

**MARKETING CONCEPT 4P (A CASE STUDY : TAKAFUL
MALAYSIA GUAR CHEMPEDAK BRANCH)**

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

I hereby declare that the work in this academic project is my own except for quotations and summaries which have been duly acknowledged.

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In the name of Allah, the most Gracious and the most Merciful. Praised upon His Prophet Muhammad s.a.w, his family, and loyal companion's.

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ABSTRAK

Menurut kajian konsep pemasaran perlu dihayati untuk menarik pelanggan baru dengan menjanjikan nilai yang lebih baik dan mengekalkan pelanggan semasa dengan memberikan kepuasan. Oleh itu, satu kajian tentang konsep pemasaran yang dilakukan oleh Takaful Malaysia Cawangan Guar Chempedak dalam mempromosikan produk yang ditawarkan iaitu Takaful Keluarga dan Takaful Am di kawasan Guar Chempedak telah dilakukan. Kajian ini bertujuan untuk melihat sejauhmana kesedaran dikalangan penduduk kawasan Guar Chempedak akan kepentingan insurans untuk melindungi diri sendiri, keluarga dan harta benda dari malapetaka dan bahaya serta strategi pemasaran yang digunakan oleh Takaful Malaysia Guar Chempedak dalam mempromosikan produk Syarikat Takaful Malaysia Berhad. Untuk memperolehi data, berapa teknik kajian telah digunakan iaitu pemerhatian, temubual, soalselidik dan meneliti dokumen yang berkaitan. Hasil kajian menunjukkan bahawa aktiviti pemasaran perlu digiatkan dan berterusan untuk meningkatkan kesedaran penduduk dikawasan Guar Chempedak akan kewujudan insurans Islam dan pelbagai produk yang ditawarkan kepada pasaran. Selain itu, aktiviti promosi hendaklah dipelbagaikan agar ia sampai kepada golongan sasaran yang terdiri daripada pelbagai latarbelakang.

ABSTRACT

Accordance to the survey, in order to attract prospective customer, the concept of marketing should been studied, to set up a better value and preserve the existing customer by giving them a good services. Therefore, a survey on marketing concept were conducted by Takaful Malaysia Guar Chempedak branch in order to promote the product their has to offer, which in this case is Family Takaful and General Takaful. The main purposed of the survey is to measure the awareness of the Guar Chempedak resident on the important of insurance policies in order to protect themselves, family, and their property from risk and disaster. It also a marketing strategy used by the company to promote their product. In order to gather the data needed for the survey, several methods have been used. Among the method are non-participant observation, interview, and questionnaire and by studying the related document. The survey showed that marketing activities should be diversity so it could reach target groups.

ملخص البحث

هذا البحث يركز على منهج التسويق ألا وهو التأمين، إذ له أهمية عظيمة لتسويق المستهلكين الجدد. وفي نفس الوقت، هذا المنهج يهتم باستفادة بالفئة لدى المستهلكين الموجودين، وذلك بتقديم خدمات ممتازة. لذا، جاء هذا البحث للحديث عن منهج التكافل ماليزيا في كوار جمفداف (Guar Chempedak) حول تكافل الأسرة وتكافل عام. ويهدف هذا البحث إلى عن مدى معرفة سكان في هذه المنطقة عن أهمية التأمين واستفادته، سواء أكان لنفسه أو لأسرته أو لأمواله بعيدا عن المصائب والعثرات. وكذلك للتعريف عن المشروع والتخطيط المستخدم لتسويق هذا التأمين من شركة التكافل ماليزيا وبناء على ذلك، يسير هذا البحث سيرا خاصا إذ اتبع بعض المناهج منها الملاحظة والمقابلة، وورقة استبيان وقراءة المعلومات المتعلقة بهذا البحث. فمن الواضح، أن عملية التسويق هي عملية مستمرة لرفع مستوى معرفة سكان هذه المنطقة كوار جمفداف (Guar Chempedak) عن وجود هذا التأمين الإسلامى والإستفادة الموجودة منه. وبالإضافة إلى ذلك، أن عملية التسويق تحتاج إلى التنوع في تسويقه كي يصل جميع المعلومات إلى جميع الناس كافة.

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GLOSSARY OF TAKAFUL MALAYSIA TERMS

FAMILY TAKAFUL

Participant's Account	A portion of contribution from the participant regarded as investment/saving portion and is credited to this account.
Participant's Special Account	A portion from the participant's contribution for the purpose of tabarru' and is credited to this account.
Bumiputera	A component of a Malaysian society such as Malays and indigenous people who are granted special rights under the Malaysian Federal Constitution.
Contribution	The monetary contribution payable once or periodically by a certificate owner 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 the performance by the retakaful operator contract.
Certificate Document	An evidence of the contract between a certificate holder and a takaful operator and fellow participant, which sets out the terms and conditions of the particular certificate.
EMAS	The rating given by BNM to takaful operators and insurance companies based on the examination conducted. EMAS is an acronym for Earnings capacity,

	Management quality, Assets quality and Solvency.
Mortality Table	A statistical table showing the death rate at each age, usually expressed as the number of so many death per thousand.
Expense Rate	The ratio of the total expenses for the year (including commissions, salaries etc) to the sum of total contribution income other single contribution and consideration for annuities.
Surplus at Valuation Date	Excess of the certificate holders' fund carried forward over the actuarial liabilities of a takaful operator in respect of its family takaful business.
Mudharabah	An agreement between the entrepreneur and the capital provider in a business venture on a predetermined profit-sharing ratio. Losses are borne by the capital provider.
Net Investment Income	Returns on investment less and taxes
Syariah	Islamic laws
Rider	An attachment to a certificate that modifies its conditions by expanding benefits.
Tabarru'	To relinquish a portion from the contribution as a donation for fulfilling obligation of mutual help, used to pay claims submitted by eligible claimant
Takaful	A concept of group members agreed to mutually help one another against mishaps be falling fellow members of the group.

Term (or Temporary)	Takaful benefit payable only on death within a specified period.
Family Takaful	Takaful cover which benefits the individual participants and eligible family.
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 certificate which provides specified benefits against risks of person becoming totally or partially incapacitated as a result of sickness or infirmity.
Tijari	Commercial business.
Claims	Notification to a takaful operator that payment of an amount is due under the terms of the certificate.

