

The Development of Takaful Insurance in the Tunisian Insurance Market: Structure, Organization, and Regulatory Framework

Ali Fares ^{*1}, Sami Boudabbous ²

¹ Chief Administrator at the University of Sfax, PhD in Management Sciences from the Faculty of Economics and Management, University of Sfax, (Tunisia), ali.fares@usf.tn

² Full Professor, Faculty of Economics and Management, University of Sfax (Tunisia), samiboudabbous2002@yahoo.fr

Received:11/10/2025

Accepted:13/01/2026

Published: 01/03/2026

Abstract:

This study explores the development and current status of Takaful (Islamic) insurance within the Tunisian insurance market, focusing on its structure, operational models, and regulatory environment. Although Takaful represents a modest share of the overall market, it has experienced steady growth in recent years, driven by increasing awareness and demand for Sharia-compliant insurance solutions. The research examines the operations of major Takaful companies—Zitouna Takaful, At-Takafulia, and Al Amana Takaful—highlighting their governance systems, Sharia supervisory boards, and product portfolios across family and general Takaful segments. It also reviews the legal and regulatory framework established by Tunisian Law No. 47 of 2014 and related ministerial decrees, which ensure transparency, sound risk management, and the separation of participants' and shareholders' funds. The findings reveal that despite challenges such as limited public awareness and market penetration, the Takaful sector shows strong potential for sustainable growth and financial inclusion. The paper concludes with recommendations to enhance innovation, strengthen Sharia compliance, and support the strategic expansion of Takaful in Tunisia.

Keywords: Takaful Insurance, Tunisia, Islamic Finance, Sharia Governance, Financial Inclusion, Risk Management

JEL Classification: G22 ; G23 ; G28 ; M14 ; O16

Introduction

The insurance sector is a cornerstone of modern financial systems, managing financial and social risks, protecting individuals and institutions, and supporting economic stability and growth (Cummins & Weiss, 2014). By distributing risk, insurance mitigates the impact of unforeseen events and fosters investment and innovation, with empirical evidence linking sector development to economic resilience during crises (Swiss Re Institute, 2020).

In Tunisia, the insurance market has experienced significant regulatory and structural reforms over the past decade, modernizing legislative frameworks and enhancing supervision to improve efficiency and meet diverse national needs, including challenges posed by the COVID-19 pandemic (Ben Salah & Trabelsi, 2021). Within this context, Takaful insurance has emerged as a Sharia-compliant alternative, based on cooperation and mutual assistance, avoiding *riba* (interest), *maysir* (gambling), and *gharar* (excessive uncertainty) (El-Gamal, 2006). Takaful emphasizes social solidarity and financial inclusion, offering innovative products that cater to both religious and economic needs, unlike conventional insurance which primarily focuses on profitability (Hanefah et al., 2021).

Despite its growth, research on Takaful in Tunisia remains limited, particularly regarding market structure, key actors, and regulatory governance. Studies highlight gaps in understanding the sector's readiness to balance profitability with social responsibility (Kahf, 2003 ; Ahmad et al., 2019), and comparative analyses with conventional insurance are scarce.

This study aims to provide a comprehensive analysis of the Tunisian insurance sector, focusing on Takaful, by examining corporate structures, intermediaries' roles, and legal frameworks, while evaluating the sector's capacity for innovation, financial inclusion, and economic development, thereby addressing the existing research gap.

2. Characteristics of the Insurance Sector in Tunisia

2.1. Structure of the Tunisian Insurance Market

The Tunisian insurance sector is a key component of the national financial system, offering risk protection as well as savings and investment

mechanisms. It is regulated by the General Insurance Authority under the Ministry of Finance, which oversees licensing, legislation, and supervision (Ben Salah & Trabelsi, 2021). The market includes domestic and foreign companies, brokers, and experts, ensuring competition and a wide

2.2. Resident Insurance and Reinsurance Institutions

By the end of 2021, the Tunisian insurance and reinsurance sector comprised 24 resident institutions, including two newly licensed companies in 2020 authorized to operate in life insurance and asset accumulation:

- **Lloyd Life**, which officially commenced its operations.
- **International Union of Banks (UIB) Insurance**, whose launch was postponed to the fourth quarter of 2022 in coordination with the General Insurance Authority and the Ministry of Finance.

