



**FACTORS INFLUENCING THE LEVEL OF AWARENESS TOWARDS MOTOR TAKAFUL
AMONGST EMPLOYEES AND CUSTOMERS OF SOC SO**

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DECLARATION OF ORIGINAL WORK



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'DECLARATION OF ORIGINAL WORK'

I AM NORFATEHA BINTI MASRI (880911235838)

Hereby declare that,

This work has not previously been accepted in substance for any degree, any locally or overseas and is not being concurrently submitted for this degree or any other degrees This project paper is the result of my independent work and investigation, except where otherwise stated. All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: _____

Date: _____

LETTER OF SUBMISSION

28 MAY 2011

En Rosmi bin Yuhasni
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Dear Sir,

SUBMISSION OF PROJECT PAPER (BM221)

Attached is the project paper title "To Determine the Level of Awareness towards Motor Takaful Amongst SOCSO's Employees and Customers" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA (UiTM).

Thank you,

Your sincerely,

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1.1 AN OVERVIEW OF TAKAFUL

Takaful is one of the risk transfer mechanism in Islamic concept. It differs compared to conventional insurance where it involves the elements of uncertainty, gambling and interest. These elements do not be acceptable under Islamic law. Since, these elements involves in the conventional insurance, the insurance industry decided to introduce the Islamic insurance concept especially to Muslims.

Nur Barizah Abu Bakar, 2001 indicated Islam as a way of life is an all-encompassing religion. It does not restrict its application merely to ritual activities, but what is equally important is its emphasis and application on other human socio-economics activities in which business falls into.

Research done by Mohd Ma'sum Billah, 2007 Islamic jurists resolved that the system of insurance, which falls within the confines of Islamic framework, should be founded on the concept of al-Takaful. An Islamic insurance transacting is a policy of mutual co-operation, solidarity and brotherhood against unpredicted genuinely. The nature of the principles of Takaful is fundamentally different from the principles of conventional insurance.

As cited by Assoc. Prof. Dr. Younes Soualhi, Deputy Dean, Institute of Islamic Banking and Finance, surplus distribution is an important operation in Takaful business. Being a Ta'awuni instrument to provide a mutual guarantee for possible risks, surplus arises as an issue of what to do with it if such risks are dealt with through risk transfer or indemnification. As far as surplus distribution is concerned, two juristic views have surfaced and dominated the Takaful industry in the Middle East and Malaysia. The first one categorically prohibits the sharing of the underwriting surplus between the Takaful operator and the participants, but the other view validates the sharing, based on ratios that differ according to the line of products offered. In this research, we tend to re-examine the Islamic principles of surplus distribution, scrutinize the juristic differences on surplus sharing and investigate modern practices of surplus sharing in the light of the general principles and Maqasid Al-Shari'ah.