

Takaful: Potential Demand and Growth

Zuriah Abdul Rahman

Associate Professor

*Faculty of Business Management, University
Teknologi MARA, Shah Alam, Selangor, Malaysia*

zuriahabdul@hotmail.com

Abstract. *Takaful* is an alternative form of financial instrument to insure assets, liabilities and other personal interests of individuals and organizations. Almost 30 years later, *takaful* has grown at such a rapid rate and the market has expanded from Western Asia, South Asia, South East Asia, Africa which are predominantly Muslim populated countries and recently has made its appearance in parts of Europe and North America. The impressive growth world wide and potential expansion into new western markets has a strong implication to would-be *takaful* operators to gear themselves with innovative *takaful* products and to match the service quality of the traditional insurance market to cater to the close to a billion Muslim market scattered in many parts of the world.

Introduction

According to Bukhari (2007), the Islamic insurance sector or *takaful* has expanded in many major markets and in Muslim dominated countries around the world. Among the Top 25 companies in the world, ranked by The Banker, Brunei's Takaful IBB Bd is first followed by SCA's of Iran Insurance Company and Malaysia's Syarikat Takaful Malaysia Berhad with *Shariah* compliant assets worth US\$31.5 billion, US\$1.5 billion and US\$824.8 million respectively, while the GCC companies, is led by Saudi Arabia's Company for Cooperative Insurance. The impact of Islamization has not only been felt where Islam is practiced, but also in countries where the Muslim population has increased tremendously and this is particularly true in the Western world, Europe and North America.

Growth of *Takaful* and other Islamic Financial Institutions in the Global Market

Current and estimates of *takaful* asset size and major *takaful* suppliers

The world-wide *takaful* industry is estimated by Moody's Investors Service of the US, to be worth around US\$2-3 billion and set to grow to US\$7.4 billion by the year 2015 (Islamic Financial Service Sector Report, 2007). There are around 80 *takaful* operators around the globe with an additional 200 'takaful windows' –the *Shariah* compliant operations of conventional financial institutions. The growth rates of the global *takaful* market for the past few years have been recorded at around 20 percent (Deputy Governor of Bank Negara Malaysia, 2007).

Is Islamic insurance here to stay? The quarter century experience of growth in the markets worldwide, is a testimony of *takaful* operators determination to stay on and expand their business in other parts of the world. *Takaful* operators from Malaysia have set up joint-ventures in Pakistan, Saudi Arabia and Sri Lanka, provided technical expertise to many countries in the Asian region particularly Indonesia, Brunei, Australia, Lebanon, Bangladesh, Algeria and many more (Yusof, 2001). From an initial two *takaful* operators in 1994, the number has grown to nine in total (Appendix 1A). Even the large conglomerates coming from the Middle Eastern region are reporting big bucks and positive returns on their investments (AME Info, 2007). To top it off, most non-Muslim corporations are also joining their Muslim counterparts in various parts of the world, excited at the prospect of making big money, in an interest-free market. There are currently more than 80 *takaful* insurance companies (operators) worldwide. Furthermore, the London market has also launched its *Takaful* Syndicate at Lloyd's in 2005, with an underwriting capacity of US\$2 million which will be expanded into the Western markets, including US, Canada and Western Europe (Insurance Focus, 2006; Hanbali, 2007). The first Islamic-compliant insurer in Britain, Principle Insurance, established this year is targeting the 2 million Muslims there (Enz, 2008). Buddhism widely practiced in Thailand, the other non-Muslim country which has also opened its doors to *takaful* with the establishment of Kamol Insurance (*Shariah*-compliant insurer) to capture its Muslim market which have been known to cross over to Malaysia to make their *takaful* purchase (Srivastava, *et al.*, 2006). Insurance giants, in the likes of American International Group (AIG, the world's largest insurer) have begun operations of its *takaful* unit in Bahrain, followed by Allianz, Europe's biggest insurer and Hannover Re, of Germany, a large reinsurer as well as Swiss Re (Switzerland based reinsurance company) have also penetrated the gulf market recently. With big names already in the international Muslim market, it is highly likely that these companies will be offering *takaful* products in their

country of origin or domestic markets, which AIG’s spokesperson estimates about 300 million Muslims in the region (Bloomberg, 2006).

Takaful Demand Based on Population Size

Another indicator for *takaful* vibrant growth in the future is the size of the Muslim market. Experts’ estimate on the number of Muslims in 1999 was 1.2 billion representing between 19.2 to 22 percent of the world’s population and growing at 2.9 percent per year, (2.3 percent growth rate for total world population), provided by the Council on American-Islamic Relations in 1999. According to another estimate, Muslims have grown by more than 235 percent the last 50 years and now stands at 1.6 billion. Tables (1), (2) and (3) provide a rough estimate of Muslims in the world and in North America (among the lowest *takaful* market penetration in the Western world). Population size and demographic consideration is certainly of vital concern for an enterprise before embarking on a new venture, because the larger the population, the larger is the potential market size and the social structure also plays an important role in dictating demand. Also past and various studies have shown a positive and significant relationship between insurance market growth and economic development. Therefore, education, and income level, are factors that would support the initial projection for *takaful* growth, which is predicted by HSBC bank to reach US2 billion or maximum of US14 billion (Mc Sheeshy and Suess, 2007). Industry experts forecasted a large portion of this increase will be in the Western world, particularly in the European market. Therefore, the assumption here is, the potential market for Islamic insurance or *takaful* is indeed extensive in the untapped market of Europe and North America.

