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## **Hibah Takaful's Issues and Challenges in Malaysia**

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### **Abstract**

This paper presents a comprehensive analysis of the complex dynamics involved in the integration of hibah within takaful (Islamic insurance) in Malaysia. Hibah, which is defined as the voluntary distribution of surplus funds to participants in a spirit of goodwill, plays a crucial role in the takaful framework. However, successfully incorporating hibah into takaful operations presents numerous challenges that must be addressed. Employing a qualitative research methodology, this study primarily relies on interviews with experienced professionals in the takaful industry to gather insights and personal experiences. This approach provides a nuanced understanding of how hibah is applied within takaful and examines its broader implications for both industry and society. Key elements of the analysis include the regulatory frameworks governing hibah and takaful, the roles and responsibilities of takaful operators, and customer perspectives on hibah's benefits and limitations. The investigation delves into the practical application of hibah, exploring obstacles such as regulatory hurdles, operational inefficiencies, and the varying interpretations of hibah principles. By highlighting these challenges, the study aims to enhance the community's understanding of hibah within the takaful context, underscore the importance of effective hibah implementation, and identify areas for improvement. Ultimately, the findings draw attention to the significance of hibah, address the issues hindering its successful integration, and offer recommendations to refine takaful practices. This research is intended to benefit both practitioners and researchers, contributing to a more robust and effective application of hibah in Islamic insurance.

### **Keywords**

Hibah, Takaful, Qualitative Study, Tabarru', Wasiah, Faraid

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### **1.0 Introduction**

The voluntary distribution of a portion of the takaful excess to participants as a gesture of goodwill is referred to as hibah. The obvious difference between a will and a hibah is that, hibah is a gift from the giver (donor) to a recipient (donee) made on the basis of affection (Alias, 2018). In principle, property owners can give their property as hibah to anyone they want. Hibah may be granted to heirs or non-beneficiaries. The transfer will take effect immediately during the hibah or for a lifetime. Hibah application in takaful practices aims to develop a spirit of collaboration and shared rewards among participants, in line with Islamic financial principles. The takaful industry has started making hibah as one of the tools in the distribution aspect takaful benefits or compensation (Daud et al., 2017). However, the lack of knowledge of hibah in takaful receives little attention from the Muslim community. Hibah cases in court are frequently associated with hibah confirmation, hibah extent or rate dispute, and hibah withdrawal. Malaysia currently lacks specific laws governing hibah. Several Muslim communities in Malaysia are unfamiliar with the

fundamentals of hibah and how to use them in parts of property management and for future use (Ismail & Mohamed Said, 2019).

The implementation of hibah in takaful practice in Malaysia has various obstacles, preventing proper absorption into takaful operations. These obstacles hinder the realization of the potential benefits that Hibah may provide to participants, as well as the general expansion of the takaful business. To resolve these concerns, it is important to analyze and understand the issues and challenges implementation of hibah in takaful in Malaysia. By investigating these problems, viable ways to overcome them may be devised, providing a smoother integration of hibah into takaful practice, and maximizing its potential advantages for participants. Thus, this study will explain the concept of hibah in takaful in detail and discuss the implementation of hibah takaful as well as the issues and challenges in the implementation of hibah in takaful.

This study is significant as it explores the challenges and benefits of implementing hibah takaful in Malaysia, offering valuable insights into how hibah can address property freezing and improve asset management. By evaluating how hibah takaful provides timely financial support for beneficiaries affected by death, accidents, and critical illnesses, the study enhances understanding of its practical advantages and highlights the need for clear communication and promotion within the community. Additionally, it emphasizes the importance of integrating technology to modernize and streamline hibah takaful services, contributing to more efficient financial planning and support for policyholders and their families.

The remainder of the paper is organized as follows: Section 2 reviews the existing literature on hibah takaful, focusing on key trends, methodologies, and research gaps. Section 3 outlines the research methodology used in this study, including the semi-structured interview approach and thematic analysis applied for data collection and analysis. Section 4 presents and discusses the findings from the thematic analysis, highlighting significant issues, challenges, and advantages of hibah takaful in Malaysia. Finally, Section 5 summarizes the results, offering conclusions on the current state and impact of hibah takaful in Malaysia, and provides insights into future research directions and practical applications for enhancing takaful practices and strategies in this domain.

