



THE CHANGING ENVIRONMENT FOR TAKAFUL/RE-TAKAFUL IN PAKISTAN

*The International Takaful Summit -
London*

By: **Zubair Mughal**

Chief Executive Officer

AlHuda Center of Islamic Banking & Economics



About the Pakistan's Takaful Industry

- Pakistan's Population – 200+M
- The Regulator - SECP
- Model – Wakalah Waqf Model
- Total Insurance Player - 50 (41 General Insurance + 9 Life/Family)
- Takaful Operator: 5 Full-fledged + 29 Window Operations
- Growth Rate – about 25%
- First Takaful Company - 2006
- Insurance Penetration – less than 1%



Takaful Rule – 2005

- Only Full fledged Takaful Companies
- Paid up Requirement
- Requirement of Shariah Advisor
- Ensure the Shariah Compliance Mechanism
- Training Requirement – 20 Hours



Takaful Rule – 2012

- Allow the Window Operation to the Conventional Insurance Companies
- Paid up Requirement
- Shariah Advisory Board at SECP
- Ensure the Shariah Compliance
- Shariah Compliance Officer & Team
- Training Requirement – 20 Hours
- Accounting and Reporting Structure



SECP Shariah Governance Regulations - 2018

- To Ensure Shariah Compliance in Takaful/Re-Takful Industry
- It is necessary to have Shariah Compliant Certificate from SECP, valid for a period of three years from the date of certificate.
- Monitor the Charity account and its disbursement
- Fit and proper Criteria for Shariah Advisor
- Internal & External Shariah Audit for the Takaful



Different Levels to Ensure the Shariah Compliances in Pakistan

- At Regulatory Level
- At Takaful Company Level.
- Shariah Audit (External & Internal)
- Shariah Review



Innovations, Opportunities & Challenges

- Innovations (The Changing Environment):
 - Insuretech, Micro-Takaful, BanckaTakaful Products, specialized products for Islamic Banking Industry
- Opportunities
 - Big Consumer Market & Demand
 - Govt. Support & Emerging Trends of Islamic Banking and Finance
- Challenges
 - Awareness Issue
 - HR & Capacity constraints.
 - Limited Investment avenues & Re-Takaful Arrangement
 -

Q U E S T I O N S