GENERAL TAKAFUL

Net Contribution	Gross contribution less all retakaful contribution payable.
Gross Direct Contribution	Contribution 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 operator is only liable for such proportion of the loss as the sum insured 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.
Incurred But Not Reported (IBNR)	Refers to losses which have occurred during a stated period, usually a financial year, but have not yet been reported to the takaful operator as of the date under consideration.
Underwriting Gain/Loss	Earned contribution incomes less net claims incurred commissions and management expenses.
Retention Ratio	The ratio of net contribution to gross direct and retakaful accepted premiums less retakaful within Malaysia.
Claims Ratio	The ratio of net claims incurred to earned contribution.
Earned Contribution Income	Net contributin less provision for reserves for unexpired risks (RUR) at the tear-end plus the RUR at the beginning of the year. Reserves for unexpired at the end of the accounting period.
General Takaful	Takaful cover than family takaful
Facultive 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 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 stipulated limit.

Proportional Treaty	An agreement under which a takaful operator participate proportionately in the contribution and losses on every risk that comes within the scope of the agreement.
Net Claims Incurred	Net claims paid less provision for outstanding claims beginning of the year plus provision for outstanding claims at the end of the year.
Wakalah	Agent-principal relationship, where a person nominates another to act on his behalf.

ARABIC WORDS TRANSLITERATION SYSTEM

TRANSLITERATION TABLE

1. ALPHABET

<u>Arabic</u>	<u>Latin</u>	<u>Example</u>	<u>Transliteration</u>
ء	,	فأر	fa'r
ب	b	برد	burd
ت	t	تال	tall
ث	th	ثوب	thawb
ج	j	جدار	jidar
ح	h	حليب	halib
خ	kh	خادم	khadim
د	d	ديك	dik
ذ	dh	ذهب	dhahab
ر	r	رفيق	rafiq
ز	z	زميل	zamil
س	s	سلام	salam
ش	sh	شعب	sha [^] b
ص	s	صخر	sakhr
ض	d	ضيق	dayq
ط	t	طالب	talib
ظ	z	ظالم	zalim
ع	‘	عقل	‘aql
غ	gh	غلام	ghulam
ف	f	فيل	fil
ق	q	قلب	qalb
ك	k	كلام	kalam
ل	l	لب	lubb
م	m	مال	mal
ن	n	نجم	najm
ه	h	هول	hawl
و	w	ورق	waraq
ي	y	يم	yam

2. Short Vowel

<u>Arabic</u>	<u>Latin</u>	<u>Example</u>	<u>Transliteration</u>
_____	a	كتب	kataba
_____	i	علم	‘alima
_____	u	غلب	ghuliba

3. Long Vowel

<u>Arabic</u>	<u>Latin</u>	<u>Example</u>	<u>Transliteration</u>
ا ، ي	a	عالم ، فتى	[°] alim, fata
ي	i	عليم ، داعي	[°] alim, da [°] i
و	u	علوم ، أدعو	[°] ulum, ad [°] u

4. Diphthong

<u>Arabic</u>	<u>Latin</u>	<u>Example</u>	<u>Transliteration</u>
و	aw	نوم	nawm
ي	ay	ليل	layl
ي	iy	شافعي	shafi [°] iy (ending)
و	uww	علو	[°] uluww (ending)

5. Exemptions

- 5.1 Arabic letter ء (hamzah) found at the beginning of a word is transliterated to the letter “a” and not to’.

Example: أكبر transliterated to: akbar (not ‘akbar)

- 5.2 Arabic letter ة (ta’ marbutah) found in a word without ال (al) which is coupled with another word that contains ال (al) at the beginning of it is transliterated to the letter “t”.

Example: مكتبة الإمام transliterated to: maktabat al-imam

However if the Arabic letter ة (ta’ marbutah) found in a word with ال (al), in a single word or in the last word in a sentence, it is transliterated to the letter “h”.

Example: المكتبة الأهلية transliterated to: al-maktabah al-ahliyyah
قلعة qal[°]ah
دار وهبة dar wahbah

ABBREVIATION

&	and
B.	bin
Bt.	binti
BIMB	Bank Islam Malaysia Berhad
EPTK	Executive of Marketing Family Takaful
Km ²	kilometer persegi
MDY	Majlis Daerah Yan
n.a.	no author/no artist
n.d.	no date/no year
n.pb.	no publisher
n.pl.	no place
p.	page
PA	Participant's Account
pp.	pages
PSA	Participant's Special Account
SAW	salla Allāh [°] alayh wa sallam
STM	Syarikat Takaful Malaysia Bhd.
SWT	subhānahu wa ta [°] ālā
TA	General Takaful
TK	Family Takaful
TMGC	Takaful Malaysia Guar Chempedak Branch
trans.	translators/translated by
vol.	volume

CHAPTER ONE

CHAPTER ONE

INTRODUCTION

1.1 Research Background

Takaful is an insurance policies that were conducted using Islamic, method. As financial that based on Islamic law or syarak, insurance based on Islam or knew better as takaful is a new economic field that need to ventured. It's only been around for 19 years. Several reason that influent the establishment and the preparation of takaful business, is; first, the Muslim want to practiced Islamic teaching and rules in as a way of life. Second, the Muslim want a financial system that can fit with Islamic teaching and religion need in their vision to build Islamic economy that fit with the ummah. Third, with the establishment of Islamic banking, takaful business becomes a necessity. Therefore, it's most suitable if all the business conduct on Islamic laws. (Mohd Fadzli Yusof, 1997)

Establishment of Syarikat Takaful Malaysia (STM) on 1984, which is a subsidiary of Bank Islam Malaysia Berhad (BIMB) is mainly to provided an even protection based on syarak needs. STM offer two form of protection, which are Family Takaful Plans (TK) and Genaral Takaful Scheme (TA). TK is a form of protection for an individual as a preparation to face risk that maybe occurred later in them life. The plans protection covered death, injuries, or permanent injuries to certain body part of the person. TA scheme however is a protection for risk on the participant properties. (Corporate Profile Takaful Malaysia, n.d)

His important that more in depth survey to be conduct to recognized the best way to make sure the promotion message reached it targeted audience. Explanation afford should be done constantly, in order to increased the public awareness on the importance of Islamic insurance in lined with "Rancangan Menyeluruh Kewangan Bank Negara" which introduced back in March 2001, with the vision to develop Malaysia a regional financial center. The plan has targeted Islamic banking and

takaful would reach 20 percent of the entire market by 2010. (Dewan Ekonomi, 2003) This showed that the opportunity to sell this to the market is wide open. Its up to us to used it.

