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An Introduction to Takaful: How Does Takaful Differ from Conventional Insurance

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Abstract:
For generations, Muslims around the world have grown up with the mindset that insurance particularly life insurance is Islam. This is because conventional insurance involves the elements of uncertainty (gharar), gambling (maisir) and intere are not permissible under the Sharia. In response to the above negative phenomenon, the contemporary Sharia Schol Takaful is the Islamic alternative of insurance, which offers Sharia compliant insurance products all over the world and vested on the issues of "joint benefit», cooperation, mutual help, solidarity, brotherhood, profit and loss sharing.
This allowed the creation of Takaful in the early second century of the Islamic era especially in Sudan in 1979.
Although its acceptance in the Muslim world was slow at first, in recent years, the Takaful way of insurance has grown si has gained popularity not only with Muslim countries but also with non-Muslim countries due to its competitiveness and ef
In this paper, we describe main features and models of Takaful system. The arguments put forward by religious scholars i against insurance are also discussed. We then try to give a brief comparison of Takaful and conventional insurance. We that to analyse the development of Takaful and Retakaful in Muslim and non-Muslim countries as well. Finally, we clarify and the opportunities that Takaful is exposed to.

Keywords: *Takaful, conventional insurance, profit and loss sharing, sharia scholars, retakaful*

1. Introduction

During the past few years, Islamic finance has developed mainly in Islamic banking and Islamic insurance (Takaful). Today; it's widely accepted that insurance play a crucial role in supporting both national and international economic development and growth.

Many reasons influenced the design and offerings of Takaful business. First, Muslims felt the need to practice Islam and apply its rules and regulations in total. Second, Muslims desire a financial system that is able to create a truly Islamic economy for the sake of the Ummah. Third, with the establishment of the Islamic banking system an inherent need arose for Takaful or Islamic insurance to complement its services and offerings (Note 1).

All human beings are invariably exposed to the possibility of occurrence of many forms of risks such as death, accident, destruction of business or wealth, etc. Avoiding such catastrophes and disasters is the basic motive for Takaful.
So, the purpose of Takaful is not to generate profit, but to uphold the Islamic Principle of Takaful. Takaful participants contribute to protect one another against the impact of unpredicted risk and catastrophe, whereas in the conventional insurance model, policyholders pay premiums to protect themselves, or their interests, from some form of risk.
Takaful includes both general (non-life) and family (life) products. The family product line includes life and health insurance plans as well as education accident and travel medical plans.

Even a few years ago, there were only a small number of Takaful operators. By contrast, today, Takaful industry as the halal alternative of insurance has grown significantly and evolves from being a regional business to a global one since from an industry striving to fulfil the religious obligations of the Muslim community, the Takaful industry is now a multibillion-dollar industry guided by well defined business considerations and maximizations, whilst steadfastly upholding the Islamic principles (Note 2).

The huge success of Takaful has been perceived as a profitable opportunity for some Western style insurance companies, which in order to encounter increasing demand of 1.6 billion Muslims in the world, have to generate new business by providing Islamic insurance services.

Takaful assume an important role in managing and mitigating the risks in Islamic finance. It is considered as an economic or financial intermediary because it mobilizes long-term funds in the form of policyholders' contributions and invests them in the available Sharia compliant investment.

The paper is organized as follows. In section 2 we give a brief description of main features, models and Sharia Scholars opinions about insurance followed by a short comparison of Takaful and conventional insurance. In section 3 we analyse the development of Takaful and Retakaful in Muslim and non-Muslim countries. We, then attempt to clarify the challenges and the opportunities that Takaful is exposed to.

2. Takaful Features

Takaful is derived from the Arabic word "Kafalah" which means "guaranteeing each other" and "takafala", which means a commitment to protect somebody who suffered losses through any mishap.
It is an Islamic system based on the concept of social solidarity, cooperation, brotherhood and mutual indemnification of loss.

