

## COMPARATIVE STUDY BETWEEN ISLAMIC INSURANCE AND CONVENTIONAL INSURANCE IN SRI LANKA

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### ***Abstract***

Insurance as an important risk management tool that widely used in business and financial enterprises since long period of time. Takaful has been introduced as an alternative mechanism of risk management complying Islamic law and eliminating the controversial aspects in conventional insurance practices. The study was conducted to analyze the participants on Takaful concept how they differentiate Takaful from conventional insurance. The mix method of qualitative and quantitative was applied in this survey for the statistical analysis. The study identified that most of the participants knew the Takfaful is a Shari'ah compliant insurance but significant number of participants don't aware the risk sharing technique of Takaful. These key findings shows that Takaful has been well accepted by the industry as well as people regardless of their religious faith. But Most of Takaful users don't aware the fundamental difference of Takaful. Thus, there is a need to educate all Takaful clients especially educating Muslim participants is necessary as it is their religious requirement to know their deals and deeds.

***Keywords:*** *Takaful, awareness, participants, risk sharing, risk transfer*