Therefore, a survey on 4P marketing concept which focusing on Takaful Malaysia Guar Chempedak branch (TMGC) is conducted. These because the receptions of Guar Chempedak resident towards Islamic insurance are still at a low level and not wide enough attract the researcher. Its also to identify how 4P concept can be a based in a afford to market the takaful product. TMGC is been choosing as it's the seventh branch opened in Kedah Darulaman. TMGC started its operation back then in 18 September 1999. Guar Chempedak were chosen based on its location, which is situation in the area where business is been centered. TMGC situated in the middle of Jalan Persekutuan 1. This is a developing area with have shop lot's and housings. Guar Chempedak area is 4km persegi width, with approximate 6500 resident, while the majorities is a Muslim, and most of them are farmer. Looking at the density of the area and its location in the middle of main road, it's should be easier for TMGC to attract more prospective customer.

However after three years of it's operation in this area, the percentage of the participant is only 11.04 percent from the total of the Guar Chempedak resident. This survey is mainly to identify either TMGC were using the 4P marketing concept, which is product, price, place, and promotion to market their product.

1.2 The Problem Statement

In the modern age of technology, the risk of getting to danger is unpredictable. Therefore, with the insurance protection, we can at least ease our burden when a thing isn't going right. However, between the Guar Chempedak resident the meaning of insurance protection is still blur to them and they are uneducated about the importance of insurance protection for their future life. A question is, on is information on the product offered by STM reached the targeted audience in Guar Chempedak.

1.3 The Objective of Research

1. To studied the marketing concept of Takaful Malaysia in Takaful Malaysia Guar Chempedak branch.
2. To identify the issues and problem existed.
3. Making a recommendation and views.

1.4 Scope of Research

The research scope is stressed on 4P marketing concept, which is product, price, place, and promotion towards Family Takaful Plans and General Takaful Scheme by Syarikat Takaful Malaysia Guar Chempedak branch, which is situated at Yan district in Kedah Darulaman.

1.5 Research Methodology

1.5.1 Premier Data

This survey is in descriptive form. The gathering of the main data is using several methods:

(i) Questionnaire

Questionnaire form has been handed to 50 participants of Family Takaful Plans and General Takaful Scheme in area Guar Chempedak.

(ii) Interview

The collection method using interview were done in two ways, face to face interview, and telephone interview. Face to face interview were done with the manager of TMGC and the participant of Family Takaful. Telephone interview were done with the Executive of Marketing Family Takaful.

(iii) Observation

Is during the thirty days industrial training at TMGC.

1.5.2 Secondary Data

Many of the collection data of done at the libraries. Data was collected from books, journals, magazines, newspapers, and the Internet. It's important to understand the concept, definition, characteristic, strategies, and factors that effect and decide the product, price, place, and promotion that are related to the research. Libraries like Islamic University College of Malaysia Library, National Library, Tun Seri Lanang Library, and Negeri Kedah Library is visited to gather this secondary data.

1.5.3 Data Analysis

Data analysis is used correspondent to SPSS method. Respondent were divided according to sex and age.

1.6 Organization of Study

There are five main chapters in this research. Which is Introduction, The Literature Review, The Marketing Concept 4P (A Case Study Takaful Malaysia Guar Chempedak Branch), Analysis and Discussion, and Conclusion.

CHAPTER TWO

CHAPTER TWO

THE LITERATURE REVIEW

2.1 Definition Marketing

Kotler and Amstrong (2000) wrote that marketing is a social process where an individual and grows what they needs through the exchange of output with something valuable for other person. The core concept of marketing is needs, desires and request; output and services; value; satisfaction and qualities; exchanges, business and communication; and marketing. Each of this is related to each other.

The core of the concept, which has been a based for marketing is human needs. The example food, cloth, house, securities, and love. The market needs does not create this; it is a basic necessity for human. Desire is form of needs that affected by culture and personalities of an individual. Desire were classified by in form of object that satisfied the needs. From needs and desires will form a request when an individual have a buying power, user will choose a product that gave them a high value of the product.

The second core concept is output and services. Output is whatever the market has to offer to fulfill one's needs or desire. Output concept is not limited to a physical object. It maybe an object, place, organization, activities, and an idea that capable to fulfill needs and desire. Output is also include services, which is an activities or benefit from sales which is not obvious or became a property of the buyer. As an example banking, airlines, hotel, tax preparation and renovating houses.

The third core concept is value, satisfaction, and qualities. The customer is the differences between the value the buyer get from buying and output used and cost for the product. As an example, FedEx customers get the most obvious benefit by the reliable express package courier. The customer will also get status value and image. Satisfaction of the customer is depending on the capabilities of the product to give

what the customer needs. If the product achievement is below par, the customer will be unsatisfied. If the product is on par, the customer will satisfy. If the achievement is beyond their expectation, they will fulfill. A quality is when a product able to fulfilled the customer needs.

The fourth concept is exchange, deals, and communication. Exchange is an act to get the desire object by offering something as a change. This act will created a deal between two parties. As an example. Ahmad paid RM 50 a month for insurance and gets guaranteed protection from the insurance company for exchange. From the exchange and deal process, a communication was formed between Ahmad and the insurance company. Besides creating a deal, marketer will build a communication bridge with the customer by promising a quality product, good services, and affordable price.

The fifth concept is market. Market is a set of potential buyers for a product. The buyer has need and desire that can be fulfilled by an exchange and communication. The market size depend on the number of people who had needs, sources to be involved in the exchanges and willing to offer their sources as an exchanges for what they about to get.

