Wawasan: Jurnal Ilmu Manajemen, Ekonomi dan Kewirausahaan
Volume. 4 Nomor.2 April 2026
e-ISSN: 2963-5225; p-ISSN: 2963-5284, Hal 82-95
DOI: https://doi.org/10.58192/wawasan.v4i2.4179
Tersedia: https://journal.unimar-amni.ac.id/index.php/Wawasan

Analysis of Contractual Structures in Conventional and Sharia Insurance

Sasti Amar Sabila[1*], Jamal Abdul Aziz[2], Sochimin[3]
[1,2,3]Department of Islamic Economics, Faculty of Islamic Economics and Business,
UIN Saizu, Purwokerto, Indonesia
** Corresponding Author: sastiamar@gmail.com*

Abstract. This study aims to analyze the contract construction of conventional insurance and sharia insurance, focusing on differences in legal relationships, risk management mechanisms, fund ownership status, claim payment sources, supervision, and participant protection. This research uses a qualitative approach with a descriptive-comparative design. Data were collected through literature study and document analysis, including laws and regulations, DSN-MUI fatwas, academic books, journal articles, and relevant case studies related to conventional and sharia insurance practices. The data were analyzed using content analysis by classifying the findings into several themes, namely contract structure, risk distribution, fund management, claim mechanisms, investment management, and supervision. The results show that conventional insurance is based on the principle of transfer of risk, in which participants transfer risk to the insurance company through premium payments. In contrast, sharia insurance applies the principle of sharing of risk through tabarru' funds, where participants collectively assist one another when a covered risk occurs. The study also finds that conventional insurance positions the company as the owner of premiums and risk bearer, while sharia insurance positions the company as a fund manager based on contracts such as tabarru', wakalah bil ujrah, and mudharabah musytarakah. This study contributes to strengthening the understanding that contract construction is a substantive element that determines legitimacy, fairness, transparency, and participant protection in insurance practices.

Keywords: Contract Construction, Conventional Insurance, Sharia Insurance, Tabarru', Transfer Of Risk,

1. INTRODUCTION

Insurance is one of the financial instruments that plays an important role in providing protection against financial risks faced by individuals, families, and business entities. In the Indonesian legal system, insurance is understood as an agreement between an insurance company and a policyholder that forms the basis for the company's receipt of premiums and the provision of benefits or compensation for risks stipulated in the policy (Republik Indonesia, 2014). Such risks may include death, accidents, illness, property damage, loss of economic benefits, or legal liability to third parties. Therefore, insurance does not only function as a means of financial protection, but also as a risk management mechanism that creates legal consequences for the parties involved.

In its development, the insurance industry in Indonesia has operated through both conventional and sharia systems. These two systems share the same general objective, namely providing protection against risk, yet they differ fundamentally in contract construction, fund management mechanisms, the relationship between participants and companies, and the principles underlying their operations. Conventional insurance is generally based on the principle of transfer of risk, in which participants pay premiums to the insurance company and the company assumes the risks stated in the policy. In contrast, sharia insurance is based on the principle of sharing of risk through tabarru' funds managed according to sharia principles (DSN-MUI, 2001).

Naskah Masuk: 17 Februari 2026; Revisi: 19 Maret 2026; Diterima: 26 April 2026; Terbit: 29 April 2026

The distinction between conventional insurance and sharia insurance shows that the contract has a central position in determining the character of an insurance product. A contract does not merely function as a formal document, but also determines the validity of the legal relationship, the position of the parties, the ownership status of funds, the source of claim payments, and the distribution of risk. From the perspective of Islamic commercial law, a contract must be based on consent, justice, transparency, trustworthiness, and freedom from prohibited elements such as gharar, maisir, and riba (Ayub, 2007). Thus, the study of insurance contract construction is important because it explains whether an insurance system is merely valid under positive law or also consistent with sharia principles.

Conventional insurance has legal legitimacy within the national regulatory framework. Insurance companies receive premiums from participants and are obliged to pay claims when the risks stipulated in the policy occur. However, from the perspective of Islamic economics, this insurance model is often criticized because it may contain uncertainty regarding the time, amount, and possibility of claim payments. El-Gamal (2006) explains that gharar and speculation are central concerns in assessing financial transactions from the perspective of Islamic law. Criticism of conventional insurance does not eliminate its economic function as a protection instrument, but it indicates that its contractual structure needs to be normatively examined, especially for Muslim communities.