These institutions can be categorized as follows:

- **22 joint-stock companies (Public limited companies)** operating under the legal framework governing joint-stock entities.
- **2 cooperative companies**, functioning according to the principles of risk and profit sharing.

Regarding specialization, resident institutions are distributed as follows:

- **7 companies** exclusively specialize in life insurance and asset accumulation, reflecting the growing awareness of the importance of life insurance in personal financial planning.
- **15 companies** offer a variety of insurance products, including general insurance (such as motor, fire, and transport insurance) and personal insurance. Among these, **3 companies operate under Takaful principles** in accordance with Islamic law.
- **1 company** specializes in export and credit insurance, playing a key role in supporting exporters against non-payment or delayed payment risks.
- **1 company** specializes in reinsurance, which serves as a fundamental pillar for market stability by distributing high-level risks more broadly.

This composition demonstrates a balanced presence of various insurance types (traditional, Takaful, life, and property), reflecting the diverse needs of the market as well as ongoing efforts toward modernization and competitive practices.

2.3. Non-Resident Insurance and Reinsurance Institutions

The Tunisian insurance market hosts eight (08) non-resident insurance and reinsurance institutions, operating within the national territory in the following forms:

- **Five (05) direct branches** of foreign insurance companies.
- **Three (03) representative offices** of global reinsurance companies.

These institutions, operating under Tunisian regulations for foreign branches, mainly provide insurance and reinsurance services to non-resident individuals and corporations. Their presence underscores the market's openness, enhances competitiveness, promotes knowledge and technology transfer, and strengthens Tunisia's integration into the global financial system.

2.4. Insurance Intermediaries (2021–2024)

Insurance intermediaries are essential to the Tunisian insurance market, linking insurers with clients. In 2021, there were approximately 1,099 insurance agents, concentrated mainly in Greater Tunis (44%), Sfax (11.8%), and Sousse (8.9%). The market also included 63 brokers, authorized to negotiate contracts and represent clients, and 108 life insurance producers specializing in life and savings products.

Experts and adjusters support market credibility: 1,027 insurance experts (86 legal entities), around 100 loss adjusters, and 29 actuarial experts ensure accurate risk assessment and pricing. Additionally, 53 cooperatives operated across public (20), semi-public (19), and private (14) sectors.

Projected Development (2021–2024): Agents are expected to reach 1,200–1,250, brokers 70–80, and life insurance producers 130–140, reflecting market growth and increased demand for life insurance.

2.5. Employment in the Tunisian Insurance Sector

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The Tunisian insurance sector employed approximately 11,700 people in 2021. Resident insurance and reinsurance companies accounted for 34% of these positions, covering technical, marketing, underwriting, claims, and finance functions, while the remainder worked in agents' offices, brokerage firms, loss adjustment offices, and foreign branches. This diversified workforce underscores the sector's contribution to economic growth.

Employment Growth (2022–2023): Direct insurance turnover grew from TND 3.19 billion in 2022 to TND 3.389 billion in 2023, reflecting a 6.4% growth rate, indicating expansion in sector activity and employment opportunities.

Assuming that employment growth roughly corresponds to the growth in transaction volume (6.4%), the estimated number of employees in 2023 is as follows:

Category	2021 Employees	Growth Rate	2023 Estimate
Total Employees	11,700	+6.4%	≈ 12,440
Resident Insurance Companies	≈ 4,000	+6.4%	≈ 4,256
Intermediaries	≈ 4,200	+6.4%	≈ 4,468
Experts and Loss Adjusters	≈ 3,500	+6.4%	≈ 3,716

"Source: Tunisian Insurance Authority (CGA), 2023"

Summary and Interpretation : The Tunisian insurance sector continued to expand employment between 2022 and 2023, with total jobs rising from 11,700 to around 12,440. This growth was mainly driven by increased activity in insurance companies, particularly in motor and health insurance, which saw significant transaction volume increases.