The contract of Takaful is not a contract of sale or of exchange, but is rather a membership contract.
Policyholders (or participants) pay contributions (tabarru) into a fund where the group voluntarily shares risk collectively so that participants who suffer insured losses can receive compensation from the fund. Any surplus in the fund is not retained as reserves, must be either returned to participants or paid as charitable (Zakat). Zakat is one of the five pillars or obligations of the Islamic faith. (Note 3).

The credit analyst at Standards and Poors, Mr Kevin Willis, has written in his paper that Takaful companies offer protection to contributors, or participants (equivalent to policyholders), by accumulating contributions (equivalent to premiums) to a fund for the mutual benefit of the contributions. This fund is the resource out of which payment may be made to contributors in the event of their suffering a claimable loss.

It is generally known to everybody that Takaful distributes risks and losses to a larger number of participants. So, it is based on the contract of profit and loss sharing.

2.1. Sharia Scholars Opinions on Islamic Insurance

Takaful is not a new concept in Islamic commercial law. The jurists acknowledge that Takaful or share responsibility originated from the ancient Arab tribal Custom of "al-Aqilah", which dates back to the time of the Holy Prophet Mohammed (PBUH).The system of "al-Aqilah" was an arrangement of mutual help or indemnification to pay blood money (Diyah) as a pecuniary remedy if any member of a particular tribe was killed unintentionally by a member of another tribe or make payments towards catastrophes or disasters that besieged any member of the tribe. This principle of joint responsibility was accepted by Islam.

Islamic Scholars had debating if conventional insurance was permissible under Islamic law. Hanafi Jurist Syed Ibn Abdin was the first one that examined it when he discussed the essence of Marine Insurance and concluded "I see that is not permitted to any merchant to get indemnify for his damaged property against the payment of a certain sum of money known as insurance premium, because this is a commitment what should not be committed to".

After Ibn Abdin, different views have been expressed about the status of conventional insurance from Islamic point of view.

Recently, the evolution of Takaful has been the result of Scholars being more appreciative and receptive of its similarities in the teaching of the Sharia (Note 4).
Some examples are:

- Fatwa issued by Higher Council of Saudi Arabia in 1976 of Islamic Model.
- Fatwa issued by the Fiqh Council of Muslim World League in 1977. A H in favour of Islamic insurance.
- Fatwa issued by the Fiqh Council of the Organization of the Islamic Conference in 1984 in favour of insurance under Islamic model.
- The Grand Council of Islamic Scholars in Mekkah Maja Al-Fiqh, approved the Takaful system in 1985 as the correct alternative to conventional insurance in full compliance with Sharia.
- Takaful Act of 1984 authorized by the Ulama and Government of Malaysia.

Also, according to Yussof al-Qaradawi, the concept of insurance doesn't conflict with the teaching of Islam. Whereas, he found certain practices of conventional insurance that must be modified to bring it in line with Islamic teachings.
So, what are the main factors that make conventional insurance clashing with the general principles of Sharia?

2.2. Principles Underlying Takaful System

For a long time, the idea of insurance was prohibited by Islam. For this reason, Takaful was created to satisfy the principles stated in the Holy Qur'an.

Takaful is a form of insurance business which operates on Islamic principles. A conventional insurance contract is unacceptable under Islamic law principles due to the unpredictable nature of insurance contract payoffs (Note 5).
The factors which distinguish Takaful from conventional insurance are Value of the money

In Islam, money cannot be treated as a commodity to be brought or sold but it is served as a medium of exchange. It has no intrinsic value and it does not reproduce. Money grows if it is invested in tangible economic activity. It is used also to measure tool or to define the value of a thing.
-Interest (Riba): Under a conventional insurance contract, the insured pays the insurance company a premium (either as a hump sum in general insurance or as instalments in life insurance) in exchange for financial compensation at the time of a claim, subject to the happening of an insured occurrence or event. Claims are generally larger amounts than the premium paid (Note 6). So, interest or riba is derived because a larger amount of money (claim) is exchanged for a small amount of money. This is expressly prohibited by Islam.

