

# *The Publics' Perception and The Interest of Islamic Insurance in The City of Tangerang*

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**Abstract**—This study aimed to determine and analyze the influenced of perceptions and interests of the society towards the Islamic insurance. The unit of the analysis that used in this study was the Islamic insurance society in the city of Tangerang. The type of research was field research with a quantitative approach. The sampling technique was used purposive sampling method. The data used were primary data obtained based on respondents' answers to the questionnaires that had given. This study used multiple linear regression analysis with classical assumption test, descriptive analysis, *t* test (partially), *F* test (simultaneously), and coefficient test. The results showed that partially the perception and interest variables of the society had a significant positive effect on Islamic insurance. Furthermore, simultaneous perception variables, and publics' interest had a significant positive effect on Islamic insurance in the city of Tangerang. Perceptual variables, and interests together influenced purchasing decisions by 45.7%, and the remaining 54.3% were influenced by other variables that did not explained in this research.

**Keywords:** Insurance, Islamic, Perception, Interest

## I. INTRODUCTION

The growth of life insurance in Indonesia has now progressed very rapidly. The large number of publics' requests for the needs of life insurance services is the cause of rising life insurance assets in Indonesia. The increasing development and growth of insurance in Indonesia, on the other hands the appearances of *fatwa* from scholars who forbid conventional insurance. Most of these scholars argue that the practice of conventional insurance is not in accordance with Islamic principles because it contains elements of *gharar*, *maysir* and *riba*. The presumption of scholars who forbid conventional insurance is a reason for the emergence and development of islamic-based insurance. Islamic insurance established for Indonesian moslims for insuring in accordance with the provisions of Islamic principles. The Indonesian population, which is predominantly Muslim, is one of the factors contributing to the opportunities for Islamic insurance [1].

The fatwa of the National Islamic Council of the Indonesian Clerics Council regarding general insurance guidelines based on Islamic principles, provides definitions of insurance based on Islamic principles. Islamic insurance is a mutual effort to help and protect insurance members or participants through investments in assets and *tabarru'* that provide a pattern of returning to deal with certain risks through contracts that are in accordance with Islamic principles. Islamic insurance is a way of managing the risks

that are possible to come in accordance with the Islamic and mutual [2].

From the understanding, it is explained that islamic insurance is mutual insurance and mutual protection, which is called *ta'awun*, namely the principle of mutual life, help and protect each other on the basis of Islamic principles and *ukhuwah of Islam* among fellow members of Islamic insurance in facing risks. Therefore, the premium on Islamic Insurance is the amount of funds paid by participants consisting of *tabarru* funds and savings funds. *Tabarru* fund is a policy fund provided by participants or members of insurance and the funds will be used to pay claims or insurance's benefits. Meanwhile, savings funds are deposited funds that deposited by Islamic insurance participants, the funds will be allocated by profit sharing or *mudharabah* from investment revenues each year. Savings funds and profit sharing allocations will be returned to Islamic insurance participants if the participant submits a claim, it is either of cash value claims or an insurance benefit claims [3].

The society think the insurance requires has a complicated procedure, so the appearance of the publics' unrest as to the implementation of Islamic management system is incompatible with the Islamic rules, bringing up the accusation that insurance is based on Islamic raising allegations that islamic-based insurance is only labeled islamic while its contents or operational activities are the same as conventional insurance.

Pudail in his research entitled "Societies Response to Takaful Insurance (Case Study of Former *Askes Fulmedicare* Customers of civil servants in the scope of Yogyakarta City Government)" [4]. The results obtained showed that the management of *Fulmedicare* access between Takaful and the city government of Yogyakarta in the form of the *Askes (health insurance) Fulmedicare* scope included health care for all civil servants in Yogyakarta Government which included outpatient care, hospitalization, and others. The City Government's response to the benefits of *Askes Fulmedicare* is positive. While the level of interest of the municipal civil servant against Takaful insurance after using *Askes Fulmedicare* is unbalanced.

