

Opportunities and Potential For Takaful (Islamic insurance) in Americas

Presented By:

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&

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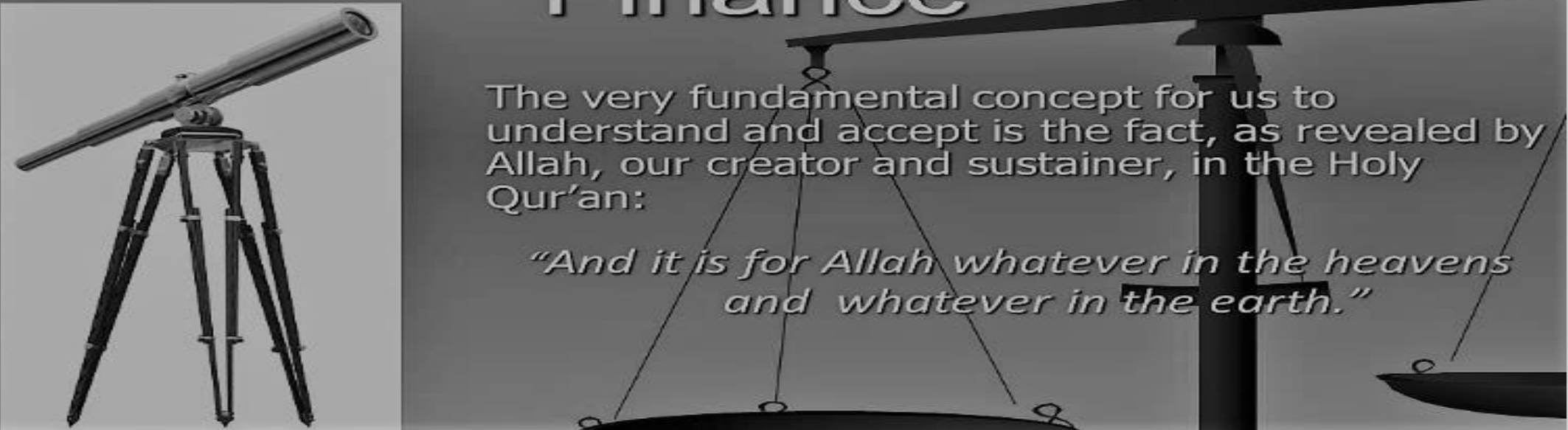
Toronto, Canada



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What Drives us ...

Core Principle of Islamic Finance

A composite image featuring a telescope on a tripod on the left and a balance scale on the right. The telescope is pointed towards the upper right. The balance scale is in the foreground, with its pans hanging from a horizontal beam. The background is a dark, textured grey.

The very fundamental concept for us to understand and accept is the fact, as revealed by Allah, our creator and sustainer, in the Holy Qur'an:

"And it is for Allah whatever in the heavens and whatever in the earth."

**Ansar Financial - Islamic and Ansar Co-operative Housing Corporation
Over 40 years of Community Service**

IN OTHER WORDS,
WE THE HUMAN BEINGS;



Do not really own anything in this World,
Are just a trustee, will have to account
for any and all breaches of this trust,
abuse, misuse & injustices





WE THE HUMAN BEINGS

- Come to this World with nothing, not even with a diaper;
- We leave this World with nothing material;
- only our good deeds and bad deeds go with us in our graves.





SHARIAH (ISLAMIC LAW) REQUIRES FROM A MUSLIM THAT ONE MUST:

- **Have honesty and integrity;**
- **Expect blessings and rewards from the Creator, in addition to monetary benefit;**
- **Be truthful and not to deceive;**
- **Be conscious of social and environmental cost/benefits; rather than just monetary fulfillment.**



Takaful Mission

“To create solidarity, peace of mind and security by sharing risks for mutual protection of our assets and property against damage or loss within the framework of Shariah”



Why is Conventional Insurance Objectionable?

- Premiums are invested in Interest based instruments (Riba)
- Goal is Profit maximization not Mutual Assistance or Well-Being of Insured
- Most Insurance involves Speculation (Maisir)-- especially Life.



TAKAFUL (ISLAMIC NSURANCE)

**A form of Co-operative
(Mutual)
insurance/guarantee that
is designed to help ONLY
policy holders**



Key Elements of Takaful

- Based upon Solidarity and Joint-Guarantee; e. g. Co-operative.
- Common Risk-sharing of Perils to Individuals.
- Joint Ownership by Insured – Controls, Pricing and Claims.
- Shariah Compliant Investment of Premium.
- Self-Reliance and Self-Sustaining Operations for Community Well-Being.



Takaful Operations

- All premiums are treated like a donation to the Takaful (mutual) pool;
- The policy holders/owners of the Takaful company hire managers to run the operation;
- The managers in return receive wages;
- After meeting expenses and claims surplus or deficit belongs to the policyholders





Takaful

A PILOT PROJECT
IN
CANADA

A Unique effort by Ansar Financial Group

*Islamic Co-operative Housing Corporation
and
Ansar Co-operative Housing Corporation*

Established in 2008 Home & Auto Takaful
for Co-op Members only *in Partnership with
second largest Insurance Company in
Canada*

The Co-operators Insurance Group



TAKAFUL PROGRAM: Operation

- All Premiums and Surplus are invested in Sharia Compliant Investments.
- After meeting expenses, fee and claims, surplus/profit is shared by the policyholders.



TAKAFUL PROGRAM: Results

- Low Claims
- 99 % policy retention rate
- Low Loss Ratio



TAKAFUL PROGRAM: Challenges

- Lack of Fixed Income Investment products (70% regulatory requirement)
- Lack of Sharia compliant Investment Opportunities
- Lack of competent local Sharia Scholars
- Extensive Takaful education/seminars required



Challenges cont.....

- Shortage of trained and experienced staff
 - Need experience and understanding of both;
 - Religious side
 - Insurance side



Challenges to Future Growth of Takaful Operations

- **Low level of Awareness of Islamic Finance and Islamic Insurance Alternatives;**
- **Many Muslims are still in “Comfort Zone” and unsure about Islamic financial groups;**
- **Need to Maintain Competitive, if not lower, Premiums;**
- **Monitoring Mechanism for the Shariah Compliance by the Takaful Operators.**



Potential Customers

- Mosques, Islamic Schools, Community Centers, - -
- Commercial Buildings
- Businesses owned by Muslims
- Professional Offices
- Commercial Autos and Transportation
- Personal Lines - Homes/Autos/Family Takaful





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Ansar Financial

and

Development Corporation (AFDC)

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Members helping members

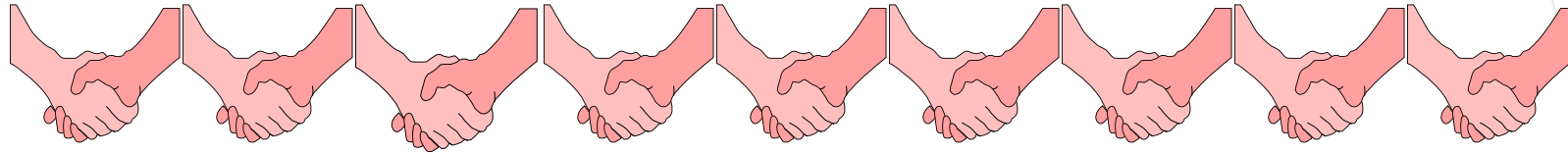


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**TAKAFUL (MUTUAL)
ALTERNATIVE INSURANCE
Ta'wun (Co-operation)**



**THANK YOU AND MAY ALLAH
(GOD) BLESS YOU!**

Thank you for your attention and patience!