



A new market for UK mutuals - Takaful, insurance based on ethical principles

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What advantages do mutuals have?

- Simplicity
- Existing authorisations and permissions
- Culture of serving niche affinity groups
- Mutual ethos closely aligned
 - with Islamic values
 - and wider ethical values

Takaful as a defensive strategy

- PRA pressure on smaller mutuals
- Decline of traditional with-profits
 - Chrysalis has not gone away!

Salam Insurance – why it failed

- A bad market
- Bad underwriting
- Not a mutual

Mutual deferred shares: not dead yet!

- 2015 Act was enabling legislation
- Implementing regulations stymied
 - Act failed to address tax implications
 - Lukewarm PRA engagement due to Solvency II concerns
 - Small circle of potential issuers
- New primary legislation needed – an opportunity post-Brexit?
 - A new private members' bill?
 - Amending legislation in a future Finance Bill?

Other possibilities

- A Takaful “window” in an existing mutual?
- A collaborative product?

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