The Weakness and Strength of Existing Takaful Model in Oil & Gas Sector

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Abstract. This study is focusing on improvement a new Group Personal Accident (GPA) model by study the weakness and strength of existing model. Judging from the gap in the existing Group Personal Accident in mostly oil & gas Company, essentially this research was conducted with a focus scope on Oil and Gas Company in Malaysia for improvement Service Quality of Takaful Company and more beneficial on Safety at workplace to employee.

1. Introduction

Fatalities and injuries result for workers in the oil and gas with high rate experiences (National Institute of Occupational Safety and Health (NIOSH), 2009). Harms tend to be the drivers of harshness and this condition affects their capitals with higher frailty circumstances, loss of working hours, reinforcing labour compensation costs. (Stover, Wickizer, Zimmerman, Fulton-Kehoe & Franklin, 2007).

Accordingly to NIOSH, even in small construction firms which is have lower than fifteen employees comprise in major of the oil and gas industry, they still have high experience in fatal accidently. Based on the report, mostly small companies with fewer than 100 employees are facing incredible of harm and missing work time. (Bernacki, Yuspeh & Tao, 2007; Lowery et al., 1998; Stover et al., 2007).

For small contractors, the good safety and health support very importantly to prevent the injury. The researchers more focusing on study impact in oil and gas industry to prevent injury in workers. Insurance's agent is the important partner in oil and gas industry in order to give motivation over safety will give a good business income, awareness in injury preventive. Moreover, personal accident takaful gives essential access into Insurance's agent business and income since they have ability to influent workers in direct harm deterrence. (National Institute for Occupational Safety and Health, 2014).

As we can see, with low cost of previous claim takaful very helpful in reduce rates of injury once occur based on the result (Schofield, Alexander, Gerberich & Ryan, 2015). Occupational Safety and Health Administration (OSHA) implementation/conference communication by oil and gas employers has also created calculable decrease in employees' reimbursement privileges (McQuiston, Zakocs & Loomis, 1998).

In this article, we are focusing on the existing Group Personal accident which normally covers for employee in oil & gas Industry. The standard insurance GPA only cover for workers and the premium
offer to worker for covering offshore area is higher. The existing Group Personal Insurance nowadays only covers for total permanent disability (TPD) and death. Those plans can be restructured into a better facility.

**Table 1. Summary of Group Personal Accident (GPA) Coverage**

| Takaful Operator | Product about | Coverage/Benefit Rider |
|------------------|---------------|------------------------|
| **Allianze**     | given reimbursement in the event of injuries, disability or death caused solely by violent, accidental, External and visible events. | (a) Accidental Death and Permanent Disablement *can extend but with additional premium:* a) Temporary Total Disablement and Temporary Partial Disablement (b) Medical Expenses |
| **AIG**          | given reimbursement in harms or death caused by sudden and unexpected accident. Coverage is provided 24/7. specially modified according to your essentials and can be purchased by a company to cover its employees, provided that all employees are included for coverage. | Coverage is on a per disability basis. |
| **Tokio Marina** | This product provides reimbursement for biological injury sustained by the Insured Person (e.g. your employees/workers/members) caused by accidental means which injury shall solely and independently of any other cause result in their death or disablement or necessitate medical and/or surgical treatment. | Death Permanent Disablement **Optional with cost:** Temporary Total Disablement Temporary Partial Disablement Medical and Surgical Treatment Hospital Income |
| **MPI**          | This policy covers the fee of medical action incurred by your employee(s) for hospitalization due to calamity or sickness. | Hospitality Medical |

2. **Benefit on Personal Accident Takaful**

PIDM is one of the agencies that will protect the insurance policy owners with clear guards and lose some or all of their benefits in the event of a miscarriage of an insurer member. The takaful objective is to safeguard and promote confidence in Malaysian finance by protecting their insurance policy owners against losing their benefits. This preliminary study will explore the legitimacy of the Syariah instruments used for alkafalah bi al-ajr ie the payment for guarantees and explore other viable alternative instruments in compliance with Shariah principles. Positive impact influence by the Denigrations and suggestions for this paper and improvements that build the Islamic financial industry, hoping the paper will spoil a appreciated participant to encourage their scientific opinions and consultations. (Azman Mohd Noor and Muhamad Nasir Haron, 2012).