Sharia insurance emerges as an alternative that seeks to integrate risk protection with Islamic commercial principles. Fatwa DSN-MUI No. 21/DSN-MUI/X/2001 states that sharia insurance is an effort of mutual protection and mutual assistance among a number of parties through investment in assets and/or tabarru’ to face certain risks through contracts that comply with sharia (DSN-MUI, 2001). In this system, the insurance company does not act as the full owner of participant funds, but as a fund manager based on agreed contracts. This structure shows that sharia insurance is not only oriented toward financial protection, but also toward the values of ta’awun, trustworthiness, transparency, and sharia compliance.

The study of insurance contract construction is important because public misunderstanding remains in distinguishing conventional insurance from sharia insurance. Some people understand sharia insurance merely as insurance with a sharia label, without understanding the fundamental differences in contracts, fund status, claim sources, and risk management mechanisms. Alfia, Musyarafah, and Amaliyah (2023) show that the implementation of the tabarru’ contract requires clarity of contributions, fund separation, and management transparency so that participants understand the position of the funds they pay.

Therefore, contract literacy is an important aspect in strengthening public trust in sharia insurance.

Participant protection is also an important reason for conducting this study. In insurance practice, claim disputes, claim rejection, delayed payments, and company failure to fulfill obligations may cause losses to participants or policyholders. Firdaus and Akmal (2019) show that the claim payment administration system affects the quality of service provided by insurance companies to customers. On the other hand, the case of PT Asuransi Jiwa Bakrie Life illustrates that weak investment governance and failure to meet payment obligations can harm policyholders (Kamdani & Sumriyah, 2023). This shows that contract clarity must be supported by governance, supervision, and transparency.

Based on the above explanation, this study aims to analyze the contract construction of conventional insurance and sharia insurance comparatively. The analysis focuses on differences in the legal basis of the relationship, risk management principles, the position of participants, the position of companies, the ownership status of funds, types of contracts used, sources of claim payments, supervision mechanisms, and implications for participant protection. This study is expected to provide a theoretical contribution by clarifying the position of contracts as the main foundation of the insurance system. Practically, this study is expected to help participants and companies understand the importance of contract transparency. From a policy perspective, this study supports the strengthening of supervision over fund governance and consumer protection in the insurance industry.

2. THEORETICAL REVIEW

Basic Concept of Insurance

Insurance is generally understood as a risk protection mechanism established through an agreement between the insured party and the insurer. In Law Number 40 of 2014, insurance is defined as an agreement between an insurance company and a policyholder that forms the basis for the company's receipt of premiums and the provision of benefits to policyholders when uncertain events occur (Republik Indonesia, 2014). This definition indicates that insurance has a legal dimension because it is based on an agreement, as well as an economic dimension because it relates to protection against financial loss.

Contract Theory in Financial Transactions

A contract is the main basis of financial transactions because it regulates the relationship among parties entering into an agreement. In Islamic law, a contract is not only understood as a formal agreement, but also as a normative structure that binds the parties morally and legally. Ayub (2007) emphasizes that Islamic financial transactions must fulfill the principles of justice, mutual consent, clarity of subject matter, and freedom from prohibited elements. Therefore, the contract becomes an important instrument for determining whether a transaction is valid from the perspective of Islamic commercial law.

Conventional Insurance and the Principle of Transfer of Risk

Conventional insurance is built on the principle of transfer of risk, namely the transfer of risk from participants to the insurance company. Participants pay premiums to the company, and the company is then obliged to provide compensation if the risk covered in the policy occurs. Hasan (2022) explains that the contractual construction of conventional insurance places the company as the party that receives premiums and bears risks. This relationship is commercial because participants pay a certain premium in exchange for the protection promised.

