The impact of Takaful reinsurance on the development of the Islamic insurance industry (with reference to methods of reinsurance according to the legal and technical standard)

تأثير إعادة التأمين التكافلي على تطوير صناعة التأمين الإسلامي (بالإشارة إلى طرق إعادة التأمين وفق المعيار القانوني والفني)

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Abstract

The Takaful insurance industry is one of the main pillars of the Islamic financial industry, as it is considered a legitimate alternative to traditional commercial insurance, given the insurance coverage provided by Takaful insurance companies to individuals and institutions in accordance with the provisions of Islamic Sharia. The study concluded that the great development witnessed by insurance and reinsurance companies predicts a promising future in the field of solidarity and cooperation among members of the Muslim community. With the development of the Takaful insurance industry in the world and its constant endeavor to provide insurance services of various types and to innovate new types of coverage within the Shariah controls and to find Shariah solutions and alternatives to traditional types of insurance, Takaful insurance has become increasingly accepted by insurance dealers, achieving continuous successes.

Keywords: **Islamic insurance; Takaful insurance; cooperative insurance; reinsurance; Islamic finance**

الملخص

تعتبر صناعة التأمين التكافلي أحد الركائز الأساسية في الصناعة المالية الإسلامية، إذ تعتبر بديلا شرعيا للتأمين التجاري التقليدي، نظرا لما توفره شركات التأمين التكافلي من تغطيات تأمينية للأفراد والمؤسسات بما يتوافق مع أحكام الشريعة الإسلامية. وتوصلت الدراسة إلى أن التطور الكبير الذي تشهده شركات التأمين وإعادة التأمين التكافلي، ينبأ بمستقبل واعد في ميدان التكافل والتعاون بين أفراد المجتمع المسلم. ومع تطور صناعة التأمين التكافلي في العالم وسعيها الدائم لتقديم خدمات

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التأمين بأنواعها المختلفة وابتكار أنواع جديدة من التغطيات ضمن الضوابط الشرعية وإيجاد الحلول والبدائل الشرعية لأنواع التأمينات التقليدية، فقد أصبح التأمين التكافلي يحظى بقبول متزايد من المتعاملين في مجال التأمين محققا بذلك نجاحات متواصلة.

الكلمات المفتاحية: التأمين الإسلامي؛ التأمين التكافلي؛ التأمين التعاوني؛ إعادة التأمين؛ التمويل الإسلامي.

Introduction

The insurance sector is one of the strategic sectors of the economies of the world, as the insurance industry is an imperative within the structure of the modern economic system, which mainly affects the protection of other financial industries and the economy as a whole.

Moreover, insurance has become a large part of the interest of businessmen in commercial, industrial, service and other activities. It is also considered a means of facing the risks that a person is exposed to in his entity or his money during his life in order to achieve his impact.

As there were calls to find solutions not to engage in transactions with commercial insurance companies, Takaful insurance companies appeared as an alternative to commercial insurance, which has become an integral part of the Islamic finance industry. The industry has real opportunities to develop its performance.

Reinsurance operations also play an important role at the level of the internal and external perimeter of the Takaful insurance companies, and given that the reinsurance operations provide the Takaful insurance companies with additional underwriting capacity, by allowing them to accept more risks and subscribe to more business without resorting to increasing the size of their capital. Which makes it the most important source of financing for the direct insurance company..

The main problem: Through what we discussed earlier in the introduction, we will try in this research paper to answer the following question: "What is the importance of reinsurance in Takaful insurance? And what are the most important reinsurance methods currently applied?"

research importance:

This research aims to stand on the concept of Takaful insurance, and the most important fundamental differences between Takaful insurance and commercial insurance; The importance of the research is also evident by highlighting the so-called Takaful reinsurance companies.

Study Approach:

During this research, we relied on the descriptive approach in order to describe the problem posed and present the concept of Takaful insurance and Takaful reinsurance companies, its characteristics and the mechanisms applied by Takaful reinsurance companies.