In Pakistan, the Federal Sharia Court had declared the laws allowing interest repugnant to Islam in 1991.The Federal Government of Pakistan and certain Banks and financial institutions field 67 appeals against this judgement in the Sharia Appellate Bench of the Supreme Court.

According to the Court all forms of contracts and transactions must be free from interest or riba which is generally understood to mean any return for the use of money.

Against the prohibition of interest five different lines of arguments were presented before the Court:

- The verses of the Holy Qur'an, which prohibit riba, were revealed in the last days of the life of the Holy Prophet (PBUH) and he did not have an opportunity to interpret their property and therefore no hard and fast definition of the term riba can be found.
- The word riba refers only to the usurious loans on which an excessive rate of interest used to be charged by the creditors, which would entail exploitation.
- The word "AL-Riba" used in the Holy Qur'an is restricted to the increased amount charged on the consumption loans used to be taken by the poor people for their day-to-day needs.
- The Holy Qur'an has prohibited riba-al-jahiliyya only, which according to a number of traditions, was a particular transaction of loan without any interest. However, if debtor could not pay off the loan within its due date, the creditor would charge an additional amount for extended period.
- Although the modern interest-based transactions are covered by the prohibition of "riba", yet the commercial interest being the backbone of the modern economic activities throughout the world. No country can live without being involved in interest-based transactions, thus the principles of necessity should apply (Note 7).

The earlier decision of the Supreme Court has been sent to Federal Sharia Court for rehearing.

According to the Hadith of the Prophet Mohammed (PBUH) when he said" Gold for gold, silver for silver, wheat for wheat, barley for barley, dates for dates, salt for salt, must be equal on both sides and hand to hand. Whoever pays more or demands more indulges in Riba", gold for gold means that when one person gives loan to the other from his savings the borrower should return the material having the same purchase power.

Maisir (gambling) (Note 8): Some arguments against conventional insurance are based on the grounds that insurance contracts are basically gambling contracts. Islam rejects any contract where financial gain comes from chance or speculation. Insurance, however, needs to comply with the principle of insurable interest. This principle requires a financial and legal relationship between the insured and the subject matter of insurance. The insured is only entitled to get a claim if he proves his insurable interest, and this feature therefore nullifies the notion that insurance is a gambling.

The other difference between gambling and insurance is that the first is a speculative risk (which is uninsurable), while the later consists of pure risk only (i.e., the insured should not make a gain but should be put back into the same financial position as before the loss occurred).

Uncertainty (gharar): It refers to ambiguity and uncertainty (lack of knowledge) and also it implies deceit. This concept is very similar to "asymmetric information". In order to prevent conflict between parties, Sharia seeks to avoid uncertainty in contracts. In the case of conventional insurance, the policyholder is uncertain about the receipt of claim related to the occurrence of an expected event like accident or death, marriage and education. Although, the company pays whole claim to its policyholder, it receives less premium if the event comes earlier.

In life insurance contracts, gharar can be seen to exist even in the premium, as the insured party does not know how much he will pay to the insurance company each year, or for how many years. The insured may know how much he will pay to the insurer before he dies.

In general insurance (non-life insurance), the premium is pre-agreed, but there is gharar in the claim amount. Therefore, gharar exists in all insurance contracts, either in premiums or in claims.

In Islamic insurance, Scholars agree that engaging in Takaful transactions, with a donation element as part of their contributions, offsets gharar (Note 9).

Prohibited activities or commodities: The distinction between Takaful and conventional insurance can be more visible with respect to investment of funds.

Unlike conventional insurance, which invest its funds in interest-based avenues and without taking into consideration the concept of Halal-o-Haram, Takaful operates under Islamic law and should avoid using or dealing in certain activities or commodities which are not ethical and can harm environment and people such as gambling, alcohol, pork, arms and also pornography (companies that have tendency to promote social ills).

As it has been mentioned above, Takaful system is based on the abolition of interest which can lead to the appearance of new financial techniques.

