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INTEGRATION MODEL OF EDUCATION PLAN TAKAFUL: A CASE STUDY FOR TERENGGANU, KELANTAN AND PERLIS, STATES IN MALAYSIA

Puspa Liza Ghazali, Ismail Mohd, Wan Muhamad Amir W. Ahmad and Mustafa Mamat

Jabatan Matematik
Fakulti Sains dan Teknologi
Universiti Malaysia Terengganu (UMT)
21030 Kuala Terengganu, Malaysia

Abstract

Education takaful is one of the product plans in Family Takaful. This plan is created to be a more reasonable plan for all categories of income earner. In order to know the acceptance of this product; we conduct a study by distributing the questionnaire to the respondent. The case studies included 410 of working respondents to find out if this amendment to the plan is acceptable to them. The collected data in this case study uses SPSS software to analyze whether the new mathematical model proposed for the plan is acceptable.

Introduction

There are many Family Takaful Companies in Malaysia such as Syarikat Takaful Malaysia [13], Etiqa Takaful [4], Takaful Ikhlas [12] and others. The businesses in Takaful use the Takaful operator as the administrator of the

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fund and manages the fund in trust on behalf of the participants, and the contract between the participants and the operator is governed under the contract of Mudharabah (profit-sharing) or Wakalah (agency). Mudharabah gives the right to the contracting parties to share the profit, while liability for losses is borne by the participants and under the Wakalah model, the Takaful operator earns a fee for services rendered while liability for losses is borne by the participants. The fee may be varied based on the performance of the Takaful operator. The fee can be a fixed amount or based on an agreed ratio of investment profit or surplus of the Takaful funds.

Takaful Malaysia [13], Etiqa Takaful [4] and Takaful Ikhlas [12] offered many plans and products for their customers. The most popular plans nowadays offered by Family Takaful are those related to health, accident, hospital costs and education for children. Most education plans are expensive (Takaful Malaysia [13], Etiqa Takaful [4] and Takaful Ikhlas [12]) and not affordable by the lower and moderate income earners. The plans also do not offer the complete riders but only the basic ones such as education and death benefit. If the customers choose the complete riders, then they have to buy the product plan which results in a higher premium.

Literature Review

Existing model (Ghazali et al. [9, 10])**.** The companies used many models in the Family Takaful business as shown below:

(i) Syarikat Takaful Malaysia (Takaful Malaysia [13])

Mudharabah product is based on profit-sharing to cover the acquisition expenses, included commissions. This model does not work for an agency type distribution model. The Takaful operation undertaken by Takaful Malaysia may thus be envisaged as a profit-sharing venture between Takaful Malaysia as the operator and the individual members of a group of participants as providers of funds who agree to reciprocally guarantee each other against certain loss or damage that may be inflicted upon any one of them. The basic characteristics of Takaful are as follows:

- Togetherness in striving for common good.
- Performing good deeds through joint contribution to help the needy.
- Sharing of profit.
- Creating a defined fund to pay for a defined loss.

(ii) Etiqa Takaful Maybank (Etiqa Takaful [4])

Etiqa Takaful uses a combined model of Mudharabah and Wakala. In Mudharabah model, the surplus arising (if any) at the end of each financial year will be shared between participants and Etiqa Takaful Ltd. at a 20% : 80% ratio. The surplus will be payable only upon death or maturity, whichever is earlier, subject to no claim. This product also applies to the Wakalah concept, whereby the participants nominate the Takaful operator to act on their behalf to invest and manage the Takaful fund. As an agent, the Takaful operator is entitled to receive a 'Wakalah fee' as a service charge.

(iii) Takaful Ikhlas (Takaful Ikhlas [12])

Takaful Ikhlas has adopted the Wakalah system and has modelled our operations accordingly. Wakalah is a form of representative relationship between Takaful Ikhlas and a participant (principal/customer). Takaful Ikhlas employs the following contracts to govern our business:

- 'Tabarru' contract where the participant agrees to donate a pre-determined percentage of contribution to the fund is to provide assistance to fellow participants.
- Al-Wakalah contract where the participant authorizes Takaful Ikhlas to conduct the affairs of the Risk and Special Fund on his/her behalf.