2.6. Training and Reskilling: Specialized Insurance Institutes in Tunisia
Training and continuous development are essential to modernize Tunisia's insurance sector. Three main institutes provide specialized education:

1. **IFID** – Established in 1981, it offers a two-year postgraduate program in insurance and banking for graduates from Maghreb countries.
2. **IAA** – Trains French-speaking African professionals, granting regionally recognized insurance certificates.
3. **CTFA** – Created in 1999 by the Tunisian Federation of Insurance Companies, it provides national-level programs and specialized seminars in partnership with the University of Paris-Dauphine. Insurance companies also run internal training centers to ensure ongoing reskilling and maintain service quality.

2.7. Impacts of the COVID-19 Pandemic on the Tunisian Insurance Sector (Condensed)

The Tunisian insurance sector faced significant challenges during 2020–2021 due to the COVID-19 pandemic but demonstrated resilience and adaptability, achieving positive performance despite economic pressures. Key indicators include:

- **Gross Premiums Written:** Increased by 10.2% in 2021 to TND 2,833 million, reflecting gradual recovery and rising demand.
- **Claims Paid:** Surged 21.3% to TND 1,636 million, partly due to pandemic-related indemnities.
- **Gross Technical Reserves:** Grew by 9.9% to TND 6,627 million, highlighting improved financial capacity.
- **Technical Expenses :** Rose by 9.2% to TND 814 million, reflecting higher operational costs.
- **Net Investments :** Increased by 10.1% to TND 7,550 million, indicating effective asset management.
- **Financial Results :** Total technical result exceeded TND 198 million, with a net result of TND 228 million, demonstrating sustained performance.

These figures demonstrate the sector’s resilience, with rising premiums and claims reflecting sustained trust, and stronger reserves indicating improved financial stability. Nonetheless, further innovation and technological advancement are essential to address future risks, including climate change and health crises.

2.8. Insurance Companies' Commitment to Compensate Damages after the Tunisian Revolution

Following the Tunisian Revolution, the Tunisian Federation of Insurance Companies (FTUSA) confirmed that insurance companies would indemnify policyholders for property damages in accordance with contractual terms, including supplementary coverage for risks related to demonstrations and social unrest. Policyholders with such coverage were entitled to compensation, with indemnities averaging around 25% of total loss value.

Despite this, insurance against social risks remains limited in Tunisian culture, with low subscription rates. After the revolution, companies encouraged reporting of damages, deployed experts to assess losses, and established crisis units to expedite claims processing. Some affected policyholders received immediate compensation.

The Federation noted challenges in covering large-scale social risks and recommended creating dedicated catastrophe risk funds to protect citizens and the national economy. Additionally, vulnerable policyholders often lacked compliance with the compulsory fire insurance law of 1980, highlighting gaps in coverage for certain property types.

3. The Tunisian Experience in Takaful Insurance and Future Prospects

3.1. Emergence of Takaful Insurance in Tunisia

The formal development of Takaful insurance in Tunisia began with a specialized workshop organized by ReTakaful in collaboration with the Mediterranean Insurance and Reinsurance Company (MARE) on November 11, 2010, in Tunis. The event promoted awareness of Shariah-compliant insurance principles and fostered cooperation among stakeholders.

In early 2011, Tunisian authorities granted the first Takaful license to Al-Zitouna Takaful Insurance, marking a key step in integrating this sector into the national market. The workshop was considered a successful start in promoting Takaful in Tunisia, with ReTakaful committing to support its regional development.

Company Profile : ReTakaful

ReTakaful is a specialized Islamic reinsurance company operating fully under Shariah principles, providing reinsurance solutions to support the growth of Takaful insurance regionally and internationally. It holds a BBB credit rating from Standard & Poor's with a stable outlook and is registered with the Dubai International Financial Centre (DIFC) under supervision of the Dubai Financial Services Authority (DFSA), ensuring credibility and financial stability.

