

AN ANALYTICAL STUDY ON THE CONTRIBUTION OF SYMBIOTIC INSURANCE COMPANIES IN FINANCING INVESTMENT PROJECTS - THE CASE OF SALAMA INSURANCE COMPANY IN ALGERIA

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ABSTRACT:

This study aims to shed light on Symbiotic insurance companies, which have become one of the main institutions within the contemporary Islamic financial system as an alternative to conventional insurance companies, on the one hand, and on the one hand, to identify the reality of the practical role of Symbiotic insurance companies in financing investment projects and supporting local development by applying to Salama Insurance Company in Algeria. Investment is a major objective as much as it is interested in compensating for the damages suffered by the participants in its insurance contract and therefore has no practical contribution to financing investment in the various financing formulas adopted by the company at the theoretical level.

Keywords: Symbiotic insurance; Symbiotic insurance companies; Investment financing; Salama Insurance Company.

INTRODUCTION:

Symbiotic insurance companies are considered the main actor in the Symbiotic insurance sector as the exclusive agent in the management and investment of the financial assets of the Symbiotic Subscribers' Fund at the institutional level, as the activity of these companies does not stop at collecting the premiums of the participants in the insurance contract and compensating them for the damages they are exposed to, but also contributes to employing insurance premiums through various participation contracts to finance and support investment and achieve the necessary financial solvency for compensation for damages, in addition to achieving financial surpluses that benefit the participants. Algeria, like other countries, sought to grant accreditation to Salama Insurance Company to practice its activity in the insurance sector, as the company almost controls the Symbiotic insurance activity and provides insurance services and products in accordance with the provisions of Islamic Sharia.

The problem of research:

In light of the above, the following problem can be raised: To what extent does Salama Insurance Company contribute to financing investment in Algeria?

Research hypotheses:

To answer the problem of the study, the following hypotheses were formulated:

- Salama Insurance Company does not employ participatory investment contracts that it adopts at the theoretical level in supporting and financing investment in Algeria.
- The contribution of Salama Insurance Company in Algeria, in the event that it finances investment projects, achieves significant gains and satisfactory results for the national economy.

Research Objectives:

The objectives of the study can be summarized as follows:

- Introducing Symbiotic Insurance Companies.
- Identify the investment methods used by Symbiotic insurance companies.
- Highlighting the extent of the real contribution of Salama Insurance Company in supporting and financing investment in Algeria.

Importance of the Research:

The importance of the study lies in two aspects:

- Theoretical: through the theoretical rooting of the nature of Symbiotic insurance companies, and identifying the most important investment methods used in managing insurance financial surpluses.
- Practical and practical aspect: by identifying the extent of the fact of the contribution of Salama Insurance Company in financing investment in Algeria.

Research Methodology:

In this study, the descriptive approach was relied on in order to familiarize themselves with the various theoretical aspects of Symbiotic insurance companies, and the inductive and analytical approach was used in the aspect related to extrapolating and analyzing the development in the turnover of Salama Insurance Company in Algeria during the period (2012-2020).

Research Plan:

The study was divided into three main axes :

First: The nature of Symbiotic insurance companies

Second: The practical contribution of Salama Insurance Company in supporting investment in Algeria.

First: The nature of Symbiotic insurance companies:

1. Definition of Symbiotic Insurance Company:

A symbiotic Company is defined as a joint stock company that undertakes the Symbiotic insurance business and invests the surplus funds of the participants in projects that comply with the provisions of Islamic Sharia, which may be commercial, industrial, or agricultural by any legitimate way such as Speculation, for example (Al-Qaradaghi, 2001, p. 296). Or it is the company established by the shareholders and in which the subscribers participate with their financial premiums to carry out insurance work and invest the surplus in various projects according to the formula of Speculation, agency or Speculation and Wakala together with profit or a known wage.

2. Characteristics of Symbiotic Insurance:

Symbiotic insurance companies are characterized by the following characteristics (Tari and Tommy, 2021, pp. 38-39):

A- Symbiotic insurance is a donation contract: Symbiotic insurance is considered one of the donation contracts, because the insurance premium paid by the insured to the Symbiotic insurance company represents a donation donated to those who are harmed by the rest of the insured partners, and it is not intended to be profitable, according to which the principle of cooperation and solidarity between the insured persons appears to us in bearing the losses and damages resulting when the insured risk occurs.

