
Islamic Microinsurance: Problem, Future Prospect and Sentiment Analysis

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This study aims to look at sentiments towards Islamic Micro Insurance. This research is a qualitative research with secondary data types originating from scientific publications database Dimensions. Found as many as 40 scientific publications found with related themes Islamic Micro Insurance. The data is then processed using the help software SentiStrength and the results of his research found that neutral sentiment dominated with a percentage of 58%, followed by 22% negative sentiment and 20% positive sentiment. Sentiment on scientific publication data Islamic Micro Insurance fluctuate every year. 2022 was the year with the highest number of sentiments, namely 9 sentiments, which were dominated by neutral and positive sentiments with 4 sentiments each.

Keywords: Islamic Microinsurance, Micro takaful, Sentiment

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Received: 27 January 2023

Accepted: 15 February 2023

Published: 9 March 2023

Citation:

(2023) Islamic Microinsurance:
Problem, Future Prospect and
Sentiment Analysis
Tamkin Journal
2.1.

INTRODUCTION

Health and medicine are now accessible to billions of people around the world. So, it is not surprising that people are willing to pay health insurance premiums to get protection in the event of an accident. The global insurance industry is currently growing significantly. At this point, a basic understanding of medical or health insurance and financial insurance is required. However, in several countries, many poor people have difficulty getting health facilities because of the high cost (Htay et al., 2015). As reported by World Health Organization (WHO), increasing health care costs drag more than 100 million people below the poverty line each year. Therefore, this community group needs microinsurance to take advantage of decent and affordable health facilities.

According to Zanklussen & McCord (2009) health insurance is the product most in demand by low-income people. Roth et al. (2007) in their research stated that Georgia, Indonesia, Kenya, Laos and Pakistan have a high demand for health products. Khan (2006) also mentions several countries that offer microinsurance by region; 1) America (Colombia and Mexico), 2) Africa (East Africa, South Africa, West Africa), and 3) Asia (India, Bangladesh, Philippines, Cambodia, China).

Not only general insurance, but also types of insurance that offer sharia insurance services have developed (Puspita & Kartikawati, 2022). General insurance and sharia insurance have the same function and the products offered are also similar. One type of sharia insurance that has become the focus of attention is sharia micro insurance. Islamic micro insurance is a type of insurance intended to provide financial protection in the event of an accident or death for the poor (Ghani et al., 2019). The sharia insurance industry welcomes the birth of sharia microinsurance products and is evidenced by the increasingly intensive efforts of sharia insurance companies to promote sharia microinsurance products (Firmansyah & Devi, 2019). In Indonesia, Islamic micro insurance was launched in 2014. The launch of Islamic micro insurance products is a form of support by the government to increase Islamic financial inclusion in Indonesia.

Islamic micro insurance is one manifestation of Islamic financial inclusion. The specialty of Islamic microinsurance is that it offers affordable financial protection for the poor (Ghani et al., 2019; Puspita & Kartikawati, 2022). Islamic microinsurance plays an important role in the economic development of Muslim countries. This is evidenced by the empirical study of

Erlbeck et al. (2011) who stated that the insurance sector as a provider of risk transfer to economic growth found a fairly positive relationship. Likewise with research by Oke (2012) which revealed that the growth and development of the insurance sector had a positive and significant effect on a country's economic growth. Therefore, professional business management is needed to present this product on the market (Firmansyah & Devi, 2019).

As far as the author's observation goes, there is no literature discussing sentiment on this topic. Therefore, this study attempts to analyze sentiment towards Islamic microinsurance. The purpose of this study is to identify the extent to which developments and sentiments are related to Islamic microinsurance through the publication of scientific journals. This study also aims to see what are the positive and negative issues regarding related topics. The data analyzed consisted of 40 journals obtained through database Dimensions from 2008 to 2023.

LITERATURE REVIEW

Microinsurance is an insurance product intended for low-income people, which has simple features and administration, affordable prices, easy to do, and prompt payment of claims (Firmansyah & Devi, 2019). Sharia microinsurance is an alternative to financial protection with the concept of sharia (Ghani et al., 2019). The financial protection in question is the financial benefits given to low-income household groups for all future risks, such as the risk of accidents and death. Meanwhile, low-income households mean poor, low-income households or groups who cannot afford Islamic microinsurance policies (Raffie, 2018).

