



Perbadanan Insurans Deposit Malaysia  
Protecting Your Insurance And Deposits In Malaysia

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**DIRECTIVE ON THE PROHIBITION AGAINST THE  
TRANSFER OF PREMIUMS PAYABLE TO  
PERBADANAN INSURANS DEPOSIT MALAYSIA BY  
INSURANCE COMPANIES TO POLICY OWNERS**

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**ISSUE DATE : 29 DECEMBER 2014**



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<b>Ref No</b>	TIPS/DIR1/2014	<b>Issued on</b>	29 December 2014
<b>TITLE</b>	Directive on the Prohibition Against the Transfer of Premiums Payable to Perbadanan Insurans Deposit Malaysia by Insurance Companies to Policy Owners		

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## 1.0 LEGAL AUTHORITY

1.1 This Directive is issued by Perbadanan Insurans Deposit Malaysia (“the Corporation”) in exercise of its powers conferred by paragraphs 209(1)(b) and 209(3)(b) of the Malaysia Deposit Insurance Corporation Act 2011 (“PIDM Act 2011”).

## 2.0 PREMIUMS PAYABLE TO THE CORPORATION BY INSURANCE COMPANIES

2.1 Pursuant to section 77 and paragraph 209(1)(a) of the PIDM Act 2011, the Corporation has implemented the differential premium systems framework (“DPS Framework”) for insurance companies through the prescription of the **Malaysia Deposit Insurance Corporation (Differential Premium Systems In Respect of Insurer Members) Regulations 2012** and the issuance of the **Guidelines on Differential Levy System for Takaful and Insurance Benefit Protection System** on 31 January 2013.

2.2 Under the DPS Framework, insurance companies with higher risk profiles will have to pay higher premiums to the Corporation. This is intended to provide incentives for insurance companies to adopt sound risk management practices, hence promoting the overall stability of the financial system in Malaysia.

## 3.0 REQUIREMENTS APPLICABLE TO INSURANCE COMPANIES

3.1 To give effect to the objective stated in paragraph 2, premiums payable by insurance companies to the Corporation shall be borne by insurance companies and shall be paid solely from the shareholders’ fund of the insurance companies.

3.2 Insurance companies are prohibited from charging or transferring the premiums payable to the Corporation to policy owners in any manner, directly or indirectly.

## 4.0 EFFECTIVE DATE

4.1 Insurance companies shall comply with the requirements under paragraph 3 with immediate effect.

4.2 An insurance company who fails to comply with the requirements under paragraph 3 commits an offence under section 195 of the PIDM Act 2011.