Research Structure: We divided the research into three main axes as follows:
The first axis: the general framework of Takaful insurance
The second axis: the importance and objectives of reinsurance in Takaful insurance
The third axis: ways of reasons why companies resort to reinsurance.

1. the general framework of Takaful insurance

1.1 the definition of Takaful insurance

The concept of Takaful insurance:

Islamic insurance is based on the foundations and principles of cooperative or takaful insurance that aim at co-operation and social solidarity among the insured. The participants among themselves, in accordance with this principle, shall compensate any one of them who is harmed by any of the dangers that he may be exposed to
Takaful insurance has recently become one of the necessities of economic activity as a means that seeks to compensate the individual for the loss that befalls him as a result of the occurrence of a certain risk, by distributing these risks to the form of contributors. Certain to the Believer (J.Erekat ,S. Akl,2008,31).

Islamic Takaful insurance means the cooperation of a group of individuals to bear the risk and the expected damages through the establishment of a non-profit fund with an independent financial liability, for the purpose of collecting contributions and revenues from the insured, and expenses and compensations are deducted from them. A company specialized in accordance with the provisions of Islamic Sharia (A.M.Al-Qara Daghi, 2010, 12).

Takaful insurance as a system:

It is the cooperation of a group of people who are exposed to one type of risk to compensate for the loss that may befall one of them, by subscribing to cash amounts through which the subscribers will be compensated when the insured risk occurs (B. A. Ahmed,2008,382).

It is that a group of people exposed to similar dangers agree to raise the effects of the danger agreed upon among them if it falls on one of them with money they donate (M. Rawas ,2002,155).

Takaful insurance as a contract:

It is a collective insurance contract under which each contributor is obligated to pay a certain amount of money as a donation, to compensate those affected by them on the basis of solidarity and solidarity when the insured risk is realized, in which insurance operations are managed by a specialized company on the basis of agency for a known fee(A. M. Al- Zuqaili, K.A . Ben Nabi,2009,5) .

A contract whereby a group of persons, the “Contributors’ Commission” donate to each other an amount of money “the insurance premium”, in order to cooperate in reparation of damages and break up the risks stated in the contract, and to participate in compensating the actual damages that may befall one of the participants resulting from the occurrence of the insured risk. Takaful insurance Managing insurance operations "as an agent with a known fee" and investing the funds of the subscribers' body on their behalf in return for a known share of the return on investment of these funds in accordance with the rules of the Mudaraba company(M. M. Al qudah, 2011,3).

Due to the modernity of cooperative insurance, several concepts have been presented to it, from which we choose:

It was said with regard to its meaning that "the participation of a group of people in establishing a fund for them, which they finance with a specific premium paid by each one of them, and each of them takes a certain share from this fund if a specific accident befalls him." (Y. Al Shalabi,2009).

It is a process that takes place between people who have certain circumstances in order to cover the risks they are exposed to, which is likely to be realized by any of them at any time, and therefore each of them is considered an insured and an insured at the same time, each of them pays contributions and from the proceeds of this participation, compensation is paid to those who The disaster will occur among them, and there is no doubt that the sum of what happens remains owned by them, just as they still have what is required to compensate for the damage inflicted on one of them, and this surplus is not in fact a profit that they achieve."(F. Mawlawi,2005,136).

1.2 The actual application of the Takaful insurance system:

The first was the application of Takaful insurance contracts through the Faisal Islamic Bank in Sudan in 1979, but he considered that the actual application began after the issuance of the fatwa of the Islamic Fiqh Academy of the Muslim World League and three financial groups were successively established (Faisal Islamic Bank, Dallah Al-Baraka Group, Dar Al-Maal Al-Islami The idea then moved to Malaysia, which reformulated, published and issued it at the global level. Takaful insurance has known several developments throughout history, and the most important of them can be identified according to the following historical sequence(A. Qureshi,2017,54):