Sharia Insurance and the Principle of Sharing of Risk

Sharia insurance is built on the principle of sharing of risk, in which risk is collectively borne by participants. In this system, participants contribute to a tabarru' fund that is used to help other participants when they experience misfortune. DSN-MUI defines sharia insurance as an effort of mutual protection and mutual assistance through investment in assets and/or tabarru' to face certain risks through contracts that comply with sharia (DSN-MUI, 2001). This definition shows that sharia insurance positions participants as a community that mutually guarantees one another, rather than as parties transferring risk to a company.

Tabarru' Contract in Sharia Insurance

The tabarru' contract is the main foundation of sharia insurance. Tabarru' means a gift or grant made on the basis of benevolence and not for commercial purposes. DSN-MUI explains that the tabarru' contract in sharia insurance is conducted in the form of a grant used to help other participants who experience misfortune (DSN-MUI, 2006c). Therefore, contributions allocated to the tabarru' fund do not become the property of the company, but remain collective funds belonging to participants.

Wakalah bil Ujrah Contract

The wakalah bil ujrah contract is an agency contract in which participants authorize the sharia insurance company to manage participant funds in exchange for ujrah or a fee. DSN-MUI regulates that wakalah bil ujrah may be used in administration, fund management, claim payment, underwriting, risk portfolio management, marketing, and investment activities (DSN-MUI, 2006b). Through this contract, the company's position becomes clear as an agent or manager of participant funds.

Mudharabah Musytarakah Contract

The mudharabah musytarakah contract is used in the investment management of participant funds in sharia insurance. Under this contract, the company may act as fund manager and also contribute capital together with participant funds. DSN-MUI regulates that the distribution of investment returns in a mudharabah musytarakah contract is based on an agreed ratio, while losses are borne according to the proportion of capital contribution as long as there is no negligence by the manager (DSN-MUI, 2006a). This scheme distinguishes sharia investment management from interest-based systems.

Supervision and Sharia Compliance

Supervision is an important element in the insurance industry because it relates to participant protection, corporate financial soundness, and public trust. In conventional insurance, supervision focuses on regulatory compliance, capital adequacy, solvency, governance, and consumer protection. The Financial Services Authority regulates insurance business operations to ensure that companies are able to fulfill their obligations and conduct business soundly (Otoritas Jasa Keuangan, 2016). Thus, supervision becomes an instrument for maintaining industry stability and participant rights.

Sharia insurance has an additional supervisory characteristic because it must comply with sharia principles. In addition to being supervised by regulators, sharia insurance products, contracts, investments, and operations must comply with fatwas and sharia principles. IFSB explains that takaful governance requires effective sharia supervision to ensure that participant fund management does not deviate from Islamic principles (IFSB, 2023). Therefore, sharia compliance is not only related to the use of the sharia label, but also to the substance of contracts and operational practices.

Participant Protection and Contract Transparency

Participant protection is an important objective in insurance implementation. Participants must receive clear information regarding benefits, exclusions, premiums, contributions, management fees, claim mechanisms, and investment risks. Sakinah and Ridhah (2023) show that claim rejection may occur due to document inconsistencies, participants' lack of understanding of policy provisions, or failure to meet claim requirements. This indicates that information transparency is an important aspect in preventing disputes.

In sharia insurance, transparency has a broader scope because participants need to understand the status of tabarru' funds, ujrah, investment funds, underwriting surplus, underwriting deficit, and claim mechanisms. Alfia et al. (2023) show that the implementation of the tabarru' contract requires fund separation and clarity of contribution so that participants understand the function of charitable funds. Thus, participant protection in sharia insurance is determined not only by legal aspects, but also by contract literacy and the quality of explanations provided by companies.

Conceptual Framework

Based on this framework, this study compares conventional insurance and sharia insurance through several indicators. These indicators include the legal basis of the relationship, risk management principle, position of participants, position of the company, fund status, type of contract, source of claim payments, investment management, supervision mechanism, and participant protection. Ramadhan (2022) explains that contracts in sharia insurance must be understood comprehensively because each contract has a different function in fund and risk management. Therefore, the comparison indicators must include legal, economic, and sharia aspects.

