



**Perbadanan Insurans Deposit Malaysia**  
**Protecting Your Insurance And Deposits In Malaysia**

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**CONSULTATION PAPER ON THE  
PROPOSED ENHANCEMENTS TO THE SCOPE AND  
LIMITS OF COVERAGE FOR THE TAKAFUL AND  
INSURANCE BENEFITS PROTECTION SYSTEM (TIPS)**

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<b>Ref No</b>	TIPS/CP34/2019	<b>Issued on</b>	20 March 2019
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## 1.0 INTRODUCTION

- 1.1 Perbadanan Insurans Deposit Malaysia (“PIDM”) administers the Takaful and Insurance Benefits Protection System (“TIPS”) that came into effect on 31 December 2010. TIPS is designed to protect the certificate or policy owners against the loss of their eligible takaful or insurance benefits in the event a takaful operator or an insurance company that is a member of PIDM (“the insurer member or the IM”) fails.
- 1.2 The protection under TIPS is accorded on a benefits-protected basis. The qualifying or eligibility conditions for coverage, and the types of takaful or insurance benefits under the takaful certificates or insurance policies (“collectively known as certificates or policies”) that are protected (“protected benefits”) are prescribed in the Malaysia Deposit Insurance Corporation (Protected Benefits) Regulations 2011. The levels or limits of coverage for each type of protected benefits are prescribed in the Malaysia Deposit Insurance Corporation (Protected Benefits Limit) Order 2011. The regulations and the order are attached in Appendix 1 for reference. The qualifying or eligibility conditions, types of protected benefits and limits of coverage are referred to as “scope and limits of coverage”.
- 1.3 PIDM is reviewing the scope and limits of coverage accorded under TIPS to:
- (a) ensure that they remain current and provide sufficient level of protection to certificate or policy owners, given the continuous innovation in product offerings; and
  - (b) facilitate understanding by the IMs of PIDM’s requirements relating to the scope and limits of coverage through simpler and less granular coverage rules. This will also help with compliance by the IMs on forthcoming requirements under the draft regulations on provision of information on protected benefits (“TIPS Information Regulations”).<sup>1</sup>
- 1.4 In the course of the review, PIDM has conducted focus group discussions with selected representatives from the life and general IMs. The discussions centred on the adequacy of the current scope and limits of coverage given product innovation by the IMs to meet the changing needs of certificate or policy owners. We also listened to feedback about operational issues encountered by the IMs when complying with the regulations.<sup>2</sup> PIDM has considered the feedback received and has incorporated the same in the proposals, where relevant and practicable.

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<sup>1</sup> The draft TIPS Information Regulations, amongst others, require the IMs and their intermediaries to disclose to or provide their customers with relevant information on PIDM’s protection under TIPS at the point of sale, to enable them to make informed decisions.

<sup>2</sup> For example, determination of certificates or policies that meet the eligibility conditions.



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1.5 We have also obtained statistics on takaful or insurance benefits from the focus group participants for purposes of our assessment of the adequacy of the scope and limits of coverage for TIPS.

## 2.0 OBJECTIVE

2.1 The purpose of this consultation paper is to seek views and comments on the proposed enhancements to the scope and limits of coverage for TIPS, as set out in the draft Malaysia Deposit Insurance Corporation (Protected Benefits) Regulations 2019 and draft Malaysia Deposit Insurance Corporation (Protected Benefits Limit) Order 2019 attached in Appendix 2. The proposed enhancements are shown in markup format of Appendix 2 for your easy reference.

2.2 The key proposed enhancements are discussed in the following two (2) sections of this paper:

- (a) **section 4:** General takaful and general insurance business; and
- (b) **section 5:** Family takaful and life insurance business.

2.3 The key proposed enhancements are categorised into the following three (3) areas in each section:

- (a) the simplification of current eligibility conditions for coverage;
- (b) the enlargement of the scope of coverage and enhancement of the protected benefits categories; and
- (c) the maintenance of maximum coverage limits at RM500,000, except that the refundable prepaid contributions or premiums for certain general certificates or policies will be capped at RM25,000.

