IMU655: TAKAFUL AND RETAKAFUL

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TITLE: OPERATIONAL FRAMEWORK OF FAMILY TAKAFUL: ADDRESSING EMERGING ISSUES AND CHALLENGES

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STUDENT DECLARATION

بسم الله الرحمن الرحيم

We hereby acknowledge that in fact all of the work in the preparation of this academic work is the result of our own efforts and works except as expressly stated.

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1.0 INTRODUCTION

In every action we take, there is certainly a risk, whether small or large. However, our actions as humans generally want to avoid the risk that will occur or at least ensure that the risk will not have a negative impact on ourselves or our environment. One of the alternatives that many people choose to deal with this problem is by contributing to reliable insurance so that it is easy to do any business if unexpected things happen. However, as Muslims who obey the commandments that Allah S.W.T. has set, we need to avoid any things that are forbidden by Allah S.W.T. forbid. Therefore, we should not include ourselves in insurance by taking a takaful package as one of the alternatives to protect ourselves from things that Allah does not approve of. In addition, takaful is also generally divided into 2 types, namely General Takaful and Family Takaful, and in our discussion this time we will discuss more about family takaful, where family takaful focuses more on the risk to the human being himself and his immediate family members (Puji Sucia Sukmaningrum et al., 2021).

The definition of takaful in terms of language is the Arabic word "kafala" which means mutual care or mutual guarantee (Masri Azrul bin Nayan et al., 2022). Meanwhile, technically, it means the concept of sharing risks with other members in preparation for any unexpected disaster among them (Puji Sucia Sukmaningrum et al., 2021). Furthermore, family takaful itself is one of the instruments for maintaining maqasid al-shariah and usually includes long-term protection and savings plans for participants and beneficiaries (Safinar Salleh et al., 2019). In the Islamic Financial Services Act (IFSA) 2013, there is a statement about "family takaful certificates" where this certificate covers protection from accidents, illnesses and includes an annuity but does not include personal accident takaful certificates (Undang-Undang Malaysia, 2013). This family takaful plan came into existence in November 1984 with the establishment of Syarikat Takaful Malaysia Berhad and the first takaful act in Malaysia (Masri Azrul bin Nayan et al., 2022).

Among the factors that make takaful the right choice for Muslim consumers is that even in the Islamic Financial Services Act (IFSA) 2013, there is an emphasis on transparency for takaful customers. In section 140 of the Islamic Financial Services Act (IFSA) 2013, it is emphasized that the value to be paid by family takaful customers must be stated along with any charges and if there