- In 1964, a meeting of the Islamic Fiqh Council was held in Damascus, in which the issue of insurance was discussed. The jurists agreed on the prohibition of commercial insurance and the adoption of Takaful insurance as an alternative.
- - In 1979, the Faisal Islamic Bank in Sudan established the first Takaful insurance company under the name "Sudanese Islamic Insurance Company." At the end of the same year, the Dubai Islamic Bank in the United Arab Emirates established the Arab Islamic Insurance Company in the Emirate of Dubai.
- In 1984 the Takaful Insurance Law came into force in Malaysia and the first Takaful insurance company was established in the same year.
- In 1985, the first Islamic insurance company wholly owned by the Saudi government was established in Saudi Arabia under the name of the National Cooperative Insurance Company.

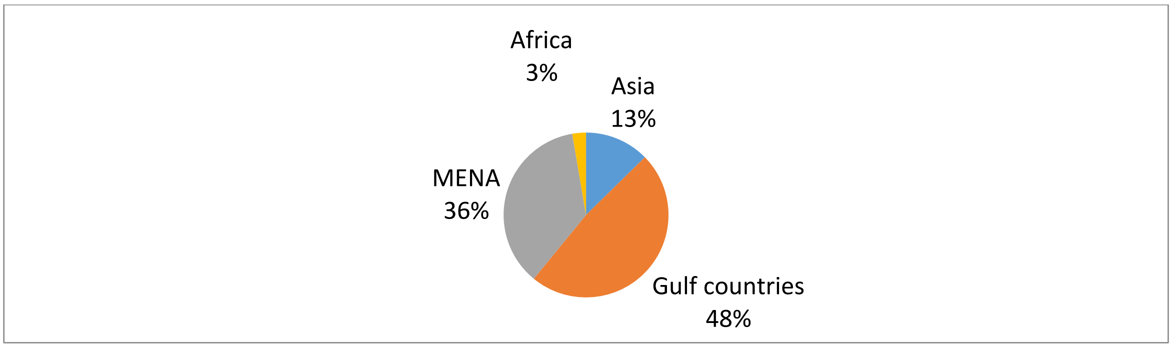
- Until the year 2009, the number of Islamic Takaful companies reached 173, most of which are reinsurance companies, including Salama Insurance Company.
- The most famous and oldest Takaful insurance company in existence(S.Al Ali, S. Al Hussan ,201228):
- The Sudanese Islamic Insurance Company: which appeared in 1979 in Khartoum by the Faisal Islamic Bank.
- Islamic Arab Insurance Company (Ipac): which was established in 1979 in Dubai by the Dubai Islamic Bank.
- The National Takaful Insurance Company: It was established in 1985 in Bahrain.
- The International Islamic Insurance Company was established in 1996 in Bahrain These companies invest the money in a usury-free manner and their transactions are subject to the provisions of Islamic Sharia.

Table N. 01: Growth in the number of active Takaful insurance companies at the global level

years	2009	2010	2011	2012	2014	2015	2016	2017
number of companies	173	195	200	206	216	220	278	305

Source: Islamic Insurance Companies Guide, press releases.

Figure N :01 classification through regions



Source : islamic financial services industry stability report, 2018, p09.

For the purposes of regional classification, Iran was included in the Middle East and North Africa region, and Turkey was included among “other countries.” The Arab Gulf region accounts for approximately 48 percent of the total written premiums in the global Takaful insurance market, which amounted in 2016 to approximately $14.27 billion, with a percentage of 16% growth compared to 2015.

1.3 Types of Takaful Insurance:

Takaful insurance covers the following types of insurance (M.A. Salem,12):

First, damage insurance

It is divided into two types:

The first type: insurance on things, and it is intended to insure against damages to a specific thing, such as insurance against the dangers of fire and theft, insurance for glass facades, and insurance for vehicles as a supplementary insurance (to cover the structures of the vehicles themselves).