Meanwhile, Khan (2006) defines Islamic microinsurance as a mechanism to provide sharia-based protection to low-income workers at affordable costs. Meanwhile, according to Htay et al. (2015) Islamic micro insurance is a financial guarantee against unexpected risks designed as a protection program for low-income people who do not have access to general insurance services. In general, microinsurance is reserved for those who do not have formal insurance coverage due to poverty and accessibility. Microinsurance covers a wide range of services such as health, education and living (Zanklussen & McCord, 2009; Khan, 2006).

In several previous studies, the term sharia microinsurance was mentioned in different variations, namely micro takaful as found in research by Khan (2006), Mikail et al. (2017), Raffie (2018), Abdullah et al.

(2019), Ghani et al. (2019), Ansari & Bahari (2021). Under the Malaysian Takaful Act, takaful is a scheme based on brotherhood, mutual cooperation, and solidarity, takaful offers mutual assistance and offers assistance to policyholders when they need it wherein the program holders mutually agree to contribute. Takaful or Islamic insurance has several differences from general (conventional) insurance in five respects, namely, the rights and obligations of the parties, contracts or *'uqad*, takaful operational framework, nominee status, and risk ownership (Puspita & Kartikawati, 2022).

In micro insurance policies should be simple, straightforward and understandable to people with low education. Microinsurance products must be able to protect against the risk of loss or short-term damage to low-value assets (Puspita & Kartikawati, 2022). In the DSN Fatwa No. 21/DSN-MUI/IV/2001 has been regulated regarding the management of sharia insurance company funds. Fund management must avoid maysir (gambling), gharar (obscurity), usury (interest), zhulm (tyranny), risywah (bribery), illicit goods, immorality, and other prohibited transactions.

RESEARCH METHODOLOGY

This study uses a qualitative sentiment analysis research method using secondary data sourced from various scientific publications during the period 2008 to 2023 with the theme "Islamic Micro Insurance". The sampling technique used in this research is method purposive sampling, which aims to fulfill certain information in accordance with the desired research objectives. Data retrieval was carried out by searching journals indexed by the Scopus database by typing the keywords "Islamic Micro Insurance". After that, articles or scientific journals that are relevant to the research theme will be selected based on the publication data that has been collected. There are 40 scientific publications on research themes "Islamic Micro Insurance". As for seeing the sentiment in each journal related to "Islamic

Micro Insurance" the author uses software SentiStrenght.

SentiStrenght is an algorithm for opinion mining which uses a dictionary or lexicon-based approach that works by detecting each word or phrase from an abstract text by checking terms which contains sentiments and then output the result is the weight of the word or phrase that was successfully detected. By making use of lexical with system dual scale, SentiStrenght want to show that humans can feel positive emotion and negative emotion simultaneously, to some extent independently (Norman et al., 2011; Sianipar & Setiawan, 2015). Apart from SentiStrenght, the tools for sentiment analysis that are widely used are Lexalytics, Meaning Cloud, and Social mentions.

The sentiment class consists of sentiments high positive, positive, neutral, negative and high negative (Rusydiaana & Marlina, 2020). Each sentiment class has a different score interval, high positive has a score of 3-5, positive has a score of 1-2, neutral score 0, negativescore -1 to -2 and high negative has a score of -3 to -5. The sentiment score is then calculated by adding up the sentiment score of each sentence conveyed by the researcher in software SentiStrenght. Good sentiment (positive) is the opinion of researchers who are positive and tend to be optimistic in response to the theme raised. While bad sentiment (negative) is the opinion of researchers who are negative and tend to express criticism in studying the theme.

Sentiment analysis is the process of analyzing digital text to determine whether the emotional tone of the message is positive, negative, or neutral. Today, companies own large volumes of text data such as emails, transcripts of customer support chats, social media comments and reviews.

Sentiment classification is a branch of text mining. Sentiment classification can be important in the process of evaluating a topic of concern. The main purpose of sentiment classification is to find out the polarity of positive, negative and high positive and negative, and neutral sentiments.