The American Marketing Association classified marketing as business activities which directing the product movement from the producer to customer. The design activities were created for the needs of certain customer. The profit can be gained by fulfilling the customer needs.

The definition marketing as group of human activities in order to help and smoothing the exchange of product and services process. Marketing starts when there is a needs and ends when the needs is fulfilled. (C. Northcote et al. n.d)

Abu Bakar et al (2000) interpretation on marketing is a social process and management where an individual and groups get what they needs and desire from creating and exchanges of value between one and another. American Marketing Association also interpret marketing as a planning and conducting process of a

conception, price, promotion, movement of idea, product and services to create on exchange that fulfill individual needs and organization objective. Marketing is a combination from effort to investigate, produce, fulfill and satisfied the customer. (Malaysian Institute of Management, 1992)

2.2 Product

Products include all the obvious goods. Product is all the thing that can be offer to the market for attention, ownership, and use or even eat to fulfill the needs and desire. The product is including physical object, services, personalities, place, organization, idea, or the mix of the above entities. Services is an output that came from an activities, benefit or satisfaction which is offer for sell, such as banking, total, and even house renovation. (Kotler & Amstrong, 2000)

Product and services were divided into three phases. First, the core product is to solve problems or the core benefit bought by the customer when they get the product or services. Second, real product that cover five characteristics for the benefit of the core product buyer. All the five characteristics are include qualities, design, brand, shape, and packaging. Third, additional product includes additional services and specialty to the customer who used the core and real product such as installment, warranty and after sell services. (Abu Bakar et al, 2002)

There is five phases in the process of customer acceptance, which are awareness, interest, value, test, and action. These processes help the prospective customer to decide the needs for the product. This acceptance by the customer is based on benefit value, complication, small unit product, explanation on the product and suitability.

Consumer product was decided to easy product, shopping product and special product. Industrial product is include installation, accessories; factory material, raw material, industrial supplement and services. (Ibrahim, n.d)

There is three factors which influences buyer to buy a product. First, affordable, it's the main condition that makes the buyer to buy. Second, how the environment can influence the customer. The environment here is cover age, social class, and ethnic. Third, attitude, and customer acceptance. Both of this aspect is formed by exposure and experiences. For example the believes is drink is bad for a cold. . (C. Northcote et al. n.d)

2.3 Price

Price is the amount of money that been charge to get a product or services. Price involved all the value the customer charge in order to benefit or used the product and services. According to history, price is the main factor that influence buyer. This is still happening in poor country, poor people and in commodity export. (Kotler & Amstrong, 2000)

Two factors that decide pricing is inside and outside factor. The inside including marketing objective, mixed marketing strategies, cost and organization judgment. The outside factor is market and customer request, competition, and other environment element. (Abu Bakar, 2002)

2.4 Place

Distribution or marketing channel is route where goods distribute from distributor direct to the customer. There is several method of channeling the marketing. Each of the method had its own advantages. Many company now a day's were using multi channel marketing. There's several factor to be taken care while choosing the right marketing channel. Among the factor is type of customer, characteristic of the product, firm criteria, and business environment. The conflict that exist in market channel due to some reason. One of it is different approach used by the retailer, distributor, and supplier. However, the cooperation still exists for each other profit. (Ibrahim, n.d)

The marketing channel functional as gathering and spreading information, promotion, distributor to meet the customer, suitability, physical movement, discussion for easier transfer, financing and risk that had to take. (Abu Bakar et al, 2002)

2.5 Promotion

Kotler and Amstrong (2000) state that the tools of promotion such as advertisement, sales promotion, and public relation is not a new thing. It's has exist since the dawn of man. The Rome draw at the wall to advertise the fight among gladiator while Phoenix draws picture's to promote their product along the main road. So do we are today, with multi channel and method to promote goods product. Among the advertiser tools that can be used is newspaper, television, radio, magazine, websites and other. They has line up five decision to order to form a advertiser programmed. First, decide and set the objective of the advertiser either to tell, to persuade, or to remind. Second is to set up a budget. While setting up this budget, an organization should knew their capabilities and competition they had to face to make sure the advertisement could reach the target audience. Third, is to decide the advertisement strategies that contain two main elements, which is to create the message to advertise and choose the medium. These two elements are important because money alone would not guaranteed the success of an advertisement. Fourth is valuation of the advertisement that is to see either the advertisement is capable to leave an impact to targeted audience or not. Fifth and the last are organizing the advertisement, where it will decide how to handle the advertisement.

The conclusion is organization and company is to produce a good product and make sure the told the consumer about their product. Advertisement is the most success method to do so

CHAPTER THREE

CHAPTER THREE

MARKETING CONCEPT 4P (A CASE STUDY: TAKAFUL MALAYSIA GUAR CHEMPEDAK BRANCH)

3.1 Introduction

Syarikat Takaful Malaysia Berhad (STM) branch at Kedah Darulaman have seven branches. There are Alor Setar branch, Sungai Petani branch, Kulim branch, Jitra branch, Baling branch, Langkawi branch and Guar Chempedak branch.(Takaful Malaysia Annual Report, 2003)

3.2 The Background

Takaful Malaysia Guar Chempedak (TMGC) was launch officially on 18 September 1999. Being the seventh branch for Kedah state, TMGC is controlled under Sungai Petani branch manager. Since customer is the main target, so the population factor particularly Muslim population, characteristics of the market place and income of the target market is one of the main factor that Takaful Malaysia taking into consideration before they proceed with the proposal to opened TMGC.

Moreover, the strategic location between Alor Setar and Sungai Petani is another factor that influenced the management to accept the proposal on opening another outlet in Guar Chempedak. It is located under "one roof" with BIMB, Tabung Haji, Pejabat Zakat, Pejabat MARA, pharmacy, clinic and IT base. Customers from Jenun, Yan, Gurun, Bedong, Pendang and Sik can access easily because TMGC is located very near to the main road from Sungai Petani to Alor Setar. Besides no parking charges, it is a pleasure for the customers to settle important things that related with Takaful Malaysia, BIMB, or Tabung Haji. The Guar Chempedak Post Office is only takes minutes time from TMGC if they would like to renew their road tax and so on.

