

**THE COMPARISON OF LECTURER'S SATISFACTION ON LIFE INSURANCE
POLICY BETWEEN CONVENTIONAL AND TAKAFUL INSURANCE IN
POLYTECHNIC SULTAN SALAHUDDIN ABDUL AZIZ SHAH**

GROUP NAME

DESTINY'Z GIRLZ

GROUP MEMBERS

NURUL HASANAH BINTI AGUS SALIM	08DIN04F008
MARIATI BINTI MOHD ZAINI	08DIN04F010
AINIL HANA BINTI SHUHAMI	08DIN04F020
HANIZAR BINTI AB RAHIM	08DIN04F040



A graduation exercise submitted in partial fulfillment in the Diploma Insurance course,
Politeknik Sultan Salahuddin Abdul Aziz Shah, Shaha Alam, Selangor.

APPROVAL OF PROJECT REPORT

Project Report Title: The Comparison of Lecturer's Satisfaction on Life Insurance Policy
Between Conventional and Takaful Insurance in Polytechnic Sultan
Salahuddin Abdul Aziz Shah.

Check by:

Supervisor : Pn. Noorhaneyza bt. Mat Noor

Signature :



Date :

4/6/07

NOORHANEYZA BINTI MAT NOOR
Pensyarah
Jabatan Perdagangan
Politeknik Sultan Salahuddin
Abdul Aziz Shah

Approved by:

Coordinator: Pn. Norhayati bt. Othman

Signature :



Date :

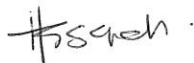
:

NORHAYATI BINTI OTHMAN
Ketua Kursus Insurans
Jabatan Perdagangan
Politeknik Sultan Salahuddin
Abdul Aziz Shah

4/6/2007.

DECLARATION

This report is done on our effort except for the part where the information and part adapted from literature such as annual report, article, and books.

Signature : 

Name : NURUL HASANAH BINTI AGUS SALIM

Registration number: 08DIN04F008

Date : 4/6/07

Signature : 

Name : MARIATI BINTI MOHD ZAINI

Registration number: 08DIN04F010


Date : 04/06/07

Signature : 

Name : AINIL HANA BINTI SHUHAMI

Registration number: 08DIN04F02

Date : 9/6/2007

Signature : 

Name : HANIZAR BINTI AB RAHIM

Registration number: 08DIN04F040

Date : 04/06/07

ACKNOWLEDGEMENT

Alhamdulillah, we had finished this research eventually. The hard work from the four of us or the whole semester had been back by the success in completing this research project.

First of all, we would like to thanks project supervisor Pn Noorhaneyza bt Mat Noor. She had given us a lot of things to learn about how to do this project. We also would like to give our appreciation to Pn Norhayati bt Othman as project coordinator for our project. She had been our sources of inspiration research from the start until the end of the project. Without the both of them, we would not have finished this project.

A lot of thanks also for lecturers especially in the civil department, electrical department, mechanical department and commerce department as our respondents for their cooperation in answering our questionnaires. Also not forgetting our parents for their prayer and lovers and encouragement.

Last but not least, we would like to thank everybody who had contributed one way or another in this project. Thank you once again.

ABSTRACT

The purpose of the research is to comparison of customer's satisfaction on life insurance product between takaful and conventional. The aim of the research is to identify the operation between conventional and takaful. The operational researcher would like to identify mostly are service, coverage, claim paid and customer satisfied. Respondent are all lecturers in Polytechnic Sultan Salahuddin Abdul Aziz Shah. This research base from 144 of 233 was chosen regarding of Krejeie R .V, and Morgan table.

From 144 questionnaire was distribute only 132 questionnaire were collected. After analysis all the questionnaire the researcher fount that only 99 respondent have insurance policy and the rest didn't have insurance policy. 66 responden from 99 respondent have insurance policy from takaful insurance and 33 respondent took from conventional insurance. Majority of the respondent was take takaful insurance.

More than 50% respondent satisfied with service was given by takaful insurance compare with conventional insurance. The service base on claim service, coverage, premium paid and customer service.