## **2.0 Literature Review**

Ismail & Mohamed Said (2017) found doubt and confusion in the principle of conditional hibah and the position of hibah benefits in takaful. Their finding implies that the conditional hibah implemented in takaful benefits and it described as an encouragement to the contributor to name the proposed hibah recipient. However, this study only discusses conditional hibah benefits in takaful. This study will expand the scope to include the implementation hibah in the Malaysian takaful industry.

In another study, Ahmad (2020) stated that hibah cannot be linked to the future, and it has denied the *muqtada'* (stipulated by Syara') that the transfer of ownership must be certain and take place immediately. This is because the donated property belongs to the participant and the hibah of this property to the beneficiary is suspended upon the death of the participant himself, then there is no difference between a conditional hibah and a will. this study will focus on the issue of hibah implementation in takaful, especially related to the problem of distribution of life takaful benefits and takaful surplus sharing, concept of hibah, the rights of nominee for the hibah and implementation of hibah in takaful company.

Alias (2018) discussing the administration and property management system implemented in the country according to Islamic law by focusing on hibah. Hibah is under Islamic Law which Dewan Undangan Negeri has authority to enact the law related to the law and any dispute will be heard in Syariah Court. According to Article 74(2) of the Federal Constitution, Dewan Undangan Negeri has the power to enact the law related to matters in The Ninth List.

In another study, Alias and Md Nor (2019) stated that, when the hibah rukun and requirements are fulfilled, and transferred and received (*al-Qabd*), then the property is owned by the hibah recipient (the donee). However, an important issue has been identified with regards to the aspect of withdrawal or cancellation of hibah. Generally, the requirement of the cancellation of hibah can be done in three instances granting of father to child or grandfather to grandchild, existence of resignation mutually between the donor and the donee or by the judge's decision. However, if the property has been transferred from the hibah recipient (donee) to a third party through sales, wakaf or hibah, then the hibah cannot be withdrawn under any circumstances. Azmi et al. (2020) investigates the impacts of the Covid-19 pandemic on the number of hibah cases brought before the Syariah Courts in the state of Negeri Sembilan. In 2018, the number of hibah cases registered was 30, with 25 cases registered as being resolved by the courts. Thus, 83% of the cases were successfully resolved by the courts. In the following year, 2019, the number of registered hibah cases increased to 51 cases, out of which, 43 cases were resolved by the courts. The study explains that the total number of hibah cases has decreased in Syariah Court of Negeri Sembilan due to Covid-19 cases because it affected the court operation while our study focus on the issues in the implementation of hibah which is hibah takaful benefits in the form of a conditional hibah or a *wasiah*.

Daud et al. (2017) stated that the concept of hibah is very suitable to be applied in Malaysia, especially those who are Muslim. Property owners can plan to distribute their property to the desired party during their lifetime. Therefore, the owner of the property can make plans carefully and perfectly. Indirectly, the problem of frozen property and unclaimed property can be resolved. Through the concept of hibah, property owners have the right to grant to non-heirs such as adopted children and non-Muslim parents. Through the hibah takaful method, participants provide an emergency fund to the next of kin such as parents, wives, and children if the takaful participant dies. The distribution of takaful benefits can be managed easily without going through the *faraid* process.

Ismail & Mohamed Said (2019) stated that approval for the use of conditional hibah in takaful products was granted by the Shariah Advisory Council of Bank Negara Malaysia (BNM). The Syariah Council of BNM has decided the hibah status used in the takaful plan will not turn into a will because the contract is a conditional hibah. This shows that conditional hibah is allowed in takaful plans. However, at that time some takaful operators were quite reluctant to exhibit the use of conditional hibah even though they had implemented the concept. According to Azhar et al. (2014), the tendency of society now is to try to find alternative methods the distribution of property through hibah instruments has caused confusion in the division of Islamic inheritance. This problem arises due to several factors among them, first; there is no specific law related to hibah. Therefore, there are named documentation terms 'Hibah declaration' and 'Hibah trust'.