Table 1. Percentage growth of Muslims in the world population.

1900	12.4%
1980	16.5%
2000	19.2%
2025 (projected)	30%

Source: http://www.factbook.net/muslim_pop.php

Table 2. Muslim population in the world and selected regions of the world (1996).

Total World Population	Total Muslim Population	Muslims in North America	% of Total Muslim Population
6,036,972,881	*1,480,083,062 (1996) 1,678,442,00 (1998) 1,902,095,000 (2000 estimate)	473,892 (Canada)	0.6%
		9,732,061 (United States)	

Source: *http://www.factbook.net/muslim_pop.php; Cornell University Survey (2002) from Allied Media Corp.

With the changing financial and socio-economic environment, strategies and perspectives on the handling of personal and commercial financial risks would have to change accordingly to meet new and relevant needs of society. Therefore, banks and insurance companies and other financial institutions would have to re-think and re-do their plans for the future, to meet the growing needs of the Muslim community in various parts of the world. Likewise, to support the operations of Islamic based financial institutions, a strong and pragmatic regulatory framework would have to exist. It would seem likely that regulator proficiency in Islamic laws or *Shariah* needs to be established to ensure a smooth and efficient operation for new entrants into this untapped market.

According to some expert estimates, the global Islamic banking and finance is growing at 15 percent (19 percent for *takaful* market) annually with more than 100 financial institutions operating in more than 45 countries (Khorshid, 2004). The current annual turnover of US70 billion will be surpassed and projected to hit US100 billion or even more at the turn of the century (Srivastava *et. al.*, 2006;) and the total Islamic financial assets worldwide including private equity and bonds have exceeded US250 billion (Blitz & Tett, 2007). The Islamic retail financial services has grown significantly in the Middle East, Africa and Asia-Pacific regions, and the recent establishment of the Islamic Bank of Britain in the UK, as well as the creation of Islamic financial capital markets in other European countries is sending a signal to would-be *takaful* operator that potential growth is definitely in the offing for other countries as well, and the US being high on the preferred market list. A few reasons cited for this are, the large population size (3rd populous country in the world after China and India) as well as other socio-economic variables which will be discussed in greater detail below.

On the conventional insurance performance, industry estimates the average growth rate worldwide at 9.7 percent [life insurance sector leading at 11.8 percent and 7.5 percent for the property-casualty sector (non-life)] (Hussels *et. al.*, 2005). In comparison, the Islamic insurance or *takaful* market has outperformed the traditional market with current growth rate of between 15-20 percent annually (Bjelanovic & Willis, 2007; Jaffer, 2006). If the trends are good economic indicators of what the market is going to be in the future, industry expects the growth to almost double in the future and coupled with an increasing Muslim population, the prospects for the future look very positive indeed (icmif.org/services/takaful/newsletter).

Growth of Islamic Insurance in Malaysia

Islamic insurers or *takaful* operators, as they are commonly known, have grown in great numbers over the last 27 years. While the Middle-Eastern and African region of the world boasted the most numbers of *takaful* operators, the South-East Asian nations, notably Malaysia, Indonesia, Brunei have been in existence for more than 22 years and the financial institutions representing this sector have been resilient and stable in their growth contributing to personal and national development (Abdul Rahman & Mohd. Yusof, 2004) (Appendix 1B). An example of the impressive growth and performance of the Malaysian *takaful* sector is provided for in Appendix (2) and (3). It is predicted that the Malaysian *takaful* market is set to grow at an average rate of 19.6 percent annually and this is much higher than the conventional insurance market at 8.4 percent. The combined *takaful* contributions (premiums) for both family and general *takaful* over the last nine years (1997-2005) have been impressive, contributing from 0.7 percent to 1.2 of Gross National Products, (2001-2006) respectively, while total *takaful* fund assets stand at 1.6 percent to 4.8 percent of GNP for the same period. Its percentage of total assets in the insurance and *takaful* industry has grown too. (*Takaful* Annual Report, Central Bank of Malaysia, 1998-2006) (Appendix 4). Being a relatively new segment of the market, the impressive growth at this level is not unexpected.

