



الشركة الإفريقية لإعادة التكافل

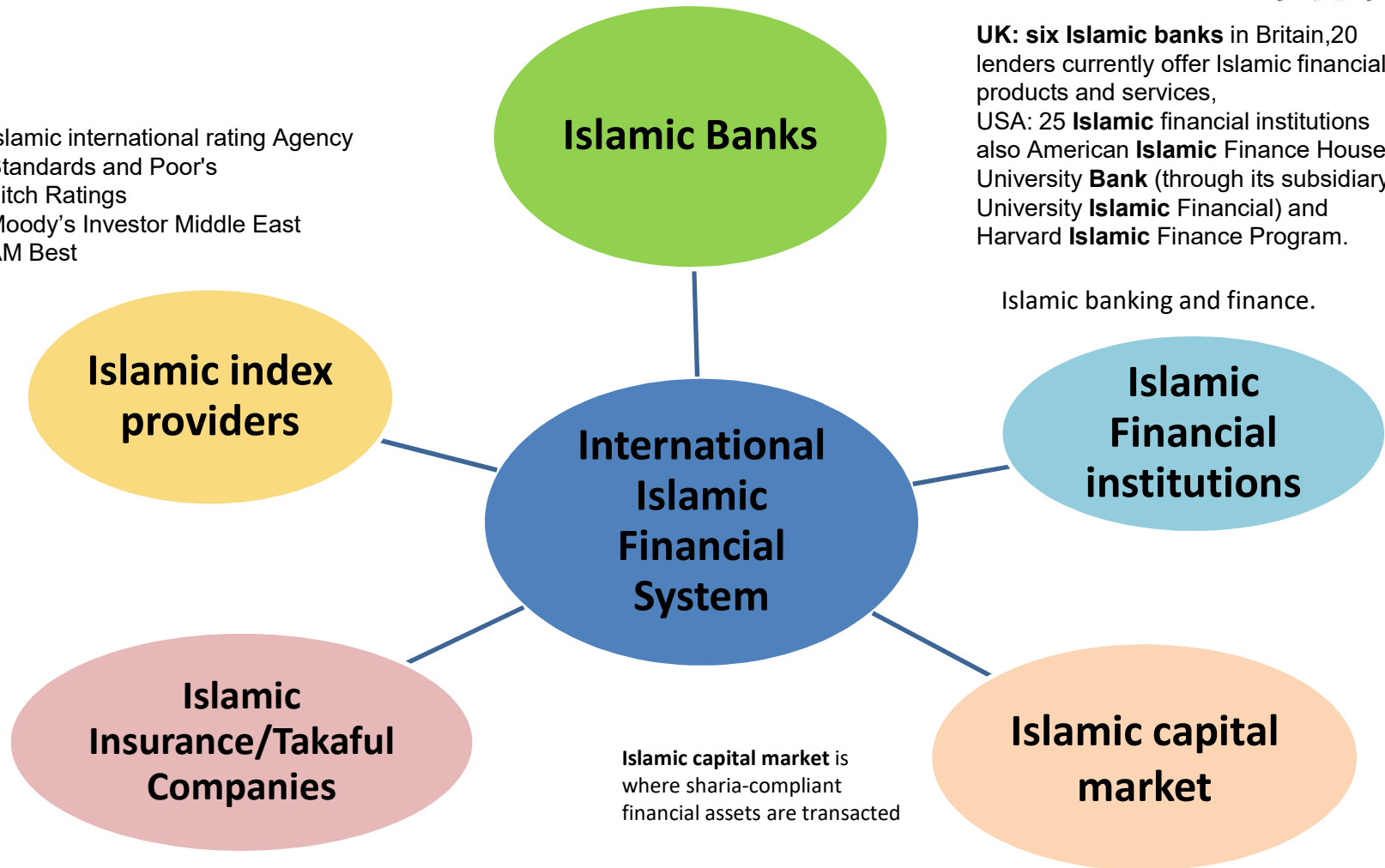
Africa Takaful Conference –Lagos, Nigeria August 2023

Retakaful as an Emerging Sector in Africa,

Presented by: *Yousif El Lazim Gamma,
MD, Africa Retakaful*



Islamic international rating Agency
 Standards and Poor's
 Fitch Ratings
 Moody's Investor Middle East
 AM Best



Islamic Finance has gained huge attention in the recent decade not only in the Middle East Region but also in the South East Asia. Under Islamic Finance the Islamic Financial Institutions can be subdivided into three distinctive categories:

- **Islamic Banking**
- **Islamic Financial Institutions**
- **Islamic capital market (investments)**
- **Islamic Insurance/Takaful (Insurance)**
- **Islamic index providers**



Takaful (Islamic Insurance)

Takaful is the Islamic alternative system for the conventional/traditional Insurance , where the elements of Riba (interest), Maysir (gambling), Gharar (uncertainty) are avoided from the operations.

