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BANKIGA DHEXE EE SOOMAALIYA

البنك المركزي الصومالي

CENTRAL BANK OF SOMALIA

REGULATIONS ON CAPITAL AND SOLVENCY REQUIREMENTS, 2025

CBS/TAK/REG/02

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PRELIMINARY

IN EXERCISE of the powers conferred by Articles 118, 119, 122, and 123 of the Takaful Law, the Central Bank of Somalia makes the following Regulations—

1. Citation

These Regulations may be cited as the Regulations on Capital and Solvency Requirements for Takaful Operators.

2. Applicability

These Regulations shall apply to all takaful and retakaful operators licensed in Somalia.

These Regulations are focused on the takaful operator as a single entity.

3. Interpretations

In these Regulations, unless the context otherwise requires—

"Actuary" means a person in good standing of an internationally recognized professional actuarial association approved by the Bank.

"Bank" means the Central Bank of Somalia, established under the Central Bank of Somalia Act, 2012.

"Class" means the classification of a set of similar risks or operations specifying the activity that a takaful operator may carry out under a license.

"Family Takaful" means takaful provided in the case of a participant's death or disability, or after the takaful proposal period, and financial security is provided.

"Financial Year" means the calendar year for all licensed Takaful operators.

"General Takaful" comprises short-term takaful contracts that are not family takaful.

"Investments" means the value of capital allocated into various asset classes by a takaful company to maintain liquidity, preserve capital, and generate income.

"MCR" means the Minimum Capital Requirement and signifies the lowest acceptable level of available capital below which the participants would be exposed to unacceptable risks if the takaful operator was allowed to continue to operate.

"MTC" means the Minimum Target Capital and signifies a solvency level that a breach will invoke regulatory actions for the Shareholders' Fund.

"Participant" means a holder of a takaful certificate who signed the contract with the takaful operator and is obligated to pay the takaful contribution.

"Participants' Risk Fund" means a fund to which participants' claims and risk-related benefits are paid before funds are transferred to the Participant Risk Fund and the Participant Investment Fund.

"Participants' Takaful Fund" means a fund to which the takaful contributions are paid.

"PCR" means the Prescribed Capital Requirement and signifies the solvency level that enables the funds to absorb significant unexpected losses for the Participants' Funds.

"PTC" means the Prescribed Target Capital and signifies the highest solvency level that enables the funds to absorb significant unexpected losses for the Shareholders' Fund.

"Qard-Hasan" means an profit-free loan.

"Re-takaful" means a procedure depend at on sound takaful principles for re-takaful of liabilities regarding risks incurred or to be incurred by the takaful company during its carrying on takaful business.

"Shareholders' Fund" means the account that holds paid-up capital provided by Takaful company's shareholders from which administrative expenses are paid.

"Signing Actuary" is a person approved by the Bank who carries out duties as a signing or reviewing Actuary.

"Takaful Contribution" means the money payable by a takaful participant to the takaful operator for the takaful coverage provided under a takaful certificate.

"Takaful Investment Fund" means a fund to which the investment component of participants' contributions are deposited.

"TCA" means the Total Capital Available and signifies the sum of all financial resources that a takaful operator has at its disposal to meet its regulatory capital requirements and support overall business operations.

"TCR" means the Total Capital Required and signifies the amount of capital a takaful operator must maintain to ensure it can meet its obligations, absorb unexpected losses, and remain solvent under a variety of adverse conditions.

4. **Objectives**

- 1) The objectives of these Regulations shall be to—
 - a) ensure that takaful operators maintain sufficient capital reserves to protect the Participants' and Shareholders' Funds;
 - b) ensure that licensed takaful operators maintain a capital adequacy level that is commensurate with their risk profile at all times;
 - c) promote the development of the takaful industry through establishing the regulatory framework for takaful operators carrying out takaful business; and
 - d) achieve alignment with capital standards such as the insurance capital standard issued by the International Association of Insurance Supervisors (IAIS) and the relevant standards issued by the Islamic Financial Services Board (IFSB).

