



UNIVERSITI KUALA LUMPUR BUSINESS SCHOOL

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FINAL EXAMINATION

JANUARY 2016 SEMESTER

COURSE CODE : **EBB 30203**

COURSE NAME : **TAKAFUL AND RETAKAFUL OPERATIONS AND PRODUCTS**

PROGRAMME NAME : **BACHELOR**

DATE : **26th MAY 2016**

TIME : **2.00 PM - 5.00 PM**

DURATION : **3 HOURS**

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INSTRUCTIONS TO CANDIDATES

1. Please read the instructions given in the question paper CAREFULLY.
2. This question paper is printed on both sides of the paper.
3. This question paper consists of TWO (2) sections; Section A and Section B.
4. Answer ALL questions in Section A. For Section B, answer THREE (3) questions ONLY.
4. Please write your answers on the answer booklet provided.
5. All questions must be answered in English (any other language is not allowed).
6. This question paper must not be removed from the examination hall.

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THERE ARE FIVE (5) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

SECTION A (Total: 40 marks)

INSTRUCTION: Answer ALL questions.

Please use the answer booklet provided.

Question 1

Identify the roles of *takaful* operator and *takaful* participants under the following contracts:

(a) *Wakalah.*

(4 marks)

(b) *Mudarabah.*

(4 marks)

TOTAL: 8 MARKS

Question 2

Briefly explain the following terms:

(a) Profit sharing ratio.

(3 marks)

(b) Contribution.

(3 marks)

(c) Underwriting surplus.

(3 marks)

(d) *Takaful* operator.

(3 marks)

TOTAL: 12 MARKS

Question 3

Describe the following *takaful*-able risks:

- (a) Large number of similar objects. (4 marks)
- (b) Accidental and unintentional loss. (4 marks)
- (c) Determinable and measurable loss. (4 marks)
- (d) Loss not subject to catastrophic hazard. (4 marks)
- (e) Probability of loss must not be too high. (4 marks)

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TOTAL: 20 MARKS

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SECTION B (Total: 60 marks)

INSTRUCTION: Answer THREE (3) questions ONLY

Please use the answer booklet provided.

Question 4

- (a) "Takaful participants are both insured and insurer under a *takaful* policy." Justify. (6 marks)
- (b) "A *takaful* protection cannot be provided to a thief on the goods stolen by him." Provide your support to this statement. (8 marks)
- (c) A participant has subscribed to a motor vehicle *takaful* for his car. The sum covered was RM 40,000. After 6 months, he was involved in an accident and the market value of the car was RM 38,000. The estimated losses was RM 15,000.
- i. How much maximum benefit would he be entitled to under the policy? Justify. (3 marks)
- ii. How much actual claim would be paid by the *takaful* operator? Justify. (3 marks)

TOTAL: 20 MARKS

Question 5

- (a) Assess the suitability of using bank *Takaful* in distributing mortgage reducing term *takaful* (MRTT). (6 marks)
- (b) "A participant of a *health takaful* policy has made a false declaration that he does not suffer from a terminal disease, when completing the application form." Appraise the validity of the warranty based on the relevant principles of *takaful* contract. (6 marks)
- (d) "Medical and family health history may signify an above average mortality risk." Identify the consequences of such risk in family *takaful* underwriting. (8 marks)

TOTAL: 20 MARKS

Question 6

- (a) Describe the application of *tabarru'* and *ta'awun* in *takaful*. (4 marks)
- (b) "Conventional insurance is based on an exchange contract." Justify. (8 marks)
- (c) Compare between *takaful* and conventional insurance on the following aspects:
- i. Ownership of premium. (4 marks)
 - ii. Investment of premium. (4 marks)

TOTAL: 20 MARKS

Question 7

- (a) Outline the distribution of profit and underwriting surplus under pure *mudarabah* and modified *mudarabah*. (4 marks)
- (b) Explain the appropriate actions under the following situations:
- i. Deficit in *takaful* fund. (2 marks)
 - ii. Surplus in *takaful* fund (3 marks)

- (c) Compare and contrast between *mudarabah* and *wakalah* operational models in terms of the relationship between *takaful* operator and *takaful* participants.

(6 marks)

- (d) Firemen remove undamaged stock from a burning building to protect it from fire. It is stacked in the open yard and subsequently damaged by rain few days after the fire. The *takaful* policy taken on the building is fire *takaful* policy.

Assess the proximate cause and validity of the participant's claim for compensation.

(5 marks)

TOTAL: 20 MARKS

END OF QUESTION PAPER