## 3.0 THE CONSULTATION PROCESS

3.1 PIDM welcomes written comments from interested parties on any aspect of the consultation paper. Comments should be sent no later than **15 April 2019** to:

Ms. Suhaida Mohd Sulaiman / Ms. Hoh Li Yun  
Policy and International Division  
Perbadanan Insurans Deposit Malaysia  
Level 12, Menara Axiata  
No. 9, Jalan Stesen Sentral 5  
Kuala Lumpur Sentral  
50470 Kuala Lumpur



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Enquiries: 03 2265 6418 / 2173 7561

Fax: 03 2173 7533

Email: [policytips@pidm.gov.my](mailto:policytips@pidm.gov.my)

- 3.2 PIDM will collate the comments submitted for this consultation paper and its responses to the comments may be made public. If you do not wish for any of your comment to be made public, please indicate as such in your submission.
- 3.3 The proposed enhancements are planned to be effective in 2020.



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#### 4.0 PROPOSED ENHANCEMENTS TO THE SCOPE AND LIMITS OF COVERAGE FOR GENERAL TAKAFUL AND GENERAL INSURANCE BUSINESS

4.1 PIDM proposes to enhance the scope and limits of coverage for general takaful and general insurance business, as set out below.

##### ***Simplify current eligibility conditions for coverage***

4.2 For takaful or insurance benefits under a general certificate or policy, the eligibility conditions for coverage under TIPS are as follows:

- (a) the certificate or policy is issued in Malaysia by an IM;
- (b) the certificate or policy is denominated in Ringgit Malaysia; and
- (c) other eligibility conditions as specified in Regulation 4 of the Malaysia Deposit Insurance Corporation (Protected Benefits) Regulations 2011 attached in Appendix 1.

These eligibility conditions for coverage are prescribed to reflect that businesses that are underwritten as Malaysian businesses in the books of the IMs are protected under TIPS.

4.3 PIDM proposes to replace the current eligibility condition under paragraph 4.2(c) with the following:

*“the certificate or policy is reported by an IM to Bank Negara Malaysia (“BNM”) as a Malaysian takaful certificate or Malaysian policy”.*<sup>3</sup>

4.4 PIDM is of the view that streamlining the eligibility conditions with the definitions under the Islamic Financial Services Act 2013 (“IFSA”) or Financial Services Act 2013 (“FSA”) will minimise administrative burden on the IMs, and facilitate communication to the public on TIPS protection.

#### **Feedback required 1:**

PIDM seeks your comments on the use of “Malaysian takaful certificate or Malaysian policy” as an eligibility condition. Do you foresee significant operational challenges with the implementation of the proposal? If so, please elaborate and provide alternative eligibility condition(s) that may be more outcome-based and practical to implement in meeting our objective to protect Malaysian certificate and policy owners.

<sup>3</sup> “Malaysian takaful certificate” or “Malaysian policy” has the same meaning as defined under the IFSA or FSA, respectively.

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***Enlarge the scope of coverage and enhance the protected benefits categories***

- 4.5 Currently, certain takaful or insurance benefits are not included in the scope of coverage. These include loss in relation to intellectual property, loss of profit under commercial line products, loss due to acts of fraud or dishonesty, damages payable for professional negligence and damages to unique property.<sup>4</sup>
- 4.6 PIDM proposes to simplify and widen the scope of coverage to better cater for current and future product innovation. It is proposed that all takaful or insurance benefits, including those benefits currently excluded under paragraph 4.5, under an eligible certificate or policy, be protected by PIDM. Consequently, the proposal is reflected in the enhanced protected benefits categories as shown below:
- (a) the category of “loss of or damage to property and consequential loss”<sup>5</sup> is enhanced to include loss of, or damage to, unique property, and consequential loss arising from damage to a property within the scope of coverage; and
  - (b) a new protected benefit category of “pecuniary loss” is introduced to include loss in relation to intellectual property, loss due to acts of fraud or dishonesty and damages payable for professional negligence within the scope of coverage.

Details are provided in Appendix 3.