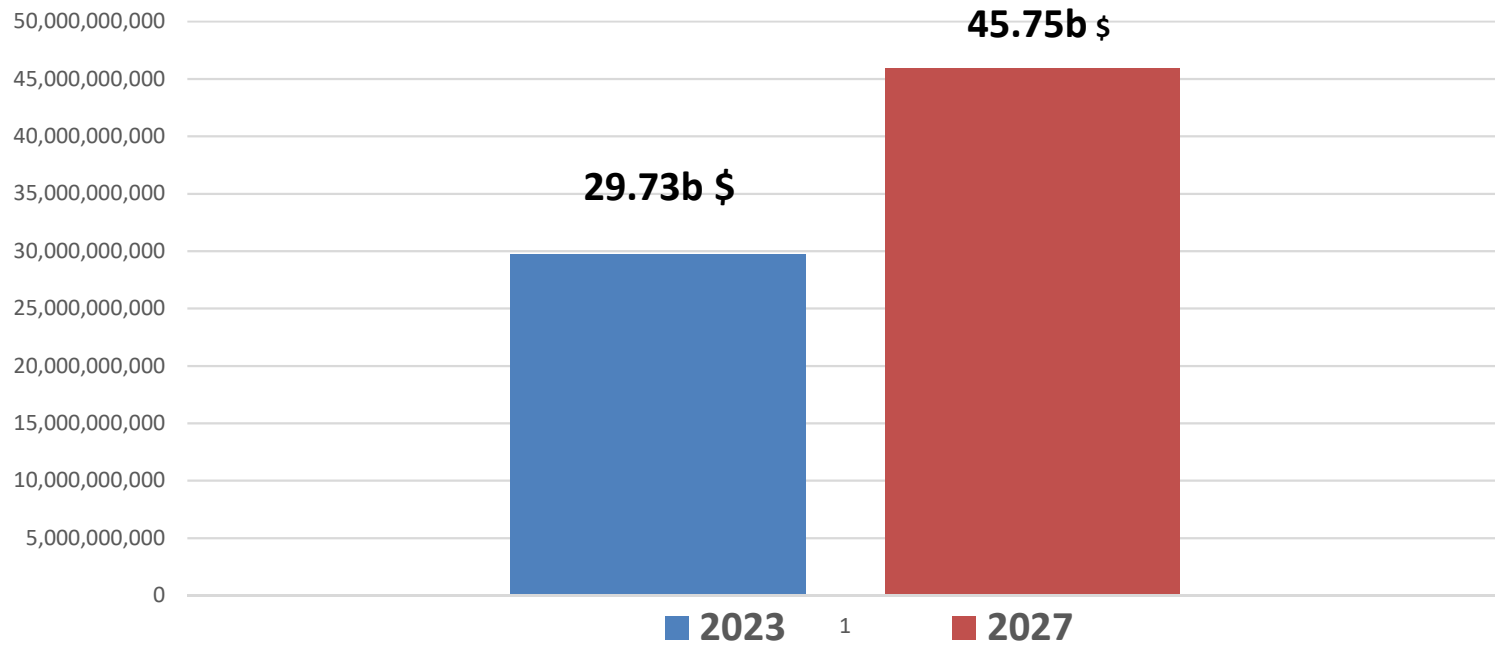


Global Takaful Market Drivers:

The global Takaful industry is rapidly gaining momentum, particularly in the Asia Pacific and the GCC region, while the main driving motive is the large, and growing Muslim population.

