

## Takaful Agents' Roles in Accordance with the Quran and Sunnah

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### Abstract

A current marketing practice of the Takaful industry requires agents to market and distribute the Takaful products to the public. Consequently, Takaful agents play an important role on behalf of the Takaful operator, to represent the Takaful operators and their products. More importantly, the agents would present the image of the Takaful as an Islamic type of insurance. Thus, there is a need to further clarify the agents' roles from the Islamic perspective which is stipulated in the Al-Quran and Sunnah of Prophets (peace be upon them). This paper attempts to discuss the role of Takaful agents according to the Al-Quran and Sunnah and proposes some basic elements that should be applied by the agents in marketing the Takaful products. Finally, it is hoped that all of the Islamic values as stated in the Al-Quran and practice through the Sunnah of Prophets (peace be upon them) will be implemented by the Takaful agents in order to realize the objective of Takaful as an Islamic alternative for conventional insurance.

**Keywords:** Takaful agent; Marketing; Al-Qur'an; Sunnah

### Introduction

Recently, there has been a huge number of Takaful operators in the Malaysian financial industry. This phenomenon has brought to a healthy competition among the operators which have produced a variety of Takaful products offered to the public. However, producing a large number of products does not ensure the sustainability of the industry in future. More importantly is the efficient and effective marketing channels. In this context, the Takaful industry relies on their agency system because it becomes the main medium for marketing the Takaful products nowadays.

The responsibility to sell the Takaful products is now transferred to the Takaful agents. In this instance, the agents must have excellent product knowledge together with good skills to market the Takaful products. It is important also for them to practise the Islamic marketing in order to approach the public. However, majority of them tend to follow the approaches employed by the conventional agent who stresses only on profit or commission in the marketing activities.

Research on this issue seems limited.

Studies on Takaful have started since 1990s and initially, the focus is only on its conceptual and operational basis. In 2000s, researchers start to gauge the public perception towards Takaful products. Additionally, some researchers have been interested to look at the understanding and knowledge of Malaysian particularly the Muslims regarding the Takaful products. Among them are, Syukriyah (2004), Mohamad and Mohd Sukki (2009), and Noor Hashim (2009). Some researchers are interested to look at the level of awareness (Yon et al., 2009). They found that the Muslims are aware about Takaful, however their level of confidence towards the products in terms of preparation for the future financial protection is still low.

The context that seems neglected by the past researchers is in the marketing context of the Takaful products. In this regards, a recent study has been conducted by Marhanum, Nurdianawati Irwani, and Siti Salwani, 2012 on the Takaful agents' relationship marketing practice, but the study only at the literature stage and no empirical results are found yet. Furthermore, few researchers have conducted studies on the performance of Takaful agents including Fauziah and Abdul Razak (2011) and Mohamad and Nik Mutasim (2011). To reflect a contribution in the industry, a performance determination model has been developed by Mohamad et al. (2011). Their study looks at the low motivation of Takaful agents which is the majority of them are Malay to sustain in the industry and have discussed on the push factors such as efforts, motivation (intrinsic and extrinsic), attitudes (role conflict, role ambiguity, and commitment), and leadership behavior as for the 'performance determination model' for the Takaful industry.

Overall, there has been no research done previously discussing the role of the Takaful agent from the Islamic perspective. Although there is a research on the performance determination model developed by Mohamad

et al. (2011), no Islamic point of view is detected throughout the model developed by the authors. Therefore, this paper tends to fill this gap and contributes to strengthen the marketing practice of the Takaful agents. This paper thus aims to discuss the role of the Takaful agents from the Islamic perspective as highlighted in the Qur'an and practised by the Prophets (peace be upon them). The aspects of Islamic marketing are also highlighted in this paper. It is structured as follows: first, some literature review about the Takaful industry and the roles of Takaful agents. It is followed by a discussion on the role of agents from the Islamic perspective together with Islamic aspects of marketing. Finally, there is a conclusion and suggestion for future research.

### **Conventional Role of Takaful Agents**

In view of the hybrid model becoming the ideal model in the current Takaful environment, agents play a significant role in disseminating Takaful products and services. The definition of agent according to the Concise Oxford Thesaurus (2007) signifies agent as a 'representative' who acts on behalf of another who appoints him/her to conduct a certain transaction. In the Malaysian context, Takaful agents are persons who have passed the required Takaful examination and have been endorsed by the Takaful operator to market their products and services on behalf of the company.

Agents are responsible to assist their customers in all circumstances related to their financial well-being and to disseminate knowledge of Takaful to Muslims and non-Muslims (IBFIM, 2011). Agents must undergo thorough preparation and be properly informed of the necessary information, skills and strategies in order to properly execute their responsibilities. Takaful agents are required to be vigilant and are responsible for losses arising from carelessness (Frenz and Soualhi, 2010).

