Principles of Takaful

Purpose
To enable candidates to demonstrate knowledge and understanding of:
• how and why Takaful operates as an Islamic variant of insurance;
• the technical and operational aspects of Takaful;
• the role of Takaful in the global marketplace.

Summary of learning outcomes
1. Understand the purpose and key concepts of insurance.
2. Understand key Shariah concepts relevant to financial practice.
3. Understand how and why Takaful differs from conventional insurance provision.
4. Understand how Takaful models operate.
5. Understand the role of retakaful.
6. Apply appropriate financial practices to a Takaful operation.
7. Discuss the operational and market challenges and opportunities for Takaful.

Important notes
• Method of assessment: written examination (three hours).
• The October session will test the legal position as of 28th February of the same year.
• The April session will test the legal position as of 31st August of the preceding year.
• Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:
  1. Visit www.cii.co.uk/qualifications
  2. Select the appropriate qualification
  3. Select your unit on the right hand side of the page
1. Understand the purpose and key concepts of insurance
   1.1 Explain the purpose of insurance.
   1.2 Explain key concepts in conventional insurance.

2. Understand key Shariah concepts relevant to financial practice
   2.1 Explain the role of Shariah within financial practice.
   2.2 Explain the principal Shariah prohibitions in financial contracts.

3. Understand how and why Takaful differs from conventional insurance provision
   3.1 Explain why conventional insurance is not compliant with Shariah perspectives.
   3.2 Explain the main elements of risk sharing in the context of Islamic contract law.

4. Understand how Takaful models operate
   4.1 Explain the core operational features of Takaful models.
   4.2 Explain the key features of governance within a Takaful operation.
   4.3 Explain how Takaful operators manage claims.
   4.4 Explain key regional differences in Takaful regulation and practices.

5. Understand the role of retakaful
   5.1 Explain the importance of retakaful to Takaful operations.

6. Apply appropriate financial practices to a Takaful operation
   6.1 Explain the differences between conventional and AAOIFI accounting approaches.
   6.2 Apply AAOIFI accounting standards to Takaful accounts.
   6.3 Explain how Shariah principles apply to the treatment of deficits and surpluses.
   6.4 Explain how Islamic investment strategies are applied in Takaful operations.

7. Discuss the operational and market challenges and opportunities for Takaful
   7.1 Discuss the key market challenges and opportunities for Takaful.
   7.2 Discuss the key operational challenges and opportunities for Takaful.

Reading list

The following list provides details of various publications which may assist you with your studies.

Note: The examination will test the syllabus alone.

The reading list is intended for guidance only and is not in itself the subject of the examination.

The publications will help you keep up-to-date with developments and will provide a wider coverage of syllabus topics.

CII/PFS members can borrow most of the additional study materials below from Knowledge Services.
CII study texts can be consulted from within the library.

New materials are added frequently - for information about new releases and lending service, please go to www.cii.co.uk/knowledge or email knowledge@cii.co.uk.

CII study texts

Ebooks
The following ebooks are available through Discovery via www.cii.co.uk/discovery (CII/PFS members only):


Journals and magazines
The Journal. London: CII. Six issues a year. Also available online via www.cii.co.uk/knowledge (CII/PFS members only).

Reference materials
Examination guides
Guides are produced for each sitting of written answer examinations. These include the exam questions, examiners’ comments on candidates’ performance and key points for inclusion in answers.

You are strongly advised to study guides from the last two sittings. Please visit www.cii.co.uk to buy online or contact CII Customer Service for further information on +44 (0)20 8989 8464.

Older guides are available via www.cii.co.uk/pastexamguides (CII/PFS members only).

Exam technique/study skills
There are many modestly priced guides available in bookshops. You should choose one which suits your requirements.

The Insurance Institute of London holds a lecture on revision techniques for CII exams approximately three times a year. The slides from their most recent lectures can be found at www.cii.co.uk/iilrevision (CII/PFS members only).