

# Takaful Insurance Driving economic growth

## Development of Takaful in Egyptian Insurance Market

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# Takaful Insurance Driving economic growth

- **With the spread of Islamic banks and Islamic transactions branches not only in Islamic countries but also in Western countries, the need to develop insurance activity has become clear to serve a large segment that needs insurance coverage that complies with the provisions of Islamic Sharia.**
- **Takaful insurance is a vital engine for economic growth, particularly in countries seeking to promote Islamic finance. It serves as a financial instrument that combines adherence to Sharia principles with modern economic mechanisms for risk management. Takaful contributes to stimulating growth by mobilizing savings, encouraging investment, and protecting assets, making it a rapidly growing sector**

# The role of Takaful insurance for Driving economic growth:

## 1. Mobilizing savings and financing investment:

- Takaful insurance pools Contributions (donations) from participants, creating substantial financial liquidity. These funds are invested in Sharia-compliant investment channels, providing capital for real economic projects and thus reducing reliance on interest-based financing.

## • 2. Supporting small and medium enterprises:

- Takaful provides protection for small and medium enterprises from potential risks, which enhances confidence in the business environment and encourages investment, and is reflected directly in job creation and inclusive economic growth.

# The role of Takaful insurance for Driving economic growth:

- 3. Enhancing financial stability and reliability:
- Takaful contributes to building a more stable financial sector, especially with the application of advanced technical controls and rules for risk management. This stability attracts investors and increases the reliability of the financial Sector.
- 4. Promoting financial inclusion:
- Takaful insurance contributes to attracting new segments of society who reject traditional insurance for religious reasons, thus increasing the number of beneficiaries of financial services and achieving financial inclusion.

# The role of Takaful insurance for Driving economic growth:

- **5. Economic and Social Sustainability:**

**Takaful serves sustainable development through its social dimensions (providing security and cooperation), economic dimensions (investment and financing), and environmental dimensions (insurance for green projects).**

**Takaful insurance is transforming from a mere legitimate alternative into an effective strategic tool that stimulates economic growth and achieves sustainable development through mechanisms of direct investment and cooperative risk management**

# Takaful Insurance in Egyptian Market

- **There are many reasons that have affected the growth rates of the Egyptian Insurance Market, including the religious beliefs of many members of society and their lack of acceptance of commercial insurance. Therefore, the emergence of Takaful insurance companies in the Egyptian market was of particular importance, through the provision of Takaful insurance products as an alternative that meets the needs of this segment and works alongside existing companies in increasing the insurance portfolio in the Egyptian Market.**

- **The Financial Regulatory Authority (FRA) has issued Decision No. 70 of 2026 regulating the rules, standards, and controls governing companies licensed to practice takaful insurance activities in Egypt.**

**The move is aimed to revitalizing the takaful insurance market and stimulating sector growth in line with the provisions of the Unified Insurance Law No. 155 of 2024, through modernizing the regulatory framework, improving operational efficiency, and creating new opportunities for expansion.**

## Article Two: Definitions

### Takaful insurance Company

**A Takaful insurance Company is a company licensed by the Authority to conduct Takaful insurance business in accordance with the provisions and principles of Islamic Sharia in all its transactions, including its insurance and investment activities. It manages Takaful insurance operations and invests the funds of participants in return for a known fee, acting as an agent, or a known share, acting as a mudarib (profit-sharing partner), or both, in accordance with the provisions and principles of Islamic Sharia. It is committed to taking the necessary care to maintain the financial solvency of the participants' fund that it manages.**

## **Article Two: Definitions**

### **Participant**

**He is the person who contracts with the Takaful insurance company by concluding an insurance policy with it, and commits to paying the contribution to it, and he or his legal heirs or beneficiaries are entitled, as the case may be, to receive the compensation or benefits provided by the company.**

### **Takaful account (participants' fund)**

**This is the account established by the Takaful insurance company to deposit the contribution amounts collected from participants , the returns on their investment, and the revenues generated from reinsurance operations. It has a separate financial status from the company's financial status and is responsible for compensating participants, beneficiaries, and third parties affected by losses, in accordance with the terms**

**of the Takaful insurance policies. Compensation amounts and related provisions or reserves, as determined by the regulatory authority, are paid from this account, along with the fees for managing the insurance and investment operations, based on the model specified in the company's articles of association and approved by the regulatory authority.**

