

THE FACTORS ACCEPTANCE FAMILY
TAKAFUL INSURANCE AMONG
CITIZEN IN MALACCA

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“I declare that this project is the result of my own research except as cited in the references. The research project has not been for any degree and is not concurrently submitted in candidature of any other degree.”

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Date :

DEDICATION

This research paper is lovingly dedicated to my mother, Puan Raidah binti Abd. Ghani, who have been my constant source of inspiration, they have given unconditional support with my studies. I am honoured to have their as my mother. Thank you for giving me a chance to prove and improve myself through all my walk of life. To all my family thank you for believing me for allowing me to further my studies. Thank you to my beloved friends to give some advice for me to complete this research.

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ABSTRACT

The development of insurance now in Malaysia has grown rapidly. People in Malaysia should be aware of the existence of insurance then it can protect ourselves in case something goes wrong. It is also a guarantee for us to survive. By adopting this child, can be a factor in the success of the family institution and can guarantee a happy family. This research project aims to identify the factors of acceptance among employees of government and private in Malacca. The acceptance factor which is a major contributor to the local adaptation within the family and employees in Melaka, Malaysia. In addition, this research project will investigate the relationship between financial factors, knowledge, attitudes and insurance agent protection factors among workers in Malacca, Malaysia. The survey was conducted through a set of questionnaires to assess financial factors, knowledge, attitudes insurance agents and protective factors among workers in Malacca. The selected sample consists of government and private employees of various ranks and grades in three districts in the state, namely Melaka Tengah, Alor Gajah and Jasin. Data collected were analyzed using descriptive analysis. The study found that there was a relationship between local adaptation in the lives of workers with financial factors faced by each employee. But, there is one factor that no relationship of attitude and knowledge workers who do not have an impact on the adaptation of this insurance.

ABSTRAK

Perkembangan dunia insurans sekarang di Malaysia telah berkembang dengan pesat. Rakyat di Malaysia perlu mempunyai kesedaran dengan adanya insurance maka ia dapat melindungi diri kita jika sesuatu berlaku. Ia juga adalah satu jaminan untuk kita bagi meneruskan kehidupan. Dengan mengadaptasikan insurans ini, boleh menjadi faktor terhadap kejayaan kepada sesebuah institusi kekeluargaan dan boleh menjamin keluarga yang bahagia. Projek penyelidikan ini bertujuan untuk mengenal pasti faktor penerimaan di kalangan pekerja kerajaan dan swasta di dalam Malacca. Faktor penerimaan tersebut yang mana adalah penyumbang utama terhadap adaptasi insurans di dalam diri dan keluarga pekerja di Melaka, Malaysia. Selain itu, projek penyelidikan ini akan menyiasat hubungan di antara faktor kewangan, pengetahuan, sikap agen insurans serta faktor perlindungan dikalangan pekerja di Malacca, Malaysia. Kaji selidik telah dijalankan melalui satu set soal-selidik untuk mengkaji faktor kewangan, pengetahuan, sikap agen insurans serta faktor perlindungan dikalangan pekerja di Malacca. Sampel yang dipilih terdiri daripada pekerja kerajaan dan swasta pelbagai pangkat dan gred di tiga daerah di Melaka, iaitu Melaka Tengah, Alor Gajah dan Jasin. Data yang dikumpul telah dianalisis dengan menggunakan analisis deskriptif. Hasil kajian mendapati terdapat hubungan antara adaptasi insurans didalam kehidupan pekerja dengan faktor kewangan yang dialami oleh setiap pekerja. Tetapi, ada satu faktor yang tiada hubungan iaitu sikap dan pengetahuan pekerja yang tidak mempunyai impak terhadap adaptasi insurans ini.

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CHAPTER 1

INTRODUCTION

1.1. Introduction

According to P F Cooper and B S Schone, (1997) Access to employment related insurance did not decline between 1987 and 1996, but take-up rates fell. Basically, most of citizen facing various factors to have the protection of insurance. However, quality insurance protection for one of the causes of each citizen must have insurance. In Malaysia there are some insurance companies that offer the best services to get quality sought by every worker who wants protection against their insurance. Some companies provide insurance services in a pod. The protection afforded to employees by companies is sometimes not enough to meet the satisfaction of every customer who takes insurance for themselves and their families.

Takaful is derived from the Arabic word '*kafala*' which means that the overall security Takaful can be defined as a security partnership where a group of participants agreed to assist other participants in the event of any loss. Under Act 1984, Takaful means a scheme based on brotherhood, solidarity and mutual assistance which provide for mutual financial assistance to participants in case of necessity where participants mutually agree to contribute to these objectives. Each participant to fulfill his obligation to contribute a total donation (or *tabarru*) into the fund, which is managed by a third party called the Takaful operator. Operators also known as agents and brokers Takaful, for example someone carrying on business as Takaful operators, agents and brokers Takaful respectively.

The focus of this study is to build understand the factors acceptance family takaful insurance among citizen in Malacca. This paper, therefore, examines how citizen in the Malacca accept the insurance in their life as a protector in future. The purpose of this chapter gives a brief background to the subject of the study, which will give the reader a comprehensive overview of study. It is continue by presenting the background of the study. This is will followed by providing the statement of problem, question and highlight the exactly goals for this study. At the end of this chapter concludes with the significance, scope, and limitation and brief key concepts of this study.

