

DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION
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UNIVERSITI TEKNOLOGI MARA
TERENGGANU
“DECLARATION OF ORIGINAL WORK”**

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Hereby, declare that:

- This work has not previously been acceptance in substance for any degree, locally or overseas, and not being concurrently submitted for this degree or any other degrees.
- This project paper is the result of my independent work and investigation, except otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature:

Date: 06-January-2014

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Bismillahirrahmanirrahim

“In the name of Allah, the Merciful, the Beneficient. Praise be to Allah.”

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TABLE OF CONTENT

CONTENT	PAGE
DECLARATION OF ORIGINAL WORK	ii
LETTER OF SUBMISSION	iii
ACKNOWLEDGEMENT	iv
ABSTRACT	xiii
LIST OF FIGURES	
LIST OF TABLES	
LIST OF ABBREVIATIONS	
CHAPTER ONE: INTRODUCTION	
1.0 Introduction	1
1.1 Islamic Insurance	1
1.2 Prohibited In Islam Insurance (Takaful)	2
1.3 Takaful Models	3
1.4 Licensed Insurance Companies & Takaful Operators In Malaysia	4
1.5 Problem Statement	6
1.6 Objectives	6
1.7 Scope	7
1.8 Significance	7
1.9 Limitation	9
1.10 Operational definition	10

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction	12
2.1 Dependent Variables	
2.1.1 Company Financial Performance (Profitability-NPM)	12
2.2 Independent Variables	
2.2.1 Market Ratio (Earnings per Share)	14
2.2.2 Asset Management (Total Asset Turnover)	16
2.2.3 Level of Leverage (Debt Ratio)	17

CHAPTER THREE: RESEARCH METHODOLOGY

3.0 Introduction	20
3.1 Research Method	20
3.2 Research Design	21
3.3 Data Retrieval	
3.3.1 Profitability Ratio-Npm (Dv)	22
3.3.2 Market Ratio - Earning Per Share - Eps (Iv1)	22
3.3.3 Asset Management-Total Asset Turnover-Tato (Iv2)	23
3.3.4 Level of Leverage- Debt Ratio-Dr (Iv3)	23
3.4 Theoretical Framework	24
3.5 Research Variables	25
3.6 Hypothesis	25
3.7 Data Collection	26
3.8 Data Analysis	
3.8.1 Descriptive Statistics	27
3.8.2 Correlation of Coefficient	28
3.8.3 Breusch and Pagan Lagrangian Multiplier	28
3.8.4 Hausman Fixed Test	29

ABSTRACT

Takaful (Islamic insurance) is a financial transaction of a mutual cooperation between two parties towards providing a financial security for one of them against an unexpected material risk. Malaysia has pioneered the establishment of commercial takaful companies since 1984 that introduced from Sudan originally in 1979. This paper examines the relationship between the profitability of Islamic insurance company towards financial ratio analysis which is market ratio (Earnings per Share), asset management (Total Asset Turnover) and level of leverage (Debt Ratio) with Islamic insurance company profitability and to determine which of the financial ratio has most significant towards Islamic insurance company. The method used to analyze the data of this study is Random Effect GLS Regression analysis. This study was using panel data approach. All variables is gathered and investigated by using annual financial statement of Islamic insurance companies from year 2008 to 2012. Findings asset management has positive relationship towards the profitability of the company. While, market ratio and level of leverage have negative relationship towards the profitability of the Islamic insurance company. For future study, the researcher decides to enlarge the scope and increasing the years taken for the study duration either in Islamic country.

Key words: Insurance, Takaful, Mudharabah, Profitability