

*Research Article***Subject Matter Limitations in General *Sharia* Insurance: Comparative Lessons from Indonesia and Malaysia**

Zil Aidi, Maryam Khalid\*, Pg Ismail Pg Musa  
 Faculty of Law, Universiti Malaya, Malaysia  
 \*maryamkmn@um.edu.my

**ABSTRACT**

The level of *Sharia* compliance in a *Sharia* insurance contract is closely tied to whether the insured subject matter is permissible (*halal*) or forbidden (*haram*). This study explores limitations on insurable subject matter under general *Sharia* insurance from a *Sharia* perspective and examines the regulatory frameworks in Indonesia and Malaysia that govern these limitations. Adopting a doctrinal and comparative approach, it finds that insurable subject matter must be *halal* or otherwise permissible under *Sharia*, with permissibility depending not only on the nature of the subject matter but also on its intended use. The study also reveals differing scholarly opinions regarding the permissibility of specific subject matter within the context of *Sharia* insurance. Findings further show that neither Indonesia nor Malaysia has clear regulations governing the scope of insurable subject matter, as existing rules are predominantly general and leave the assessment to *Sharia* insurance operators. The absence of these regulations can lead to divergent perceptions among operators and may erode consumer trust in *Sharia* insurance products. This study contributes by identifying regulatory gaps in the scope of insurable subject matter under *Sharia* insurance and by demonstrating the need for clearer regulatory standards to enhance *Sharia* compliance and legal certainty.

**Keywords:** General *Sharia* Insurance; Limitation; Subject Matter.

**A. INTRODUCTION**

From a *Sharia* perspective, a conventional insurance contract is widely regarded as incompatible with *Sharia* principles due to the presence of uncertainty (*gharar*), interest (*riba*), and gambling (*maysir*). In Indonesia, Muhammadiyah, one of the largest Islamic organizations, issued a *fatwa* (Islamic legal opinion) prohibiting conventional insurance, while in Malaysia, the *Fatwa* Committee of the National Council for Islamic Religious Affairs reached a similar conclusion with respect to life insurance (Mubarrak, 2016); (Thanasegaran, 2008). These positions are consistent with broader international

developments, particularly the recognition of *Sharia* insurance (*takaful*) as a permissible alternative by *Majma' al-Fiqh al-Islami* under the Organisation of Islamic Cooperation (Salman, 2018).

*Sharia* insurance is different from regular insurance in that it is a *ta'awun* (mutual aid) or risk-sharing arrangement among members. The operator only manages the pooled funds (Kepki, 2015). This framework aims to eliminate the forbidden parts of *gharar*, *riba*, and *maysir* that define traditional insurance contracts (Ali, Odierno, & Ismail, 2008). A key difference

between Sharia insurance and regular insurance is who can be covered.

In this study, the term “insurable subject matter” refers to the insured subject matter itself and its permissibility under *Sharia* principles, rather than to the insurable interest principle, which concerns the legal or economic relationship between the insured and the subject matter.

This study employs the *mal* theory in Islamic commercial contracts to clarify the concept of property as a contractual subject. In Islamic law, *mal* refers to assets that can serve as the subject matter of a contract or *ma'qud 'alaih* (Sahroni & Hasanuddin, 2016). This approach is essential to determine whether the subject matter of general *Sharia* insurance complies with *Sharia* principles.

Under the tenets of *Sharia* jurisprudence, only those assets that exhibit recognized financial value (*mal*) and are devoid of impermissible elements may constitute valid subject matter in *Sharia*-compliant insurance (Billah, 2010); (Yusof, Ismail, & Naaim, 2015). As a result, assets linked to interest-bearing activities, gambling, alcoholic beverages, swine, or canines are predominantly excluded from coverage under *Sharia* insurance (Billah, 2010). This stands in stark contrast to traditional insurance practices, wherein insurers may underwrite assets such as properties owned by conventional financial institutions or enterprises involved in the sale of alcoholic products, despite their inherent incongruence with *Sharia* principles (Frenz & Soaulhi, 2010). Thus, adherence to *Sharia* principles intrinsically

constrains the range of insurable subject matter within *Sharia* insurance agreements. Therefore, it is significant for Islamic insurers to ensure that no element of *haram* or forbidden assets is involved in any *Sharia* insurance policy (Azeez & Ishola, 2016), as the presence of *haram* would legally make the *Sharia* insurance contract invalid (Sahroni & Hasanuddin, 2016).

In practice, however, the application of these doctrinal requirements does not always match their ideal form. Specific underwriting clauses, such as restrictions on the use of insured motor vehicles for non-*Sharia* activities, illustrate how interpretations of the eligible subject matter may differ across institutions (Aidi, 2018). Moreover, regulatory frameworks in Indonesia and Malaysia leave certain areas open to interpretation, particularly regarding assets linked to interest-based activities or other elements that are not compliant with *Sharia* principles, including assets whose permissibility depends not on their inherent nature but on their use.

This situation arises because regulatory and advisory bodies such as the Financial Services Authority of Indonesia (OJK), supported by the National *Sharia* Council of the Indonesian *Ulama* Council (DSN–MUI), and Bank Negara Malaysia (BNM), together with its *Sharia* Advisory Council (SAC), may approach similar issues differently.

Limited regulatory clarity may therefore contribute to information asymmetry regarding the *Sharia* insurance product disclosure and affect participants' confidence in the *Sharia* legitimacy of

products (Mokhtar, Aziz, & Hilal, 2017); (Setyowati & Prabowo, 2021). This is crucial because the core principles of consumer protection are transparency and information. Without transparency and adequate information, consumers cannot make informed financial choices (Ahmed & Ibrahim, 2018).

The discrepancies observed between normative Sharia principles (*das sollen*) and their practical implementation (*das sein*) highlight the imperative for a more in-depth analysis of how limitations regarding insurable subject matter are delineated and enforced across various legal frameworks. The cases of Indonesia and Malaysia offer a significant platform for comparative analysis, owing to the advanced state of their Sharia insurance sectors, their common developmental narratives, and their unique regulatory pathways. Malaysia initiated Sharia insurance in the Southeast Asian region with the founding of Syarikat Takaful Malaysia Berhad in 1984, whereas the inception of Sharia insurance in Indonesia occurred with the establishment of PT Syarikat Takaful Indonesia in 1994, subsequently followed by PT Asuransi Takaful Keluarga and PT Asuransi Takaful Umum (Hassan & Hussain, 2013); (Puspitasari, 2015); (Widyanata, Pertiwi & Syathiri, 2024). The Indonesian Sharia insurance sector subsequently profited from the technical assistance rendered by Malaysian operators, signifying a historical and institutional connection between the two jurisdictions (PT Asuransi Takaful Umum, 2024). This comparative significance is further

corroborated by the State of the Global Islamic Economy Report 2024, which positions Malaysia in the foremost rank and Indonesia in the third position among nations exhibiting the most robust Islamic economic systems (DinarStandard, 2024). From the existing literature, the discussion on insurable subject matter in general *Sharia* insurance remains relatively limited and fragmented. Although, existing studies show that scholarly focus on *Sharia* insurance or *takaful* has expanded across a wide range of themes, including bibliometric analyses that show sustained academic interest in *Sharia* insurance as an Islamic alternative to conventional insurance within Islamic finance scholarship (Cahyandari et al., 2023); (Hussin et al., 2024), the specific issue of limitations on insurable subject matter has not been systematically examined.

