



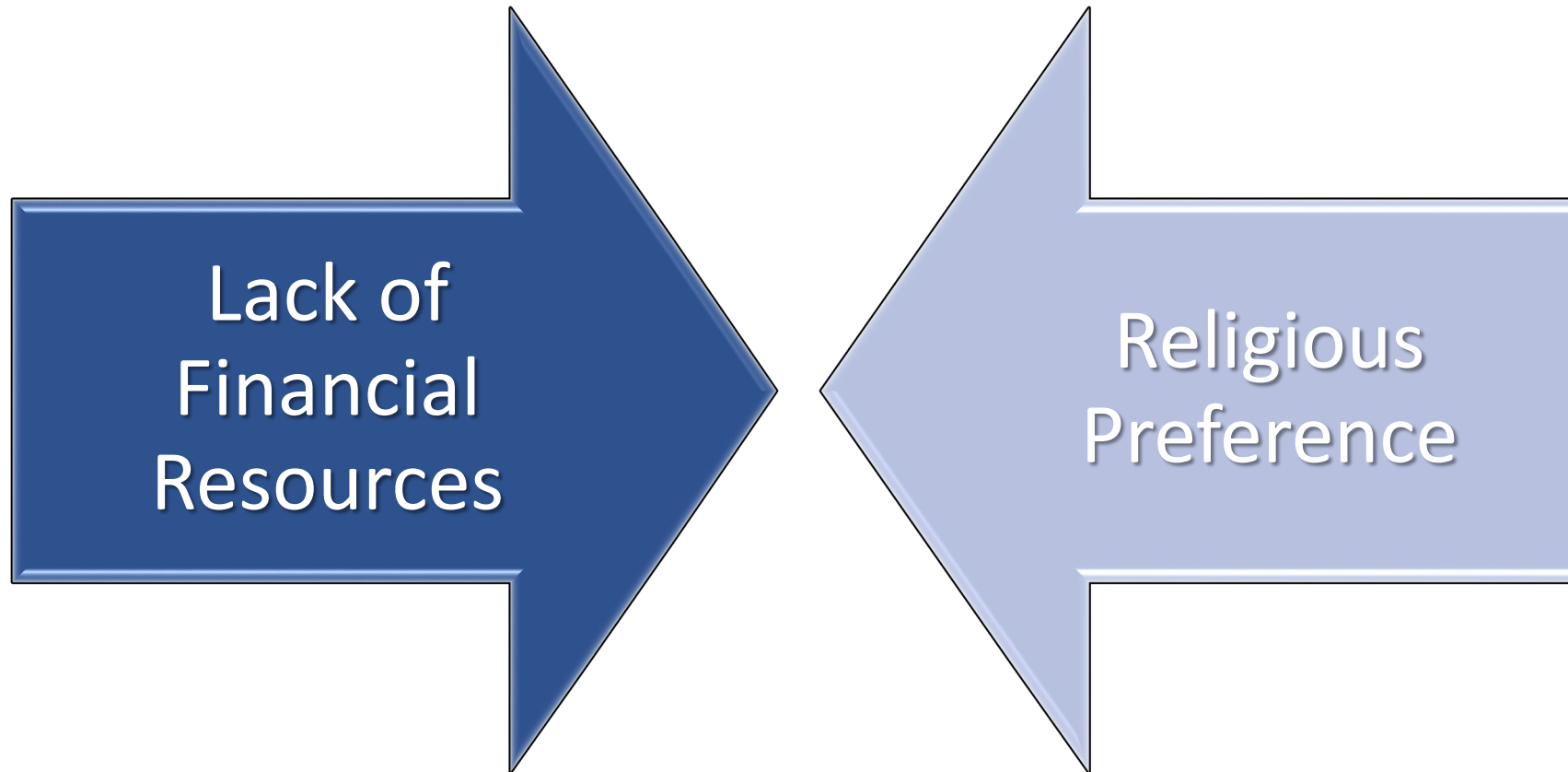
# Challenges of inclusive insurance in the Arabic/Islamic world

Dr. Tarek SEIF FCI, CDIF

# Islamic World Definition

- Constitutional Definition
- Demographical %
- Membership of the Organization of Islamic Cooperation (OIC)
- *De facto* approach

# Insurance Inclusion Challenges



# The Socially Marginalized : Demand vs. Supply

- + 50% of the World's poorest people live in the Islamic World.
- Every 1 in 5 Muslims lives in extreme and chronic poverty.

**Gross Contributions**

US\$ 28 bn

**CAGR (2009-2014)**

CAGR of around 11%  
during 2021-2026.

