



**A STUDY ON LEVEL OF PUBLIC AWARENESS OF
TAKAFUL INSURANCE IN MALAYSIA**

NOR HAZIRAH BINTI AB KADIR

2010336585

NUR HAZWANI BINTI ABDUL RAHMAN

2010386473

**Submitted in Partial Fulfilment of the Requirement for the BACHELOR OF
BUSINESS ADMINISTRATION (HONS) INSURANCE**

**FACULTY OF BUSINESS MANAGEMENT UNIVERSITI TEKNOLOGI MARA
KAMPUS BANDARAYA MELAKA**

JUNE 2013



BACHELOR OF BUSINESS ADMINISTRATION (HONS) INSURANCE
FACULTY OF BUSINESS MANAGEMENT UNIVERSITI TEKNOLOGI MARA
KAMPUS BANDARAYA MELAKA

“DECLARATION OF ORIGINAL WORK”

1) NOR HAZIRAH BINTI AB KADIR

(I/C) Number: 890715-03-5854

2) NUR HAZWANI BINTI ABDUL RAHMAN

(I/C) Number: 881013-08-5182

Hereby, declare that,

- This work has not previously been accepted in substances for any degree, 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: JUNE 2013

LETTER OF SUBMISSION

JUNE 2013

The Head of Program

Bachelor of Business Administration (Hons) Insurance

Faculty of Business management

University Teknologi Mara

Kampus Bandaraya Melaka

75300 Melaka

Dear Madam

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “**A Study on Level of Public Awareness of Takaful Insurance in Malaysia**” to fulfil the requirement as needed by the Faculty of Business Management, Universiti Teknologi Mara.

Thank you.

Yours sincerely,

NOR HAZIRAH BINTI AB KADIR

2010336585

Bachelor of Business Administration (Hons) Insurance

NUR HAZWANI BINTI ABDUL RAHMAN

2010386473

TABLE OF CONTENTS

CONTENTS	PAGE
DECLARATION OF ORIGINAL WORK	ii
LETTER OF SUBMISSION	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENT	v
LIST OF TABLES	ix
LIST OF FIGURES	x
ABSTRACT	xi
CHAPTER 1: INTRODUCTION	1
1.0 Introduction	1
1.1 Insurance Industry in Malaysia	1
1.2 Background of Study	2
1.2.1 Overview of Takaful	2
1.3 Problem Statement	6
1.4 Research Questions	8
1.5 Research Objectives	8
1.6 Significance of the Study	9
1.6.1 Future Researcher	9
1.6.2 Researcher	9
1.6.3 Takaful Company	9
1.7 Scope of Study	10
1.8 Limitation	10
1.8.1 Time Constraint	10
1.8.2 Respondent Cooperation	11

CHAPTER 1

INTRODUCTION

1.0 Introduction

In today's world, insurance and takaful play an important role in human life as it provides financial protection and collection of funds for the aid of individuals, family and corporation in contingent future. Whether insurance or takaful, both of them play their own roles in insurance industry over the country. In order to satisfy the need of the Muslim, some educated person recommended takaful as an alternative. Referring to article published by International Journal of Business and Social Science (2012), stated that takaful is based on the idea of social unity, cooperation and mutual indemnification of damages of the participants.

1.1 Insurance Industry in Malaysia

Malaysia as an establishing country also faces this positive revolution. The Malaysia's insurance industry has achieved proactive growth since in the last decade in terms of improvements in market penetration increased significantly from 11.4% to 31%, total paid-up capital of the industry increased by 532.4% , industry's trading ratio improved from 308.5% to 175.7%, and the total insurance fund assets and average asset increased by 545.9% and 521% respectively. (Bank Negara Malaysia).

Insurance industry in Malaysia is divided to two sections, Takaful or Islamic insurance and conventional insurance. Insurance as practiced in the conventional financial system refers to a financial protection system that reduces risk