Existing studies on *Sharia* insurance may be grouped into several strands. One strand examines the design and operation of *Sharia* insurance products, including underwriting practices that restrict the use of insured subject matter to *Sharia*-compliant activities, such as vehicle coverage in general *Sharia* insurance (Aidi, 2018). A second strand engages with normative debates on the permissibility of specific objects or subject matter within Islamic contractual arrangements, often outside the context of *Sharia* insurance contracts themselves, for example in discussions on *hibah* (Syarifit & Laili, 2022). A third strand focuses on institutional and regulatory dimensions of *Sharia* insurance,

including the role of *Sharia* Supervisory Boards, regulatory harmonisation across jurisdictions, and broader legal and institutional developments in Indonesia and Malaysia (Daud & Arifin, 2018); (Heradhyaksa & Markom, 2018); (Thanasegaran & Shaiban, 2014). A further strand addresses supporting aspects of the *Sharia* insurance or *takaful* system, such as *retakaful* mechanisms and public understanding shaped by the role of *Sharia* insurance agents (Samsuri & Jamal, 2017); (Ali & Markom, 2021).

While these previous researches provide valuable insights into the operation, governance, and supporting structures of *Sharia* insurance, none of them specifically examined how *Sharia*-based limitations on the subject matter of general *Sharia* insurance are defined and enforced within the regulatory frameworks of Indonesia and Malaysia. As a result, a conceptual and regulatory gap remains concerning the interaction between *Sharia* principles on lawful subject matter and contemporary *Sharia* insurance in determining the validity and scope of insurable subject matter.

This research offers an analysis of how these two jurisdictions regulate limitations on insurable subject matter in general *Sharia* insurance. This study also examines the importance of regulations governing the scope of insurable subject matter coverage, as they are not only linked to ensuring *Sharia* compliance of the *Sharia* insurance contract but also to achieving legal certainty and protecting financial consumers' rights.

## B. RESEARCH METHODS

This research uses a doctrinal legal method to examine the regulation of subject matter protection in *Sharia* insurance. Doctrinal methods are used to connect legal norms, analyze complex regulatory arrangements, and assess potential legal developments (Hutchinson & Duncan, 2012). This approach is particularly suitable for this study because the limitations on insurable subject matter in *Sharia* insurance are primarily determined through the textual interpretation of statutes, regulatory instruments, and *Sharia* legal sources, rather than through empirical observation. Doctrinal and normative approaches are widely applied in Islamic legal scholarship, where researchers commonly conduct normative juridical or literature analyses of legislation, books, *fatwas*, and academic writings (Huda & Ispriyarso, 2019); (Lumbanraja & Yusriyadi, 2021); (Pratama, Disemadi, & Prananingtyas, 2020). Consequently, the legal materials examined in this study were selected based on their normative authority and direct relevance to the regulation of *Sharia* insurance.

This study employs a comparative legal methodology alongside doctrinal analysis to examine the research issues (Bhat, 2019) on variations in subject matter protection across jurisdictions. Indonesia and Malaysia are chosen for comparison due to their same historical context in the evolution of *Sharia* insurance, despite their regulatory systems later developing along divergent institutional trajectories. The Financial Services Authority (OJK) is in charge of

regulating the industry in Indonesia. The National Sharia Council of the Indonesian Ulama Council (DSN–MUI) gives Sharia guidance. In Malaysia, Bank Negara Malaysia (BNM) is in charge of the industry, and the Shariah Advisory Council (SAC–BNM) gives binding Sharia rulings.

The comparative analysis focuses on statutory and regulatory instruments that possess normative authority and are directly relevant to the determination of insurable subject matter. In Indonesia, this article examines Law No. 40 of 2014 concerning Insurance as amended by Law No. 4 of 2023 concerning the Development and Strengthening of the Financial Sector, as the principal statutory framework for insurance regulation, together with The Financial Services Authority (OJK) Regulation No. 69/POJK.05/2016 as amended by OJK Regulation No. 36 of 2024 on the Business Conduct of Insurance Companies, *Sharia* Insurance Companies, Reinsurance Companies, and *Sharia* Reinsurance Companies, OJK Regulation No. 22 of 2023 on Consumer and Public Protection in the Financial Services Industry, and The National *Sharia* Council of the Indonesian *Ulama* Council (DSN - MUI) No. 21/DSN-MUI/X/2001 concerning General Guidelines for *Sharia* Insurance.

In Malaysia, the analysis draws on the Islamic Financial Services Act 2013 (Act 759), the *Takaful* Operational Framework Policy Document 2019, the *Shariah* Governance Policy Document 2019 issued by Bank Negara Malaysia, and authoritative *Sharia* interpretations contained in the *Shariah* Advisory Council of Bank Negara

Malaysia's *Shariah Resolutions in Islamic Finance*. These instruments in both jurisdictions are selected because they constitute the core legal and *Sharia* regulatory framework governing *Sharia* insurance or *takaful* operations and directly influence regulatory practices concerning the permissibility of insured subject matter.

The comparative analysis takes an institutional functional perspective, which sees legal systems as responding to similar societal needs through institutions that perform comparable functions (Zweigert & Kotz, 1998). This perspective enables the study to emphasize functional similarities between the Indonesian and Malaysian frameworks while acknowledging their doctrinal differences in defining subject matter protection. This perspective is commonly used in comparative legal research to examine how legal norms are operationalized within different regulatory structures. Comparative studies involving Indonesian and Malaysian legal systems have employed similar methodological approaches to facilitate structured and systematic legal comparison, even when examining different areas of law (Islamiyati et al., 2022).

To address the research questions, this study conducts a literature review of statutes, regulations, *fatwas*, policy documents, resolutions and supporting academic literature. This approach follows established practices in normative legal research, in which documentary analysis and textual interpretation are used to assess the coherence and consistency of regulatory frameworks (Fetraningtyas & Yunanto,

2021); (Sinaga et al., 2024). In this context, qualitative content analysis is employed to identify, categorize, and compare the legal norms governing subject matter protection in Indonesia and Malaysia, thereby enabling a systematic examination of similarities and differences across regulatory frameworks.

## C. RESULTS & DISCUSSION

### 1. The Concept of *Sharia* Insurance Contract

This subsection explains the conceptual structure of *Sharia* insurance contracts as a basis for assessing insurable subject matter. *Sharia* insurance, or *takaful*, derives from an Arabic term meaning mutual assurance and refers to an arrangement based on shared responsibility among participants (Alam et al., 2023); (Jamil & Jamal, 2016). It is commonly understood as a collaborative financial arrangement in which two parties work together to provide financial protection against unexpected risks (Billah, 2019). This cooperative foundation helps explain why *Sharia* insurance adopts a structure distinct from that of conventional insurance and why its underlying contractual form is central to the subsequent discussion of the contract's subject matter.

In a *Sharia* insurance arrangement, a participant remits a contribution to the operator, who undertakes to protect against loss during the policy period (Billah, 2019). This structure comprises two contractual relationships: first, among the participants themselves; and second, between the participants and the operator (Ali,

Odierno, & Ismail, 2008). The *tabarru'* contract forms the basis of the first relationship, allowing participants to allocate part of their contributions as a donation to the *takaful* or *Sharia* insurance fund for mutual indemnification (Ali, Odierno, & Ismail, 2008). Under this model, participants pool their contributions into a common fund to provide collective protection against defined risks, while any underwriting surplus belongs to the participants rather than the operator (Olorogun, 2015). The second relationship, between operator and participants, is commonly structured through *Sharia* based contracts such as *wakalah* (agency) or *mudarabah* (profit sharing) (Aziz, 2019). These contractual layers reflect a system built on cooperation and shared responsibility. This mutual assistance structure supports the risk sharing model in *Sharia* insurance and avoids the elements that render conventional insurance impermissible (Heradhyaksa & Hikmah, 2019).

