



The changing landscape in the insurance industry

Corporate Governance for Shari'a Compliant insurance Companies

31 May 2010

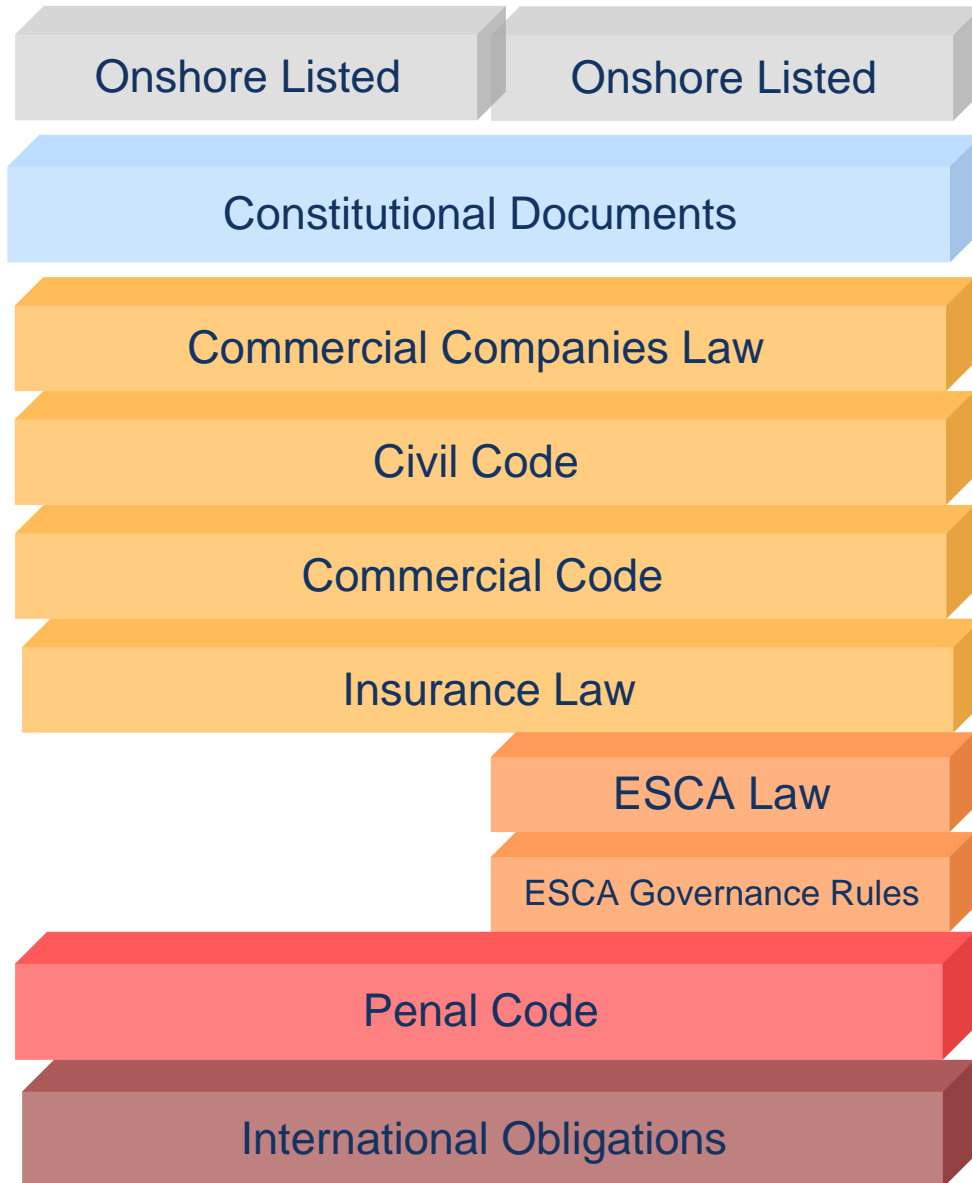
Peter Hodgins, Partner, Clyde & Co Middle East

