

# Examining the Feasibility of Waqf (Islamic endowment)-based Islamic Insurance Product from the Malaysian Legal Perspective

**DR. NAN NOORHIDAYU MEGAT LAKSANA**  
**DR. MARHANUM CHE MOHD SALLEH**  
**DR. NOR AZIZAN CHE EMBI**

**International Conference on Social Science, Arts, Business and Education**

**6<sup>th</sup> -7<sup>th</sup> November 2017**

**University of Toronto**

**Toronto - Canada**





# BACKGROUND OF THE STUDY

Islamic endowment also known as waqf and under the Islamic law it considered as one of the voluntary charitable act which is recommended at the early age of Islam



Malaysia, the practised of endowment is started during the 15th century of the ascendancy of Malacca Sultanate. During this period, endowment becomes one of the popular practised among the Malaysian Muslim.

cash endowment proposed by this research is endowment based on Islamic insurance (takaful) to the flood victim in Malaysia





# BACKGROUND OF THE STUDY

A family takaful plan is a long term saving and investment instrument which provide a financial benefits in the event of tragedy to the participant



Family Takaful



Life + Goal

www.takaful.com

Great Eastern



A participant who enters into family takaful contracts will be grouped together with other participants who share the same risks with him/her such as death or total permanent disability

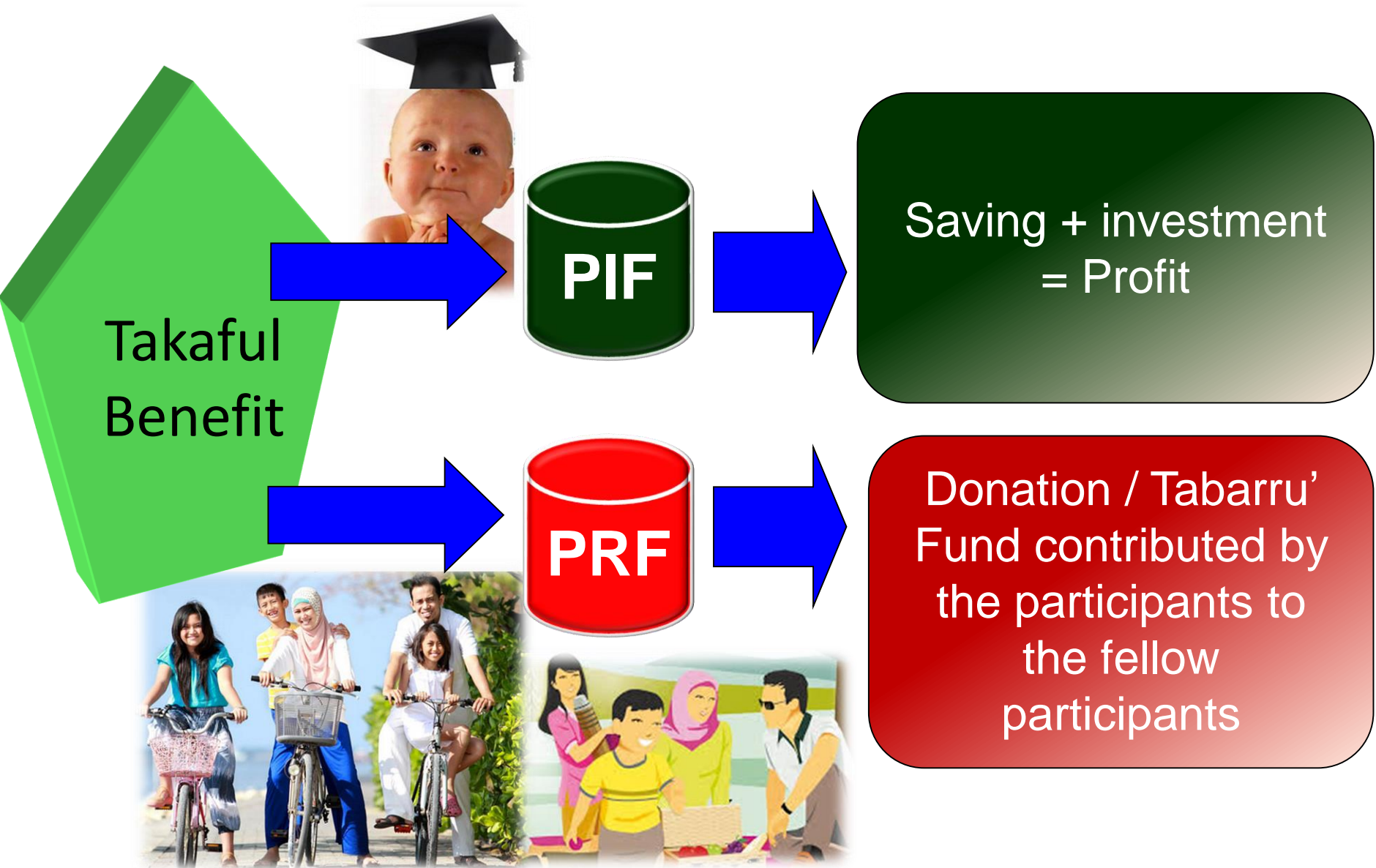
PIF is refer to the investment which is done by the Takaful Operator on behalf of the participant and the profit will be shared between the participant and the Takaful Operator according to a pre-agreed ratio