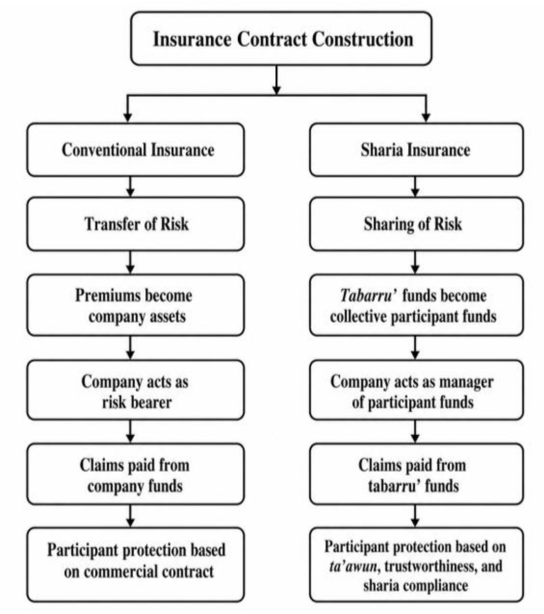

Figure 1. Conceptual Framework of the Study

The conceptual framework shows that contract construction is the starting point for understanding the fundamental differences between conventional insurance and sharia insurance. In conventional insurance, the main relationship occurs between participants and companies through an insurance agreement. In sharia insurance, the main relationship occurs among participants through the tabarru' fund, while the company acts as fund manager. Abdullah (2018) emphasizes that contracts in sharia insurance function to regulate mutual assistance, fund management, and profit sharing in accordance with sharia. Therefore, this framework helps explain that the differences between the two systems are substantive, not merely administrative.

3. RESEARCH METHOD

This study applies a qualitative approach with a descriptive-comparative design to analyze the construction of contracts in conventional and sharia insurance. A qualitative method is used to understand contract construction as a legal, economic, and sharia-based phenomenon that cannot be explained solely through numerical data. The descriptive aspect explains the characteristics of each system, where conventional insurance is based on risk transfer through policies and premiums, while sharia insurance emphasizes risk sharing through contracts such as *tabarru'*, *wakalah bil ujrah*, and *mudharabah musytarakah*. The comparative design is used to examine differences between the two systems based on key indicators, including legal relationships, risk principles, participant and company positions, fund ownership, contract types, investment management, claim mechanisms, supervision, and participant protection.

The study relies on secondary data obtained through literature review and document analysis, including laws and regulations, Financial Services Authority rules, DSN-MUI fatwas, international takaful standards, academic books, journal articles, and case studies. Data collection is conducted systematically through documentation stages such as source identification, selection, in-depth reading, and classification based on research themes. Data are analyzed using content analysis involving data reduction, categorization, and interpretation to identify patterns and substantive differences. To ensure validity, source triangulation is applied by comparing various references so that the findings are both normative and relevant to practice. The comparative analysis ultimately determines whether the differences between conventional and sharia insurance are formal or substantive, providing a structured and academically grounded contribution to the study of sharia insurance and participant protection.

4. RESULTS AND DISCUSSION

The results show that contract construction is the most fundamental element distinguishing conventional insurance from sharia insurance. Although both systems have the same general objective, namely providing protection against financial risks, they are built on different contractual structures. Conventional insurance positions participants as insured parties and companies as insurers. Sharia insurance positions participants as members of a tabarru' fund community that mutually shares risk. DSN-MUI states that sharia insurance must be implemented through contracts that comply with sharia principles (DSN-MUI, 2001). Therefore, the difference between the two systems lies not only in terminology, but also in contract structure, fund status, risk mechanism, and value orientation.

In conventional insurance, the contract used is a commercial exchange between premiums and protection benefits. Participants pay premiums to the company, and the company assumes certain risks as stipulated in the policy. If those risks occur, the company is obliged to pay claims according to the contract. The Indonesian Insurance Law states that an insurance agreement forms the basis of the relationship between the insurance company and the policyholder (Republik Indonesia, 2014). This shows that the main strength of conventional insurance lies in contractual certainty as stated in the policy.

From the perspective of Islamic economics, the contractual construction of conventional insurance faces normative criticism. The first criticism concerns the potential for gharar because participants do not know with certainty whether a claim will occur, when it will occur, and how much benefit will be received. The second criticism concerns the potential for maisir due to the speculative relationship between premiums paid and benefits received. The third criticism concerns the potential for riba if premium funds are invested in interest-based instruments. Lubis (2022) explains that the tabarru’ contract in sharia insurance is one solution to avoid the speculative exchange character of insurance.