More importantly, the agents are considered the cornerstone for building a solid edifice of any

insurance company (Das, 2004). They act on behalf of the Takaful operators in confronting the public. Besides fully disclosing information to customers, the agents are responsible to duly inform customers of the risks involved in their investments if in case the policy involves with investment (Das, 2004; Hairul Azlan et al., 2004). The role of the Takaful agent from the conventional perspective is similar to the conventional insurance agent. From the Islamic perspective, their role is different as it stresses more on their intention to become a Takaful agent and the responsibility is much higher than the insurance agent. It is discussed in the next section.

### **Roles of Takaful Agents According to the Qur'an and Sunnah**

The word 'agent' or 'wakeel' in Arabic term has appeared in the Qur'an repeatedly. It signifies the act of a person to represent another person in certain dispositions. As in Surah al-Kahfi (verse 19), Allah (s.w.t) has mentioned about the role of a *wakeel* or agent as follows:

*"When we resurrected them, they asked each other, "How long have you been here?" "We have been here one day or part of the day," they answered. "Your Lord knows best how long we stayed here, so let us send one of us with this money to the city. Let him fetch the cleanest food, and buy some for us. Let him keep a low profile, and attract no attention." (Al-Quran 15:19)*

Meanwhile the word 'wakeel' could mean to preserve or defend (*hifz*) and was stated in the Qur'anic verses (for example, 3:173 and 4:132). It also means to entrust (*tafwid*) as in Qur'anic verses (for example, 3:160 and 12:67) and also to be responsible for arranging one's affair (stated in Qur'an verse 6:66 and 6:107) (Hairul Azlan, 2004). Among the *Hadith* of Prophet Muhammad (pbuh) that has mentioned about the role of *wakeel* or agent is: The Prophet (pbuh) asked Jabir ibn Abdullah, who was about to go to Khybar: *"If you meet my agent, take*

*or ask from him fifteen wasq."* (Abu Dawud, al-Bayhaqi, al Daraqtuni, and al-San'ani)

The above *Hadith* has clearly mentioned that Prophet Muhammad (pbuh) used the term 'agent' or *wakeel* on his behalf to settle his duties. These prominent Islamic resources (Al-Qur'an and *Hadith*) lay claim to the authenticity of the Wakala model to be experienced in the modern environment particularly in the Takaful industry.

In the context of Takaful, the agents: (1) should have a clear intention to sincerely help customers. In this context, Takaful agents should not undermine the noble objectives of Takaful by pursuing their personal interests. This can be done through disclosing all the product details to their customers and suggesting the best products, suitable to the customers' needs in future. They must be honest, responsible, deliver on promises, intelligent, wise, patient and dedicated (IBFIM, 2011); (2) should play a decisive role in acknowledging Takaful as the best Islamic solution for financial management. Agents are not only liable for selling Takaful products, but to also offer Takaful services; (3) should explain the magnificence of the principle of *Tabarru'* in Takaful which distinguishes itself from its conventional counterpart. In Takaful, the aim of the scheme is for the benefit of human beings including Muslims and non-Muslims. This message must be echoed by all Takaful agents. Parallel to the objective of Takaful, the contract must be applied according to the concept of *Tabarru'* and shared responsibility which resonates with the concept of *Ibadah* in Islam (Mohd Akram, 2012). A *hadith* of Prophet Muhammad (pbuh) regarding this matter is: He said "The one who looks after and works for a widow and for a poor person (dependent), is like a warrior fighting for the Cause of Allah (s.w.t), or like a person who fasts during the day and prays throughout the night"; (4) should have intention to get the blessings from Allah (s.w.t). Aiman (2009: 118) mentions that: 'the ultimate aim of Takaful agency members (from agency manager, unit

manager, specialist and agents) is to seek the pleasure of Allah, submit entirely to His will and strive toward the final abode in the Hereafter'. They are responsible to safeguard the welfare of the society; (5) are accountable to educate the public about the main purpose of Takaful products and also the importance to prepare for the financial protection upon their heir. In this regards, Islam has emphasised that Muslims should ensure their heirs welfare once they died. This in line with one of the *hadith* of the Prophet Muhammad (pbuh), The Prophet said: "it is better for you to leave your off-spring wealthy than to leave them poor, asking others for help".

### Conclusion

This conceptual paper attempts to disclose a requirement that is stated in the Al-Qur'an and Sunnah about the role of Takaful agent. Literally, Takaful agent plays a role as a company representative to sell Takaful products. Islamically, the role of Takaful agent is beyond selling the Takaful products; they must spread the objectives of Takaful to the public. Therefore, the Takaful agents play a significant role in delivering the Takaful spirit in the heart of the public particularly the Muslims. Future research is encouraged to further discuss and acknowledge the importance of Takaful agents' role in disseminating the message of Takaful to the public.

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