

A Study on Takaful and Conventional Insurance Preferences: The Case of Brunei

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Abstract

The word takaful is derived from Arabic verb 'Kafala', which means to guarantee, looking after, to help and to take care of one's needs. Takaful is a system of Islamic insurance based on the principles of 'ta'awun' (mutual assistance) and 'tabarru'' (voluntary contribution). The Takaful industry has developed rapidly in Brunei Darussalam since early 1990s. The objective of this paper is to examine the public preferences and understanding between Takaful and conventional insurance. It also attempts to identify reasons and factors that make the conventional insurance contradicted with the Shari'ah principles. The samples were randomly selected consisting of residents of Brunei Darussalam and on-line questionnaires were distributed. It is found that a big majority of the respondents do not understand what takaful is. Despite that, a big majority prefer takaful over conventional insurance. The study proposes that the takaful companies should educate the public to increase their understanding on takaful.

1. Introduction

It is a natural phenomenon in any society that everybody is exposed to all sorts of risks in their daily life. It may be expected and some are unexpected. These risks may occur to one's life, properties or even business ventures. Often, these risks affect the lives of many individuals in the society which sometimes so devastating and shattering. The effect is that they may leave these unfortunate people vulnerable and helpless.

Islam promotes the act of taking precautionary measures or 'ikhtiar' against any risks. For instance, in the holy Quran it is clearly described how Prophet Youssef (*Allaihi Salam*) filled the grain silos from the surplus of seven years of good harvest as a protection to ensure the availability of continuous food supply during the seven years of drought. This is a clear indication that one has to strive hard to avoid from being inflicted by any ill luck, and at the same time be fully prepared. The primary objective of insurance is to uphold, among the parties involved, shared-responsibilities on the basis of mutual co-operation in protecting an individual against unexpected risks.

In Brunei Darussalam, since the majority of the people are Muslim therefore it is necessary to come up with an alternative model to that of conventional insurance which may be justified by the Qur'an and the Sunnah for the purpose of providing social and economic security.

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An Islamic model of insurance may be operated based on, *inter-alia*, the principles of al-Mudharabah financing and it should be in line with the Islamic principles of inheritance and bequest. This may become the ultimate solution to this controversy/problem; as such a model of insurance is completely in harmony with the teachings of Islam as enshrined in the Qur'an and Sunnah.

1.1 Rationale of the study

In Brunei Darussalam, takaful is still facing some fundamental questions in terms of its performance and future. There is a lack of information and study about takaful in the country. There also remains the perception among many Muslims in the country on whether insurance is permissible under Islam tenet with regards to the key issues of Shari'ah compliance and purification. Nonetheless, takaful offers the only alternative for Muslims reluctant to look at conventional insurance on account of their strong religious belief.

Among Bruneians, the concept of takaful is still relatively new to some or perhaps all of them even though it has been in existence for more than ten years; it has increase speculation in terms of, "What is the difference between takaful and insurance?" It can be said that the concept of takaful is still hazy to many people because they are not educated to see the advantage. A clear understanding of the difference between takaful and insurance is very important due to the fact that majority of the people in the country are Muslims.

Hence, this study will help to provide some insight about the takaful and insurance environment in Brunei. It will focus on finding the comparisons between takaful and insurance by trying to investigate the Bruneian's perception about takaful and insurance differences, their preferences between the two products and also to find out the elements that make the conventional insurance contradicted with the Shari'ah law.

1.2. The concept of takaful

In the Arabic context, the term "Takaful" is derived from the word "Kafala" which means to guarantee, guard and protect. Takaful means "guaranteeing each other". In the Islamic interpretation, takaful is a pact among a group of members or participants that agree to always give mutual assistance to one another (Takaful Brunei Darussalam, 2011). It works more like a joint guarantee in which all participants contribute their own shares of premiums into a pool and mutually agree to compensate those participants who suffer from an insured peril. Muslim jurists generally agree that takaful insurance is accordant with the Shari'ah, as halal concepts of *tabarru'* (meaning donation or contribution) and takaful (meaning joint venture or shared responsibility) are deeply embedded in it (Syarikat Takaful Malaysia, 1999). Hence, both the Takaful operator and the participant are mutually helping each other for a financial protection. Such a mutual co-operation between both parties is certainly in line with the Qur'anic doctrine of mutual co-operation as Allah (swt) commanded to the effect:

".....and co-operate you one another in righteousness and piety....."