In contrast, conventional insurance involves the transfer of risk from the insured to the insurer, with the insurer assuming the financial burden in exchange for a premium (Marotta et al., 2017). Such an arrangement is categorised as *aqad mu'awadhah*, or a business exchange contract (Sula, 2016). The uncertainty regarding whether the insured will ever receive compensation introduces *gharar* (Aziz, 2016). When this uncertainty results in disproportionate gains or losses, it can resemble *maysir* (speculation or gambling) (Hamid, Remli, & Fisol, 2020). Conventional insurance may also involve *riba* when the exchange of money for money does

not meet the requirements of equivalence and immediate transfer, or when investment returns or premiums are linked to *riba* based financial products (Tarmizi, 2018); (Nandy, 2022). These characteristics underlie the general view that conventional insurance is not compliant with *Sharia* principles.

These contrasts underscore why *Sharia* insurance operations must avoid *gharar* (uncertainty), *riba* (interest), and *maisyir* (gambling) (Husin, 2019). They also highlight a further distinction relevant to the present study: the determination of what subject matter may lawfully be protected. Every Islamic contract, including a *Sharia* insurance contract, must fulfil its essential pillars (*rukun*), consisting of the *sighat* (offer and acceptance), the contracting parties (*'aqidan*), and the subject matter of the contract (*ma'qud 'alaih*) (Sahroni & Hasanuddin, 2016). If any of these pillars, especially the *ma'qud 'alaih*, is unsuitable with the *Sharia*, the contract becomes invalid.

Understanding this conceptual framework is therefore essential for examining how *Sharia* principles guide the assessment of subject matter in *Sharia* insurance, as well as for identifying the limitations that arise when the nature and the usage of the insured subject matter is not clearly defined.

## 2. The Subject Matter in General *Sharia* Insurance Contract from *Sharia* Perspective

This subsection explores how *Sharia* principles specify what subjects are permissible in

general *Sharia* insurance and how scholarly views vary on the scope of protection. It also uses the theory of *mal*, as previously mentioned, to assess whether the subject matter at issue aligns with *Sharia* principles.

The range of insurable subject matter in general *Sharia* insurance is broadly similar to that found in conventional insurance. These include commercial properties, residential buildings, watercraft, and health risks, all of which may be vulnerable to potential damage or loss (Muhammad, 2011).

Muslim scholars generally agree that an insurable subject matter must have designated value and that the insured must have a recognized interest in it (Azeez & Ishola, 2016). This agreement aligns with the requirement that all activities in a *Sharia* transaction remain within the limits permitted by Islamic law, ensuring that the subject matter does not involve unlawful elements (Ayedh, Shaharuddin, & Kamaruddin, 2019). The focus on the permissibility of the subject matter reflects the broader rule in Islamic commercial law that each contract must meet its essential pillars, including those related to the subject matter.

Within this shared foundation, different Muslim scholars offer further clarification on which subject matter may not be insured. Billah explains that individuals may not benefit from matters not recognized as legitimate property in *Sharia* (Billah, 2010). He identifies three categories of excluded assets. The first comprises inherently *haram* subject matter (forbidden). The second

category includes subject matter that become *haram* through unlawful acquisition, such as stolen or smuggled goods. The third category comprises subject matter whose status is uncertain due to ambiguity or unavailability (Billah, 2010). This view emphasizes the need for clarity in defining the subject matter of a *Sharia* insurance contract.

A similar structure appears in the work of Yusof, Ismail, and Naaim, although their emphasis extends more directly into contemporary contexts. They distinguish between property that qualifies as *mal mutaqawwim*, meaning goods recognized as having value in *Sharia*, and subject matter that fulfill the requirements of lawful *Sharia* insurance interest (Yusof, Ismail, & Naaim, 2015). They also identify several contemporary contexts in which subject matter may be excluded, including assets associated with conventional financial institutions, entertainment venues, arms dealers, breweries, and non-Muslim places of worship. Their observations are consistent with the view that *Sharia* insurance companies must avoid covering activities involving alcohol, gambling, or tobacco (Sahudin et al., 2022). This perspective shows how classical principles continue to apply while requiring attention to contemporary commercial realities.

Sula adds to this discussion by offering a slightly different perspective. He distinguishes between subject matter that are intrinsically forbidden and those that, although not intrinsically forbidden, become problematic because of the

activities they support (Sula, 2016). The first group includes carcasses, exsanguinated blood, pork, animals slaughtered without invoking the name of Allah, and animals offered to idols (Sula, 2016). The second group comprises assets used in activities that may conflict with *Sharia* norms, such as properties used for non-Muslim worship, non-*Sharia* financial practices, cigarette manufacturing, golf courses, or insurance taken by individuals working in occupations that do not follow *Sharia* principles (Sula, 2016). This distinction introduces a practical dimension by highlighting that both the subject matter's nature and its purpose can influence its permissibility.

Across these perspectives, there is a shared understanding that an insurable subject matter must have recognized *Sharia* value and must not be linked to unlawful elements. The differences lie in how Muslim scholars distinguish among clear permissibility, explicit prohibition, and the more ambiguous areas between them. Kamali refers to these grey areas, or *syubhah*, as situations arising from uncertainty in textual meaning or from difficulty in applying general principles to specific cases (Kamali, 2021). Such normative uncertainty helps explain why certain issues remain subject to debate and why operators may face uncertainty when determining permissibility in practice (Karimah, 2022).

One example that demonstrates this point concerns the insurability of buildings used as non-Muslim places of worship. Some Muslim scholars argue that insuring such properties may amount to *i'adah ala al-kufr*, or assisting activities

regarded as impermissible, which would conflict with the principle of mutual benevolence, or *tabarru'*, that underpins *Sharia* insurance (Syamsudin, 2021). Other Muslim scholars take a different view, noting that protecting such buildings can serve a broader public interest and citing *Surah Al-Hajj*, verse 40, which mentions the preservation of various places of worship throughout history (Syamsudin, 2021). These contrasting views illustrate how contextual factors can shape assessments of the issue and why some questions remain unresolved in practice.

In summary, Muslim scholars agree that insurable subject matter must be lawful and have recognized value, but they differ in how these principles are applied to specific situations. These differences affect how operators and regulators define the limits of *Sharia*-compliant subject matter and emphasize the need for clarity when uncertainty exists. The discussion also provides a foundation for examining how national regulations interpret and implement these principles.

### **3. Regulations on Subject Matter in General *Sharia* Insurance within the Indonesian and Malaysian Jurisdiction**

The regulatory treatment of subject matter in *Sharia* insurance varies between Indonesia and Malaysia. This section examines how each jurisdiction approaches the issue and highlights the extent to which regulatory clarity is absent in both systems. Such a comparison is essential, as the permissibility of an insured subject matter in *Sharia* insurance is shaped not only by its inherent nature, but also by how it is used and

how the scope of protection is defined by regulators.

From a legal perspective, the regulation of *Sharia* insurance in Indonesia has been observed to remain insufficiently comprehensive and systematic, giving rise to legal uncertainty in its implementation (Muhaimin, 2018). This condition reflects a broader pattern in Indonesia's *Sharia* financial regulation, which tends to rely on general normative provisions and lacks sufficiently detailed supervisory mechanisms (Prayitno & Setyowati, 2020). In practice, such formal legal rules often encounter difficulties when applied in practical and evolving contexts (Khalimy et al., 2023). At the same time, the regulatory foundation of *Sharia* insurance in Indonesia continues to rest primarily on general statutory provisions and religious normative guidelines, rather than on specific and comprehensive regulatory instruments (Disemadi & Prananingtyas, 2020).

