

CHAPTER 3: INSURANCE

1. Insurance Contract

- Insurance is a contract between two parties; the ‘provider’ and ‘buyer’ of the insurance.
- The provider is called insurer and the buyer is called the insured.

Insurance Terms

1. The Proposal Form
2. The Cover Note
3. The Certificate of Insurance
4. The Policy Form
5. Renewal Notice
6. Renewal Certificate
7. Claim Form
8. Policy Form
9. Premium
10. Underwriting

Six Principles of Insurance

1. Utmost Good Faith
2. Insurable Interest
3. Indemnity
4. Subrogation
5. Contribution
6. Proximate Cause

Major Player in the Private Insurance Market

1. Buyer
2. Seller
3. Intermediaries

Two Types of Insurance

- a. General Insurance
- b. Life Insurance

General Insurance

- Aviation
- Consequential Loss
- Fidelity
- Engineering Insurance
- Fire
- Liability
- Marine
- Motor
- Personal accident

Takaful

- Takaful is an alternative to conventional insurance and it is based on Islamic principles.
- Takaful is a joint guarantee among the contributors to share the burden of unexpected financial losses that may fall upon any of them.
- There are two principles of Takaful:
 - Tabaruk - donation. The participants make an agreement to donate/contribute in installments into risk fund that will be used to assist participants who might suffer unexpected financial losses as defined.