Takaful Ikhlas model allows the use of intermediaries as a medium to better serve the customers' needs, payment of surpluses and profits, where applicable to participants and calculation of shared benefits on a monthly basis.

New Idea of Model

Integration model (Ghazali et al. [9, 10])**.** The proposed model of new product of education plan has to combine all the riders in one plan and the name is changed to Economic Education Plan Takaful. The rider should include health, accident, hospital costs, loss of ability to work, critical illnesses, education, death benefit, death coverage and pension. Life insurance or Family Takaful is needed for everyone in the modern society, so the product must be affordable to every category of income earners.

This new plan offers complete riders for two people in one product plan; participant and a child. The monthly premium is reasonable to all categories income earners. The plan offers buying multiple units for the product business. If the participant buys more than 1 unit, then the value of premium, riders, surrender value and maturity value have to be multiplied by the numbers of units bought by the participant.

Material and Methods

Reliability and validity in questionnaire. The questionnaire is the material used in the research. The questionnaire contains 10 questions which cover the age, status, level of education, types of jobs, monthly salary, the numbers of the children in the household, the cost of the new product in Education Plan Takaful, the number of units that the respondents can afford to buy based on the monthly salary, whether this new Takaful plan covers all the risks and whether this new Takaful plan is the best package in Takaful for all incomes earners. All respondents must be employed. 410 respondents are interviewed even though the study only needs 385. All the respondents are form Terengganu, Kelantan and Perlis.

Reliability in questionnaire studies relates to the ability of your tool to produce the same results if you test it five times and over. It is difficult to achieve in practice – consider testing the questionnaire on a small number of the study samples twice, several weeks apart (‘test-retest’). Threats to reliability in the questionnaires include the use of ambiguous questions, or

being overly long. Reliability is more likely to be ensured if the respondent devotes a consistent degree of concentration and interest throughout. The reliability of the questionnaire can be tested by the Guttman split-half scale method (Guttman [5]).

The reliability of a research instrument also concerns the extent to which the instrument yields the same results on repeated trials. Although unreliability is always present to a certain extent, there will generally be a good deal of consistency in the results of a quality instrument gathered at different times. The tendency toward consistency found in repeated measurements is referred to as reliability (American Educational Research Association, Psychological Association and National Council on Measurement in Education [1]).

Validity in questionnaire studies is the extent to which the questions provide a true measure of what they are designed to measure. Researchers would argue that there are many different types of validity in such studies but the key things that need to be considered are; if the questions are clear and likely to produce accurate information and that if the full scope of the area that you intend to measure is covered by your tool (Carmines and Zeller [3]).

The data analysis makes used of SPSS (Wan Muhammad Amir and Mustafa [14, 15]). By using the methodology of statistic data descriptive and crosstabs, the frequency of ‘yes’ for the questions in the questionnaire were found. The Pearson correlation (Rodgers and Nicewander [11]) is used to find the correlation between salary and the number of units bought in the plan. The correlation between the level of education and the number of units bought Takaful also uses the Pearson correlation.

Sample size required

The sample sizes required at analysis stage are as follows:

Anticipated population proportion (p) $= 0.5$

Level of significance $= 5\%(0.05)$

Absolute precision (Δ) $= \pm 5\%$

$$= \left(\frac{1.96}{0.05}\right)^2 0.5(1 - 0.5)$$

$$= 384.16 \approx 385 \text{ respondents.}$$

Samples of 385 respondents are required at the analysis stage. For this analysis, we have included 410 respondents.

Computational Results

Step 1. Perform the new mathematical model of life table in education plan Takaful. The new Takaful models are of two types. They are called *Mudharabah model* and *Wakala model*.

Mudharabah model (Ghazali et al. [9, 10])

Monthly payment = RM50 (1 unit)

Term = 17 years

Interest rate = 5% per year (i)

Tabarru account = RM20

Saving account = RM30.