A participant will pay the contribution and will credited into separate accounts which are **Participant Investment Fund (PIF)** and **Participant Risk Fund (PRF)**

PRF refers to the participants' contribution in the form of tabarru' which will be placed in this fund and will be used to fulfill the obligation of mutual help if any misfortune arises from death or permanent disability

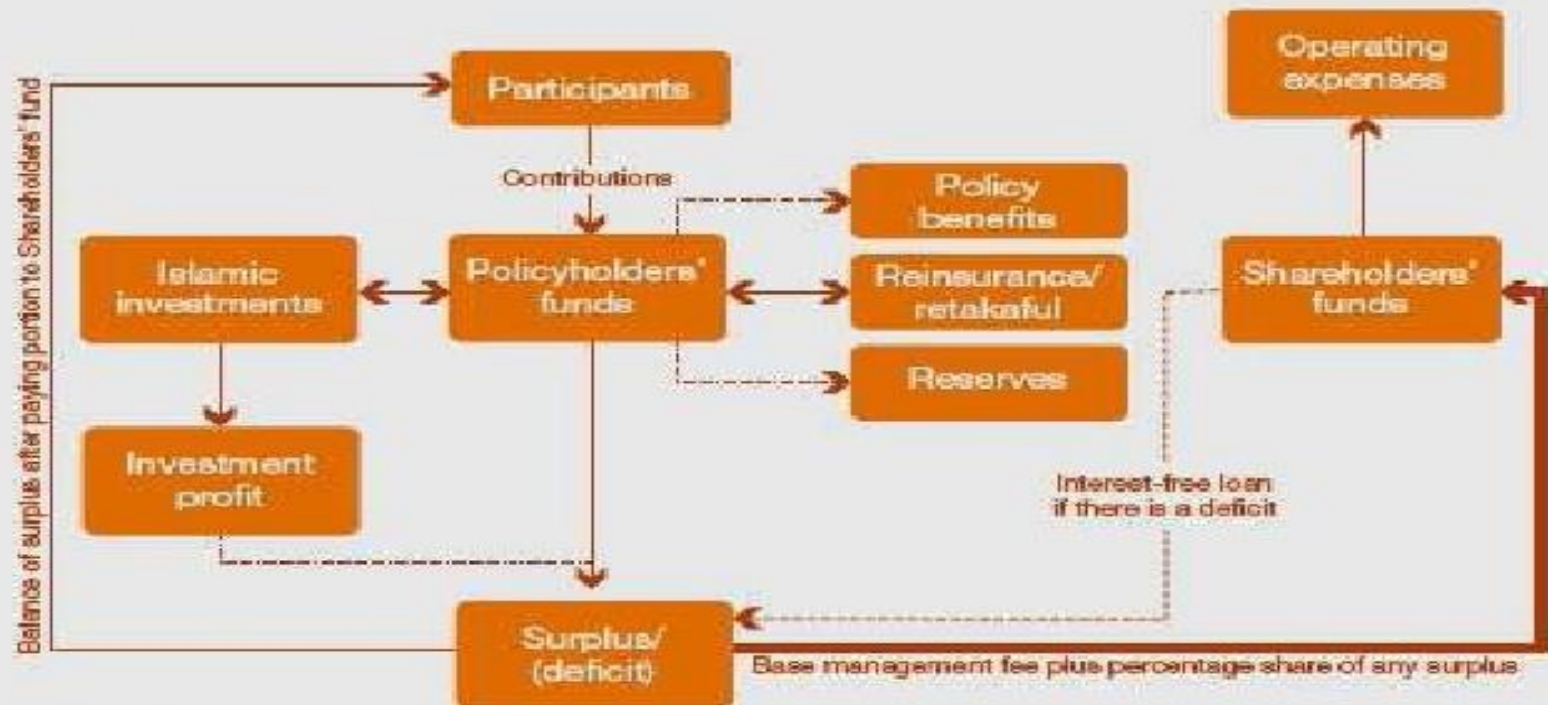


# Treatment of the Funds



# Existing Model of Takaful (Islamic Insurance)- MUDARABAH MODEL

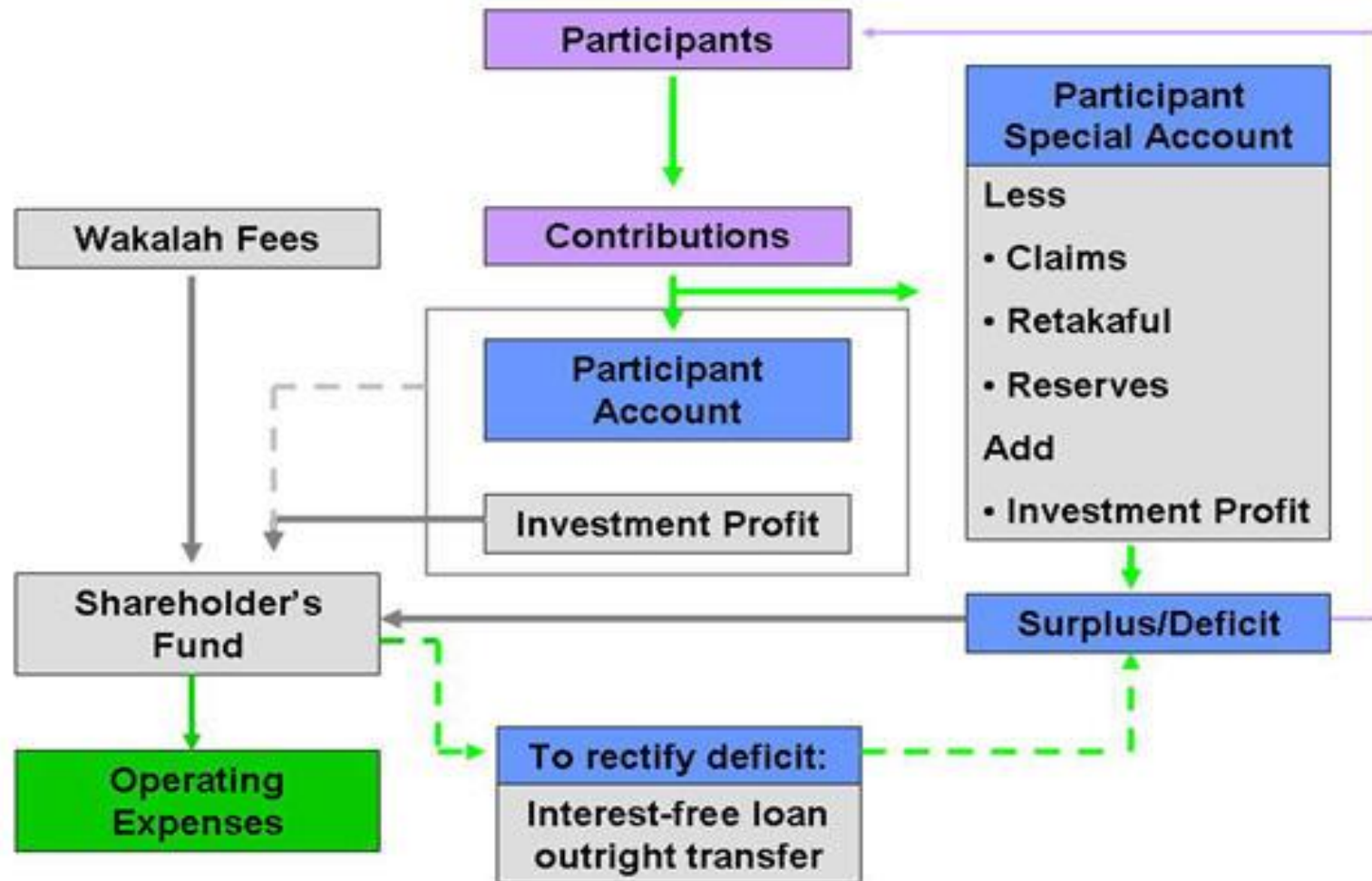
## *Mudarabah Model*



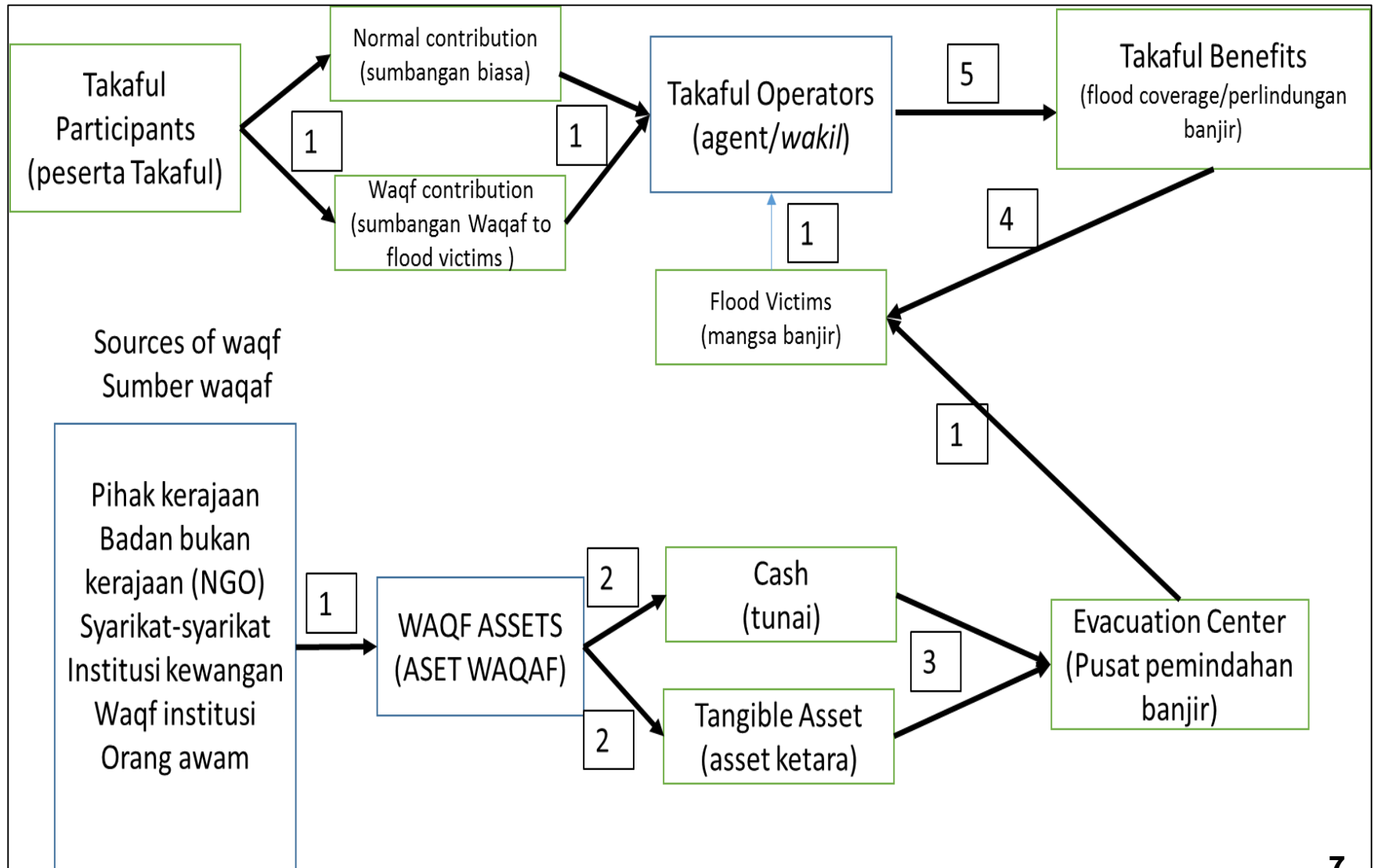
Source: PricewaterhouseCoopers



# Existing Model of Takaful (Islamic Insurance)- WAKALAH MODEL



# Proposing Waqf-based Takaful Model





# RESEARCH OBJECTIVES

1

This study aims in discussing the feasibility of the Waqf principle (endowment) to be introduced in the Islamic insurance products from the legal perspective.