2.3. Takaful Models

As a matter of deep faith, Muslims believe that there is unity in diversity. One expression of this is that no single "best" model exists for Takaful. Sharia Scholars worldwide concur on fundamental components that characterize a Takaful scheme, yet in their judicial opinions (fatwas) operational differences are tolerated that do not contradict essential religious tenets (Note 10).

So, based on the nature of relationship between the participants and the insurance company (as an operator, not as an insurer) there are various models which are:

2.3.1. Mudharaba or Profit-Sharing Model

The Mudharaba model is an Islamic mode of equity partnership and a profit-sharing mechanism since the policyholders get profit on their part of funds only if Takaful Company earns profit. The sharing basis is determined in advance and is a function of the development stage and earnings of the company. The sharing ratio for each year is approved in advance by the Sharia committee. Most of the expenses are charged to the shareholders. Examples of this model include Takaful Malaysia (STM Malaysia), Takaful Nasional (Malaysia) and Takaful International (Bahrain).

2.3.2. Wakala Model

Unlike the Mudharaba model, the Wakala model is a fee-based mechanism where the surplus of policyholder's fund investment-net of the management fee or expenses goes to the policyholders. The shareholders charge Wakala fee from contributions that covers most of the expenses of business. The Sharia committee of the company fixed the fee rate annually. In order to give incentive for good governance, management fee is related to the level of performance. This model is used more in the Middle East region (Bank Al Jazeera).

2.3.3. Waqf Model

Unlike Mudharaba and Wakala models, Waqf includes a social-governmental enterprise, and its programmes operate on a non-profit basis. In this model, the insurer or the participants don't own directly the surplus or profit, and there is no mechanism to distribute the surplus funds. In order to support the participant community, the insurer retains the surplus funds.

This model is similar to a conventional mutual insurance because it has a single surplus fund. It is more used in Pakistan and in Sudan (AL Sheikhan Takaful Company Sudan).

2.4. Takaful Contract

The Takaful contract is a pact among a group of persons who agree to jointly indemnify the loss or damage that may inflict upon any of them, out of the fund they donate collectively, the Takaful contract which is based on the concept of social solidarity, cooperation and mutual indemnification of losses of members, will usually involves the concepts of Mudharaba tabarru' (to donate for benefits of others) and mutual sharing of losses with the overall objective of eliminating the elements of uncertainty.

The fundamental principles of Takaful contracts are (Note 11):

- The policyholders (Takaful partners) pay premium to assist and indemnify each other and share the profits earned from business conducted by the company with the funds.
- Takaful companies normally divide the contributions into two parts, i.e., donations for meeting mortality liability or losses of the fellow policyholders and the other part for investment. Accordingly, the clause of Tabarru' is incorporated in the contract.
- As to how much of the contributions are meant for mortality liability and how much for investment account is based on a sound technical basis of mortality tables and other actuarial requirements. Both the accounts are invested and returns thereof distributed on Mudharaba principle between the participants and the Takaful operators.

To describe from another angle, a Takaful contract may comprise clauses for either protection or savings/investments or both the benefits of protection as well as savings and investment.

The protection aspect of Takaful works on the donation principle according to which individual rights are given up to indemnify the loss reciprocally. In the savings aspect, individual rights remain intact under Mudharaba principle and the contributions along with profit (net of expenses) are paid to the policyholders at the end of policy term or before, if required by him.

2.5. Brief Comparison of Takaful and Conventional Insurance

In order to appreciate differences between Takaful and conventional insurance, the key structural issues to be examined and understood are the following items:

- Origin of capital and returns to capital.
- Relationship between participants and the Takaful operator.
- Relationship among participants themselves.
- Treatment of expenses and liability for claims.
- Zakat and charitable features.
- Management of funds.
- Investment of premiums under Sharia principles.
- Dissolution and regulations.