In contrast, sharia insurance is built on the principle of sharing of risk. Risk is not transferred from participants to the company, but is collectively shared among participants through the tabarru’ fund. This fund comes from participant contributions intended as grants to help other participants who experience misfortune. DSN-MUI regulates that the tabarru’ contract must be used for benevolent purposes and mutual assistance among participants (DSN-MUI, 2006c). Therefore, the relationship in sharia insurance is collective because participants are not only protected, but also help protect other participants.

The tabarru’ contract is the main foundation of sharia insurance. Through this contract, participant contributions allocated to the tabarru’ fund are not viewed as the price for purchasing protection from the company. The contributions are positioned as charitable funds used to help other participants when covered risks occur. Alfia et al. (2023) show that the implementation of the tabarru’ contract requires clarity of contributions and fund separation so that participants understand the purpose of fund utilization. Therefore, the tabarru’ contract transforms insurance from a commercial relationship into a social solidarity mechanism.

The wakalah bil ujrah contract also plays an important role in sharia insurance construction. In this contract, participants authorize the company to manage participant funds in exchange for ujrah. The company carries out administration, underwriting, risk management, investment, participant services, and claim payments. DSN-MUI states that the object of wakalah bil ujrah may include fund management and claim payment activities (DSN-MUI, 2006b). This contract clarifies that the company does not own the tabarru' fund, but earns income from management services.

The mudharabah musytarakah contract is used in the investment management of participant funds. In this contract, the company may act as fund manager and also contribute capital together with participant funds in an investment portfolio. Investment profits are distributed based on an agreed ratio, while losses are borne according to capital proportion as long as there is no negligence by the manager. DSN-MUI regulates mudharabah musytarakah as one of the contracts applicable to sharia insurance (DSN-MUI, 2006a). This shows that investment management in sharia insurance must be based on profit sharing and sharia compliance.

From the aspect of fund ownership, the difference between the two systems is very clear. In conventional insurance, premiums paid by participants become the property of the company. The company may manage these funds as part of its assets, provided that it fulfills claim obligations and solvency requirements. The Financial Services Authority regulates that insurance companies must maintain financial soundness and fulfill obligations to policyholders (Otoritas Jasa Keuangan, 2016). In contrast, in sharia insurance, tabarru' funds become collective participant funds and must be separated from company funds.

Fund separation in sharia insurance is important because it relates to trustworthiness and sharia compliance. Companies may not treat tabarru' funds as company income. Bank Negara Malaysia emphasizes that participant funds and operator funds in takaful must be separated to maintain ownership clarity and management accountability (Bank Negara Malaysia, 2019). Thus, fund status is one of the main indicators for assessing the substantive difference between conventional insurance and sharia insurance.

Another difference lies in the supervision mechanism. Conventional insurance is supervised through state regulations that focus on financial soundness, solvency, governance, risk management, and consumer protection. Sharia insurance, in addition to being subject to regulatory supervision, must also comply with sharia principles and fatwas. IFSB explains that takaful companies must have governance mechanisms that ensure sharia compliance and participant protection (IFSB, 2009). Therefore, sharia insurance has a dual supervisory character, namely regulatory supervision and sharia supervision.

The claim mechanism is also an important aspect in distinguishing the two systems. In conventional insurance, claims are the company's obligations to participants based on the policy. Claims are paid when participants meet the requirements, the risk is covered, and there are no applicable exclusions. Firdaus and Akmal (2019) show that claim information systems and administration play a role in improving services to insurance customers. This indicates that claim quality depends greatly on procedural clarity and corporate governance.

In sharia insurance, claims represent the distribution of tabarru' funds to participants who experience misfortune. Although claims are technically processed by the company, the source of claim payment comes from collective participant funds. Sakinah and Ridhah (2023) show that claim problems may occur when there are document inconsistencies, lack of participant understanding, or contract provisions that are not well understood. Therefore, in sharia insurance, claim mechanism transparency must be linked to participant understanding of the tabarru' contract and fund status.