B- Meeting the capacity of the insurer and the insured for each member: This characteristic is considered one of the most important characteristics that distinguish Symbiotic insurance companies from traditional insurance companies, due to the existence of an exchange of benefits and sacrifices between the members of the insurance, and the meeting of the capacity of the insured and the insured in the personality of each of the participating members all make the suspicion of

exploitation non-existent because these financial premiums allocated for participation in the insurance contract are destined to their owners..

C- Lack of profit: The main objective of Symbiotic insurance is to provide insurance services to members in the best way and at the lowest possible cost, meaning that the authority or company that manages the insurance fund does not seek to achieve profit, as the participants in their premiums only participate in insurance to donate and not to make a profit, in order to compensate for the effects of risks and damages that fall on them.

D- Distribution of surplus to subscribers: Insurance surplus means the difference between the contributions obtained and the value of the compensation due, as the surplus in Symbiotic insurance differs from the profit in commercial insurance, in which the shareholders are entitled, while the surplus in Symbiotic insurance is for the participants in the insurance contract.

C- Providing insurance at the lowest cost: Symbiotic insurance companies provide insurance services to their members at the lowest cost, due to the absence of the profit element and the low cost of administrative and other expenses such as brokers' expenses and advertising expenses.

3. Basic elements of the Symbiotic Insurance Company:

The Symbiotic Insurance Company is based on the following main elements (Bushnaq, 2022, p. 48):

A- Insurer: It is the Symbiotic company, and undertakes the obligation to fulfill the insurance contract with the Authority of Participants in the Insurance Fund and invest the insurance surplus on their behalf in the form of Speculation or Wakala or both.

B- Insured or Insured: A natural or legal person who participates in the Symbiotic Insurance Fund.

Insurance Premium: It is the cash amount donated by the insured to the Symbiotic Insurance Company's Fund.

d. Insurance amount: It is the cash amount paid by the Symbiotic insurance company to the insured person as compensation for the damage actually inflicted on him.

D. Insured risk: damage that is expected to occur in the future.

4. Basic requirements for the work of Symbiotic insurance companies:

The work of Symbiotic insurance companies requires adherence to a set of rules and objective principles, the most important of which are (Abdullah Mohammed, 2020, pp. 408-409):

A-The obligation of Symbiotic insurance companies to practice all known types of insurance on the basis of cooperation as a legitimate alternative to commercial insurance.

B-The company complies with the provisions of Islamic Sharia in all its business, contracts and investment areas.

C- Failure to insure property and forbidden activities.

D-The company shall manage the insurance operations as an independent entity on the basis of Speculation or Wakala or both with a known remuneration.

E-Completely separating the shareholders of companies in their capacity as manager of insurance operations from the account of the participants in the insurance contract.

F-Achieving the principle of cooperation and solidarity between the participants in the insurance contract through the company making all insurance premiums taken from the participants in one account to achieve the idea of Symbiotic among them and then compensating everyone who is exposed to a risk from this account.

G-Achieving the principle of justice between the shareholders on the one hand and the participants in the insurance contract on the other hand, as well as achieving justice between the participants in the insurance contract themselves.

In order to achieve justice between shareholders and trustees, the following should be taken into account:

- The shareholders in the company's capital publicize it and give it the legal status to carry out insurance business

The contributors provide insurance premiums.

- Shareholders pay all general expenses such as salaries and administrative expenses in addition to capital expenses related to fixed assets.
- The participants in the insurance contract shall receive compensation for the contributions they have paid in accordance with the principles in force in the company.
- Shareholders are entitled to full capital investment profits as owners.
- The surplus due to shareholders is distributed in proportion to what each shareholder owns of the company's total shares.