The second type: Liability insurance, which is intended to: insure the person himself from the damage that he sustains in his money in the event that his responsibility towards the injured party is realized, and the victim returns to him with the damage, so the insurance company pays the insured compensation.

It is divided into two parts:

Section One: Civil liability insurance, including the liability insurance for vehicle owners towards third parties, and insurance for the owners of factories, institutions and companies for what they may be exposed to from liability towards third parties while they are on their property, and contractors' liability insurance for damages incurred by third parties during the implementation of their obligations.

Section Two: Professional Liability Insurance The period of insurance for professionals such as doctors and pharmacists, which may incur legal liability towards others as a result of practicing their profession (W. Al Zuhaili,2010,7).

Second: personal insurance

What is meant by it: insurance against the dangers that threaten a person in his life, the safety of his body or his ability to work, including personal accident insurance, such as an injury to his body that prevents him from working permanently or temporarily, work injuries insurance, and medical treatment expenses.

Third: Transport insurance: It is divided into three sections:

The first section: Marine insurance, which means: insurance against the risks of transport by sea or river, whether it is insurance on goods or on ships.

The second section: Land insurance, which means: insurance of goods against the dangers of transport by road.

Third Section: Marine insurance, which means: insurance of goods against the dangers of transport by air.

1.4 The difference between Takaful and commercial insurance:

Takaful insurance differs from commercial insurance in several ways, as follows:

In terms of meaning: As the Takaful insurance system is not based on the principle of profit as a basis, but rather aims at distributing the parts of the risks to all participants through compensation paid to the affected participant, in accordance with the company's system and the conditions included in the insurance policies and in a manner that does not conflict with the provisions of Islamic Sharia.

Whereas commercial insurance is a contract whereby the insurer is obligated to pay the insured - the beneficiary - a sum of money, or a arranged income, or any other financial compensation in the event of an accident, or the realization of the danger set forth in the contract, in return for a premium paid by the insured to the insured (A. A . Al Salous, 365).

In terms of legality: There is almost unanimity among contemporary scholars that commercial insurance is not permissible, and there is complete consensus on the legality of Takaful insurance (N. Mokhtar, 2005,390).

In terms of the nature of the contract: The Takaful insurance contract is a donation contract in which ignorance and deception are excused, and interest and gambling are not included, and all these prohibitions are contained in the commercial insurance contract, as it is a netting contract that includes usury, deception and ignorance (M.Al Dosari, 2010,10).

In terms of company management: management in commercial insurance is considered exclusive to the owners of the company's shareholders in its capital, and the insured has no right to management, control or ownership, while the insured in Takaful insurance companies have the opportunity to participate in the company's management; By electing a member of them to represent them in the board of directors and monitor the movement's activity(A. Al Atoum, 2013,7).

In terms of the objective: The primary objective of commercial insurance companies is to achieve profit; Through the difference between the insurance premiums paid by the insured and the compensation for damages provided by the company to them, the profit in the commercial insurance is intended not to be sold. As for the Takaful insurance, it does not primarily aim at making a profit from insurance operations, but rather aims in the first place to reduce the damage that may be caused. It is attached to the members, even if this matter does not mean the prohibition of profiting from the insurance business, the realization of profits in the Takaful insurance follows no intention(A. Al Atoum, 2013,7).

In terms of the investment mechanism: in commercial insurance, premiums are invested in usurious projects, while in Takaful insurance, the premiums are invested in accordance with legitimate formulas .

- In Takaful insurance, the participants in Takaful are the insured, and their contributions are managed by the Takaful company and the benefit is returned to all of them. As for the traditional insurance, the policyholders are an external element of the insurance company, and the company exploits their premiums for the benefit of it alone.
- The surplus in the Takaful insurance belongs to the participants in the Takaful, or in the commercial insurance, there is no name "excess", as it is called profit, and its ownership is unique to the company alone.
- Takaful insurance does not lead to monopoly; Since the believers are the total of the participants and they all share in the benefit, while we find that the commercial insurance companies are run by a small group - the owners of the company - who control the savings and properties of the believers(A. Onagham, 2010,11).