The results also show that sharia insurance has normative advantages in avoiding gharar, maisir, and riba. Gharar is reduced through contract clarity, fund status clarity, and transparent use of tabarru' funds. Maisir is reduced because the relationship among participants is not positioned as a speculative relationship between participants and the company, but as a relationship of mutual assistance. Riba is avoided through investment management in instruments that comply with sharia principles. AAOIFI explains that Islamic insurance or takaful must be built on participant contributions and mutual risk sharing (AAOIFI, 2021). Thus, the advantage of sharia insurance lies in its contractual construction.

However, these normative advantages do not automatically guarantee that all sharia insurance practices are ideal. The main challenges of sharia insurance lie in participant literacy, ujrah transparency, fund separation, underwriting surplus management, and investment compliance. IFSB emphasizes that conduct of business supervision in takaful companies must ensure that participants receive clear and non-misleading information (IFSB, 2023). Therefore, sharia insurance requires substantive contract implementation, not merely administrative use of sharia terminology.

In conventional insurance, the main challenges lie in governance, solvency, and the company's ability to fulfill claim obligations. Default cases in the insurance industry show that policy clarity is insufficient if companies fail to manage investments and maintain financial soundness. Kamdani and Sumriyah (2023) show that the case of PT Asuransi Jiwa Bakrie Life reflects weak customer protection when a company is unable to fulfill payment obligations. This confirms the importance of strict supervision over insurance company governance.

Table 1. Comparison of Contract Construction in Conventional Insurance and Sharia Insurance

Comparative Aspect	Conventional Insurance	Sharia Insurance
Legal relationship	Insurance agreement between the insured and the insurer	Mutual assistance contract among participants with the company as fund manager
Main principle	Transfer of risk	Sharing of risk
Position of participants	Insured party or policyholder	Participant and member of the tabarru' fund community
Position of company	Risk bearer and owner of premiums	Fund manager entrusted by participants
Status of funds	Premiums become company assets	Tabarru' fund belongs collectively to participants
Contract orientation	Commercial	Mutual assistance and sharia compliance
Main contracts	Insurance policy	Tabarru', wakalah bil ujrah, and mudharabah musytarakah
Source of claim payment	Company funds	Participants' tabarru' fund
Supervision	State regulation and insurance authority	State regulation and sharia supervision
Normative risk	Potential gharar, maisir, and riba from the sharia perspective	Potential non-compliance if contracts are not implemented substantively
Investment management	Based on company policy and applicable regulation	Must comply with sharia principles
Main objective	Financial protection based on a commercial contract	Financial protection based on solidarity and sharia principles

Source: Elaborated by the author based on the review of contract theory, insurance regulations, DSN-MUI fatwas, takaful standards, and academic literature related to conventional and sharia insurance.

Table 1 shows that the differences between conventional insurance and sharia insurance are structural and substantive. Conventional insurance centers on the contract between participants and the company, while sharia insurance centers on solidarity among participants. Ramadhan (2022) explains that contracts in sharia insurance have different functions in shaping relationships among participants, companies, and managed funds. Thus, contract construction is the key to understanding the legitimacy and character of each insurance system.

The discussion shows that contracts in insurance cannot be understood merely as administrative documents. Contracts are normative structures that determine system orientation, relationships among parties, and participant protection mechanisms. In conventional insurance, the contract or policy functions as the basis of commercial exchange between premiums and protection benefits. In sharia insurance, the contract functions as the basis of mutual assistance and trustworthy fund management. Abdullah (2018) emphasizes that contracts in sharia insurance must be viewed as instruments that regulate sharia relationships, not merely ordinary contractual relationships.

Theoretically, this study strengthens the understanding that contracts are the main element distinguishing conventional and sharia financial systems. Contracts do not only explain the form of agreement, but also show the value orientation underlying transactions. In conventional insurance, the contract orientation is commercial and based on coverage. In sharia insurance, the contract orientation is social, collective, and based on sharia compliance. El-Gamal (2006) places the prohibition of gharar and riba as an important principle in building justice in Islamic financial transactions.