The populations of this research were 233 lecturers and the samples were 144. The sample of this research has being determined by following payable of Krejeie R. V. and Morgan, D.W. Determining sample size for research, Educational n Psychological Measurement 1970. The questionnaire had being collected 132 which is 91.67% from sample. Its mean this research was achieve the objective or the research.

ABSTRAK

Tujuan kajian ini dibuat adalah untuk membuat perbandingan kepuasan hati pelanggan terhadap produk insurans hayat diantara insurans Takaful dan insurans konvensional. Objektif kajian ini adalah untuk mengenal pasti operasi diantara insurans takaful dan insurance konvensional. Kajian ini sebenarnya dilakukan untuk mengenal pasti kepuasan hati pelanggan tentang perkhidmatan yang disediakan oleh insurans takaful dan insurans konvensional seperti perkhidmatan pelanggan, perlindungan yang disediakan, cara pembayaran premium dan cara menyelesaikan tuntutan.

Daripada 144 soalan yang diedarkan hanya 132 sahaja yang dapat kembali. Selepas kajian dibuat terhadap di dapati 99 responden mempunyai polisi insurans dan selebihnya tidak mempunyai polisi insurans. 66 dari 99 responden mempunyai polisi insurance dari insurans takaful 33 responden menganbil dari insurans konvensional. Kebanyakan respondent mengambil polisi dengan insurans takaful.

Lebih dari 50% responden berpuas hati dengan perkhidmatan yang disediakan oleh insurance takaful. Perkhidmatan ini berdasarkan perkhidmatan pelanggan, perlindungan, pembayaran premium dan tuntutan.

Populasi untuk kajian ini adalah terdiri daripada 233 pensyarah dan sampelnya adalah 144. Sample untuk kajian berdasarkan jadual Krejcie R.V and Morgan, D.W yang menerangkan tentang saiz sample, pendidikan dan langkah psikologi 1970. soalan yang dapat di kumpul ialah 132 bersamaan dengan 91.67% dari sample. Ini bermakna kajian ini telah mencapai objektif yang di kehendaki.

Contents

List of Contents

No	Title	Pages
1	Cover	i
2	Approval of Project Report	ii
3	Declaration	iii
4	Acknowledgement	iv
5	Abstract	v
6	List of Table	x
7	List of Chart	xii
8	List of Appendix	xiv
9	Chapter 1 – Introduction	1
	1.1 Problem Statement	4
	1.2 Scope of Project	4
	1.3 Definition of the Terminology	5
	1.4 Objective	7
10	Chapter 2 – Literature Review	8
11	Chapter 3 – Methodology	11
	3.1 Introduction	11
	3.2 Subject	11
	3.3 Research Design	12
	3.4 Research Instruments	12
	3.5 Research Procedure	12
	3.6 Data Analysis	12
12	Chapter 4 – Findings and Analysis	13
	4.1 Part 1 – Personal Details	
	Introduction	

4.1.1 Gender	14
4.1.2 Age	15
4.1.3 Comparison for Gender that Buy Life Insurance Policy	16
4.1.4 Numbers of Questionnaires had been collected from Four Department	17
4.1.5 Relation between Age and Quantity of Respondents that Buy Life Insurance Policy	18
4.2 Part 2 – Customers Satisfaction	
4.2.1 The numbers of Respondents Having Insurance Policy	19
4.2.2 Types of Insurance That Respondents Have	20
4.2.3 The Reason of Respondents Choose That Types of Insurance	21
4.2.4 Numbers of Policy Insurance That Respondents Have	22
4.2.5 Types of Life Insurance Policy That Respondent Take	23
4.2.6 Purpose of Respondents Bought the Policy Insurance	24
4.2.7 Satisfaction about the Coverage Provided	25
4.2.8 Reason of Respondents needs the Life Insurance Policy	26
4.2.9 Method of Respondents Bought This Policy	27
4.2.10 Satisfaction of the Respondents on Customer's Service Provided	28
4.2.11 Satisfaction of the Respondents on the Premium Paid	29
4.2.12 Years That the Respondents Bought the Life Insurance Policy	30
4.3.13 The Numbers of Claim Made By the Respondents	31
4.2.14 Types of Claim That the Respondent Made	32
4.2.15 Time That Insurer Take to Settle the Claim after the Claim Form Submitted	33
4.2.16 Opinion of the Respondents about the Claim Procedure Provided	34
4.2.17 Satisfaction of the Respondents on Claim Received	35

