

The Competition Between Commercial Insurance And Takaful Insurance In The Algerian Market

المنافسة بين التأمين التجاري والتأمين التكافلي في سوق التأمينات الجزائري

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Abstract:

This research paper aims to reveal the reality of competition in the Algerian insurance market after the Algerian legislator followed the path of the predecessors who joined the ranks of Islamic countries that adopted the Takaful insurance system.

This system was adopted in accordance with Article 203 bis of Order 95-07 relating to insurance amended and supplemented by Law 19-14 containing the Finance Law for the year 2020.

Which may create competition in the Algerian insurance market between Takaful insurance and traditional commercial insurance, especially with the sensitivity of Algerian society to commercial insurance given that it is forbidden by Sharia and that Takaful insurance is subject to the principles of Islamic Sharia, which makes the Takaful insurance system gain a competitive advantage that qualifies it to take over the Algerian insurance market.

Key words: Competition, Takaful insurance, Conventional commercial insurance, Insurance market, Principles of Islamic law.

Introduction:

As we all know that, the adoption of Takaful insurance system by Algerian state's, is a simple continuation of the Islamic banking cycle, as both complement each other, such as, the success of one cannot be achieved in the absence of the other ¹.

We can simply say this work is just a complementary relationship. In addition, banks and insurance in general have a strong relationship and have a tangible impact on the country's financial market and its economic position. The amendment included a single with which the Algerian, legislator completed the instance law ². In order to continue completing this system, Executive decree 21-81 dated February 23-2021 was issued, which sets out the conditions and methods for practicing Takaful insurance ³.

With the emplacement of this decree in the issuance, and the role has played, Takaful insurance entered Algerian insurance market? Accordingly, the problem we addressed in this research paper is the extent to which Takaful insurance can complete with traditional commercial insurance that has monopolized the Algerian insurance market, ?

To consolidate and to give a positive answer for this problem, we follow the analytical approach to analyze the legal materials and the descriptive approach to describe the reality of the Algerian insurance market. We have divide this study into two sections.

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In the first section, we have discussed the general principals of commercial insurance and Takaful insurance, as for in the second section, we have presented the competitive advantages of both commercial insurance and Takaful insurance.

1- General Principals of commercial insurance and Takaful insurance .

The presentation of the traditional commercial insurance in some details along with presenting the principles of Takaful insurance, which allows us to conclude the competitive advantages of both traditional commercial insurance and Takaful insurance, which affect the between them

1.1- General principles for commercial insurance

In order to consolidate this research to deduce the general provisions of traditional commercial insurance, it is necessary to first go to the definition of commercial insurance

A- Definition of commercial insurance.

There are several definitions due to the different types, we have for example the private, the social and commercial insurance..... On the other part, due to different foundations, principles and pillars on which each of these types is based on the other hand , and this is due to the different forms of it in the third hand, and due to different categories based on its definition and the purpose of the definition , whether those responsible for the definition are legal , economic or specialists in the field of insurance on the other hand.

Therefore, we must also present the linguistic and technical definition of insurance.

Insurance in language:

In this work, a source of security means to provide security and protection .Its origin is from the word aman in arabic: with kasra on the M, meaning security and safety. He was assured, meaning, he is not afraid and trustworthy. The origin of aman is peace of mind, and the disappearance of fear .Aman in its origin is used to mean peace of mind, and it is the opposite of fear.

Insurance in terminology:

We all knew that, the insurance was appeared first in European countries and their laws, such French law for example, they are considered a main source for Arabian countries and their laws, including of course Algerian law, the commentators and jurists of the law in European countries and like were earlier than the commentators of Arabian countries in addressing the definition of insurance.

Therefore, it can be said that the opinions of the predecessors were a reference for the study and reliance of the later Arabs⁴.