DISCUSSION

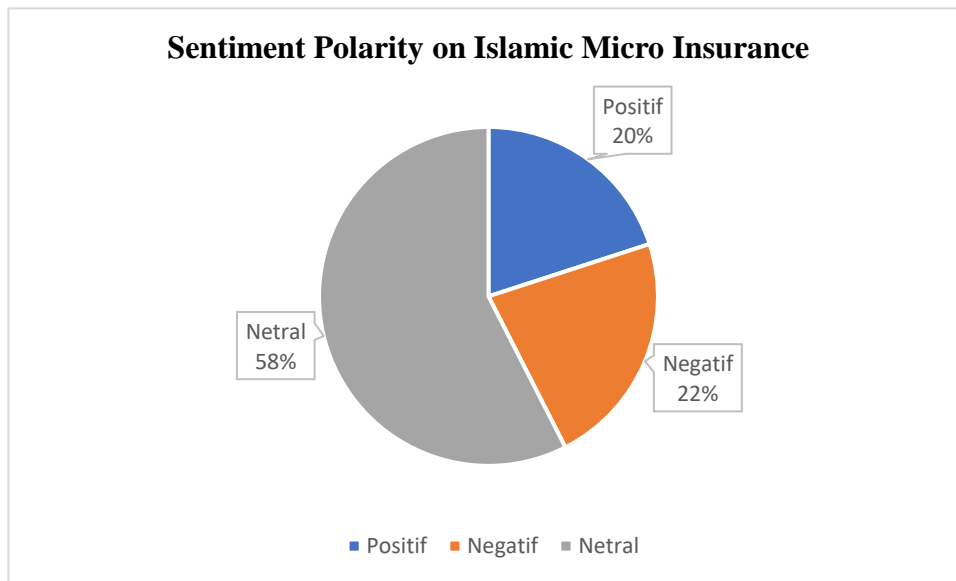


Figure 1: Sentiment Polarity on Islamic Micro Insurance

The picture above shows the polarity of sentiment in related literature data “Islamic Micro Insurance”. Of the 40 journal article data, it is known that neutral sentiment is the highest sentiment with a percentage of 58%, followed by negative sentiment of

22% and positive sentiment of 20%. This indicates that the dominant sentence expressions in the processed data show negative and tend to criticize developments *Islamic Micro Insurance*.

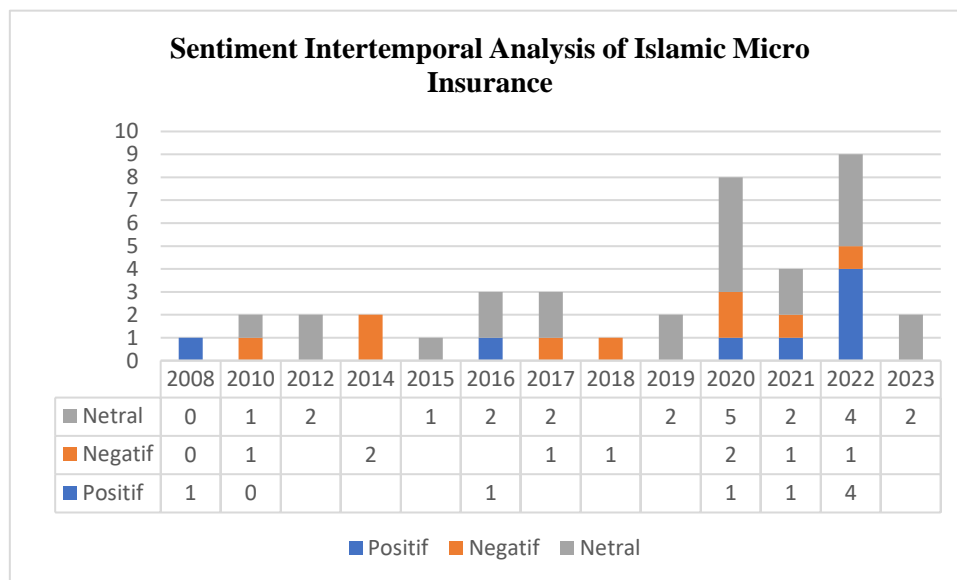


Figure 2: Sentiment Intertemporal Analysis of Islamic Micro Insurance

Based on the picture above, it shows the amount of sentiment during the observation period, namely 2008 to 2023. The graph shows the trend of sentiment *Islamic Micro Insurance* which fluctuates every year. 2022 was the year with the highest number of sentiments, namely 9

sentiments, which were dominated by neutral and positive sentiments with 4 sentiments each. The most neutral sentiment occurred in 2020, namely 5 sentiments. Meanwhile, the most negative sentiments occurred in 2014 and 2020, namely 2 sentiments. Below

is a summary of the positive and negative sentiments on the theme *Islamic Micro Insurance*.

Table 1: Positive and Negative Sentiment “*Islamic Micro Insurance*”

Positive Sentiment	Negative Sentiment
Great opportunity for micro business in Indonesia.	The difficulty of accessing the financial reports of Islamic microfinance institutions.
Increasing Islamic financial inclusion.	Lack of literacy and lack of socialization from the industry.
Protection for the middle and lower community.	The penetration of sharia microinsurance is not evenly distributed.
Accelerate the socio-economic development of society.	Islamic micro insurance funds are vulnerable to deficits.