5. Investment Management Methods in Symbiotic Insurance Companies:

Investment is a must in Symbiotic insurance companies in order to maintain the solvency of the Symbiotic Fund and enhance operating profit for the benefit of the participants and shareholders in charge of managing the company (Mohamed Zaki, 2017, 621-622), and Symbiotic insurance companies rely in investing the financial assets of the participants' fund on the following participatory formulas and contracts (Saaed, 2016, p. 129):

A- Investment in the form of Speculation and Wakala together (mixed formula): In this formula, the Symbiotic Company is an agent for the participants in the management and investment of the premiums of the insurance fund in return for a known profit, and this formula is practiced in Saudi Arabia and Malaysia.

B- Speculation Investment: Investment on the basis of Speculation in Symbiotic insurance companies aims to develop the financial assets of the company, and in this investment formula the participants are represented by their insurance premiums are the owners of the money and the Symbiotic Company is the Mudarib, and on the basis of that it invests insurance contributions in various projects that comply with the provisions of Islamic Sharia, and this investment method is subject to agreement between all Symbiotic companies.

C- Investment in the form of endowment: In this formula, the Symbiotic Company establishes an endowment fund and allocates a known part of its capital that will be an endowment for the affected participants in the fund as agreed upon as an endowment for charitable bodies, provided that this known part of the money is invested in the form of speculation and profits enter the fund for endowment purposes, and compensation from the endowment is an entitlement according to the condition of the endowment and relates to the endowment revenue only, as for what the insured person receives from compensation from other donations. The endowment fund is its right based on what is stipulated in the Fund's system and the endowment has nothing to do with it.

Second: The practical contribution of Salama Insurance Company in supporting investment in Algeria :

1. Introducing SALAMA Company:

Salama Insurance Company is a branch of the Arab Islamic Insurance Company (AIAC) of the UAE domiciled in Saudi Arabia, and this Symbiotic company was approved within the insurance sector in Algeria by virtue of Resolution No. 46 issued on 02 July 2006 by the Ministry of Finance (Ghobash, 2022, p. 201).

2. Company Objectives:

Salama Insurance Company in Algeria seeks to provide optimal insurance solutions, by measuring the level of success of the company through the choice of customers and their confidence in its ability to excel by providing the services, expertise, prices and values they need, and it also works to meet the insurance needs of individuals and companies in order to help them manage the daily risks they are exposed to and compensate them for expected accidents, and this is achieved through the establishment of a long-term partnership that enables the company to understand the needs of customers and provide high-quality insurance solutions Providing high levels of services that meet and exceed their expectations through the company's principles and values of:

- Honest relationships and trustworthy management, with outstanding systematic dynamic performance.

- Transparency and commitment to the spirit of responsibility.
- Continuous integration of the service taking into account the quality by focusing on obtaining customer satisfaction, especially with regard to compensation for damages and accidents as soon as possible.
- Exceeding customer expectations and providing good returns (Ben Zaoui and Ben Amara, 2020, p. 195).

3. Evolution of SALAMA's turnover:

The activity of Salama Company in the insurance market in Algeria has witnessed a remarkable development, in terms of increasing the flow of the volume of premiums for contributions to insurance operations and in terms of increasing the volume of compensation amounts for damages, and this table shows the development in the company's turnover during the period (2012-2020).

Table 1: Evolution of the turnover of Salama Insurance Company in Algeria (2012-2020)

Years	Turnover (billion dinars)	Growth rate %
2012	3.277	17.16
2013	4.15	22.52
2014	4.491	11.85
2015	4.707	4.81
2016	5.001	6.25
2017	4.787	-4.28
2018	5.158	7.75
2019	5.377	4.24
2020	4.558	-15

Source: Prepared by the researcher based on the annual reports of Salama Insurance Corporation Algeria

Through the table, we note the development in the activity of Salama Insurance Company during the period (2012-2020), where its turnover increased from about 3.3 billion Algerian dinars in 2012 to 5 billion dinars in 2016, and this growth is due to the expansion of the company's investment activity, while the company's turnover in 2017 decreased by 4%. Due to the decline in oil prices and thus the decline of various projects related to the insurance sector, and in 2018, the company's turnover grew until 2020, where it witnessed a significant decline of 15%, due to the repercussions of the Corona pandemic, which led to a contraction of the economic situation in general and the insurance sector in particular.