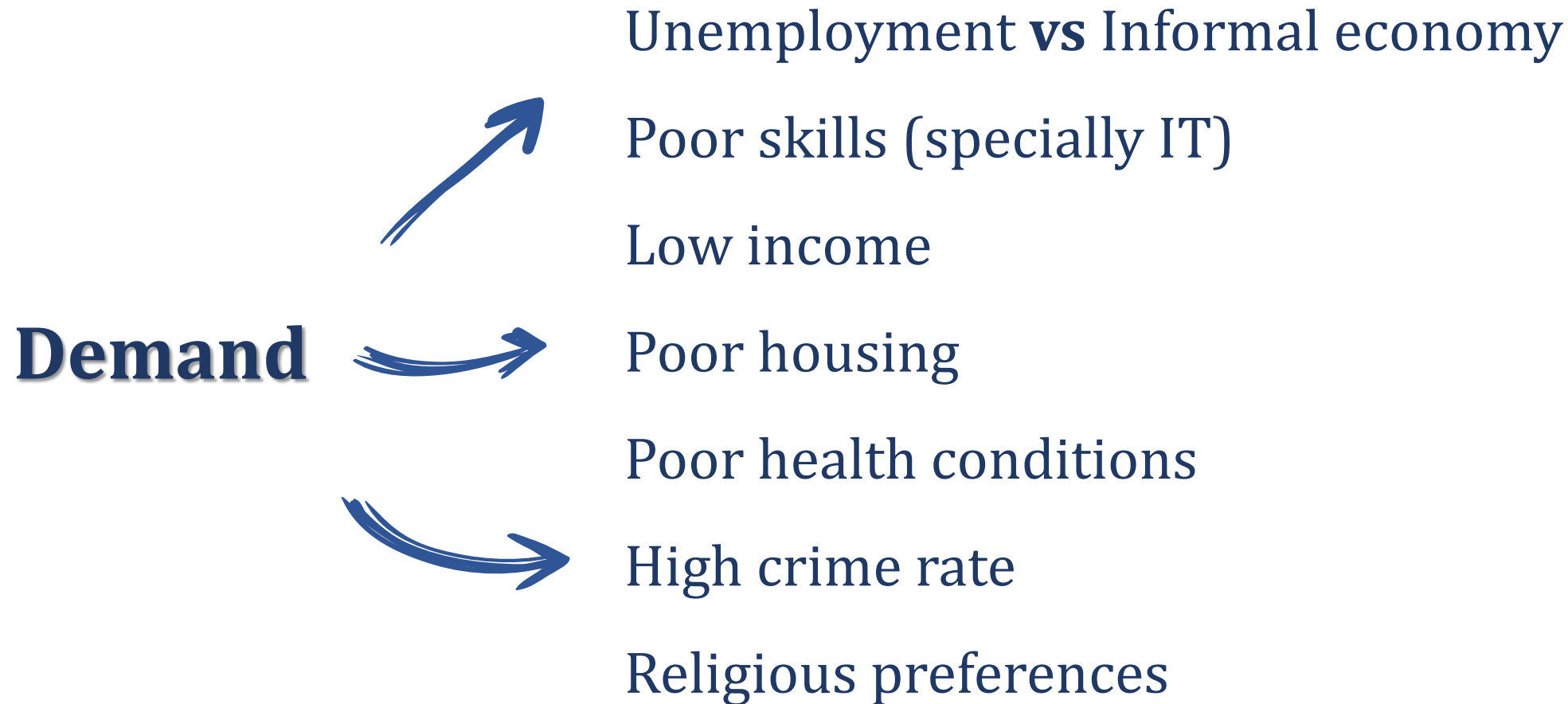


**25%**

**1.9 billion**

Takaful Density = 14.7 per capita

# The Socially Marginalized : Demand vs. Supply



# The Socially Marginalized : Demand vs. Supply

**Supply**



Cherry picking underwriting strategy



Opportunity cost of capital



Shari'ah compliant products

# Why Takaful

## Major objections:

(inherited within an insurance contract itself)

## Minor objections:

(related to insurance companies guideline and market practices)

- **Riba (usury)**
- **Gharar (ambiguity)**
- **Maiser (gambling)**
- Life insurance contractive Mawarith (Islamic inheritance rules) in distributing policy's benefit among the beneficiaries.
- The investment policy of an insurance company is an interest-bearing one.
- Few insurance products includes Maiser (prize- indemnity insurance).
- **Ghabn (fraud or deception):** Exploitative profits and moral hazards.

