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Oman prepares to regulate Takaful

OMAN

By Anthony Watson, IFN Correspondent

The Oman Capital Market Authority (CMA), with input from the Oman ministry of Awqaf and Islamic affairs, has established a policy committee and retained consultants to advise the CMA on the regulation of Takaful providers in the sultanate. In accordance with the recommendations of the policy committee and the consultants, the CMA will issue regulations that will govern the establishment and licensing of Takaful providers.

According to Mohammed Al-Jamalani, the CMA's vice-president for insurance operations, the CMA is debating whether to establish its own Shariah compliance board, require each Takaful provider to establish a Shariah compliance board, or

establish a Shariah compliance board in conjunction with other Oman government agencies, such as the Central Bank of Oman.

The justifications for establishing a Shariah compliance board – either under the auspices of the CMA alone or in conjunction with other Oman government agencies – are twofold. First, the establishment of a Shariah compliance board will entail costs for Takaful providers. If the CMA establishes a Shariah compliance board, then each Takaful provider that is licensed by the CMA will not be required to establish its own Shariah compliance board. The second justification is to avoid situations where a fatwa issued by the Shariah compliance board of one Takaful provider is in conflict with a fatwa issued by the Shariah compliance board of another

Takaful provider. If the CMA establishes a Shariah compliance board, all Takaful providers in Oman would be subject to its fatwa, eliminating the possibility of conflict.

In the meantime, the CMA has already granted its initial permission for one conventional insurance company to convert to a Takaful insurance company. The CMA is also considering applications from other Takaful providers. Until the CMA finalizes regulations that are specific to Takaful providers, they will be required to comply with all other applicable insurance regulations, including the OMR10 million (US\$26 million) capitalization requirement.⁽²⁾

Anthony Watson is a senior associate at Al Busaidy, Mansoor Jamal & Co. He can be contacted at anthony.watson@amjoman.com.