

Glossary of Takaful

FAMILY TAKAFUL

Participants' Account	An account to credit a portion of contributions from the participant for the purpose of investment/savings
Participants' Special Account	An account to credit a portion of contributions from the participant for the purpose of tabarru'
Takaful Annuity	A contract that provides a stream of periodic income upon retirement for a term dependent upon human life.
Contributions	Monetary contribution provided once or periodically by a participant to a takaful operator for the purpose of investment and tabarru'.
Retakaful Operator's Deposit	An amount deposited with or retained by a takaful operator by way of security for performance by the retakaful operator of its retakaful contracts.
Certificate Document	An evidence of a contract between a participant and a takaful operator which sets out the terms and conditions of the particular certificate.
Mortality Table	A statistical table showing the death rate at each age, usually expressed as the number of deaths per thousand.
Expense Rate	The ratio of total expenses for the year (including commissions, salaries, etc.) to the sum of total contribution income other than single contribution and consideration for annuities.
Surplus at Valuation Date	Excess of the takaful fund carried forward over the actuarial liabilities of a takaful fund of family takaful business.
Net Investment Income	Returns on investments less rates and taxes.
Rider	An attachment to a certificate that modifies its conditions by expanding benefits.
Investment-linked Takaful	A contract where the certificate benefits at any time vary according to the value of the underlying assets at the time.
Individual Family Takaful	A contract that provides takaful benefits payable to an individual upon death/total permanent disability or periodic income to participant upon retirement.
Group Family Takaful	Family takaful (usually without medical examination) on a group of people under a master Certificate. It is typically issued to an employer for the benefit of employees, or to members of an association.
Medical and Health Takaful	A contract that provides specified medical treatment benefits such as the cost of hospitalisation, surgical and physician consultation fees against risks of a person being diagnosed with certain illnesses or having injury arising from an accident.
Claims	Notification to a takaful operator that payment of an amount is due under the terms of the certificate.

GENERAL TAKAFUL

Net Contributions	Gross contributions less all retakaful contributions payable.
Gross Direct Contributions	Contributions on original gross rate charged to clients in respect of direct takaful business without any deduction for commission or brokerage.
Average Clause	Stipulates that a takaful fund is only liable for such proportion of the loss as the sum covered bears to total value at risk.
Indemnity	Restoration to the claimant of a loss by payment, repair or replacement.
Total Loss	A loss of sufficient size so that it can be said there is nothing left of value.
Underwriting Profit / Loss	Earned contribution income less net claims incurred, commissions and management expenses.
Retention Ratio	The ratio of net contributions to gross direct and retakaful accepted contributions less retakaful within Malaysia.
Claims Ratio	The ratio of net claims incurred to earned contributions.
Earned Contribution	Net contributions less provision for reserves for unearned contribution (RUC) at the year-end plus the RUC at the beginning of the year.
Unearned Contribution Reserves	Contributions already received in respect of risks which are still unexpired at the end of the accounting period.
Gross Direct Contributions	Contributions on original gross rate charged to clients in respect of direct takaful business Without any deduction for commission or brokerage.
General Takaful	Protection to participant for losses arising from perils such as accident, fire, flood, liability and burglary.
Facultative Treaty	A retakaful contract under which a ceding takaful operator has the option to cede and the retakaful operator has the option to accept or decline individual risks.
Excess of Loss Treaty	A type of retakaful treaty which provides that the retakaful operator pays all or a specified percentage of a loss arising from a particular occurrence or event (frequently of a more or less catastrophic nature) in excess of a fixed amount and up to a stipulated limit.
Proportional Treaty	A contract under which a takaful operator and a retakaful operator participate proportionately in the contributions and losses on every risk that comes within the scope of the contract.
Net Claims Incurred	Net claims paid less provisions for outstanding claims beginning of the year plus provisions for outstanding claims at the end of the year.

FIQH CONCEPT

Mudharabah	An agreement between the entrepreneur and the capital provider in a business venture to share profit based on an agreed profit-sharing ratio. Losses are borne by the capital provider.
Shariah	Islamic laws.
Tabarru'	A portion of participant's contribution for the purpose of mutual helps and used to pay claims Submitted by eligible claimants.
Takaful	Mutual guarantee provided by a group of people against a defined risk or catastrophe befalling one's life, property or any form of valuable things.
Tijari	Commercial business.
Wakalah	Agent-principal relationship, where a person nominates another to act on his behalf.
Wakil	Agent
Hibah	Gift
Rabbul Mal	Capital provider
Qard	Loan
Qard al-Hasan	Lending without interest or benevolent loan
Riba	Usury, Interest which is unlawful in Islam
Mudharib	Entrepreneur
Ra'sul mal	Takaful Contribution
Tijari	Commercial or private section
Ta'min	Insurance
Wali	Guardian
Wasi	Executer

The above glossary and explanation do not necessarily bear their legal meanings as they are prepared strictly for the information of readers who are unfamiliar with certain terms and expressions used.