Halim et al. (2017) explained that *hibah amanah* is a form of gift made by the giver of trust during his lifetime which can still be used even after the grant of trust takes effect. Its formation is considered

complete when the trustee (the owner of the trust property) appoints a trustee or in some circumstances, the trustee declares himself as the trustee who holds the property as a trust on behalf of the trustee. As a result, the trust property no longer belongs to the property of the trust maker which cannot be revoked unless there is a specific revocation power provision when making the trust.

In another study, Othman et al. (2018) stated about the opinions of hibah from four schools. The schools of Shafi'i, Maliki, Hanbali, and Zufar believe the hibah contract with the condition of return is lawful. The Maliki School accepts the contract of grant with valid reply to conditions, either specifying the type of reply that needs to be fulfilled or not. The schools of Shafi'i, Hanbali, and Zufar recognize this type of hibah agreement if the form of recompense necessary to grant recipient is explicitly mentioned. However, this kind of award is considered as a sale and not counted as a hibah. Therefore, the laws of buying and selling such as the right of *shufa'ah*, *khiyar*, and damages are applied to hibah with this return condition.

### **3.0 Research Methodology**

This study employed a qualitative case study approach, with semi-structured interviews serving as the primary research instrument (see Table 1). Hybrid semi-structured interview sessions were conducted either in person or online, depending on the participants' preferences. The study sample included five experienced takaful agents, selected based on specific criteria (Darusalam & Hussin, 2016). Each participant was coded from P1 to P5, as shown in Table 1.

The data were analyzed using thematic analysis, which identified three primary themes: namely (i) Application of hibah in takaful (ii) Challenges in hibah takaful, and (iii) Advantages of having hibah takaful.

**Table 1: Participants' Coding of the Study**

Participants	Codes	Experience in Takaful Industry	Gender	State	Approach
Owner of Takaful Agency (Prudential)	P1	15 years	Female	Perak	Online
Takaful Agent (Etiqa)	P2	8 years	Female	Perak	Online
Takaful Financial Advisor (AIA)	P3	8 years	Female	Selangor	F2F
Takaful Agent (AIA)	P4	7 years	Female	Selangor	F2F
Takaful Agent (Etiqa)	P5	10 years	Female	Perak	F2F

Thematic analysis is the process of identifying patterns or themes in qualitative data (Maguire & Delahunt, 2017) through six steps; (i) Become familiar with the data, (ii) Generate initial codes, (iii) Search for themes, (iv) Review themes, (v) Define themes and (vi) Write-up. These three themes were chosen by the research objectives the researchers set for this research. These themes are based on the research objectives set by the researchers. This study only focuses on the expert's perception of the concept and implementation of takaful hibah. This study reviewed several previous research papers and books to understand the process and outcomes. Additionally, various perspectives were considered to better comprehend the use of content analysis in evaluating data from case studies. The researcher employed interview methods, incorporating questions relevant to the study to collect the necessary information.



(Surah Al-Baqarah, verse 177) (Al-Quran, n.d.)

Giving to the poor and those who do not need it is included in this verse. Giving to those in need is *Sadaqah* but giving to those who do not need it is hibah. Hibah is defined differently by different jurists (*fuqaha*'), (Mohamed Said et al., 2012), according to the Hanafi school hibah is the donation of 'ayn property without remuneration. Hibah is defined by the Maliki school of thinking as the donating property during life without reward. According to the Shafi'i, hibah is the voluntary surrendering of property without remuneration. While the Hanbali school defines it as transferring ownership of a property throughout one's lifetime without voluntary recompense or contribution from a person who may manage his property by transferring ownership of known or unknown property.