5. **Introduction**

- 1) The amount of capital held by a takaful operator is fundamental to the financial strength of the takaful operator. It provides a buffer against losses that have not been anticipated and, in the event of adverse exposures enables the takaful operator to continue operating, pending restoration of solvency resources to required levels.

CAPITAL ADEQUACY

6. Capital Adequacy Ratio

- 1) The capital adequacy ratio (CAR) shall serve as a key indicator of a takaful operator's financial stability. The Bank shall use it to determine the level of supervisory intervention required.
- 2) The level of capital adequacy for takaful operators shall be assessed based on the total capital available and the total capital required.
- 3) The capital adequacy ratio shall be computed separately for each segregated fund, including the Shareholder's Funds and the Participant's Funds.
- 4) A takaful operator shall determine total capital required at the entity level as the aggregate of the capital required for each fund.
- 5) The capital adequacy ratio shall be computed as—

$$CAR = \frac{\text{Total Capital Available}}{\text{Total Capital Required}} * 100\%$$

7. Total Capital Available

- 1) For calculation of the capital adequacy ratio at the entity level, total capital available shall be computed as the sum of the total capital available in both the Shareholders' and Participants' Funds.
- 2) A Takaful operator shall determine the capital available for each fund by calculating the total capital, less any regulatory adjustments and deductions as specified in these Regulations

8. Classification of Capital

- 1) Capital elements shall be considered based on the following characteristics—
 - a) it is permanent;
 - b) it's able to absorb losses in all circumstances, including on an ongoing concern basis, in run-off, wind-up, or insolvency-subject to the constraints of fund segregation,
 - c) it ranks for repayment upon winding up after all other debts and liabilities; and
 - d) it has no fixed costs, that is, there is no inescapable obligation to pay dividends or profit.

- 2) Total capital shall comprise of an aggregate of either of the following, but not limited to—
- a) Issued and paid-up ordinary shares
 - b) share premium reserves;
 - c) adjusted retained earnings; and
 - d) statutory reserves as may be prescribed.
 - e) Accumulated surplus at the level of the Participants' Risk fund.
- 3) A takaful operator shall not reduce its total capital without prior approval from the Bank.

2) Deductions

- 1) The following shall be considered inadmissible for the purposes of calculating the takaful operator's capital adequacy—
- a) goodwill and other intangible assets such as patents, software, trademarks, and other assets shown on the balance sheet as intangible assets;
 - b) right of use assets (usufruct) (Ijarah);
 - c) deferred tax assets net of deferred tax liabilities, if any;
 - d) assets pledged to support credit facilities obtained by a takaful operator;
 - e) credit facilities granted against a takaful operator's own shares;
 - f) Qard-Hasan to the Takaful Fund;
 - g) other fixed assets e.g., computer equipment, office equipment, motor vehicles and furniture and fittings;
 - h) assets above the allowed concentration limit as specified in **Appendix 1**.

9. Capital Available in the Participants' Risk Fund

- 1) The capital available for takaful operators under the Participants' Risk Fund shall be calculated as the sum of the total net admissible assets available to meet the required capital adequacy ratio and the balance of Qard-Hasan at the end of the reporting period.
- 2) Total net admissible assets available to meet the required capital adequacy ratio shall be—
- a) sum of the following—
 - i. takaful Fund assets

- ii. takaful Fund liabilities including Qard- Hasan
- iii. unrealized gains (Family takaful)

b) less the following elements—

- i. overconcentration of assets within the Participants' Risk Fund
- ii. surplus distribution to participants
- iii. assets pledged or provided as collateral (Family takaful)
- iv. unpaid contributions

3) Balance of Qard Hasan at end of reporting period shall be computed as—

a) sum of the following—

- i. Balance of Qard Hasan brought forward
- ii. Increase in Qard Hasan (new loan)
- iii. Decrease in Qard Hasan (repayment)

b) less Provision on Qard Hasan (impairment)