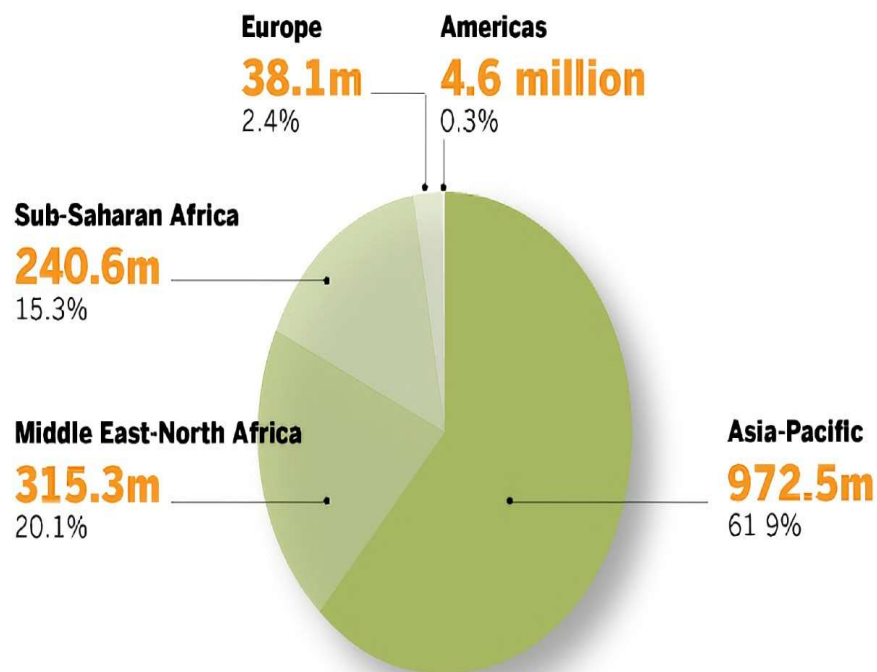
Muslims currently account for a fifth of the total global population, and these levels are expected to further increase in the future.

Global Takaful Industry Market Premium forecast



Source: Research and Markets

Muslims Population worldwide



Sub-Saharan Africa is projected to experience the fastest overall population growth, rising from 12% of the world's population in 2010 to about 20% in 2050. The **Middle East-North Africa** region also is expected to grow faster than the world as a whole, edging up from 5% of the global population in 2010 to 6% in 2050

Source: PEW RESEARCH CENTRE



Retakaful Is required achieve the following:

- ✓ Support the growth of Takaful industry
- ✓ Provide capacity
- ✓ Ensure more spread of risks
- ✓ More risk sharing
- ✓ Balancing portfolio
- ✓ Reduce claim fluctuations
- ✓ Improve direct Takaful Insurance loss experience



Key Success Factors for Retakaful Company

1. For a retakaful company to succeed, it needs a strong backup from shareholders, or a parent group, as the case with Africa Retakaful
2. Shareholders need to adopt higher shariah concepts and apply reasonable management fees, while allocate sufficient Capital
3. Retakaful operators need strong and dedicated support from its small, direct markets, and other stakeholders.



Key Success Factors for Retakaful Company.....Cont

4. Retakaful operators are required to work hard to meet the expectations of their core markets, either for capacity or other kinds of technical support.
5. Retakaful operators should be in compliance with shariah principles
6. Existence Legal and Regularity framework geared toward Takaful





TAKAFUL/RETAKAFUL CHALLENGES:

1. Lack of effective capital incentives:

- The importance of capital recognition to the Takaful company
- Maintenance of existing capital, and attracting new capital injections
- Leverage between policyholders' fund and shareholders' fund





2. Limited investment universe:

- Takaful and Retakaful industry do not have wide varieties of investment tools, to be used to grow their income
- The importance of growing investment income is vital for the company's competitive edge
- This is when coupled with the relatively very low surplus margin/profit margin on the Retakaful case, worsen the position of the Retakaful.



3. Lack of standardization:

1. Regulations and regulatory framework
2. Operational framework
3. Legal framework
4. Uniformity of Legal , and Regulatory frameworks

4. Shortage in human capital and technical expertise

1. Takaful /Retakaful industry is very young therefore, it is has shortages in well versed technical expertise.
2. Human capital is in shortages due to high level of turnover.
3. Human resources training, development, and succession planning are highly needed, along with a staff retention.



5. Takaful Insurance Awareness

- Despite the fast growing of the Takaful/Retakaful industry, yet awareness of the takaful products is still very low.



6. Competition from Conventional Insurance:

- Competition is described as the best protection of customers/policyholders
- Fair competition basis vs Unfair basis of competition
- Protectionism



- Compliance is overseen by a Sharia Advisory Board
- Still it is required the harmonised global Legal, Regulatory, and Operational frameworks Or at least in our Continent.



Thank you

Any Question Please?