This paper goal to examine the proprietorship of Takaful benefits and grant hibah worries in selection. Focus is given to the Tafakul family because this type is rarely associated with death. In this case, the question raised whether the money paid by the operator as unpaid on the death of the participant (death
benefit) before the maturity policy sets the participants' property or not, and secondly on the validity of the conditional assignment of the takaful policy to the nominee as the sole receiver (Azman Mohd Noor and Mohamad Asmadi Abdullah, 2013).

3. Quality on Personal Accident Takaful

About quality of Personal Accident, previous study use SERVQUAL model, which is usually used to help service workers size the level of their service quality; and thus give those observations on how to expand and provide a better service in the future. Thus on (Farah Sahul Hamid, 2011) study, require them to answer a few questions about their expectation and awareness to present the SERVQUAL service quality in differential amongst purchaser's expectation for service offerings and customer perceptions of services received based on five gaps as a major cause for successful service providers.

The study aims to promote the thoughtful of the concept of Islamic leadership qualities in rising countries through the examination of Takaful performance in Malaysia. The guidance sensation and leadership performance of the leaders of the selected Takaful industry leaders will be inspected through the standpoint of knowledge trainers in their real-life situations using a variety of evidence. Therefore, various case study approaches are suitable and will be used in this study. The study supposes that Islamic leaders will bring organizations closer to making developments in meeting the stated goals. Additionally, structural performance improvement will have a positive economic development and growth employee incentive to perform better in the future. Expecting the discovery will reveal that organizational performance can be enhanced by stimulating the quality of Islamic leadership. (Wan Norhayate Wan Daud et.al, 2014)

The training aims to survey the relationship between ethical behavioural ethics of takaful agents and customer satisfaction, trust and commitment. Due to limited studies conducted in this area, this study provides initial analysis with 30 Takaful customers. The data collected through the survey method used questionnaire as a research instrument. The findings show that there is a positive relationship between the Islamic ethical behaviour of Takaful agents on customer satisfaction, trust and commitment. However, the mainstream of defendants does not fully agree on Islamic ethical performs by their Takaful agents. Therefore, Takaful operators should play their part in guiding and encouraging their agents to practice Islamic ethical performance in marketing Takaful products to ensure their gratification, faith and promise to their Takaful system. (Marhanum et.al, 2013)

4. Price on Personal Accident Takaful

Under Takaful, contributions have to be paid first before you are accepted as a participant; there is a need to determine the appropriate price (the Contribution premium) for that privilege to be accepted into the Risk pool. (Zainal Abidin Mohd Kasim, 2005). The more risk the higher price contribution for any Takaful package. The finding show there exists a significant relationship between insurance price and choice of Takaful, r (0.695); p < 0.05. The study examined price perceptions on choice and price competition on choice of Takaful insurance. (Abass Mohamed, 2017). Normally contribution price for oil and gas is higher than other industry but they still have blue collar people in this industry. This price becomes weakness for them, they not effort to pay. Company mostly give the lowest coverage just cover minimum beneficial.

5. Discussion

Conceptually Group personal accident Model mostly covers for harms, incapacity or fatal caused exclusively by passionate, inadvertent. There is optional offer for add in coverage but with cost contribution depending on which premium selection. Existing Model more conventional this is cover only for employee and not for all family members. This becomes burden to employee to purchase separate Takaful for family members if anything happens. In oil and gas Industry employee are heavily exposed to injuries not only fatal and disability but minor injuries like larynx, skin inflammation can cause workers unable to work for long periods. This situation causes them problems to generate their
income especially for contract staff daily rate. New study should focus on improvement in coverage with minimum payment.

According to Ghazali et.al, (2012a, 2012b, 2015 and 2017), the model of family takaful can be integrated with investment part and riders part in one plan. This new plan offers complete riders such as hospitality, fatal attention, fatal benefit, khaiarat and loss the power to work or 40 critical. Therefore, Group Personal Accident in mostly oil & gas Company must focus the model which has the complete riders as Ghazali et. al, for better service quality to the workers.