As a result, although Muslim scholars recognise that particular subject matter are not inherently *haram* but may become impermissible depending on their use, this distinction is not reflected in existing regulations, which provide only broad guidance and do not address how *Sharia* insurance operators should assess such subject matter. Under Sections 57 (1) and (2) of Law No. 40 of 2014 on Insurance, as amended by Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector, the Indonesian Financial Services Authority (OJK) is responsible for regulating and supervising

insurance business activities, including *Sharia* insurance. However, OJK regulations do not specify clear standards for determining permissible subject matter.

For example, OJK Regulation No. 69/POJK.05/2016, as amended by OJK Regulation No. 36 of 2024 concerning the Business Conduct of Insurance Companies, *Sharia* Insurance Companies, Reinsurance Companies, and *Sharia* Reinsurance Companies, only requires *Sharia* insurance operators to conduct their business in accordance with *Sharia* principles. These *Sharia* Principles are defined as Islamic legal principles in insurance activities based on *fatwas* issued by an authorised *Sharia* authority as referred to in Law No. 40 of 2014 on Insurance, as amended by Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector. While this framework establishes the general principles of *Sharia* compliance, it does not clarify which subject matter may or may not be insured, particularly those that fall into grey areas.

In practice, the authorised *Sharia* authority referred to under this regulatory framework is the National *Sharia* Council of the Indonesian *Ulama* Council (DSN-MUI). Since 2000, DSN-MUI has issued *fatwas*, guidelines, and circulars related to *Sharia* economic practices. Yet none of these instruments provides explicit boundaries for determining the subject matter of *Sharia* insurance. For, instance, *Fatwa* No. 21/DSN-MUI/X/2001 concerning The General Principles of *Sharia* Insurance merely states the general

prohibitions of elements such as uncertainty (*gharar*), gambling (*maysir*), interest (*riba*), oppression (*zhulm*), bribery (*risywah*), sinful acts (*ma'siyah*), *haram* subject matter, and immorality, without providing examples or subject matter specific criteria. Consequently, operators must rely heavily on internal interpretation when evaluating subject matter that are not inherently *haram* but may become impermissible based on their use.

In the Malaysian context, Bank Negara Malaysia (BNM) oversees the *Sharia* insurance (*takaful*) sector, with regulatory objectives that include enhancing operational soundness, solvency, and competitiveness, while reinforcing mutual assistance among participants (Ruhana et al., 2023). *Sharia* compliance is guided explicitly by the *Sharia* Advisory Council of Bank Negara Malaysia (SAC-BNM), which serves as the highest authority on *Sharia* matters in Islamic finance (Heradhyaksa, Octaviani & Pamesti, 2023). Under Section 29 (1) of the Islamic Financial Services Act 2013, *Sharia* resolutions and rulings issued by the SAC-BNM are authoritative on matters of Islamic law and form the basis upon which Bank Negara Malaysia issues policy documents and other regulatory instruments governing Islamic financial business.

As in Indonesia, Malaysia's regulations also provide only general principles regarding subject matter. This is reflected in Section 28 (1) and (2) of the Islamic Financial Services Act 2013, which broadly requires Islamic financial institutions, including *takaful* or *Sharia* insurance

operators, to ensure that their objectives, operations, and activities comply with *Sharia* principles, without prescribing detailed rules on permissible subject matter.

In practice, the operational conduct of *takaful* or *Sharia* insurance operators is further governed by the *Takaful* Operational Framework 2019, a policy document issued by Bank Negara Malaysia. This framework focuses on governance arrangements, risk management, product oversight, and operational conduct. While it emphasizes general *Sharia* compliance and sound operational practices, it does not articulate substantive regulatory criteria for determining which subject matter may be considered permissible under *Sharia* insurance. *Sharia* compliance is also supported by the *Shariah* Governance Policy Document 2019, which regulates how *Sharia* decisions are made within *takaful* institutions. The document clarifies the roles of the *Sharia* Committee at the operator level and affirms the SAC-BNM as the final authority on *Sharia* matters. While this governance architecture strengthens oversight and accountability, its focus remains on process rather than on defining permissible insured subject matter. Viewed collectively, these instruments operate largely at a governance and procedural level, leaving the normative content of subject matter permissibility broadly framed.

In this context, the SAC-BNM has issued only a small number of targeted resolutions that indirectly address subject matter concerns. The Second Edition of *Sharia* Resolutions in Islamic

Finance of 2010, for instance, includes rulings on the insurability of conventional loans and credit cards. Conventional loans may be covered under *Sharia* insurance if the *Sharia* insurance or *takaful* arrangement is clearly separated from the loan structure. In contrast, conventional credit cards may not be covered due to the element of *riba*. These examples offer some interpretive direction but are limited to specific financial products and do not constitute a broader framework for determining permissible subject matter.

Despite differences in regulatory structures, both Indonesia and Malaysia regulate the subject matter of *Sharia* insurance only at a general level and do not provide comprehensive guidance on the boundaries of permissible subject matter. In Indonesia, the gap is more fundamental because the regulatory framework consists solely of broad *Sharia* principles and does not provide subject-matter-specific standards or concrete examples for assessing borderline cases. Malaysia adopts a similar general approach, but its targeted resolutions provide slightly clearer interpretive direction without forming a complete framework. As a result, *Sharia* insurance operators in both jurisdictions must navigate significant interpretive gaps and rely on their own judgment when evaluating grey area subject matter that fall outside explicit regulatory guidance.

#### **4. The Importance of Regulations Clarity on Insurable Subject Matter**

This subsection concludes the discussion by synthesizing the regulatory and practical implications of unclear subject matter regulation in

general *Sharia* insurance. Regulatory certainty on the scope of subject matter in general *Sharia* insurance is essential to ensure consistent interpretation and implementation. Explicit and detailed regulations prevent legal inconsistencies and reduce operational disparities among *Sharia* insurance providers (Jaradat & Oudat, 2025). Such regulatory clarity also underpins transparency, accountability, and consumer trust in Islamic financial institutions (Alam 2013); (Ullah, Harwood, & Jamali, 2018). In Islamic financial services, consumer protection extends beyond material interests to include expectations of *Sharia* compliance, which depend on transparent information and robust regulatory frameworks (Disemadi & Ningsih, 2020).

Outdated or insufficiently detailed regulations can undermine legal certainty and complicate consumer protection in modern financial services. Additionally, unclear or incomplete product information at the operational level may increase consumers' exposure to financial losses and heighten the likelihood of disputes (Novita & Santoso, 2021); (Purnaningrum & Roisah, 2025).

From this perspective, regulatory clarity functions as a substantive, rather than merely procedural, requirement for determining which subject matter may lawfully be covered under general *Sharia* insurance. Where the scope of subject matter remains undefined or ambiguous, the principles of transparency and legal certainty discussed above cannot be effectively realised in practice.

When explicit rules are absent, determining whether a subject matter qualifies for protection under *Sharia* insurance schemes in Indonesia and Malaysia primarily depends on institutional interpretation at the operator level, particularly in contested or borderline cases. In Indonesia, this task is partly assigned to the *Sharia* Supervisory Board (*Dewan Pengawas Syariah*, DPS), which each *Sharia* financial institution must establish according to Section 1 (25) of Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector. The DPS oversees compliance with *Sharia* principles, but its authority is limited to internal supervision. Likewise, in Malaysia, *Sharia* financial institutions are required to form a *Sharia* Committee (SC) under Section 30 (1) of the Islamic Financial Services Act 2013 to advise on *Sharia* compliance (Masruki, Hanefah, & Wahab, 2018).

