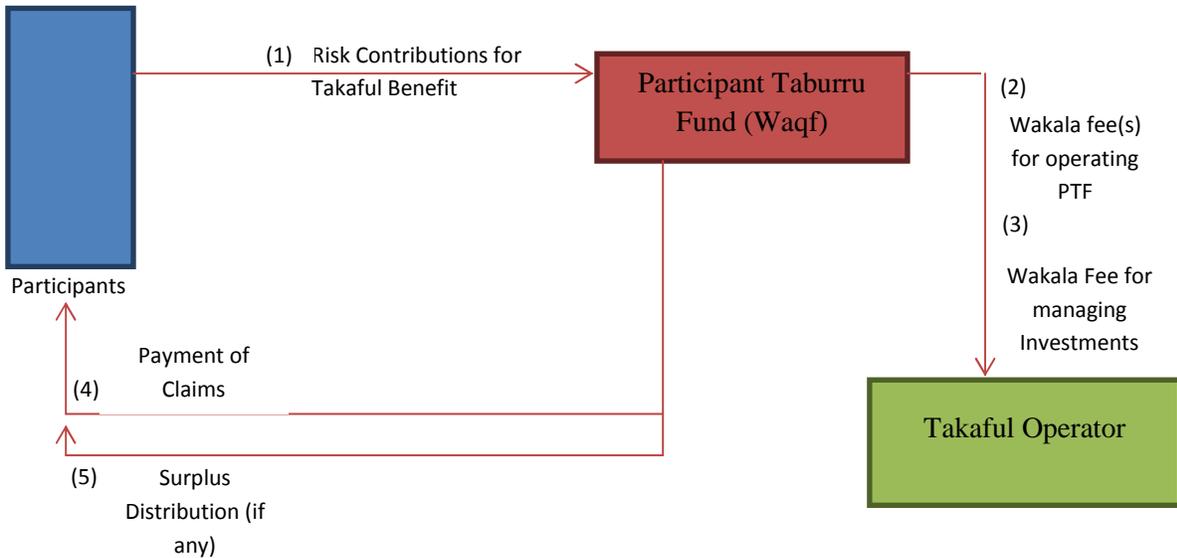


TAKAFUL BUSINESS MODEL: GENERAL



PARTIES INVOLVED

TITLE	DESCRIPTION
Participants	<ul style="list-style-type: none"> - Participants can be individuals or a company - Participants pay Risk Contributions as per the Takaful Plan they have applied for to become members of the PTF. - On membership, they become entitled to the benefits as described in the Participant Membership Document (PMD) of the said Takaful Plan
Participant Taburru Fund (PTF) – Waqf	<ul style="list-style-type: none"> - PTF means Pak-Qatar General Takaful Limited established under the Waqf Settlement Deed
Takaful Operator (TO)	<ul style="list-style-type: none"> - Takaful Operator or Trustee means Pak-Qatar General Takaful Limited is working in its capacity as Wakeel thereby operating the PTF - The terms Operator or Trustee may be used interchangeably

RELATIONSHIP BETWEEN THE PARTIES INVOLVED

Participants have no relationship with the Takaful Operator at any stage of the business operation. The Takaful Operator creates the PTF by ceding Waqf amount. It is on behalf of the Waqf that the Operator nominates itself as the Wakeel

PROCESS FLOW

1. Risk Contributions for Takaful Benefits

Risk Contribution is pooled into the Participant Taburru Fund (PTF) which is based on Waqf

- Net Contribution for each Participant is calculated as follows:
Takaful Contributions received in the PTF
Less: Change in Technical Reserves
Less: Earned Portion of Takaful Operator's Fee
Less: Incurred Claims
- Risk Contribution is treated as Taburru. Taburru relinquishes all ownership rights of the Participant on the amount and performs the crucial role of eliminating Riba and rendering Gharar and Qimar ineffective from the contract
- Risk Contribution once pooled into the PTF is regarded as the property of Waqf

2. Wakala Fee for Operating PTF and Managing Investments

From the PTF, the Operator deducts the Wakala Fee for Operating the PTF and Wakalatul-Istismar Fee/Modaraba Profit for managing investments in the PTF on behalf of the PTF

3. Payment of Claims

- Participant notifies the Operator in writing about the loss or damage giving an indication as to its nature and extent and lodges a claim,
- Claim is paid from the PTF

4. Surplus Distribution

- Surplus is unique to Takaful business
- In case the net Contribution for the Participant is negative, no surplus would be paid to that Participant
- In case there is a deficit in the PTF, the Takaful Operator will donate an interest-free loan to be called Qard-e-Hasana to make good the shortfall in the fund. The loan shall be repaid from the future surpluses generated in the PTF

PARTICIPANT TAKAFUL FUND (PTF)

PTF is a separate and independent entity capable of having title to ownership of, and possession of assets whether in the form of moneys, movable and immovable properties, and/or in any other tangible or intangible form legally possible and permissible along with the compliance with the Shariah principles.

The objects and purposes of the PTF are as follows:

1. To receive contributions, donations, gifts, charities, subscriptions etc., from the Participants and others;
2. To provide relief to the Participants against benefits defined as per the PTF Rules, the PMD and any Takaful Supplementary Benefit Document(s);
3. To give charities in consultation with the Shariah Board;

4. To invest monies of the PTF in and subscribe for, take, acquire, trade or deal in, instruments approved by the Shariah Board such as shares, stocks, sukuk, bonds, securities or investments of redeemable capital of any other company, institution, mutual fund, corporation or body corporate or any other manner;
5. To do all such other things/acts/objects as are incidental or conducive to the attainment of the above objects or any of them

The Takaful Operator has set apart Rupees Five hundred thousand only (Rs. 500,000) and ceded the same to the PTF being the Waqf money;

Assets of the PTF

1. The cede amount donated from the SHF to the PTF
2. The risk contributions and the Takaful Operator's Fee received from the Participants by way of subscriptions, contributions, donations, gifts, etc; and
3. Income or incomes derived from investments etc. made by the PTF except for the ceding amount (referred to as above) all the balance amounts may be utilized for offsetting the PTF's liabilities of payments of benefits to the members of the Fund

The Takaful Operator may require such technical reserves to be set up in the PTF, as may be deemed appropriate, that is to say:

1. Unearned contributions reserves
2. Incurred but not reported claims' reserve
3. Deficiency reserve
4. Reserve for Qard-e-Hasana to be returned in the future; and
5. Surplus equalization reserve

SOURCES OF REVENUE – Takaful Operator

PTF is the only source of revenue for the Takaful Operator.

1. Wakala Fee for Operating the PTF

The Operator deducts 'Wakala Fee' for operating the PTF. The Roles and Responsibilities of the Operator are described in the Waqf Deed Clause 4 and 5

2. Wakalatul Istismar Fee or Modaraba Profit

The Operator may either charge a fixed Wakalatul Istismar Fee from or earn a profit share in a Modaraba agreement with the PTF as part of investment management services rendered. Modarib's Share in the investment could be 40%