Under the Islamic teachings, the commandment to practice mutual co-operation is not an absolute. There is in other words, a limitation to it, as Allah (S.W.T) has further prohibited mankind from co-operating among them in any manner, which involves sinful elements. Allah (S.W.T) again says to the effect:

"..... and do not co-operate in sin and rancor....."

Based on the above verse of the holy Qur'an, it is submitted that, the practice of takaful contract and business will only become in harmony with the Islamic concept of mutual co-operation should the transaction is operated based on the principles of al-Mudharabah, which is permissible in the eyes of Allah (swt), and is carried out based on the noble and sincere intention to ensure the participant with a financial security against unexpected future material risk. Hence, in order for a takaful transaction to become valid and enforceable, it should be free from unlawful elements such as usury, fraud, and so forth.

2. Literature Review

As outlined by Chua (2000), the characteristics of Shari'ah compliant insurance are that both parties be sincere and the policy is for the sake of the hereafter and that there is nothing illegal in its aim and operations. It must be a commercial, profit-sharing, mudharabah-based contract between the insured or participant, who is the provider of funds, and the insurer or takaful operator (custodian and manager of the funds).

It has to be stressed that the creation of the takaful contract itself is very much in line with Islamic values. These are, providing financial help against unexpected future loss, contributing to the reduction of poverty, as well as encouraging the development of mutual cooperation and the spirit of brotherhood. It ultimately, cultivates solidarity, establishing a self-reliant society, and lastly, encouraging trade and commercial activity to flourish. Insurance or takaful is a mechanism to help the *ummah* solve some of the social economic problems faced by many nations in this world. As narrated by Abu Hurayrah, the Prophet S.A.W. said,

“Whoever removes a worldly grief from a Muslim, Allah will take away one of his grief’s in the hereafter, whoever alleviates the needy, Allah will alleviate from him in both the world and Hereafter”

Yusof (1996) cited a number of reasons influencing 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. It was the historical evidence that led Muslim jurists to acknowledge that the basis of shared responsibility in the system of ‘*aqilah*’, laid the foundation of mutual insurance, and in general conclude that insurance in Islam must be based on the principles of mutuality and cooperation. Muslim jurists’ acceptance of insurance is outlined as follows:

1. That the spirit of cooperation will lead to a common good,
2. That assistance is provided to those in need through the contributions,
3. That the donation of a small sum is intended to divide losses and spread liability according to the community pooling system,
4. that all elements of uncertainty, *gharar* and *maysir* will be eliminated through the contribution and compensation offered,
5. That there is no taking advantage of another at the cost of other individuals, i.e. a fair scheme for all (Yusof, *et al.*, 1996).

2.1. Differences between takaful and conventional insurance

Takaful, the Islamic alternative to conventional insurance is based on the idea of social solidarity, cooperation and joint indemnification of losses of the members. It is an agreement among a group of persons who agree to jointly share responsibility of loss or damage that may inflict upon any of them; out of the fund they donate collectively but in conventional setup loss is indemnified by the insurance company according to the terms and condition of the policy (Maysami *et al.*, 1997). It is an Islamic model of insurance policy which is based on the fundamental principle of mutual cooperation and solidarity, as ordained by Allah (SWT) mentioned to this effect in the Holy Quran (Maysami and Kwon, 1999).

On the other hand, insurance is a device for the reduction of risk of one party, called the insured, through the transfer of particular risks to another party, called the insurer, who offers a restoration, at least in part, of economic losses suffered by the insured (Pfeffer, 1956). There is no religious boundary under conventional insurance. The main purpose of insurance is just for commercial in the sense of protecting risk-averse from suffering the full cost of those actions on the part of nature which affect them unfavorably. Daud Bakar (2000) asserts that, takaful is differs from conventional insurance in the sense that the company is not the insurer insuring the participants. The persons participating in the scheme mutually insure one another and this is the very essence of the word takaful in Arabic. The operational framework of conventional insurance is based on “risk assumption” but Takaful operate under mutual co-operation basis. It means that, takaful is a scheme or a social program for the collection of funds for the aid of participants in contingent future.