10. **Capital Available in the Shareholder's Fund**

- 1) The takaful operator needs to have sufficient capital resources to withstand unexpected increases in management expenses or reduction in income, which could cause operating losses to the takaful operator leading to financial distress.
- 2) The second level of capital adequacy requirements is to ensure adequate capital resources of the takaful operator's Shareholders' Fun to meet its own financial and legal obligations, including the possible need to provide capital backing in the way of Qard facility to the Participant's Risk Fund
- 3) In addition, the takaful operator's capital resources may need to be sufficient to allow it to provide additional capital as a Qard facility to the Participants' Risk Fund should this be necessary to cover a shortfall in the Fund's capital resources.
- 4) The assessment of the amount of the capital resource requirements for the takaful operator should be generally based on the potential volatility of expenses and most importantly the level, volatility and flexibility of the takaful operator's income after taking account of the amount needed for the Qard facility.

11. **Total Capital Required**

- 1) The Risk Based Capital requirements (RBC), for a licensed takaful operator is the aggregate of the RBC required for each of the takaful funds operated by it and the RBC requirements of its own operational and financial risk exposures.
- 2) Total Capital Required in the Shareholders' Fund shall be the higher of—
 - a) the Minimum Target Capital of one million dollars (USD 1,000,000); or
 - b) Risk Based Capital determined from time to time.
- 3) Total Capital Required in the Participants' Risk Fund shall be the risk-based capital determined from time to time.
- 4) The Capital Adequacy Ratio shall meet or exceed 100% of the Total Capital Required for both the Shareholders' and Participants' Funds to ensure compliance with the Minimum Target Capital (MTC) and Minimum Capital Requirement (MCR).
- 5) The Prescribed Capital Requirement (PCR) and Prescribed Target Capital (PTC) is the level above which there is no supervisory intervention on capital adequacy grounds and is set at **150%**.

12. Risk Based Capital Model

- 1) The Risk Based Capital shall comprise of the aggregate of capital charges for credit, market, takaful and operational risks of the takaful operator.
- 2) Risk Based Capital (RBC) for the Shareholders' Fund shall be the square root of the sum of squares of Capital required for—
 - a) market Risk; and
 - b) credit Risk;
 - c) plus the Capital Required for operational risk i.e.

$$RBC = \sqrt{\text{Market Risk Capital}^2 + \text{Credit Risk Capital}^2} \\ + \text{Operational Risk Capital}$$

+

- 3) Risk Based Capital (RBC) for the Participants' Risk Fund shall be the square root of the sum of squares of Capital required for—
 - a) takaful Risk;

- b) market Risk; and
- c) credit Risk; i.e.

$$RBC = \sqrt{Takaful\ Risk\ Capital^2 + Market\ Risk\ Capital^2 + Credit\ Risk\ Capital^2}$$

- 4) The risk-based capital shall be computed as a sum of the risk-based capital for the Participants' Risk Fund and the Shareholders' Fund.
- 5) The takaful liabilities shall only apply to the Participants' Risk Fund.

13. Credit Risk Capital Charge

- 1) Takaful operators shall compute the credit risk charge to mitigate them from risk of losses as a result of the inability of a counterparty to meet its contractual obligations, risk of losses resulting from asset defaults and related losses of income.
- 2) Takaful operators shall compute the credit risk capital charges as follows:

$$\text{Credit Risk} = \text{exposure to counterparty} * \text{credit risk charge}_i$$

where "i" refers to the different exposures to counterparties in the respective takaful fund and shareholder funds.

- 3) The credit risk capital charge shall be the product of the credit risk exposure of a takaful fund and the credit risk charge for that particular takaful fund.
- 4) The credit risk charge aims to mitigate a licensed takaful operator's risks of losses resulting from asset defaults, related losses of income and the inability or unwillingness of a counterparty to fully meet its contractual financial obligations.
- 5) Takaful operators shall consider the capital charges specified in **Appendix 2A** of these Regulations when calculating the credit risk capital charge.
- 6) When calculating the capital required for Retakaful ceded, factors specified in **Appendix 2B** of these Regulations shall apply to Retakaful share of technical liabilities.

