange for the coverage of the insured risk.

The Musahamah does not necessarily imply the idea of donation, it does not necessarily have to be in favor of others, and can be realized for the benefit of the contributor himself. In a Musahamah, the contributor does not lose his right to receive his contribution.

Through this legal classification of the contribution as a Musahamah, there is no longer any legal incompatibility with the Shariah that prevents the contributor from benefiting from it.

As a result of this legal qualification, participants no longer have any restrictions in claiming any form of mutual benefit from the fund to which they have contributed. ☺

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