2. the importance and objectives of reinsurance in Takaful insurance

2.1 The concept of reinsurance in Islamic insurance:

The term reinsurance in Islamic insurance is reinsurance, which is the same as reinsurance in principle, and in short, the insurance company is in the place of the insured and the reinsurance company in the place of the insurance company (the insured), and the most prominent thing in the reinsurance seat is that there is no link between the two contracts. The contract concluded by the insurance company with the insured, and the contract concluded by the reinsurance company with the insurance company.

Reinsurance is one of the most difficult jobs facing the Islamic insurance industry, given its importance to the survival and continuity of any insurance company, and the lack of Takaful insurance. Therefore, the International Islamic Fiqh Academy issued a proposal to establish cooperative insurance institutions and cooperative reinsurance institutions, in order to prevent the Islamic economy from exploiting and subordinating it (A. Al Qara Daghi 2010, p. 378).

The Accounting and Auditing Organization for Islamic Financial Institutions defined reinsurance within Standard No. 41 issued by the Islamic Reinsurance Authority as: “The agreement of insurance companies on behalf of the insurance funds they manage may be exposed to certain risks to avoid part of the damages arising from these risks by paying a share of contributions The insurance paid by the insured on the basis of the commitment to donate, and it consists of a reinsurance fund that has the rule of a legal personality and has an independent financial liability (a fund) from which the insured part of the damages to the insurance company due to the occurrence of the insured risks is covered, and it is the Islamic alternative to reinstatement. With traditional reinsurance companies, in which the return is based on the compensation between premiums and compensation, and not on the basis of the commitment to donate (Accounting and Auditing Organization , 2017, 10).

The need for retakaful primarily arises when a Takaful company does not have the ability on its own to absorb all the requirements that may be placed upon it by its participants. It is the nature of Takaful that the level of claims that may occur is expected to be greater than the level of claims that are expected to occur. As a result, the level of capital required by the retakaful unit is related to the potential level of claims, rather than the expected level of claims (with which the level of contributions required is closely related (Islamic Financial Services Board 2016, 6).

2.2 the importance of reinsurance:

Through the above-mentioned definitions, the importance of reinsurance operations has emerged through the following points (M.Al-Safi , A.Ahmed 2015,6):

1- Increasing the operational capacity: The operational capacity is the maximum amount that the insurance or reinsurance company can subscribe to without jeopardizing its solvency margin, as the insurance company is often forced to accept insurances whose value exceeds the maximum capacity of the insurance company in many cases. Insurances whose value exceeds the maximum operating capacity of the company. Therefore, insurance companies resort to reinsurance to increase their operational capacity, accepting all expected risks, whether small or large, with a great degree of reliability that the reinsurer will accept the reinsurance process beyond its capacity.

2- Balance and stability: Balance and stability or avoiding the effects of fluctuations in the rates of losses is one of the distinguishing rules for reinsurance operations. Establishing a balance in the fluctuations of loss rates by distributing risks over a huge group of insurance pools through reinsurance.

3- Risk distribution: Insurance is a mechanism for distributing risk where the risk is distributed by the policy holder (the insured) to all other policyholders who have purchased the same policy, and reinsurance continues this process by distributing the risk to a larger number through the participation of reinsurers from around the world And when a large loss occurs, the insured will receive in return for this loss, and then the insurer himself will claim the reinsurance at the same time. Financial protection in the same way that the insured benefits when they purchase the insurance policy(A. Jaafar, 2006).