Legal definition of commercials insurance:

Commercial insurance can be defined as a legal concept by Article 619 of the civil code as a contract by which the insurer undertakes to pay to the insured, or to the beneficiary for whose the benefits of the insurance was stipulated a sum of money, income or any other financial compensation in the event or an accident occurring or the risk specified in the contract being realized, in return for a premium or any other current payment made by the insured to the insurer. To redefine the order no. 95-07 relating to the insurance, amended and supplemented by law 06-04as follows: Insurance in the sense of Article 619 of the civil code , is a contract by which the insurer undertakes to pay the insured or third party beneficiary for whose benefit the insurance was stipulated, a sum of money, income or other financial performance in the event that the risk specified in the contract, in exchange for premiums or any other financial payments. In addition to the provision of the first paragraph of this article, the performance may be provided in kind in assistance insurance and motorized land vehicles.” Through these tow definitions given by the Algerian legislator to commercial insurance, the legal and contractual relationship that arise between the insured, who subscribes to the insurance and who is exposed to a certain risk in his property or person and the insurer, who undertakes to cover the losses of this risk in exchange for

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the premiums receives from the insured, appears to us. There may also be a third party in the legal relationship, as the insured has the right to stipulate that the insurance be paid to another person specified in the contract, such as the insured's wife or children, who is called the beneficiary.

This relationship includes the subject or subject of the insurance. Any insured risk.

Technical definition of commercial insurance:

Insurance is not only a legal relationship between the insurer and the insured, but it is a technical process in which the insurer undertakes to pay a financial sum when the risk is realized for the insured, who is obligated to pay the premiums to insurer. However, the latter does this on a large scale and not in one single process, as the processes are multiple and some of them are exposed to loss while others achieve profit or loss.

Accordingly, insurance is based on the technical foundations represented in the organizing cooperation and solidarity between the insured by the insurer, who relies on the law of multiplicity, probabilities, and clearing between risks, in addition to his use of other techniques such as joint insurance's. Reinsurance⁵.

B-Characteristics of the traditional commercial insurance contract:

The commercial insurance contract is characterized by several characteristics that can be summarized as follow: it is a consensual contract, a potential contract, a contract of exchange, binding on both parties, a time contract, and a contract of a contract of adhesion. In addition to being a contract of a good faith, we will discuss these characteristics in some detail, which are as follows:

- 1- **The insurance contract is a consensual contract:** The insurance contract is concluded as soon as the wills of the insure and the insured coincide to create the obligation, i.e. it is concluded as soon as the offer and acceptance agree.

The legislator did not require a special form to conclude an insurance contract in which the consent of the contracting parties is expressed. Therefore, it is sufficient to exchange offer and acceptance for the contract to be concluded without the need to express that in any form .

However, there is nothing to prevent an agreement to stipulate writing for the conclusion of the contract, and this is what is usually done, as the insure usually stipulates that the insurance contract is not concluded except by signing the insurance document. In this case, the contract becomes a formal contract under this condition, the insurance document becomes necessary for the conclusion and not merely for the proof ⁶ .

- 2- **The insurance contract is a contingent contract:**

The insurance contract falls within the contracts of uncertainty, in which neither of the contracting parties or one of them can know the amount of his obligations or rights at the of contracting. The estimation of the obligation or rights of each of them depends on the occurrence of the disaster and the degree of its severity, because the amount of insurance that he is obligated to pay can only be estimated on the basic of the duration of the disaster. Therefore, when the civil code established the position of insurance, it classified the latter among the contract of uncertainty.

The insurance contract is a contingent contract in this sense , as the amount of the obligation or gain both contracting parties is dependent on an event that is not certain to occur , which is the insured risk . The insured does not know at the time of the contract the amount of his obligation to pay the insurance amount and the premiums he will obtain in return for that is un known and dependent on the occurrence of the risk or its non-occurrence.