# RESEARCH METHODOLOGY

# Method

1. Qualitative



Instrument

Focus Group Discussion

Respondents

Islamic Religious Council  
- 4  
Legal Expert - 3

Design



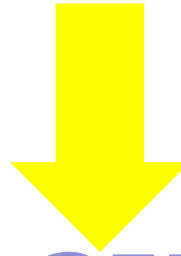
Distribution of research instrument

April 2017  
one-day session (8.30am-5.30pm)  
Hotel Marriot, Putrajaya





# FINDINGS



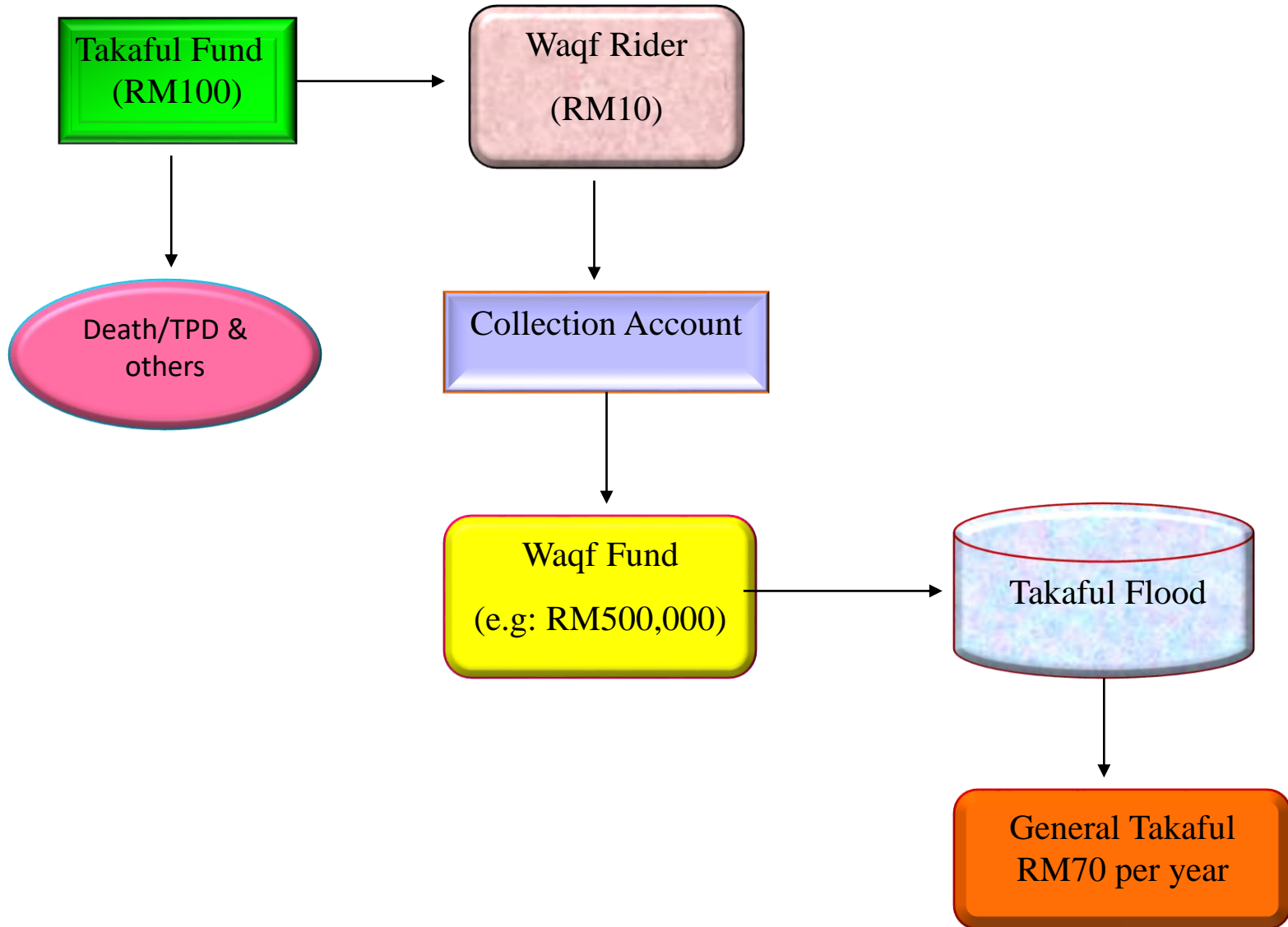
*Discoveries*



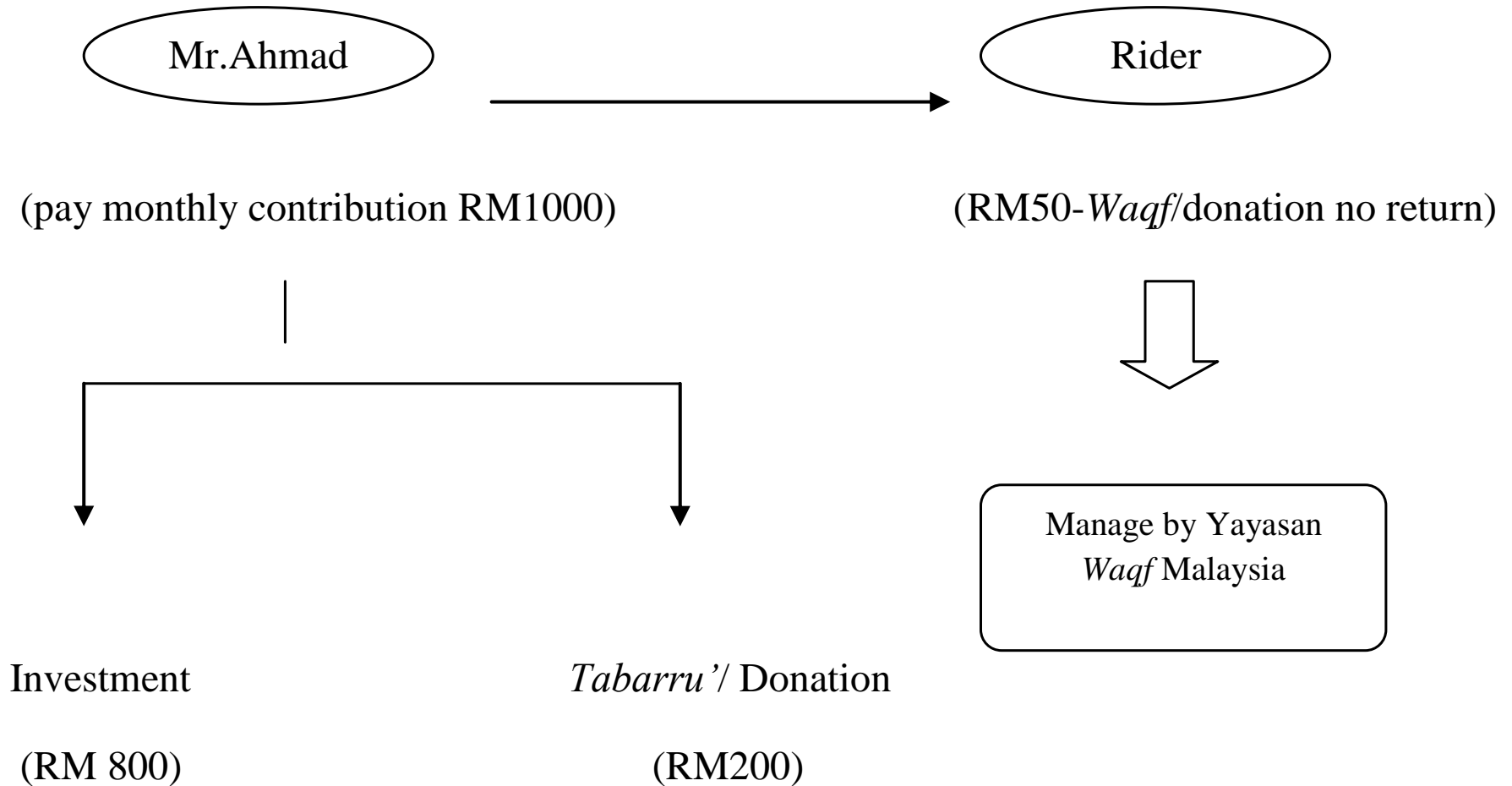