2.3 Objectives of insurance operations:

- Reinsurance operations achieve a set of goals, the most important of which are(Bahaa Bahjat Shukri, 2008):
- Reinsurance companies provide technical assistance to direct insurance companies, by training their cadres to perform technical insurance works efficiently, which is reflected on the operations of operating efficiency, pricing, marketing and competition, as well as on their profitability.
- Reinsurance companies have an important role in direct insurance companies, as this role represents the role of the central bank with local banks, that is, it is a financing role at times, especially for small and new direct insurance companies, which perform reinsurance operations as a kind of control over all loss rates and exchange rates. she has.
- Enabling the beneficiary company to compete within the market in which it operates, with a wide range of risks.
- To protect the entrusted company's net retention from a singular risk with a proportional agreement or an increase in loss to risk, as well as from similar cumulative risks resulting from a single risk insured against it, and also from small compensation that exhausts the net retained premiums.

3. ways of reasons why companies resort to reinsurance

3.1 Methods of reinsurance

1- Methods of reinsurance according to the legal standard: two forms of reinsurance can be distinguished from a legal point of view:

- Facultative reinsurance: Under this agreement, the Takaful insurance company presents each risk to the reinsurer separately, with a presentation of all the circumstances surrounding this risk, while the reinsurer is free to accept or refuse coverage (B.A Al-Ghamdi, 1428, 46).

  -Its positive: voluntary reinsurance is the only method for the Takaful insurance company to cover major and exceptional risks, as for the reinsurer, it is an opportunity to examine risks that are not automatically accepted, and this is the result of the detailed technical study that accompanies the analysis of the process.

  -Disadvantages: There is a risk of danger, and this will be an administrative burden during the negotiation and accounting process, and the Takaful insurance company, in its capacity as managing the subscribers' fund, does not accept the deal from the applicant, except after the repeater agrees to the terms of the subscription (J.F Walhim, 2007, 10).

- Compulsory "consensual" reinsurance: where the Takaful insurance company undertakes under this agreement to waive certain risks within the limits of certain amounts or specific percentages, and the reinsurer must accept the reinsurance of all that was entrusted to him within the limits of the agreement, and the reinsurer's share is determined, the percentage of the risk borne by the reinsurance company and the insurance company; The duration of compensation and the mechanism for renewing reinsurance operations for each policy that is issued is positive that the administrative management is simpler than in the voluntary reinsurance agreement .

2- Methods of reinsurance according to the technical standard: Technical reinsurance can be divided into proportional reinsurance and non-proportional reinsurance, which in turn are divided into other forms as follows:

-Relative reinsurance: It is called "re-takaful amounts", whereby the Takaful insurance company undertakes to assign certain risks within the limits of certain amounts to the reinsurer, and the latter undertakes to accept them on the basis of the amounts.
Relative reinsurance has several forms:
Relative Reinsurance Agreement: According to this agreement, the Takaful insurance company waives a certain percentage of the risks subscribed to and within a specified period of time to the reinsurer, and the reinsurer is obliged to accept what has been waived within the limits of the agreement (B.A. Al-Ghamdi, 1428, 46), one of its advantages is that the insured has the right to accept the risk insurance if it is within the limits of the agreement without presenting it to the repeater to ask for his approval. Administratively, the Takaful Insurance Company is responsible for what it requires of detailed statements on a regular basis that represent the movement of issuances, compensations, subscriptions, and cancellations that it makes.

The agreed proportional reinsurance takes place in two ways (B.B Shukri,2008,95) :

Reinsurance with an excess of the limit: where the Takaful insurance company concludes it with the reinsurer in advance, according to which the reinsurer accepts coverage of risks that are equivalent to the multiples of holding a specific risk with the Takaful Fund; Where the part of the amounts that the Takaful insurance company keeps in the subscribers' fund is called the retention limit, and the other part of the amounts that are waived in favor of the returnee is called the assignment limit, and it can be applied for damages insurances (prairie, structures and marine goods), people's insurances (family takaful), i.e. for insurance branches in which the impact of the size of the risk on disaster statistics can be determined, as it is used for the portfolios of medium and large Takaful insurance companies, it is used when the cost of the risk is known at the time of subscription, while it cannot be applied in unlimited security insurances such as civil liability, from its positive That the reinsurer automatically accepts all the risks assigned to him, without interfering with the details of underwriting these risks.