Furthermore, the conceptual difference between Takaful and conventional insurance is that the risk in Takaful is not exchanged by way of contribution payments made to operator which means operator is not selling and participant is not buying any risk coverage (Omar and Dawood, 2000). Operator is playing the role of fund manager on behalf of the participant. So operator is not undertaking risk, the risk is however, distributed among the participants who agreed to jointly assume the risk (Yusof, 1996)

In essence, Islam does not reject the concepts of insurance. Many Muslim jurists agree that insurance which is based on the concept of pooling of losses does not contradict with the Shari'ah. Compensation to an unfortunate member and group responsibility is not only accepted but encouraged in Islam. Although the models operation of Takaful must comply with the Shari'ah, the basic elements of a contract as well as insurance principles (utmost good faith, proximate cause, indemnity and insurable interest) also apply (Salman Fahad, 2005).

According to Muhammad Nejatullah Siddiqi (1985), there are three elements present in conventional insurance that do not conform to the requirements of the Shari'ah law:

i) Al-Gharar

This refers to 'unknown' or 'uncertain' factors in a conventional insurance contract. In conventional insurance policyholders are not informed on how profits are distributed and in What the funds are invested in. In a Takaful operation, this is based on the Mudharabah concept, the distribution of profits to the operators and the participants are clearly outlined in the contract.

ii) Al-Maisir

This is the 'gambling' element and is said to derive from the 'Gharar' element. In conventional insurance the policyholder stands to lose all the premiums paid if the risk does not occur. On the other hand, he stands to get more should a misfortune happen whilst paying a small amount premium. In Takaful, even though the risk does not occur, the participant is entitled to get back the contributions that he has paid. Should the risk occur, he will be paid from his premium fund plus the pool of funds from the 'donation' of other participants.

iii) Riba

This refers to the interest factor present in the investment activities of conventional insurance companies. The policy loan in conventional life insurance is in fact a Riba based transaction. Islam prohibits any investment activities which are interest based in alcoholic beverages and non-Halal products.

2.2. The Takaful models

There are two types of models that are commonly used by takaful operators namely Al- mudharabah model (profit sharing) and Alwakalah (agent) (Engku Rabiah Adawiah 2010).

i) Al-Mudharabah (Profit Sharing) Model

Takaful operator uses al-mudharabah model in their business has different variation in terms of management fees, products" design and distribution channel. In al-mudharabah contract, takaful operator acts as mudharib (manager) and participants as rabbul mal (capital provider). The profit from this transaction will be shared according to the agreed ratio between takaful operator and participants. However losses will be borne by participants as capital provider.

Nevertheless, to protect the participant, takaful operator needs to follow strict requirements and not to invest in risky investment. This model is the preferred takaful model in Brunei. Presently, there is a move to shift to al-wakalah model.

ii) Al-Wakalah (Agent) Model

Al-Wakalah model is different from al-mudharabah model. In wakalah concept, the relationship between takaful operator and participant is basically as agent and capital provider. The takaful operator acts as participant's agent and will be paid fees for the services provided. The fees are charged as a fixed amount or percentage, or based on the agreed ratio from the investment profits.

2.3. Background of Takaful industry in Brunei Darussalam

The Takaful industry in Brunei Darussalam is a relatively new business compared to its conventional counterparts.

The takaful business started just 19 years ago with the establishment of Insurans Islam TAIB on the 3rd March 1993 compared to the conventional insurance industry which was established in Brunei Darussalam more than 30 years ago. The setting up of Insurans Islam Taib was intended to provide insurance services that comply with Islamic principles and Shariah law. As an Islamic state, Negara Brunei Darussalam is keen to promote Islamic financial institutions, which include Islamic banks and takaful institutions, in its economy (Ministry of Finance, 2011).

In Brunei, the insurance covers about 15% of the total population, and the sector as a whole contributes less than 2% of the country's GDP. The main limitation for insurers is the small size of the market. Total assets in 2010 for both life and non-life stood at B\$1 billion (\$805.86m) and 80% was issued by conventional insurers (Oxford Business Group, 2011). There are two types of insurance companies in Brunei Darussalam: conventional and takaful. Both types offer a wide range of non-life and life insurance products. Currently, there are only two takaful operators in Brunei Darussalam: Insurans Islam TAIB Sdn Bhd and Takaful Brunei Darussalam Sdn Bhd (Insurans Islam Taib, 2011).

