CBUAE issues a report on the Takaful insurance sector in the UAE

• Gross Subscriptions written reached AED 4.35 billion and assets AED 14.8 billion in 2021

Abu Dhabi (17 February 2023): The Central Bank of the UAE (CBUAE) issued a detailed report on the Takaful insurance sector in the UAE, as part of its efforts to develop this vital sector and enhance the UAE’s position among the leading Takaful insurance market globally.

The report highlighted the main advantages of the Takaful insurance sector in the UAE, and the major witnessed qualitative and quantitative developments, especially with regard to the supervisory and regulatory aspects. It also shed the light on the establishment of the Higher Shari‘ah Authority (the Authority), the Central Bank’s supervision and control of the insurance sector according to Decretal Federal Law No. (25) of 2020, the Authority’s various initiatives to develop the regulatory framework of the Takaful insurance market, and its operational practices by developing Shari‘ah governance mechanisms for Takaful insurance companies. This is in addition to developing Shari‘ah standards, to enhance confidence and flexibility in this sector, and legal and Shari‘ah certainty, as the UAE has been a leader in this field since 1979.

The report presented the growing role of the Takaful insurance sector in the local market and the expansion of its various financial indicators from 2018 to 2021. The gross subscriptions written by all Takaful insurance companies operating in the UAE reached AED 4.35 billion in 2021, with a growth rate of (0.51%) compared to AED 4.32 billion in 2020. The value of these subscriptions written constituted (9.82%) of the gross premiums written in the insurance sector in 2021.

The health Takaful insurance activity accounted for the largest share (43.6%) of the gross subscriptions written in the Takaful insurance sector in the UAE in 2021, followed by the Takaful insurance activity on assets and liabilities (38.3%), then the family Takaful insurance activity and fund accumulation operations (18.1%).

The number of Takaful insurance companies operating in the UAE stood at (12) at the end of 2021, all of which are national companies, with the possibility of decreasing over the coming period due to merger and acquisition activities. The report indicated that the number of insurance companies operating in the insurance sector is (62) national and foreign companies. The number of written Takaful insurance policies increased significantly to (992,106) in 2021, compared to (820,517) policies in 2020.

The report presented several other areas related to the business of the Takaful insurance sector, including sustainability operations, Emiratisation, and the
prospects of digital transformation, explaining that all Takaful insurance companies have specific strategies for digital transformation. The report illustrated current practices of Takaful insurance companies and their initiatives to enhance their financial and technical performance, follow best sustainability practices, and contribute to attracting and encouraging UAE Nationals to work in this vital sector of the country.

To read the report, please click here.

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