Takaful Risk Management training

2 days x 4h – virtual delivery; 2 days x 6h - in person delivery

Course Overview

This two-day course provides a practical introduction to managing risk within Takaful organisations, combining established enterprise risk management (ERM) principles with the distinctive Shariah, ethical, governance and fiduciary requirements of Takaful.

The programme has been reviewed and approved by the Shariah Board, providing assurance that the course content and approach are aligned with relevant Shariah principles and considerations.

Participants explore how established frameworks such as ISO 31000 and COSO can be applied in a Takaful environment, while considering the additional dimensions created by risk-sharing structures, Shariah governance, participant fund responsibilities and Shariah-compliant investment. The course also draws on relevant Basel III and Solvency II concepts to provide banking and insurance perspectives on capital, liquidity, governance and resilience.

The programme progresses from Takaful principles and operating models through Shariah governance, ERM, risk appetite, investment and operational risk, culminating in a practical simulation in which participants design a Takaful ERM framework.

Learning Objectives

By the end of the course, participants will be able to:

- Explain the principles of Takaful and distinguish between Wakalah, Mudarabah, Hybrid and cooperative operating models.
- Compare Takaful risk-sharing with conventional insurance risk-transfer approaches and identify the resulting risk implications.
- Apply established ERM principles and frameworks, including ISO 31000 and COSO, within a Takaful environment.
- Identify and assess key Takaful risks, including Shariah non-compliance, underwriting, investment, liquidity, operational, fiduciary, governance, conduct and reputational risks.
- Explain the role of Shariah governance, including the responsibilities of boards, Shariah supervisory bodies, management, risk, compliance and assurance functions.
- Develop risk appetite and tolerance approaches that incorporate strategic objectives, ethical boundaries, participant protection and Shariah requirements.
- Evaluate investment and operational risks associated with Shariah-compliant portfolios, participant/shareholder funds, controls and surplus distribution.
- Apply the learning to design the core elements of an effective Takaful ERM framework.

These objectives consolidate the individual session objectives contained throughout the programme.

Who the Course Is For

The course is suitable for professionals working in, advising or overseeing Takaful operators, Islamic financial institutions and organisations with exposure to Islamic insurance and finance. It will be particularly relevant to:

- Risk management and ERM professionals
- Takaful and insurance professionals
- Board members and senior executives
- Shariah governance and Shariah compliance professionals
- Compliance and governance professionals
- Internal audit and assurance professionals
- Finance, investment and actuarial professionals
- Operational, product and business managers with risk responsibilities

The original course outline notes that the programme should be positioned according to participants' sector and level of experience; the list above therefore reflects the functions addressed in the developed course rather than a formally specified audience in the source material.

What Participants Will Get Out of This Course

Participants will leave the course with:

- A clear understanding of how Takaful changes the context in which conventional ERM is applied.
- A practical Takaful risk taxonomy covering both mainstream and Shariah-specific risks.
- Techniques for identifying, describing, assessing and prioritising Takaful risks.
- A stronger understanding of governance responsibilities, escalation, controls and assurance in a Takaful environment.
- Practical approaches for developing Takaful-specific risk appetite statements, limits and indicators.
- An understanding of how Shariah requirements affect investment risk, liquidity, portfolio construction and operational decision-making.
- Practical experience applying the concepts through case studies, exercises and a final ERM simulation.
- A framework for translating the learning into improvements within their own organisation.

The programme is explicitly designed around technical training, worked examples and participant exercises rather than technical instruction alone.

Benefits of Attending

Attending this course will help participants to:

- Integrate Takaful-specific considerations into existing ERM arrangements rather than treating them as a separate risk discipline.
- Improve identification and oversight of Shariah, fiduciary, operational, investment and governance risks.
- Strengthen the connection between risk appetite, strategic decision-making, ethical boundaries and participant interests.
- Improve board and management challenge through clearer risk information, escalation and assurance.
- Better understand the interaction between participant funds, shareholder interests, surplus distribution and fiduciary responsibilities.
- Apply established international risk management thinking while recognising where Takaful requires additional governance and ethical considerations.
- Develop practical outputs that can be adapted for their organisation, including risks, appetite statements, governance arrangements, controls and action plans.

A central message of the course is that Takaful is not separate from mainstream ERM: established ERM foundations remain applicable but require additional layers of Shariah governance, ethical constraints, risk-sharing mechanics and stakeholder expectations.

Why Attend Now?

Takaful organisations need to balance commercial growth and innovation with increasingly complex governance, investment, operational and stakeholder considerations. Risk decisions can have consequences not only for capital and financial performance, but also for Shariah compliance, participant fairness, fiduciary responsibilities and organisational reputation.

The course addresses these interconnected pressures directly. Its case studies explore issues including rapid growth, product changes following Shariah approval, exposure to potentially non-compliant investments, pressure on participant funds and insufficient board visibility.

For risk professionals, this makes the ability to connect conventional ERM with Takaful-specific governance and ethical requirements increasingly important.

Competencies Developed

The course develops competency in:

- **Risk management principles and practice –** applying ERM frameworks and processes to organisational objectives.

- **Risk identification and assessment –** identifying, describing, analysing and prioritising Takaful risks.
- **Risk governance –** understanding roles, responsibilities, accountability, escalation and assurance.
- **Risk appetite and decision-making –** translating strategic and ethical boundaries into meaningful appetite statements and measures.
- **Risk treatment and controls –** designing and evaluating appropriate controls and action plans.
- **Risk culture and conduct –** recognising how behaviours, ethics and organisational culture affect risk outcomes.
- **Communication and reporting –** presenting risks and governance issues clearly to management and boards.
- **Specialist Takaful risk capability –** integrating Shariah compliance, participant fairness, fiduciary duties, fund structures and ethical investment into risk management.

Duration

2 days

The programme consists of eight principal sessions across two days, supported by technical input, worked examples, participant exercises, case studies and a final simulation.

CPD Hours

- 8 CPD - virtual delivery
- 12 CPD – in-person delivery

Outline:

Day 1 – Takaful Risk Management Foundations

1. **Introduction to Takaful –** principles, operating models and key risks
2. **Shariah Governance –** roles, responsibilities and compliance risk
3. **ERM in Takaful –** applying ISO 31000/COSO, risk assessment and controls
4. **Case Study –** applying risk and governance concepts to a Takaful operator

Day 2 – Managing Takaful Risks

5. **Risk Appetite & Tolerance –** strategy, ethical boundaries and participant protection
6. **Investment Risk –** Shariah screening, market, liquidity and concentration risk
7. **Operational Risk –** fiduciary duties, surplus distribution, controls and culture
8. **Practical Simulation –** designing a Takaful ERM framework and action plan