**Insurance surplus:**

**This is what remains of the net contributions of participant and their returns, and other revenues related to insurance policies, after deducting all expenses, net compensation paid, and technical provisions during the fiscal year.**

# **Article Four : the Management of the Takaful Insurance Company for the Takaful Account (Participants' Fund)**

- **The Takaful insurance company manages the Takaful account and investment activities related to Participants based on the Wakala model or Mudaraba model, or both, provided that the specific provisions for this are defined in the company's articles of association and the section allocated to Takaful insurance contained in the insurance policy, taking into account the following provisions:**

# Wakala Model

- 1. The Takaful insurance company manages both the insurance business and its related investment activities under a Wakala agreement whereby the policyholders appoint the company as their agent in managing these businesses and investing the resulting funds on their behalf.**
- 2. The company charges Participants a fee in the form of a percentage of the participation's contributions collected from them. This percentage is determined in a way that ensures fairness and does not harm the Participants' interests, based on a technical and actuarial study prepared for this purpose and approved by the regulatory authority. The opinion of the Sharia Supervisory Committee is also taken into account regarding the aforementioned percentage.**

# Wakala Model

**Life insurance policies may have this percentage variable according to the policy terms and duration. The aforementioned fee is due to cover the general and administrative expenses of running the policyholders' business and the shareholders' profit margin.**

# Mudaraba Model

- 1.The Takaful insurance company manages all insurance operations and investment activities as a mudarib (profit-sharing partner) on behalf of the participants in the Takaful system.**
- 2.The company is entitled, in return for managing insurance operations and investment activities, to a percentage of the insurance surplus not exceeding 50% thereof, provided that this percentage is specified in the company's articles of association as well as in the insurance policy.**

# Wakala and Mudaraba Model

- 1. The Takaful insurance company manages insurance operations as an agent for the policyholders and also manages investment activities as a mudarib (profit-sharing partner) for the benefit of the policyholders in the Takaful system.**
- 2. The company is entitled to a percentage of the Contributions collected from policyholders for its services in managing insurance operations. This percentage is determined in a manner that ensures fairness and protects policyholders' interests, based on a technical and actuarial study prepared for this purpose and approved by the regulatory authority. The opinion of the Sharia Supervisory Committee is also sought regarding this percentage. For life insurance policies, this percentage may vary according to the nature and duration of the policies.**

# Wakala and Mudaraba Model

**The Company is also entitled to a percentage of the net investment returns of Participants' funds in return for managing investment activities, provided that this percentage is specified in the company's articles of association and the policy document, not exceeding 30% of the net investment returns of participants' funds.**

# Article Five : Takaful Insurance policies

- **Takaful insurance companies must include in the insurance policy a section specifically addressing the provisions related to Takaful insurance, clearly and explicitly outlining the main principles and foundations of Takaful insurance that the company adopts in its relationship with its participants, and in particular the following:**
- **1- The foundations and rules that govern the cooperative relationship between the company and the Participant, including the legal nature of that relationship.**

# Article five : Takaful Insurance policies

**2- Clarifying that what the insured pays is as a contribution (donation).**

**3- Disclosure of the company's commitment in the event of a deficit in the Takaful account, that the obligations arising from this fund shall be paid in accordance with the controls contained in this decision.**

**4- Determining the amount of Wakala fee that the Takaful insurance company is entitled to if it follows the Wakala model, the company's share of the surplus of insurance activity if it follows the Mudaraba model, and the company's share if it follows both the Wakala and Mudaraba models together.**

# Article Five : Takaful Insurance policies

**5- A summary of the investment policies followed by the company in investing the portions allocated for investment of contributions, provided that they are in accordance with the provisions of the Unified Insurance Law and the decisions issued in implementation thereof, and the provisions and principles of Islamic Sharia.**

**6- Disclosure of the method of distributing the insurance surplus applied by the company, in accordance with the provisions of Article (194) of the Unified Insurance Law.**

# Article Five : Takaful Insurance policies

**7- The mechanism that the company will follow in the event that Participants do not receive the insurance surplus, provided that it is distributed to charitable causes or donations and after the approval of the Authority.**