4. The practical role of Salama in supporting investment in Algeria:

The General Manager of Salama Insurance Company in Algeria, Mohamed Yen Arabiya, revealed that the company is ready to invest huge funds in the market within the framework of Islamic law, and stated that these investments will benefit the customer, the company and the national economy as a whole (Herzallah, 2021, p. 738) and we can show the investment methods on which Salama relies in investing its financial assets and the most important products and services it offers as follows:

4.1 Methods of investing the financial assets of Salama Insurance Company in Algeria:

In Algeria, Salama uses three Shariah formulas to manage its Symbiotic insurance business, and these formulas have already been explained, as follows (Sayoud, 2011, pp. 13-16):

- Speculation investment formula: In this formula, the participants in the insurance are the owners of the capital and the company is as a speculator and from it invests the premiums of the participants in various investment projects and the output is divided between them and the participants according to the agreement.
- Agency investment formula: Here the company acts as an agent for the participants in the insurance and in investing their insurance premiums in various investment projects for a known fee.
- Mixed formula that combines Wakala and Speculation: This formula is considered the most practiced in the company, and in this formula the company takes a specific wage for managing the insurance business with a certain percentage of the investment returns as the speculator.

4.2 Salama Insurance Company products in Algeria:

The products offered by Salama Insurance Company in Algeria can be divided into two types of products:

- General Products
- Symbiotic products

The statement of these two types is as follows (Falaq and Hamdi, 2020, pp. 122-123):

A- General Products of the Company:

They are as follows:

- Insurance for car accidents, collisions, overturnings, burglary... Etc.
- Fire and associated accident insurance.
- Comprehensive property insurance.
- Personal accident insurance, in the event of death or permanent or partial disability.
- Workers' compensation insurance, which provides benefits in the event of death or bodily harm suffered by the worker during work.
- Travel accident insurance and hospital treatment.
- Insurance of general liability, damage and damage caused by negligence or negligence in the performance of works.
- Product liability insurance and employers' liability towards the customer in case of negligence damage.

B- Symbiotic products of the company:

The Symbiotic products offered by Salama Insurance Company in Algeria are as follows:

- Symbiotic insurance and capital accumulation which includes the provision and payment of capital at the time of retirement.
- Symbiotic and social welfare insurance, in the event of death or absolute and final disability of the insured, which allows the immediate payment of a lump sum to the concerned beneficiaries (husbands, children, mothers) in the form of life insurance, a new policy intended for heads of households.
- Symbiotic and credit insurance, which includes the repayment of the balance of unpaid loans to the lender in the event of the death of the insured, and this is intended for public and private sector employees.

These are the totality of the services and products offered by Salama Insurance Company in Algeria, and as it is noted, this company, although it is almost the only one that monopolizes the Symbiotic insurance market in Algeria with its possession of a very significant turnover and many customers and subscribers, but it does not have an actual direct contribution to employing the surplus of insurance premiums to support and finance investment projects, and therefore it can be said that this company, although it depends on Some formulas and methods in managing insurance surpluses,

such as the Speculation formula, the agency formula and the mixed formula that combines Speculation and Wakala, are adopted from a theoretical organizational point of view in order to frame the activity of this company, but in practical terms they do not employ any of these formulas to invest surpluses from insurance premiums to finance investment and development projects, unlike Symbiotic insurance companies active in some The countries of the Arab and Islamic world, where they employ the insurance surplus in the field of financing investment projects and supporting development directly and indirectly through participatory contracts such as the Speculation contract, as is the case in the Malaysian Symbiotic Company and the National Symbiotic Company in Malaysia as well (Sabbagh, 2008, p. 06), and as is the case for the Islamic Insurance Company in Jordan, which invests Symbiotic insurance premiums in various productive projects on the basis of the agency contract in return for a known wage or profit (Falaq, 2015, p. 110).

