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B.Com Honours

Semester VI

Calicut University

ISLAMIC INVESTMENT AND INSURANCE

Course Code: COM6EJ312 • Module 4 Notes

Module IV: Islamic Capital Market & Insurance in Modern Era

Covers Islamic market indices (S&P Shariah, Dow Jones Islamic, MSCI Islamic), global growth of Takaful operators, solvency requirements, & modern industry challenges.

Unit 18: Islamic Market Indices

Shariah Equity Indices: Benchmark stock indices filtering global equities based on Shariah compliance.
- **Dow Jones Islamic Market Index (DJIMI):** World's premier global Shariah stock benchmark.
- **S&P BSE 500 Shariah Index:** Indian equity benchmark for Shariah investors.
- **MSCI Islamic Index Series:** Global equity benchmark applying AAOIFI financial ratio screening.

Unit 19: Islamic Insurance Companies & Global Growth

Global Takaful Landscape: Growth in Southeast Asia (Malaysia), GCC (Saudi Arabia, UAE), & Africa. Solvency requirements: Maintaining adequate regulatory reserve pools & Qard Hasan provisions.

Practical Case Framework 1 (Global Shariah Equity Market Indices Benchmark Matrix): Compare index name, governing Shariah board, screening methodology, and market geographic coverage.

Global Shariah Equity Indices Comparison Table:

Shariah Index Name	Screening Financial Thresholds	Geographic & Market Coverage
Dow Jones Islamic Market (DJIMI)	Debt/Market Cap < 33%; Cash/Market Cap < 33%	Global developed & emerging markets
S&P BSE 500 Shariah Index	Debt/Total Assets < 33%; Cash/Total Assets < 33%	India BSE listed corporate stocks
MSCI Islamic Index Series	AAOIFI-compliant ratio screening thresholds	Global international equity markets

Practical Case Framework 2 (Takaful Operator Solvency & Qard Hasan Mechanism Matrix): Compare solvency component, regulatory requirement, operator risk action, and capital protection function.

Takaful Solvency & Qard Hasan Reference Table:

Solvency Requirement	Regulatory & Shariah Mechanism	Financial Protection Function
Underwriting Deficit Defusal	Operator provides Qard Hasan (Interest-free loan)	Prevents participant fund insolvency
Investment Surplus Share	Surplus returned to participants or retained in pool	Maintains solvency & participant trust