5.1. The Concept of Integration Model

Ghazali et.al, (2012a, 2012b, 2015 and 2017) come out with new plan with two riders in one plant which is for adult and child. New offer premium is cheapest and effort to all society either blue collar or white collar. This new model come with multiple unit for product business provided so it more beneficial to rider if they buy more unit the will double on the value of premium. Table 2 shown the new proposal of integration model.

| Table 2. Consumer Application of Integration Model |
|----------------|----------------|
| **NO** | **ITEMS** | **AMOUNT** |
| 1 | Expense in Month | Ringgit Malaysia Y |
| 2 | Feminine non-smoker | A age |
| 3 | Time Duration | B time |
| 4 | Attention Percentage | C per year |
| 5 | Regular tradable | Ringgit Malaysia p |
| 6 | Tabarru Interpretation | Ringgit Malaysia j |
| 7 | Submission Principles | Ringgit Malaysia t |
| 8 | Fatal Exposure | Ringgit Malaysia 10x |
| 9 | Khiaarat | Ringgit Malaysia 2x |
| 10 | Loss the Power To Work/40 critical illnesses | Ringgit Malaysia 10x |
| 11 | Hospitality Bills | Ringgit Malaysia 5x |
| 12 | Pension | 0.3x |

Proposal has more than 1 factor such as fatal, khiaarat, loss the power to work or critical illnesses, hospitality and pension. Based on muslim people discussion, they ask for a factor customer quality existence bench to escape doubt in their commercial as shown in Table 5 (2). Let Q<sub>1</sub> is the time, Q<sub>2</sub> is the age, Q<sub>3</sub> is the plan compensation, Q<sub>4</sub> is the tabarru interpretation, Q<sub>5</sub> is the individual interpretation, Q<sub>6</sub> is the submission cost, Q<sub>7</sub> is the khiaarat, Q<sub>8</sub> is the harm the power to work or 40 critical illnesses, Q<sub>9</sub> is the fatal coverage, Q<sub>10</sub> is the hospitality bills, Q<sub>11</sub> is the pension and Q<sub>12</sub> is the fatal benefit.

| Table 3. Customer Proposal for i=1,2,3,………,17 (Mudharabah Model) |
|----------------|----------------|
| Q<sub>1</sub> | Q<sub>2</sub> | Q<sub>3</sub> | Q<sub>4</sub> | Q<sub>5</sub> | Q<sub>6</sub> | Q<sub>7</sub> | Q<sub>8</sub> | Q<sub>9</sub> | Q<sub>10</sub> | Q<sub>11</sub> | Q<sub>12</sub> |
| n<sub>i</sub> | k<sub>i</sub> | 12<sub>i</sub>y | i(12<sub>y</sub>−w) | p<sub>i</sub> | t<sub>i</sub> | 2× | 10x | 10x | 5x | 0.3× |

Table 3 is used for the Mudharabah model due the Wakala fee is not calculate in the table above.
Table 4. Customer Proposal for i = 1, 2, 3, ……., 17 (Wakala Model)

| Q_1 | Q_2 | Q_3 | Q_4 | Q_5 | Q_6 | Q_7 | Q_8 | Q_9 | Q_10 | Q_11 | Q_12 | Q_13 |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| n_i | k_i | 12ty | i(12y - w) | p_i | t_i | 2x | 10x | 10x | 5x | 0.3x |

The Table 5(3) is used for Wakala model due it has the Wakala fees have shown as Q_{13}. From Ghazali et al., (2012a, 2012b, 2015 and 2017) Table 5 (1) and Table 5 (2) the value of Q_7 to Q_11 are in ratio items where if the value of x is RM1000 so amount of hospital bills is RM5000. The detail divider of the ration had given below.

6. Conclusion

Referring to Group Personal Accident, the structure should free from riba, gharar (uncertainty) and maisir. The new model must clear for any coverage with no additional contribution cost. It has to simple it should be ensured that the employee get fully utilization once anything happens. With the new complete riders are offered, there are many participants will choose for new model of group personal accident because it has integrated in one package.

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