It is important and worth to underline, or to note that the characteristic of probability only pertains to insurance from a legal perspective, i.e. as a contractual relationship between the insurer and the insured. There is no doubt that in this relationship there is an element of probability, meaning the possibility of a gain or loss occurring for one of the parties. However if we look at the insurance from a technical perspective, we find that the element of probability diminishes, because insurance

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from this perspective is based on the foundations statistics, the law of abundance, and other technical methods that insure probability is made small, if not no-existent. ⁷

3- The insurance contract is a contract of exchange:

In other words, each party of the insurance contract receives a benefit, for example, the insured party receives a compensation for what he has provided, whereby the insured party pays installments and takes the insurance amount in return when the risk occurs. If the insured risk does not occur, the installments paid by the insured party become equivalent to bearing the risk that the insurer has taken upon himself and equivalent to what the providers in terms of guarantees and protection for the insured party. In other words, each party to the insurance contract obtains a benefit, for example, the benefit of the insured party is security from fear of risk. It is therefore different from other contracts in which neither party takes any compensation, such as donation contracts, -gifts, loans, and agency without compensation, and other contracts.⁸

4- The insurance contract is a contract binding on both parties:

The insurance contract is described as a contract binding on both parties, meaning that it imposes obligations on both contracting parties, which is evident in the following:

For the insured: the insured is obligated to provide correct statements and not to conceal them from the insurer when contracting so that the latter can estimate and assess the risk that he bears for his guarantee, and thus determine the appropriate price for his guarantee in the form of the

The main obligation of the insured towards the insurer is to pay the premium. Premium or premiums corresponding to the risk insurance, and the premium. Represents the purchase price of the security by which the subscriber or insured contributes to the cooperation organized by the insurer among the group of insured.

-For the insured: the insurer (insurance company) has obligations corresponding to the obligations of the insured, which is that the insurer is obligated to inform the insured before concluding the insurance contract of all the terms of the contract and the guarantees that he bears, so that the insured is aware of his rights and obligation arising from the insurance contract that he intends to conclude⁹.

5- The insurance contract is a time contract: The insurance contract is a continuing contract because its execution, or implementation does not take place immediately after the conclusion of the contract, but rather depends on a specific time plays an essential in its formation and enforcement. The performances of the two parties are determined in accordance with the period specified in the contract, and their implementation continues throughout this period. The insurer is obligated to cover the risk during the term of the contract, and the insured pays the successive installments during the period. The installment can be paid in one payment, but its estimation depends on the term of the contract. The insurance contract is fixed-term contract whose beginning and end must be specified, with the possibility of renewal if the insurance relationship is to continue. The contract ends at the end of its term. For its renewal, this must be explicitly stated, and therefore it is not permissible to claim that it has been renewed implicitly.

6- Insurance is a contract of adhesion: The insurer sets the terms of the contract according to his desires, and the insured has no choice, but to accept those terms or reject the contract, such that, he has no ability to discuss them or request to amend them. By contracts of adhesion, we mean those contracts in which one the parties, the strong party, alone sets the terms of the contract on the other party, the weak party, without the latter discussing the terms of the contract or allowing him to amend them. The insurance contract is one of the contracts of adhesion, as the insurer is the one who proposes a group of the risks according to certain condition, some of which relate to the risks covered, some of which relate to the condition of the guarantee or its exclusion, some of which relate the person of the insured and other condition. For this reason, the legislator intervened in organizing the insurance contract to protect the weak party (the insured) while the insurer abuses a group of general and specific rules.

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- 7- **The insurance contract is a good faith contract:** This confirms that the insurer relies on the insured to take an accurate picture of the risk and its severity and the precautions that must be followed to avoid and contain disasters. The insured is assumed to behave in a manner of honesty and integrity and to maintain good faith from the time the contract is concluded until the disaster occurs ¹⁰.

C- The legal position on commercial insurance:

In this research, we know that, since the insurance contract, in its various forms, is a newly named contract that was not mentioned in the named contracts, they were known under Islamic legislation, aroused different reactions among Islamic sharia, scholars and specialists in the principles of legislation in Arabic and Islamic countries religion relied on in the subject of insurance.

