



IIRA Maintains Shari’ah Compliance and Fiduciary Rating of “SCFR (ksa) 1” on National Scale and assesses SCFR (Global) at ‘High’ for Al Rajhi Takaful (ART)

Manama: March 04, 2024: The Shari’ah Compliance and Fiduciary Rating of Al Rajhi Takaful (ART) has been maintained by Islamic International Rating Agency (IIRA) at "SCFR (ksa) 1" on the national scale, signifying no adverse material deviations from the national regulatory framework and/or sector norms, and "SCFR (Global) High" on the global scale, signifying high level of conformance to global standards in terms of fulfilling fiduciary obligations of Shari’ah compliant finance.

Al Rajhi Takaful is based in the Kingdom of Saudi Arabia (KSA) and is majority-owned by Al Rajhi Group (26.5% by Al Rajhi Takaful - Bahrain and 35% by Al Rajhi Bank). The Company offers a complete range of protection services. Al Rajhi’s focus on best practices, remains evident from its sustained superior financial performance and sound stakeholder relations.

The regulatory framework applicable in the insurance sector does not specifically address best practices in the global Shari’ah compliant financial sector. However, new governance guidelines of the Capital Market Authority, although not exclusively aimed at insurance providers, address some of these gaps. Another significant deviation from best practices in Takaful, is the regulatory directive regarding surplus distribution, which restricts the company’s ability to distribute policyholders’ surplus to its due owners, to a minimal level. Nevertheless, the company distributes as much surplus as it can under the said directives.

Having delegated investment management to an associated Shari’ah Compliant service provider - Al Rajhi Capital – Al Rajhi Takaful Company ensures that investment operations remain in line with Shari’ah principles and subject to a screening process duly incorporated by the service provider. The investment profile is marked by instruments that are fully compliant with the Shari’ah mandate and maintain a conservative risk profile with no stage 3 assets reported at YE 2022, and a large proportion held in sukuk and Murabaha deposits.

Separation of the participants and shareholders’ fund, and the principles governing policyholder contributions adhere to Takaful norms. Re-takaful arrangements are mostly made with Shari’ah compliant reinsurers, with the rest being contracted conventionally, due to lack of a better alternative.

Al Rajhi Takaful Company, demonstrating its commitment to Shari’ah principles, proactively established an independent Shari’ah committee, to operate under a defined charter. The Company has also put in place robust internal control systems to ensure the effective execution of the Shari’ah Committee's directives as well as enable the conduct of the Shari’ah Committee. With enhanced Shari’ah governance

The information contained herein is obtained by IIRA from sources believed to be accurate and reliable. IIRA does not audit or verify the truth or accuracy of any such information. As a result, the information herein is provided "as is" without any representation or warranty of any kind. IIRA, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the rating(s) / score(s) mentioned. Rating is an opinion and not a warranty of a rated entity's current or future ability to meet contractual obligations, nor it is a recommendation to buy, sell or hold any security.



الوكالة الإسلامية الدولية للتصنيف
Islamic International Rating Agency

regulations referred earlier, the company's own practices will also become increasingly sustainable. As a publicly listed entity, ART conscientiously furnishes significant information for its stakeholders' benefit, making it accessible via publicly released documents.

Scope of the Rating

This rating is an independent assessment & opinion on the Shari'ah Governance & Compliance framework as implemented by the Al Rajhi Takaful Company. The rating encapsulates areas of coverage laid out in Governance Standard for Islamic Financial Institutions 10 (GSIFI 10), developed by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Besides Shari'ah standards issued by AAOIFI, prudential standards published by the Islamic Financial Services Board (IFSB) for Islamic insurance (Takaful) have been taken as a reference benchmark. The national scale rating does not account for deviations from global standards that are not enabled in the jurisdiction of domicile, whereas the Global scale allows for comparison on a worldwide basis.

For further information on this rating announcement, please contact us via e-mail at iira@iirating.com.

The information contained herein is obtained by IIRA from sources believed to be accurate and reliable. IIRA does not audit or verify the truth or accuracy of any such information. As a result, the information herein is provided "as is" without any representation or warranty of any kind. IIRA, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the rating(s) / score(s) mentioned. Rating is an opinion and not a warranty of a rated entity's current or future ability to meet contractual obligations, nor it is a recommendation to buy, sell or hold any security.