Table 1.1(a). Explanation of variables in Mudharabah model

Code of variables	Explanation of the variables
Q1	Year
Q2	Age
Q3	Layout payment
Q4	Tabarru account
Q5	Personal account
Q6	Monthly profit
Q7	Yearly profit

Q8	Total surrender value
Q9	Khiarat
Q10	Loss of ability to work or 40 critical illnesses
Q11	Death coverage
Q12	Hospital bills
Q13	Payment benefit
Q14	Pension

Table 1.1(b). Life table in Mudharabah model

Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14
1	1	600	240	360	8	18	386	2000	10000	10000	5000	300	
2	2	1200	480	720	57	36	813	2000	10000	10000	5000	300	
3	3	1800	720	1080	110	54	1244	2000	10000	10000	5000	300	
4	4	2400	960	1440	164	72	1676	2000	10000	10000	5000	300	
5	5	3000	1200	1800	218	90	2108	2000	10000	10000	5000	300	
6	6	3600	1440	2160	272	108	2540	2000	10000	10000	5000	300	
7	7	4200	1680	2520	326	126	2972	2000	10000	10000	5000	300	
8	8	4800	1920	2880	380	144	3404	2000	10000	10000	5000	300	
9	9	5400	2160	3240	434	162	3836	2000	10000	10000	5000	300	
10	10	6000	2400	3600	488	180	4286	2000	10000	10000	5000	300	
11	11	6600	2640	3960	542	198	4700	2000	10000	10000	5000	300	
12	12	7200	2880	4320	596	216	5132	2000	10000	10000	5000	300	
13	13	7800	3120	4680	650	234	5564	2000	10000	10000	5000	300	
14	14	8400	3360	5040	704	252	599	2000	10000	10000	5000	300	
15	15	9000	3600	5400	756	270	6426	2000	10000	10000	5000	300	
16	16	9600	3840	5740	812	288	6840	2000	10000	10000	5000	300	
17	17	10200	4080	6120	863	306	7289	2000	10000	10000	5000	300	

Wakala model (Ghazali et al. [9, 10])

Monthly payment	= RM50 (1 unit)
Term	= 17 years
Interest rate	= 5% per year (i)
Tabarru account	= RM25
Saving account	= RM25.

Table 1.2(a). Explanation of variables in Wakala model

Code of variables	Explanation of the variables
Q1	Year
Q2	Age
Q3	Layout payment
Q4	Tabarru account
Q5	Wakala fees
Q6	Personal account
Q7	Monthly profit
Q8	Yearly profit
Q9	Total surrender value
Q10	Khiarat
Q11	Loss of ability to work or 40 critical illnesses
Q12	Death coverage
Q13	Hospital bills
Q14	Payment benefit
Q15	Pension

Table 1.2(b). Life table in Wakala model

Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14	Q15
1	1	600	240	60	300	7	15	322	2000	10000	10000	5000	300	
2	2	1200	480	120	600	40	30	670	2000	10000	10000	5000	300	
3	3	1800	720	180	900	77	45	1022	2000	10000	10000	5000	300	
4	4	2400	960	240	1200	113	60	1373	2000	10000	10000	5000	300	
5	5	3000	1200	300	1500	150	75	1725	2000	10000	10000	5000	300	
6	6	3600	1440	360	1800	187	90	2077	2000	10000	10000	5000	300	
7	7	4200	1680	420	2100	223	105	2428	2000	10000	10000	5000	300	
8	8	4800	1920	480	2400	260	120	2780	2000	10000	10000	5000	300	
9	9	5400	2160	540	2700	296	135	3131	2000	10000	10000	5000	300	
10	10	6000	2400	600	3000	333	150	3483	2000	10000	10000	5000	300	
11	11	6600	2640	660	3300	370	165	3835	2000	10000	10000	5000	300	
12	12	7200	2880	720	3600	406	180	4186	2000	10000	10000	5000	300	
13	13	7800	3120	780	3900	443	195	4538	2000	10000	10000	5000	300	
14	14	8400	3360	840	4200	480	210	4890	2000	10000	10000	5000	300	
15	15	9000	3600	900	4500	516	225	5241	2000	10000	10000	5000	300	
16	16	9600	3840	960	4800	553	240	5593	2000	10000	10000	5000	300	
17	17	10200	4080	1020	5100	589	255	5944	2000	10000	10000	5000	300	

Step 2. The questionnaire was built according to the mathematical life table.