Islamic Insurance or *Takaful* Potential in North America

There are several factors which experts in Islamic finance and insurance agree will encourage the growth of this market in North America, particularly in the US. Using the findings from previous studies on variable determinants of life insurance in the conventional market as an analogy to determine demand for *takaful*, a number of factors emerged that could count as possible initiatives. It has been established from past researches that various demographic and socioeconomic variables were positively identified to be positive determinants of life insurance demand. These are, income, education, young population, changing social structure or policies on social welfare, the legal environment and many others. Taking this into the context of the American Muslim population, one could make a few assumptions based on selected socio-economic factors. Firstly, the increase affluence amongst the Muslim population; secondly, the very high number of American Muslims with higher education, leading to more numbers entering the labor market and in various professional fields; thirdly, a population growth rate of 6 percent annually with household size of 4.9 persons; a change in the social structure, with parents becoming less dependent for financial support on their children upon retirement and old age and finally, longevity due to advances in medical science and declining mortality rate (according to the Population Reference Bureau 2007,

average life span is 77.5 years), are factors that could well establish the US as the next potential *takaful* market of the future.

Affluent community

Affluence has resulted in the need for the safety and security to their persons and personal assets. Thus it is only natural that insurance or its equivalence is a sought-after product. American Muslims' income is well above US\$50,000 per year putting them in a higher bracket than the average US population (Table 3). Hence, their disposable income for investment and accumulation of assets have the potential to create a positive demand on insurance or *takaful* alike, which makes them a major force to be considered as potential consumer and investor in Islamic banking and insurance products and services. With 67 percent of American Muslim planning to buy a new car every 3.3 years (Cornell University study, 2002 from Allied Media Corp.), this will potentially push the demand for property-casualty insurance products or its alternatives. Hussells *et al.*, (2005) in their meta-analysis of the relationship between property-casualty insurance demand and income on past researches, found a positive relationship between increased income and property-casualty insurance, particularly automobile insurance. On the demand for life insurance experience, again past researches conducted by Truett & Truett (1990); Brown & Kim, (1993); Outreville (1996); Enz (2000), Ward and Zurbruegg (2002) found income also to be positively correlated to life insurance consumption and if the increase in the American Muslim's affluence continues well into the near future, the demand for life insurance or family *takaful* looks quite bright too.

Highly educated group

American Muslims are demographically younger in their composition with 67 percent below 40 years old compared to the American population as a whole. At the same time, the Zogby International survey from Allied Media Corp. (2002) estimated about 62 percent of American Muslims have a Bachelors degree or higher, while the more recent Cornell University survey also from Allied Media Corp. (2002), gives a higher estimate of 67 percent (Table 3). Past researches conducted by Truett and Truett, (1990) and the more recent, by Outreville (1996) established a positive relationship between education and life insurance consumption, which again, insinuating that *takaful* products and services, if easily available, could also be in demand. Both literacy and education is a plus factor because it creates a general awareness of the availability of Islamic financial products through various media, which could lead to acceptance of it.

Positive population growth rate

Statistics indicated that the sources of population growth in the United States come from three components, namely natural increase, domestic migration and international migration. The most significant change comes from international migration from the 1850's to the present (Table 4). According to the Cornell University study (2002) from Allied Media Corp., of the estimated 290 million US population, 3 percent or 8-9 million with 2.3 million households are Muslims. The average Muslim family size is 3-4 persons. This number is growing at a rapid rate compared to the national growth rate of the US population (Table 3) and expected to double to 16 million by 2014. On top of that, the US immigration policy allows for between 2-3 percent international migrations per year. Migration could occur from many parts of the world but the most significant amongst Muslim countries are from the Asian region especially Western Asia (India, Iran, Afghanistan and Middle-Eastern countries) and Africa (US Census, 2005). Going by country of origin, the Sub-Saharan Africans, Indians, Arabs, Iranian and the Turks form the largest number, typically Muslims by birth, who have been accorded the legal permanent resident status (Table 4 below). If this trend continues, this augurs well for the Islamic finance and insurance sector.

Social structure

The move from agriculture to industrialized economy has greatly affected the migration of population to urban areas in many developing countries. Parents who are generally dependent on the children in many agricultural economies find that they have to fend for themselves in old age because of the absence of the breadwinner, their children, in the house, and this typically occurs in many Asian countries like China, India, Malaysia, and many other parts of the world. The trend in American Muslims society is not so much of moving from rural to urban areas but rather the transformation of the family structure from one of children dependency or extended family system to being self-dependent due to migration of their children to big cities in search of higher education and better paying jobs.

The social structure change will bring again another positive impact on the Islamic financial sector because the older generation of American Muslims wants to be financially stable right up to old age. The US typically already has a very high percentage of ageing population resulting from improved mortality experience due to advanced medical care, better nutrition and other environmental factors, and to top it off, an added burden of the American Muslims community (initially immigrant) who would also be approaching this age-group within a decade. Hence, there would be an urgent need for some form of financial security to off-set the potential burden on the government's medical

care program. Again research in the area of changes in social structure also points to a positive relationship, which shows that the older the population and the lower the inflation rate, the more people will choose life insurance over other forms of savings (Beenstock et. al, 1986; Brown and Kim,1993). On the other hand, a negative relationship occurs towards the demand for life insurance, as in the one-child policy practiced by China, which, however, upon final analysis shows, it has significant contribution to the demand for life insurance after all (Hwang & Greenford, 2005). It is estimated that by 2020, the baby boomers of the late 40's and 60's, who will be reaching retiring age in the US, provided evidence to industry experts that there will be an increase in demand for medical, pharmaceutical and old age health care (Shakir, 2007).