	4.2.18 Satisfaction of the Respondents about Claim Handled Smartly and Aggressively	36
13	Chapter 5 – Conclusion and Recommendations	
	5.0 Introduction	37
	5.1 Conclusion	37
	5.2 Recommendation	39
	5.2.1 Insurance Company	39
	5.2.2 Respondents	40
	5.2.3 Government	40
14	Bibliography	
15	Appendix	

List of Table

No.	Title	Pages
4.1.1	Gender	14
4.1.2	Age	15
4.1.3	Comparison for Gender that Buy Life Insurance Policy	16
4.1.4	Numbers of Questionnaires had been collected from Four Departments	17
4.1.5	Relation between Age and Quantity of Respondents That Buy Life Insurance Policy	18
4.2.1	The numbers of Respondents Having Insurance Policy	19
4.2.2	Types of Insurance That Respondents Have	20
4.2.3	The Reason of Respondents Choose That Types of Insurance	21
4.2.4	Numbers of Policy Insurance That Respondents Have	22
4.2.5	Types of Life Insurance Policy That Respondents Take	23
4.2.6	Purpose of Respondents Bought the Policy Insurance	24
4.2.7	Satisfaction about the Coverage Provided	25
4.2.8	Reason of Respondents Needs the Life Insurance Policy	26
4.2.9	Method of Respondents Bought This Policy	27
4.2.10	Satisfaction of the Respondents on Customer's Service Provided	28
4.2.11	Satisfaction of the Respondents on the Premium Paid	29
4.2.12	Years That the Respondents Bought the Life Insurance Policy	30
4.3.13	The Numbers of Claim Made By the Respondents	31
4.2.14	Types of Claim That the Respondents Made	32
4.2.15	Time That Insurer Take to Settle the Claim after the Claim Form Submitted	33

4.2.16	Opinion of the Respondents about the Claim Procedure Provided	34
4.2.17	Satisfaction of the Respondents on Claim Received	35
4.2.18	Satisfaction of the Respondents about Claim Handled Smartly and Aggressively	36

List of Charts

No.	Title	Pages
4.1.1	Gender	14
4.1.2	Age	15
4.1.3	Comparison for Gender that Buy Life Insurance Policy	16
4.1.4	Numbers of Questionnaires had been collected from Four Department	17
4.1.5	Relation between Age and Quantity of Respondents that Buy Life Insurance Policy	18
4.2.1	The numbers of Respondents Having Insurance Policy	19
4.2.2	Types of Insurance That Respondents Have	20
4.2.3	The Reason of Respondents Choose That Types of Insurance	21
4.2.4	Numbers of Policy Insurance That Respondents Have	22
4.2.5	Types of Life Insurance Policy That Respondents Take	23
4.2.6	Purpose of Respondents Bought the Policy Insurance	24
4.2.7	Satisfaction about the Coverage Provided	25
4.2.8	Reason of Respondents needs the Life Insurance Policy	26
4.2.9	Method of Respondents Bought This Policy	27
4.2.10	Satisfaction of the Respondents on Customer's Service Provided	28
4.2.11	Satisfaction of the Respondents on the Premium Paid	29
4.2.12	Years that the Respondents Bought the Life Insurance Policy	30
4.3.13	The Numbers of Claim Made By the Respondents	31
4.2.14	Types of Claim That the Respondents Made	32
4.2.15	Time That Insurer Take to Settle the Claim after the Claim Form Submitted	33
4.2.16	Opinion of the Respondents about the Claim Procedure Provided	34