Besides the takaful companies, there are also nine conventional insurance companies operating in Brunei Darussalam, namely American International Assurance Co. Ltd, Audley Insurance Co.

Sdn Bhd, MBA Insurance Company Sdn Bhd, ETIQA Insurance Bhd, National Insurance Company Bhd, Standard Insurance Sdn Bhd, TOKIO Marine Insurance Singapore Ltd, TM Asia Life Singapore Ltd and Great Eastern Life Assurance Co. Ltd (Ministry of Finance, 2012).

Both takaful and conventional insurance companies are now under the supervision of the newly established Brunei Darussalam Monetary Authority (AMBD), pursuant to the Authority Monetary Brunei Darussalam Order of 2010, which took effect on the 1st January 2011. It was previously under the supervision of the Ministry of Finance's Insurance Section. However, both are governed by two different regulations. Takaful companies are regulated under Takaful Order 2008, and conventional insurance companies are governed by Insurance Order 2006 (bruneidirecthys.net).

Nevertheless, the takaful companies in Brunei started in the early 1990s and developed rapidly. They are successfully doing business on a competitive basis with conventional insurance companies in Brunei's insurance market (Oxford Business Group, 2008).

a) Insurans Islam TAIB Sdn Bhd

Insurans Islam TAIB Sdn Bhd was the first takaful company established in Brunei Darussalam. It is a wholly-owned subsidiary company of Perbadanan Tabung Amanah Islam Brunei (TAIB), a statutory company. The company was first incorporated on 3rd March 1993 under the name Takaful TAIB Sdn Bhd. In July 1997, the company has changed its corporate entity to Insurans Islam TAIB Sdn Bhd. The authorized capital of the company is B\$20 million and the paid up capital is B\$10 million. The company's corporate mission is to provide competitive takaful products and services that comply with Shariah principles as well as to give sound and professional consultation services to customers through well-trained, highly courteous and efficient personnel supported by the use of advanced and latest information technologies.

i) The products of Insurans Islam Taib

There are three types of takaful products offered by Insurans Islam TAIB Sdn Bhd; General Takaful, Family Takaful and Special Risk Takaful. There are about 16 takaful schemes are offered under General Takaful, 10 Takaful schemes in Family Takaful and 8 Takaful schemes under Special Risk Takaful. All the three takaful products are using Mudharabah (Profit sharing) Model as their Takaful concept.

b) Syarikat Takaful Brunei Darussalam Sdn Bhd

Syarikat Takaful Brunei Darussalam Sdn Bhd is a holding company which consists of two takaful operators as its subsidiaries; Takaful Brunei Am Sdn Bhd (formerly known as Takaful IBB Berhad) and Takaful Brunei Keluarga Sdn Bhd (formerly known as Takaful BIBD Sdn Bhd) in order to comply with the Takaful Order,

2008. On the 13th November 2010, Syarikat Takaful Brunei Darussalam held its official launching on the change of name and logos of its subsidiaries Takaful Brunei Am Sdn Bhd and Takaful Keluarga Sdn Bhd. The companies were renamed to reflect their future respective business functions in line with the requirements of the Takaful Order 2008. Takaful Brunei Am Sdn Bhd which formerly known as Takaful IBB Berhad now will be only focus on the General products of Takaful business.

i) Types of Takaful Brunei Darussalam products

Syarikat Takaful Brunei Darussalam Sdn. Bhd, through its two subsidiaries offers both the family takaful (takaful Keluarga) and the general takaful (takaful am). The majority of the products offered the operators are Wakalah model based. Whilst the wakalah model is employed for short-term takaful products (takaful am products which are one year duration or not more than 2 years duration), the mudharabah model is employed for longer term takaful products (investment-linked and life-savings insurance plans).

4. Methodology

In an attempt to examine the public preferences and understanding between takaful and conventional insurance, a survey was conducted. The questionnaire consists of 3 sections. Each section is designed specifically to derive relevant information from the respondents. In section 1, the questionnaire asked about the respondent's demographic characteristics. For section 2, the questionnaire asked about the respondent's preferences between takaful and conventional insurance products. Lastly, in section 3, the questionnaire asked about the respondent's understanding about takaful and they are also required to give brief answers on the given questions.