- 4.7 PIDM is of the view that this proposal will provide greater clarity and certainty about takaful or insurance benefits protected by PIDM. This proposal, coupled with the proposal to simplify the eligibility conditions for coverage discussed in the preceding paragraphs, will facilitate communication between the IMs and their potential and existing certificate or policy owners, particularly with the planned implementation of the draft TIPS Information Regulations.
- 4.8 PIDM wishes to highlight that the proposed enhancements to the description of protected benefits categories will not have a significant impact on the extent of coverage under TIPS. Protected benefits under two (2) or more certificates or policies will be aggregated and protected up to the protected limit only if they relate to the same IM, same certificate or policy owner, same risk event and same life or property insured (referred to as “aggregation rule”). There is no change to the aggregation rule. Please

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<sup>4</sup> For example, tree, livestock or crop.

<sup>5</sup> It combines four (4) categories of property that are protected currently, namely immovable property, movable property, motor vehicle and waterborne vessel or aircraft as prescribed under the existing regulations.

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refer to Appendix 4 on how the aggregation rule will be applied under the current and proposed protected benefits categories.

- 4.9 Further, the proposal will not significantly increase the levy paid by the IMs to PIDM because levy is currently charged on “qualified certificates or policies” basis.<sup>6</sup>

**Feedback required 2:**

- (a) We seek your comments on whether the enlarged scope is appropriate. If not, please provide justifications or statistics to support your comments.
- (b) We seek your comments on whether the proposed description of protected benefits categories is appropriate and relevant for all takaful or insurance benefits under the general certificates or policies offered by the IMs.

Please highlight if the description of the proposed protected benefits categories does not cater for takaful or insurance benefit(s) under any general certificates or policies currently offered by the IMs, and provide suggestion(s) on the description for such takaful or insurance benefit(s) to be included within the scope of coverage.

***Maintain maximum coverage limit at RM500,000***

- 4.10 The current maximum coverage limit for TIPS is prescribed at RM500,000, other than medical expenses and refundable prepaid contribution or premium, which are fully protected. The coverage limits would fully cover 98% of individual certificate or policy owners on an aggregate basis, and at least 90% of individual certificate or policy owners based on each major type of product commonly purchased by individuals.<sup>7</sup> The level of coverage is also fairly consistent with the level of protection accorded under the Deposit Insurance System that protects 97% of all depositors in full.
- 4.11 In view of the extensive coverage for individual certificate or policy owners, PIDM proposes to maintain the current maximum coverage limit at RM500,000, and continue to protect incurred medical expenses in full (subject to terms in the certificates or policies).

<sup>6</sup> Qualified certificates or policies means certificates or policies of general takaful or general insurance issued by an IM that contain part or all of those benefits protected under TIPS, as defined in the Guidelines on Takaful and Insurance Benefits Protection System: Submission of Returns on Calculation of Levies for Takaful and Insurance Businesses.

<sup>7</sup> For example, motor, fire, houseowner, burglary and personal accident takaful or insurance.



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***Impose cap for refundable prepaid contributions or premiums<sup>8</sup> at RM25,000***

- 4.12 As stated in paragraph 4.10 above, the refundable prepaid contributions or premiums are currently protected by PIDM in full.
- 4.13 In line with other protected benefits categories with prescribed limits, PIDM proposes to also impose a cap for the refund of prepaid contributions or premiums.<sup>9</sup> The refund for all general certificates or policies, other than certificates or policies stated in paragraph 4.14, will be prescribed at a maximum of RM25,000 per certificate or policy.
- 4.14 The refundable prepaid contributions or premiums for the following certificates or policies will continue to be protected in full by PIDM:
- (a) medical and health certificates or policies; and
  - (b) certificates or policies which are mandated under the Road Transport Act 1987 and Workmen's Compensation Act 1952.
- 4.15 The limit set for refundable prepaid contributions or premiums of RM25,000 would fully cover 99% of individual certificate or policy owners, and is sufficient to cover annual contributions or premiums for major types of product commonly purchased by individuals.<sup>10</sup>

**Feedback required 3:**

PIDM seeks your comments on the proposal to retain the maximum coverage limit at RM500,000, and impose a cap for refundable prepaid contributions or premiums at RM25,000.