Hariyadi and Triyanto (2017) in his research entitled "The Role of Islamic Insurance Agents in Increasing societies Understanding of Islamic Insurance" it can be concluded that the role of Islamic insurance agents includes access to information bridges to the public about Islamic insurance, namely information centers for the public

regarding insurance islamic and Islamic insurance products. Because a Islamic insurance agent is a trusted company, a Islamic insurance agent acts as a guardian of the image of Islamic insurance company in the public [5].

## II. LITERATURE REVIEW

Insurance is an agreement between two or more parties, with the insurer binding itself to the insured, by accepting insurance premiums, to provide a change to the insured due to loss, damage or loss of expected profits or third party legal responsibilities that might be suffered by the insured, who arises from an uncertain event, or provides a financing based on death or the life of someone who is insured. Insurance is an agreement, with which an insurer binds himself to the insured by receiving a premium, to give him compensation because of a loss, damage or loss of expected profits, which he might suffer because of an event that is not certain [6].

Islamic insurance according to the National Islamic Council No.21 / DSNMUI / X / 2001 is an effort to protect each other and help among a number of people through investments in assets and *tabarru* 'who provides a pattern of taking to deal with certain risks or hazards through appropriate contracts with Islamic [7]. The basic principles of Islamic insurance are nine types, namely monotheism, justice, help, cooperation, trust, willingness, truth, prohibition of usury, prohibition of gambling (*maisir*) and prohibition of *gharar* [8].

The progress in the development of the Islamic industry is far behind compared to conventional industries, it is due to the lack of public interest in Islamic insurance products. The low level of knowledge and interest in using Islamic insurance products is due to the lack of public understanding of Islamic insurance products and their mysticism. With a level of population welfare that is less evenly distributed, it is very reasonable if Islamic insurance is not a priority in making insurance decisions.

Factors that influence public interest in Islamic insurance are income, product, location, service, and promotion. It also includes religious stimuli which are factors of diversity knowledge and experience that encourage someone to choose Islamic insurance. Another factors that drives someone interested in becoming a customer is reputation. In addition to reputation, another factor that encourages someone to become a customer is protection, namely as a cover or a handle if he cannot generate income as usual because of illness, retirement, death and permanent disability. The last factor is investment, besides wanting to get funds when sick, customers also want to get other benefits, namely getting money from each premium paid monthly.

Basically an insurance company in activities, openly offers or offers protection or protection and hopes for the future to individuals or groups in the society or institutions that may face further losses due to the occurrence of events that are not certain or uncertain. In addition, the insurance company also guarantees the fulfillment of one's income, because it is precisely where the person concerned works

while ensuring the continuity of life. Finally, it can be said that the presence of insurance companies in the public is far more beneficial to all parties compared to their absences [3].

## III. RESEARCH METHODS

### A. Types and Data Sources of Research

The research conducted was field research, it was used a quantitative approach. In this study the discussion focused on how the public perception and interest in Islamic insurance in Tangerang. The source of data in this study was primary data obtained from respondents in Tangerang.

### B. Method of collecting data

In order to be tested for truth, in this study the researchers used data collection methods by means of documentation methods by collecting data based on data or reports relating to research problems and interview methods with the authorities in providing information related to research.

### C. Data analysis method

#### Analysis of Multiple Linear Regression

This study looked for the influence of perceptions and interests of the community towards Islamic insurance, the analysis used was Multiple Linear Regression with the following formula:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

Where:

Y = Islamic Insurance

$\alpha$  = Konstanta

$X_1$  = societies' perception

$X_2$  = societies' interests

$\beta$  = Koefisien regresating independen variabel

e = Standard error

The analysis technique used was multiple regression with the least squares equation and hypothesis testing using t-statistics to test the partial regression coefficients and f-statistics to test the significance of the effect together with the level of significance of 5% (Ghozali: 2013). Besides that, the validity test, reliability test and classic assumption test were also conducted which included normality test, multicollinearity test and heteroscedasticity test.