Although these supervisory bodies exist, regulators still need to provide more explicit guidance, particularly on contested issues such as non-Muslim places of worship, cigarette factories, golf courses, and the application of *Sharia* by staff of non-*Sharia* financial institutions seeking *Sharia* insurance (Sula, 2016). In this context, weaknesses in supervisory practices at the operational level underscore the need for clearer substantive guidance and stronger regulatory frameworks (Njatrijani, Sutrisno, & Primastito, 2024).

This regulatory gap aligns with earlier research highlighting the lack of standardisation and harmonisation of *Sharia* compliance

requirements as a key challenge in Malaysia's *Sharia* insurance sector. Divergent interpretations of *Sharia* principles among operators and regulators lead to inconsistencies in product offerings and operational practices (Wahab & Hassan, 2023). In Malaysia, the application of *Sharia* principles in particular operational contexts may still involve interpretive discretion at the institutional level through the *Sharia* Committee.

Similar differences are observed in Indonesia. For instance, Syakir Sula argues that *Sharia* insurance can legitimately cover non-Muslim places of worship; however, most DPSs in Indonesia typically do not include such coverage (Sula, 2016). These instances demonstrate that, in the absence of explicit rules on the subject, institutions apply *Sharia* principles in divergent ways. Despite the mechanism provided under Article 3A (4) of Law No. 40 of 2014 on Insurance, as amended by Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector, which requires coordination between the Financial Services Authority (OJK) and the competent *Sharia fatwa* institution (DSN–MUI) in the absence of explicit rules, it has not yet resulted in clear and binding regulatory standards on permissible subject matter. In practice, the absence of such substantive guidance means that determinations continue to be resolved primarily at the DPS level.

From a consumer perspective, the implications of regulatory clarity are particularly evident in patterns of market adoption and public trust. General *Sharia* insurance in Indonesia

continues to grow, with total assets reaching IDR 8.4 trillion in 2023, although its market share remains limited at 3.7 percent (Financial Services Authority of Indonesia (OJK), 2024). Previous research suggests that limited adoption is partly driven by public scepticism regarding whether *Sharia* insurance genuinely complies with Islamic principles (Amran, 2024). Some consumers perceive *Sharia* insurance as merely replicating conventional insurance structures (Effendi, 2018); (Kurniawan, Shoumi, & Roziqin 2022); (Maf'ula & Mi'raj, 2022). In this context, detailed and transparent regulatory standards can strengthen consumer confidence and improve decision making (Tarigan & Paulus, 2019). From this perspective, the legitimacy of *Sharia* insurance depends on the clear articulation of rights, obligations, and permissible practices.

By contrast, Malaysia presents a different market response. Its *Sharia*-compliant general insurance sector is significantly larger, with total assets reaching MYR 7.162 million in 2023 (BNM, 2023) and a market share of 32 percent (Fitch Ratings, 2024). Many Malaysian consumers are motivated by religious convictions and believe that *Sharia* insurance adheres to Islamic values, with some viewing participation in *Sharia* insurance as an act of worship (Kamil & Nor, 2014); (Rahman, Samsudin & Osman, 2024). Nonetheless, sustaining consumer trust requires clear regulatory boundaries, particularly in relation to grey area issues. Because the *tabarru'* relationship among participants is grounded in mutual consent, participants may be unwilling to

contribute to protecting subject matter they perceive as questionable. Transparency and consumers' ability to understand financial products, therefore, remain central to maintaining trust in *Sharia* insurance (Gaol, Diaz & Janisriwati, 2024).

In relation to subject matter protection, regulatory clarity is central to the principle of transparency, as clear, accurate, and understandable disclosures not only fulfil transparency requirements (Chow & Ho, 2025) but also enhance consumers' ability to make informed decisions (Schwarcz, 2014). Indonesia addresses this need through Section 3 (2) of OJK Regulation No. 22 of 2023 on Consumer and Public Protection in the Financial Services Sector, which mandates the provision of accessible product information. Malaysia similarly requires transparency and disclosure under Sections 135 (2) (a) and (b) of the Islamic Financial Services Act 2013 (Ali, Hassan, & Othman, 2017).

In sum, the arguments above underscore the urgent need for explicit limitations on subject matter in general *Sharia* insurance. Clear rules would establish definitive standards for determining permissible coverage, enhance consumer confidence in the *Sharia* compliance of insurance products, and support the development of the *Sharia* insurance industry in both Indonesia and Malaysia. The regulatory certainty would also reinforce the distinction between *Sharia* and conventional insurance, which remains essential for sustaining trust, particularly in Indonesia, where scepticism persists, and in Malaysia, where

consumer expectations are tied closely to religious convictions.

#### D. CONCLUSION

This study finds that, in both Indonesia and Malaysia, the determination of permissible subject matter in general *Sharia* insurance remains uncertain as a result of both regulatory ambiguity and differing scholarly views, despite the central importance of subject matter for *Sharia* compliance in Islamic commercial contracts. Muslim scholars have different views on whether general *Sharia* insurance can cover items that are not inherently *haram* but might be used for forbidden activities, such as structures used for worship outside Islam. These differing interpretations have practical effects, creating uncertainty for operators when deciding which items can be covered without risking involvement in *l'annah 'ala al-kufr* or aiding in sin. This discussion touches on the core of the *tabarru'* contract, which stresses mutual support in righteousness and avoiding any help in impermissible acts.

However, *Sharia* insurance regulators in Indonesia and Malaysia have not set clear limits on the extent of protection provided by general *Sharia* insurance. The absence of specific regulatory guidance can lead to differing interpretations among *Sharia* insurance operators and *Sharia* Supervisory Boards regarding whether certain items qualify for protection. This study's comparative analysis shows that both countries might face similar uncertainties due to the

absence of uniform criteria for defining acceptable subject matter in *Sharia* insurance.

Therefore, regulatory reform regarding the scope of general *Sharia* insurance coverage is necessary. Such reform could involve the establishment of standardized *Sharia* guidelines for insurable subjects, clearer definitions of permissible and impermissible assets, and an explicit delineation of the interpretive authority of the *Sharia* Supervisory Board and the *Sharia* Committee. Greater regulatory clarity is crucial to ensure transparency for participants about the individuals and assets they support under the *tabarru'* framework. In the absence of such clarity, uncertainty regarding permissible subject matter may continue to affect participants' confidence and trust in *Sharia* insurance products. Implementing more transparent and harmonized regulations would not only improve *Sharia* compliance but also boost consumer confidence and promote the sustainable growth of the *Sharia* insurance industry.

#### ACKNOWLEDGEMENT

This research is funded by the Indonesian Endowment Fund for Education (LPDP) of the Republic of Indonesia. This research is part of the first author's Doctor of Philosophy study in the Faculty of Law, Universiti Malaya, Malaysia.

