**QUALIFYING EXAMINATION FOR INSURANCE/TAKAFUL AGENTS**

PRACTICE QUESTIONS

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date:

**Please CIRCLE the answer for the each of the following questions, and ANSWER ALL 50 questions.**

1. Insurance works by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

A. Having adequate amount of premiums

B. Creating a profit-oriented objective, only for the insurer

C. Insufficient funds

D. Having the 3 parties (the proposer, the insured, and the government) to agree to enter into a contract.

2. Renewable premium may be different due to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

A. Change in entity/person being insured

B. Change in the regulations set by the government

C. Change in nature of the risk

D. Change in the economic activity of the country

3. Which of the following is the essential feature of Insurance?

A. It is an economic institution

B. It is based on the principle of mutuality or co-operation

C. Accumulate funds to pay for claims as a result of the operation of specific risks

D. All from A, B, and C

4. What is the advantage of Proposal Forms?

A. Allows the insurer to consider applications quickly and inaccurately

B. Allows the insurer to consider applications quickly and accurately

C. Allows the insurer to consider applications slowly and inaccurately

D. Allows the insurer to consider applications slowly and accurately

5. What is synonymous to a system of mutual help?

A. Consumer Behavior

B. High probability of risk-occurrence

C. Takaful

D. None from the above

6. "Premium" in Takaful is considered as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

A. The price for transferring risks and payment for protection

B. Segregation of risks from the insured to the insurer

C. Absolute protection from illness, accidents, and so forth

D. Voluntary contribution to participate in protecting each other against defined loss

7. Which of the following concept eliminates the element of uncertainty in Takaful contract?

A. Mudharabah

B. Wakalah

C. Tabarru'

D. None from A, B, and C

8. "Mudharib" is another name for the

A. The insured

B. Takaful Law Practitioner

C. Takaful agent

D. Entrepreneur

9. Takaful business is divided into 2, which are:

A. Family Takaful, and Asset Takaful

B. General Takaful, and Non-General Takaful

C. Moral Takaful, and Ethics Takaful

D. Family Takaful, and General Takaful

10. Probability Theory measures the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

A. The chance of a profit to be made

B. The number of products that can be made

C. The amount of participants to enter into agreement

D. The chance of a particular event to occur

11. If peril is usually a cause of loss, then \_\_\_\_\_\_\_\_\_\_\_\_\_ increases the chance of a loss.

A. Risk

B. Work ethics of employees

C. Accident

D. Hazard

12. Risks can be categorized as:

A. Fundamental Risk & Mitigation Risk, and Pure Risk & Speculative Risk

B. Impure Risk & Speculative Risk, and Mitigation Risk & Fundamental Risk

C. Fundamental Risk & Particular Risk, and Pure Risk & Speculative Risk

D. Fundamental Risk & Moral Risk, and Pure Risk & Speculative Risk

13. How can risks be transferred?

A. Eliminating the source of risks entirely

B. By taking responsibilities on anything that might occur

C. Non-insurance contract

D. By saving money into a fixed deposit

14. Under what circumstances will the premiums be refundable?

A. Failure of consideration and maximization of risks

B. Intervention from the government and provision in the policy

C. The death of the insured and failure of consideration

D. Provision in the policy and failure of consideration

15. For General Insurance, when must Insurable Interest exists?

A. At the end of the insurance period

B. At varying intervals within a one year period, as per defined by both the insured and the insurer

C. 6 months after the beginning of the contract

D. At the beginning, and at the time of loss, with the exception for Marine Insurance

16. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is the transfer of rights and liabilities by one person to another.

A. Confinement

B. Segregation

C. Assignment

D. Selection

17. In a hypothetical situation whereby an insured person misrepresents a situation, or a material fact, it can be considered as the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

A. Breaches of Indemnity

B. Breaches of Key Materials and Information

C. Breaches of Utmost Good Faith

D. None from A, B, and C

18. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is for the insurer to exercise the insured's right to claim from third party, in respect for a loss.

A. Subrogation

B. Insured's Interest

C. Claim

D. Insurer's Interest

19. General Insurance is renewable, with \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

A. The consent from the government

B. Permission from both the insured and the insurer

C. The high probability of diminishing risks from the perils

D. All from the above

20. Which of the following is TRUE about General Insurance?

A. It always end up as a claim

B. It may not always end up as a claim

C. Claim is dependent upon government's approval

D. Claim is usually more than the defined risk; in terms of monetary value