## IV. RESULTS AND DISCUSSION

### Validity and Reliability Test

Significance test was carried out by comparing the value of r count (value of Corrected Item - Total Correlation) with r-table value for degree of freedom (df) = n - 2 = 90 - 2 = 88. with alpha = 0.05 obtained r-table with test two sides = 0.207. If the r-count is greater than r-table and was positive, then the question was declared valid [9].

The progress in the development of the Islamic industry is far behind compared to conventional industries, it is due to the lack of public interest in Islamic insurance products. The low level of knowledge and interest in using Islamic insurance products is due to the lack of public understanding of Islamic insurance products and their mysticism. Further explanation is contained in the following table :

TABLE 1 VALIDITY TEST RESULTS

Variable	Questionnaires	r-count	r-tabel	Criteria
Perception (X1)	X1.1	0,655	0,207	Valid
	X1.2	0,641	0,207	Valid
	X1.3	0,391	0,207	Valid
	X1.4	0,691	0,207	Valid
	X1.5	0,486	0,207	Valid
Societies' interests (X2)	X2.1	0,840	0,207	Valid
	X2.2	0,886	0,207	Valid
	X2.3	0,809	0,207	Valid
	X2.4	0,829	0,207	Valid
	X2.5	0,796	0,207	Valid
Islamic Insurance (Y)	Y1	0,706	0,207	Valid
	Y2	0,644	0,207	Valid
	Y3	0,849	0,207	Valid
	Y4	0,798	0,207	Valid
	Y5	0,772	0,207	Valid

TABLE 2 RELIABILITY TEST RESULTS

Variable	Cronbach's alpha	Cut-off	Criteria
Perception (X1)	0,731	0,60	Reliabel
Interests (X2)	0,888	0,60	Reliabel
Islamic Insurance (Y)	0,843	0,60	Reliabel

Source: primary data processed

Based on SPSS data processing, it was known that all Cronbach Alphas value variables were above 0.6. This means that all the concepts of measurement for each variable in the questionnaire were reliable. That was, someone's answer to the statement was consistent or stable from time to time so that then the items in each of these variable concepts were worthy of being used as a measurement tool in this study.

#### Normality Test

A good regression model was to have normal or near normal data distribution. This normality test is done because the data tested with parametric statistics must be normally distributed. Normality tests can be done using the normality test Kolmogorov Smirnov [9]. The Kolmogorov Smirnov test results can be seen in table 3 below:

TABLE 3 NORMALITY TEST  
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		90
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	2,11698377
Most Extreme Differences	Absolute	,113
	Positive	,101
	Negative	-,113
Test Statistic		,113
Asymp. Sig. (2-tailed)		,136 <sup>c</sup>

a. Test distribution is Normal.

b. Calculated from data.

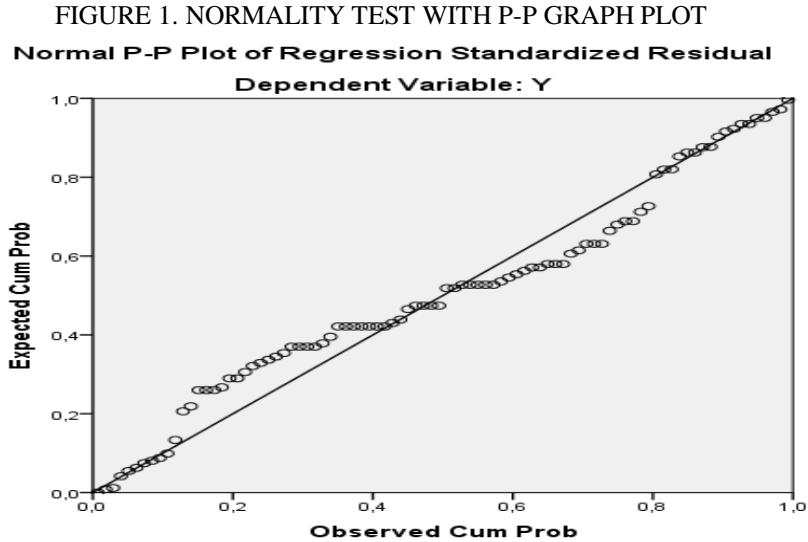
c. Lilliefors Significance Correction.