This table will highlight the salient differences between Takaful and conventional insurance:

	Takaful	Conventional Insurance
Accounts	For general Takaful, the account is known as al Tabarru' which means donation.	For general insurance, the paid premium is credited into the account, which is generally known as general insurance account.
Benefits	Paid from contributions (al Tabarru') made by participants under joint indemnification.	Paid from the general insurance account owned by the company.
Bonus	Takaful contract specifies in advance how the profit from Takaful investments will be distributed.	Managers and Board of insurer determine how the Bonus will be returned to policyholders.
Investments	Takaful invests premiums under Islamic values and Sharia guidelines and investment returns must not be driven by any unethical commercial activities.	Insurer invests premiums in any scheme or project with no moral guidelines which may contains al Riba and al Maisir.
Losses	Losses retained within classes of business written and sole obligations of participants.	Transfer of losses among insurance pools and from policyholders to shareholders.
Disclosure	The past moral hazard of the subject matter of the policy is not necessarily included in Disclosure of material facts or matters.	Both moral and physical hazards of the subject matter of the policy is included in Disclosure of materials facts or matters.
Nature	The entire operation is based on the concept of solidarity, brotherhood and mutual cooperation.	The operation is based on the obtention of a commercial gain.
Beneficiaries	Participants appoint the coincidence of interests between policyholder and operator.	Separation of policyholder and insurance with differing interests.
Dissolution	Participants owned the reserves and excess/surplus, although consensus opinion prefers donation to charity.	The shareholder owned reserves and excess and surplus.
Premiums	Minimum premium is fixed and it is the same for all participants of all age	Premiums paid by the policyholder are various and it depends on the age when the policyholder first takes out his policy.
Claims	In life Takaful policy if the risk occurs, the beneficiary(s) shall have the right to claim the policy value from the donation to the accumulated account value from the Mudharaba. But in this category of policy, the participant survives at the maturity of the policy, his/her claim shall be confined within the amount available from Mudharaba.	In life insurance policy, if the risk occurs, the beneficiary(s) shall have the right to claim whole amount named in the policy. But if in case the risk does not occur, the insured shall have the right to claim the policy value at maturity together with if any.
Guarantees	No contractual guarantees given by the operator.	The insurer guarantees the payment of the benefit or claim within the stipulations of the contract.
Damages	There is no justification to award unlimited or unreasonable damages related to any claim or dispute according to the Islamic principles of mutual cooperation and shared responsibility.	Empowered to award unlimited punitive damages against the insurer.
Contract	Takaful funds and managed by the operator are owned by participants. In order to gain collective rights over contribution and benefits participants give up individual rights.	The policyholders purchase policies. So, insurance is considered as a by-sale contract.
Regulations	Takaful regulations are based upon Divine revelations (Qur'an and Hadith) and secondary sources of Islamic law.	Insurance law is set up by state and human thoughts and cultures.

Table 1

3. Development of Takaful and Retakaful in Muslim and Non-Muslim Countries

Islamic banking has been a recent source of development in financial markets, and Takaful, has consequently grown not only on religious grounds but also as an innovative financial instrument. The world's pioneer Takaful operator is the Islamic Insurance Company Ltd of Sudan, established in 1979.

The past 20 years have seen the emergence of Takaful in Islamic countries as well as countries having large Muslim communities. Malaysia has been at the forefront of Takaful development. Many Takaful companies was established as Syarikat Takaful Malaysia Bhd. With the success of Takaful in Malaysia new Takaful operators have emerged in Singapore (Islamic Insurance Pte), Indonesia (PT Syarikat Takaful Keluarga transacting in family life business, and PT

Syarikat Takaful Umum transacting in general business) and Brunei 'Takaful IBB Bhd and Takaful Taib sdn Bhd), Bangladesh and Sri Lanka are also taking a more active role.

In the Middle East, Saudi Arabia, Bahrain, Iran an Qatar have also developed Takaful operations.

Unlike Lebanese insurance market which is the most sophisticated and open in the region and insurance awareness among the general public who tend to be well-educated is high, Egypt, United Arab Emirates, Kuwait and Morocco have recently opening new Takaful operations because they suffer from the common attitude that insurance is unnecessary.

