

**POLITEKNIK**

**Jabatan Pengajian Politeknik**

EXAMINATION AND EVALUATION DIVISION  
DEPARTMENT OF POLYTECHNIC EDUCATION  
(MINISTRY OF HIGHER EDUCATION)

COMMERCE DEPARTMENT

FINAL EXAMINATION  
JUNE 2012 SESSION

**PS304: TAKAFUL**

**DATE : 22 NOVEMBER 2012 (THURSDAY)**  
**DURATION : 2 HOURS (2:30 PM - 4:30 PM)**

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This paper consists of **THIRTEEN (13)** pages including the front page.  
Section A: Objective (25 questions – answer all)  
Section B: Essay (3 questions – answer all)

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**THE CHIEF INVIGILATOR**

(The CLO stated is for reference only)





## INTRODUCTION

The purpose of this study is to investigate the effects of the proposed system on the performance of the system.

The study is organized as follows. Section 2 describes the proposed system. Section 3 describes the experimental setup. Section 4 describes the results of the experiment. Section 5 describes the conclusion.

## PROPOSED SYSTEM

### System Architecture

#### System Components

The system consists of the following components:

- 1. User Interface
- 2. Data Base
- 3. Control Unit
- 4. Output Unit

The system is designed to be a modular system, which can be easily extended to include new components.

#### System Flowchart

The flowchart of the system is shown in Figure 1. The flowchart shows the flow of data and control signals between the components of the system.

The flowchart is as follows:





**SECTION A****OBJECTIVES (25 marks)****INSTRUCTION:**

This section consists of **TWENTY FIVE (25)** objective questions. Write your answers in the answer booklet.

1. The best description of a pure risk would be

[CLO 1: C1]

- a) Break even, gain or loss
- b) Break even or loss
- c) Gain or loss
- d) Loss

2. When a person stops playing football because he does not want to get hurt, the risk control method used is known as

[CLO1: C1]

- a) Loss Prevention
- b) Risk Avoidance
- c) Risk Transfer
- d) Risk Retention

3. Risk Avoidance is one of the methods in handling risk, which can be described as \_\_\_\_\_.

[CLO 1: C1]

- a) Prediction of losses in order to reduce risk that might happen to the individual or business
- b) Spreading the losses incurred by the fortunate few over the entire insurance pool
- c) Not to get involved in any activities that carry risk
- d) Activities in which the risk is transferred to either insurance company or to other parties

4. Indemnity is one of the principles of insurance. Which of the following statement refers to indemnity?

[CLO 2: P2]

- a) The insured should recover not more than his/her loss but it may be modified by the express of the policy.
- b) Legal right to insure arising from the legitimate financial interest which an insured has in a subject matter of insurance.
- c) All parties in insurance contract are obliged to disclose all information which would influence either party's decision to enter into a contract.
- d) An insurer who has indemnified an insured for a loss may exercise the insured's rights to claim from the third party in respect of the loss.

5. Which of the following is **NOT** the relationship of insurable interest?

[CLO2: P1]

- a) Husband and wife
- b) Employer and employee
- c) Any person who is dependent on him or her
- d) Lecturer and student

6. Which of the following is **NOT** the basic principles of Takaful

[CLO 2: P1]

- a) Al-Wakalah
- b) Al-Mudharabah
- c) Al-Tabarru'
- d) Al-Wadiah

7. The Aqila System (al-Aqila) refer to

[CLO2: P1]

- a) Arabic trader compensate each others
- b) Ansar ethnic helps Muhajirin ethnic
- c) Blood money
- d) Tabarru' fund

8. The legislation in Malaysia that regulates Islamic insurance is the

[CLO1: C1]

- a) Takaful Act 1984
- b) Insurance Act 1996
- c) Central Bank of Malaysia ordinance 1958
- d) Muslim(Titles and Construction) Ordinance 1952

9. The types of distribution channels of Takaful product below are true **EXCEPT**

[CLO1: C1]

- i. Direct marketing
- ii. Agent and Broker
- iii. Bancatakafal
- iv. Multilevel Marketing

- a) iv only
- b) i and iii
- c) i, ii and iii
- d) iii and iv

10. Retakaful can be defined as \_\_\_\_\_ .

[CLO1: C1]

- a) someone who legally represents the insurer, has the authority to act on behalf of the insurer
- b) a distribution channel in which an insurance is purchased by an insured salaried representative of the insurer
- c) shifting of part or all of the risk exposure covered by one insurance to another insurer
- d) a strategic alliance between takaful operators and banking institutions in which takaful products are marketed through the banking channels

11. Takaful industry in Malaysia is led by Director General of Takaful. Who is the Director General of Takaful in Malaysia?

[CLO2: P2]

- a) Prime Minister
- b) Yang Dipertuan Agung
- c) Minister of Finance
- d) Bank Negara Governor

12. What is the definition of Takaful according to Takaful Act 1984?

[CLO2: P2]

- a) A scheme based on brotherhood and mutual assistance which provides for mutual financial and assistance to participants in case of need.
- b) A scheme that all the participants mutually agree to contribute for the purpose of mutual assistance among participants.
- c) A scheme in which participants mutually contribute to the same fund and mutually guarantee to indemnify fellow participants in the event of calamity.
- d) A scheme based on brotherhood, solidarity and mutual assistance which provides for mutual financial aid and assistance to the participants in case of need whereby the participants mutually agree to contribute for that purpose.



