

UNIVERSITI TEKNOLOGI MARA

**CONCEPTS OF TAKAFUL AND ITS APPLICATION IN
TAKAFUL IKHLAS**

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AUTHOR'S DECLARATION

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

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Table of Contents

INTRODUCTION OF TAKAFUL	1
Introduction	1
Definition.....	1
The Historical Development of Takaful.....	3
Legality of Takaful	4
Prohibited Elements in Takaful	6
Need of an Insurance System Based on Islamic Shariah	8
Concept of Takaful	9
General Takaful Models	11
General Takaful Product.....	12
Working System of Takaful	14
Literature Review	16
A Brief Review of Takaful	16
The Objectives of Takaful	18
Concepts of Takaful	22
Shariah Prohibitions	24
Takaful Models.....	26
Methodology	30
Findings.....	31
The Differences of Takaful and Conventional Insurance.....	31
Concept of Takaful that applied in Takaful Ikhlas	33
Products of Takaful Ikhlas.....	35
The Bottlenecks of Takaful Operation in Takaful Ikhlas	38

Conclusion	40
Reference	41
Appendices	43

CHAPTER 1

INTRODUCTION OF TAKAFUL

1.1 Introduction

The development of Malaysia's economic currently shows its growth on Islamic *muamalah* system. This positive establishment gives one situation that attracts the society to analyze and choose between conventional and Islamic system. The economy system introduced *Shariah* rules that compiled all methods such as *al-Bank alla Ribawi* (banking without interest), *al-Rahn* (mortgage), Islamic business stock and of course *Takaful* (Islamic insurance). There are some methods and products like the *al-Bank alla Ribawi* and *Takaful* have been spread out to our neighborhood countries in example Brunei Darussalam, Indonesia and Singapore.¹

1.2 Definition

Takaful is derived from the Arabic root-word "*kafala*", a verb, which means guarantee, bail, warrant or an act of securing one's need. Therefore, *takaful* (in its give and take form) means joint guarantee, other against a defined loss. In the context of Islamic insurance, *takaful* refers to an agreement for mutual indemnity in providing protection and compensation to the participants who suffered from perils or hazards²

¹ Mahbob Mahfot (2010). Beberapa Aspek Asas Perakaunan Islam. Shah Alam: Penerbit Press UiTM

² Engku Rabiah Adawiah Engku Ali (2008). Essential Guide to Takaful (Islamic Insurance). Kuala Lumpur: Cert Publication