

BAI launches first Islamic insurance cover

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At the Centre of Life



BAI

the insurance specialists

(Curepipe, Mauritius) – BAI Co. (Mtius) Ltd, the leading provider of life insurance in Mauritius, announced today that it has launched the first insurance policy in Mauritius which complies to the Islamic Shariah regulations.

Called 'BAI Takaful', this innovative insurance policy will operate under the direction of a Shariah Board comprising two Malaysian experts in Islamic finance.

"BAI Takaful is the first insurance policy that conforms to Sharia principles," said CEO Sansjiv Nuckchady. "Our aim is to offer Mauritians, and Muslims in particular, a product that offers all the peace of mind and benefits of a conventional insurance policy, without having to compromise their faith."

Shariah has strict rules that do not allow the process of investing in fixed income instruments and those that have investments in prohibited (haraam) products and services.

Conventional insurance is said not to fully conform to the Shariah as it involves the elements of uncertainty (Al-gharar) in the contract of insurance, gambling (Al-maisir), as the consequences of the presence of uncertainty and interest (Al-riba) in investment activities.

Mr Nuckchady said: "BAI is today the first company in Mauritius to offer Islamic insurance, just as it was the first to offer BA Lady, the first insurance policy exclusively meant for women. We are convinced that, with BAI Takaful, policyholders will benefit from advantages of an insurance product that are acceptable within the Islamic framework. "

While the concept of Islamic finance is new to Mauritius, this was formally introduced elsewhere in the 1970s and 1980s. Today, there are 250 firms from some 50 countries operating in this sector and managing funds of USD200 billion.

So what is BAI Takaful and how does it work? Unlike conventional insurance where the risk is shifted from the policyholder

to the insurance company, BAI Takaful is a structure whereby risk is shared between all policyholders.

BAI Takaful is a unit-linked endowment insurance cover which allows participants to pay a single minimum premium of Rs50,000 into a pool called the Takaful Fund. The pooled contributions are invested strictly in Shariah-compliant investments and any profits are distributed back to the Takaful Fund.

The fund is used to pay claims (death, disability) and maturity benefits are paid to shareholders at the term of the policy (between 5 to 30 years).

With the launch BAI Takaful, said Mr Nuckchady, BAI continues to build on its history as a pioneer in the country and the region.

“BAI’s management has a philosophy of acting responsibly and providing quality service to companies and consumers,” he said. “We have a recognized ability to introduce innovative and culturally sensitive products focused on local market conditions. We believe that this will enhance the overall development of Islamic finance in the country.”

He added that BAI Takaful benefits from BAI’s disciplined global underwriting standards and 40 years of experience in delivering innovative insurance solutions to the Mauritian and regional communities.

About BAI

With a portfolio of more than 100,000 policies in force, 20 tailor-made insurance and investment products and nine locations around Mauritius, BAI Co.(Mtius) Ltd. is a leading life insurance provider on the island. It is a fully-owned subsidiary of the British American Investment Group.

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