

Distinguished Guests, Ladies & Gentlemen,

Mr Hussain Al Meeza, Managing Director and CEO of Aman Insurance, who was supposed to make this presentation, unfortunately had to travel out of the country on business and I have been requested to represent him and to extend his apologies for not being here with you and to extend to this distinguished gathering his sincere greetings and best wishes for the success of The World Takaful Conference.

The sixth annual World Takaful Conference has been recognized as a key forum and a powerful platform to discuss various issues pertaining to the Takaful industry. This conference provides an ideal opportunity to discuss these issues on a common platform.

Today we are flipping over a new page in history, leaving behind us the rubbles of the financial downturn of 2009 that affected most of the countries of the world, taking its toll on many economies and industries. During this time many companies reviewed their business strategy and their expansion plans, searching for ways to improve their practices and build a strong basis for future growth.

Many efforts are now placed on direct investments in industries that were least affected by the downturn and that still have potential to develop. The Islamic Banking industry is without a doubt one of the favorable industry to lead this economic recovery. According to S&P 500 index, the size of the industry reached a trillion dollars by the end of 2009. It is an essential industry within many countries and a sizeable part of this region's entire banking industry. The Islamic Banking and Finance industry is directly linked to the Takaful industry and depends on it to fulfill its Insurance requirements in an Islamic manner in full compliance of the Shariah laws and this is where the growth in Takaful is expected to come from.

While the insurance industry in general was greatly affected by the financial crisis, the Takaful insurance companies were less distressed compared to their peers, and were able to maintain confidence even in the toughest quarters of 2009. According to statistics released by different sources, the total premium volume of the GCC market in 2008 was around US\$10.6 Billion and what was Takaful share? Negligible. According to Alpen Capital, the Takaful insurance industry in GCC countries is expected to grow by 16% between 2009 and 2012. As indications are at the moment, the growth is very likely to be in Bancassurance, more specifically in Life business than non Life. The question is, is the Takaful industry ready to meet this challenge? Do we have the marketing tools, distribution channels and diversified products range available to compete against the conventional insurers?

We are fully convinced that the reason the Islamic Banking sector is developing is because of the demand for financial tools that go along with the teachings of Islam, and that is something which is going to increase the demand for Islamic insurance in the future as the Takaful industry has maintained a stable performance in tough circumstances.

We know that there are still a lot of ways for this sector to develop and raise its competitiveness, but there is an opportunity in the current market to grow the roots of the Takaful industry. Everybody is encouraged to enrich this development through three main points:

First: It is extremely important for the Takaful industry to ensure the implementation of Corporate Governance within its sector. This will ensure more transparency according to the teachings of Islam and improve overall results.

Second: Finding more financial tools and insurance solutions that are based on the teachings of Islam. Product developments and continuous research and development with mutual consultation. A very important aspect of

solutions would be development of the Retakaful business with full support from the Takaful industry. This will make you fully Shariah compliant without relying on conventional Reinsurers for support.

Third: Finding markets that are hungry for financial services that are based on the teachings of Islam, e.g. in Russia and China there is a great interest in Takaful business due to the big Muslim population in these countries who are probably being deprived of Takaful business due to the non availability of Takaful operators there.

Finally in conclusion, the Takaful industry must be ready to face the challenges that are emanating within the Insurance world. Takaful forces must unite and learn from each other's experience and at the same time establish institutes for training of its manpower. Once again I would like to extend my best wishes to all participants in this conference.

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