

Takaful for Beginners

We eat, drink, and exercise to keep ourselves fit and healthy, because we know that health is important. We know that with a good body and a good mind we can work better and enjoy our lives with our families even more. On realizing this, we become more responsible and look after ourselves and our assets diligently. We even stop smoking. We keep our doors locked. We start to drive carefully. We do all this because we care. We don't want to see our loved ones be exposed to any kind of danger. But what if, despite all our efforts, something goes wrong? What if there is a robbery? What if there is an accident? The possibilities are endless and real. Then what? Can you imagine the kind of mental and financial torture a person has to go through to deal with it? They lose their sleep. They lose their peace of mind. They lose their strength and the will to go on. Worst of all is that this could happen to anyone of us at anytime and anywhere. There is really not much we can do about it on the individual level. But if we would do it collectively; if we mutually guarantee to help each other in times of need, like we used to do in the early days of Islam then we could significantly reduce the level of financial loss. This is exactly where Takaful comes into play. This 'mutual guarantee' is what Takaful is really all about.

Takaful is an arrangement between members of communities where each member mutually guarantees to help the other in times of need. A family could be troubled by the loss of the breadwinner's salary either due to death, severe illness or a bad accident. Imagine the financial distress they would be going through. Isn't it our moral duty to help such families? Takaful is one way of fulfilling this responsibility. Remember, in the future it could be us who would need the same help. Therefore it is important that we help those in distress while we can and know at same time that the others will do the same for you. This is the basic foundation of Takaful. When you decide to become a member/participant, you regularly contribute a small amount called Contribution from your savings as *Taburru* or donation which is pooled into a Waqf Fund. Just imagine, if thousands and millions of people make contributions in the Waqf, how much money would there be! This is like the Waqf of a Masjid that provides a place of worship and education to thousands of people and children. Like Waqf Masjid, Waqf Takaful is also a social welfare service. Whenever a member's family is in financial trouble, the Waqf Takaful comes to the rescue by compensating for their loss. This way it helps them to get over their immediate trouble and move on with their lives. Please don't forget, it is us, you and I, as members of Takaful, who make all this happen.

Obviously, as more and more people join Takaful, and the Waqf Fund gets bigger and bigger, we would need professionals to look after it. We need to trust these professionals with making the best decisions for the continuity and the sustainability of the Takaful system. It is important to know that Waqf Takaful is not only about protection. Yes, while Takaful protects members/participants from financial losses incurring from untoward exigencies, it also provides them with opportunities of earning money at the same time. This is done through investments. The Takaful Operator prudently invests in *halal* businesses with the objective to increase the value of the Waqf Fund and also to give returns to its members/participants for their contributions. This system works best if the members/participants pay their contributions regularly and continue their membership for the complete term. On top of this, each year, the members/participants share the surplus of the Waqf Pool. The surplus is the amount remaining in the Waqf after meeting all the expenses and the claims.

Takaful is a fully-transparent, free and fair system. It is based on the golden principles of brotherhood, cooperation, mutuality and solidarity. While insurance companies claim that they provide a similar service, it is not so. Conventional insurance companies are marred with socio-economic ills such as *Riba*, *Gharrar*, and *Maysir* which are harmful to society. In Takaful, however, a Shari'ah Supervisory Board monitors and regulates every function and process of the operations to keep in line with the principles of Islamic Shari'ah. Takaful, therefore, is a much-needed addition for the welfare of a society and its members and quite simply, a necessity no person should do without. It is a perfect loss-mitigation tool that

can be used both by individuals and businesses alike, to meet their specific needs and requirements. Family Takaful deals directly with protecting a person from *life*-related financial losses whereas General Takaful deals with the non-life financial losses like theft of a car, fire or mishaps at home etc.