

**UNIVERSITI TEKNOLOGI MARA**

**ISLAMIC INSURANCE MODEL REVISITED:  
OPERATIONALIZING THE BUSINESS PARADIGM  
WITHIN THE SHARI'AH PARAMETERS**

**FATIMA ABDELWAHAB GALAL**

Thesis submitted in fulfillment  
of the requirements for the degree of  
**Doctor of Philosophy**

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## **CONFIRMATION BY PANEL OF EXAMINERS**

I certify that a Panel of Examiners has met on 17th April 2015 to conduct the final examination of Fatima Abdelwahab Galal on her Doctor of Philosophy thesis entitled “Islamic Insurance Model Revisited: Operationalizing The Business Paradigm Within The Shari’ah Parameters” in accordance with Universiti Teknologi MARA Act 1976 (Akta 173). The Panel of Examiners recommends that the student be awarded the relevant degree. The panel of Examiners was as follows:

Zaini Hj Abdullah, PhD  
Professor  
Dean  
Faculty of Business and Management  
Universiti Teknologi MARA  
(Chairman)

Hayati Mohd Dahan, PhD  
Associate Professor  
Arshad Ayub Graduate Business School  
Universiti Teknologi MARA  
(Internal Examiner)

Mohamad Abdul Hamid, PhD  
Associate Professor  
Universiti Kebangsaan Malaysia  
(Internal Examiner)

Osman Babiker Ahmed, PhD  
Islamic Research and Training Institute- IsDB  
Islamic Development Bank (IsDB)  
(External Examiner)

**SITI HALIJJAH SHARIFF, PhD**  
Associate Professor  
Dean  
Institute of Graduates Studies  
Universiti Teknologi MARA  
Date: 24th November, 2015

## AUTHOR'S DECLARATION

I declare that the work in this dissertation was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This topic has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

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Name of Student : Fatima Abdelwahab Galal

Student I.D. No. : 2010827904

Programme : Business Administration

Faculty : Business and Management

Thesis Tittle : Islamic Insurance Model Revisited: Operationalizing The  
Business Paradigm Within The Shari'ah Parameters

Signature of Student: .....  .....

Date : November 2015

## ABSTRACT

This thesis revisited the Islamic insurance models' operations and its various business paradigms within the *Shari'ah* parameters in three different countries which are Bahrain, Malaysia, and Sudan. Although, the Islamic insurance industry is experiencing a period of rapid growth in terms of its net contributions and profit, amidst tough obstacles and constraints due to the *Shar'iah* issues in certain aspects. Islamic insurance operations require fine-tuning in line with Islamic jurisprudence and Muslims need. There are many different operational models with various Islamic jurisdictions trying to meet the needs of Muslims in general as regard Islamic insurance in the global Islamic economy. However, each of these models has its own advantages and disadvantages. Moreover, there is no agreement amongst the Islamic scholars on which of these models can be considered the best. This means different organizations use the same Islamic contract but with different applications. These models, which are *Wakalah*, *Mudarabah*, *Waqaf* and the *Hybrid* model, have several shortcomings that need to be studied and addressed to strengthen global Islamic insurance industry. The two challenging issues that are studied are the ownership of the Islamic insurance risk fund or the contribution fund and the surplus distribution accumulated from the risk fund. There are differences of opinion regarding *Shari'ah* compliance of certain practices. This has led to layers of regulatory differences in countries like Bahrain, Malaysia, and Sudan, resulting in initiation of separate regulatory frameworks for Islamic insurance as a medium to ensure rapid growth and encourage Islamic insurance. This study adopts MANOVA because there are multiple dependent variables as well as independent variables within the constructs of the research. The first objective illustrates a well-structured understanding of the insurance principle practiced in Islamic insurance. MANOVA was conducted to test for substantial differences in the application of insurance principles in the operation of Islamic insurance within the selected countries. Moreover, the second objective examines the association between *Shari'ah* rules and some items in the business operation of Islamic insurance in the selected countries that operate Islamic Insurance. Furthermore, the objective three investigates the similarities and differences in the running of Islamic insurance business in selected countries. On the other hand, objective four addresses the justification of Islamic insurers on their selected operational models and this segment concludes with the last objective that proposes an operational model that will be acceptable to all Islamic insurance companies. The main contributions of this research are the argumentative points provided by the experts of Islamic insurance, *Shari'ah* scholars and customers in the three countries sampled. The findings reveal changes in insurance principles; similarities in the models practiced and provide justifications in terms of features such as the operator fees and the general harmonization of the models. This study is joined together the application from the operators of Islamic insurance industry; the *Ulama* of the *Shari'ah* board and the experts of Islamic insurance industry to meet together to highlight a common model for Islamic insurance, and the best method for surplus (profit or loss) distribution, and other issues. For the Islamic insurance industry, this research can narrow the gap between the current practiced models. This indicates that the proposed Islamic insurance model which is *Musharakah-wakalah* will increase Islamic operation.

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