# **ANALYSIS FROM FOCUS GROUP DISCUSSION**

# New model of Takaful Fund based on *Waqf* to flood victim

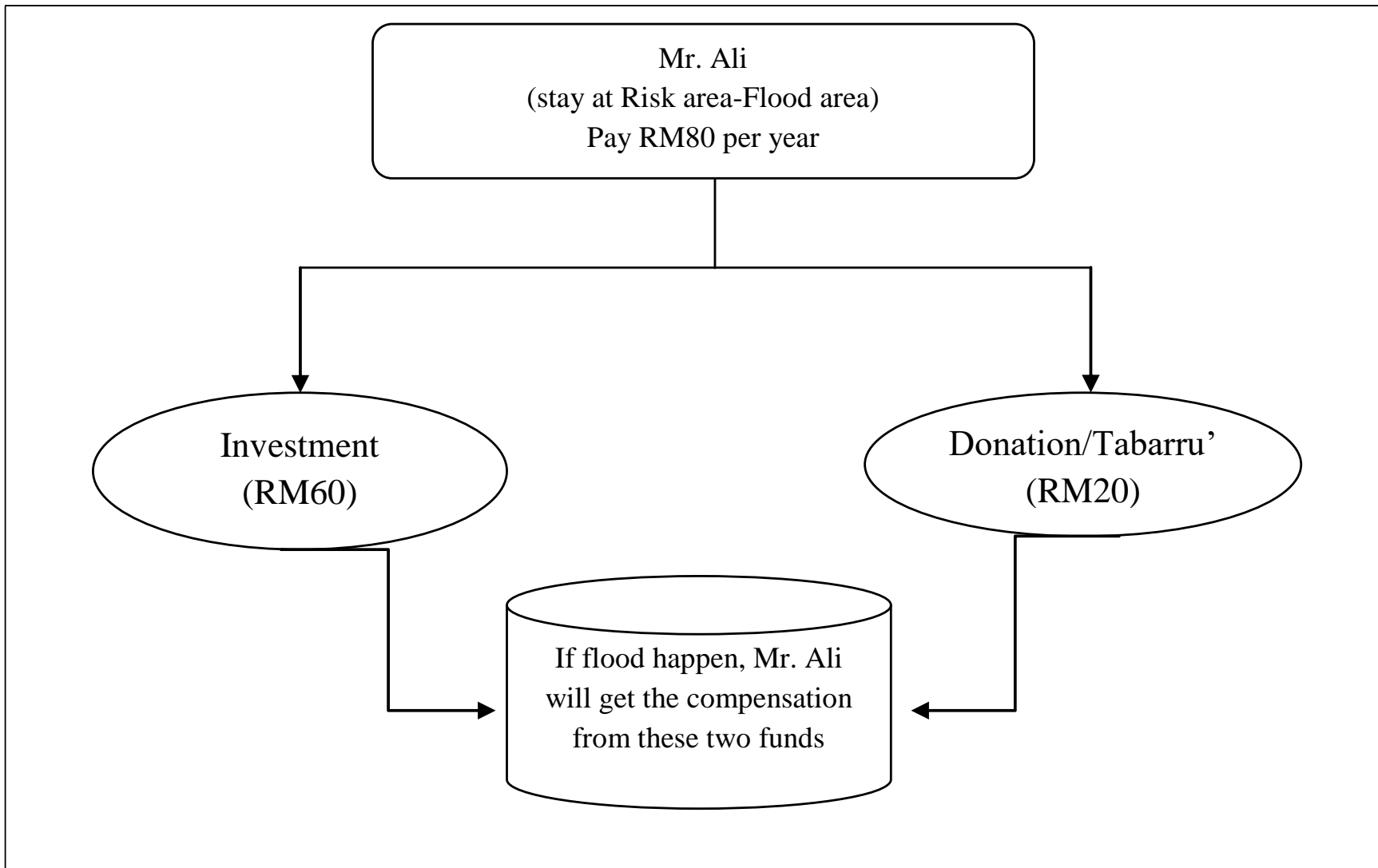


# Illustrate the situation of Mr. Ahmad





# Illustrate the situation of Mr. Ali





## CONCLUSION

It is found that all respondents have agreed with the proposed *Waqf*-based Islamic insurance product as it has special values that may inculcate the culture of brotherhood in society

The councils has stated their concern on *Waqf* enactments which were different among the states in Malaysia and based on discussion with the legal experts they have proposed to adopt agency principle in order to cater the issue of control over the *waqf* fund.



Nan Noorhidayu Megat Laksana  
Lecturer (ASSISTANT PROFESSOR)  
(IIUM/IRK/FIQH&USUL AL-FIQH)

E-mail: [nanhidayu@iium.edu.my](mailto:nanhidayu@iium.edu.my)

Mobile: 013-2391877