4.1. Data Sources

All the data collected for this paper were obtained from both primary and secondary sources. Primary source data were obtained from the survey that was conducted specifically for this research. Among the objectives of conducting the survey was to examine the public preferences and understanding between takaful and conventional insurance. For this survey, 131 questionnaires were distributed randomly to the public. The secondary data were generally obtained from the published articles and journals, information from the Brunei takaful companies, namely Syarikat Takaful Brunei Darussalam Sdn Bhd and Insurans Islam TAIB Sdn Bhd, and from government-published documents.

5. Results and Discussion

5.1. Respondents' Demographic Characteristics

Table 1 shows that 27.5% of the respondents are male and 72.5% are female. Most of them fall between ages 31-40 (59%), followed by age group 20-30 (54%), 41-50 (10.7%), 51 years and above (2.3%) and only 0.8% belong to below 20 years age group. Majority of the respondents are Bruneian (97.7%) while Bosnian, Malaysian and Australian (0.8% each). It also shows that 85.5% of the respondents are Muslim and 14.5% are Non-Muslim. Of the respondents, 61.1% are married, 38.2% are single and divorce 0.8%. In terms of education level, 36.6% graduated from university, 22.9% completed their post-graduate education, 19.8% are Higher National Diploma graduates, 12.2% are National Diploma graduates, 6.1% said they completed their GCE „O“ Level while 2.3% are GCE „A“ Level holders. Of the 131 respondents,

Table 2 shows that 72.5% are working with the government, followed by 18.3% working in the private sector, 6.1% are self-employed while 1.5% who are retired and housewife. With regards to average income per month, 38.9% of the respondents make

B\$1,500-B\$3,000, followed by 32.8% who make B\$3,000-\$5,000, 9.9% who make more than

B\$5,000, 8.4% who make B\$1,000-B\$1,500, 6.1% who make less than \$1000 and 3.8% who make B\$400-B\$1,000.

5.2. Respondents' Preference between Takaful and Insurance Products

Table 3 indicates that 64.9% of the 131 respondents buy takaful or conventional insurance products (excluding motor insurance) while 35.1 do not buy it. The most common insurance policy (excluding motor insurance) held by the respondents is life insurance (51.2%), the second highest is health insurance (39.7%) and the third highest is loan insurance (24.4%).

The survey is especially confined to those who have takaful and/or insurance policies. This is to meet the objective of the survey to examine the public preference between takaful or conventional insurance products. Of the respondents, 61.8% who said they prefer takaful, followed by 34.4% who prefer conventional insurance and 3.8% say they are not sure. In terms of the estimated insurance expenses (excluding motor insurance) spend by the respondents per year, 38.9% who spend between B\$250 to B\$1,000, 26% who spend between B\$1,000 to B\$3,000, 22.1% spend B\$100 to B\$250, 6.9% who spend less than B\$100 and 6.1% who spend more than B\$3000.

51.1% of the respondents bought their policy from takaful companies, followed by 27.5% respondents bought from both takaful and insurance companies and 21.4% from insurance companies. Of the 131 respondents, 42% rank the easiness of damages as very important, 33.6% rank the cost of insurance policy as important, 19.1% rank religious as less important while 5.3% rank the nearest company to my place as not very important. When asked about whether the respondents are going to continuously renew their insurance contract with the takaful companies, 66.4% of the respondents who said yes, followed 22.1% who said not sure and 11.5% who said no.

5.3. Respondents' Understanding about Takaful

Table 4 illustrates the respondents' understanding about takaful. Based on the survey, 62.6% of the respondents do not know the differences between takaful and insurance while only 37.4% said they know the differences. Some of the brief explanations on takaful which have been given by the respondents who said they understand about takaful are as follows:

“Takaful is an Islamic insurance concept which observes the rules and regulations of Islamic law”

“Takaful is an alternative to insurance that is free from interest (RIBA), which served based on Islamic Insurance needs of individual and family. Non-profit insurance.”

