Takaful Operations and Shariah Governance: Operator Models, Funds and Internal Control

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Introduction:

Takaful operators lose participant trust and Shariah standing when tabarru' contributions mix with shareholder money, wakala fees are charged without a documented basis, surplus is released before deficits are settled or Shariah review arrives only after products are sold. This Core Concept course trains takaful operations, Shariah compliance, finance, audit and risk staff to apply operator models, keep the participants' risk fund apart from the shareholders' fund, allocate surplus and qard, govern family and general takaful and retakaful, and test internal controls. Participants produce a Takaful Fund Segregation and Shariah Control Review File.

Course Objectives:

- Explain how tabarru' based takaful differs from conventional insurance in contract, ownership of the fund and treatment of gharar, maysir and riba
- Apply wakala, mudaraba, hybrid and waqf operator models to fee, profit share and expense allocation between the operator and participants
- Maintain separation of the participants' risk fund, participants' investment fund and shareholders' fund with documented inter-fund entries
- Calculate underwriting surplus, apply the surplus distribution policy and record qard to cover a participants' risk fund deficit
- Operate Shariah governance routines for takaful, from Shariah board resolutions to Shariah review, Shariah audit and purification
- Design and test internal controls over contributions, claims, retakaful cessions and fund investments against IFSB takaful standards

Target Audience:

- Managers responsible for takaful underwriting, product and policy administration
- Managers responsible for Shariah compliance, Shariah review or Shariah audit at takaful operators
- Managers who prepare fund accounts, surplus calculations and reports for takaful and cooperative insurers
- Managers responsible for internal audit and internal control over insurance operations
- Managers who measure solvency, retakaful protection and enterprise risk for takaful undertakings
- Managers responsible for regulatory reporting and conduct of business at takaful operators

Course Outline:

Day 1: Takaful Principles, Tabarru' Contract and Market Landscape

- Tabarru' Donation Contract and Mutual Cooperation Principle in Takaful
- Gharar, Maysir and Riba Tests Applied to Conventional Insurance Contracts
- Takaful Versus Conventional and Cooperative Insurance Comparison Matrix
- Takaful Stakeholder Map: Participants, Operator, Shariah Board and Supervisor
- Takaful Operator Current-State Diagnostic Checklist

Day 2: Operator Models, Fund Structure and Standards

- Wakala Model: Upfront Wakala Fee, Performance Fee and Expense Coverage
- Mudaraba Model: Investment Profit-Sharing Ratio Between Operator and Participants
- Hybrid Wakala-Mudaraba and Waqf-Based Fund Structures
- Participants' Risk Fund, Participants' Investment Fund and Shareholders' Fund Flow Diagram
- IFSB-27 Core Principles and IFSB-29 Conduct of Business for Takaful Undertakings

Day 3: Family and General Takaful Operations, Surplus and Retakaful

- Family Takaful Plans: Protection, Savings Accounts and Participant Investment Account
- General Takaful Lines: Motor, Property, Medical and Liability Contribution Pricing
- Underwriting Surplus Calculation and Surplus Distribution Policy Options
- Qard From the Shareholders' Fund: Deficit Funding and Repayment Schedule
- Retakaful Arrangements and Shariah Conditions on Conventional Reinsurance Use

Day 4: Shariah Governance, Internal Control and Takaful Reporting

- Shariah Board Mandate, Fatwa Register and Product Approval Workflow for Takaful
- Shariah Review Programme and Shariah Audit Sampling of Takaful Transactions
- Internal Control Matrix for Contributions, Claims, Inter-Fund Transfers and Investments
- IFSB-28 Solvency Requirements for Takaful and Retakaful Undertakings in Overview
- IFSB-25 Disclosure Items and Takaful Fund Financial Statements in Overview

Day 5: Case Work: Takaful Fund Segregation and Shariah Control Review File

- Case Brief: Composite Takaful Operator With Family and General Portfolios
- Inter-Fund Transaction Testing and Wakala Fee Recalculation Exercise
- Surplus and Qard Scenario Run With Deficit Recovery Decision
- Shariah Non-Compliance Finding Log and Control Remediation Plan
- Review File Presentation and Mock Shariah Board Challenge

Skills You Will Gain:

- Tabarru' Contract Analysis
- Takaful Operator Model Selection
- Fund Segregation Accounting
- Surplus and Qard Computation
- Retakaful Shariah Screening
- Takaful Shariah Review Planning
- Insurance Internal Control Testing
- Takaful Disclosure Preparation

Why Attend This Course:

- Return with a Takaful Fund Segregation and Shariah Control Review File built on a realistic composite operator case
- Spot inter-fund leakages, wakala fee errors and early surplus releases before an auditor or Shariah board does
- Explain surplus, qard and fee outcomes to participants, boards and supervisors with the working behind each figure
- Compare takaful governance practice with peers from family, general and composite operators across several markets

Conclusion:

Takaful earns trust only when the tabarru' fund is kept apart, the operator is paid on a documented basis and Shariah governance checks the work before and after sale. Across five days participants move from takaful principles and the tabarru' contract, through operator models and fund structure, to family and general operations, surplus, qard and retakaful, then Shariah governance, internal control and reporting. The final day applies these methods to a case and produces a Takaful Fund Segregation and Shariah Control Review File for use at work.