5. Suggested ways to activate the investment methods adopted in Salama Insurance Company in Algeria:

Salama Insurance Company can contribute to the financing of investment projects and the promotion of local development in Algeria by investing the premiums of the policyholders in its insurance contract, as follows:

5.1 Direct investment in various projects produced in the form of Speculation: In this participatory investment formula, Salama Insurance Company is the Mudarib and its participants in the insurance contract are holders who are the owners of capital, and from it the company can work to employ the surplus of insurance premiums in financing various productive projects and entering into various activities such as buying cars and real estate and reselling them through Murabaha, and the profits and returns obtained are divided between the company and the owners of insurance premiums. As agreed.

5.2 Indirect investment with Islamic banks: In this method, Salama Insurance Company is the owner of the capital on behalf of the participants in its insurance contract and then makes insurance premiums in the form of a speculative deposit with the Islamic Bank, and the bank, as a speculator, invests this deposit in various investment activities, especially through Murabaha for the person ordering the purchase and the profits obtained, it is divided between the Islamic Bank and the capital owners participating in the insurance contract. According to the agreement and Salama company takes the agency fare on it.

It should be noted here that there are many Symbiotic insurance companies that have entered the world of investment by employing the surplus of insurance premiums in various investment activities, for example (Milaz Cooperative Insurance Company) in the Kingdom of Saudi Arabia, in which the value of the company's policyholders' assets was estimated at 837,212 Saudi riyals, and among these assets, the investment assets amounted to 528723 Saudi riyals, i.e. 63% of the total assets of policyholders, which is a rather high percentage, and this increase is due to the company's investment of SAR 170726 in short-term Murabaha deposits with financial institutions, which have a maturity date of less than three months, as these deposits were classified as cash due to their near collection (Qatliya Essam, Ayyad Saleh, 2023, p. 353).

5.3 Expected results from Salama Insurance's contribution to financing investment in Algeria: SALAMA Insurance Company's investment of Symbiotic insurance premiums in various productive projects leads to a number of advantages and gains, including the following:

- Contribute to the promotion of local development by providing the necessary financing for various investment projects such as industry, agriculture, trade and services.

- Reviving the dynamism of the national economy through the establishment of productive projects, whether directly or indirectly participatory, and reducing unemployment through the creation of new jobs.

- Promoting local products and achieving self-sufficiency by investing in projects that cost the hemorrhage of foreign currency as a result of the foreign import bill.

- Enhancing Islamic banking services by entering into them through participatory investment contracts and financing various economic projects.

- Achieving the financial solvency of the company itself.

- Enhancing the competitiveness of SALAMA Insurance Company against the strength of conventional insurance companies.

Conclusion:

Through the presentation of the various theoretical contents and intellectual dimensions of Symbiotic insurance and Symbiotic insurance companies - Salama Insurance Company in Algeria as a model - the following conclusions and recommendations were reached:

RESULTS:

The contemporary Symbiotic insurance system is embodied in Symbiotic companies and institutions, which are companies that manage insurance operations in accordance with the provisions of Islamic Sharia.

Symbiotic insurance companies are adopted in the management and investment of insurance premiums according to participatory investment contracts represented in the Speculation formula, the Wakala formula, the mixed formula that combines Speculation and Wakala, and the charitable endowment formula in return for a known profit or fee.

Salama Insurance Company in Algeria theoretically relies in the management of Symbiotic insurance premiums on the Speculation formula, the Wakala formula and the mixed formula that combines Speculation and Wakala.

In practice, there is no contribution of Salama Insurance Company in Algeria in supporting and financing investment, i.e. it does not employ financial surpluses and enters as a partner in financing investment projects.

RECOMMENDATIONS:

Work to spread awareness of the importance of Symbiotic insurance services and promote them by various means and methods.

Encouraging the public and private sectors to invest in Symbiotic insurance.

Strengthening the competitive role of Salama Insurance Company in Algeria and working to expand its activity by establishing new branches to ensure that the service reaches all customers.

The establishment of the Salama Insurance Company in Algeria to develop a well-thought-out investment policy for the management and investment of insurance premiums and to activate the employment of financial surpluses to finance investment projects of economic priority through participatory investment methods that are in accordance with the provisions of Islamic Shariah.

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