There are 10 items in the questionnaire but only 6 items as in Table 2.1 are used in the research for analyzing the data. The 6 items are used to analyze the frequency and correlation. All the respondents must be employed and 410 respondents were interviewed in the research to answer the questionnaire.

Table 2.1. Items in questionnaire

Numbers	Questions
1.	Level of education
2.	Salary per month
3.	The new education Takaful plan costs only RM50 and this covers the participant and a child. The raiders include loss of ability to work, critical illnesses, death coverage, hospital bills, death benefit and pension. Can you afford to buy at least one unit of education Takaful plan?
4.	How many units of the Education Plan Takaful will you buy based on your salary?
5.	Do you agree that the Education Plan Takaful has all the risks above (question 3) covered?
6.	Do you think this is the best package for Education Plan Takaful and is affordable by all categories of income earners?

Step 3. Perform the reliability of the questionnaire.

Table 3.1. Reliability coefficients in questionnaire

Items of questionnaire	Number of respondents	Reliability coefficients (Guttman split-half scale)
6	410	0.7599

By using Guttman split-half scale method, the items which have been used in the questionnaire have the reliability as shown in Table 3.1. The research data reliability coefficient is 0.7599. According to Mohd and Zaidatun [7], the maximum value of the reliability coefficients is 1. And furthermore, according to them, if the value is less than 0.6, then we could assume that the instruments that have been used in the research have a low reliability coefficient.

Step 4. Perform the percentage of the frequency.

The percentage of the frequency of at least one unit bought by the respondents is shown below in Table 4.1 and Figure 4.1.

From Table 4.1 and Figure 4.1, show that 99.8% said 'Yes' to the question: "Can you afford to buy at least one unit of the Takaful plan product?". It shows that almost all the respondents say that they can afford to buy at least one unit of Takaful plan.

Table 4.1. Frequency of respondents who say they can afford to buy at least one unit

Items	Frequency	Valid percent
Yes	409	99.8
No	1	0.2
Total	410	100

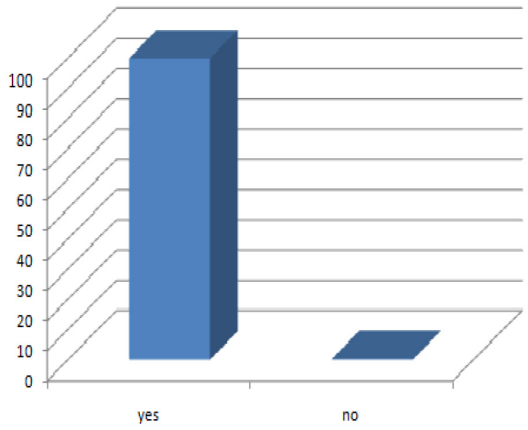

Figure 4.1. Respondents who say they can afford to buy at least one unit of Takaful plan.

To question number 5, "Do you agree that the plan cover all the risks?", the percentages of the respondents' responses are shown in Table 4.2 and Figure 4.2.

Table 4.2. Frequency of respondents' responses that think the plan covers all the risks

Items	Frequency	Percentage
Yes	410	100
No	0	0
Total	410	100

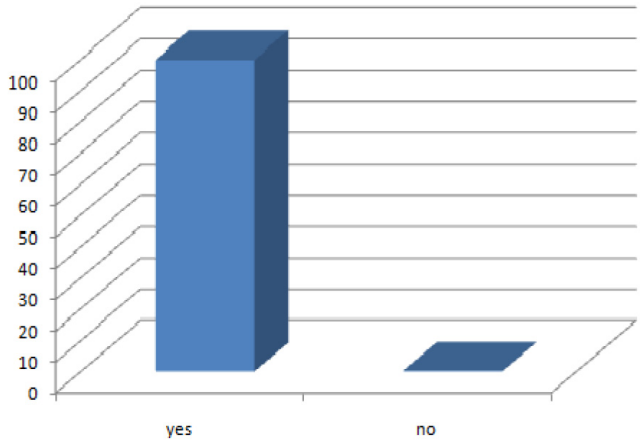

Figure 4.2. Takaful plan covered all the risks.

