

Takaful Principles: Reshaping Families and Futures In Malaysia

KUALA LUMPUR, MALAYSIA, June 7, 2021 /EINPresswire.com/ -- Takaful, which is also referred to as Islamic insurance, is a type of 'insurance system' that is based on Shariah laws. It follows the principle of mutual assistance (ta'awun) and donation (tabarru). In this system, one can subscribe to a [takaful plan](#) by contributing funds into a pool. The pooled funds from the participants of the plan are managed by a Takaful operator. The participants of a Takaful plan mutually guarantee security to each other against any covered peril.

Apart from Muslims, even non-Muslims can subscribe to takaful funds such as medical takaful, general takaful, family takaful, vehicle takaful, and more from various takaful entities.

Principles of Takaful

Takaful comes from the Arabic word Kafalah. It means a guarantee or a joint guarantee. Participants of a Takaful plan mutually guarantee the shared responsibility and protection of each other in the event of any loss or damage. This type of insurance system, which strictly adheres to the Shariah laws, operates under the following principles:

☐ Mutual Cooperation

As takaful is based on Islamic laws, the participants must follow the Islamic cooperative principles of ensuring the common good of each other.

☐ Financial Aid

All participants must offer financial aid from their contributions to help the participant who needs assistance.

☐ Fair Scheme

The participants of a takaful fund must not take any advantage or make a profit at the cost of the other participants. In simple words, one must offer assistance without having any self-centered motive that can affect others.

☐ Donations

Participants of a takaful plan contribute funds into a pool fund system. The contribution provided will be regarded as donations with the intent to help each other when the pre-agreed events happen.

□ Treatment of Surplus and Deficit Funds

Any surplus or profit that accrues from the pooled funds must be distributed among the participants and shareholders. The surplus distribution process must not be limited only to the shareholders.

If the pooled funds generate losses, then the shareholders will provide an interest-free loan to the pooled fund which indirectly reflect the responsibility among the members.

□ Elimination of Al-gharar, Al-maisir, and Riba elements

The elements of gambling (Al-maisir), uncertainty (Al-gharar), and interest (Riba) must be eliminated via the overall means and processes that are offered in Takaful.

□ Investment of Funds

Funds should be invested in assets or companies that are Shariah-compliant.

□ Separate Funds

The takaful entity must maintain two different funds: the participants fund and the shareholders fund.

After reading the points above, if you believe you are now ready to subscribe to various takaful products and plans, then check the best takaful entities that provide maximum benefits. However, before you finalize one, you must also check whether the benefits that are offered meet your family's needs. So, if you wish to abide by Islamic principles even while securing your loved ones future, then contributing to different Takaful plans will be a wise choice.

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