Market Risk

- 1) The capital charge for market risk shall seek to mitigate takaful operators from financial losses arising from volatility in the market prices of assets used to back takaful participant's liabilities.
- 2) Takaful operators shall also be required to determine capital for currency risk, equity risk, profit rate risk and property risk.

3) Takaful operators shall compute the market risk capital charge as follows:

$$\textbf{Market Risk} = \sqrt{(\text{Equity risk}^2) + (\text{Property risk}^2) + (\text{Profit rate risk}^2) + (\text{Currency risk}^2)}$$

$$\textbf{Equity Risk} = \text{Equity Risk Exposure} * \text{risk charge}$$

$$\textbf{Property Risk} = \text{Property Risk Exposure} * \text{risk charge}$$

$$\textbf{Profit Risk} = \text{Max} (\text{Base Profit Rate} - \text{Increasing Profit Rate}, \text{Base Profit Rate} - \text{Decreasing Profit Rate})$$

$$\textbf{Currency Risk} = \text{Currency Risk Exposure} * \text{risk charge}$$

4) Takaful operators shall consider factors specified in **Appendix 3A** of these Regulations when calculating market risk.

5) Takaful operators shall consider factors specified in **Appendix 3A** of these Regulations when calculating market risk.

14. **Takaful Risks**

(2) General Takaful Risks

- 1) Takaful operators underwriting general takaful business shall hold provisions against fluctuations in the contributions and claims reserves.
- 2) Takaful operators shall compute the general takaful risks capital charge as the sum of the product of the risk charges and the value of claims liabilities and value of provision for unexpired risk for each class of business respectively.

$$\textbf{General Takaful Risk} = (\text{Value of claims liabilities} * \text{risk charge}) + (\text{Value of provision for unexpired risk} * \text{risk charge})$$

- 3) Takaful operators shall use the risk factors specified in **Appendix 4** of these Regulations when calculating the general takaful risks capital charge.

(3) Family Takaful Risks

- 1) The family takaful risks capital charge shall be computed as the difference between the adjusted best estimate value of family takaful liabilities (V^*) computed using the stress factors stipulated less the value of the family takaful liabilities computed using the best estimate assumptions.
- 2) Takaful operators shall compute family takaful liabilities as follows:

$$\textbf{Family Takaful risk} = (V^* - \text{Value of family takaful liabilities})$$

- 3) Takaful operators shall apply the stress factors for major risks inherent in the family takaful business as stipulated in **Appendix 5** of these Regulations.

15. **Catastrophe Risk**

- 1) Takaful operators shall apply a charge of 5% of the previous year's net earned contributions for the purposes of calculating the capital required for catastrophes.
- 2) This capital charge of 5% shall be added to the takaful risks capital.

16. Operational Risks

- 1) The operational risks capital charge shall aim to mitigate a takaful operator's risk of losses arising from inadequate or failed internal processes, systems and people in managing the takaful operations.
- 2) The operational risks shall also include the risk of losses arising from non-compliance to Shariah and failure by a licensed takaful operator in executing its fiduciary duties.
- 3) The operational risk charge shall be computed as:

$$30\% \text{ of } \sqrt{\text{Credit Risk Capital Charges}^2 + \text{Market Risk Capital Charges}^2}$$