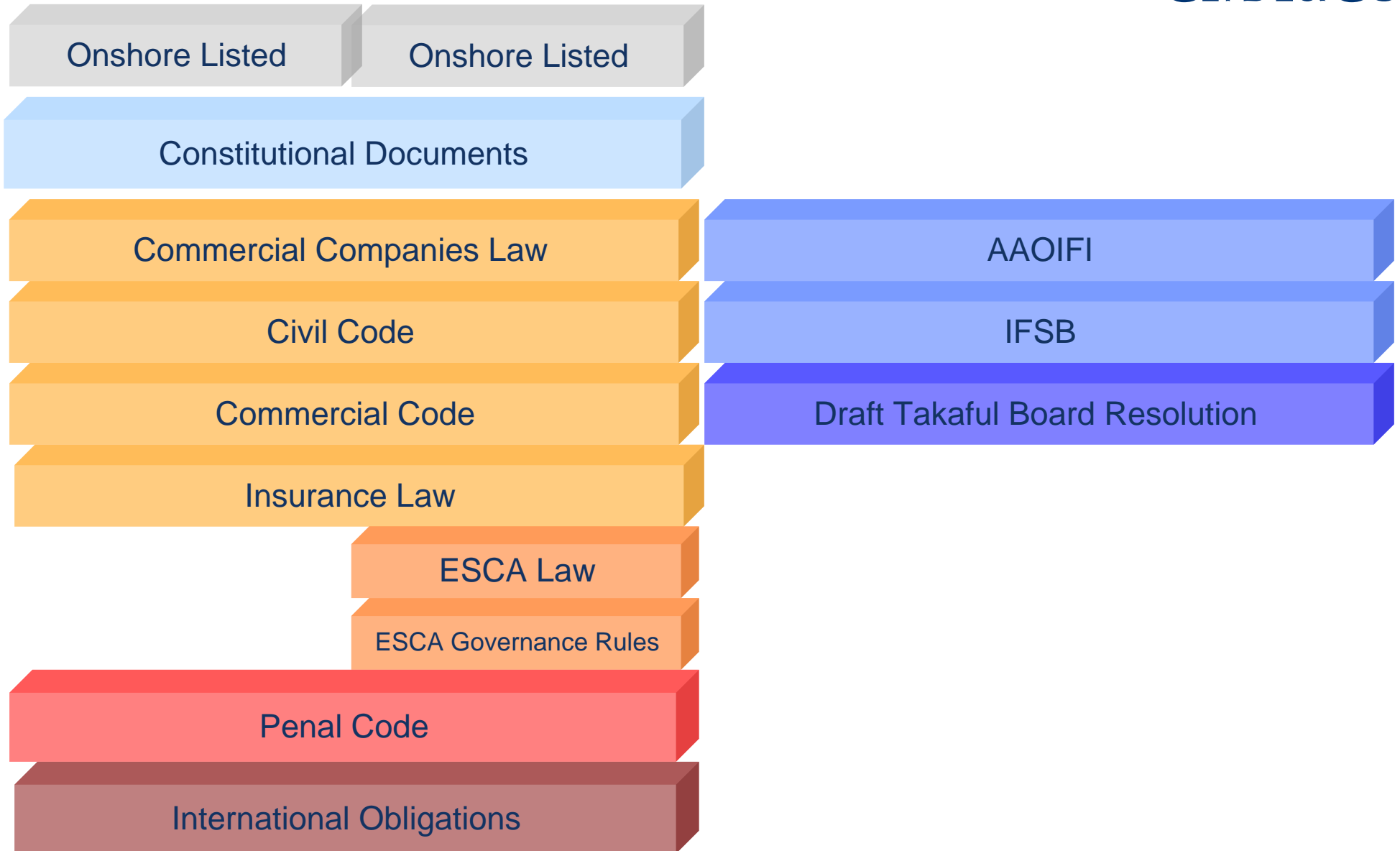
“Clyde & Co has a globally recognised insurance practice and is one of the few firms in the UAE to have distinct insurance emphasis”

Legal 500 (2009)