Table 3. Muslims in US: Population, Statistics, Demographic and Psychographic Factors – Year 2002.

Demographic/Psychographic	American Muslims	American Population
Population	8 million (3 percent of total US population)	299 million
Population Growth Rate	6 percent	0.9 percent, 0.6 percent*
Income	>US50,000/year	US42,158/year
Education (College graduate or higher)	67 percent	44 percent
Age Group (18-49)	89.3 percent	45.2 percent
Occupations – Professional category (engineer, physician, dentist, IT, corporate manager, journalist, teacher etc.)	44 percent (20 percent are students)	**15.2 percent (professional); 10.5 percent (executives, administrative & managers)
Residing in the largest (population) states in the US (Domestic migration)	California (16%); New York (n/a); New Jersey & Indiana (4%); Michigan, Virginia, Texas & Ohio (3% each)	*California (21%), Texas (7%), New York (14%), Florida (12%), New Jersey (5.2%), Illinois (4.1%), Virginia, Maryland, Georgia, North Carolina (average 2.04% each)
International Migration based on legal permanent residents flow to US (approx. increase by percentage)	1970's 1980's 1990's – (1990-1998) 2000's – (2000-2006)	33% 50% -12% 4% (average calculation based on Table 4 below)

Source: Cornell University Study (2002) from Allied Media Corp;

* Source: Population Reference Bureau (2007) Legal permanent residents in Year 2000-2003.

** Source: <http://bls.gov/emp/empllo97.pdf>-Employment by occupation 2006, US.

Table 4. Legal Permanent Residents flow to United States, 1960-2006 (in millions).

1960	1970	1980	1990	1992	1994	1996	1998	2000	2002	2004	2006
0.3	0.4	0.6	1.9	0.95	0.9	0.7	0.9	0.65	1.1	0.7	1.3

Source: <http://factfinder.census.gov/servlet/SAFF> Population (US Dept. of Homeland Security)

Table 5. Population statistics by race/ethnic group in 2000.

Race	Population	Percentage with college degree or higher
Sub-Saharan African	1,779,462	>15
Indian	1,678,765	>50
Arab	1,189,731	>25
Iranian	338,266	>37
Pakistani	153,533	>31
Turk	117,575	>31
Afghan	53,709	>17
Bangladeshi	41,280	>30
Indonesian	39,757	>27
Malaysian	10,690	>33

Source: <http://factfinder.census.gov.servlet/SAFFactsCharIteration>

Conclusion

Are the traditional financial institutions in the US ready to meet the challenge for this change? Browsing through articles and analyzing expert opinion and professionals in the field, findings show that it is the smaller financial outfits that have geared themselves up for this market. Various community development corporations in Minneapolis, small financial companies in Indiana, New Jersey, Texas, California and recently, Goldman Sachs have crossed over the line to join the Islamic financial institutions worldwide. Whether the large conglomerates would follow suit in the domestic market remains to be seen. Indications from the enthusiasm shown globally, (Appendix 1A) proved that Islamic financial institution is here to stay and the US could be their next target market. The growth estimate of between 15-20 percent would encourage any financial institution to start dabbling in this market, very soon. Although many large US insurance companies have conducted research in this area, they are still using the 'wait and see' approach before taking the bold step in changing the way they do business in this field.

As several changes in demographic and psychographic variables within the Muslim society are known to have taken place, this could provide the impetus for the demand for Islamic insurance products and services.

To ascertain whether there is actual demand for the product, it is timely that a comprehensive and nationwide research be carried out. Once the demand is established, the next step will be to determine whether the supply for the product is forthcoming in the near future. It is hard not to acknowledge the global financial changes that are taking place, and that the US cannot remain immune to such changes.