#### REFERENCES

##### JOURNALS

- Ahmed, H., & Ibrahim, I. R. (2018). Financial consumer protection regime in Malaysia: Assessment of the legal and regulatory framework. *Journal of Consumer Policy*, 41(2), 159–175.  
<https://doi.org/10.1007/s10603-018-9369-0>
- Aidi, Z. (2018). The Legal Reason of *Sharia* Principles for Object-Protection Rule Clause and Its Implementation in Vehicle Insurance Contract of PT Asuransi Takaful Umum. *Padjadjaran Jurnal Ilmu Hukum*, 5(2), 349–367.  
<https://doi.org/10.22304/pjih.v5n2.a8>
- Alam, A., Fianto, B. A., Ratnasari, R. T., Ahmi, A., & Handayani, F. P. (2023). History and Development of Takaful Research: A Bibliometric Review. *SAGE Open*, 13(3), 1–20. DOI:10.1177/21582440231184852
- Alam, N. (2013). Impact of Banking Regulation on Risk and Efficiency in Islamic Banking. *Journal of Financial Reporting and Accounting*, 11(1), 29–50.  
 DOI:10.1108/JFRA-03-2013-0010
- Ali, N. A., & Markom, R. (2021). Shariah Compliance on Retakaful in Malaysia. *Diponegoro Law Review*, 6(1), 1–16.  
 DOI:10.14710/dilrev.6.1.2021.1-16
- Ali, S. M., Hassan, R., & Othman, A. A. (2017). Inadequacy of Consumer Protection from Unfair Contract Terms in Musharakah Mutanaqisah Home Financing in Malaysia. *Journal of Islamic Finance*, 6(Special

- Issue),231–241  
<https://doi.org/10.31436/jif.v6i0.268>
- Amran, E. (2024). Faktor Intensi Berasuransi Syariah: Pengetahuan dan Citra, Kepercayaan sebagai Variabel Mediasi. *Coopetition: Jurnal Ilmiah Manajemen*, 15(3),659–674.  
 DOI:10.32670/coopetition.v15i3.4829
- Ayedh, A. M. A., Shaharuddin, A., & Kamaruddin, M. I. H. (2019). Shariah Screening Methodology: Does It Really Shariah Compliance? *Iqtishadia*, 12(2), 144–172.  
 DOI:10.21043/iqtishadia.v12i2.5573
- Azeez, Y. A., & Ishola, A. S. (2016). Insurable Interest in Takaful: A Theoretical Contrivance for Islamic Insurers. *International Journal of Economics and Financial Issues*, 6(3), 109–115.  
<https://econjournals.com/index.php/ijefi/article/view/2618>
- Cahyandari, R., Kalfin, K., Sukono, S., Purwani, S., Ratnasari, D., Herawati, T., & Mahdi, S. (2023). The Development of Sharia Insurance and its Future Sustainability in Risk Management: A Systematic Literature Review. *Sustainability (Switzerland)*, 15(10), 1–23. DOI:10.3390/su15108130
- Chow, M. Y. C., & Ho, S. P. S. (2025). Effects of Financial Consumer Protection on Brand Love and Brand Advocacy. *Journal of Financial Services Marketing*, 30(2), 1–15.  
 DOI:10.1057/s41264-025-00306-x
- Daud, W. N. W., & Arifin, N. M. (2018). A Comparative Study of the Takaful Rules and Regulation for Malaysia and Indonesia Act. *International Journal of Academic Research in Business and Social Sciences*, 8(12), 1249–1264. DOI:10.6007/ijarbss/v8-i12/5211
- Disemadi, H. S., & Ningsih, A. S. (2020). Efforts to Protect Consumer's Spiritual Rights in Organizing Islamic Microfinance. *Diponegoro Law Review*, 5(2), 172–187.<https://doi.org/10.14710/dilrev.5.2.2020.172-187>
- Disemadi, H. S., & Prananingtyas, P. (2020). Online Insurance Existence in Indonesia Based on Islamic Legal Perspective as a Protection of Spiritual Rights. *Jurisdictie: Jurnal Hukum dan Syariah*, 11(1), 48–66.  
 DOI:10.18860/j.v11i1.7519
- Effendi, J. (2018). Islamic Insurance: A Potential Niche Market of Indonesia. *Al-Iqtishad: Jurnal Ilmu Ekonomi Syariah*, 10(1), 207–230. DOI:10.15408/aiq.v10i1.5330
- Fetraningtyas, I. D., & Yunanto, Y. (2021). Application of the Properties of Naqli and Aqli in Positive Law with Respect to Islamic Contract Law. *Syariah: Jurnal Hukum dan Pemikiran*,21(1),59–69.  
 DOI:10.18592/sjhp.v21i1.4140
- Gaol, H. S. L., Diaz, M. R., & Janisriwati, S. (2024). The Right to Be Heard: Bagaimana Era Digitalisasi Mendistorsi Kedudukan Konsumen dalam Memberikan Ulasan?. *Jurnal Pembangunan Hukum Indonesia*, 6(2),169–192.  
<https://doi.org/10.14710/jphi.v6i2.169-192>

- Hassan, R., & Hussain, M. A. (2013). Scrutinizing the Malaysian Regulatory Framework on Shari'ah Advisors for Islamic Financial Institutions. *Journal of Islamic Finance*, 2(1), 38–47. DOI:10.12816/0001116
- Heradhyaksa, B., & Hikmah, N. (2019). The Comparison Between Conventional, Sharia, and Social Insurance in Indonesia. *Diponegoro Law Review*, 4(2), 209–225. DOI:10.14710/dilrev.4.2.2019.209-225
- Heradhyaksa, B., Octaviani, R., & Pamesti, P. I. (2023). Comparison of Sharia Supervisory Regulations on Islamic Venture Capital in Indonesia and Malaysia. *Diponegoro Law Review*, 8(2), 178–189. <https://doi.org/10.14710/dilrev.8.2.2023.175-189>
- Huda, M. C., & Ispriyarso, B. (2019). Contribution of Islamic Law in the Discretionary Scheme That Has Implications for Corruption. *Ijtihad: Jurnal Wacana Hukum Islam dan Kemanusiaan*, 19(2), 147–167. DOI:10.18326/ijtihad.v19i2.147-167
- Husin, M. M. (2019). The Dynamics of Malaysian Takaful Market: Challenges and Future Prospects. *Journal of Islamic Finance*, 8 (Special Issue), 131–137. <https://doi.org/10.31436/jif.v8i0.352>
- Hussin, M. Y. M., Rahman, A. A., Ahmad, W. M. W., Ratnasari, R. T., & Ismail, Z. (2024). Takaful as an Islamic Alternative to Conventional Insurance: A Thematic and Bibliometric Review. *International Journal of Religion*, 5(10), 2619–2636. DOI:10.61707/9hb39r85
- Hutchinson, T., & Duncan, N. (2012). Defining and Describing What We Do: Doctrinal Legal Research. *Deakin Law Review*, 17(1), 83–119. <https://doi.org/10.21153/dlr2012vol17no1art70>
- Islamiyati, I., Hendrawati, D., Musyafah, A. A., Hakimah, A., & Markom, R. (2022). Religious Practices of Land Endowment: Examining Reform and Dispute Resolution Alternatives of Land Waqf in Indonesia and Malaysia. *International Journal of Public Policy and Administration Research*, 9(3), 71–78. DOI:10.18488/74.v9i3.3204
- Jamil, S. N., & Jamal, J. (2016). Importance of Islamic Financial Regulatory Developments in Services Act 2013 in Takaful Industry. *Diponegoro Law Review*, 1(1), 7–27. DOI:10.14710/dilrev.1.1.2016.17-27
- Jaradat, H., & Oudat, M. S. (2025). Enhancing Clarity and Transparency in Islamic Financial Practices: The Role of Regulatory Influence. *Journal of Financial Reporting and Accounting*. DOI:10.1108/JFRA-07-2024-0479
- Kamil, N. M., & Nor, N. M. (2014). Factors Influencing the Choice of Takaful Over Conventional Insurance: The Case of Malaysia. *Journal of Islamic Finance*, 3(2), 1–14. DOI:10.12816/0025101
- Karimah, I. (2022). Between Legal Risk and Sharia Risk in Islamic Banking: How Shariah Governance Address the Problem.