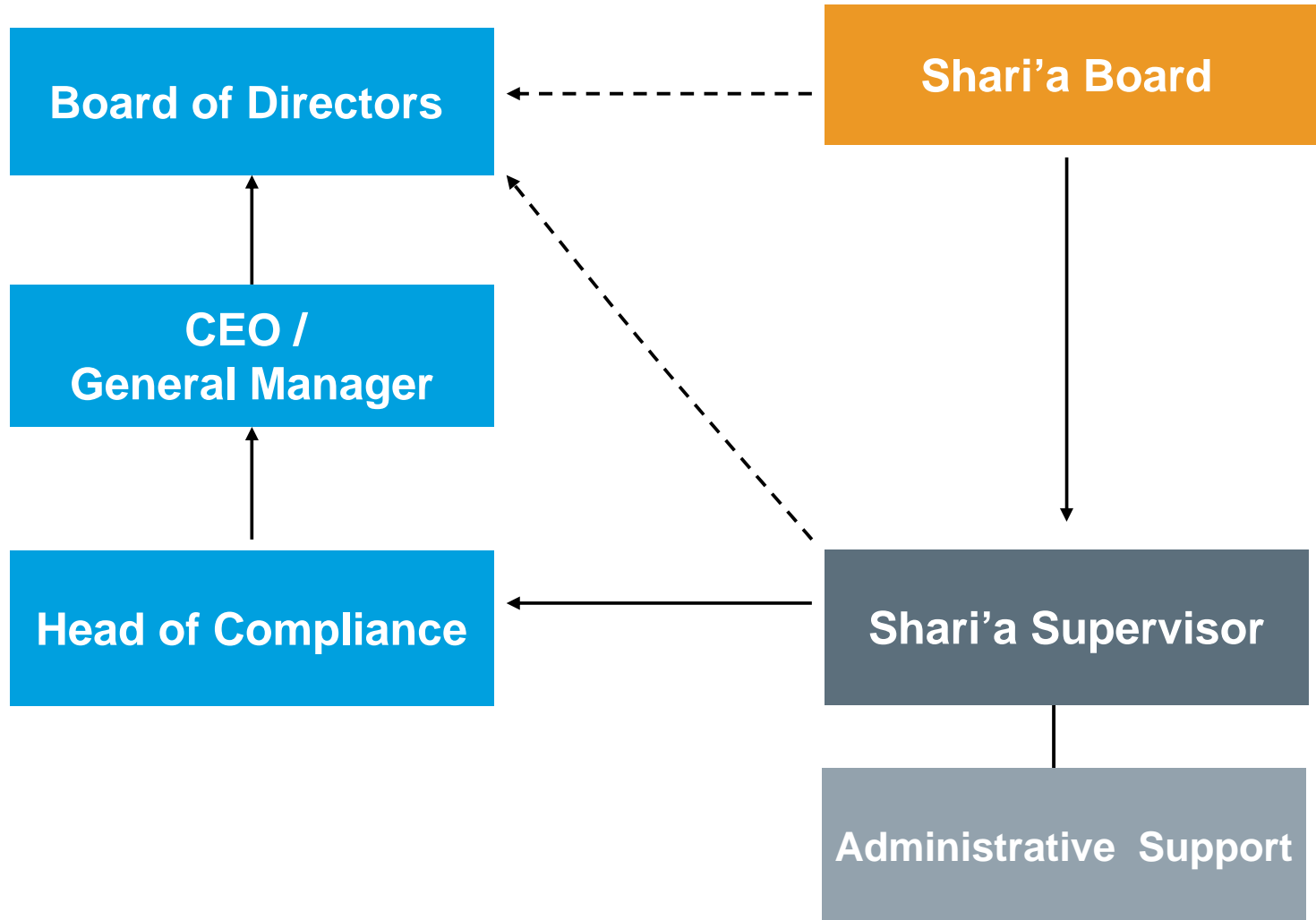
Corporate governance questions

- How do you ensure that your operations are Shari'a compliant?
- How does Shari'a compliance impact upon your corporate structure?
- What policies and procedures need to be put in place?
- How does Shari'a compliance impact on management reporting?
- How do you ensure continuing compliance in practice?
- What additional risks does being Shari'a compliant add?
- What is the impact of getting it wrong?





Structures



Policies and procedures

- Management reporting
- Appointment of Shari'a Board, remuneration and maintenance of independence
- Audit (including Shari'a Review)
- Risk policy:
 - operational (underwriting and claims)
 - investments
 - conflicts of interest
 - deficits and application of Qard Hasan
 - calculation and distribution of surplus
 - reputation Risk
- Clear responsibility for implementing and maintaining policies and procedures

Getting it wrong ● Investment Dar v Blom [2009] EWHC 3545

“I agree that the court should approach the matter with some circumspection, but that does not take anything away from what is essentially a simple point, albeit one difficult to apply, namely, that where one finds, as one does in this master wakala contract, a device to enable what would at least to some eyes appear to be the payment of interest under another guise, that is at least an indirect practice of a non-Sharia compliant activity.”

Thank you

Questions?

Clyde & Co international footprint



For further
information

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