Firstly: The team opposing insurance:

Among those who oppose the idea of insurance : we have ,muhammed Abu Zahra, Professor Abdul Rahman Taj , Professor Yusuf al- Qaradawi , sheikh Naim al –din Wal, and Professor Mustafa al- Sayyad , who issued a fetwa declaring the commercial insurance contract illegitimate. Their arguments and classified as follows:

Insurance is clearly forbidden because it contradicts naturel methods of earning money, such as buying and selling, and what is acquired through industry and agriculture.

We can say openly that, Insurance is the unjust consumption of people's money , and it involves usury because the two parties to the insurance contract are not equal , and it contains an element of gambling, because the payment of the compensation amount is dependent on the occurrence of the insured risk , and also betting because of the ignorance of the money that the insured will pay , and all of this is contrary to Islamic law.

Second: The team supporting insurance:

This group permits the assurance contract, including His Eminence Sheikh Mustafa Ahmed Al-Razqa, Professor Abdul Rahman Issa, and Professor Mouhammad Yusuf Musa. Their argument for that is:

Islamic law did not restrict people to certain types of contracts known in the early days of Islam, but rather left the door open for the invention of new types of contracts that the time required.

In this work, the insurance system, we have a simple system which is based on the idea of cooperation in righteousness and piety.¹¹

The role of Insurance is to provide protection for individuals from material losses they are exposed to due to the occurrence of risks.

This investigation shows us clearly that, insurance is not gambling, because gambling is playing with luck and it paralyzes the productive capacity of man. There is no gambling in insurance because the insurer takes the premium from the insured and then redistributes them among them and does not expose himself to the possibility of loss more than any other person exposes himself in a legitimate trade. As for the insured, he does not rely on luck and chance like a gambler, but rather he intends to avoid the evil of luck and cooperates with other distribute the damage of bad luck ¹².

We must also know that, there is not bet in insurance because the bettor also relies on chance and luck. There is no risk in insurance line betting because it involves a certain outcome. The element of probability exists only for the insurer who does not pay compensation unless the risk actually occurs. If it does not occur, he does not pay anything. As for the insured, probability does not exist because the real compensation in insurance is merely by concluding the contract and does not depend on the occurrence of the risk. If the risk occurs, his money is returned to him through the compensation that the insurer receives.

There is no usury in insurance, as if the insurance contract contains conditions that involve usury, these conditions are void as if they were included in any other contract.

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Third: The insurance reconciliation team:

Between the party of the chop and the forbidden, a third party emerged that reconciled between the two positions. It can be called the moderate party, as it allows some types of insurance and prohibits others. It is a set of recommendations and regulations for several studies and meetings of the second conference of the Islamic Research Complex held in Cairo in 1965, the Islamic Legislation Symposium held in Tripoli in 1972, and the international Islamic Fiqh Academy in its second session in Saudi Arabia. The same position was adopted at the international conference organized by the Algerian Supreme Islamic Council, which stated that:

Insurance provided by cooperative societies in which all insured persons participate to provide their members with the assistance and services they need is a legitimate matter and is a cooperation in righteousness.

Establishing more cooperative and Islamic insurance companies and encouraging this insurance to be an alternative to commercial insurance, which is marred by legal violations.

The government pension systems and similar social insurance and compulsory insurance systems imposed by the state to protect broad segments of society, which are in line with the principles of Sharia and religion.¹³

As for the other remaining insurances that are provided by companies, regardless of their status, such as life insurance in its current form, it is forbidden because it includes usury.