Before this, the name TMGC is Meja Takaful Guar Chempedak (MTGC). Basically the word "Meja Takaful" refers to the history of Takaful Malaysia when they first opened their first outlet in Klang Valley. During that time, Meja Takaful is located inside Bank Islam or Tabung Haji building. With only one table and one staff to handle the operation, administrations and marketing from that situation words "Meja" is used because it doesn't use so many spaces compared with the branch office.

Now days, Meja Takaful do have their own office with complete office equipments and have five higher motivated staff. From July 2003, all Meja Takaful will be upgrade and known as "Cawangan". (Laporan Latihan Amali, 2003)

3.2.1 Corporate Mission

Syarikat Takaful Malaysia Berhad (Takaful Malaysia) is a Financial Institution, which carries on takaful transactions (Islamic insurance). The basis of the Takaful Malaysia's operations is the principles of Syariah, which aim to provide complete takaful facilities and services to the ummah and citizens of Malaysia. As a company, it shall strive and develop according to the performance of a public company.

3.2.2 Corporate Objective

To provide takaful services of the highest standard of efficiency and professionalism to all Muslims and the population in the country.(Takaful Malaysia Annual Report, 2002)

3.2.3 The Management and Administration

The management and administration of TMGC consisting of Mohammad Fazli Bin Shahidan as the Manager (refer figure 1). He was the person that is responsible monitor the performance of TMGC and report to Sungai Petani Branch Manager,

Encik Saidi Haji Hamidon. Mohammad Fazli Bin Hat is the counter staff that handles all the transactions at the counter such as receipt issuance, claims, surrender, part withdrawal and many more works.

Puan Zairul Azlin Binti Omar a job function as Family Takaful Clerk is to issue certificates for all Family Takaful Product that given by the Family Takaful Marketing Executive (EPTK) through their marketing activities. Sometimes she replaces Mohammad Fazli Bin Hat at the counter when Mohammad Fazli Bin Hat is on leave or went to the bank to bank-in the collection.

They also have EPTK as a sales representative to increase sales volume for Family Takaful business. EPTK also play an important role in cross selling between Family Takaful and General Takaful to reach the budget from the Head Office (HQ). Encik Tarmizi Bin Ahmad and Encik Hassan Bin Nordin are co-operating with EPTK from Sungai Petani Branch to promote Family Takaful Plan and General Takaful Plan product. (Laporan Latihan Amali, 2003)

3.2.4 Company's Performance

TMGC performance was measured through collection that were managed to be collected and through the numbers of participant that join General Takaful Scheme and Family Takaful Plans. Collection for the first year of it operation amounting to RM 73,322.36 for General Takaful and RM 126,289.29 for Family Takaful (refer table 1). On 2000/2001 the amount that are managed to collect were increased. The increased is 47.4 percent for General Takaful and 72 percent for Family Takaful. On 2001/2002, the amount that were manage to collect is RM 185,268.42 for General Takaful which saw an increased about 32.9 percent. However the participant for Family Takaful saw a declined, but the amount collected still increased for 26.5 percent. On 2002/2003 amount of payment collected for Family Takaful increased 30.4 percent to RM 800,372 and amount collected for General Takaful increased 16.2 percent to RM 215,365.

The participant of Guar Chempedak resident towards General Takaful Scheme and Family Takaful Plans showed an increased although the amount is still little compared to 6500 of Guar Chempedak residency. (Refer table 2). During the first year of its operation in 1999, the branch only managed to attract 155 participants. Years 2000 saw an increase of 76.6 percent compared to the year before. However, 2001 saw a decline of saw participant which are only 83 participant that a decline of 15.4 percent. The next year saw an increase of 16.6 percent when 107 new participant join the takaful. On 2003, new participant increase to 10.4 percent with new participant is 718. (Mohammad Fazli, 2003)

Table 1: The Total Family Takaful and General Takaful

YEAR	GENERAL TAKAFUL (RM)	FAMILY TAKAFUL (RM)
September 99-June 2000	73,322.36	126,289.29
July 2000-June 2001	139,369.90	451,294.35
July 2001-June 2002	185,268.42	613,642.99
July 2002-June 2003	215,365.00	800,372.00

Sources: Takaful Malaysia Guar Chempedak Branch

Table 2: The Total of Participants At Takaful Malaysia Guar Chempedak Branch

YEAR	TAKAFUL PARTICIPANT (people)
1999	155
2000	610
2001	527
2002	643
2003	718

Sources: Takaful Malaysia Guar Chempedak Branch

3.3 The Basic Concept of Takaful (Islamic Insurance)

Takaful in Arabic, means joint guarantee. Thus it can be visualized as a pact among a group of members or participants who agree to jointly guarantee among themselves against loss or damage that may inflict upon any of them as defined in the pact. Should any member or participant suffer a catastrophe or disaster he would receive a certain sum of money or financial benefit from a fund, as also defined in the pact, to help him meet the loss or damage. In other words, the basic objective of takaful is to pay for a defined loss from a defined fund. Each member of the group pools effort to support the needy. It means mutual help among the group. (Mohd Fadzli, 1997)

As an insurance system, we are to confine the operation of takaful within the 'Tijari' (commercial) sector or popularly known as the private sector. Thus the transactional aspect of the commercial activity of Takaful must be subject to the Islamic contractual laws in order to ensure its compliance with the Shariah. Within this fundamental framework the contract of 'tijari' takaful is therefore based on the Islamic commercial profit-sharing principle of Al- Mudharabah. By this principle, the entrepreneur or al-Mudharib (takaful operator) will accept payment of the takaful installments or takaful contributions (premium) termed as Ra's-ul-Mal from investors or providers of capital or fund (takaful participants) acting as Sahib-ul-Mal. The contract specifies how the profit (surplus) from the operations of takaful managed by the takaful operator is to be shared, in accordance with the principle of al-Mudharabah, between the participants as the providers of capital and the takaful operator as the entrepreneur. The sharing of such profit (surplus) may be in a ratio 5:5, 6:4, 7:3 etc as mutually agreed between the contracting parties.