Interestingly, Takaful operations have seen opening in non-Muslim world.

The American Insurance Company, Takaful USA Management Services LLC was established in December 1996 and it offered insurance coverage under Sharia Principles such as homes schools, equipment, mosques, and community centers.

The other American companies are Failaka investments (Chicago), Samad Group (Dayton Ohio), North America Islamic Trust (NAIT), Indianapolis IN, Baitul Mal Inc (BMI), Seacausus NJ, MSI Finance Corporation, Inc, Houston TX.

Also, Takaful was developed in Australia, in South Africa Nigeria and in Europe.

Western countries which have large Muslim communities offer a tremendous opportunity for Takaful, but in order to compete with conventional insurance industry on equal terms, significant investments must be required and regulatory changes would be necessary.

The evolution of primary Takaful operators causes consequently the creation of Retakaful entities. Retakaful is the reinsurance of Takaful business under Sharia principles. It is a form of insurance where insurance can transfer to another insurer (the reinsurer) all or parts of its liabilities in respect of claims arising under the contracts of insurance that it writes.

This enables reinsured or direct insurer:

- To stabilise claims ratios from one year to the next.
- To minimise the accumulation of claims due to losses within and between different classes.
- To increase capacity.
- To permit greater flexibility in the size and type of risks accepted in order to increase the profitability of insurers.
- To make risk spread geographically.
- To offer security to technical support and help.

Although the crucial role played by Retakaful companies, the main problem worldwide is the lack of such companies. This allowed to Takaful companies to reinsure on conventional basis unless Retakaful alternatives are available.

The most Retakaful companies are:

- National Reinsurance created in Sudan in 1979.
- Sheikhan Takaful Company created in Sudan in 1983.
- Saudi Islamic Takaful and Retakaful Company created in Bahamas in 1983.
- Islamic Insurance and Reinsurance Company created in Bahrain/Saudi Arabia in 1985.
- ASEAN Takaful Group created in Malaysia in 1996 and ASEAN Retakaful International (ARIL) created in Labuan in 1997.
- Beit Ladat Ettamine, Saudi Takaful, Ltd (Best Re created in Tunisia in 1985.
- Takaful Nasional which is a part of the Malaysian National Insurance (MNI) Group created in Malaysia in 1993.

Retakaful is also developed in Germany, USA, Switzerland, United Kingdom and Japan.

According to the institute of Islamic Banking and Insurance the market of Takaful will reach $7.4 billion in premium by 2015.The estimation of Growth rates is between 15% and 20% per annum. However, insurance penetration in most Islamic countries does not exceed one percent of gross domestic product, the potential for Takaful is enormous. For example, in the USA 9,4% of GDP is expended on insurance whereas the figure is 12,4% in the United Kingdom. Further, if 33% of Takaful premiums were to be ceded to Retakaful operators, then $1.2 billion of Retakaful revenues could result as reinsurance business, which would require a capital base of between $6 million and $ billion this compares with the existing(estimated) global capital base for Retakaful companies of less than $100 million (1999).

4. Takaful Challenges and Opportunities

The financial services industry worldwide has been witnessing remarkable growth in the Takaful insurance movement. This is was the consequence of the renaissance in Socially Responsible investing and costumer demand for Sharia compliant solutions which has enhanced the community banking to appeal of Takaful related product.

Takaful plays a vital role because it has the ability to mobilize long-term funds and to provide risk protection and at the same time it is considered as an institutional investor. So, in order to maintain this role, Takaful must convert challenges into opportunities.

The array of challenges that confront Takaful can be segmented into four categories which are:

- Internal factors which included human resource development or skilled staff.
- External factors which embodied the role of government, the regulatory framework and the competitive environment, so Takaful operators need to keep pace with their conventional counterparts in camping up with a comprehensive range of products that are innovative and Sharia compliant.
- Muslim client profile which is inherent to the lack of awareness about the importance of Takaful, in this case operators will have to invest considerable effort to educate people about Takaful's feature.