We have also, accident insurance and the like is temporarily allowed due to necessity until a legal option or solution is found.¹⁴

1.2- General principles of Takaful insurance

A: Definition of Takaful insurance:

The name of this type of mutual or reciprocal insurance has varied, so that it can be said that it is Islamic cooperative. The definition provided for Islamic mutual insurance has differed from one researcher to another according to his point of view on this concept. The researcher will present the most prominent of the below:

In this task, it is the cooperation of a group of people who are exposed to a type of risk to compensate for the loss that may befall one of them by subscribing to a cash amount through which the subscribers are compensated when the insured risk occurs."¹⁵

Concerning the precise definition of contemporary Takaful insurance is: "Takaful insurance aims to provide the service to the insured (policy holder), in a legitimate cooperative manner free from the uncertainty that invalidates the contract, usury, and other prohibition of Sharia, by providing the service to the insured through subscription donated in whole or from an insurance portfolio from which compensation is paid when harm occurs to the insured, and the company's role is limited to managing the insurance business and investing its funds."¹⁶

Definition of Takaful insurance in Algerian law: The Algerian legislator did not know Takaful insurance before the date of issuance of law No.19-14 dated December 11, 2019, including the finance law for the year 2020, published in the official Gazette No.81 dated December 30, 2019, which are already amended and supplemented the provisions of order 95-07 dated January 25, 1995 relating to insurance in its Article 103, through Article 203bis of Order, No. 95-07 relating to insurance. The second paragraph of the aforementioned article states that "Takaful insurance is an insurance system based on a contractual method in which natural and/or legal person called "participants" participate. Participants who undertake to help each other in the event of risk or at the end of the term of the Takaful insurance contract, proceed to pay an amount in the form of a donation called a "contribution". The contribution paid in this manner allows for the creation of a fund called the "Participants' Fund" or "Participants' Account". The operations and actions related to insurance business are in accordance with the principles of Islamic sharia that must be respected". The legislator avoided defining this type of insurance as a contract, as he did in traditional commercial insurance, to define it as a system based on legal, economic and technical

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principles and foundations that cannot be ignored when defining insurance in general and Takaful insurance in particular. In addition, some Muslim jurists have prohibited the commercial insurance contract because it imposes a transaction that is dominated by uncertainty and usury, while they accept insurance if we define it as a system in which the aspect of cooperation and solidarity is prominent to distribute the risks that may arise. It is exposed to members of the community who have adopted it as a way to confront these risk.

Whatever the case, the legislator included in his definition the most important characteristics and mechanisms used to embody it on the ground and the same definition that the legislator repeated in article 3 of executive decree No.21-81 dated February 23, 2021 specifying the conditions and methods for practicing Takaful insurance, and with this definition the legislator distinguished it from traditional insurance through the various foundations, stating that this type of insurance has specificities that carry the definition of Article 203. Repeated except for what is shared with commercial insurance, and does not conflict at the same time with the provisions of Islamic law. This explains, on the other hand, that the legislator allocated a special law for the conditions and method of practicing mutual insurance, independently of commercial insurance. This bold step by the Algerian legislator reclassifies special laws that regulate such services.¹⁷

B- Characteristics of Takaful insurance.

Takaful insurance has a special characteristics that agree in some ways with the commercial insurance contract and are unique in others. They agree in that, they are continuous, consensual, and mandatory contracts. They share in that they are contingent contracts, and that the premium amount and the compensation amount are not equivalent. In addition to that, there is the possibility of the risk occurring, as well as the fact that they are good faith contracts. This characteristic is one of the most prominent characteristics of insurance contract in general, as it remains consistent from the moment the contract is concluded until the time the obligation is implemented. Returning to the characteristics that distinguish the Takaful insurance contract from the traditional commercial contract, according to the legislator's definition of it as follow.

1- Donation contract:

The Takaful insurance contract is considered as a donation contract, because the subscriptions paid by the insured are donated to the rest of the insured who are affected by it. The subscription is not intended in the Takaful insurance contract as profit or trade. The Takaful insurance contract has been considered as a donation contract, which has had a very important effect, which has led to a near consensus among contemporary scholars on its permissibility and legitimacy, despite the uncertainty in it, considering it a potential contract, due to the uncertainty not affecting donation contracts. The obligation to donate the value of the subscription is the basis of the legitimacy of Takaful insurance. The obligation to donate negates the exchange, and then the compensation, and this is what crystallizes the spirit of cooperation and solidarity among the insured in bearing the losses of damages resulting from the realization of the insured risk.