In order to eliminate the element of uncertainty in the takaful contract, the concept of 'tabarru' (to donate, to contribute, to give away) is incorporated in it. In relation to this a participant shall agree to relinquish as tabarru', certain proportion of his takaful installments or takaful contributions that he agrees or undertakes to pay thus enabling him to fulfill his obligation of mutual help and joint guarantee should any of his fellow participants suffer a defined loss. In essence, tabarru' would enable the participants to perform their deeds in sincerely assisting fellow participants who might

suffer a loss or damage due to a catastrophe or disaster. The sharing of profit or surplus that may emerge from the assisting the fellow participants has been fulfilled. It is imperative, therefore, for a takaful operator to maintain adequate assets of the defined funds under its care whilst simultaneously striving prudently to ensure the funds are sufficiently protected against undue over-exposure.

In essence therefore the provision of insurance cover as a form of business in conformity with Shariah is based on the Islamic principle of al-Takaful and al-Mudharabah. Al-Takaful is the pact among a group of people, called participants, reciprocally guaranteeing each other against a certain loss or damage that may be inflicted upon any one of them.

Thus it is necessary to emphasis at the outset that the takaful business as practiced in Malaysia is of the kind of cooperative takaful (al-takaful al-taawuni) participated by a group of members of the public for their own cause within the domain of the private sector.(Takaful, 1996)

3.4 Types of Takaful Product

Syarikat Takaful Malaysia provides two types of takaful product namely:-

1. Family Takaful Plans
2. General Takaful Scheme

3.5 Family Takaful Plans

Under the Family Takaful, both individuals as well as corporate bodies design various Family Takaful Plans for participation. Essentially, these Plans are long-term al-Mudharabah contracts with saving as well as cover of mutual financial assistance in the event of a participant being two primary features.

The Family Takaful Plans consists of two sectors:-

(a) Individual Takaful Plans

Family Takaful Plans with a fixed maturity periods of :

- 10 years
- 15 years
- 20 years
- 25 years
- 30 years
- 35 years
- 40 years

Supplementary contracts in the form of personal accident, hospitalization benefit and permanent total disability as well as family rider, which may be incorporated into the above plans:

- Takaful Keyman
- Family Takaful Plans for Education
- Takaful Mortgage
- Takaful Rawat
- Takaful Ma'asyi
- Takaful Siswa
- Takaful Waqaf
- Takaful Sihat
- Takaful Dana Saham
- Takaful Dana Pekerja
- Takaful Ziarah
- Takaful Hawa
- Family Takaful Plan
- EPF Takaful Annuity Scheme
- Takaful Wiladah

(b) Group Takaful Plans

- Group Family Takaful Plan

- Group Medical Takaful Plan
- Group Family Takaful Plan (Credit)

3.5.1 The Operation For Family Takaful Plans

A participant may choose any type of Family Takaful Plans offered by STM. Based on the principle of al-Mudharabah, STM and the participant will enter into a contract of takaful, which spell out clearly the right and obligation of both the parties. These Family Takaful Plans have a definite tenure or fixed period of participant.

In consideration for his participant, the participant is required to pay the takaful installments regularly, in accordance to a pre-determined interval. The participant shall decide the amount of installments he wishes to pay subject to the minimum sum determined by STM.

The takaful installment paid by the participant shall be credited into Family Takaful Fund, which is segmented into two accounts: namely Participant's Account (PA) and the Participant's Special Account (PSA). A substantial proportion, up to 98 percent of the installments will be credited into the PA, solely for the purpose of his savings and investments. The balance will be credited into the PSA as tabarru' or charitable donation for STM to pay the takaful benefits to fellow participants suffering from a loss such as death or disability arising out of a defined mishap or catastrophe (refer figure 2).

The takaful installments credited into the PA and PSA will be pooled as a single unit to facilitate investment. Obviously, avenues shall be in a manner permitted by Syariah. Any profit generated from the investment shall be shared in a ratio mutually principal of al-Mudharabah. For instance, if the ratio agreed is 6:4 then the participant shall be entitled to 60 percent of the profit whilst the balance of 40 percent shall be for the account of STM.

The profit attributable to the participant shall then be credited into his PA. In this manner the participant's savings will grow as the profits steadily accumulate. Thus the balance in his PA will increase over a period time.

3.6 General Takaful Scheme

The General Takaful Business provide various General Takaful Scheme as a form cover or protection against material loss or damage to properties or assets such as buildings, houses, motor vehicles, stock-in-trade etc, and belonging to a participant as a result of being inflicted by a certain misfortune or catastrophe.

3.6.1 Types of General Takaful Scheme

The types of takaful scheme designed by STM are tailor-made to fulfill the requirements of both individual as well as corporate bodies, as follows:

- Fire Takaful Scheme
- Motor Takaful Scheme
- Accident Takaful Scheme
- Baitul Sa'adah
- Liability Takaful Scheme
- Engineering Takaful Scheme
- Houseownwr's and Householders's

3.6.2 The Operation of General Takaful Scheme

A participant of any General Takaful Scheme enters into a contract on the principle of al-Mudharabah with STM. The contract clearly defines the right and obligation of both parties.

In consideration, the participant agrees to pay takaful contribution as tabarru' or charitable donation which will be credited into the General Takaful Fund to compensate fellow participants in times of loss following a misfortune or disaster. The fund will also be invested by STM in accordance with the rules and requirements of syariah and profits there from will be ploughed back into the fund (refer figure 3).

Proceeds or payments of compensation payable upon claims are therefore benefits or mutual help made to fellow participants as embodies in the concept of takaful. The funds will also be used to pay operation costs of the General Takaful Scheme, such as retakaful arrangement and provision for resaves.

After taking into account these costs, should there be surplus/profit from the General Takaful Fund, it will then be shared in accordance with the profit-sharing contract of al-Mudharabah between the participants and STM provided the participants have not incurred any claims nor received any takaful benefits during the period takaful. The sharing of the profit shall be in mutually agreed ratio between the participants STM (Corporate Profile Takaful Malaysia, n.d).