The concept of hibah is a gift from the giver to the recipient without expecting anything in return while the giver is still alive. It differs from the contract of *ariyah*, *dayn*, will, zakat and *kafarah* where it is an obligation either in the situation of the giver or the recipient. The function of the hibah is to glorify the giver and connect feelings of love and friendship between fellow human beings (Mohd Daud et al., 2021). Hibah is surrounded with formalities that assure clarity and enforcement. The donor, or wakif, declares their purpose (*ijab*), and the recipient, or *maqbul*, accepts the gift (*qabul*). This generates a legally enforceable contract that formalises the transfer of ownership. Importantly, hibah should not be utilised for fraudulent reasons or to get around inheritance restrictions. Hibah represents a profound sense of compassion and duty in Islamic civilization. It promotes charity, develops connections, and ensures that money is distributed fairly and responsibly.

There are generally three types of hibah in Islam, among which are absolute hibah (hibah mutlak) conditional hibah (hibah syarat) and trust hibah (hibah amanah). Firstly, absolute hibah (hibah mutlak) is a hibah that is not accompanied by a condition where the giver gives the hibah directly to the recipient and the transfer of ownership of the giver to the recipient is completed immediately and during the giver's lifetime. For example, a parent who transfers ownership of a house to a child at the Land Office. Once the ownership transfer process is complete, the name on the hibah changes to the child's name. The son as the new owner is free to do whatever he wants with the house because it belongs to him completely. However, what is the situation of the absolute hibah if the recipient dies before the giver? For an absolute hibah, if the recipient dies before the giver, then the donated property will become the property of the recipient's heirs.

Secondly, a conditional hibah (hibah syarat) is a hibah that is bound by conditions. There are three types of hibah conditional (hibah syarat) that have been discussed by ulama' which are Hibah 'Umra, Hibah *Ruqba* and the hibah with a return condition. According to Hisyam & Muhamad (2012) hibah 'umra can be defined as a form of granting ownership rights against a property to someone by setting or limiting the period (*tawqit*) of his ownership is based on his death or the death of the recipient. Next hibah *ruqba* is *ruqba* comes from the Arabic words *ruqub* and *taraqub* which mean wait. The hibah is made in the following way: "If you die before me, the house will be returned to me, if I die first, it will remain yours". In other words, the hibah is given from the giver to the recipient and the hibah will be returned to the surviving party after one party dies. In their study, Mohamed Said et al. (2012) stated that, hibah with a return condition is giving a property on the condition of the recipient of the hibah to return it with property or do something compensation or replacement.

Lastly, trust hibah (hibah amanah) is a combination of trust principles contained in hibah products. The giver stipulates that the transfer of property to the recipient will only happen after his death. The method is that the giver does not immediately give the property to the recipient he wants, but he appoints an individual or a trust company as a trustee who receives the property to be given. When the giver is dead, the trustee is responsible for handing over the property he received to the recipient.

#### **4.2 Application of Hibah Takaful**

Table 2 below summarizes the study's results. All participants (P1-P5) concurred that takaful effectively incorporates the concept of hibah into their insurance plans, enabling individuals to leave a legacy of love and security for their loved ones in a Shariah-compliant manner. Hibah takaful operates as a conditional hibah (hibah syarat), wherein when a person purchases a takaful plan, they can nominate beneficiaries to receive the payout upon their death. This acts as a conditional hibah, meaning the ownership of the takaful benefits is transferred to the beneficiaries only when the predetermined condition (the death of the participant) occurs.

