

GCC Islamic insurance sector set to grow 25%

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(MENAFN - Arab News) The Islamic insurance (Takaful) market will grow five fold over the next 10 years while the market for Shariah-compliant insurance will be worth \$14 billion by 2015.

This was disclosed during a high-profile Islamic insurance conference, which was officially opened by Chairman of Shoura Council Saleh bin Humaid, here on Tuesday night. The four-day event has brought together over 100 professionals from across the Middle East working in financial services industries.

Attendees also learned there is "an excellent future" for Islamic insurance and a need to capitalize on the growing GCC (Gulf Cooperation Council) Islamic insurance sector, which is expected to grow at about 25 percent per annum despite the global economic downturn.

"Islamic banking and insurance is regarded as one of the fastest growing areas of modern international finance," said Yosuf A.

Al-Shubaily, assistant professor at the Higher Judicial Institute of Al-Imam Muhammed Ibn Saud Islamic University.

"The potential for this exciting market is only just being realized," he said, adding that the Islamic insurance sector has grown rapidly and is projected to make huge strides in years to come.

Since 2000, Islamic insurance has been growing at more than 15 percent per annum, yet the market is still at its tip, especially in the Middle East and Southeast Asia, said a report released on the occasion.

According to the report, insurance premiums paid in Muslim nations are equal to between 0.5 percent and 5 percent of gross domestic product. That compares with between 10 percent and 15 percent in developed markets.

Mansour A. Al-Qudah, chief of Sharia Group of Alinma Bank, said that hence the conference seeks to educate delegates and participants about Islamic insurance concepts.

He added that there is a great potential for growth of Islamic insurance especially in Muslim countries.

Referring to the genesis of Islamic insurance, Mousa M.

Alqudah, a member of the board of directors of the Amman-based Al-Barakah Takaful Company, said Takaful is an Islamic insurance concept, practiced in various forms for over 1,400 years. Islamic insurance was established in the early second century of the Islamic era when Muslim Arabs expanding trade into Asia mutually agreed to contribute to a fund, he added.

"The fund," he said, "was used to cover anyone in the group, who incurred mishaps or robberies along the numerous sea voyages (probably what we call today marine insurance)." Speaking on the sidelines of the conference, Ali M. Al-Quradaghi, chairman of the Qatar-based Committee of Muslim World's Issues, said the Islamic insurance sector in the region will grow the way Islamic banking has grown and will capture market share from conventional insurance companies.

This trend has been proved in Islamic banking, which grew progressively, and will happen in Takaful as well, said another participant.

The demand for Islamic insurance products has grown over the past few years, particularly within the GCC, as there is a shift toward ethical, innovative and Shariah-compliant financial solutions.

This demand has also resulted in the launching of new Islamic insurance products and services even by Western and Asian companies.

The event has been organized by the Islamic International Foundation for Economics and Finance, an affiliate of the Muslim World League, in cooperation with the Islamic Research and Training Institute.

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