- Diponegoro Law Review*, 7(1), 88–105. DOI:10.14710/dilrev.7.1.2022.88-105
- Khalimy, A., Yusriadi, Y., Setyowati, R., Syahrudin, S., & Wadud, A. M. A. (2023). The Intersection of the Progressive Law Theory and the Self Declaration Concept of MSEs Halal Certification. *Journal of Indonesian Legal Studies*, 8(1), 159-198. <https://doi.org/10.15294/jils.v8i1.66087>
- Kurniawan, A. R., Shoumi, I. N. H., & Roziqin, M. K. (2022). Faktor Masyarakat Lebih Memilih Asuransi Konvensional Dari Pada Asuransi Syari'ah. *AL-Hisab: Jurnal Ekonomi Syariah*, 2(2), 16–34. <https://jurnal.sties-baktiya.ac.id/index.php/alhisab/article/view/87>
- Lumbanraja, A. D., & Yusriyadi, Y. (2021). The Urgency to Reform the Kafāla System in the Sake of Human Rights of Indonesia Domestic Workers. *Ijtihad: Jurnal Wacana Hukum Islam dan Kemanusiaan*, 21(2), 213–230. DOI:10.18326/IJTIHAD.V21I2.213-230
- Maf'ula, F., & Mi'raj, D. A. (2022). Islamic Insurance in Indonesia: Opportunities and Challenges on Developing the Industry. *Journal of Islamic Economic Laws*, 5(1), 116–138. DOI:10.23917/jisel.v5i1.16764
- Marotta, A., Martinelli, F., Nanni, S., Orlando, A., & Yautsiukhin, A. (2017). Cyber-Insurance Survey. *Computer Science Review*, 24, 35–61. DOI:10.1016/j.cosrev.2017.01.001
- Masruki, R., Hanefah, M. M., & Wahab, N. A. (2018). Shariah Supervisory Board (SSB) and Performance of Islamic Banks in Malaysia. *International Journal of Engineering & Technology*, 7(3.25), 710–712. DOI:10.14419/ijet.v7i3.25.17831
- Mokhtar, H. S. A., Aziz, I. A., & Hilal, N. M. (2017). Corporate Demand for General Takaful in Malaysia. *ISRA International Journal of Islamic Finance*, 9(2), 164–184. DOI:10.1108/IJIF-08-2017-0024
- Mubarrak, H. (2016). Kontroversi Asuransi di Indonesia: Telaah Fatwa Majelis Ulama Indonesia (MUI) tentang Badan Penyelenggara Jaminan Sosial (BPJS). *Tsaqafah: Jurnal Peradaban Islam*, 12(1), 105–130. DOI:10.21111/tsaqafah.v12i1.370
- Muhaimin, M. (2018). The Existence of Sharia Insurance Business Arrangement by Positive Law. *Journal of Legal, Ethical and Regulatory Issues*, 21(Special Issue), 1–6. <https://www.abacademies.org/articles/the-existence-of-sharia-insurance-business-arrangement-by-positive-law-7590.html>
- Novita, Y. D., & Santoso, B. (2021). Urgensi Pembaharuan Regulasi Perlindungan Konsumen di Era Bisnis Digital. *Jurnal Pembangunan Hukum Indonesia*, 3(1), 46–58. DOI:10.14710/jphi.v3i1.46-58
- Njatrijani, R., Sutrisno, P. A., & Primastito, C. A. (2024). Peran Otoritas Jasa Keuangan (OJK) Sebagai Badan Pengawas Terhadap Fenomena Gagal Bayar Polis Asuransi Di

- Indonesia. *Jurnal Pembangunan Hukum Indonesia*6(2),149–168.  
<https://doi.org/10.14710/jphi.v6i2.149-168>.
- Olorogun, L. A. (2015). A Proposed Contribution Model for General Islamic Insurance Industry. *International Journal of Islamic and Middle Eastern Finance and Management*,8(1),114–131.  
 DOI:10.1108/IMEFM-04-2014-0032
- Pratama, A. P., Disemadi, H. S., & Prananingtyas, P. (2020). Existence and Position of Islamic Laws in Indonesia. *Legality; Jurnal Ilmiah Hukum*,27(2),222–231.  
<https://ejournal.umm.ac.id/index.php/legalit y/article/view/10159>
- Prayitno, G., & Setyowati, R. (2020). The Existence of Sharia Supervisory Board in Sharia Fintech: Legal Basis and Problematic in Indonesia. *Syariah: Jurnal Hukum dan Pemikiran*, 20(2), 135–144.  
 DOI:10.18592/sjhp.v20i2.4060
- Purnaningrum, S., & Roisah, K. (2025). Legal Protection for Consumers Receiving Defective Products in Online Transactions. *Jurnal Pembangunan Hukum Indonesia*, 7(2),94–108.  
<https://doi.org/10.14710/jphi.v7i2.94-108>
- Puspitasari, N. (2015). Hybrid Contract and Funds Efficiency Management of Islamic General Insurance Company (Study In Indonesia). *Procedia - Social and Behavioral Sciences*, 211,260–267.DOI:10.1016/j.sbspro.2015.11.033.
- Ruhana, N., Halim, N. H. A., Ginting, L. M., & Rahman, S. A. A. (2023). A Comparative Study on Takaful Governance Between Malaysia and Brunei Darussalam. *Journal of Applied Islamic Economics and Finance*, 3(2),252–265.  
 DOI:10.35313/jaief.v3i2.4864
- Sahudin, Z., Abdullah, H., Rahim, H. A., Bahrudin, N. Z., & Pardi, F. (2022). Determinants of Takaful Performance in Malaysia. *Journal of Entrepreneurship, Business & Economics*,10(2S2),1–17.  
<https://scientificia.com/index.php/JEBE/article/view/186>
- Salman, S. A. (2018). Shari'ah Non-Compliance Risk Management in Takaful Industry. *International Journal on Recent Trends in Business and Tourism*, 2(2), 1–9.  
<https://ejournal.lucp.net/index.php/ijrtbt/article/view/217>
- Samsuri, M. A. Z. A., & Jamal, J. (2017). Takaful Agent Must Foster Public Understanding of Takaful. *Diponegoro Law Review*, 2(2), 245–258. DOI:10.14710/dilrev.2.2.2017.1-14
- Schwarcz, D. (2014). Transparently Opaque: Understanding the Lack of Transparency in Insurance Consumer Protection. *UCLA Law Review*, 61(2), 394–462.  
<https://www.uclalawreview.org/transparently-opaque-understanding-the-lack-of-transparency-in-insurance-consumer-protection-2/>