**Table 2: Participants' Feedback on the Application of Hibah Takaful**

<b>P1</b>	Beneficiary will only deal with the takaful operator to make a claim upon the death of takaful certificate holder by filling in forms and verifying documents before the payment is made to the beneficiary.
<b>P2</b>	Hibah takaful falls under IFSA 2013. (Islamic Financial & Services Act). The holder of a takaful policy has complete discretion in determining who receives his or her death benefit. Hibah takaful compensation is no longer considered an inheritance property (not subject to Faraid). When the takaful holder is still alive, in good health, and has an active Takaful policy, he has the right to change or cancel the recipient of the hibah takaful. Nobody can dispute the recipient's legal receipt of compensation.
<b>P3</b>	According to Tabarru's concept, all hibah takaful holders' money will be pooled in the same fund, where it will be invested and grown. Those funds will be used to assist all takaful holders in the event of an accident or death.
<b>P4</b>	Hibah takaful is a voluntary transfer of takaful benefits from a participant to a third party. Hibah takaful plans offer varying levels of protection and benefits to both participants and beneficiaries. The basic benefits of hibah takaful include a death benefit, hibah in the event of disability or permanent disability, a waiver of contribution benefit, and a maturity benefit. For non-premium plans, if the participant dies due to illness, the hibah beneficiary receives the entire hibah amount. If the participant dies due to an accident, the hibah amount is doubled. Some takaful policies provide different rates of compensation based on the cause of death. Premium plans offer higher benefits. The hibah beneficiary will receive 100% of the takaful benefits for normal death, 200% for accidental death and death during hajj, 300% for death while using public transportation, and 600% for death caused by a natural disaster. Additionally, the hibah takaful is paid to the beneficiary without the need for <i>faraid</i> (Islamic inheritance law) or a will ( <i>wasiah</i> ), saving time and reducing hassle.
<b>P5</b>	The hibah cover period lasts until the participant reaches 70 years old. If the participant dies before turning 70, the beneficiary will receive the hibah. However, if the participant dies from a normal disease within four months of policy maturity, the beneficiary cannot claim the hibah. For deaths resulting from critical illnesses such as cancer, heart disease, stroke, and others, takaful operators will investigate whether the participant had the critical illness prior to or after receiving the policy. If the critical illness occurs after purchasing the policy, the takaful nominee may claim the hibah.

	Only healthy individuals can benefit from the policy's maturity period. In the case of sudden death—where the participant has recently purchased the policy and dies less than four months later due to an accident, disaster, or non-illness-related cause—the beneficiary can quickly access the hibah, with takaful covering it within 24 hours.
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Hibah Takaful is a Shariah-compliant financial protection plan regulated by the Islamic Financial Services Act 2013 (IFSA 2013). It allows policyholders to allocate financial benefits to chosen beneficiaries, bypassing traditional inheritance procedures. Key advantages include:

1. **Direct Claims:** Beneficiaries handle claims directly with the takaful operator, streamlining the process.
2. **Policyholder Flexibility:** Policyholders can select or alter beneficiaries while in good health.
3. **Investment:** Contributions are pooled and invested to support all participants in times of need.
4. **Comprehensive Benefits:** Offers various levels of coverage, including basic plans with death, disability, and maturity benefits, and enhanced benefits for premium plans based on the cause of death.
5. **Simplified Claims:** Claims are processed without needing a will or adherence to Faraid, and coverage is provided until the policyholder turns 70, with specific terms for critical illnesses and sudden deaths.

Hibah Takaful provides a flexible, efficient, and Shariah-compliant solution for financial protection, ensuring beneficiaries receive timely support in accordance with Islamic principles.

### 4.3 Issues and Challenges in Implementation of Hibah in Takaful

In table 3, summarizes the issues and challenges in hibah takaful from participants' point of views.

**Table 3: Participants' Feedback on issues and challenges in Hibah Takaful**

<b>P1</b>	The validity and enforceability of hibah in the civil courts. When there is a conflict or dispute between the hibah beneficiary and the other heirs or creditors of the deceased participant, the civil courts may not recognize or uphold the hibah agreement. This could result in the hibah beneficiary losing their rights to the takaful benefits or having to share them with others. This could also cause legal complications and delays in the distribution of the takaful benefits. Some people argue that hibah is only valid if it is executed during the lifetime of the donor and not after death, as it may contradict the Islamic law of inheritance, which gives priority to the rights of the heirs and creditors.
<b>P2</b>	<p>The issue of customer misconduct involves the customer's failure to pay the contribution. This is likely to happen because they do not manage money well and some people overlook this. This action is seen to have denied the intention and purpose of takaful implementers to expand this takaful grant. In this regard, if this issue continues, it will affect the development of the Malaysian hibah industry. So, to deal with it, takaful parties need to always be careful and vigilant in issuing any dubious customer claims to prevent this issue from continuing.</p> <p>Another issue is missing information between operator and client which is when operators may not know when the policy owner dies or when the policy owner does not decide or does not inform the family about the hibah given. Hibah should not be kept quiet or unannounced. The policy owner should tell the hibah to family members or the closest people so that if anything happens to the policy owner, the hibah can be given to the right person and the takaful agent or the person managing the hibah can manage it more easily.</p>
<b>P3</b>	The compatibility and compliance of hibah with the Shari'ah principles and objectives. Hibah should not violate or undermine the moral and ethical values of Islam, such as justice, fairness, and charity. Some contend that hibah should not be used to avoid the Shari'ah rules of inheritance, which aim to