Table 4.2 and Figure 4.2 show that 100% said 'Yes' to the question: if the Takaful plan covers all the risks.

The percentage of the frequency of the respondents' responses who think the plan is the best package for all categories of income earners is shown below in Table 4.3 and Figure 4.3.

Table 4.3. Frequency of respondents' responses who think the plan is the best package for all categories of income earners

Items	Frequency	Percentage
Yes	395	96.3
No	3	0.7
Not sure	12	2.9
Total	410	100

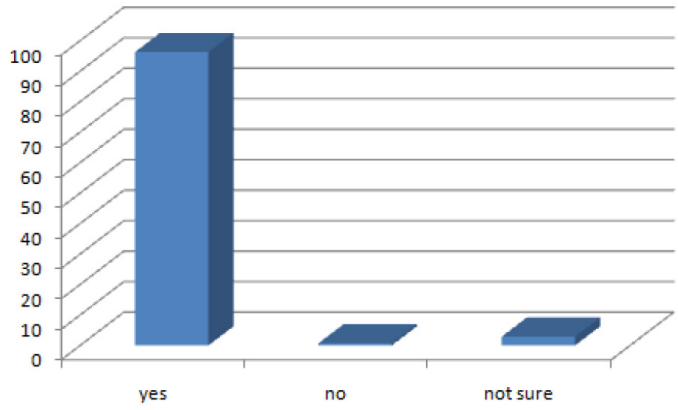

Figure 4.3. Respondents who think Takaful plan is the best package for all categories of income earners.

Table 4.3 and Figure 4.3, show that 96.3% said 'Yes' to whether the package is affordable and the best package for all categories of income earners. It shows that all the respondents agreed that this new Takaful plan is affordable for all categories of income earners.

Step 5. Perform the correlation between the respondents' salary and the number of units in affordable to be bought by them.

By using SPSS (Wan Muhamad Amir and Mustafa [14, 15]), the correlation between salary and the number of units that the respondents can afford to buy is shown in Table 5.1. Table 5.1 also shows the monthly salary of the respondents and the frequency of each category or level of salary.

Table 5.1. The monthly salary of respondents

Salary per month	Frequency	Percentage
Below RM2000	130	31.7
RM2001 to RM5000	172	42.0
RM5001 to RM10000	90	22.0
RM10001 to RM15000	13	3.2
Above RM15001	5	1.2
Total	410	100.0

Table 5.2. Pearson correlation between the respondents' the monthly salary and the number of units that they can afford to buy

Salary per month	r	P **value**
The numbers of units in Takaful plan that the respondents' can afford to buy	0.839	0.001*

*Correlation is significant at $P < 0.05$

The output in Table 5.2 shows that Pearson correlation is $r = 0.839$ with $p < 0.001$ (Nor Sa'adah et al. [8]). Those with higher monthly income can afford to buy more units in Takaful plan. There is a strong correlation where $r = 0.839$ with the level of education and the month salary.

$P < 0.05$, rejects null hypothesis, there is a significant correlation between the number of bought units and the monthly salary. It is a strong correlation where $r = 0.839$ with the number of bought units and the monthly salary.

Step 6. Perform the correlation between the level of education and the number of buying units in Takaful plan.

By using SPSS, the correlation between the respondents' level of education and the number of units in Takaful plan they bought is shown in Table 6.1. Table 6.1 shows the level of the respondents' education and the frequency of each level.

