



Islamic M&A Insurance



Islamic Insurance for M&A

As mergers and acquisitions (M&A) become increasingly complex and buyers compete to acquire new assets and businesses in unfamiliar jurisdictions and industries, navigating this complex and dynamic landscape within tight time frames has become a challenging task.

Through our partnership with Shariah-compliant managing general agent Cobalt Underwriting, we offer a range of market-leading Islamic insurance solutions for M&A transactions. Whether insuring the buy or sell side, we work with clients to understand, measure and mitigate transactional risks, helping to reduce uncertainty and close deals quickly.

Whether a requirement from your finance provider or a key part of your investment criteria, we provide Sharia-compliant M&A insurance policies, reviewed and certified by a certified Shariah scholar in consultation with their Shariah supervisory board.



What is Islamic insurance?

Islamic insurance is an alternative to conventional insurance that has been designed to comply with Shariah principles. Traditional insurance is processed in a particular way that contravenes the fundamental rules of Islamic finance, such as the presence of gross uncertainty in a financial transaction, speculation and full risk transfer. Islamic insurance essentially is based on mutual cooperation and assistance (Takaful); participants make a contribution into a pool with the intention of indemnifying any of its members should they suffer loss.

Deep M&A expertise

AIG has helped buyers and sellers close more than 2,000 deals worldwide over the past 20 years. During that time, we have gained an unrivalled understanding of M&A and become the partner of choice for clients who need an insurer that can help get the deal done.



Heritage of excellence

Deep institutional knowledge coupled with extensive experience.



Global capability

Worldwide reach and knowledge of the nuances that govern local transactions, so we can help – wherever you need us.



Responsive claims

Claims and underwriting teams that work in close partnership, allowing us to settle claims swiftly and fairly.



Forward thinking

Creative, forward-thinking solutions drawn from our capabilities across business lines and industry sectors.



Flexibility and agility

Broad risk appetite and the ability to react quickly and effectively to our clients' needs.



Significant capacity

Significant capacity and multiple product lines that allow us to offer flexible, comprehensive cover for all of your exposures.

Market-leading M&A cover

AIG has the largest global M&A team of any insurer. We combine broad commercial, legal and insurance experience to create bespoke solutions that cater to the specific needs of businesses involved in transactions.

We offer three main Islamic M&A products, with limits of up to US\$30 million per policy available:



W&I Insurance

This tailored coverage helps protect buyers and sellers from financial losses if misrepresentations or inaccuracies in representations or warranties occur. Buyers can distinguish bids, sellers can reduce indemnity obligations – and both can close more efficiently.



Contingent Liability Insurance

Helps reduce or eliminate exposures relating to the business of the seller or buyer arising out of a merger or acquisition, thereby enabling deals to close more quickly – and sales proceeds to avoid impairment.



Tax Liability Insurance

This cover helps reduce or eliminate financial losses arising from a tax authority's successful challenge of your tax treatment during a transaction, which could lead to a material reassessment of your tax liability and include fines and penalties.

These products are issued by AIG, having been approved as Shariah-compliant by Cobalt.



Ensuring Shariah compliance

Our M&A policies adhere to key principles of Islamic insurance, including risk sharing by pooling of risk and not insuring assets or businesses that are involved in prohibited activities, such as gambling or selling arms.

Islamic insurance requires oversight by a Shariah supervisory board to ensure credibility and integrity. AIG provides a certificate of Shariah compliance, issued by Cobalt's Shariah supervisory board, for every Takaful insurance policy. Each policy is also issued with a Shariah appendix outlining the application of Shariah principles to the policy.

AIG maintains a Shariah-compliant bank account into which all premium contributions are paid. Once deductions are made, the remaining premiums are pooled in the AIG Participants Risk Fund (PRF), which is managed in compliance with Shariah principles. For example, premiums can only be invested in Shariah-compliant investment products.

If a client needs to make a claim, it is paid from the PRF. Before a payment is made, the claim is reviewed by a Shariah Scholar to ensure that the client is made aware of any aspects of the claim that might be deemed non-Shariah, and give them the opportunity to decide whether to accept any non-Shariah settlement.

Shariah advisors

Each M&A policy issued by AIG is reviewed and certified by Cobalt's in-house Shariah scholar, Sheikh Zubair Miah, through the guidance and supervision of Cobalt's Shariah Supervisory Board, which is chaired by Sheikh Nizam Yaquby.

Sheikh Zubair Miah LLB (Hons)

(in-house scholar)

Sheikh Zubair completed his memorisation of the Qur'an at the age of 16 at Darul Uloom Islamic College, Bury, UK. He continued with his Islamic studies at the same prestigious institute and received a Degree/Ijazah (Classical Certification) by completing the extensive six-year Islamic Theology course, whose syllabus includes, Arabic, exegesis of the Qur'an and Ahadith, Islamic Jurisprudence, and Fiqh.

Subsequently, Sheikh Zubair attained an LLB (Hons) from University of Kent at Canterbury and completed his Legal Practice Course (LPC) in 2010 at the College of Law (Bloomsbury). Sheikh Zubair has been involved with Cobalt Underwriting, the first Shariah Compliant insurance managing agent, since its launch in 2013. He is the co-author of the study text book 'Principles of Takaful', currently taught by Chartered Insurance Institute (CII) at an Advanced Diploma level.

Sheikh Zubair continues to educate, train and advise insurers and intermediaries operating within the London insurance market on Islamic insurance, or, as some may know it – Takaful.

Sheikh Nizam Yaquby

(Chairman of the Shariah supervisory board)

Sheikh Nizam is one of the most widely respected Islamic scholars in the world today. He has been Professor of Tafsir, Hadith and Fiqh in Bahrain since 1976 and he regularly contributes to publications about Islamic finance and other sciences in English and Arabic.

He advises several Islamic financial institutions, including ABC International Bank, HSBC Amanah, AIG Takaful, Enaya BSC, Abu Dhabi Islamic Bank, Bahrain Islamic Bank and Citi Islamic Investment Bank.

Sheikh Nizam has a BA in Economics and Comparative Religion from McGill University, Canada, and is currently completing a PhD in Islamic law at the University of Wales.



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