



# **General 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 General Takaful Companies and banks selling/ distributing General 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.

| <b>Examination Specification</b>     |  |                  |
|--------------------------------------|--|------------------|
| <b>100 multiple choice questions</b> |  |                  |
| <b>Element</b>                       | <b>Element description</b>                               | <b>Questions</b> |
| <b>1</b>                             | Introduction to Islamic Economics and Finance            | <b>10</b>        |
| <b>2</b>                             | Introduction to Takaful (Islamic Insurance)              | <b>10</b>        |
| <b>3</b>                             | Sharia Elements and Principles in Takaful                | <b>10</b>        |
| <b>4</b>                             | Takaful Models, Types and Structures                     | <b>10</b>        |
| <b>5</b>                             | General Takaful Products & Risk Management in Islam      | <b>10</b>        |
| <b>6</b>                             | Takaful Operator/Company: Structure and Aspects          | <b>10</b>        |
| <b>7</b>                             | Regulatory Framework, Ethics and Contractual Provisions  | <b>10</b>        |
| <b>8</b>                             | Documentation, Underwriting and Claims                   | <b>10</b>        |
| <b>9</b>                             | Takaful Selling: Career, Processes and Personal Grooming | <b>20</b>        |
|                                      | <b>Total</b>   | <b>100</b>       |

## 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**

### **GENERAL TAKAFUL PRODUCTS & RISK MANAGEMENT IN ISLAM**

#### 5.1 Type and Products of Takaful Business

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

##### 5.1.1 General Takaful (Non-Life Insurance)

###### 5.1.1.1 Principles of General Takaful

###### 5.1.1.2 Classes of General Takaful

###### 5.1.1.2.1 Fire and Property Takaful

###### 5.1.1.2.2 Marine Takaful

###### 5.1.1.2.3 Motor Takaful

###### 5.1.1.2.4 Cash (ATM) Takaful

###### 5.1.1.2.5 Travel Takaful

###### 5.1.1.2.6 Home and Valuables Takaful

###### 5.1.1.2.7 Health Takaful

#### 5.2 Other Takaful concepts in Takaful Industry

##### 5.2.1 Family Takaful

##### 5.2.2 Banca Takaful

##### 5.2.3 Re-Takaful

##### 5.2.4 Micro Takaful

##### 5.2.5 Claims Management

#### 5.3 Risk Management according to Islamic Perspective

#### 5.4 Instituting Core Components of Financial System

#### 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**

8.1 Proposal Form

8.2 Important Information for General Takaful

8.3 Participant's Membership Documents

8.4 General Takaful Underwriting and Claims

8.5 Surplus

## **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