



SHARIAH RESOLUTION OF THE SHARIAH SUPERVISORY COUNCIL OF LABUAN FSA ON LABUAN CAPTIVE TAKAFUL

The Shariah Supervisory Council of Labuan FSA, in its meeting dated 12 November 2014, resolved the following relating to Labuan Captive Takaful licensed under Part VII of the Labuan Islamic Financial Services and Securities Act 2010. It is hereby resolved that:

- (a) The captive takaful operational business model based on the Shariah contract of *tabarru'* is permissible and is concluded amongst the participants only.
- (b) For retakaful arrangement, priority shall be given to retakaful operators or retakaful windows of reinsurance companies which have the:-
 - (i) capacity to absorb the distributed risks; and
 - (ii) financial strength to cater for the requirements of the participants as assessed by the Labuan Captive Takaful.
- (c) In the event where the Labuan Captive Takaful is unable to secure retakaful arrangements from retakaful operators or retakaful windows of reinsurance companies as stipulated under paragraph (b), conventional reinsurance may be utilised. However, this arrangement should be reviewed on a periodic basis as may be determined by the Internal Shariah Advisory Board of the Labuan Captive Takaful.