Vantage is able to offer Shariah Compliant (or Takaful) insurance to Islamic clients and their advisors / intermediaries.

Working with Cobalt Underwriting, London’s leading Shariah compliant underwriting agency, we can provide access to insurance and reinsurance for commercial risks. These include:

- Commercial Property and Real Estate
- Construction and Property Developments
- Directors’ and Officers’ Liability
- Financial and Professional Risks (including financial institutions)
- Fine Art and Specie
- Energy and Power
- Marine Hull, Cargo and Aviation
- Equine

Who can this be useful for?

A wide variety of Islamic entities including sovereign wealth fund assets, investment property portfolios and Islamic financial institutions.

The GCC countries, North Africa & Levant, Turkey, Malaysia, Indonesia, Pakistan and Central Asia are seeing a growing desire for Islamic insurance products as are Muslim investors in the UK and Europe.*

Background

Islamic or Shariah compliant insurance is commonly known as Takaful and is also rooted in the principle of charitable support. Takaful means literally Mutual Assistance, Cooperation or a Joint Guarantee.

In essence, Takaful is a community arrangement, supported through donations to provide mutual assistance to those few who suffer misfortune. In Takaful insurance, the concepts of community and charity are paramount. Each community member “donates” money to a Shariah compliant insurance fund, with no expectation of repayment. If a member of the fund suffers a loss, those donations are used to restore him fully to his original condition, i.e. indemnity.

Why is conventional insurance a problem?

It is its fundamental structure that causes issues in Shariah:

- It is a contract of full risk transfer – it is a one sided contract so is tantamount to gambling, which is forbidden.
- Interest is paid on the funds received by the insurer – this is usury, which is forbidden.

continued overleaf
The payment of a premium rather than a donation creates an expectation based upon an uncertain event (a claim) – this uncertainty is forbidden.

A lack of transparency in the contract about the roles of each party also creates uncertainty.

All the profit goes to the insurer – there is no participation by the policyholder.

**What makes insurance Shariah compliant?**

English Law contracts of insurance are by and large fully Shariah compliant. It is the structure of the insurer itself that is important.

The carrier must:

- Ensure all products, services and contracts have to be based upon the foundation of the ethics and principles of Shariah. These principles are founded on a need for transparency, certainty and fairness in any transaction or business dealing.

- Avoid usury (for example, investment returns must not be from interest earned on insurance funds).

- Involve the policyholder in the outcome of the underwriting process i.e. there must be some participation.

- Ensure segregation of funds so that all monies are protected from contamination by non-Shariah funds.

- Invest the funds exclusively in Shariah compliant investment products.

- Have a Shariah Supervisory Board to provide credibility and integrity.

**About Vantage**

Vantage Insurance Brokers, one of Jersey’s leading firms of insurance providers for financial risks, offers a dedicated service to professional service providers for their insurance requirements and that of their clients.

We focus on bespoke insurance solutions, rather than providing “off-the-shelf” insurance products, and ensure that we acquire a complete understanding of our clients’ requirements before proceeding and provide them with the most cost effective, but comprehensive insurance cover. This is illustrated by this new Shariah compliant insurance coverage which we can now access.

*Due to the potential higher risks associated with some of the countries where this product may be useful, we reserve the right to request additional / enhanced due diligence information that meets the criteria of the Jersey AML/CFT Handbook.*

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