3.2. Key Public and Private Companies in the Tunisian Takaful Insurance Sector

3.2.1. Zitouna Takaful

Zitouna Takaful is a pioneering institution in Tunisia's Takaful insurance sector, operating fully under Shariah principles since its establishment in 2011 with a capital of TND 15 million. The company offers a range of general and family Takaful products for individuals, professionals, and institutions.

Objectives and Vision : Zitouna Takaful aims to provide Shariah-compliant insurance and financing solutions characterized by integrity, transparency, and fairness. All products and practices are overseen by a dedicated Shariah supervisory board, making the company a model of multi-branch Takaful in Tunisia.

Commitment to Shariah Compliance : The company manages insurance funds in accordance with Islamic finance standards, avoiding:

- **Gharar** (excessive uncertainty or ambiguity)
- **Maisir** (gambling or excessive risk)
- **Riba** (prohibited interest), ensuring that investments exclude interest-bearing instruments and other non-compliant financial products.

Products, Services, and Market Significance: Zitouna Takaful: Zitouna Takaful, Tunisia's first multi-branch Takaful company, offers General Takaful (vehicles, property, liability, accidents) and Family Takaful (life coverage with Shariah-compliant savings and investments) under a Shariah governance model. Participants' premiums are managed in a separate fund,

invested according to Islamic finance principles, with surpluses used for benevolent loans or risk reserves. The operator receives an agency fee, compensates beneficiaries, and any excess reserves may reduce future contributions or be distributed to participants, reflecting transparency, Shariah compliance, and market trust.

Role of Zitouna Takaful in Managing the Participants' Fund : Zitouna Takaful, as the fund administrator, manages the **Participants' Fund** under a Takaful agreement, receiving an agency commission for its administrative services. Its role, guided by Shariah principles and professional standards, includes:

1. **Management of Fund Assets :** Investments of movable and immovable assets comply with Islamic finance rules, avoiding riba (interest), gharar (uncertainty), and maysir (gambling), while aiming to maximize returns and preserve capital.
2. **Compensation for Insured Events:** The company evaluates claims, verifies insured events, and disburses compensation using modern technical and statistical methods.
3. **Addressing Financial Deficits:** In case of fund deficits, Zitouna Takaful can provide benevolent loans (Qard Hasan) to restore balance, repaid from future surpluses.
4. **Statistical and Technical Methods :** Robust actuarial techniques are used to calculate premiums and reserves, ensuring fair risk distribution.
5. **Modern Technical Tools :** Advanced assessment tools are employed to determine loss values and compensation, enhancing transparency and fairness for participants

Role of the Sharia Supervisory Board at Zitouna Takaful: The **Sharia Supervisory Board (SSB)** at Zitouna Takaful is a cornerstone institution ensuring that all insurance products and services comply with **Islamic law (Shariah)**. The board is chaired by a prominent figure in Islamic finance, **Sheikh Mohamed Mokhtar Sallami**, enhancing the credibility and reliability of the company's supervisory operations.

Key Roles and Responsibilities of the Sharia Supervisory Board

The **Sharia Supervisory Board (SSB)** at Zitouna Takaful ensures full compliance with Islamic finance principles by :

- **Approving and endorsing** all products, services, and financial operations, preventing prohibited elements such as riba, gharar, and maysir.
- **Overseeing financial statements**, with binding decisions that guarantee Shariah adherence.
- **Providing Shariah assurance** to participants, enhancing trust among policyholders and stakeholders.

Principles and Objectives of Zitouna Takaful Reflecting Sharia Board Guidance

Zitouna Takaful operates under the guidance of its Sharia Supervisory Board, focusing on :

- **Product Diversification** : Offering a broad range of general and family Takaful products compliant with Islamic finance principles.
- **Innovation and Development**: Continuously adapting products to client needs within Sharia rules.
- **Economic and Social Contribution** : Promoting national development and social welfare through CSR.
- **Transparency and Governance**: Ensuring sustainable growth with transparent operations and strong governance.
- **Client and Partner Relations** : Building trust through ethical practices and honoring commitments.

