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ACCOUNTING SYSTEM AND OPERATION OF  
ISLAMIC INSURANCE  
( CASE STUDY ON SYARIKAT TAKAFUL  
MALAYSIA SENDIRIAN BERHAD )

IN PARTIAL OF FULFILLMENT  
THIS PAPER IS TO BE SUBMITTED TO  
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## TABLES OF CONTENTS

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### TABLES OF CONTENTS

#### CHAPTER I : INTRODUCTION

1. Introduction .....	1
2. Objective of Study .....	3
3. Research Methodology .....	4
4. Scope and Limitations .....	5

#### CHAPTER II : LITERATURE REVIEW .....

6

#### CHAPTER III : DATA COLLECTION .....

13

#### CHAPTER IV : ANALYSIS OF DATA

1. Introduction	
A. Incorporation of STMSB .....	14
B. Legislation And Supervision of STMSB ..	15
C. Syariah Supervisory Council ( SSC ) ...	16
D. Organisation Structure of STMSB .....	16
2. Types of Business	
A. Family Takaful Business .....	17
B. General Takaful Business .....	25
3. Accounts of STMSB .....	27
4. Revenue .....	28
5. Income Recognition .....	28
6. Premium Collection .....	28

7. Collection System .....	29
8. General Ledger and Cash Book .....	30
9. Takaful Funds	
A. Family Takaful Fund .....	30
B. General Takaful Fund .....	35
C. Share Holfer Fund .....	37
10. Claim System .....	39
11. Others :	
A. Retakaful .....	40
B. Levy .....	41
C. M.I.B Levy .....	41
D. General Resource .....	41
 CHAPTER FIVE : CONCLUSION .....	 43

## APPENDICES

## BIBLIOGRAPHY

## INTRODUCTION

Modern living and business activities in general involve the risk of sustaining losses of varying type and degree. One of the measures adopted in modern times for the organisation of economy and finance is insurance. It has a key role in present industrial development as well as in large-scale organisation of commerce, industry and agriculture.

*'Insurance is based on the the discovery of a useful social-scientific principle, according to which, after a small investment, individuals can be freed from incurring financial losses as a result of perils and accidents, whose incidence can be measured fairly accurately in relation to large human groups.'*

Muhammad Nejatullah Siddiqi  
Insurance In An Islamic Economy  
1987, p.1

## History and Background

From the earliest times people have tried to protect themselves from loss. The accient Greeks organised a life insurance system. The first insurance company was chartered in Flanders in 1310 to protect cargoes but insurance did not really begin until about 17th century when shipowners, navigators and merchants in London began to share the risk of losing a ship at sea. These men met at Lloyd's coffee-house. Lloyd's eventually changed from a coffehouse to one of the largest insurance organisations in the world.

The first rumblings of the insurance industry in Malaysia did not take place until 18th century. The insurance infancy then was mainly based on the British