	ensure justice and fairness among the heirs. For example, hibah should not favor one heir over another without a valid reason or deprive the rights of the poor and needy relatives.
<b>P4</b>	The lack of awareness and understanding of the concept and application of hibah among the takaful participants and operators, as well as the legal and regulatory authorities. Supposedly, hibah should be clearly explained and communicated to the relevant parties, so that they can appreciate its benefits and implications. There should be more education and promotion of hibah as a financial instrument that can benefit the participants, their families and the society at large. For example, hibah can help to reduce the payment inheritance management, avoid the probate process, and enhance the social welfare and solidarity among the Muslims.
<b>P5</b>	The absence of knowledge and terms about what position they are in hibah contract (as takaful nominee or beneficiary absolute owner or trustee?). If the takaful nominee or beneficiary is the absolute owner, the hibah belongs to him but if he is only the trustee, the hibah is only held by him and should be divided according to faraid (Islamic inheritance law). The hibah fully belongs to the takaful nominee if the participant names and states the hibah only for the takaful nominee. 50% from hibah will be divided follow by the faraid if the takaful nominee died first and the participant died afterwards because the nominee's name was not changed. To avoid this situation, if the takaful nominee dies, the participant must change to another immediately. It is crucial to note that the terms and circumstances governing nominations and the administration of takaful benefits may differ based on the takaful plan and rules. Participants should carefully read the policy papers and communicate with Takaful operators for further information on nominee appointments and takaful benefit administration.

The validity and enforcement of hibah in civil courts face several challenges and issues:

1. **Legal Recognition:** Disputes may arise between hibah beneficiaries and other heirs or creditors, leading to potential complications. Civil courts may not always uphold hibah agreements, resulting in possible loss or sharing of takaful benefits.
2. **Customer Misconduct:** Failure to pay contributions can undermine the purpose of hibah and impact the growth of the hibah takaful industry. Vigilance is required to prevent dubious claims and ensure compliance.
3. **Communication Issues:** Missing information about policyholder death or uncommunicated hibah can cause difficulties in benefit distribution. Policyholders should inform family members about hibah to ensure proper management.
4. **Shari'ah Compliance:** Hibah should align with Islamic principles of justice and fairness, avoiding conflicts with Shari'ah inheritance rules. It should not disadvantage heirs or neglect the rights of the needy.
5. **Lack of Awareness:** There is a need for better education on hibah among participants, operators, and authorities to enhance understanding and application.
6. **Nominee Status:** The role of the takaful nominee—whether as an absolute owner or trustee—affects the distribution of benefits. Proper updates and communication about nominee changes are crucial to prevent disputes and ensure proper distribution according to Shari'ah.

Addressing these issues through improved education, communication, and adherence to Shari'ah principles can enhance the effectiveness and acceptance of hibah in takaful arrangements.

#### 4.4 Benefits of Hibah Takaful

Table 4 presents the participants' feedback on the benefits of hibah takaful.

