

RACHEAL NABISUBI

The insurance sector is breaking new ground with the adoption of Takaful, a Sharia-compliant insurance model that promises to bring inclusivity and ethical finance to the forefront.

For the first time, communities long excluded from conventional insurance products will gain access to coverage aligned with their religious and ethical values.

Backed by newly gazetted regulations, the framework positions Uganda to tap into a global Takaful market projected to surpass \$75b by 2033, while offering local policyholders greater transparency, stronger governance, and renewed

# Firms eye \$75b Sharia-compliant insurance sector

trust in the industry. Speaking during a sensitisation and dissemination workshop on the Insurance (Takaful and Retakaful) Regulations, 2025, in Kampala, IRA chief executive officer Ibrahim Kaddunabbi Lubega noted that Takaful is still in its early stages across most of Africa.

"While there is sometimes double-digit growth year-on-year in specific markets, the total volume remains modest. However, growing regulatory interest and rising demand among Muslim populations suggest significant potential for expansion," he said.

The global Takaful market is projected to grow from approximately \$36.6b

in 2024 to about \$75.3b by 2033, with a compound annual growth rate of 8–9 percent over the next decade.

Globally, approximately \$7b has been collected in premiums under Takaful operators, with projections indicating that by the year 2033, this figure could reach about \$77.75b.

This signifies an important opportunity for Uganda. Previously, Uganda was not counted among the contributors.

Mr Kaddunabbi said Uganda now stands on the cusp of a significant opportunity, positioning itself as a contributor to this burgeoning global industry.

"The Takaful framework is designed to bridge the gap for many Ugandans

who have felt excluded from conventional insurance products due to their religious or ethical beliefs," he said, adding that the "initiative not only represents a new chapter in Uganda's financial and social fabric but also underscores our commitment to fostering an inclusive and resilient insurance sector".

The recently gazetted Insurance (Takaful and Retakaful) Regulations, 2025, lay the groundwork for licensing and governance by establishing rigorous standards for Sharia compliance, capital adequacy, and operational transparency.

The regulations seek to ensure that

Takaful is conducted with professionalism and integrity, requiring the establishment of a Shariah committee for each Takaful operator to guarantee that all practices adhere to Islamic finance principles, safeguarding the interests of participants.

The Takaful sector has significant growth potential, taking examples from Sudan, Kenya, and Nigeria, which have begun to experience the benefits of this insurance model, and Uganda is now poised to follow suit.

As part of its proactive approach, the IRA has already licensed its first Takaful provider, marking a significant milestone in the rollout.