“Takaful provides insurance coverage to the policy holders according to Islamic way therefore no 'riba'”

“Takaful is an Islamic insurance where members contribute money to a pool of fund to cover each other against any losses or damages, and the pool of funds are not generated through riba or invested into non-Shariah products.”

“Takaful is Shariah compliant and the burden is shared among the takaful members.”

“Under takaful, the policy holders will get some returns from the premium they paid for the insurance at the end of the expiry date known as Mudharabah. As for the conventional insurance, policy holders will not get any returns for the amount the paid for the premium even though they paid more than the takaful.”

“Takaful is an Islamic way of coverage based on Syariah laws and regulations”

“Takaful is a pooling of risks. You can actually 'help' another Muslim through takaful. Let's say, someone has an accident, they will be covered by insurance in which some of our own money that we have contributed to pay the insurance would also help this guy out”

“Takaful is an Islamic insurance which is based on Shariah principle. It is free from riba (Interest) and gharar (risk) unlike the conventional insurance.”

The main reason why majority of the respondents do not understand about takaful is because they are not exposed and educated about the concept of takaful. The respondents are also not informed or explained by their takaful/insurance agents about takaful.

The results, shown in Table 4, reveals that 75.6% of respondents said „No“ when asked about whether their takaful/insurance companies/agents ever provide them information on the difference between takaful and insurance and only 24.4% said „Yes“.

5.4 Recommendations

- Takaful companies should do more advertising or marketing, as not many people know about their products and services such as through road show, expo and exhibition.
- Takaful companies should improve on their customer services such as providing letters, phone calls or text messaging on late payments.
- There is a need for conducting frequent survey on customer perceptions about their products and services. This can help to provide feedback from their customers who can then be used to improve their products and services.
- Takaful companies should create more awareness to citizens about the differences between takaful and conventional insurance since most respondents do not know about it. They should emphasize the benefits of takaful offered compared to conventional insurance.
- Takaful companies should improve their customer service in terms of providing takaful information and products offering due to lack of information were provided from the company itself as shown in the surveys result.
- Takaful companies should give more attractive offer or packages on their insurance which can be done quarterly or twice a year in order to attract more customers on their promotion.
- Takaful companies could give motivational talk to schools and higher institutions on what they can offer on Takaful insurance and service that they can offer after leaving the institutions.
- There should be collaboration between the Islamic Bank Insurance and MOE to include some basic information on Islamic Takaful as part of the curriculum where Brunei is an Islamic country. At the same time, the educators should facilitate them on Islamic way of insurance.

6. Conclusion

In conclusion, everyone is exposed to the possibility of risks and disasters. Despite all this, the Muslims believe in Qadha-o-Qadr, but Islam requires that one must find ways and means to keep away from such troubles and adversities whenever such things occur and one should try to minimize his/her or his/her family financial losses. One possible way out is to buy an insurance cover.

The study is specifically focusing on the respondents' understanding on the preferences between takaful and conventional insurance. Moreover, awareness and participation in takaful products were also surveyed to find out their level of understanding as well as preferences on insurance in general. Interestingly, it is important to point out that majority of the public preferred takaful but nonetheless their knowledge on this type of insurance is limited to only knowing that takaful is an Islamic type of insurance and the approach and procurement will be executed in accordance to Islamic regulations. Some of the findings in this paper may be useful for the takaful companies in their effort to enhance their marketing and promotion activities. Information and knowledge about the concept of takaful should be disseminated as well to increase the level of knowledge and understanding about takaful in Brunei.

Even though the data collected is somewhat limited, but the minority normally represents the majority therefore the findings actually represent the true color or the actual level of understanding of the people toward the issues concerned in this study. It is hoped that these findings can be used by all takaful companies and thus it is useful to them in improving their services in an effort to create more awareness and promotion in their marketing activities.

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3. Which **ONE** do you prefer, Takaful or Conventional Insurance?
 Takaful Conventional Insurance Not sure
4. What is your estimated insurance expenses per year (EXCLUDING MOTOR INSURANCE)
 Less than B\$100 From B\$100 to B\$250 From B\$250 to B\$1000
 O From B\$1000 to B\$3000 O More than B\$3000
5. When you buy insurance, from which insurance company do you buy from?
 Takaful company Insurance company Both
6. Rank the following from 1 (*Not very important*) to 4 (*Very important*) according to your priorities in selecting Takaful or Insurance companies:

Religious	
Cost of the insurance policy	
Easiness of recovering damages	
The nearest company to my place	
Others (.....)	