3.2.2. At-Takafulia – Takaful Insurance Company

Experience of At-Takafulia : At-Takafulia is a pioneering Takaful insurance company in Tunisia, offering services fully compliant with Shariah principles, avoiding gharar (uncertainty), maysir (gambling), and riba (interest), while ensuring fairness for all parties. Established on June 27, 2013, with a capital of TND 10 million—96% held by leading financial institutions including Salim Insurance, Star Insurance, Katama Fund, and the Jordan Islamic Insurance Company, and 4% by private investors—the company commenced operations on January 2, 2014. It is supervised by a specialized Sharia Supervisory Board, including prominent scholars such as former Mufti Othman Battiikh and professors Burhan Nefati and Monir Tlili.

Vision and Objectives : At-Takafulia promotes the values of cooperation and mutual assistance (Takaful) in line with Islamic principles. The company prioritizes solidarity and voluntary contributions over profit, managing a collective **Participants' Fund** to cover participants' losses. A strict separation is maintained between participants' funds and shareholders' capital, ensuring transparency and full Shariah compliance.

Products and Operational Models of At-Takafulia : At-Takafulia offers two main categories of Takaful products: **General Takaful**, covering risks such as fire, liability, and accidents, and **Family Takaful**, providing life insurance and savings-related solutions. The company operates under Shariah-compliant models, including **Wakala** (agency), **Mudaraba** (profit-sharing), or a hybrid of both, ensuring flexibility while maintaining strict Shariah governance.

The **Sharia Supervisory Board** continuously reviews contracts and operations to guarantee compliance with Islamic law, supported by management to enhance client trust in Shariah-compliant insurance over conventional models.

International Cooperation: At its launch, At-Takafulia received technical support and advisory services from the Jordan Islamic Insurance Company, leveraging over 20 years of experience to improve operational performance and promote collaboration among Islamic insurers in the Arab region.

Strategic Future Partnerships: At-Takafulia is currently negotiating **strategic partnerships with several Tunisian insurance and reinsurance companies**. The partnership ownership structure includes:

- **KART, KOMAR, ASTRE, and Tunis Re : 60%**
- **Al Baraka Group (Saudi Arabia) and associated banking group: 34%**
- **Mazabi Group : 6%**

This partnership aims to **develop advanced insurance products** that meet the **diverse needs of clients** and further expand the presence of Takaful insurance in Tunisia.

3.2.3. Al Amana Takaful

Establishment and Partnerships: Al Amana Takaful was established as a **partnership among several Tunisian and Arab companies** and represents one of the newest initiatives aiming to **diversify Takaful offerings in Tunisia**. The main shareholders include: **CARTE (KART), COMAR, ASTREE, Tunis Re (Tunisian Reinsurance Company), Al Baraka Group (Saudi Arabia and associated banking group) – 34%, Mazabi Group (Algeria) – 6%**

Activities and Services: Al Amana Takaful aims to provide **modern insurance products** for both individuals and institutions, **fully compliant with Shariah principles**, including: **Health insurance, Industrial and commercial insurance, Life insurance, Collective savings programs**

Strategic Vision

- **Integration with Islamic banks**, such as **Al Baraka Bank**, to enhance financial synergy.
- **Targeting a new segment of Shariah-conscious clients** seeking alternatives to conventional commercial insurance.

Governance

- Operates according to the **Wakala (agency) model** in managing the **Participants' Fund**.
- Adopts **Shariah-compliant accounting practices**, approved by the **Tunisian Ministry of Finance**.