We know that, the Algerian legislator adopted the formula of "obligation to donate" and accordingly it is represented in the commitment of the participants "to pay an amount in the form of a donation called a contribution. What is meant by this phrase is that all participants involved in the Takaful insurance process, in the order to make this project successful, must contribute to the formation of a fund that can be called the "participants' fund" or "participants' account", provided that these contribution are by way of donation, so that Takaful insurance gets rid of the characteristic of compensation to distinguish it from commercial insurance, which led to its prohibition by the clergy, as they made the contribution that the participant bears and pledges to provide a donation, it is not an exchange, but rather in order to remove Takaful insurance from the group of compensation contracts. Accordingly, Takaful insurance is based on the obligation to donate by policyholders.¹⁸

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2- A contract in which the subscriber combines the characteristics of the insurer and the insured:

Since the participant combines the two characteristics of the insurer and the insured, the insurer is the insured at the same time, since the participants' fund is created by the insured, the two roles are played by the participant himself, unlike commercial insurance, in which a distinction is made between the insurer, represented by the insurance company and the owner of the capital, and the insured, who are the holders of the insurance policies.

3- Subscriptions is subject to change:

The meaning of the changeability of the subscription is that the subscription amount or what is called the premium is not fixed the value determined from the time of concluding the contract, as the subscription amount is subject to upward adjustment, and this is achieved only in the event of an inability to meet the value of the claims, such that the value of the latter is greater than the total value of the subscriptions that have been paid, which obliges the subscribers to cover this deficit in proportion to the amount of the deficit. The adjustment may be by reducing the subscription amount, i.e. decreasing it, and this is in the event that the value of the subscription exceeds the compensation amounts, which achieves a financial surplus for the insurance company. In this case, either the surplus is distributed to the insured or the amount of their subscription is reduced in the subsequent stages.

4- Distribution of surplus to subscribers:

The insurance surplus represents the difference between the collected contributions and the value of the compensation paid. The surplus in Takaful insurance is matched by the profit in commercial insurance, where the latter is a right for the shareholders, while the surplus in Takaful insurance is a right for the subscribers. This principle of distributing the surplus to subscribers is matched by their obligation to pay additional contributions in the event of a deficit when paying the compensation amount in the event that the insured risk occurs;¹⁹

C- The legal position on competition :

The accomplishment of the competition is considered part of the nature of trade, and even part of human nature. Most dictionaries of the language say that the meaning of competition is "exerting one's utmost effort to achieve superiority and dominance over others". God Almighty made it one of his laws in man to push him to further develop the earth that God Almighty created, as he almighty said, "they will be given to drink of a sealed wine, whose seal is musk. And for this let the competitors compete"²⁰. "Ibn Katheer, may God have mercy on him, says in his interpretation of his verse: In such a situation, let the boastful boast, and let them show off and outnumber and outpace the competitors in the same way, like the Almighty's saying: "For the like of this let the workers work". And based on this, it can be said that competition without causing harm others or envy from those who wish for their blessing to be taken away is praiseworthy and desired in a serious and competitive manner.

Competition is considered a natural part of human nature with the aim of excelling in business and activities of all kinds. Competition has been linked to economic activity to the point that it has become one of the necessary condition for its practice. Any economic activity is based on competition, which is considered one of the incentives to improve and develop the activity to satisfy the consumer²¹.

2-Competitive Advantages of Commercial Insurance and Takaful Insurance

We firmly believe that the adoption of the Algerian legislator of Takaful insurance system opens competition between a system that trades in the suffering of the insured and the risks they face in their daily lives for the benefit of the insured towards maximizing profit and maximizing capital and then the method of calculating premiums and monopolizing the returns and profits from the

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insurance process itself and from investing money and a new system in the Algerian insurance market where the insured face the same risks but receive aid and solidarity according to the size of the risk itself and this is the origin of it and they even share in what may be achieved from insurance surpluses or that is reflected again in calculating premiums and that insurance money continues for the benefit of the insurance process with sound legal methods and tools.