Additional Solvency Requirements

- 1) Takaful operators shall set their capital adequacy ratio at both the Shareholder's Funds level and the Participant's Funds level.
- 2) The MCR shall be the capital adequacy ratio for the Participant's Funds while the MTC shall be the capital adequacy ratio for the Shareholder's Fund.
- 3) The first level of capital adequacy requirements is to ensure adequate resources in the Participants' Risk Fund to provide assurance that the Participants' Risk Fund can meet claims from takaful participants.
- 4) The second level of capital adequacy requirements is to ensure adequate capital resources of the takaful operator to meet its own financial and legal obligations, including the possible need to provide capital backing in a way of a Qard facility to the Participants' Risk Fund.
- 5) Any breach of MCR/MTC at the level of either the Participants' Risk Fund or Shareholders' Fund shall trigger immediate attention from the takaful operator who shall be required to inform the Bank immediately.
- 6) Where the capital available in the Participants' Risk Fund is unable to meet the capital adequacy requirements, a capital injection (Qard) shall be made from the Shareholder's Fund to meet the capital adequacy ratio required.
- 7) Where a Qard-Hasan has been granted to the Participants' Fund, any income generated from the Qard shall be for the benefit of the Participants' Fund and shall be recorded as an investment income for the Participants' Fund.
- 8) The Qard-Hasan shall be repaid out of future surpluses of the Participants' Fund.

- 9) When a Participants' Risk Fund enters into an insolvent winding-up, the participants' claims would rank above any outstanding Qard. In such a case, the Qard facility should be considered to be fully part of regulatory capital.
- 10) The takaful operator shall endeavor, over time to bring the reserves in a Participants' Risk Fund to a level at which the fund becomes self-sustaining with sufficient resources to meet capital adequacy requirements without the need to rely on a Qard.

17. Own Risk and Solvency Assessment (ORSA)

- 1) Own risk and solvency assessment is a forward-looking assessment of a takaful operator's risk management policy, procedures, controls and their current and prospective solvency positions.
- 2) The objectives of ORSA include—
 - a) to assess whether—
 - i. the takaful operator's own view of its solvency position is sufficient based on its risk profile and risk tolerance; and
 - ii. its solvency position will probably remain satisfactory in the foreseeable future;
 - b) to demonstrate how the takaful operator plans to manage the significant risks to which it is exposed to; and
 - c) to identify potential weaknesses in the business.
- 3) Takaful operators shall conduct their ORSA at least annually and submit a report to the Bank.
- 4) In the event of significant changes to the takaful operator's risk management strategy, strategic plan, or business plan, which could materially affect its capital adequacy, a new ORSA shall be conducted.
- 5) The takaful operator's ORSA shall be proportional to the nature, scale and complexity of their business. It shall cover all takaful funds, considering transactions between Funds and the impact of Qard provided by the Shareholders' Fund.

18. Stress and Scenario Testing

- 1) Stress and scenario testing seek to anticipate possible losses or risks that might occur or become manifest. In applying them, a takaful operator needs to decide how far forward to forecast and may want to consider the following factors—

- a) how quickly it will be able to identify events or changes in circumstances that might lead to a loss occurring or the risk crystalizing; and
 - b) after the event or circumstance has been identified, how quickly and effectively the takaful operator would act to prevent or mitigate any resulting loss from occurring and to reduce its exposure to any further adverse event or change in circumstance.
- 2) Takaful operators shall focus on those scenarios and combinations of scenarios that are considered reasonably likely to occur.
- 3) In identifying what realistic combinations of losses or risks might occur or crystalize a takaful operator shall consider scenarios in which expected combinations occur.
- 4) In determining whether it would have adequate financial resources in the event of each identified adverse scenario a takaful operator should—
 - a) only include financial resources that could be reasonably be relied upon as being available in the circumstances of the identified scenario; and
 - b) consider any other legal restrictions on the purpose which financial resources may be used.

19. Reporting and Submission to the Bank

- 1) Takaful operators shall submit to the Bank their capital adequacy ratio calculations for the financial year end within 90 days of the end of the financial year.
- 2) The capital adequacy calculations referred to in paragraph one (1) above shall be certified by the Chief Executive Officer and the Signing Actuary of the takaful operator.
- 3) Quarterly capital adequacy calculations shall be submitted to the Bank 30 days to the end of the quarter and shall be certified by the Chief Executive Officer of the takaful operator.
- 4) Takaful operators whose capital adequacy fall below the minimum requirement shall be required to report their non-compliance to the Bank immediately.