Table 6.1. Level of education of respondents

Level of education	**Frequency**	**Percentage**
SPM or below	128	31.2
STPM or Diploma	111	27.1
Bachelor	117	28.5
Master	38	9.3
PhD	16	3.9
Total	410	100.0

Table 6.2. The correlation between the levels of education of the respondents and the number of units in Takaful plan that they will buy

Level of education of the respondents	r	P **value**
The number of they will buy units in Takaful plan	0.541	0.001*

*Correlation is significant at $P < 0.05$

The output in Table 6.2 shows Pearson correlation, $(r) = 0.541$ with $p < 0.001$ (Nor Sa'adah et al. [8]). The respondents with higher level of education will buy more units in Takaful plan. It is quite a strong correlation where $r = 0.541$ between level of education and monthly salary.

$P < 0.05$, reject null hypothesis, there is a significant correlation between the levels of education of the respondents and the number of units they will buy. It is a quite strong correlation where $r = 0.541$.

Discussion

In this paper, the researchers have shown that the new mathematical model is an invention in Family Takaful business because it is relevant to all categories of incomes earners. In order to learn more about effectiveness of the new mathematical model, we use the following guidelines:

(i) Checking the affordable price for low income earners so that they can buy the product in Family Takaful.

(ii) Checking the most appropriate product for high income earners.

(iii) Checking whether the offered product in education plan Takaful has included the most complete riders.

The researchers discovered quite a number of researches in insurance such as Cardoso and Alfredo [2] focus on the direct calculation of the distribution of time to obliterate, and find that the above recursions appear to be less efficient, although giving the same approximation figures. However, Marcus [6] introduced prospective reserves of individual life insurance

contracts as deterministic mappings of the actuarial assumptions of interest rate, mortality probability, disability probability and etc. Despite that, researcher cannot find any previous literature about the acceptance of existing models in Islamic Takaful Insurance; the Mudharabah and Wakala. Thus, in this part of the paper, the results are not interpreted in relation to previous literature whether these are in support or are in contradiction to the research.

The researchers hope that this article will give some guidelines and information about the plan whether it is good for all categories of income earners or not. As research finding, we found six among the respondents and they are:

(i) By using the Guttman split-half scale, the items that have been used in the questionnaire are reliable because the probability is more than 0.5 where reliability coefficient is 0.7599.

(ii) It shows that 99.8% of the respondents can afford to buy at least one unit of Takaful plan.

(iii) It shows that 100% of the respondents have agreed that this Takaful plan covers all the risks.

(iv) It shows that 96.3% of the respondents have agreed that this new Takaful plan is affordable for all categories of income earners.

(v) There is a strong correlation where $r = 0.839$ between the numbers of units the respondents will buy and monthly salary.

(vi) There is quite a strong correlation where $r = 0.541$ between the levels of education of the respondents and their monthly salary.

Conclusion

After interviewing the 410 respondents using the questionnaire, almost all the respondents agreed that the integration model of education plan Takaful could attract all categories of income earners to buy it. The most attractive aspect about this model, the plan offers affordable price for all

categories of income earners and it also includes almost complete riders. This research has proved that the new idea of integration model in education plan Takaful has been accepted by all categories of income earners.

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Appendix A

Takaful Company in Malaysia

Syarikat Takaful Malaysia Sdn. Bhd. 2011 is allowed, under Section 3, to conduct two types of "insurance" businesses: Family (or life) Takaful business and general takaful business, and is required by Section 16. Takaful Act 1984 to maintain separate accounts for each of these two businesses.

Takaful Malaysia also introduced 3 new products that comply to Shariah – Takaful myInvest, Takaful myGraduan and Takaful myGemilang. Each product is intended to cater to the needs of its customers from 3 main life stages - young adults, parents and retirees.

Takaful myInvest is an investment-linked plan suited for young adults, while Takaful myGraduan is a higher education funding plan with flexible

benefit payouts, for customers to meet their children's education needs, while Takaful myGemilang is an affordable retirement solution. Takaful Malaysia offers 5 Shariah-compliant investment-linked funds for Takaful myInvest and Takaful myGraduan.

These investment funds are managed by the Investment Division of Takaful Malaysia, comprising of a group of investment specialists with more than 14 years of fund management experience.