13. Which of the following is **NOT** a function of Bank Negara Malaysia (BNM) for Takaful industry in Malaysia?

[CLO2: P2]

- a) Requiring every Muslim employee to have a Takaful
- b) Supervising the financial of insurance companies and Takaful operators
- c) Protecting consumer and participant interest towards awareness of insurance and Takaful
- d) Developing Islamic Banking and Takaful industry with efficiency, progressive and comprehensive

14. Every Islamic Financial Institution is required to establish Shariah Committee. Below are the roles of Shariah Committee **EXCEPT**

[CLO2: P2]

- a) To list the Shariah compliant securities
- b) To create awareness of Takaful in the market
- c) To advise the Takaful operation
- d) To provide advice on Zakat

15. Which of the following is **NOT** the exclusion for Medical and Health Takaful?

[CLO2: P2]

- a) Pregnancy or childbirth
- b) Pre existing illness at the time of application
- c) Cosmetic or plastic surgery due to health problem
- d) Murder or physical assault

16. There are many products of various Takaful plans. Which of the following describes Endowment Takaful?

[CLO2: P2]

- a) The simplest plan
- b) Lifetime protection
- c) Cover the cost of medical treatment
- d) Consists of saving element

17. The Policy form can best be described as

[CLO3: A1]

- a) The Insurance contract
- b) The evidence of insurance contract
- c) A record of subject matter insured
- d) A note of the amount of premium due

18. In general, all claim forms seek the following information **EXCEPT**

[CLO3: A3]

- a) The identity of the insured and claimant
- b) The identity of the claimant's solicitor
- c) The insured's interest in the loss
- d) The extent of the loss



19. The majority of the proposal forms used by general insurers contain a declaration clause which requires the proposer to

[CLO3: A1]

- i. Warrant the answers are true
- ii. Warrant the information is complete
- iii. Agree that the proposal becomes the basis of contract
- iv. Accept the usual form of policy for that class of business

- a) i, ii and iii
- b) i, iii and iv
- c) ii, iii and iv
- d) All of the above

20. Underwriting is referred to the process of

[CLO3: A1]

- a) quoting premium rates and terms, and issuance of the policy
- b) assessing and selecting of risks, and the determination of premium, terms and condition
- c) determination of premium rates only
- d) assessing the possibility of recurrence of an illness

21. The following are some forms of Moral Hazard, **EXCEPT**

[CLO3: A3]

- a) Carelessness
- b) Unreasonableness
- c) Fraud
- d) Ignorance

22. The Underwriting process for all classes of insurance has certain common features. These features are

[CLO3: A3]

- i. identification and evaluation of risk
- ii. selection of risks
- iii. determination of Premiums, Terms and conditions
- iv. confirmation of acceptance

- a) i, and ii
- b) i, ii and iii
- c) i, ii and iv
- d) All of the above

23. The major differences between takaful and insurance are as follow **EXCEPT**

[CLO 1: C1]

- a) Changing in price
- b) Uncertainty
- c) Gambling
- d) Interest

24. Below are some reasons why insurance is not permissible in Islam **EXCEPT**

[CLO 1: C1]

- a) Insurer gain profit from unclaimed premium
- b) Insured get compensation from other insured contribution
- c) Premium paid will be invested to anywhere
- d) Premium paid use to help other insured who are in need



25. The following elements that contradict the shariah principle exist in conventional insurance **EXCEPT**

[CLO 1 : C1]

- a) Gharar
- b) Maisir
- c) Riba
- d) Tabarru'

**SECTION B****ESSAY (75 MARKS)****INSTRUCTION:**

This section consists of **THREE (3)** essay questions. Answer **ALL** questions.

**QUESTION 1**

- a) Risk can be classified into two major categories, define the categories below and support your explanation with examples

[CLO1:C1]

- i. Fundamental and Particular Risks

(6 marks)

- ii. Pure and Speculative Risks

(6 marks)

- b) What is the first Takaful Operator in Malaysia?

[CLO1:C1]

(1 mark)

- c) Define the structure of Takaful markets below with example:

[CLO1:C1}

- i. Re-Takaful

(3 marks)

- ii. Takaful operator

(3 marks)

- d) Distinguish Takaful and Conventional Insurance. Give **THREE (3)** differences.

(6 marks)



**QUESTION 2**

- a) Insurance contracts are not only subject to the general principles of the law of contract but also certain special legal principles that are embodied in insurance contract.

Based on your understanding, Identify and explain all the principles of Insurance contract.

[CLO2:P1]

(12 marks)

- b) i. One of the important features of the Takaful Act 1984 is an establishment of a Shariah Advisory Council.

Identify the role of the Shariah Advisory Council

[CLO2:P3]

(6 marks)

- ii. Takaful Plan carried by Malaysian Takaful operators are broadly divided into two types of Takaful Plans.

Identify both types of Takaful Plans and explain with examples both of it.

[CLO2:P3]

(7 marks)

**CONFIDENTIAL****QUESTION 3**

- a) Explain the nature and structure of main insurance document used in daily operation of insurance principle  
[CLO3: A1]  
(10 marks)
- b) Describe Underwriting  
[CLO3:A1]  
(2 marks)
- c) State the methods of settling a claim  
[CLO3:A1]  
(4 marks)
- d) Explain the nature of disputes and their resolution in claim settlement.  
[CLO3:A1]  
(9 marks)