- Setyowati, R., & Prabowo, B. A. (2021). Sharia Principles in the Financial Services Authority Regulation on Dispute Settlement Alternatives. *Sriwijaya Law Review*, 5(1), 56–70.  
DOI:10.28946/slrev.Vol5.Iss1.603.pp56-70
- Sinaga, P., Yusriyadi, Y., Silviana, A., & Fernando, Z. J. (2024). Neuroscience and Islamic Law: Contemporary Perspectives. *Pakistan Journal of Criminology*, 16(3), 729–746. DOI:10.62271/pjc.16.3.729.746
- Syarofit, M. K., & Laili, A. N. (2022). Hukum Hibah Tanah untuk Gereja Perspektif Empat Mazhab. *JOSh: Journal of Sharia*, 1(1), 1–11. <https://doi.org/10.55352/josh.v1i1.148>
- Tarigan, H. A. A. B., & Paulus, D. H. (2019). Perlindungan Hukum terhadap Nasabah atas Penyelenggaraan Layanan Perbankan Digital. *Jurnal Pembangunan Hukum Indonesia*, 1(3), 294–307.  
DOI:10.14710/jphi.v1i3.294-307
- Thanasegaran, H. (2008). Growth of Islamic Insurance (Takaful) In Malaysia: A Model For The Region?. *Singapore Journal of Legal Studies*, (July), 143–164.  
[https://law.nus.edu.sg/sjls/journal-result/?search=Growth+of+Islamic+Insurance+Takaful+in+Malaysia+A+Model+for+the+Region&journal\\_id=33345](https://law.nus.edu.sg/sjls/journal-result/?search=Growth+of+Islamic+Insurance+Takaful+in+Malaysia+A+Model+for+the+Region&journal_id=33345)
- Thanasegaran, H., & Shaiban, M. (2014). Harmonisation of Takaful (Islamic Insurance) Regulation: A Realistic Goal or Improbable Ideal?. *Singapore Journal of Legal Studies*, (December), 328–354.  
[https://law.nus.edu.sg/sjls/journal-result/?search=Harmonisation+of+Takaful+Islamic+Insurance+Regulation++A+Realistic+Goal+or+Improbable+Ideal&journal\\_id=33775](https://law.nus.edu.sg/sjls/journal-result/?search=Harmonisation+of+Takaful+Islamic+Insurance+Regulation++A+Realistic+Goal+or+Improbable+Ideal&journal_id=33775)
- Ullah, S., Harwood, I. A., & Jamali, D. (2018). Fatwa Repositioning: The Hidden Struggle for Shari'a Compliance Within Islamic Financial Institutions. *Journal of Business Ethics*, 149(4), 895–917.  
DOI:10.1007/s10551-016-3090-1
- Wahab, M. Z. H., & Hassan, M. H. A. (2023). Contemporary Challenges and Prospects for Takaful Practices in Malaysia: An Analysis of Current Issues. *International Journal of Accounting, Finance and Business (IJAFB)*, 8(47), 337–350.  
DOI:10.55573/IJAFB.084729
- Widyanata, F., Pertiwi, R., & Syathiri, A. (2024). Takaful Insurance Industries in Supporting Sustainable Socio-Economic Development in Indonesia. *Journal of Global Awareness*, 5(2), 1–15.  
<https://doi.org/10.24073/jga/5/02/06>.

## CONFERENCES

- Heradhyaksa, B., & Markom, R. (2018). Jurisdiction of Sharia Supervisory Board in Indonesian Takaful Industry. *IOP Conference Series: Earth and Environmental Science*, 175, 1-7.  
DOI:10.1088/1755-1315/175/1/012177.
- Rahman, A. A., Samsudin, K. J., & Osman, N. (2024). A Study on Awareness and

Understanding of Takaful Products Among Polytechnic Students in Malaysia. *The 11 Islamic Banking, Accounting and Finance International Conference 2024*, 11(1), 192-204. <https://doi.org/10.33102/d6smnr98>

## BOOKS

- Ali, E. R. A. E., Odierno, H. S. P., & Ismail, A. (2008). *Essential Guide to Takaful (Islamic Insurance)*. Kuala Lumpur: CERT Publications.
- Aziz, M. R. A. (2016). *The Principles and Practices of Islamic Banking and Takaful In Malaysia*. Bandar Baru Nilai: USIM Press.
- Aziz, M. R. A. (2019). *Understanding Takaful and Its Application*. Kelantan: UMK Press.
- Bhat, P. I. (2019). *Idea and Methods of Legal Research*. Oxford: Oxford University Press.
- Billah, M. M. (2010). *Applied Takaful and Modern Insurance (Translated as Kontekstualisasi Takaful dalam Asuransi Modern by Suparto)*. Selangor: Sweet & Maxwell Asia.
- Billah, M. M. (2019). *Islamic Insurance Products: Exploring Takaful Principles, Instruments and Structures*. Cham: Palgrave Macmillan.
- Frenz, T., & Soaulhi, Y. (2010). *Takaful & Retakaful: Advanced Principles & Practice*. Kuala Lumpur: IBFIM.
- Hamid, M. A., & Remli, N., & Fisol, W. N. M. (2020). *Takaful Perlindungan Harta Benda*. Terengganu: Penerbit Universiti Sultan Zainal Abidin.
- Kamali, M. H. (2021). *Shariah and the Halal Industry*. New York: Oxford University Press.
- Kepli, M. Y. Z. (2015). *Introduction to Islamic Finance*. Selangor: CLJ Publication.
- Muhammad, A. (2011). *Hukum Asuransi Indonesia*. Bandung: Citra Aditya Bakti.
- Nandy, R. K. (2022). *The Islamic Worldview of Money, Social Finance, Wealth, & Financial Wellbeing*. Kuala Lumpur: Perkasa Milenium Sdn. Bhd.
- Sahroni, O., & Hasanuddin, M. (2016). *Fikih Muamalah: Dinamika Teori Akad dan Implementasinya dalam Ekonomi Syariah*. Depok: PT RajaGrafindo Persada.
- Sula, M. S. (2016). *Principles of Islamic Insurance: Life, General and Social Insurance*. Depok: Syakir Sula Institute.
- Tarmizi, E. (2018). *Harta Haram Muamalat Kontemporer*. Bogor: Berkah Mulia Insani.
- Yusof, M. F., & Ismail, W. Z. W., & Naaim, A. K. M. (2015). *Takaful: Operations and Business Competence*. Kuala Lumpur: IBFIM.
- Zweigert, K., & Kötz, H. (1998). *Introduction to Comparative Law (Translated by Tony Weir)*. Oxford: Oxford University Press.

## INDONESIAN REGULATIONS

- Law No. 40 of 2014 concerning Insurance as amended by Law No. 4 of 2023 concerning the Development and Strengthening of the Financial Sector.
- Law No. 4 of 2023 concerning the Development and Strengthening of the Financial Sector.

The Financial Services Authority (OJK) Regulation No. 22 of 2023 on Consumer and Public Protection in the Financial Services Industry.

The Financial Services Authority (OJK) Regulation No. 69/POJK.05/2016 as amended by OJK Regulation No. 36 of 2024 concerning the Business Conduct of Insurance Companies, *Sharia* Insurance Companies, Reinsurance Companies, and *Sharia* Reinsurance Companies,

The National *Sharia* Council of the Indonesian *Ulama* Council (DSN - MUI). (2001). *Fatwa* No. 21/DSN-MUI/X/2001 concerning General Guidelines for *Sharia* Insurance.

### MALAYSIAN REGULATIONS

Islamic Financial Services Act. (2013). (Act 759)

The *Shariah* Advisory Council of Bank Negara Malaysia. (2010). *Shariah* Resolution in Islamic Finance Second Edition.

Bank Negara Malaysia. (2019). Takaful Operational Framework Policy Document.

Bank Negara Malaysia. (2019). *Shariah* Governance Policy Document.

### REPORTS

Bank Negara Malaysia (BNM). (2023). General Takaful: Asset of General Takaful Funds of Direct Takaful Operators.

DinarStandard. (2024). *State of the Global Islamic Economy Report*. Dubai.

<https://www.dinarstandard.com/post/state-of-the-global-islamic-economy-report-2023>

Financial Services Authority of Indonesia (OJK). (2024). *The 2023 Report on the Development of Indonesian Sharia Finance*.

### ONLINE SOURCES

Fitch Ratings. (2024). *Malaysia Takaful Report:2024*. Retrieved from <https://www.fitchratings.com/research/insurance/malaysia-takaful-dashboard-2024-01-03-2024>

Syamsudin, M. (2021). Kepesertaan Rumah Ibadah Non Muslim Pada Lembaga Takaful Dalam Kajian Fiqih Muamalah. Retrieved from <https://islam.nu.or.id/syariah/kepesertaan-rumah-ibadah-nonmuslim-pada-lembaga-takaful-dalam-kajian-fiqih-muamalah-92UsK>.

PT Asuransi Takaful Umum. (2024). Sejarah Takaful. Retrieved from <https://www.takafulumum.co.id/sejarah-takaful>.