## **Article Nineteen: RETAKAFUL**

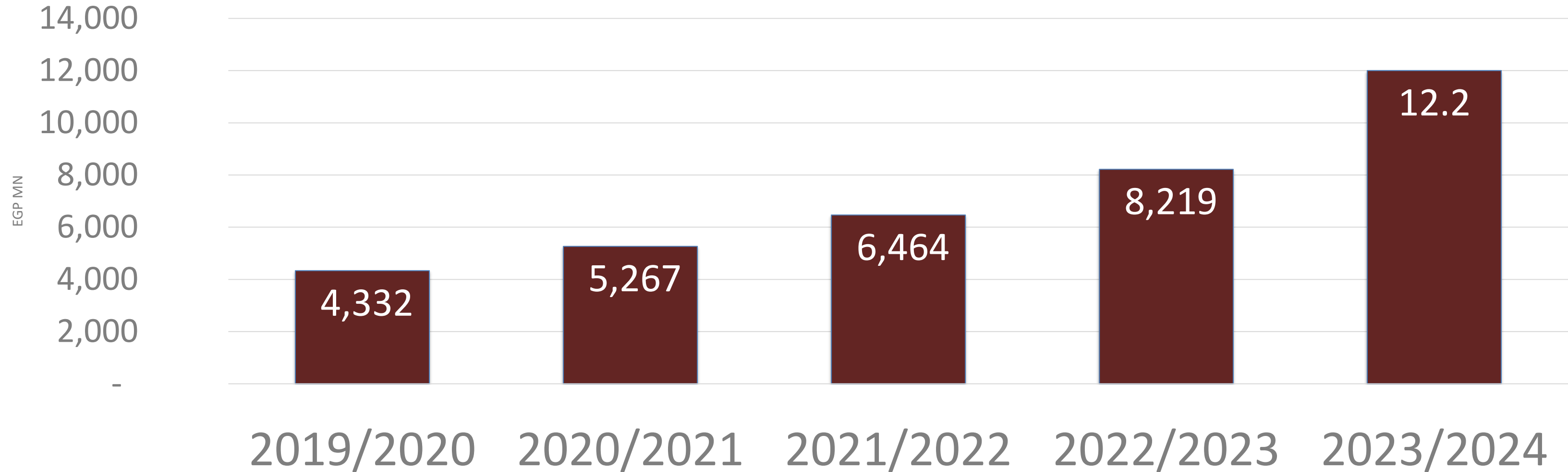
**The Takaful insurance company is obligated to assign its outgoing or incoming business to Takaful reinsurance companies. In the event that these companies do not have sufficient capacity or do not cover the risk of being reinsured, Takaful insurance companies may, after approval by the Authority, deal with conventional reinsurance companies. In this case, the reinsurance agreements are subject to the approval of the company's Sharia Supervisory Committee.**

# Growth of Takaful insurance Contributions in the Egyptian Market

- **Takaful contributions recently reached EGP 12.2 billion, demonstrating a nearly 49% year-over-year increase that significantly outpaces the 31% growth rate of conventional insurers. Takaful now accounts for a larger and expanding percentage of the total Egyptian insurance market size.**

# Growth of Takaful Contributions in the Egyptian Market

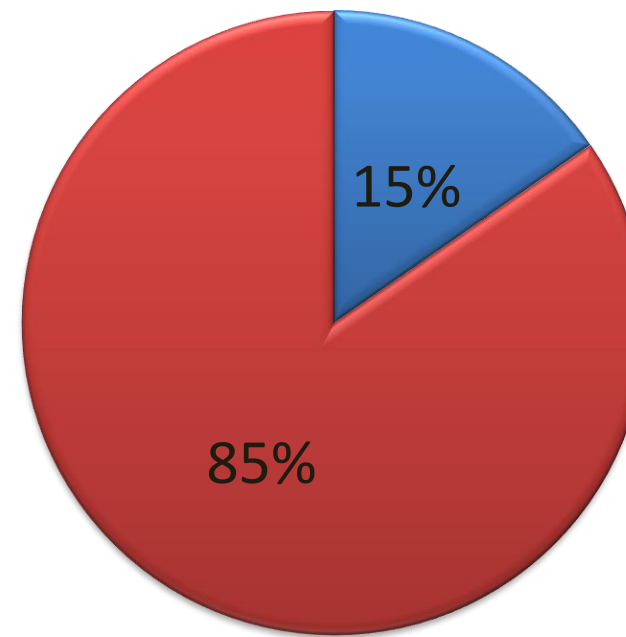
## Direct Contributions of Takaful Insurance Companies