- Sharia interpretation and issues; in this case Takaful operators find difficulties to manage demands on Sharia compliant investment options due to the limited investment options available.

Establishing the Sharia Board, training staff, creating brand awareness among potential customers and implementing the appropriate technology consist the price to pay to market protection and savings products to the world's 1.6 billion Muslims.

In order to cater the growing needs of both Muslim and non-Muslim customers throughout the world, Takaful operators need also to introduce product innovation by using new marketing strategies in promoting its product like new distribution channels as telemarketing, direct marketing, e-marketing.

United Kingdom, France and Germany are the primary markets that contain a sizeable Muslim population.

Although Malaysia, Bahrain and the UAE are considered as Islamic centres of product, Indonesia Saudi Arabia and Pakistan are fast evolving and building their product expertise in this important business segment. The major regional and International players such as Dubai Islamic Bank, National Commercial Bank, Kuwait Finance House, HSBC, CITT GROUP, Maybank and Bank Mandiriare well positioned to export and adapt their distribution capabilities and customer-centric value proposition to the mature regulatory, tax and accounting regimes of the major OECD jurisdictions (Note 12).

5. Conclusion

Unlike conventional insurance, which is unaccepted under Islamic law because it contains elements of uncertainty, gambling and interest, Takaful is the Halal alternative of insurance business. It is the practical manifestation of the Quranic injections for cooperation, brotherhood, mutual help and shared responsibility among the participants, for the purpose of joint guarantee against the occurrence of uncertain events, catastrophes or disaster to any of them.

By offering a way to capture a huge and currently underserved customer base inside the major Western markets, Takaful becomes a brand and exciting global growth opportunity.

With the expanding demographics of Islamic countries and that of the Islamic population globally, the prospect of Islamic insurance models look promising.

Also, with the improved standards of living and increasing awareness of Takaful, the market is expected to see steady growth in per capital spend on Takaful insurance premiums and also in terms of market share in comparison with conventional insurance product.