Practically, the results of this study show the need to improve information transparency for participants. In conventional insurance, transparency must include benefits, exclusions, premiums, risks, and claim procedures. In sharia insurance, transparency must include the contracts used, the portion of tabarru' funds, ujrah, investment, underwriting surplus, underwriting deficit, and claim mechanisms. Alfia et al. (2023) show that clear implementation of the tabarru' contract can strengthen participant understanding of the function of charitable funds. Therefore, contract literacy is an important need in the development of sharia insurance.

From a policy perspective, the results of this study emphasize the need for strong supervision of the insurance industry. In conventional insurance, supervision needs to ensure capital adequacy, solvency, investment governance, and the ability of companies to fulfill claim obligations. In sharia insurance, supervision must ensure that contracts, investments, fund separation, ujrah, underwriting surplus, and claim payments comply with sharia principles. The Financial Services Authority has regulated the implementation of insurance and sharia reinsurance business within the financial services regulatory framework (Otoritas Jasa Keuangan, 2016). Thus, participant protection depends on the quality of regulation, supervision, and company compliance.

Overall, this study confirms that the difference between conventional insurance and sharia insurance should not be simplified as a product label. The difference must be examined through contract construction, risk mechanism, fund status, investment management, claim mechanism, supervision, and participant protection. Conventional insurance has strength in positive legal certainty, but it still faces criticism from the sharia perspective because of the potential for gharar, maisir, and riba. Sharia insurance has normative advantages through the principle of ta'awun and the tabarru' contract, but it requires consistent implementation so that it does not remain a mere contractual formality. Therefore, contract construction is the main foundation for assessing the legitimacy, justice, and sustainability of the insurance system.

5. CONCLUSION AND RECOMMENDATIONS

Conclusion

This study concludes that the fundamental difference between conventional and sharia insurance lies in their contract construction. Conventional insurance applies a risk transfer system where premiums become company assets and claims are paid by the insurer. In contrast, sharia insurance applies a risk sharing system through tabarru' funds, where participants mutually help each other, and the company acts only as a fund manager. The differences between the two systems are substantive, covering legal relationships, fund ownership, risk mechanisms, claims, investment, supervision, and participant protection. The study highlights that contracts function as normative structures shaping fairness, legitimacy, and ethical practices in insurance, while emphasizing the need for transparency, clear mechanisms, and stronger supervision.

Recommendations

Insurance companies should improve transparency in explaining contract structures, participant rights and obligations, fund management, and claim procedures. Conventional insurance needs clearer policy communication to avoid disputes, while sharia insurance must better educate participants about tabarru', wakalah bil ujrah, and mudharabah musytarakah to prevent misunderstanding. Regulators and sharia supervisory bodies should strengthen oversight of governance, fund separation, compliance, and consumer protection, ensuring that sharia principles are implemented substantively. Future research is encouraged to use empirical approaches to better understand how contract construction is applied in real insurance practices.

REFERENCES

Accounting and Auditing Organization for Islamic Financial Institutions. (2021). *Shari'ah standard no. 26: Islamic insurance*. AAOIFI.

Abdullah, J. (2018). Akad-akad di dalam asuransi syariah. *Tawazun: Journal of Sharia Economic Law*, *1*(1). https://doi.org/10.21043/tawazun.v1i1.4700

Alfia, A., Musyarafah, L., & Amaliyah, M. (2023). Penerapan akad tabarru pada asuransi syariah: Studi kasus PT Prudential Life Assurance. *Iqtishodiah: Jurnal Ekonomi dan Perbankan Syariah*, *5*(1), 24–27. https://doi.org/10.62490/iqtishodiah.v5i1.440

Ayub, M. (2007). *Understanding Islamic finance*. John Wiley & Sons.

Bank Negara Malaysia. (2019). *Takaful operational framework*. Bank Negara Malaysia.

Bowen, G. A. (2009). Document analysis as a qualitative research method. *Qualitative Research Journal*, *9*(2), 27–40. https://doi.org/10.3316/QRJ0902027

Creswell, J. W., & Poth, C. N. (2018). *Qualitative inquiry and research design: Choosing among five approaches* (4th ed.). SAGE Publications.