Maybank Fortis Holdings Berhad was formed in 2001 as a collaboration between Malaysia's largest local bank Maybank and Fortis International NV, one of the largest providers of integrated financial services in Europe. With a stake of 70% by Maybank and 30% by Fortis, the partnership witnesses the grouping of all Maybank's insurance companies under Maybank Fortis Holdings Berhad (2008).

At the end of 2007, the merger effort with Malaysia National Insurance and Takaful National culminated in the rebranding of the entire insurance and takaful group under the new brand name - Etiqa. An ongoing corporate streamlining exercise will see the eventual grouping of five operating entities under two anchor subsidiaries for conventional and Takaful respectively: Malaysia National Insurance Berhad, now known as Etiqa Insurance Berhad, and Takaful Nasional Sdn. Bhd., renamed as Etiqa Takaful Berhad.

Takaful Ikhlas Sdn. Bhd. (Takaful Ikhlas [12]) was incorporated on 18 September 2002 and is a wholly-owned subsidiary of MNRB Holdings Berhad. Takaful Ikhlas has, within the six years of its operations, established a strong presence in the provision of Islamic financial protection services based on the Takaful system, which stresses on a spirit of cooperation and joint responsibility among participants. Today, the company is widely known in the market as a dynamic "brand". Thus more than 1.4 million individuals and corporations have placed their trust in the company and become its certificate holders (participants) (Takaful Ikhlas [12]).

'Takaful Ikhlas' commitment and adherence to values that cherished, coupled with the application of appropriate technology in conducting

business have earned the company a sound reputation for its ethical approach and service delivery. The company offers individuals and commercial enterprises a comprehensive range of Family, Group and General Takaful Plans and Riders, with more being planned in the future. The distribution/service channels comprise highly knowledgeable and well-trained people. These channels comprise more than 6,000 agency personnel, brokers, financial institutions, motor franchise holders, co-operatives and Islamic bodies.

Appendix B

Products in Takaful Company in Malaysia

Takaful Malaysia [13] is also introduced 3 new Shariah-compliant products – Takaful myInvest, Takaful myGraduan and Takaful myGemilang. Each product is intended to cater to the needs of its customers from 3 main life stages - young adults, parents and retirees.

Takaful myInvest is an investment-linked plan suited for young adults, while Takaful myGraduan, is a higher education funding plan with flexible benefit payouts, for customers to meet their children's education needs, while Takaful myGemilang is an affordable retirement solution. Takaful Malaysia offers 5 Shariah-compliant investment-linked funds for Takaful myInvest and Takaful myGraduan.

These investment funds are managed by the Investment Division of Takaful Malaysia, comprising of a group of investment specialists with more than 14 years of fund management experience.

Etiqa Takaful [4] Mesra Plan is a very flexible plan, which associates protection with savings element. Starting from the fourth year of protection, the ratio of contribution operation is more towards your saving which is 75%.

Etiqa Takaful Prima is a very special plan with scheduled returns and absolute freedom in the current financial planning, education, 'umrah' and 'ziarah', travelling, investment, etc.

Etiqa Takaful Sarjana Plan combines savings and coverage and is an effort to provide a special fund for your child's future education.

Takaful Ikhlas [12] aims to provide comprehensive family and general Takaful protection. We place strong emphasis on product innovation coupled with differentiating features to ensure market acceptance. Our family protection products focus on savings or investment-linked plans and mortgage protection plans. The general protection offerings feature innovative plans to cover properties such as vehicles, buildings and other assets.

In the long-term, we will continue to broaden our product range to meet the changing needs of customers. These plans are underwritten to cater for various categories of customers, from middle to lower-income groups including the rural markets, as part of our social responsibility. Our services, on the other hand, are supported by state-of-the-art technology, designed to ensure accuracy and timeliness of information. This will help enhance our efficiency and professionalism when dealing with customers as well as add value to our stakeholders.

Appendix C

Premium payment

The basic plan of Family Takaful (Takaful Malaysia [13], Etiqa Takaful [4] and Takaful Ikhlas [12]) includes education Takaful, saving Takaful, hajj saving, Takaful health plan and others. If the participant needs to include the rider, then they have to pay higher premium for protection purposes such as critical illnesses, hospital benefit, accidental death and others.