References

- Abdul Rahman, Z. and Yusof, M. R.** (2004) Family *Takaful*: Its Role in Social and Economic Development and as a Saving Instrument in Malaysia, Proceedings of the Islamic Research & Training Institute, Islamic Development Bank Conference: The Prospects of Arab Economic Cooperation to Boost Savings and Investment, Alexandria, Egypt. An analysis of the world Muslim population by Country/Region downloaded from: http://www.factbook.net/muslim_pop.php on April 2, 2007.
- . 'Salama Islamic Arab Insurance Co (IAIC) Makes AED181 Million Profit by the end of 2006. AME Info, downloaded from: <http://www.ameinfo.com> on February 27, 2007.
- Beenstock, M., Dickinson, G. and Khajuria, S.** (1986) The Determination of Life Premiums: An Internal Cross-section Analysis 1970-1981, *Insurance: Mathematics and Economics*, **5**: 261-270.
- Bjelanovic, J. and Willis, K.** (2007) Standard & Poor's on *Takaful*, *Malaysian Islamic Finance*, April, 2007.
- Blitz, J. and Tett, G.** (2007) UK Government to Issue West's First Islamic Bond, *Financial Times*, April 23.
- Bloomberg** (2006) AIG Enters the Market for Islamic Insurance, *The International Herald Tribune*, October 2.
- Bokhari, F.** (2007) Islamic Finance – Takaful Takes Off-Islamic-Compliant Insurance – Takaful is Finally Getting off the Mark, with Moody's Predicting a Global Market Worth US\$7 billion by 2015, *The Banker* April 1, 2007.
- Brown, M.J. and Kim, K.** (1993) An International Analysis of Life Insurance Demand, *Journal of Risk and Insurance*, **60**: 616-634.
- Cornell University Study** (200) American Muslims: Demographic Facts. Allied Media Corp. Muslim American Media downloaded from: <http://allied-media.com.AM/default.htm> on April 4, 2007.
- Deputy Governor of Bank Negara Malaysia** (2007) *Opening Address at the 3rd International Convention on Takaful and Retakaful*, Kuala Lumpur.
- Enz, R.** (2000) The S-Curve Relation between Per-Capita Income and Insurance Penetration, *The Geneva Papers on Risk and Insurance*, **25**: 396-406.
- Hussels, S., Ward, D. and Zurbruegg, R.** (2005) Stimulating the Demand for Insurance, *Risk Management and Insurance Review*, **8**: 257-278.
- Hwang, T. and Greenford, B.** (2005) A Cross-Section Analysis of the Determinants of Life Insurance Consumption in Mainland China, Hong Kong and Taiwan, *Risk Management and Insurance Review*, **8**: 103-125.
- Hanbali, B.E.** (2007) Potential Growth of *Takaful* in Europe, *Islamic Finance News Guide*, 2007.
- Insurance Focus Magazine** (2006) Downloaded from: <http://www.nortonrose.com/html> on April 27, 2007.
- Islamic Financial Service Sector Report** (2007) ABC Investment, Jordan
[<http://www.abci.com.jo>]
- Jaffer, S.** (2006) 2005 Global *Takaful* Review: Evolving Trends, Opportunities and Challenges, *Islamic Finance News Guide*, 2006.
- Khorshid, A.** (2004) *Islamic Insurance: A Modern Approach to Islamic Banking*, Routledge Curzon, New York: USA. Legal permanent residents flow to US, downloaded from: <http://factfinder.census.gov/servlet/SAFFPopulation> (US Dept. of Homeland Security) on May 13, 2007.
- Mcsheeshy, W. and Suess, O.** (2007) Allianz to Target Middle East's \$3 Billion Reinsurance Market, downloaded from: <http://www.bloomberg.com> on February 27, 2007.
MIR Takaful cover story downloaded from:
Icmif.org/services/takaful/newsletter/asp on April 27, 2007.

- Outreville, F.J.** (1996) Life Insurance Markets in Developing Countries. *Journal of Risk and Insurance*, **63**: 263-278.
- Population Reference Bureau** (2007) Washington: USA, downloaded from: <http://www.prb.org/countries/United States> on May 13, 2007.
Population statistics by race for 2000. Downloaded from: <http://factfinder.census.gov.servlet/SAFFFactsCharIteration> on May 13, 2007.
- Shakir, Ikram** (2007) Tomorrow's Takaful Products. Institute of Islamic Banking and Insurance, United Kingdom.
- Srivastava, D.K. and Surana, S.** (2006) The Role of Religion in International Business: The Case of LIC's Entry into Islamic Insurance, *The Management Case Study Journal*, University of South Australia, **6**, Issue 2, 67-79.
- _____, Islamic-Style Insurance booming in Malaysia, *The Nikkei Weekly*, December 25, 2007.
- _____, Launch for 'Takaful', *The Nation*, July 20, 2007.
- Truett, D.B. and Truett, L.J.** (1990) The Demand for Life Insurance in Mexico and the United States: A Comparative Study, *Journal of Risk and Insurance*, **57**: 321-328.
- US Census Bureau** (2005) American Community Survey.
- Ward, D. and Zurburuegg, R.** (2000) Does Insurance Promote Economic Growth? Evidence from OECD Countries, *Journal of Risk and Insurance*, **67**: 489-506.
- Yusof, M.F.** (2001) An Overview of the Takaful Industry, *New Horizon*, No. **107**, March, 9-11.

