

Sukuk Takaful (Insurance) Model Rationality & Technical Know-How?

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Abstract

For a sustainable growth of the *sukuk* industry, among the prime concerns is to ensure a confidence among investors by protecting them against any catastrophe and that is, why *sukuk* is issued as a safeguard for investors and beneficiaries. The common phenomena is that, in any *sukuk* structure, be one sovereign, corporate or social, investors, and or beneficiaries in the structure are protected by *sukuk* itself against any capital or beneficial risk or catastrophe. In reality, a legitimate question may be raised whether a *sukuk* itself is adequate safeguard for the investor or beneficiary against any defined risk? It is submitted that, a *sukuk* itself does not hold the capacity to offer adequate protection for the investor or beneficiary against risk, because the issuer may still have the legitimate right to escape the liability by a "limited liability clause" under the Company law or the public policy. It may thus, be suggested that, the only way to ensure an adequate safeguard for the investor or the beneficiary in a *sukuk* structure is by a comprehensive insurance policy as an additional step to a *sukuk* certificate, may be termed as "*sukuk takaful*". In today's *Hewar*, it seeks to share the emergence of *sukuk takaful* besides analyzing its rationality and technical know-how?

- Sukuk Industry at Glance
- Degree of Risk Exposed by the Sukuk Industry
- What Extent Investors are Covered by Sukuk?
- Under What Circumstance Investors are Not Covered by Sukuk?
- Emergence of Sukuk Takaful
- Rational Outlook
- Technical Know-how?
- Submission

Key Issues