- (a) Particularly, do you agree that the maximum coverage limit of RM500,000 is appropriate and adequate to meet the needs of the majority of Malaysian certificate or policy owners? If not, please suggest the appropriate coverage limits and provide relevant justification or statistics to support your suggestion.
- (b) With the proposed cap on refundable prepaid contributions or premiums (i.e. RM25,000 per certificate or policy, other than certificates or policies stated in paragraph 4.14), do you foresee that it would have a significant impact on your business or your cedants' businesses? If so, please provide details on what the impact entails.

When responding to the above proposals and to the extent practicable, please seek your cedants' views, particularly cedants insuring for large and specialised risks.

<sup>8</sup> Refers to unearned contributions or premiums.

<sup>9</sup> We note that the annual contributions or premiums for certain large and specialised commercial risks may be higher than the coverage limits for other protected benefits categories of RM500,000.

<sup>10</sup> The percentage is calculated based on average contributions per certificate (or average premiums per policy) and based on maximum refund amount for contributions or premiums prepaid by the certificate or policy owners for a full year period.

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## 5.0 PROPOSED ENHANCEMENTS TO THE SCOPE AND LIMITS OF COVERAGE FOR FAMILY TAKAFUL AND LIFE INSURANCE BUSINESS

5.1 The proposed enhancements for family takaful and life insurance business are streamlined with the general takaful and general insurance business, as much as practicable to minimise competitive distortion between the sectors.

5.2 The proposed enhancements to the scope and limits of coverage for family takaful and life insurance are discussed below.

### ***Simplify current eligibility conditions for coverage***

5.3 Similar with the policy intention for general takaful and general insurance, the eligibility conditions for family takaful or life insurance benefits are prescribed to include businesses underwritten as Malaysian businesses in the books of the IMs.

5.4 Currently, there are three (3) eligibility conditions for coverage of takaful or insurance benefits under a family certificate or life policy, namely:

- (a) the certificate or policy is issued in Malaysia by an IM;
- (b) the address of the certificate or policy owner is or was an address in Malaysia; and
- (c) the certificate or policy is denominated in Ringgit Malaysia.

The eligibility conditions stated in paragraphs 5.4(a) and 5.4(c) above are the same for general takaful or insurance benefits.

5.5 PIDM wishes to maintain consistency of eligibility conditions for family takaful or life insurance benefits with general takaful or insurance benefits. Given the proposal for general takaful or insurance benefits, PIDM proposes to make the same change to the eligibility condition stated in paragraph 5.4(b), i.e., to replace with the following:

*“the certificate or policy is reported by an IM to BNM as a Malaysian takaful certificate or Malaysian policy”.*

5.6 The proposal will not change the underlying criteria in determining whether a family certificate or life policy meets the eligibility condition.<sup>11</sup> The proposal is merely a change in the description of the eligibility condition.

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<sup>11</sup> Under the IFSA, Malaysian takaful certificate means “...(a) a family takaful certificate where the takaful participant’s address, as specified in the takaful certificate or any other address subsequently notified in writing by the takaful participant to the licensed takaful operator, is or was an address in Malaysia; ...”. Under the FSA, Malaysian policy means “...(a) a life policy where the policy owner’s address, as specified in the policy or any other address subsequently notified in writing by the policy owner to the insurer, is or was an address in Malaysia; ...”.

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#### Feedback required 4:

PIDM seeks your comments on the use of “Malaysian takaful certificate or Malaysian policy” as an eligibility condition. Do you foresee significant operational challenges with the implementation of the proposal? If so, please elaborate and provide alternative eligibility condition(s) that may be more outcome-based and practical to implement in meeting our objective to protect Malaysian certificate and policy owners.

