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

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JUNE 2013
“DECLARATION OF ORIGINAL WORK”

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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
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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,

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___________________

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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