# Growth of Takaful Contributions in the Egyptian Market In Egyptian Pound

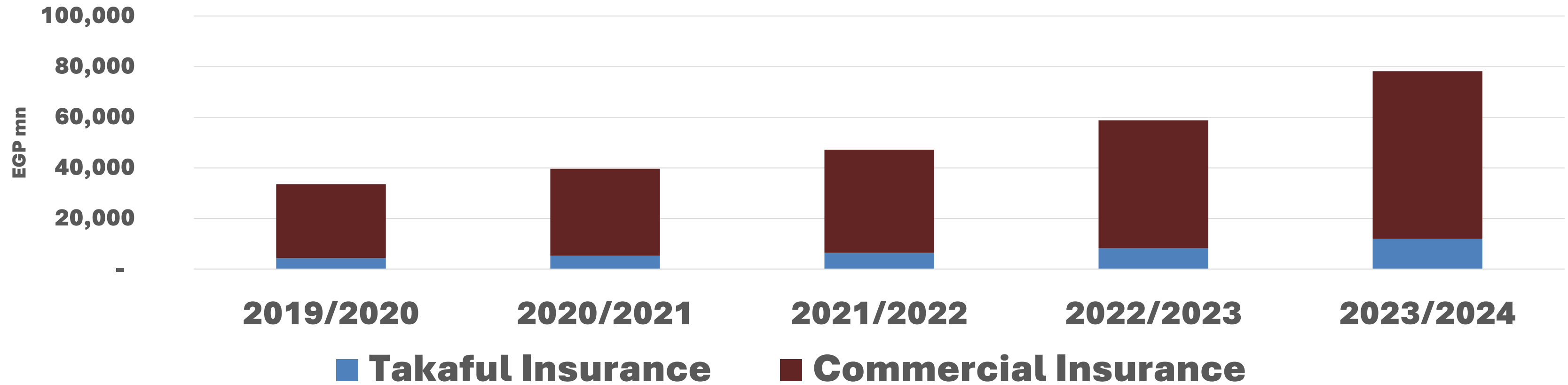
Financial Year	Takaful Contributions	Takaful Growth
2019/2020	4.3 Billion	
2020/2021	5.2 Billion	21 %
2021/2022	6.4 Billion	23 %
2022/2023	8.2 Billion	28 %
2023/2024	12.2 Billion	49 %

Direct Premiums  
2023/2024



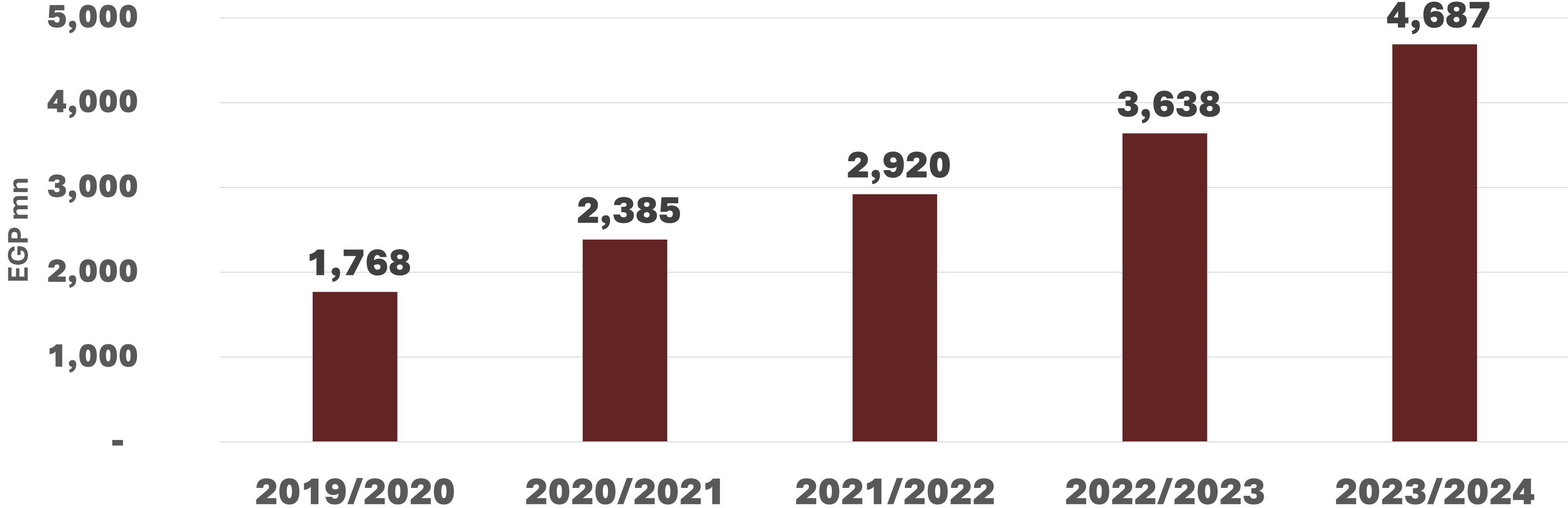
■ Takaful Insurance ■ Commercial Insurance