#### ***Enlarge the scope of coverage and enhance the protected benefits categories***

- 5.7 Currently, certain takaful or insurance benefits are not included in the scope of coverage. For example, pecuniary loss due to kidnapping that is generally bundled as an additional benefit to a certificate or policy, is currently not covered under TIPS.
- 5.8 PIDM proposes to make the scope of coverage simpler and wider to better cater for any dynamic changes in product innovation. It is proposed that all takaful or insurance benefits, including those currently excluded under paragraph 5.7, under an eligible certificate or policy be protected by PIDM, except in the case of an investment-linked certificate or policy as explained below.
- 5.9 Currently, benefits that are payable from the investment portion of an investment-linked certificate or policy are excluded from the coverage. The policy intention for TIPS is to provide coverage for misfortune benefits (for example, death and disability benefits) regardless of where they are payable from. Going forward, it is proposed that misfortune benefits will continue to be protected regardless whether the benefits are payable from the unit or non-unit (risk) portion of the certificate or policy. However, maturity benefits, surrender benefits and income benefits<sup>12</sup> that are payable from the unit portion of investment-linked certificate or policy will continue to be excluded from the coverage.
- 5.10 The above proposals are reflected in the enhanced protected benefits categories, as shown in Appendix 5. Consequently, a new protected benefits category of “pecuniary loss” will be introduced to include pecuniary loss due to kidnapping within the scope of coverage.
- 5.11 The enhancements also aim to address the lack of clarity in the description of some protected benefits categories, and the lack of consistency in the classification across the industry. For example, the current protected benefits categories of “accumulated cash dividend” and “annuity income” may not fully describe guaranteed cash payment under a participating policy where a guaranteed amount will be paid regularly to the policy owners throughout the policy tenure. Hence, a new protected benefits category of “income and related benefits” will be introduced to encompass, amongst others, cash

<sup>12</sup> “income benefits” are explained in paragraph 5.11 below.



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dividend or accumulated cash dividend, annuity income, guaranteed cash payment, regular payout and settlement option.<sup>13</sup>

- 5.12 PIDM is of the view that this proposal will provide greater clarity on our protected benefits. PIDM wishes to highlight that the TIPS coverage for a certificate or policy owner does not change significantly with these proposals. Protected benefits under two (2) or more certificates or policies will be aggregated and protected up to the protected limit only if they relate to the same IM, same certificate or policy owner, same risk event and same life insured. There is no change in the aggregation rule. The aggregation rule under the current and proposed protected benefits categories is illustrated in Appendix 6.
- 5.13 Further, the proposal will not significantly increase the levy paid by the IMs to PIDM because levy is currently charged on “qualified certificates or policies” basis.<sup>14</sup>

**Feedback required 5:**

- (a) We seek your comments on whether the enlarged scope is appropriate. If not, please provide justifications or statistics to support your comments.
- (b) We seek your comments on whether the proposed description of protected benefits categories is appropriate, relevant and provide better clarity for all takaful or insurance benefits under the family certificates or life policies offered by the IMs.

Please highlight if the description of the proposed protected benefits categories does not cater for any takaful or insurance benefit(s) under any family certificates or life policies currently offered by the IMs, and provide suggestion(s) on the description for such takaful or insurance benefit(s) to be included within the scope of coverage.

<sup>13</sup> For the avoidance of doubt, only income benefits that are accrued or due in accordance with the certificate or policy will be protected under TIPS.

<sup>14</sup> Qualified certificates or policies mean certificates or policies of general takaful or general insurance issued by an IM that contain part or all of those benefits protected under TIPS, as defined in the Guidelines on Takaful and Insurance Benefits Protection System: Submission of Returns on Calculation of Levies for Takaful and Insurance Businesses.



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***Maintain maximum coverage limit at RM500,000***

- 5.14 The current maximum coverage limit of RM500,000 will be retained, given that it fully covers 99% of all certificate or policy owners (individual and group) on an aggregate basis, and at least 98% of all certificate or policy owners based on each major types of takaful or insurance benefits.<sup>15</sup> The level of coverage is also fairly consistent with the level of protection accorded under the Deposit Insurance System that protects 97% of all depositors in full.