3.7 The Marketing

Guar Chempedak is a small town situated in Yan district. With width of 246.07 km² which cover Mukim Sala Basar, Mukim Sungai Daun, Dulang, Yan and Singkir. Mukim Sala Besar where Guar Chempedak situated is 17.632 acre. Guar Chempedak settlement is 1,696.1 hector width. With 982.0 hector (57.9%) where used for farming, 388.7 hector (22.9%) for residency, 156.5 hector (9.2%) for government reserve, 44.5 hector for public amenities, 42.7 hector (2.5%) for commercial used, and 73.0 hector (4.4%) unused land.

Kedah has set to be a developed state by 2010. As part of Kedah, Guar Chempedak was also played part on this vision. This area is developing with the development of shop houses and residential area. This area has been a center of attraction for local

resident. TMGC Has lot of opportunity to expand their market for their takaful product.

The majorities of the Guar Chempedak residence is a Malay and Muslim. The rest is Chinese and Indian. This area has a density of 6500 people. Where most of them are farmer, retailers, working with government and with private sector. (Majlis Daerah Yan, 1995)

Its relevant TMGC to establish a branch after considering this. TMGC can offer a protection plan for individual, family, and property. Since an insurance can't be taken lightly for the community to prepare for risk that can happen in the future. This also create an opportunity, for the community especially those who is Muslim to practice Islamic teaching and law in their daily life. As the protection concept that offer by STM is based on al-Takaful and al-Mudharabah principle. The protection plans provided by STM is benefiting Guar Chempedak residency.

TMGC marketing activities were does the "cross selling" method which involving Family Takaful and General Takaful. The promotion is done by two Executive of Marketing Family Takaful (EPTK), whose is responsible to promote and explained the Takaful Malaysia product at school, government department, private department and to organized a meeting with public organization. They also open a counter's at shopping mall's to help the public to gain more information on their product. The explanation on the product was done constantly to raise public awareness on the important of insurance protection for themselves, family, and property.

This showed that, the explanation on the product were done rapidly as it achievement were depend on promotion activities. Based on the interview session, only 11 percent of Guar Chempedak residency joined the Takaful Malaysia. Most of them who joined takaful after knowing about Family Takaful and General Takaful from EPTK explanation and from other takaful participant. (Tarmizi, 2003)

Takaful product is affordable by almost household in Guar Chempedak. This is because the minimum price for a takaful product is worth RM 10 while the maximum

is RM 500. However the exposure to formers in Guar Chempedak area as they awareness about takaful insurance policies is still below par. Based on the observation done by the researcher several villager in village such as Kampung Batu 18, Jenun, Kampung Titi Bom and Kampung Tok Kau, only knew where TMGC situated but most of them don't even knew what it function. After been hold about how TMGC product, functions. They are shown their interest in joining. These shown that almost the entire Guar Chempedak resident not aware and unsure about the Islamic Insurance system that Syarikat Takaful Malaysia Bhd. to offer.

In planning the marketing strategy, the main focus should be on the customer needs and succeeds is measured the satisfaction of the customer. TMGC is always stressed on the satisfaction of their customer when giving them their services. Based on my observation while daily my thirty days internship at TMGC, the takaful staff seen to be so friendly towards potential customer. Communication between them and the customer is good.

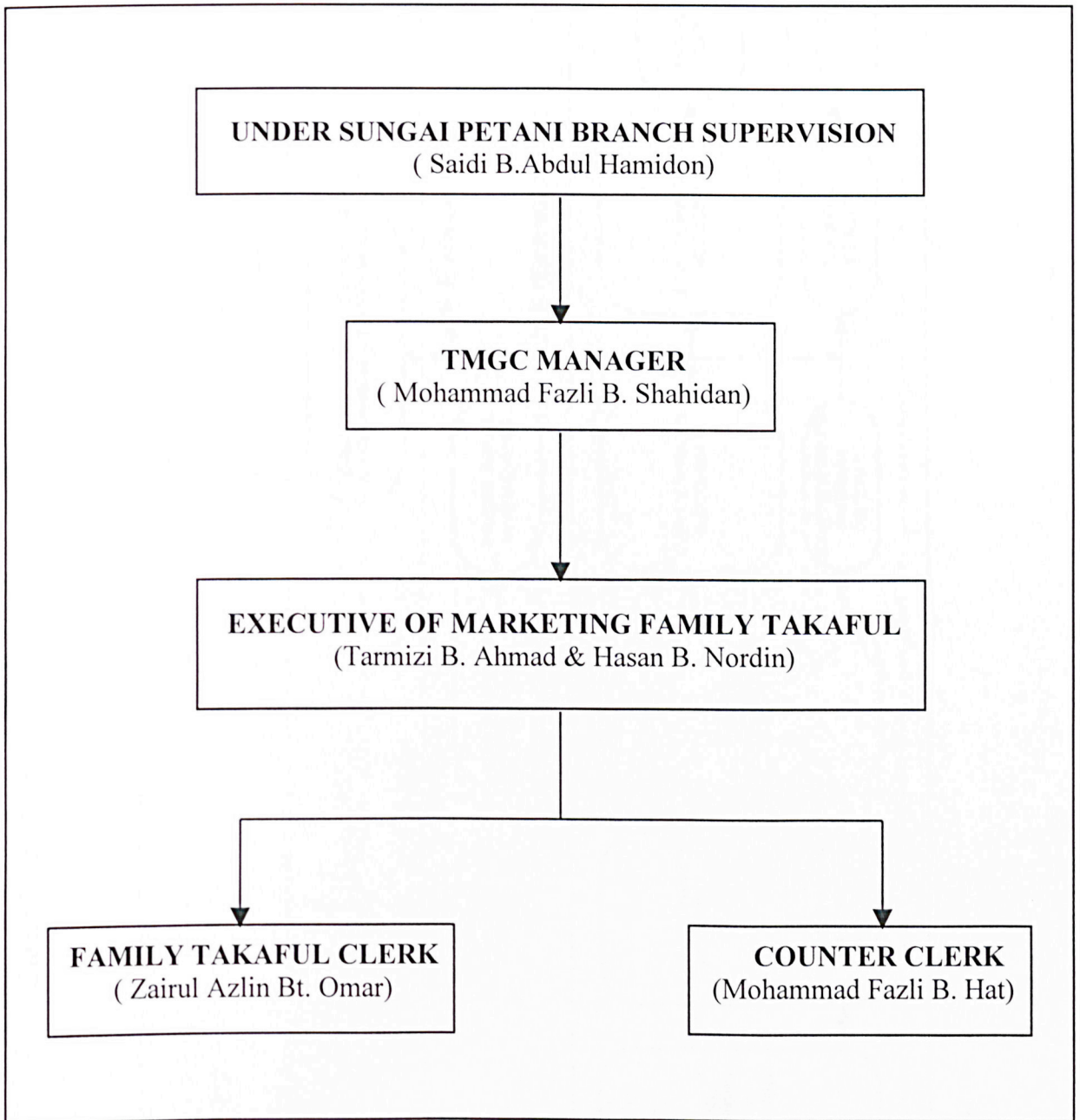
STM objective is a to provide takaful services with the best level of efficiency and professionalism for the Muslim and for others community in this country. And this is what TMGC staff showed.