4.2.17	Satisfaction of the Respondents on Claim Received	35
4.2.18	Satisfaction of the Respondents about Claim Handled Smartly and Aggressively	36

List of Appendix

No.	Title
1	Krejie , R.V and Morgan, D.W. Determining sample Size for research. Educational and Psychological Measurement.
2	Letters of Consent – Kebenaran Untuk Membuat Soal Selidik
3	List of Lecturer's name
4	Questionnaire
5	Method and Research Design

CHAPTER 1

INTRODUCTION

In Common law, insurance practices obtained a substantial recognition, as recent years have witnessed a rapid development in this area. Such a rapid development might have resulted from the rapid growth of the legal system in the fields of trade and commerce. In Islamic law, the idea of insurance originated from the agreement of two people by the ancient Arab tribes before 570 AC. The development of Islamic insurance practice has been less than satisfactory, and it has been unable to keep pace with developments in other aspects of commercial law.¹

The main reason for such poor progress in the development of insurance both in principles and practices may be the diversification of views among Muslim scholars, as regards to the validity of insurance practices. This diversification comes from a misconception about insurance practice.²

There are two types of insurance practice in Malaysia that are Takaful and Conventional insurance. The formation of Takaful companies is part of the aspiration of the Malaysian government to establish an Islamic financial system in Malaysia. Takaful companies play a major role in providing insurance based on a system of operation that is in accordance with Islamic religious law or Syariah.³

One of the important features of the Takaful Act 1984 is that there is a provision in the Articles of Association of takaful operator for the establishment of Syariah Supervisory Council.

The function of the council is to advise the takaful company on its operations in order to ensure that it does not involve in any element which is not approved by the Syariah.

¹ Book of Insurance, The Malaysian Insurance Institute 2001

² Insurance, 2nd Edition, Chartered Institute of Bankers

³ Insurance, 2nd Edition, Chartered Institute of Bankers

Members of the council are Muslim jurists who are well versed in Syariah matters.⁴

The council is not directly involved with the management of the takaful company but only to decide whether the company's activities follow the Syariah. The auditor of the company must ensure the decisions of the council are followed. Decisions of the council must always follow ruling of Syura or mutual consultation and agreements, and are not based on decision by majority.

Principles of Takaful operation are Tabaruk and Mudharabah. Tabaruk means to donate. Under the concept of tabaruk, the participants of takaful plan make an aqad (agreement) to deposit as donation a certain proportion of takaful contributions or installments into a risk fund. This fund will be used to assist participants who might suffer unexpected financial losses due to some contingencies. Mudharabah (Trustee Profit-Sharing) is defined as a contractual agreement between provider of capital and entrepreneur for the purpose of business venture whereby both parties agree on a profit sharing agreement. The agents and the brokers are regarded as part and parcel of the insurance company. Therefore they should have the right to shares in the company as their salaries.⁵

Conventional insurance is not transparent, as companies discriminate when assessing risks factors. For instance, different premiums are quoted, based on age, gender and financial status. Conventional insurance is not mutually beneficial, as certain individuals (shareholders, for example) benefit at the expense of others. In other words, commercial insurance companies exist to serve the interest of shareholders first, not policyholders.⁶

Conventional insurance practices revolve around the elements of interest (riba). The sources of insurance law are based on the human thoughts and cultures. The agents and the brokers are paid out of the premiums paid by the insured. The validity of a subject

⁴ Takaful, <http://www.takafulact/islamic.ins.com>.

⁵ Takaful, <http://www.takafulact/islamic.ins.com>.