APPENDIX (1A)**TAKAFUL AND RETAKAFUL OPERATORS & ISLAMIC FINANCIAL INSTITUTIONS WORLD-WIDE (in alphabetical order: by country)****Full Takaful Operators****Australia, Bahamas & Bahrain**

- *Takaful* Australia
- Islamic *Takaful* & Re-*Takaful* Bahamas
- Al-Salam Islamic *Takaful* Co. Bahrain
- Bahrain Islamic Insurance Co.
- Islamic Insurance & Re-insurance Co. (IIRCO) Bahrain
- Sarikat *Takaful* al-Islamiyah Bahrain
- Solidarity Islamic *Takaful* & *Retakaful* Co. Bahrain
- *Takaful* International Co. Bahrain
- *Takaful* Islamic Insurance Co. EC Bahrain
- Bahrain-Dubai Islamic Insurance & Reinsurance Co.**
- American International Group (*Takaful* Unit).
- Allianz of Germany.

Bangladesh and Brunei

- Islamic Commercial Insurance Co., B'desh
- Far east Islami Life Insurance Co. Ltd. Bangladesh,
- Islamic insurance Bangladesh Ltd.
- *Takaful* Islami Insurance Ltd., Bangladesh
- Prime Life Insurance Ltd., Bangladesh
- *Takaful* IDBB Brunei
- *Takaful* IBB Berhad, Brunei
- Insurans Islam TAIB, Brunei

Egypt, Ghana, Indonesia, Iran, Jordan

- Egyptian Saudi Home Insurance
- Metropolitan Insurance Co. Ltd, Ghana
- Asuransi *Takaful* Keluarga Indonesia
- PT Syarikat *Takaful* Indonesia
- *Takaful* Umum Indonesia
- Asuransi MUBARAKAH Indonesia
- Alborz Insurance Co. Iran
- Asia Insurance Co. Iran
- Bimeh Iran
- Bimeh Markazi Iran
- Dana Insurance Co. Iran
- SCAs of Iran
- Islamic Insurance Co. Jordan

Kuwait, Luxembourg, Malaysia, Qatar, Pakistan

- 1st *Takaful* Insurance Co. Kuwait
- National *Takaful* Insurance Kuwait
- *Wethaq Takaful* Kuwait
- International Insurance Co. Luxembourg
- *Takafol* S.A. Luxembourg
- Syarikat *Takaful* Malaysia Berhad
- *Takaful* Ikhlas Malaysia
- *Takaful* Nasional Berhad
- Mayban *Takaful* Berhad Malaysia*
- HSBC Amanah *Takaful*, Malaysia*
- Prudential-Bank Simpanan Nasional, Malaysia*
- MAA *Takaful*, Malaysia*
- CIMB AVIVA *Takaful*, Malaysia*
- Hong Leong Tokio Marine *Takaful**
- Islamic *Takaful* Qatar
- First *Takaful* Insurance Pakistan

Saudi Arabia

- Al-Tawfeek Co. Saudi Arabia
- Family *Takaful* Saudi Arabia
- SACIR Saudi Arabia
- *Takafol* Islamic Insurance Co. Saudi Arabia
- International Islamic Insurance Co. Saudi Arabia
- Al-Aman cooperative insurance (Al-Rajhi) Saudi Arabia
- Arab Eastern Insurance Co. Ltd, E.C. (registered in Bahrain), Jeddah Saudi Arabia
- Arabian Malaysian *Takaful* Saudi Arabia
- Islamic Security Saudi Arabia
- Global Islamic Insurance Co. Saudi Arabia
- Islamic Arab Saudi Arabia
- Islamic Corporation for insurance of investment and export credit, Saudi Arabia
- Islamic Insurance Co., Riyadh, Saudi Arabia
- Islamic International Company for Insurance Saudi Arabia
- Islamic International Insurance Co. (Salamat) Saudi Arabia
- Islamic *Takaful* & Re-*takaful* Co. Saudi Arabia/ Bahamas
- Islamic Universal Insurance Saudi Arabia
- Bank Al Jazira *Takaful Ta'awuni* Saudi Arabia

Sri Lanka, Sudan, Switzerland, Trinidad, Turkey

- Amana *Takaful* Ltd, Sri Lanka
- Dar Al Maal Al-Islami, Geneva, Switzerland*
- Islamic Insurance Co., Sudan
- Sheikhan Insurance & Reinsurance, Sudan

- Middle East Insurance Co., Sudan
- National reinsurance Co., Sudan
- Al-Baraka, Sudan
- The United Insurance Co., Sudan
- Watania Co-operative, Sudan
- JUBA Insurance Co., Sudan
- *Takaful* T & T Friendly Society, Trinidad & Tobago
- Ihlas Sigorta A.S., Turkey
- Isik Insurance Co., Turkey

South Africa

- Al-Noor Risk Solutions, South Africa****

United Arab Emirates

- Abu Dhabi National *Takaful* Co., UAE.
- Oman Insurance Co., UAE.
- The Islamic Arab Insurance Co., UAE.
- Dubai Islamic Insurance & reinsurance Co. UAE.

