



**FINAL EXAMINATION  
SEMESTER I, ACADEMIC SESSION 2019/2020**

**DATE : JANUARY 2020**

**DURATION : 3 HOURS**

**MFC4033  
INSURANCE AND TAKAFUL  
(INSURAN DAN TAKAFUL)**

**INSTRUCTIONS TO CANDIDATES:**

1. This paper contains **FOUR (4)** questions.
2. Answer **ALL** questions in the **Answer Booklet** provided.
3. Candidates are **not allowed** to bring any materials except stationeries and non-programmable calculator into the examination hall without prior permission.
4. Candidates are **not allowed** to take question paper out of the examination hall.
5. Please complete your particulars in **Borang H** and the **Answer Booklet**.

**DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE INSTRUCTED TO DO SO**

This question paper has **THREE (3)** printed pages excluding this cover page



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Answer **ALL** questions.

**[100 Marks]**

### Question 1

Layla owns a Muslimah clothing line business. She purchased a building from Bakhtiar to store her inventory of clothes and scarves in the building. Layla obtained a loan from Bank Muamalat to purchase the building, which held a mortgage on the building. Layla also planned to use part of the building for a laundry service. When she applied for property takaful on the building, Layla did not inform the agent about the laundry service because the premium would be substantially higher. Eight months after the policy was issued, a fire occurred in the laundry area, causing substantial damage to the building.

#### Required:

- a) Explain whether the following parties have an insurable interest in the building at the time of the loss.
- i) Layla
  - ii) Bakhtiar
  - iii) Bank Muamalat
- (6 marks)
- b) Bakhtiar told Layla she could save money by taking over Bakhtiar's current takaful plan instead of subscribing to a new takaful policy. Explain whether Bakhtiar can validly assign his existing property takaful policy without notifying the takaful operator.
- (6 marks)
- c) Explain whether the takaful operator should pay or deny the claim made by Layla on the damage of the building.
- (6 marks)
- d) Investigation of the fire revealed that an electrician had improperly wired an electrical outlet in the laundry area causing the fire. Explain how subrogation might apply in this case.
- (7 marks)

**[Total: 25 marks]**

## Question 2

Keris Bus Corporation provides school bus transportation to public schools in Keramat County. Keris Bus owns 50 buses that are garaged in three different cities within the county. The firm faces competition from two larger bus companies that operates in the same area. Public school boards generally award contracts to the lowest bidder, but the level of service and overall performance are also considered.

**Required:**

- a) Describe any **FIVE (5)** major loss exposure faced by Keris Bus Corporation.  
(10 marks)
- b) With respect to each of the **FIVE (5)** loss exposures identified in (a), determine the risk management technique that could be used to handle the exposures.  
(15 marks)

**[Total: 25 marks]**

## Question 3

Underwriting in takaful business can be defined as the process of selecting, assessing and classifying the degree of risk of an applicant for the purpose of granting coverage in exchange for a contribution.

**Required:**

- a) Explain the **THREE (3)** approaches of rating mechanism used in general takaful. Provide example for each.  
(15 marks)
- b) Briefly explain the factors used in underwriting family and medical health takaful.  
(5 marks)
- c) Describe the concept of adverse selection in takaful business underwriting process.  
(5 marks)

**[Total: 25 marks]**

**Question 4**

- a) List **SIX (6)** contractual conditions in accounting and reporting outlined by the shariah.  
(6 marks)
- b) Differentiate how the contributions paid by the participants are allocated between family takaful plans and general takaful plans.  
(9 marks)
- c) Describe the following topics relating to the shariah principles governing takaful contracts:
- i) The Basis of a Contract for Takaful
  - ii) Ownership of Takaful Fund
- (10 marks)

**[Total: 25 marks]****END OF QUESTIONS**

Dicetak oleh:

Unit Peperiksaan dan Pengijazahan  
Bahagian Pengurusan Akademik  
Universiti Sains Islam Malaysia