**MODELLING GOLD BASED MEDICAL TAKAFUL**

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**ISSUES IN THE CURRENT PRACTICE OF MEDICAL AND HEALTH TAKAFUL**

The current model of Medical and Health Takaful requires each participant to contribute their monthly premium at a predetermined amount. The premium is quite high due to the fact that the Takaful need to cover the cost of private medical treatment, like hospitalisation, surgery and treatment, being diagnosed with certain illnesses or are involved in an accident. Given all of these benefits that would be received by participants, Takaful providers should have less problem in marketing their Takaful products as well as to maintain their participants’ account. But the present situation is contrary. Many Takaful participants not paying their premiums after they have been insured for a period of time. Their reasons include:

1) They feel that the premium for Medical and Health Takaful is too high.
2) The profits they get when the policy is matured is low.
3) Policy holders that never or seldom claim their Takaful policy feel that the premium paid not worth the returns they get.

**GOLD BASED TAKAFUL**

Given the issues relating to the present Takaful practices in using paper money to cover the cost of medical care, a new innovative product of Takaful need to be investigated, introduced and considered to be applied in the Takaful industry. One of the method is to use gold as it has a unique properties (mostly the correlation is negative with other assets) as compared to other assets. Therefore, we are proposing the Gold Based Takaful model as an alternative to the current Takaful model.

### GOLD BASED TAKAFUL MODEL

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+----------------+------------------+
| Participants   | Contributions    |
|                |                  |
+----------------+------------------+
|                | Gold Exchange    |
|                | Fund            |
+----------------+------------------+
|                | Participants'    |
|                | Gold Account    |
|                |                  |
+----------------+------------------+
|                | Operating Expenses |
+----------------+------------------+
|                | Wakalah Fees     |
+----------------+------------------+
|                | Takaful         |
+----------------+------------------+
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#### WHY GOLD?

Gold as everyone knew is one of the valuable metals on earth and used to be in a currency system. In the Quran, gold has been mentioned by the Almighty 17 times and this show that gold is important in human life. Among them are:

1. Surat Ali Imran (verse 14): Beautiful for people is the love of that which they desire - of women and sons, heaped-up sums of gold and silver, fine braned horses, cattle and tilled land. That is the enjoyment of worldly life, but Allah has with Him the best return.
2. Surat At Taubah (verse 34): O you who have believed, indeed many of the scholars and the monks devour the wealth of people unjustly and avert [them] from the way of Allah. And those who hoard gold and silver and spend it not in the way of Allah - give them tidings of a painful punishment.

It is noted that gold is exceptionally important, but to manage it wisely (spend it in the way of Allah) is far more important.

#### ADVANTAGES OF GOLD

1) Inflation hedge ability
2) Stability of its price
3) Applicable for medium to long-term investment purposes

**REFERENCES**