

## Opportune time for Shariah compliant health insurance in India



INDIA

By Dr Syed Ahmed Salman

**The whole world has been experiencing a lot of difficulties and obstacles during the current pandemic crisis especially in terms of interrelated health and financial stress. This is the right time for the government and regulatory authorities of India to introduce Shariah compliant health insurance because, in its entire Muslim population, not more than 3% have a health insurance policy, and the rest are not buying because of certain prohibitions.**

The urbanization of Muslims in India is high, and hence, it is easy for insurance operators to promote Shariah compliant health insurance products. If Takaful products are offered in India, most practicing Muslims will engage in them

specifically given the current situation since it is known that Muslims hold on to their faith more firmly in the face of a calamity.

Opportunely, the current situation reveals favorable circumstances for Takaful. For example, General Insurance Corporation of India, which is owned by the Indian government, has forayed into the Takaful and re-Takaful markets in the Middle East since 2009 and also expanded to Southeast Asian countries.

Life Insurance Corporation of India, which is also owned by the Indian government, launched Takaful products in Saudi Arabia through the Saudi-India Insurance Company, and it is exploring expansion into New Zealand and Australia. Since government-owned insurance companies have experience in offering Takaful, there is a high

possibility for it to be offered soon in India.

To have supply and demand, financial knowledge and awareness among the people of India regarding the requirements and advantages of health services are crucial. Shariah compliant coverage needs effective marketing of the products through constant communication across various social media platforms.

There are several approaches to boost public awareness via any publicly available medium such as events, banner campaigns, websites, documentaries, newspapers, columns, schools and workplaces. ☺

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## Are Islamic finance operations feasible in Italy?



ITALY

By Stefano Loconte

**So far, we have already demonstrated in previous articles that financial operations that follow the Islamic finance model perfectly suit the Italian model.**

As a matter of fact, the Italian Civil Code, which is based on Roman law, admits the so-called 'contratti atipici', which are contracts not regulated under the law but by different special rules. They aim to realize interests worthy of protection and protected by the general principles of the Italian legal order.

At the same time, the Bank of Italy, CONSOB, major Italian authorities and supervisors on compliance in banking and financial activities have stated in official documents that the Islamic finance model is compliant with the Italian legal framework. Also, they have admitted the possibility of creating the so-called 'Islamic windows' inside banks.

In view of this scenario, it is still hard to understand why, so far, these

types of financial operations are not implemented in Italy. It is remarkable that the Italian legal framework does not forbid but at the same time does not even expressly authorize these operations.

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The main reason why these operations are not performed in Italy is due to the fiscal costs. In fact, these financial

operations are subject to double taxation compared to the traditional ones.

As a consequence, the creation of Islamic windows does not seem convenient for the clients nor for the banks. The costs incurred will not be, economically speaking, sustainable for the banks.

At this point, it seems necessary for the introduction of a specific framework to balance the Islamic finance model with the traditional models, in line with what has already been done in other European member states. The aim would be to harmonize the fiscal burden and the costs of the operations under the Italian legislative framework.

Once done, as a result, clients will be free to rely on the legal model he or she prefers since taxation levels will be equivalent. Hopefully, this turning point will happen soon so that the Italian market will be ready to perform financial operations under the Islamic finance model. ☺

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