TMGC has lined the long and short-term plan on their marketing strategy. The short-term plan is to intensified the promotion to attract new customer for their product, and to reached the target that been set up by the headquarter. The long term is to maintain the existence customer by building a good relationship among both of the Family Takaful Plans and General Takaful Scheme. The promotion afford is been intensified to raised the awareness of the needs for the insurance to protected them. Among the activities that has been plan is to open a counter at mall's, mosques, and showroom.(Mohammad Fazli, 2003)

3.8 Conclusion

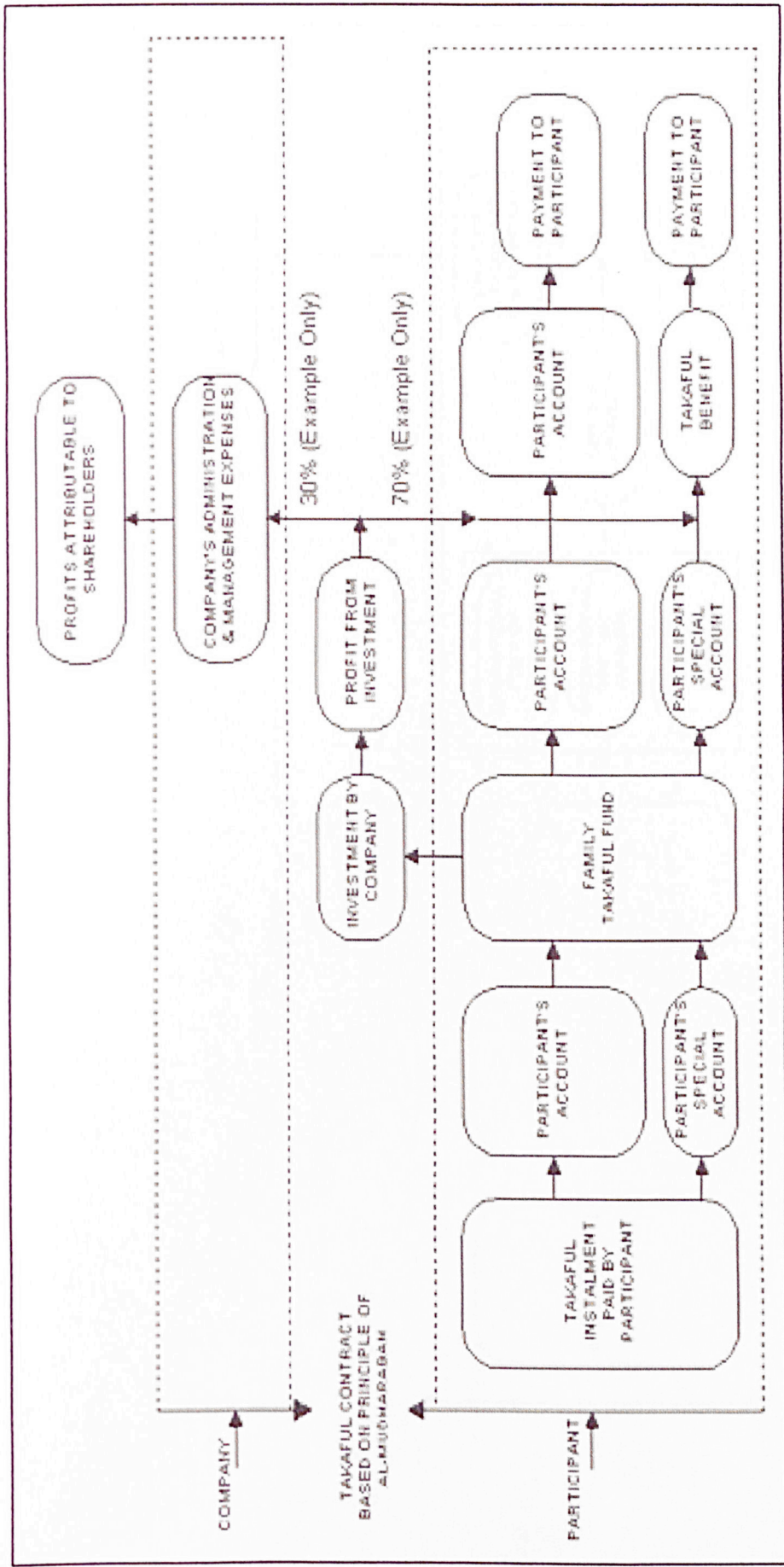
TMGC is still at the early stage of its development in this area, with only on year three of its operation. The chances to develop its market in the Guar Chempedak area are still wide open. TMGC has played an important part in raising the awareness of local residents on the importance of insurance protection for individuals, families, and properties from disaster. Explanation on takaful must be done in a constant and regular basis in order to explain the public on the differences between conventional insurance policies. Continuous effort should be done to attract more investment in their product.

Figure 1 : THE ORGANIZATION CHART OF TAKAFUL MALAYSIA GUAR
CHEMPEDAK



Sources : TMGC Manager

Figure 2: FAMILY TAKAFUL OPERATION FLOWCHART



Sources: <http://www.takaful-malaysia.com>

Figure 3 : GENERAL TAKAFUL OPERATION FLOWCHART