SUPERVISORY INTERVENTIONS

- 1) Where the Bank determines that a takaful operator has not met the provisions of these Regulations, the Bank may impose any or all of the following administrative sanctions to correct the situation in accordance with the Takaful Law, including—
 - a) increased supervision activity or reporting, or requiring auditors or actuaries to undertake an independent review or extend the scope of their examinations;
 - b) measures to address capital levels, such as requesting capital and business plans for the restoration of capital resources to required levels, limitations on redemption or repurchase of equity or other instruments, repayment of Qard and/or dividend payments, distributions, and other appropriations of surplus at the fund or the takaful operator level;
 - c) measures intended to protect Takaful participants pending strengthening of the takaful operator's capital position, such as restrictions on licenses, volumes of takaful contributions accepted, investments, types of business, acquisitions, and Retakaful arrangements;
 - d) measures that strengthen or replace the takaful operator's management and/or risk management framework and overall governance processes, for example, suspend, dismiss, disqualify or revoke the appointment of an officer of the takaful operator in a position as a board member, member of the senior management or key person in control function;
 - e) measures that reduce or mitigate risks (and, hence, required capital), such as requesting Retakaful, hedging and other mechanisms; and/or refusing, or imposing conditions on, applications submitted for regulatory approval such as acquisitions or growth in business; and
 - f) take any other action as may be deemed necessary.

20. Recovery Plans

- 1) Where the Bank determines that the capital adequacy ratio of a takaful operator is equal to or falls below the MCR and MTC, the Bank shall in writing require the takaful operator to submit a recovery plan.
- 2) The recovery plan shall at a minimum include—
 - a) the key risks that contributed to the takaful operator's current capital adequacy ratio;
 - b) estimates of the current general expenses and commissions;
 - c) income expenditures with regards to direct business, Retakaful acceptances and cessions;
 - d) a forecast balance sheet;
 - e) information about the overall policy regarding the Retakaful of the takaful operator;
 - f) timelines during which specific corrective action shall be taken and achieved; and
 - g) any other information the Bank may specify in writing.
- 3) The Bank shall hold the right to approve or disapprove a recovery plan.
- 4) Where the Bank is not satisfied with the takaful operator's recovery plan, the Bank shall request for an amended recovery plan from the takaful operator.
- 5) Where the takaful operator fails to avail a recovery plan requested by the Bank in accordance with paragraph one (1) above, the Bank shall take action it shall consider necessary to ensure compliance.

APPENDICES

The percentages indicated are for illustrative purposes only

Appendix 1: Concentration Limits

| Asset Type | Allowable Limit as a % of Total Assets (General Takaful) | Allowable Limit as a % of Total Assets (Family Takaful) |
|--|---|--|
| Local Property | 10.00% | 20.00% |
| Foreign property | 10.00% | 20.00% |
| Deposits and Placements in any one financial institution | 10.00% | 10.00% |
| Equity | 10.00% | 10.00% |
| Investment in related parties | 5.00% | 5.00% |

Appendix 2A: Credit Risk Factors

| Asset Type | Capital Charge (General Takaful) | Capital Charge (Family Takaful) |
|---|---|--|
| Somalia Government Bonds | 0.00% | 0.00% |
| Somalia Government Treasury Bills | 0.00% | 0.00% |
| Foreign Government Bonds (sovereigns with an external credit rating) | | |
| a) Above BBB | 5.00% | 5.00% |
| b) Between BBB and CCC | 70.00% | 70.00% |
| c) Below CCC | 100.00% | 100.00% |
| d) Unrated | 100.00% | 100.00% |
| Corporate bonds (Sukuk) and other debt instruments | 20.00% | 20.00% |
| Deposits and Placements with Banks and other Financial Institutions licensed under the Financial Institutions Law | 5.00% | 5.00% |
| Cash and Cash Balances | 0.00% | 0.00% |
| Secured Financing - Corporations and other Organizations | 10.00% | 10.00% |
| Secured Financing - Staff and Others | 30.00% | 30.00% |
| Investments in Subsidiaries, Associates and Joint Ventures | 40.00% | 40.00% |
| Qard-Hasan | 0.00% | 0.00% |
| Istisna | 30.00% | 30.00% |