# Core Components of Islamic Financial System

**Islamic  
Banking**

**Takaful**

**Islamic  
Capital  
Market**

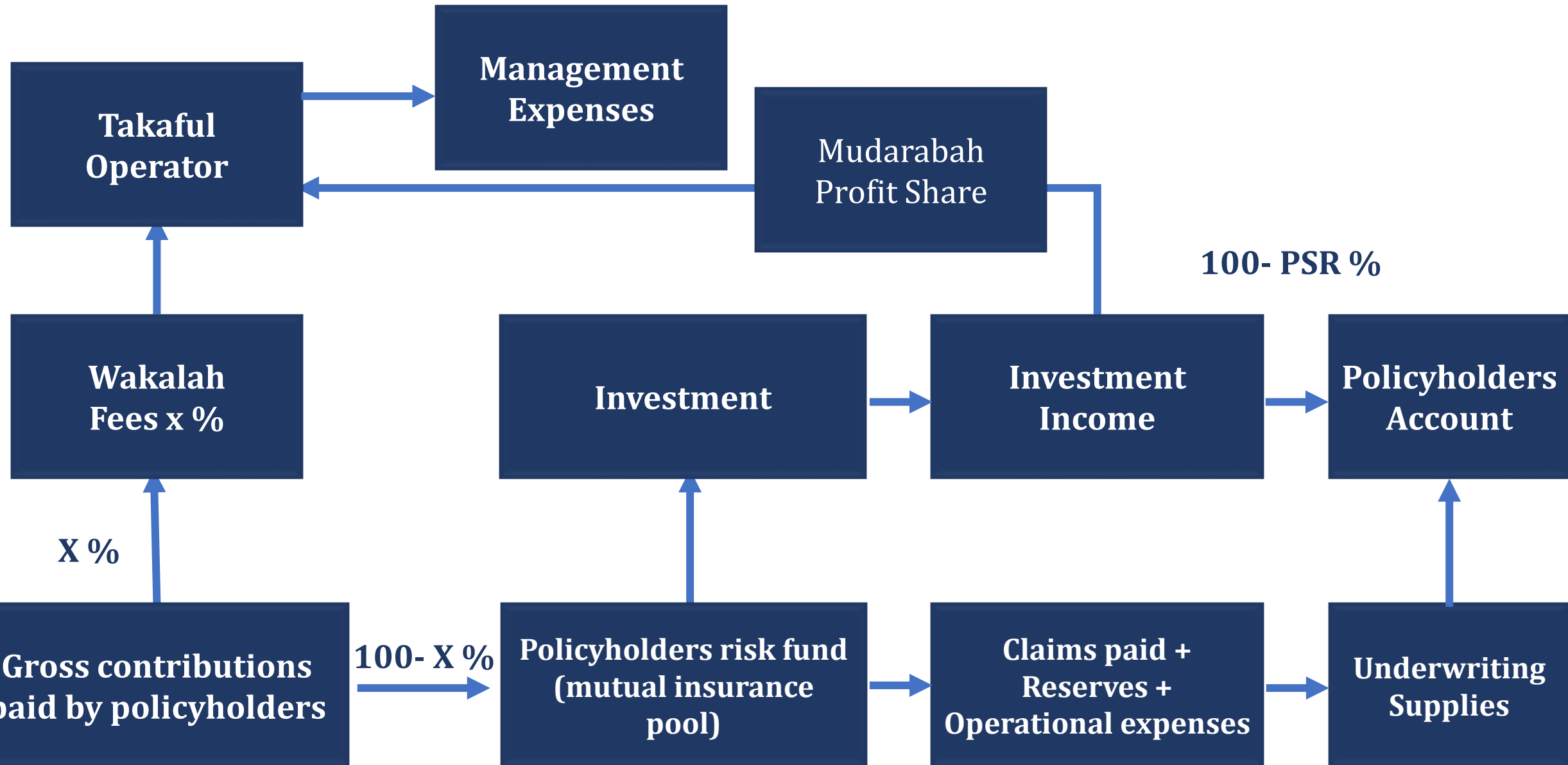
**Islamic  
Money  
Market**



# Right Modus Operandi

- The Basic Mutual Model (Non- profit)
- The Pure Wakalah Model
- The Modified Wakalah Model
- The Pure Mudarabah Modal
- The Wakalah-Mudarabah (hybrid) Model
- The Waqf Model

# Right Modus Operandi



# How?

**Rising Awareness & Education**



**Improving Access**



**Promoting Affordable Insurance**

# How?

## MicroTakaful distribution models

- A Full-service model: Takaful operators develop their products with an affordable premium that the poor can afford. (Avoid mimic the conventional products)

### **Alternatively**

- A Partnership model: Takaful operators with the right products pair with Islamic microfinance institutions and others to provide microTakaful in the low-income markets.

**Thanks**