

# PM gets report on insurance the Islamic way

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KUALA LUMPUR, Fri. - A report setting out proposals for the setting up of an insurance company based on Islamic principles was submitted to Prime Minister Datuk Seri Dr Mahathir Mohamad today.

The company is to be known as Syarikat Takaful, said a statement from the Prime Minister's Department.

The report on the proposed company was handed over to the Prime Minister by Prof Datuk Ahmad bin Mohamad Ibrahim who headed the unit set up to study the introduction of Islamic insurance in the country.

The unit conducted the study based on three aspects — syariah, legal and operations mode. It was assisted by three sub-committees for each area of the study.

Culture, Youth and

Sports Minister Encik Anwar Ibrahim, who was present when the report was handed over, said the unit recommended that Syarikat Takaful be set up as a new company apart from existing insurance institutions in the country.

## Amendments

The unit also recommended that the company be set up with a paid up capital of \$10 million to be held by Bank Islam Malaysia Bhd, Tabung Haji, the various State religious councils and Islamic organisations such as Baitulmal, Perbadanan Kemajuan Ekonomi Islam Negeri and the Yayasan Negeri.

Apart from capital help by shareholders, those participating in the insurance scheme will make deposits which will

be used to set up the Takaful Fund (Kumpulan Wang Takaful).

Syarikat Takaful will have two fields of operations — family and general.

On the legal aspect, the unit proposed that Syarikat Takaful Malaysia be set up under the Companies Act, 1965, and be licensed and supervised by the Director-General of Insurance.

The unit has also prepared the Takaful Bill, 1984, to amend the Insurance Act of 1963 regarding licensing and control to facilitate the operations of the company along Islamic principles.

On the syariah aspect, the unit considered the concept, principles and philosophy of Islamic insurance. Stress was laid on the promotion of unity, a sense of responsibility

and brotherly relations among participants.

The unit and the sub-committees also took into consideration the experience of Islamic insurance companies in other countries when preparing the report which took two years to complete.

Encik Anwar, who is also chairman of the Islamic consultative body, said various members of the unit had visited a number of countries which already had Islamic insurance companies.

He added that the visits were necessary as the introduction of Islamic insurance had never been explored previously and also because of a lack of reference documents.

Unit members visited Saudi Arabia, Egypt and Switzerland to study the operation, management and experiences of Islamic insurance companies there.