



Family Takaful Agents' Certification

Summary of the Syllabus

OBJECTIVE OF THE EXAMINATION

The objective of this course is to equip the trainee with the knowledge and skills which enables them to perform as a Takaful Agent efficiently and effectively.

TARGET AUDIENCE

This Exam will be mandated for sale staff of Family Takaful Companies and banks selling/distributing Family Takaful products.

SYLLABUS STRUCTURE

The curriculum is divided into elements and these are broken down into a series of learning objectives. Each learning objective begins with one of the following prefixes: **know**, **understand**, **be able to calculate** and **be able to apply**. These words indicate the different levels of skill to be tested. Learning objectives prefixed:

- **Know** require the candidate to recall information such as facts, rules and principles
- **Understand** require the candidate to demonstrate comprehension of an issue, fact, rule or principle
- **Be able to calculate** require the candidate to be able to use formulae to perform calculations
- **Be able to apply** require the candidate to be able to apply their knowledge to a given set of circumstances in order to present a clear and detailed explanation of a situation, rule or principle

EXAMINATION SPECIFICATIONS

Each examination paper is constructed from a specification that determines the weightings that will be given to each element. The specification is given below.

It is important to note that the numbers quoted may vary slightly from examination to examination as there is some flexibility to ensure that each examination has a consistent level of difficulty. However, the number of questions tested in each element will not change by more than plus or minus 2.

Examination Specification		
100 multiple choice questions		
Element No.	Elements	Questions
1	Introduction to Islamic Economics and Finance	10
2	Introduction to Takaful (Islamic Insurance)	10
3	Sharia Elements and Principles in Takaful	10
4	Takaful Models, Types and Structures	10
5	Family Takaful Products & Risk Management in Islam	10
6	Takaful Operator/Company: Structure and Aspects	10
7	Regulatory Framework, Ethics and Contractual Provisions	10
8	Documentation, Underwriting and Claims	10
9	Takaful Selling: Career, Processes and Personal Grooming	20
	Total	100

ASSESSMENT STRUCTURE

- This will be a 150 minutes examination of 100 Multiple Choice Questions.
- All questions will carry equal marks.
- There will be no negative marking.

SUMMARY OF THE SYLLABUS

ELEMENT 1

INTRODUCTION TO ISLAMIC ECONOMICS AND FINANCE

1.1 Introduction to Islamic Economics System

1.2 Basic difference between the Islamic and secular economic systems

- Socialism
- Capitalism
- Mixed economy
- Islamic Economic System

1.3 Introduction to Islamic Banking and Finance, Islamic Banking and Financial Products and their Mechanisms.

- Principles governing loans and debts
- Risk sharing / profit sharing
- Replacing trade with Riba: an economic activity
- Time value of assets and services: Islamic perspective
- Prohibition of speculation
- Shariah approved activities

1.4 What is Riba (Interest)?

- Riba
- Prohibition of Riba in Islam.

1.5 Riba in Modern Banking and Insurance.

1.5.1 Islamic Banking – what and from where?

- Islamic banking
- Islamic capital markets and funds
- Socio-economic effects of Islamic banking and finance
- Use of interest-rate as benchmark; is it Halal?
- Dealing of Islamic banks with conventional banks

1.6 Risks and Uncertainty defined

1.6.1 Nature of Risk

1.6.2 Types of Risk

ELEMENT 2

INTRODUCTION TO TAKAFUL (ISLAMIC INSURANCE)

2.1 History of insurance and development of modern insurance

2.2 What is Takaful? Shariah Mechanism of Takaful.

2.3 Takaful System in Islamic Era.

-Presence of Riba, Gharar and Maisir

2.4 Philosophy and development scenario of Islamic Insurance

2.5 Basic Features of Takaful Contracts

2.5.1 Relevant Contracts to Takaful

2.5.2 Musharaka: Sharikat Al-Musahama, Sharikat Al-Mudaraba

2.5.3 Wakala Contract: Wakala vs Mudarabah, and Actual Cost of Wakala

ELEMENT 3

SHARIAH ELEMENTS/PRINCIPLES IN TAKAFUL

3.1 Definitions & Concept of Mudarib, Waqf and Wakalah, which are used in Takaful System.

3.1.1 Waqf

3.1.2 Wakalah

3.1.3 Mudarabah

3.1.4 Hybrid

3.2 Involvement of Riba, Gharar, Maiser & Qamar in Conventional Insurance Business.

3.2.1 Gharar

3.2.2 Maisir

3.2.3 Riba

3.2.4 Ghabn

3.2.5 Jahalah

3.2.6 Musahama

3.3 Comparison of Takaful vs. Conventional Insurance

ELEMENT 4

TAKAFUL MODELS, TYPES & STRUCTURES

4.1 Structure, operation and performance of Takaful.

4.1.1 Mutual benefits

4.1.2 Contributions

4.1.3 Seed money and Qard-e-Hasana

4.1.4 Management fee: Wakala and Modarib's share

4.1.5 Benefits: losses and claims

4.1.6 Treatment of the deficit

4.2 Clear segregation between Participant and Owner

4.2.1 Pricing

4.2.2 Family Takaful

4.2.3 Re-Takaful

4.2.4 Process flow

4.3 Different Models of Takaful: Wakalah Waqf Model, Modaraba Model, Wakala Model, and Surplus Distribution mechanism in all models

