



IAIS

INTERNATIONAL ASSOCIATION OF
INSURANCE SUPERVISORS

Feedback Session:

Paper on Issues in Regulation and Supervision of Microtakaful (Islamic Microinsurance)

IAIS Secretariat

Basel, 26 October 2015



Overview

1. Introduction
2. Rationale for the development of the Paper
3. Objective of the Paper
4. Structure and Main Contents
5. Public Consultation
6. Next Steps
7. Questions from participants

Rationale for the development of the paper

- Microtakāful (Takāful or Islamic Insurance for the low-income population) is considered a type of insurance that could promote access to insurance in Islamic communities and regions
- Building on cooperation with Islamic Financial Services Board (IFSB)

Objective of the draft Microtakāful paper

Enhance the understanding of particular issues among regulators and supervisors and other organisations and parties with an interest in this area by:

- (a) identifying the current practices and models used for offering Microtakāful products, and the challenges and potential issues arising from Microtakāful transactions;
- (b) reviewing the current regulatory framework for the Microtakāful sector in various jurisdictions and suggest initiatives to strengthen the framework and thus enhance financial inclusion through the Takāful sector; and
- (c) providing guidance to the supervisors in putting in an enabling environment for the overall development and growth of the Microtakāful sector.

Structure of the draft paper

A. Introduction

B. About Microtakāful

C. Supervisory and Regulatory Framework for Microtakaful

I. Corporate Governance;

II. Financial and Prudential Regulation;

III. Transparency, Reporting and Market Conduct;

IV. Supervisory Review Process.

D. Proposals for future work

Conclusions & recommendations

- For Microtakāful to achieve inclusiveness concerted efforts needed by all the stakeholders.
- Areas of attention as a direction for future work on Microtakāful:
 - Identify cooperation mechanism between stakeholders and to understand their roles and responsibilities
 - delineate areas to be looked into by regulators and supervisors including corporate governance strategy and structure, underwriting requirements, licencing provisions, their fund management framework and regulatory reporting.

Public Consultation June-July 2015

1. Number of respondents submitted:

- To IAIS: 4 (GFIA, Zurich, NAIC, Munich Re)
- IFSB: 31

2. General impression: comments are mostly technical

3. IFSB considered all; improvements considered

Next steps

1. Scheduled for adoption by the Implementation Committee and Executive Committee on 10 and 11 November 2015 in Marrakech
2. Presentation to the IAIS General Meeting on 12 November 2015
3. Publication by IAIS

Questions?

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