

**COMPARISON BETWEEN ISLAMIC INSURANCE  
AND CONVENTIONAL INSURANCE ON  
CONSTRUCTION PROJECT**

By

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Report is submitted as  
The requirement for the degree of  
**Bachelor of Engineering (Hons) (Civil)**

**UNIVERSITI TEKNOLOGI MARA  
APRIL 2006**

**JULY 2005**  
**DECLARATION BY THE CANDIDATE**

I am Khairul Ammar Bin Muhammad Ali, UiTM no : 2002611671 declared that this thesis is the result of my own work, except the ideas and summaries which I have clarified their sources. The appropriate credit has been given where reference has been made to the work of others. The work has not been accepted for any degree and is not currently submitted in candidature of any degree.

Signed : .....  
Date : 15/5/2006 .....

## ACKNOWLEDGEMENT

Deep of my heart, praise to Allah, the Almighty who is the most merciful. Nothing may take place without His leave. I express my heartiest indebtedness to my family for the tender care and affection.

I would like to dedicate my special compliments to my supervisor, Pn. Janidah Bt Eman, who has give me advises, guidance, patience, encouragement and cooperation during the preparation of this study until it complete.

I want to take this opportunity to express my greatest gratitude and appreciation. to my beloved father and mother, En. Muhammad Ali Bin Ihsan and Pn. Ruliah Bt Amat and to my researcher partner, Amalina Amirah Bt Abu Bakar whose has been the never-ending support especially in financial, great understanding and enthusiastic support through out the years that has contributed to success of my academics.

I also would like to take this opportunity to deliver my thanks to all friends who had never forgotten to give me co operations, enthusiastic supports and encouragement.

May Allah, the Almighty One shower His blessing upon all of us and make this small effort useful and beneficial for others for future reference. Thank you.

## ABSTRACT

This research is focusing to the application of insurance on construction project. Two different concept of insurance considered on this research are Islamic Insurance and Conventional Insurance. The objective of this research is to find the commonly used of insurance on the construction project and analyzed the advantages and disadvantages of Conventional Insurance and Islamic Insurances on construction project. The scope location is for the contractor that registered at Penang and Klang Valley only. Sometimes, there were a contractor that did not know the advantage and disadvantage of the insurance they used. For them, there was nothing different for any insurance product. Actually, these attitudes give various impacts to their protection of right. The insurance problem is being compounded because many people working in the construction industry have never experienced an unfavorable insurance cycle. The lack of understanding about the insurance also be the factor of the problem occur among the contractor. This research has done through interviews with the person that conducting or working with the Islamic Insurance company or conventional insurance company such Takaful Nasional Berhad and Takaful Malaysia Berhad. Beside, some questionnaires will be distributed among contractors. This research has been conducted by smart planning and proper implementation. It is because we need to handle human that more difficult than handling a machines. From the research it showed that Conventional Insurance is still dominant in the market of construction project. Thus, it is expect that in the future, employers or contractors will realize the benefit of choosing insurance product by considering many aspects including the financial of insurance company, performance of services, fairness in processing claim and others. Proper construction records also necessary to demonstrate cause, effect, entitlement, and quantification of damages incurred by the contractor.

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