

'Takaful is expanding its client base'

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KARACHI: Takaful is set to push up its annual growth from existing around 25 percent to stiffen competition with the conventional industry, as public trust is pouring into the Islamic insurance rapidly.

"Many Takaful firms are also poised to post a significant profit this year," Head of Marketing Pak-Qatar Takaful Group, Syed Adnan Hasan told Business Recorder on Tuesday.

He however said there is need to create mass awareness about the industry and its authenticity to increase the general public confidence. He said Takaful is expanding its client base as corporate sector is the one, which is attaining its bigger share.

However there are some challenges the Shariah compliant insurance is facing to increase public response and dispel religious misunderstanding of insurance industry. One such hindrance he said was misconception about the insurance as huge Muslim population believes it is Haram (prohibited).

"Religious misunderstanding continues to restrict the insurance growth phenomenally as about a bigger population is unaware of the insurance industry while

many doubt its authenticity," he pointed out.

He said the insurance industry also faces a challenge of poor customer services, which is one of the contributing factors to mar its growth. He said religious understanding about the Takaful among the public could help pave way for the industry's penetration. "There is still burning skepticism in the minds of few people about the authenticity of the industry," he added.

On the concept of Takaful as to how it is different from the conventional insurance, he said "it is a community-pooling system in which participants give donations to a common fund called the 'Waqf Pool'. This pool is managed by the Takaful operator such as Pak-Qatar Takaful Group."

He said the fund in 'Waqf Pool' belongs to the pool itself from where all claims are paid. "The operator simply manages this pool in the capacity of a Wakeel or as the agent and charges a fixed fee for its services called the Wakala Fee," he added.

Religious decrees [fatwas] create confusion among the public, he said, adding that Takaful is a new category which still needs widespread dissemination of information to educate those hav-

ing misunderstanding about Islamic mode of insurance.

Hasan said Takaful is a Shariah compliant risk-mitigation tool that enables both the operator and customer to utilise their financial needs without compromising their beliefs and value system - this is the chief benefit.

"By employing Takaful as a risk-mitigation tool, both the operator and the customer ensure that they indulge only in Halal business. This by no means is an ordinary achievement," he maintained.

The word Takaful originates from the Arabic language and means "joint or mutual guarantee. The system of Takaful is based on the principles of brotherhood, mutual solidarity, and tabarru which are encouraged by the Shariah.

Syed Adnan Hasan said benefits of Takaful as compared to conventional insurance could be ascertained from two perspectives including the operator's perspective and the customer's perspective.

"As Muslims, we should be and are conscious of the fact that Islam is our way of life and means to our salvation and welfare both in this life and the hereafter," he underscored.

To a question about the problems in marketing Takaful products, he said that Islamic Shariah has no objection with the concept of insurance which is to the people in times of their financial need. "Takaful and conventional insurance practically achieves the same purpose but by starkly different means and that is the fundamental difference between the two." He said there was the stereotype mindset that poses a challenge as the insurance industry of Pakistan was generally negatively perceived in the masses due to various reasons such as claim fraud and poor customer service.

"It makes it difficult for us to position Takaful differently. It seems that at the end of the day people still associate the feelings they have for insurance with Takaful and that is rather unfortunate," Hasan underlined.

Hasan said insurance penetration rate against the GDP is a mere 0.8 percent only which means that hardly 8 percent to 10 percent families have insurance.

He said Pak-Qatar Takaful marketing campaign in 2009 was adjudged "Best Marketing Strategy" in world Islamic Takaful Summit in UK and recently won the "brand of the year award as well.