Dewan Syariah Nasional Majelis Ulama Indonesia. (2001). *Fatwa DSN-MUI No. 21/DSN-MUI/X/2001 tentang pedoman umum asuransi syariah*. DSN-MUI.

Dewan Syariah Nasional Majelis Ulama Indonesia. (2006a). *Fatwa DSN-MUI No. 51/DSN-MUI/III/2006 tentang akad mudharabah musytarakah pada asuransi syariah*. DSN-MUI.

Dewan Syariah Nasional Majelis Ulama Indonesia. (2006b). *Fatwa DSN-MUI No. 52/DSN-MUI/III/2006 tentang akad wakalah bil ujrah pada asuransi syariah dan reasuransi syariah*. DSN-MUI.

Dewan Syariah Nasional Majelis Ulama Indonesia. (2006c). *Fatwa DSN-MUI No. 53/DSN-MUI/III/2006 tentang akad tabarru' pada asuransi syariah dan reasuransi syariah*. DSN-MUI.

El-Gamal, M. A. (2006). *Islamic finance: Law, economics, and practice*. Cambridge University Press.

Firdaus, R., & Akmal, N. (2019). Analisis penerapan sistem informasi akuntansi pembayaran klaim asuransi jiwa dalam meningkatkan pelayanan kepada nasabah: Studi kasus pada PT Asuransi Jiwasraya Persero Area Lhokseumawe. *Jurnal Akuntansi dan Keuangan, 7*(2), 93–104. https://doi.org/10.29103/jak.v7i2.1848

Hasan, A. (2022). Perbandingan akad asuransi konvensional dan syariah dalam perspektif hukum Islam. *Jurnal Ekonomi Syariah, 8*(2), 145–160.

Islamic Financial Services Board. (2009). *IFSB-8: Guiding principles on governance for takāful undertakings*. IFSB.

Islamic Financial Services Board. (2023). *IFSB-29: Conduct of business supervision for takāful undertakings*. IFSB.

Kamdani, F. A., & Sumriyah. (2023). Studi kasus PT Asuransi Jiwa Bakrie Life. *Hakim: Jurnal Ilmu Hukum dan Sosial, 1*(3), 132–140. https://doi.org/10.51903/hakim.v1i3.1234

Krippendorff, K. (2019). *Content analysis: An introduction to its methodology* (4th ed.). SAGE Publications.

Lubis, M. S. Y. (2022). Akad tabarru' dalam asuransi syariah di Indonesia. *Legalitas: Jurnal Hukum, 14*(2), 277–284. https://doi.org/10.33087/legalitas.v14i2.359

Miles, M. B., Huberman, A. M., & Saldaña, J. (2014). *Qualitative data analysis: A methods sourcebook* (3rd ed.). SAGE Publications.

Otoritas Jasa Keuangan. (2016). *Peraturan Otoritas Jasa Keuangan Nomor 69/POJK.05/2016 tentang penyelenggaraan usaha perusahaan asuransi, perusahaan asuransi syariah, perusahaan reasuransi, dan perusahaan reasuransi syariah*. Otoritas Jasa Keuangan.

Otoritas Jasa Keuangan. (2021). *Laporan tahunan industri asuransi 2021*. Otoritas Jasa Keuangan.

Ramadhan, T. (2022). Akad-akad dalam asuransi syariah. *Sahaja: Journal Shariah and Humanities, 1*(1), 45–56. https://doi.org/10.61159/sahaja.v1i1.12

Republik Indonesia. (2014). *Undang-Undang Republik Indonesia Nomor 40 Tahun 2014 tentang perasuransian*. Republik Indonesia.

Sakinah, N., & Ridhah, H. (2023). Analisis penyebab penolakan klaim asuransi kerugian syariah oleh perusahaan asuransi: Studi kasus Asuransi Sinar Mas Kantor Pemasaran Bukittinggi. *Jurnal Ilmiah Manajemen, Bisnis dan Kewirausahaan, 3*(2), 295–306. https://doi.org/10.55606/jurimbik.v3i2.524

Sari, D. P., & Wibowo, A. (2023). Analisis konstruksi akad takaful di Indonesia: Studi kasus asuransi kesehatan. *Jurnal Asuransi dan Keuangan Islam, 5*(1), 78–92.