4.4 Issues in Takaful Models

ELEMENT 5

FAMILY TAKAFUL PRODUCTS & RISK MANAGEMENT IN ISLAM

5.1 Type and Products of Takaful Business

- General and Family Takaful Business
- Comparison between the concept of General Takaful and Family Takaful

5.1.1 General Takaful (Non-Life Insurance)

5.1.2 Family Takaful (Life Insurance)

5.1.2.1 Benefits of Family Takaful

5.1.2.2 Family Takaful vs. General Takaful

5.2 Other Takaful concepts in Takaful Industry

5.2.1 Banca Takaful

5.2.2 Re-Takaful

5.2.3 Micro Takaful

5.2.4 Claims Management

5.3 Risk Management according to Islamic Perspective

5.4 Instituting Core Components of Financial System

5.5 Unit-Linking System for Investments

- Composition of Waqf Fund
- The prices calculation of the units
- Unit allocation
- Bid/offer price
- Cash Value
- Participants Investment Account
- Deduction of Management Fee from Waqf Funds
- Purchase of units
- Surplus Distribution

5.5 Takaful products Worldwide, and Lessons learned from experiences

5.6 Overview of Growth in Takaful Sector and Future Challenges

ELEMENT 6

TAKAFUL OPERATOR/ COMPANY: STRUCTURE AND ASPECTS

6.1 Shariah Supervisory Board (SSB) and its responsibilities

6.2 Challenges for SSB

6.2.1 Internal Shariah Review

6.3 Technical Aspects for Management

6.4 Financial Management and Investment Policies

6.5 Takaful Marketing and Distribution Channels

ELEMENT 7

REGULATORY FRAMEWORK, ETHICS AND CONTRACTUAL PROVISIONS

7.1 Regulatory Role of SECP for Takaful

7.2 Important Regulations from Takaful Rules, 2005 and 2012

7.3 Ethical issues in Takaful selling

7.4 Formation of Takaful contract

7.5 Laws governing Takaful Agents

7.5.1 Relationship with the Principal/Participant

7.5.2 Relationship with the Takaful Operator

7.6 Agency Contracts

7.6.1 Types of Agency Contracts

7.6.2 Market Conduct and Business Ethics

7.7 Contractual Provisions (as per Takaful Rules 2005 and 2012)

ELEMENT 8

DOCUMENTATION, UNDERWRITING AND CLAIM AND WITHDRAWAL

8.1 Proposal Form

8.2 Participant's Membership Documents

8.3 Declarations

8.4 Claims, withdrawal and maturity

8.4.1 Claims Procedures

8.5 Surplus declaration and return

ELEMENT 9

TAKAFUL SELLING: CAREER, PROCESS AND PERSONAL GROOMING

9.1 Sales Process of Family Takaful

9.2 Sales Cycle

9.2.1 Prospecting

9.2.2 Making Appointment

9.2.3 Need Assessment

9.2.4 Designing Solution

9.2.5 Presenting the plan/solution

9.2.6 Objection Handling

9.2.7 Closing the sale

9.2.8 Policy issuance process

9.2.9 Policy documents and after sales service

9.3 Career in Takaful Selling

9.4 Customer Service

9.4.1 Who is your customer (internal and external customer)

9.4.2 What is an effective customer service?

9.4.3 Agent as point of contact for customer

9.4.4 Importance of quality selling

9.4.5 Customer Acquisition VS Retention - importance of customer retention for business growth

9.5 Personal Grooming

9.5.1 Definition of Communication and its process

9.5.2 Types of communication (verbal and non-verbal)

9.5.3 Do's and Don'ts of communication

9.5.4 Barriers of communication

9.5.5 Email Etiquettes

9.5.6 Active Listening skills

9.5.7 Fundamental of dressing - Company's dress code

9.5.8 Professional etiquettes

RECOMMENDED READINGS

The next section of this study guide covers a brief extract from some of the below mentioned documents. Candidates are advised to study the respective documents (in detail and original) which are available free-to-download from IFMP's website and / or the respective organization's websites.

1. Anti-Money Laundering Act, 2010
2. Code of Corporate Governance, 2002
3. Income Tax Ordinance, 2001
4. Insurance Ordinance, 2000
5. Insurance Rules
6. SECP Act, 1997
7. Voluntary Pension System Rules, 2005
8. Takaful Rules 2012