Source: secondary data processed

The test results on normality using the Kolmogorov Smirnov test show that the residual statistic has a significance value above 0.05, which was equal to 0.136, meaning that the data was normally distributed.

Detect others by looking at the spread of points on the diagonal axis of the graph through the normal P-P plot chart.

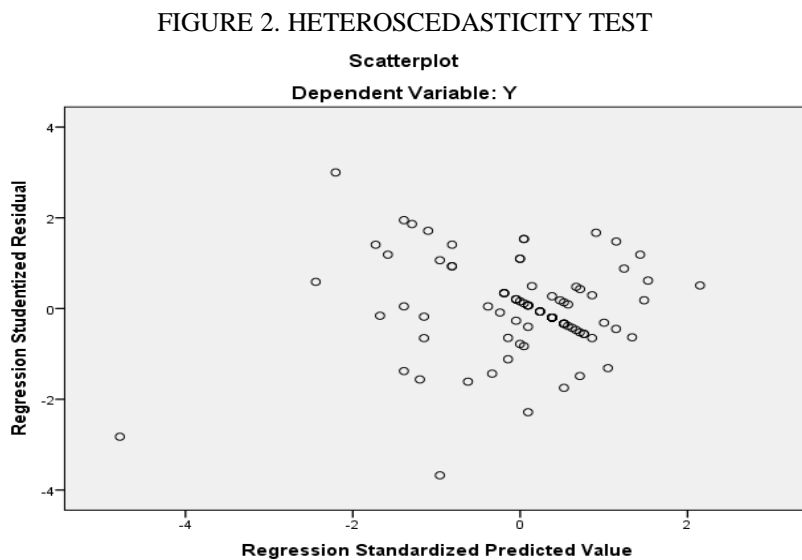
Based on the normal P-P Plot graph, the points on the chart were still spread around the diagonal line, and the spread follows the direction of the diagonal line. These results indicate that the research data was normally distributed. The P-P Plot graph can be seen in Figure 1 below:



Source: secondary data processed

**Heteroscedasticity Test**  
Heteroscedasticity testing was done by using a Scatterplot. The Scatterplot pattern that does not form a line

or wavy shows no problem with heteroscedasticity. The results of heteroscedasticity testing can be seen in Figure 2 as follows:



Source: secondary data processed

In figure 2, the scatter plot graph showed that the points spread randomly did not form a clear pattern and were spread both above and below the zero on the y axis. This means there was no heteroscedasticity in the regression model so that the regression model was feasible to be used to see the effect of the independent variables on the dependent variable.

Multicollinearity test can be done by looking at the VIF value (variance inflation factor) and the Tolerance of the regression output. VIF values (variance inflation factor) of more than 10 or Tolerance smaller than 0.1 indicate the presence of multicollinearity symptoms in the regression model of each independent variable can be seen in Table 4 as follows:

**TABLE 4 MULTICOLLINEARITY TEST**  
Coefficients<sup>a</sup>

Model		Collinearity Statistics	
		Tolerance	VIF
1	X1	.974	1,232
	X2	.865	1,156

a. Dependent Variable: Y

Source: secondary data processed

Based on the results in Table 4 it can be explained that the VIF value (variance inflation factor) was below 10 and the tolerance value was above 0.1. So it can be concluded that the regression model was free from multicollinearity problems.

**Determination Coefficient Test (R<sup>2</sup>)**

The coefficient of determination (R<sup>2</sup>) is essentially to measure how far the ability of the model in explaining

variations in the dependent variable / not free. The coefficient of determination is between zero (0) and one (1). A small R<sup>2</sup> value means the ability of independent variables (free) in explaining the variation of the dependent variable is very limited. A value close to one means that the independent variables provide almost all the information needed to predict variations in the dependent variable [9].