3.2.4. Analytical Comparison of Takaful Insurance Companies in Tunisia

Analytical Table: A Comparative Overview Based on Founding Criteria, Financial Structure, Operational Model, and Regional Backing

Criteria	Zitouna Takaful	At-Takafulia	Al Amana Takaful
Year of Establishment	2011	2013	Recent (<2018)
Capital	TND 15 million	TND 10 million	Not precisely disclosed
Operational Model	Wakala (Agency)	Wakala / Mudaraba	Wakala (Agency)
Sharia Supervisory	Yes	Yes	Yes

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Board			
Products	General + Family	General + Family	Comprehensive and diverse
Regional Support	No	Jordan	Saudi Arabia & Algeria

Source: "Source: Compiled from official reports of Takaful insurance companies in Tunisia"

3.3. Legal Framework of the Takaful Insurance System in Tunisia

The **legal and legislative framework** forms the cornerstone for organizing the Takaful insurance sector in Tunisia. The establishment of this framework responded to the **need to adapt national legislation** to the specificities of Takaful insurance, which aligns with **Shariah principles** and is clearly distinguished from conventional insurance. This framework has undergone significant developments, reflected in several key laws and official decrees, notably:

- **Law No. 47 of 2014, dated 24 July 2014:** This law amended and completed the Tunisian Insurance Code by introducing a dedicated **“Seventh Chapter”** on Takaful insurance. This chapter regulates various aspects of Takaful activities, including the **general conditions of Takaful contracts**, specific operational rules, the **rights and obligations of contracting parties**, and the role of supervisory authorities. This law represents a major step in **legal recognition of Takaful insurance**, granting it formal status within the national legislative framework.
- **Minister of Finance Decree, dated 1 March 2016:** This decree supplements the previous Ministerial decree of 22 November 2001 by introducing a **new section containing a model template of the general terms for Takaful contracts**. It serves as a **practical reference**, requiring Takaful insurance companies to adopt **consistent and standardized contract terms**, thereby enhancing transparency and ensuring the protection of policyholders in accordance with Shariah principles.
- **Minister of Finance Decree, dated 27 March 2018:** This decree approves the **accounting standards applicable to Takaful insurance and reinsurance companies**. It establishes the procedures that Takaful companies must follow regarding **financial transaction recording, preparation of financial statements, and**

reporting, with special attention to the **segregation of participants' funds from shareholders' funds** and the calculation of profits and losses in compliance with Shariah. This decree aims to **strengthen governance, transparency, and credibility** in the sector.

4. Performance of Takaful Insurance in Tunisia and Globally

4.1. Growth of Takaful Insurance in Tunisia (2017–2024)

Although Takaful insurance still represents a small fraction of the Tunisian market, it has achieved **notable growth by 2024**, reflecting an increasing awareness and demand for Shariah-compliant insurance products:

- According to the **Oxford Business Group**, commissioned by the **General Insurance Committee (CGA)**, total Takaful premiums reached **USD 60 million (≈ TND 180 million)**, representing **0.2 % of the total market (~TND 3.82 billion)**. (Middle East Insurance Review, 2023).
- The **annual growth rate** was approximately **12 %**, compared to TND 86 million in 2017, which had an indicative growth rate of 21.8 %, based on CGA and Oxford Business Group data.

Comparative Table (2017 vs. 2024) :

Year/ Indicator	2024	2017
Takaful Premiums (TND)	180 millions	86 million
Annual Growth Rate	≈ +12%	+21.8%
Market Share	0.2%	≈ 5%

Source: Oxford Business Group & General Insurance Committee (CGA), “Tunisia Insurance Market Report 2024,” Meinsurancereview, March 2025.

The lower market share in 2024 compared to 2017 (5 %) is attributed to the **substantial expansion of the overall insurance market**. For example, in 2017, total premiums were significantly lower than in 2024 (TND 86 million vs. TND 3.82 billion).

4.2. Fastest-Growing Takaful Branches in Tunisia

- **Family Takaful (Life/Savings):** This branch exhibits the **highest market share and growth**, fueled by increasing awareness of the value of Shariah-compliant savings.
- **General Takaful (covering fire, transport, etc.):** Although this branch is expanding, it has **slower growth** compared to family Takaful. However, **digital transformation** and the rise of **small enterprises** may boost its future development.

4.3. Market Analysis and Observations (Condensed)

Takaful insurance in Tunisia is expected to grow significantly over the next 2–3 years, especially with awareness campaigns and digital product offerings. The balance between family and general Takaful may improve with specialized products, such as health coverage for freelancers and small businesses. Growth is particularly strong in life and savings branches, reflecting rising demand for Shariah-compliant products.

