

## The Search for an Alternative to Tabarru` in Takaful Models

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**Abstract :** Tabarru` (unilateral gratuitous contribution) is thought to be the basic concept that distinguishes Takaful from conventional non-Shari'ah compliant insurance. The Shari'ah compliance of its current practice has been questioned in the premise that, a) it is a form of commutative contract; b) it is akin to the commercial corporate structure of insurance companies due to following the same marketing strategies, allocation to reserves, sharing of underwriting surplus by the companies one way or the other, providing loans to the Takaful funds, and resultantly absorbing the underwriting losses. The Shari'ah scholars are of the view that the relationship between participants in Takaful should be in the form of commitment to donate, under which a contributor makes commitments himself to donate a sum of money for mutual help and cooperation on the condition that the balance, if any, should be returned to him. With the aim of finding solutions to the above mentioned concerns and other Shari'ah related issues the study seeks to investigate whether the Takaful companies are functioning in accordance with the Islamic principles of brotherhood, solidarity, and cooperative risk sharing. Given that it discusses the cooperative model of Takaful to address the current and future Shari'ah related and legal concerns. The study proposed an alternative model and considers it to best serve the objectives of Takaful which operates on the basis of ta`awun or mutual co-operation.

**Keywords :** hibah, musharakah ta`awuniyyah, Tabarru`, Takaful

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