**TABLE 5 DETERMINATION COEFFICIENT TEST (R<sup>2</sup>)**  
Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.685 <sup>a</sup>	.470	.457	2,141	1,724

a. Predictors: (Constant), X2, X1

b. Dependent Variable: Y

Source: secondary data processed

Seen from Table 5 above, the coefficient of determination (R<sup>2</sup>) is 0.457 or 45.7%. This explained that the ability to explain the independent variables, namely perceptions and interests of societies towards the dependent variable, namely Islamic insurance which can be explained by the equation model of 45.7% while the difference of 54.3% is influenced by other factors not included in the regression model.

**Statistics F Test**

The F test was carried out to find out whether all the independent or free variables included in the model have a joint influence on the dependent variable, to find out it was done by comparing the value of Fcount with Ftable and looking at the significance level as shown in Table 6 as follows:

**TABLE 6 STATISTICS F TEST**  
ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	353,136	2	176,568	38,513	.000 <sup>b</sup>
	Residual	398,864	87	4,585		
	Total	752,000	89			

a. Dependent Variable: Y

b. Predictors: (Constant), X2, X1

Source: secondary data processed

From the results of calculations in table 6 above, the results of the F test can be seen from the F count in the ANOVA table, which was obtained F count 38.513 with a significance level smaller than 0.05 and F count > F table (38.513 > 3.10), then the model was feasible or goodness of

fit. The t test was used to test whether the persipsiy variables and public interest partially had a significant or no influence on Islamic insurance. The results of the significance test or t test can be seen as follows:

**TABLE 7 STATISTICS T TEST COEFFICIENTS**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5,187	1,845		2,811	.006
	X1	.285	.096	.250	2,982	.004
	X2	.477	.072	.553	6,582	.000

a. Dependent Variable: Y

From Table 4.8, we could compile multiple linear regression equations as follows:

$$ROI = 0,250 X1 + 0,553 X2$$

The results of testing each independent variable on the dependent variable could be analyzed as follows:

1. From the calculation of the t-test on the perception variable obtained the value of t count of 2.881 with a significance value of 0.004. Because the value of t count of 2.881 was greater than t-table of 1.986 and the significance value was smaller than 0.05, which was equal to 0.004, it means that there was a significant positive effect between perceptions and Islamic insurance.

2. From the calculation of the t-test on the variables of public interest, the value of t arithmetic was obtained at 6.582 with a significance value of 0.000. Because the value of t count of 6.582 is greater than t-table of 1.986 and the significance value was smaller than 0.05, which was equal to 0.000, it means that there was a significant positive effect between perceptions and Islamic insurance.

## V. CONCLUSION AND RECOMMENDATION

According to the results of the data analysis and the results of the discussion that has been described, it can be concluded that the data used in this study are normally distributed, there is no multicollinearity and free of heteroscedasticity and based on the test of the coefficient of determination (R<sup>2</sup>) of 0.457 or 45.7%. This explained that the ability to explain the independent variables, namely perceptions and interests of societies towards the dependent variable, namely Islamic insurance which can be explained by the equation model of 45.7% while the difference of 54.3% is influenced by other factors not included in the regression model.

The results of the t-test calculation on the perception variable obtained t count value of 2.881 with a significance value of 0.004. Because the value of t count 2.881 was greater than t-table of 1.986 and the significance value was smaller than 0.05, which was equal to 0.004, it means that there was a significant positive influence between perceptions with Islamic insurance and the results of t-test

calculations on variable public interest were calculated amounting to 6.582 with a significance value of 0,000. Because the value of t count of 6.582 was greater than t-table of 1.986 and the significance value was smaller than 0.05, which was equal to 0.000, it means that there was a significant positive effect between perceptions and Islamic insurance.

The socialization about the existence of Islamic insurance needed to be improved. Socialization should not only rely on the ability of insurance agents staff, because insurance agents would only see people they considered potential who want to join as the insurance customers. It is also necessary to explain to the societies about the benefits of Islamic insurance that we will get as a Islamic insurance customer.

## ACKNOWLEDGMENTS

This paper has been presented in International Conference on Democratisation in Southeast Asia

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