Conventional insurers operating *Takaful* windows

- Bumiputera 1912 Indonesia.
- Ampro holding Singapore Pte Ltd., Singapore.
- Keppel Insurance, Singapore.
- HSBC Singapore.
- NTUC Income Singapore.

Re*Takaful* companies

- Islamic *Takaful* & Retakaful Co. (IRTCo.), Bahamas
- Asean Re-*Takaful* International Malaysia
- Islamic Insurance & Reinsurance Co. (IIRCo.) Saudi Arabia
- Islamic *Takaful* and Re-*Takaful* Co. (ITRCo.) Saudi Arabia
- Tokio Marine Nichido Retakaful Pte Ltd Singapore National Re-insurance Co. (NRICo.) Sudan.
- BEIT Iaadat Ettamine Tounsi & Saoudi
- Re-insurance (B.E.S.T. Re) Tunisia ARIG, Dubai
- SCOR Asia Pacific (Singapore-French based reinsurance group)**
- Hannover Re, Germany (Retakaful Unit)
- Swiss Reinsurance (Retakaful Unit)

United Kingdom

- Lloyds Syndicate*
- Principle Insurance (previously known as British Islamic Insurance Holdings)**

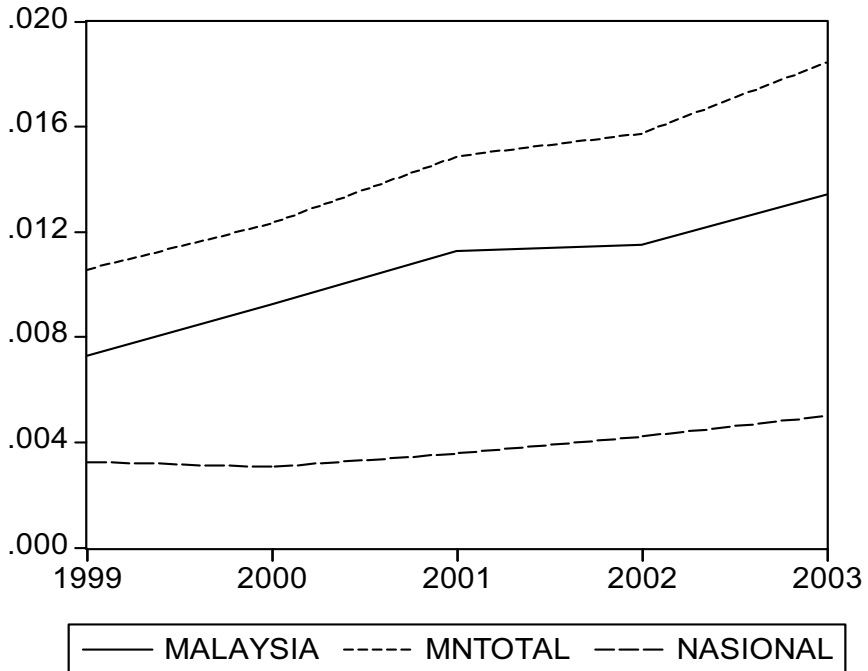
Takaful Education and Training Institutes

- Islamic Banking and Finance Institute Malaysia, Malaysia
- Institute of Islamic Banking & Insurance, UK
- Universiti Teknologi MARA, Malaysia*
- International Islamic University Malaysia, Malaysia*
- International Center for Education in Islamic Finance (INCIEF)*
- Chartered Insurance Institute, United Kingdom in association with the Bahrain Institute of Banking and Finance, Bahrain***

Source: icmif.org/takaful, * Resource derived from the author’s knowledge and research,
 ** Business Insurance, 2007,
 *** Post Magazine, 2008,
 **** Business Day (South Africa), 2007, The International Herald Tribune, 2006.

APPENDIX (1B)

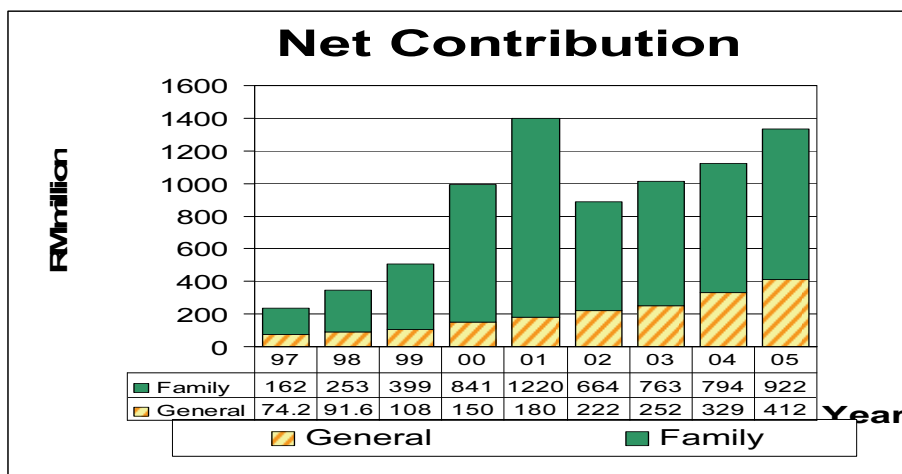
Takaful Industry Employment Rate Vs. National Employment Rate



Source: Abdul Rahman and Mohd. Yusof (2004).

