

**Challenges faced by Islamic Insurance Industry in Sri Lanka
(Special Refferance to Amana Takaful (PLC))**

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ABSTRACT

Takaful is an alternative form of financial instrument to insure assets, liabilities and other personal interests of individuals and organizations. Takaful is the Islamic principle that Islamic Shariah accept and it is the counterpart of conventional insurance, it deal with both life ("family") and general forms ("non life"). Takaful system embodies the elements of shared responsibility, joint indemnity, common interest and solidarity.

Islamic insurance has been a long cherished need among Sri Lanka's people since the creation of Islamic financial market awareness in 1999 although there are number of conventional insurance companies which provide most of the insurance products. Amana Takaful (PLC) entered the market as the pioneering Islamic insurance institution offering Shariah compliant insurance products. Currently HNB Assurance also provides Islamic way of insurance. Takaful institutions have captured a significant market by offering panty of insurance services.

However, they face many challenges in their operation. Therefore, it is very important to study what are the challenges faced by Islamic insurance industry? It is to formulate proper strategies which enable to compete well with other conventional industry.

Accordingly, the main objective of this study to identify the challenges faced by Islamic insurance (Takaful) in Sri Lanka while they providing their service. This study also significant to identify the takaful concept, its services, its process in Sri Lanka, growth, problems and challenges etc.

For the study both primary and secondary data were collected. Primary data collection was adopted through a survey check list, Interview, and Observation. The check list was developed with open ended questions. Secondary data was collected from relevant text books, web sites, financial reports, Interim reports and research articles.

This kind of study mostly covers the qualitative data. The target population for this study is Sri Lanka's Amana Takaful (PLC) branches the sample consist 06 branches of Amana Takaful in Sri Lanka.

This research will consist in 5 chapters.