Key challenges include raising public awareness, ensuring product diversity, maintaining competitive pricing, and expanding coverage, particularly in traditional branches like transport and fire insurance. Technology integration, targeted marketing, and the development of regulatory frameworks by the CGA are critical to enhancing market presence. Leading companies, such as Zitouna Takaful, Al Amana Takaful, and At-Takafulia, play a central role in expanding the subscriber base and promoting Takaful awareness.

4.4. Global Takaful Insurance Landscape (Condensed)

The global Takaful insurance sector has expanded significantly over the past two decades, with over 180 companies operating in more than 33 countries across the Arab region, Africa, Asia, and Europe. Total global contributions reached approximately USD 20 billion in 2020, up from USD 7 billion in 2009 and USD 11 billion in 2011, and are projected to reach USD 25–30 billion by 2026 (ICD & Refinitiv, 2021).

The Gulf region constitutes one of the largest markets, with Saudi Arabia alone accounting for over 40 % of global Takaful premiums. Market growth is driven by increased awareness of Shariah-compliant insurance, adoption of digital solutions, integration into national regulatory frameworks, and

rising demand from both Muslim and non-Muslim clients seeking ethical and sustainable insurance alternatives.

Table: Evolution of Global Takaful Premiums (2009–2026)

Notes	Premium Value (USD billion)	Year
Start of global expansion	7	2009
57 % growth in two years	11	2011
Partial forecast realization	17	2015 (forecast)
Actual data (ICD–Refinitiv)	20	2020
Expansion in Gulf & Asia	25–30	2026 (forecast)

Source : References 25, 26, 27, 28.

Note: Dates from 2009 to 2020 are based on actual data, while the 2015 and 2026 figures are projections derived from forward-looking studies in the above-mentioned reports.

5. Conclusion and Recommendations

5.1. Conclusion Synthese

This study demonstrates that Takaful insurance has become an integral and growing component of the Tunisian insurance landscape, successfully offering Shariah-compliant alternatives to a diverse clientele. The sector's development is underpinned by a robust organizational ecosystem, featuring both domestic and international players, and a solid legal foundation established by Law No. 47 of 2014 and its implementing decrees. This framework has been instrumental in fostering market confidence and ensuring regulatory oversight.

A cornerstone of this success is the pivotal role played by Shariah supervisory boards, which guarantee product compliance with Islamic principles and thereby strengthen policyholder trust. Despite this positive trajectory, the sector confronts persistent challenges, most notably a need for greater public awareness and the continuous modernization of insurance products to keep pace with evolving market demands.

5.2. Recommendations for Sustainable Growth

To address these challenges and capitalize on existing opportunities, the following recommendations are proposed:

1. **Enhance Public Awareness and Education:** Launch sustained public awareness campaigns to elucidate the principles and benefits of Takaful insurance. This initiative is crucial for fostering a participatory culture and expanding the customer base.
2. **Drive Product Innovation and Diversification :** Takaful companies should prioritize the development of innovative products tailored to the needs of specific segments, such as youth, professionals, and emerging economic sectors, to stay relevant and competitive.
3. **Strengthen the Regulatory and Supervisory Framework :** Authorities should engage in a continuous review and modernization of the Takaful legal framework, ensuring it adapts to technological advancements and new economic realities to sustain the sector's competitiveness.
4. **Promote Applied Research and Development:** Encourage and support scientific research and applied studies in Islamic finance and Takaful. This will enhance the knowledge base and provide insights for improving institutional performance and strategic planning.
5. **Foster International Partnerships and Expertise :** Actively seek international cooperation with established Takaful institutions and bodies. Such collaborations are vital for knowledge transfer, skill development for local professionals, and integrating global best practices.
6. **Reinforce Shariah Governance:** Further empower and support Shariah supervisory boards. Their enhanced role is fundamental to ensuring rigorous compliance, fostering innovation within Shariah boundaries, and solidifying long-term policyholder confidence.

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