**Table 4: Participants' Feedback on the Benefits of Hibah Takaful**

<b>P1</b>	Benefits of takaful donations include, firstly, hibah takaful can provide as a source of income for hibah beneficiaries who rely on participation, such as spouses, wives, or children. Hibah takaful can assist grantees in meeting their living and financial requirements following the death of a participant.
<b>P2</b>	Hibah takaful gives immediate financial support by helping to pay out the obligations of dead participants, such as mortgages, auto loans, credit cards, and personal loans. Hibah takaful can protect hibah beneficiaries from being sued by the government or their creditors. Hibah takaful names the hibah winner through a simple and quick process. Participants merely need to fill out and submit the grantee nomination form given by the takaful. Participants can also alter the receivers of their hibah at any moment while the takaful policy is still in place
<b>P3</b>	Hibah takaful is not required to hire a lawyer to supervise the payment of takaful compensation to award beneficiaries. This can save the recipient money and time, as well as prevent any disagreements or misunderstandings among family members or heirs. Hibah takaful can be used to subsidize the education of children of hibah beneficiaries. Hibah takaful can let children of hibah grantees continue their education without having to worry about money. Hibah takaful can also assist the children of hibah recipients in achieving their goals and desires. Hibah takaful helps with conflict prevention between family members because disputes around inheritance are widespread. Hibah helps reduce them by clarifying the intentions with a well drafted hibah contract eliminates any doubt regarding asset allocation.
<b>P4</b>	Beneficiaries will receive hibah takaful compensation funds without having to go through the traditional more complicated and time-consuming <i>faraid</i> procedure. Conflicts between family members (as a result of the battle overcompensation) can be avoided with hibah takaful because the hibah cannot be stolen and the nominee has absolute rights.
<b>P5</b>	Hibah takaful permits participants to name the hibah beneficiary, who will receive absolute takaful compensation money without being recorded as inheritance by following Islamic inheritance. This implies that the beneficiary does not have to wait for the property administration procedure, which can be time-consuming and inconvenient. Hibah takaful further assures that the beneficiary of the hibah is not required to pay the dead participant's debt since the takaful compensation money is not subject to debt.

Hibah Takaful offers several benefits, including:

1. **Financial Support:** Provides income to beneficiaries such as spouses or children, helping them meet living and financial needs after the participant's death.
2. **Debt Coverage:** Assists in settling the deceased participant's obligations, such as mortgages, loans, and credit card debts, protecting beneficiaries from creditor actions.
3. **Efficient Process:** Simplifies benefit allocation through a quick nomination process, allowing participants to easily designate or change beneficiaries.
4. **Cost Savings:** Eliminates the need for legal supervision in distributing takaful benefits, saving time and avoiding potential family disputes.
5. **Education Funding:** Supports the education of beneficiaries' children, ensuring continued learning without financial worry.
6. **Conflict Prevention:** Reduces potential family conflicts over inheritance by clarifying intentions and avoiding the complexities of traditional inheritance procedures.

7. Immediate Access: Provides funds directly to beneficiaries without going through lengthy inheritance processes, ensuring prompt financial support.
8. Debt Protection: The takaful compensation is not subject to the deceased's debts, ensuring that beneficiaries receive the full amount intended for them.

Overall, Hibah Takaful offers a streamlined, supportive, and Shariah-compliant method of managing financial needs and reducing inheritance-related conflicts.

## 5.0 Conclusion

Hibah instruments significantly alleviate the problem of property freezing in Malaysian society. Opting for hibah does not reject the methods of will and *faraid* (Islamic inheritance); instead, it offers a more efficient and timely way to plan and manage the property. Understanding the differences among financial instruments is crucial, as each has unique implementation methods. The hibah instrument needs to be well comprehended to ensure its perfect execution. Each financial instrument in Malaysia, including hibah, has its own advantages and implementation nuances. Takaful can educate the community on mutual aid during disasters by providing compensation to families affected by death, accidents, and critical illnesses. The hibah concept applied in the takaful industry helps the community manage finances more effectively and efficiently. Beyond risk management, hibah takaful offers significant advantages for property management by providing instant cash flow of assets to beneficiaries.

However, the concept of hibah needs to be better understood and promoted to raise awareness within the community. Many people lack a clear understanding of how hibah can facilitate property distribution. Active promotion by property management stakeholders is necessary to expand the application of hibah, especially among Malaysian Muslims. This study also suggests that hibah takaful companies integrate technology to enhance operational efficiency, thereby improving interactions between the company and the policy owners' families.

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Sekian, terima kasih.

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Saya yang menjalankan amanah,

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