| | | |
|--------------------------------------|---------|---------|
| Unsecured Financing | 100.00% | 100.00% |
| Secured Financing to Related Parties | 100.00% | 100.00% |
| Contract Loans (Family) | 0.00% | 5.00% |
| Outstanding Receivables | 100.00% | 100.00% |

Appendix 2B: Retakaful Default Risk

| | |
|--|---------|
| Category 1 - Retakaful Operators rates above A- | 2.00% |
| Category 2 - Retakaful Operators rated above BBB | 10.00% |
| Category 3 - Retakaful Operators rated below BBB | 20.00% |
| Category 4 - Unrated Retakaful Operators | 100.00% |
| Category 5 - Retakaful Operators licensed under the Somalia Takaful Bill | 5.00% |

Appendix 3: Market Risk Factors

Appendix 3A: Equity Risk

| Risk Asset | General Takaful Capital Charge | Family Takaful Capital Charge |
|---|---------------------------------------|--------------------------------------|
| Listed Ordinary Shares in Somalia | 30.00% | 40.00% |
| Listed Ordinary Shares on other recognized stock exchanges | 30.00% | 40.00% |
| Listed Preference Shares in Somalia | 30.00% | 40.00% |
| Listed Preference Shares on other recognized stock exchanges | 30.00% | 40.00% |
| Unlisted Shares and/or private equity (including venture capital) | 100.00% | 100.00% |

Appendix 3B: Property Risk

| Asset | General Takaful Capital Charge | Family Takaful Capital Charge |
|--|---------------------------------------|--------------------------------------|
| Land and Self-occupied properties | 30.00% | 30.00% |
| Investment property and property-related investments (Local) | 30.00% | 30.00% |
| Investment property and property-related investments (Foreign) | 50.00% | 50.00% |
| Real Estate Investment Trusts (REITS) | 30.00% | 30.00% |

Appendix 3C: Currency Risk

| | |
|---------------|-------|
| Currency risk | 5.00% |
|---------------|-------|

Appendix 3D: Profit Rate Risk

| Scenario | Asset Value ¹ | Liability Value ² | Surplus |
|-------------------------------|---------------------------------|-------------------------------------|----------------|
| Base Profit Rate ¹ | | | |
| Increasing profit rate | | | |
| Decreasing profit rate | | | |
| profit Rate Risk Charge | | | |

Appendix 4: General Takaful Risk Factors

| Class of Business | Claims Liabilities Risk Charge | Contribution Liabilities Risk Charge |
|--------------------------|---------------------------------------|---|
| Agriculture | 18.48% | 22.15% |
| Engineering | 22.73% | 27.31% |
| Fire & Perils | 18.48% | 22.10% |
| Liability | 27.57% | 32.59% |
| Marine & Aviation | 29.74% | 35.83% |
| Motor | 23.70% | 27.85% |
| Workmen's Compensation | 24.35% | 28.39% |
| Miscellaneous | 18.48% | 21.99% |
| Medical | 23.70% | 28.07% |

Appendix 5: Family Takaful Risk Factors

| Type of Family Takaful | Risk Charge - Contributions | Risk Charge - Claims |
|-------------------------------|------------------------------------|-----------------------------|
| Group Life | 10.00% | 8.00% |
| Group Term | 10.00% | 8.00% |
| Group Credit | 12.00% | 10.00% |
| Guaranteed Investment Funds | 1.00% | |