

Nasir Ganikhodjaev
Farrukh Mukhamedov
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VOLUME 1

$$x' = 2xy$$

$$y' = 2xz$$

INVESTIGATIONS ON PURE MATHEMATICS, FINANCE MATHEMATICS AND OPTICS

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$$\varphi_1(x, y, z) = z$$

$$\pi_1 = \begin{pmatrix} x & y & z \\ y & z & x \end{pmatrix}$$

$$z' = x^2 + y^2 + z^2 + 2yz$$

$$\pi_1 \nu_1 \pi_1 = \nu_{17}$$



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Investigations on Pure Mathematics, Finance Mathematics and Optics

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PERFORMANCE ANALYSIS OF INSURANCE AND TAKAFUL INDUSTRIES IN MALAYSIA

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Assist. Prof. Dr. Mohd Aminul Islam

Abstract. *Insurance and takaful industries are a part of financial market and play an important role in economic development of a country. Starting from 1985 takaful business has been introduced in Malaysia as an alternative to its conventional insurance counterpart. Being new and faces with some controversial issues regarding the Syariah principles at the beginning, this study has taken a step to see the performance of takaful industry after 25 years operation and along with the conventional insurance industry for the last ten years. This study analyses the performance and development of both insurance and takaful industries as a whole in Malaysia for the period of 1999 till 2008 by looking at the total premium / contribution income, new and in force premium/contribution, and total asset. A simple empirical test also has been done to see the effect of Gross Domestic Product (GDP) and inflation on the demand and growth of insurance and takaful industries. This study found that takaful industry in Malaysia is growing at a significant pace and its growth rate mostly surpassed the conventional insurance industry. The two macro economic variables also play an important role in determining the demand and growth for both insurance and takaful industries in Malaysia. However the penetration rate of takaful is still lower compared to conventional insurance and suggest that there is still a large market untapped for takaful industry.*

1 Introduction of insurance and takaful industries

1.1 Insurance Industry

Looking at the market structure of the insurance industry, as reported in the Insurance Industry Annual Report (1999-2008), the number of insurance licensees which comprises of insurer, insurance broker, adjuster or financial adviser was dropped from 145 in 1999 to 128 in 2008. This was attributed to the continuous reduction in the number of direct insurer, professional reinsurer, insurance broker and adjuster between 2000 until 2006 before increased back in 2007 and on.

Despite the reduction in the number of general and composites insurers, life insurer was increased slightly from 7 in 1999 to 9 insurers in 2008. However, general insurance business still constitutes a large portion of direct insurers compared to life and composite business. In terms of the number of registered agents, until 2008 there were about 113,653 total agents of insurance industry, about 13000 reduced compared to 1999 where there were 126,650 numbers of insurance registered agents. The number of life insurance agents still surpassed the number of general insurance agents throughout the year.

1.2 Takaful Industry

Despite the popularity and competition from the long established insurance industry, takaful industry also has recorded a strong growth over the years. Until the end year of 2008, there were about eight registered takaful operators in Malaysia, formed the Islamic insurance