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Appendix

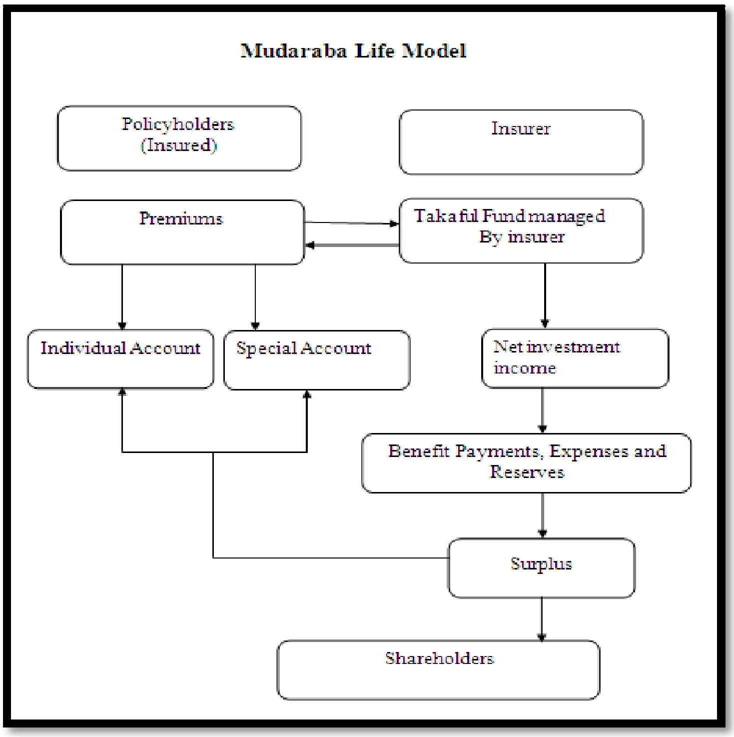

Figure 1: Mudaraba Life Model

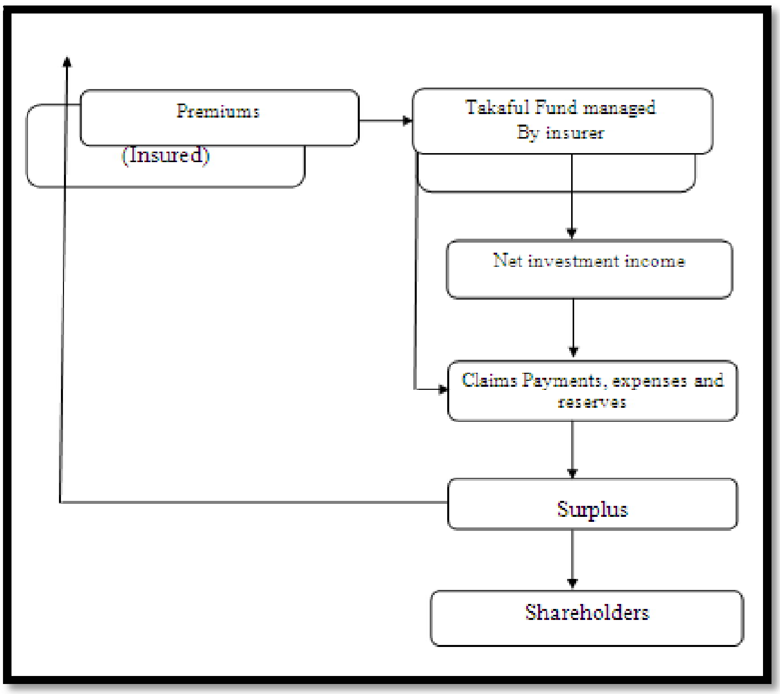

Figure 2: Mudaraba Non-Life Model

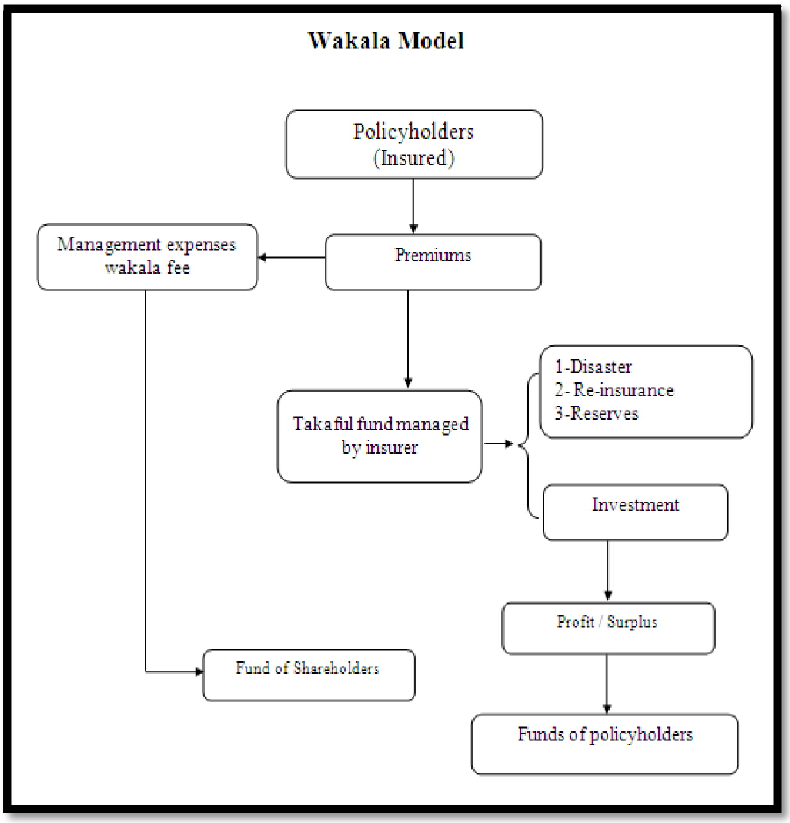

Figure 3: Wakala Model