share reinsurance; The most simple formulas are according to which the Takaful insurance company waives a specific percentage of all the risks subscribed during the year (collected contributions) in return for the returnee obtaining the same percentage, in case the damage is realized. In managing it, it is also used for random risks and in the portfolios of small-sized Takaful insurance companies

Facultative reinsurance: where the Takaful insurance company resorts to it to cover some risks that exceed its absorptive capacity, or that are not within the reinsurance agreement, where the Takaful insurance company offers coverage to the reinsurer, before making the final decision to accept the coverage of the applicant's risk, and it is usually done with shares (A. Al-Qar daghi, 2006, 428).

-Non-proportional reinsurance: It is also called re-insurance of damages. According to this formula, the risk ratio is not fixed or predetermined. Rather, the insurance company and the reinsurer agree on a certain limit of losses called retention, which the insurance company maintains in the subscribers' fund, and what exceeds this Limiting losses. The reinsurer intervenes to a certain threshold called the ceiling (S.A, Al-Hassan, 248, 2010).

-Excess losses (disasters): under this agreement the reinsurer does not intervene except after a certain limit of the size of the losses; Where the Takaful insurance company determines the maximum amount that it can incur from losses, and the amount retained is called the "reservation" or the deductible ratio, while the reinsurer bears the part of the losses that exceed this amount, and the amount that the reinsurer has committed is called (J.Gharib, 1975, 153).

Plafond= Franchise+ Portée

Reinsurance with the annual loss surplus: It is also called the catastrophic rate agreement, which is a comprehensive agreement as it relates to the total policies subscribed to in a particular branch, under this agreement the reinsurer intervenes in the extent that the total losses for the year exceed a specified percentage of the contributions related to the same year.

The Takaful Company sets the deductible for the subscribers' fund, as a percentage of the contributions earned in the branch, and this percentage represents the ratio of the disasters realized in the year to the contributions earned in the same year (J.F. walhim, 89)

3.2 Reasons for companies resorting to reinsurance:

It can be summarized in the following points:
- Protection and guarantee: One of the reasons why the insured buys reinsurance is to get rid of doubt and to prevent a loss. The purchase of insurance by the insured provides him with psychological comfort, and insurance companies are looking for the same guarantee and psychological comfort and as reassurance through reinsurance;
- Balance and stability: Reinsurance helps insurance companies to avoid extreme fluctuations in the cost and number of losses between one year and another and during the same year, and this is the same motive that calls the insured to purchase insurance at the beginning;
- Absorptive capacity: every insurance company has a financially limited absorptive capacity in relation to the size of the risk that it can accept, and this is certainly the prevailing situation regardless of the size of the insurance company, which means that the company has to reject the risk or accept part of it if its size is higher than its absorptive capacity and by buying a return Insurance, the direct insurance company can increase its acceptance capacity;

- Disasters: direct insurance companies are not excluded from the possibility of being exposed to comprehensive catastrophes, and this may expose them to financial problems that they must bear, and the company can avoid this matter by transferring a large part of this risk to the reinsurer(Y.Al-Ajmi,2009,164).

3.3 The proposed Islamic solutions for reinsurance:

Several alternatives have been proposed that are compatible with the Islamic Sharia controls for reinsurance, which can be summarized as follows(Y. Kamal,1986,40):

1- The method of insurance by split subscription: where the Takaful insurance companies jointly share with each other the risks that each company is unable to cover on its own, so that each company bears part of the risk according to its absorptive capacity, and it is obligated to compensate what was assigned to it;
2- The method of joint insurance or pooled subscription: where a general union of Takaful insurance companies is established, and one company (representative) is appointed to contract with subscribers in return for each company bearing part of the risk agreed upon in the contract; So that each company has a legal personality and an independent financial liability, and these financial receivables are collected, in order to form an insurance portfolio with a high absorptive capacity, that works to cover large risks, and the jurisprudential adaptation of this cooperation is the “rational system”.
3- Cooperation of Takaful Companies and Islamic Banks to Establish Re-Takaful Companies: Through it, Takaful insurance companies and banks cooperate to establish Re-Takaful companies with a large capital, given that the success of Islamic banks in

particular and Islamic financial institutions in general is linked to the effectiveness of their performance and growth of their activity with the availability of coverage The necessary risks to these institutions, whether internal or external. For example, insurance for loans in Islamic banks has become a necessity for these institutions to expand their activities and deal with all types of clients, in return for ensuring their retrieval of these loans.

