



## Swiss Re acquires Retakaful licence, sets up Retakaful operation in Kuala Lumpur

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**Malaysia, 8 October 2009 – Swiss Re today announced that it has received a composite licence from Bank Negara Malaysia to write Retakaful business, and opened a dedicated Retakaful operation in Kuala Lumpur.**

The composite licence will allow Swiss Re to offer Family and General Retakaful solutions to Takaful clients worldwide. The dedicated Retakaful operation in Kuala Lumpur, headed by Marcel Omar Papp, signals a clear commitment to the development of this market.

“Swiss Re has been offering Family Retakaful solutions in the Middle East for the past three years. This new licence will allow us to consolidate and enlarge the scope of our efforts by also providing General Retakaful solutions.

Takaful is set to grow and we look forward to deploying our expertise and capacity to meeting the needs of existing and new clients for Shari’a (Islamic law) compliant Retakaful,” said Mr Papp, Head of Swiss Re Retakaful.

Swiss Re also operates a separate reinsurance branch in Kuala Lumpur.

### Islamic insurance

Takaful is a system based on the principle of mutual assistance and voluntary contribution, where risks are shared collectively and voluntarily by a group of participants. It has been developed as a Shari’a compliant alternative to conventional insurance which contains impermissible elements such as uncertainty and interest.

It involves:

- the creation of a Shari’a Supervisory Board that oversees the Takaful operations and compliance with the Shari’a;
- the creation of a mutual pool for the collection of contributions and payment of claims;
- the sharing of surplus from the mutual pool amongst participants;

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- the avoidance of investment in non-Shari'a-compliant assets.

### **Future prospects**

In sigma report No 5/2008 "Insurance in emerging markets: overview and prospects for Islamic insurance", Swiss Re revealed that the average annual growth rate for Takaful between 2004 and 2007, was estimated at 25% (adjusted for inflation), versus 10.2% of that in the conventional market.

Takaful premiums of approximately USD 1.7bn were written in 2007, and it is estimated that the global Takaful market could reach USD 7bn by 2015. The 1.5bn Muslims around the world, and also non-Muslims interested in the principles underpinning Shari'a-compliant products, represent a growing client segment for the insurance sector.

### **Swiss Reinsurance Company Ltd**

Swiss Re is a leading and highly diversified global reinsurer. The company operates through offices in more than 20 countries. Founded in Zurich, Switzerland, in 1863, Swiss Re offers financial services products that enable risk-taking essential to enterprise and progress. The company's traditional reinsurance products and related services for property and casualty, as well as the life and health business are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Re is rated "A+" by Standard & Poor's, "A1" by Moody's and "A" by A.M. Best.