APPENDIX (2)

Growth of Net Contribution (Premium)



Slides: Courtesy from Mohd. Tarmidzi Ahmad Nordin, Malaysian Takaful Association

Growth of Net Contribution (Premium)

- Average annual rate of contribution growth of 44% (1986-2005)
- Market penetration rose to 6.45 (2006) from 5.6% (2005) and 5.1% (2004)
- Combined contribution increased by 18.8% to RM1.3 billion
- The increase in the market penetration is a manifestation of growing awareness of the public on the benefit of the *takaful* scheme

APPENDIX (3)

Market Share (%)	2000	2001	2002	2003	2004	2005
	5.4	4.8	5.6	5.4	5.1	5.4

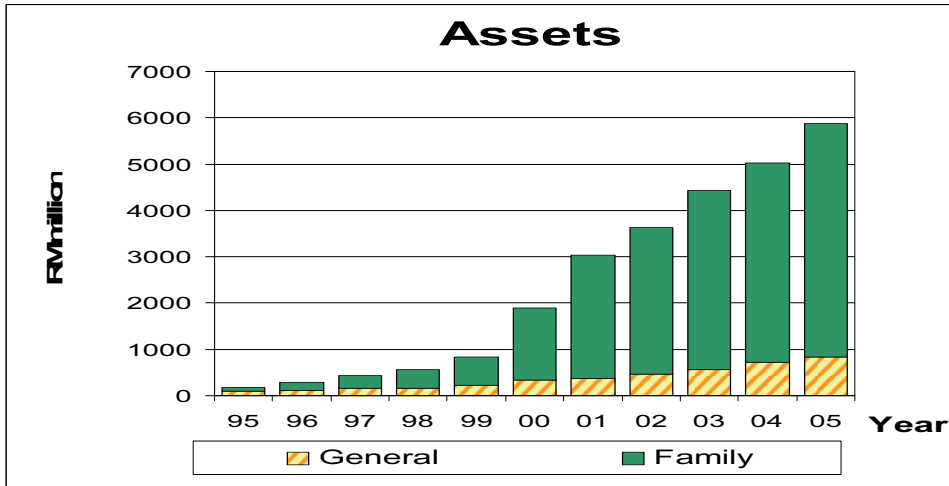
Market Penetration (%)	2000	2001	2002	2003	2004	2005
	2.5	3.2	3.8	4.5	5.1	5.6

Source: Central Bank Malaysia, *Insurance & Takaful Annual Report*, 2005.

Slides: Courtesy from Mohd. Tarmidzi Ahmad Nordin, Malaysian Takaful Association.

APPENDIX (4)

Growth of Assets



Slides: Courtesy from Mohd. Tarmidzi Ahmad Nordin, Malaysian Takaful Association.

Total *Takaful* assets continued to increase at a growth rate of 17.3% in 2005. Total *Takaful* assets have grown to RM5.88 billion to account for 5.7% of total assets of insurance and *Takaful* sector.

Market Share (%)	2000	2001	2002	2003	2004	2005
	3.7	5.0	5.3	5.6	5.6	5.7

Source: Central Bank Malaysia, Insurance & Takaful Annual Report, 2005

Note: Population: 26 million; Malays (Majority are Muslims) approximately 60% of total population (Census Bureau, Department of Statistics, Malaysia).

التأمين الإسلامي: تطور التأمين الإسلامي (التكافل) واحتمالية نماء الطلب

ذرية عبدالرحمن

أستاذ مشارك

كلية إدارة الأعمال - جامعة مارا للتكنولوجيا

شاه عالم - سيلنجور - ماليزيا

المستخلص. التأمين الإسلامي عبارة عن بديل للتأمين المعتاد المعمول به في كل الأنحاء ويهدف لتأمين الممتلكات الشخصية أو ممتلكات المؤسسات والشركات، على مدى الثلاثين سنة الماضية، شهد التأمين الإسلامي نموا ملحوظا وأصبحت سوقه ممتدة من آسيا الغربية إلى جنوبها وجنوب شرق آسيا إلى أفريقيا، خاصة في البلدان التي غالبية سكانها من المسلمين، وعلاوة على ذلك، ومنذ فترة ليست بالطويلة امتد انتشار التأمين الإسلامي ليغطي مناطق في أوروبا وأمريكا، هذا التطور الملحوظ للتأمين الإسلامي سيصاحبه نتائج يجب على شركات التأمين الإسلامي التعامل معها من حيث الوصول إلى ما وصل إليه التأمين المعتاد من حيث جودة الخدمة ومن أجل تغطية حاجات بليون مسلم في العالم.