2.1- Competitive advantages of commercial insurance in the market:

Commercial insurance has always been unique in the Algerian insurance market, which gave it the opportunity to attract customers and expand insurance services, which gained it experience in the market conditions and requirements as follows:

The solvency, reputation and experience enjoyed by traditional insurance companies:

There is no disagreement that traditional commercial insurance have a long experience in the Algerian insurance market compared to Takaful insurance, which lacks this experience and was in disrepute, so that it does not have Takaful reinsurance companies capable of reinsuring them, as the Algerian legislator

Realized this challenge to stipulate in article 25, in the last paragraph of Executive Decree No.21-81, which determines the conditions and methods of practicing Takaful insurance, that if this is not possible and in accordance with the principle of harm, the Takaful insurance company can resort to the traditional reinsurance company by a decision of the Sharia supervisory committee, and in light of the control of traditional insurance companies over the Algerian insurance market.

The priority of commercial insurance in the insurance market:

This precedence has enabled this type of insurance to identify the market and the most requested service, especially forming good and strong relationships with customers. With the accumulation of this aforementioned experience comes strategic planning, which creates a qualitative and time-based competitive advantage to provide a distinguished and unique service to its customers, which motivates customers to deal with its services and products instead of taking risk with Takaful insurance, whose services products and management method they do not know. This competitive advantage can be easily imitated by Takaful insurance.²²

According to the quarterly report for the first quarter of 2024 issued by the National insurance council, p .4, we note the following:

The Algerian insurance market a turnover of 48.38 billion Algerian dinars in its various branches and activities during the first quarter of the current year 2024, i.e. a growth rate of 4 if we compare it to the same quarter of 2023, based on the quarterly report for the first quarter of 2024 issued by the National insurance council.

It is clear to us that traditional commercial insurance, in its branch represented by damage insurance, achieved a turnover of 39, 69 billion dinars in March, while the turnover of personal insurance recorded a decline to 5. 27 billion Algerians dinars compared to the same quarter of 2023, perhaps due to France's decline in granting visas to Algerians.²³

2.2- The competitive advantage of Takaful insurance in the market

The strong and decisive factor for Takaful insurance is the Islamic and religious dimension that encourages those committed to establishing Takaful insurance, participating in it, and insuring with it? Among the most prominent of these competitive advantages we find:

1- The principle of donation

This one is considered a strength of Takaful insurance in that subscribers feel that their premiums are transferred from their own account to the joint account and not to the company. Accordingly, the premiums are from them and to them. It is a strength for the account but not a strength for the Takaful insurance company, as it does not benefit from anything except through the agency fee and investment returns, unlike the traditional commercial insurance company, where the insurance premiums are included in its account. This principle is an advantage in favor of Takaful insurance

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in terms of competition and marketing because the insured do not withdraw the insurance premiums from their account at all, but rather the remaining surplus returns to it.

2- The principle of separation between the participants' account and the partners' fund:

This is a strength of the Takaful insurance company, as it does not bear obligations in excess of the premiums collected in the participants' fund, and even if paid, it is paid within the framework of a good loan, an interest-free credit, which must be recovered within an agreed upon period and aims to cover the deficit recorded by the participants' fund, which is a gain for the participants.

While the traditional commercial insurance company is responsible for all obligations arising from its insurance contracts without the right to recourse to the insured, it benefits from what remains of the premiums, unlike the Takaful insurance company, which helps in marketing its insurance products among subscribers, as they have great hope in returning an appropriate portion of their premiums to them, which is called the surplus.