Islamic microinsurance is a form of financial inclusion in a country (Ghani et al., 2019). Islamic microfinance insurance is an insurance product specifically for people with a vulnerable economy and lower middle income, where the majority of them are considered zakat recipients. The presence of sharia micro insurance provides financial security for property, health, disability, and life (Ansari & Bahari, 2021). So, this makes it strategic considering the number of micro, small and medium enterprises in Indonesia is more dominant than macro-scale businesses. So that the need for financial institutions that serve micro communities is also getting bigger (Firmansyah & Devi, 2019). Access to financial services can open up new opportunities for the poor who were previously excluded (Karlan & Morduch, 2009). There is great potential for Islamic microinsurance to contribute to the development of a low-income market economy.

Islamic micro insurance plays an important role for the socio-economic development of the poor (Loewe, 2006). However, penetration of Islamic microinsurance is currently uneven and this reflects uneven coverage among the population, with most of the low-income segment having no Islamic microinsurance coverage (Ghani et al., 2019). In addition, the issue of public awareness about Islamic microinsurance is important, especially among the poor (Mazambani & Mutambara, 2018). The lack of public literacy and the lack of outreach from industry and the government regarding sharia microinsurance are also obstacles to the problem of public trust regarding microfinance to use sharia microinsurance products safely (Firmansyah & Devi, 2019). This is likely because many poor people do not understand the importance and benefits of insurance (Savitha, 2014).

Meanwhile, the obstacle in the governance of Islamic microfinance insurance is the difficulty of accessing financial reports. This actually does not only occur in Islamic microfinance insurance but also in other Islamic microfinance institutions. So that all financial report information on Islamic microfinance institutions is limited (Firmansyah & Devi, 2019). Therefore, it is necessary to standardize the financial reports of sharia microinsurance products so that they can provide regular financial information. The next challenge faced is the sustainability of sharia micro insurance funds. This is because sharia microinsurance funds depend on participant contributions. This fact is supported by several studies; Gonulal (2012) and Mikail et al. (2017) argue that the Islamic microinsurance industry relies heavily on durable and sustainable funds to provide compensation and protection over time. So if participants only make a minimum contribution per month to have an Islamic micro insurance protection policy, this makes Islamic micro insurance funds vulnerable to the risk of a deficit.

Other factors such as geographic location, educational background and transportation costs have also been observed to have a negative impact on the demand for microinsurance (Fenny et al., 2016). The demand side of Islamic microinsurance, like services generally targeted at low-income people, needs to be created through market creation (Amsden, 2010). Market or demand creation involves innovation that makes products simpler, cheaper and accessible to low-income people while creating jobs and other opportunities.

Ansari & Bahari (2021) stated that in their research, in the country of Pakistan there are currently five Islamic insurance companies operating that provide general and lifetime Islamic insurance services including

Islamic micro insurance on a very small scale. The sharia micro insurance includes coverage for low-cost housing, health care for students in public schools, financial protection for factory workers and farmers. Meanwhile in Indonesia, Islamic micro insurance products were officially launched in 2014, as an effort to support the government in order to increase the growth of the Islamic finance industry in Indonesia. Therefore, to maintain its existence it needs to be supported by good governance (Puspita & Kartikawati, 2022).

CONCLUSION

Based on the results of research analysis, it is known that neutral sentiment dominates related sentiments. Islamic Micro Insurance” by 58%. Followed by negative sentiment with a percentage of 22% and positive sentiment of 20%. The research results also show that 2022 is the year with the highest number of sentiments, namely 9 sentiments, which are dominated by neutral and positive sentiments with 4 sentiments each. As for the positive and negative issues related to "Islamic Micro Insurance" including positive issues: great opportunities for micro-business in Indonesia, increasing Islamic financial inclusion, protecting the middle and lower classes, and accelerating socio-economic development of society. While the negative issues include: difficulty accessing the financial reports of Islamic microfinance institutions, minimal literacy and lack of socialization from the industry, penetration of Islamic microinsurance is not evenly distributed, and Islamic microinsurance funds are prone to deficits. Future research can try to elaborate on the problems faced by Islamic microinsurance by using the ANP method, for example (Rusydiana & Firmansyah, 2017). Likewise the possibility of wider application in Indonesia.

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