4- The simplified cooperative method of Islamic reinsurance: where each takaful insurance company donates an amount commensurate with the specific risks that increase its coverage (the premium is proportional to the risk). Payment of the amounts in advance, but on behalf of another company, and then a clearing is done between them, according to this method, each company is insured and re-takaful at the same time, and according to this method, each company involved in this cooperation is obligated to a certain amount of risk and the management of the pool companies undertakes to count the collected amounts, then It accepts reinsurance requests, and the risks are distributed according to the insurance amounts that each company has committed to pay in order to obtain compensation in the event the risk is realized. In the case of the surplus, it is distributed to these companies according to their subscription rates.

4- Establishment of Takaful reinsurance companies: These companies are established as joint stock companies with huge capital. In addition to the Takaful insurance companies, the owners of large capitals contribute in order to contain the large and rare risks that threaten the financial positions of the Takaful insurance companies; Where it adheres to the provisions of Islamic Sharia in all its transactions, and what applies to Takaful insurance companies applies to it, including the formation of a Sharia supervisory board that supervises the establishment and confirmation of their contracts and documents, monitors their practice, and submits a Sharia report on their work. This experience has begun to gain popularity in many Arab and Islamic countries; As the number of return companies reached about 26 companies.

Conclusion:

Through this study, we concluded that the Takaful insurance is based on the principle of donation, cooperation, solidarity, and respect for the principles of Islamic Sharia in all transactions and relations. Importance in achieving and embodying the meaning of safety, cooperation and solidarity among members of the same society. By compensating the insured from any losses that may be incurred in the event that the insured risk is realized, which prompts and encourages the insured to engage in various economic activities and increases his ability to work and produce.

Also, reinsurance in Islamic insurance is by reinsurance, which is the same as reinsurance in principle, and the role of reinsurance companies is limited to providing protection to Takaful insurance companies, but also supports their technical expertise in the field of managing large and rare risks through contracts they conclude with Takaful insurance companies, from a legal point of view the contracts between Takaful insurance companies and the reinsurance company can be compulsory or optional, and from a technical point of view they can be relative or non-proportional.

Results:

- Through our study, we reached the following results:
- The Takaful insurance industry has succeeded in breaking into the field of competition relatively, and the evidence for this is that many traditional insurance companies have switched to comply with the provisions of Islamic Sharia in many countries, and the Islamic insurance industry has strengthened the Islamic economic system by mitigating the risks faced by institutions Islamic insurance in its various products, as the Islamic insurance companies came as a complement to the Islamic economic cycle initiated by Islamic banks;
- The Takaful Company creates two separate accounts, one for itself and one for the participants' funds;
- The application of Takaful insurance in a group of Islamic countries resulted in a clear positive impact on the insurance industry in them, especially the countries that switched to practicing Takaful insurance activity entirely.

Recommendations:

In light of our study of the subject of the research, the following recommendations can be made:

- Activating the role of the Shari’a supervisory boards in terms of members, and the immediate, ex-post and external oversight to ensure the legal integrity of transactions;
- Attention to spreading the culture of Takaful insurance, through promotional campaigns for the Takaful industry, in order to convince the public who are insured to them with peace of mind through Takaful insurance coverage;
- The tendency to activate and encourage the Islamic Takaful insurance industry, especially since Takaful insurance is characterized by the low cost of insurance compared to commercial insurance, because it is considered one of the donation contracts, and does not aim primarily at making a profit

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