3- The principle of the absence of profit from insurance operations themselves:

The absence of the profit principle represents an element of weakness for the managing Takaful insurance company, but at the same time we find it an element of strength for the insured and therefore it is an advantage for marketing and competition. In addition to that, the insurance premiums are moderate because the company does not benefit much from their size since the surplus is not its own but is distributed to the subscribers according to the company's bylaws, while the traditional company profits from insurance operation and therefore we find it exaggerating the insurance premiums as much as the market allows considering that the remainder goes to it. This is an element of strength for the company and its shareholders, but it is an element of weakness for competition because the Takaful insurance company can bring in the largest possible number of subscribers through moderate or relatively low premiums. It does not profit at the expense of insurance operations themselves.

4- The surplus principle:

This principle is not a strength for the Takaful insurance company but it is a strength for the Takaful insurance account, and therefore it is an attractive element for it and a good marketing to gain more subscribers, while the traditional insurance company keeps the surplus for itself and considers it a profit, but on the other hand it is not a strength for marketing, but rather a weakness if there is good marketing by Takaful insurance companies for their products.

5- The principle of conformity of Takaful insurance products with the provisions of Islamic Sharia under the supervision of the Sharia Supervision Committee:

The presence of the Sharia Supervisory Committee as the Sharia Supervisory board is a strength of Takaful insurance company because most of the Algerian society cares greatly about what is permissible and what is forbidden, because the presence of this Sharia Committee gives them a guarantee and reassurance about the safety of the product from a Sharia or equal to them, especially if the committee has a good reputation and acceptance in Algerian society.

6- The principle of participation of participants in the Board of Directors:

All Participants can participate in the board of directors of the Takaful insurance company, whether this participation is done by selecting someone to represent them to attend board of directors sessions related to insurance operations or by establishing a body for participants to represent them in insurance cases.

This participation is considered a strong marketing element and encourages major investors and businessman to enter into Takaful insurance to play a role in managing Takaful insurance.

Although these competitive advantages are important, they are not enough on their own. The following steps must be taken:

Firstly: Benefiting from the experiences accumulated over the past years by commercial insurance companies for the benefit of Takaful insurance in all area of life.

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Secondly: Benefit from this expansion and diversity that traditional insurance companies have achieved by studying each type, from and each contract to benefit from it, modify it or search for alternatives to it in a manner consistent with the principals Takaful insurance.

Thirdly: Removing the legal suspicion from Takaful insurance by accelerating the establishment of a Takaful reinsurance company to replace traditional reinsurance companies²⁴ :

Conclusion:

Considering the developments that the Algerian national economy has witnessed since the issuance of regulation No. 20-02 dated March 15, 2020, which defines banking and the rules for their practice by banks and financial institutions, followed by the issuance of Exclusive Decree No. 21-81 dated February 23, 2021, defining the terms and methods for practicing Takaful insurance, companies operating in the Algerian market are forced to adapt and adjust to legal and regulatory changes and plan marketing and advertising to exploit the Islamic Takaful insurance market, based on the fact that Algeria is a Muslim country and commitment to Islamic financial products is a commitment to Islam, which is the price of commitment to its provisions, and it has a good counterpart in this world in terms of acceptance by members of society, credibility, and in the hereafter, reward and reward, in addition to the goodness and blessings expected as a reward for commitment to the provisions of sharia. God Almighty said: "And if the people of the towns had believed and feared God we would have opened upon the blessings from the heaven and the earth but they denied, so we seized them for what they were earning.

Accordingly, it can be said that the entry of Takaful insurance into the insurance market, Algerian insurance does not constitute competition foe traditional commercial insurance as much as it constitutes a revitalization of the insurance sector, as it takes into account the religious conviction of Algerian society, which leads to expanding the insurance market to include the sensitive category that rejects traditional commercial insurance.

Based on these finding ,we suggest and recommend :

- Working to spread insurance awareness among members of Algerian society and highlighting the most important basic principles of Takaful insurance through all media outlets, especially working to exploit social media in this regard, as it is a very influential means of changing the convictions of generations.
- Encouraging academic studies on Takaful insurance and finding legal and technical solutions to pending issues.
- Accelerating the establishment of national Takaful reinsurance companies and opening the door to foreign companies to create fair competition and gain technical expertise in this field.

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