7. Are you going to continuously renew your contract with the Takaful insurance companies?
 Yes No Not sure

Section 3: Understanding between Takaful and Insurance

1. Do you know any differences between Takaful and Conventional Insurance?
 Yes No
2. If your answer to the above question is **Yes**, explain in brief what do you understand with Takaful?

3. Do your Takaful and/or Insurance companies/agents ever provide you information about the difference between Takaful and Insurance?
 Yes No

Table 1. Respondents' demographic characteristics

<i>Variable</i>	<i>Frequency</i>	<i>Percent</i>
Gender		
• Male	36	27.5
• Female	95	72.5
Age group		
• Below 20 years	1	0.8
• 20–30 years	54	41.2
• 31–40 years	59	45.0
• 41–50 years	14	10.7
• 51 years and above	3	2.3
Religion		
• Muslim	112	85.5
• Non-Muslim	19	14.5
Marital status		
• Single	50	38.2
• Married	80	61.1
• Divorce	1	0.8
Education level		
• GCE „O“ Level	8	6.1
• GCE „A“ Level	3	2.3
• National Diploma	16	12.2
• Higher National Diploma	26	19.8
• Graduate	48	36.6
• Post Graduate Education	30	22.9

Table 2 Respondents employment and salary

<i>Variable</i>	<i>Frequency</i>	<i>Percent</i>
Current job		
• Government employee	95	72.5
• Private sector	24	18.3
• Retired	2	1.5
• Self-employed	8	6.1
• House wife	2	1.5
Average income per month		
• Less than B\$400	8	6.1
• From B\$400 to B\$1,000	5	3.8
• From B\$1,000 to B\$1,500	11	8.4
• From B\$1,500 to B\$3,000	51	38.9
• From B\$3,000 to B\$5,000	43	32.8
• More than B\$5,000	13	9.9

Table 3 Respondents' preference between takaful and conventional insurance

<i>Variable</i>	<i>Frequency</i>	<i>Percent</i>
Do you buy any takaful/insurance product? (EXCLUDING MOTOR INSURANCE)		
• Yes	85	64.9
• No	46	35.1
What takaful/insurance products do you subscribe (EXCLUDING MOTOR INSURANCE)? – Note: some respondents have more than one insurance product		
•Life	67/131	51.2
•Health	52/131	39.7
•Building & fire	26/131	19.8
•Travel	16/131	12.2
•Loan	32/131	24.4
•Not insured at all	21/131	16.0
Which ONE do you prefer, Takaful or Conventional Insurance?		
• Takaful	81	61.8
• Conventional Insurance	45	34.4
• Not sure	5	3.8
What is your estimated insurance expenses per year? (EXCLUDING MOTOR INSURANCE)		
• Less than B\$100	9	6.87
• From B\$100 to B\$250	29	22.1
• From B\$250 to B\$1,000	51	38.9
• From B\$1,000 to B\$3,000	34	26.0
• More than B\$3,000	8	6.2
When you buy insurance, from which companies do you buy from?		
• Takaful companies	67	51.1
• Insurance companies	28	21.4
•Both	36	27.5
Rank the following from 1 (Not very important) to 4 (Very important) according to your priorities in selecting takaful or Insurance company		
4. Very important – Easiness of recovering damages	55	42.0
3. Important – Cost of the insurance policy	44	33.6
2. Less important - Religious	25	19.1
1. Not very important – The nearest company to my place	7	5.3
Are you going to continuously renew your contract with the takaful companies?		
• Yes	87	66.4
•No	15	11.5
•Not sure	29	22.1

Table 4 Respondents' understanding about Takaful

<i>Variable</i>	<i>Frequency</i>	<i>Percent</i>
Do you know any differences between Takaful and Conventional Insurance?		
• Yes	49	37.4
• No	82	62.6

If your answer to the above question is Yes, explain in brief what do you understand with Takaful. (**Note:** *Descriptive answers*)

Do your takaful and/or insurance companies/agents ever provide you information about the difference between Takaful and Insurance?

• Yes	32	24.4
• No	99	75.6