1.2. Background of the Study

The efficiency of financial institutions has been widely and extensively studied in the last few decades. For financial institutions, efficiency implies improved profitability, greater amount of funds channeled in, better prices and services quality for consumers and greater safety in terms of improved capital buffer in absorbing risk (Berger et al., 1993). Therefore, focuses on two aspects of life insurance companies in Malaysia. Firstly, it aims to extend the established conventional insurance sector by investigating the efficiency of the life insurance companies for the period 2002-2005. Secondly, it seeks to compare the performance of conventional life insurance companies and the Takaful operators in Malaysia.

There are citizen in Malacca who care about protecting themselves and their families because of them, we cannot buy health perfection, but we can protect it by taking insurance packages have been provided. There are workers who buy protection from accident, education, and so dead. Furthermore, family takaful insurance companies offer a variety of packages that guarantee their safety and comfort. The family of Takaful Protection provides protection and long-term savings, the benefit is for yourself or for your family if misfortune. Long-Term Savings will be obtained as part of the contributions deposited in a savings account. Investment returns are based on an agreed ratio

1.3. Problem Statement

Takaful industry is one of the most important elements in the financial system in Malaysia. Takaful or Islamic insurance concept was introduced in 1985 with the establishment of the first Takaful operator, Syarikat Takaful Malaysia Berhad. The development of the Takaful industry in Malaysia started in 1980 after the National Fatwa Council issued a fatwa that there is the existence of elements of interest, “gharar” and gambling in conventional insurance. Accordingly, the drafting of the Takaful Act was implemented in 1984 and the first Takaful operator is established.

Family Takaful Plan is a plan offered by the Takaful operator. Family Takaful Plan is a long-term savings and investment instruments to provide financial security in the event of death among young people. If the policy is terminated, participants or beneficiaries will receive benefits as a result of the contributions that have been made. The plan that is offered in family Takaful has clearly shown an increase in growth rate from year to year. (Zuriah Abdul Rahman, Hendon Redzuan, 2009).

1.4. Research Question

In seeking objectives of study, the following questions were highlighted to be the framework providing guideline for the study work:

- 1) What is the insurance package can make a life with better quality?
- 2) Why the citizen must take the insurance?
- 3) What the most important factor influence the acceptance citizen to take the insurance?

1.5. Research Objective

Objective of this study is to examine whether the financial, knowledge, protection and agent behavior will influence the acceptance of insurance the acceptance of family Takaful insurance among the citizen in Malacca. In addition, it determines the important of insurance to the citizen in Malacca. The objective of the research in this study is as follows:

- 1) To identify relationship between factors acceptance insurance and quality life.
- 2) To identify factors that is influencing government and private employee to take the insurance.
- 3) To determine the most important factor in that citizen must take the insurance.

1.6. Scope of the study

The scope of this study is to identify the relationship between factors acceptance with the quality life. This study will be focus on the citizen in Malacca. The respondents are from 21 years old to 65 years old of citizen in Malacca and there have 3 level of education. That is SPM, diploma and Degree. Furthermore, these groups are crucial in this study as they would give opinion on what the best thing and factor that must take and use it for their better life.

1.7. Limitation of the study

1. Time constraints

Limited time is a major constraint in conducting this study. Researchers should distribute the questionnaire to the potential respondent and need to collect the questionnaires back. More time needed to conduct this study, to use a larger sample size to analyze data and research topic with theoretical work developed.

2. Lack of Resources

Some journals published not published in the full report. There are journals that require registration or membership before you can access the full contents of the journal. Furthermore several published journals should be purchased or subscribed.

3. Less of experience

Lack of experience can lead to assumptions that will be made within the data producing inaccurate results. In addition, the lack of experience, skills, and knowledge to perform or conduct research to create a lot of problems with time constraints next.

4. Place

The place chosen to conduct the study is in Malacca. Site selection is based on several factors that are taken into account to obtain enough respondents for this study. It does not involve areas in the country but still in a small area in Malaysia. Selection of place of study is influenced by the problems encountered such as time constraints, lack of resources and lack of experience.

1.8. Summary

Some citizen rarely take insurance as a step to prepare for when the accident came .Overall, explaining the definition of Takaful, research background, problem statement, research objectives, research questions, research scope and importance of the study. The result of our study is to identify the percentage of individuals who have a plan between the government and private sector employees in Malacca. In addition, this study was conducted in Malacca, involving citizen in Malacca.

Chapter 2

Literature Review

2.1 Introduction

The literature review is a very important part in developing a project to ensure that project goals can be achieved. A literature review was conducted to identify the background of a problem to be investigated and the type of software that will be used during system development. This study will describe the results of studies carried out in connection with the project to be developed.

This chapter reviews related empirical literature on the subject matter. This chapter describes in more detail about Takaful insurance, financial, knowledge, protection and agent behavior. In addition, this chapter also describes the hypothesis used for the selected title. Lastly theoretical framework of study had been draft in this chapter.