Direct Premiums

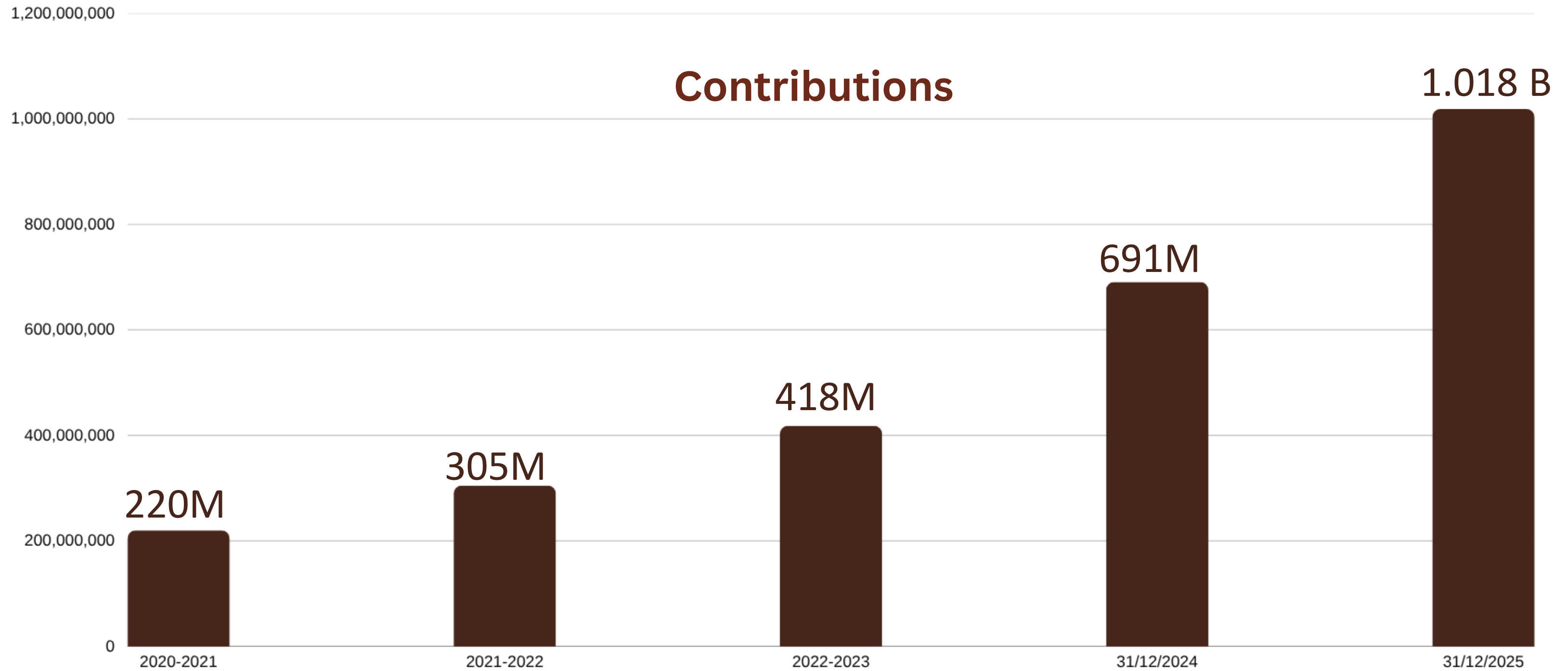


# Growth of Takaful Claims in the Egyptian Market

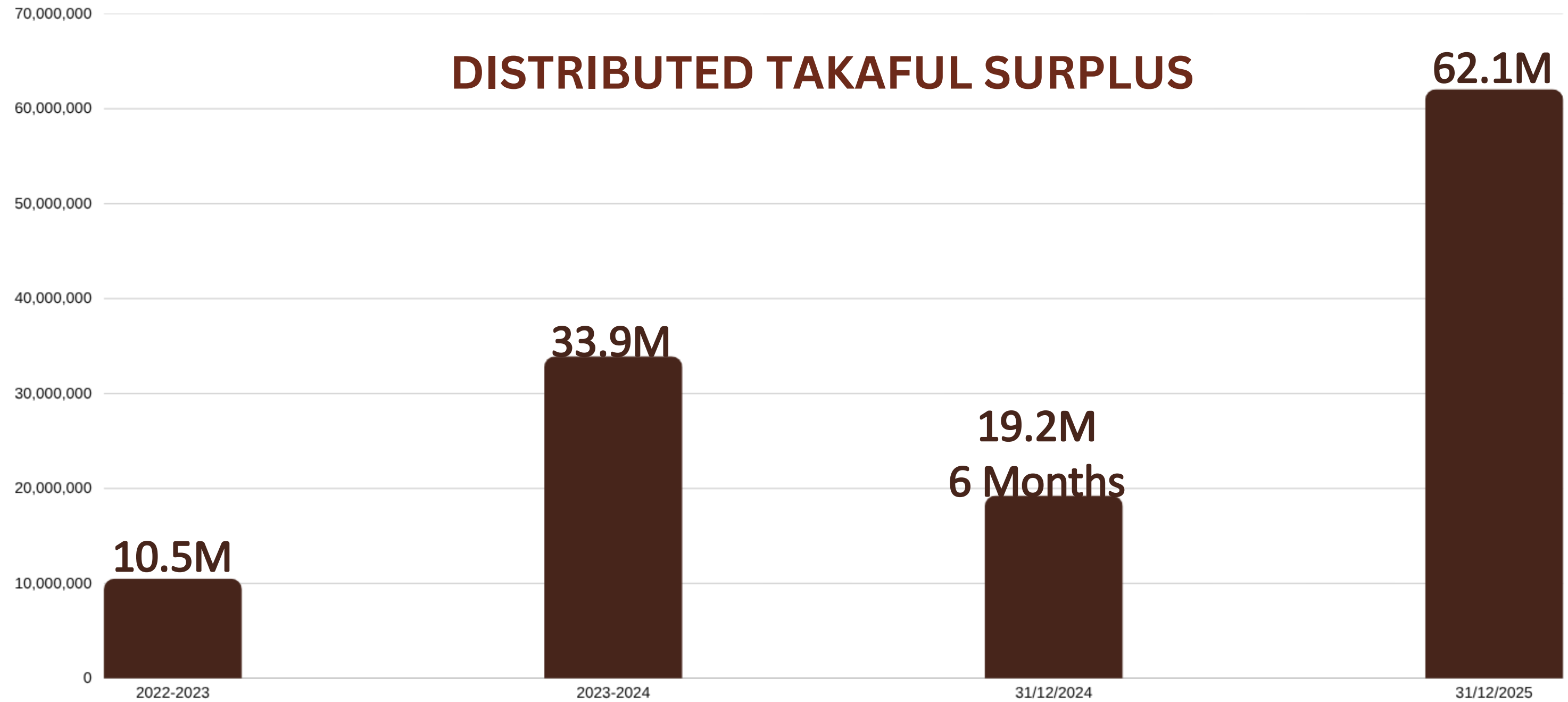
**Direct Claims Paid  
by Takaful Insurance Companies**



# Growth of Takaful Contributions in Misr Takaful Insurance Property & Liabilities



# Growth of Takaful surplus in Misr Takaful Insurance Property & Liabilities



**Thank you for your attention**



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