⁶ Conventional, <http://www.DifferencesTakafulandConventional/insurance.com>

matter of a policy is determined based on the civil law principles e.g. case laws, statutory provisions etc.⁷

The modus operandi in insurance is based on positive law, natural law and precedents. The legality of the subject matter of a policy must be determined by Acts of parliament and case laws. The sources of insurance law are mainly the Acts of parliament, judicial precedents, customs and so on. The element of spiritual sincerity is not required in a valid insurance contract

Customer service is more the exception than the rule and happened when someone want to serve customers. Customer service starts in a head. Customer service is not department. It's an attitude. In other words, customer service needs to see every customer as a guest in their home, not as a pest in their department.⁸

⁷ Insurance, 2nd Edition, Chartered Institute of Bankers

⁸ E-book, 70 pages, "Creating Customer Service and Customer Enthusiasm"

1.1 Problem Statement

Malaysian's economic growth momentum is expected to be sustainable in 2001 albeit at a moderated pace.

Malaysia has two types of insurance business that is conventional and takaful. Conventional insurance company was existence for a long time ago and has stronger evolution by awareness of the citizens for needs protection of insurance.

The government aim to make Malaysia international Islamic financial sector as a favorable indicator for stronger growth takaful business. The emergence of new takaful operators in the country leading to additional competition is seen by both of company as a positive development. This would spur new ideas and strategies towards attaining higher level of efficiency and innovation in order to stag competitive.

In the wake of the forces of globalization, the both of company has a stiffer competition. The both of company will continue to provide more innovative and value for money products that are capable of meeting the deemed of all level of participants.

Conventional and takaful have a different operation. The researcher would like to identify mostly on the customer satisfaction on life insurance product between conventional and takaful which consent of customer service, coverage provided, claim procedure and premium paid.

1.2 Scope of Project

The questionnaire is basically asked for the lecturer's satisfaction on life insurance policy between takaful insurance and conventional insurance in Polytechnic Sultan Salahuddin Abdul Aziz Shah. The lecturer's satisfactions are base on the customer service, claim procedure, coverage provided and premium. To get the output for this

research the researcher was distributed the questionnaire among all lectures at four department of Polytechnic Sultan Salahuddin Abdul Aziz Shah. The number of respondent who had insurance policy from each department is 26 from mechanical, 33 from commerce department, 35 from civil department and 38 from electrical department.

The questionnaire was distributed among the lectures purposely to know about the satisfaction of the lecturers on life insurance policy between both takaful and conventional insurance.

1.3 Definitions of the Terminology

1. Customers / Lecturers

Customer is a person who buys the product insurance from the insurance company. They buy the product with exchange the money and the product. They are client; buyer; person who buys a product or service.

2. Takaful

Takaful is a type of insurance company that practice Islamic way. They practice principle of Tabarruk and Mudharabah. Tabarruk means to donate. Under the concept of tabarruk, the participants of takaful plan make an aqad (agreement) to deposit as donation a certain proportion of takaful contributions or installments into a risk fund. Mudharabah (Trustee Profit-Sharing) is defined as a contractual agreement between provider of capital and entrepreneur for the purpose of business venture whereby both parties agree on a profit sharing agreement.

3. Conventional

Conventional is a type of insurance company. Conventional insurance practices revolve around the elements of interest (riba). The sources of insurance law are based on the human thoughts and cultures.

4. Insured

Insured can be an individual, organization, association and government that buy life insurance policy from insurance company. They pay sum money that called premium for their protection.

5. Customers services

The exception than the rule and happened when someone want to serve customers. Customer service starts in a head. Customer service is not department. It's an attitude. In other words, customer service needs to see every customer as a guest in their home, not as a pest in their department.

6. Premium

Premium is the amount that needs to pay by the insured to insurance company. Then the insurer will provide the protection to the insured that pay the premium.

7. Insurance Claim

A claim for reimbursement from the insurance company when the insured has suffered a loss that is covered under an insurance policy. In other hand, are demands made by the insured, or the insured's beneficiary, for payment of the benefits as provided by the policy.

8. Insurance

A contract (policy) in which an individual or entity receives financial protection, or reimbursement, against losses from an insurance company, which pools client's risks to make payments more affordable, in exchange for a premium.

9. Coverage

The scope of protection provided under an insurance policy. In property insurance, coverage lists perils insured against, properties covered, locations covered, individuals insured, and the limits of indemnification. In life insurance, living and death benefits are listed.