**Feedback required 6:**

We seek comments on whether the current maximum coverage limit is appropriate and adequate to meet the needs of the majority of Malaysian certificate or policy owners? If not, please suggest the appropriate coverage limits and provide relevant justification or statistics to support your suggestion.

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<sup>15</sup> For example, death, disability, maturity value, surrender value and income benefits.



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## Appendix 1

### Malaysia Deposit Insurance Corporation (Protected Benefits) Regulations 2011 and Malaysia Deposit Insurance Corporation (Protected Benefits Limit) Order 2011

#### MALAYSIA DEPOSIT INSURANCE CORPORATION ACT 2011

##### Malaysia Deposit Insurance Corporation (Protected Benefits) Regulations 2011

In exercise of the powers conferred by subsection 69(2) and section 209 of the Malaysia Deposit Insurance Corporation Act 2011 [Act 720], the Corporation, with the approval of the Minister, makes the following regulations:

#### Citation and commencement

1. (1) These regulations may be cited as the **Malaysia Deposit Insurance Corporation (Protected Benefits) Regulations 2011**.

(2) These Regulations shall be deemed to have come into operation on 31 December 2010.

#### Interpretation

2. In these Regulations, “qualified person” means—

(a) such individual as defined under section 7 of the Income Tax Act 1967 [Act 53];

(b) a body, incorporated, established, constituted, formed, registered with or approved by any authority under the laws of Malaysia;

(c) the Government or any State Government;

(d) a local authority; or

(e) embassy, consulate, high commissions, supranational or international organization in Malaysia.

#### Protected benefits under family solidarity takaful certificates or life insurance policies

3. (1) Subject to the Malaysia Deposit Insurance Corporation (Protected Benefits Limit) Order 2011 [P.U. (A) 27], the Corporation shall protect the types of takaful or insurance benefits under family solidarity takaful certificates or life insurance policies, including investment-linked and annuity certificates and policies, that are specified in the First Schedule.

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(2) A certificate or policy owner may claim protection in respect of any of the takaful or insurance benefits specified in the First Schedule if—

- (a) the certificate or policy is issued in Malaysia by an insurer member;
- (b) the address of the certificate or policy owner is or was an address in Malaysia; and
- (c) the certificate or policy is denominated in Ringgit.

(3) For the avoidance of doubt—

- (a) an investment-linked certificate or policy refers to a contract of takaful or insurance on human life or annuity where the benefits are, wholly or partly, to be determined by reference to the value of, or the income from, property of any description or by reference to fluctuations in, or in an index of, the value of property of any description; and
- (b) the investment portion of an investment-linked family solidarity takaful certificate or life insurance policy is excluded from the takaful and insurance benefits protection system.

#### **Protected benefits under general takaful certificates or general insurance policies**

4. (1) The types of takaful or insurance benefits under general takaful certificates or general insurance policies that are specified in column (1) of the Second Schedule are protected by the Corporation up to the corresponding limits specified in Malaysia Deposit Insurance Corporation (Protected Benefits Limit) Order 2011, subject to the conditions specified in column (2) of the Second Schedule.

(2) A certificate or policy owner may claim protection in respect of any of the takaful or insurance benefits specified in column (1) of the Second Schedule if at the time of the issuance of the certificate or policy—

- (a) the certificate or policy is issued in Malaysia by an insurer member; and
- (b) the certificate or policy is denominated in Ringgit.

(3) In the case of immovable property, a certificate or policy owner may claim protection in respect of any of the takaful or insurance benefits specified in column (1) of the Second Schedule if the immovable property is located in Malaysia.

(4) In the case of movable property (except a motor vehicle, waterborne vessel or aircraft), a certificate or policy owner who is not a citizen of Malaysia or a qualified person at the time of issuance of the certificate or policy may claim protection in respect of the takaful



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or insurance benefits specified in column (1) of the Second Schedule if the risk event occurs in Malaysia.

(5) A certificate or policy owner may claim protection in respect of the takaful or insurance benefit specified in column (1) of the Second Schedule relating to indemnification for a loss of or damage to a property of a third party pursuant to a public liability or product liability certificate or policy if—

- (a) the certificate or policy owner is a citizen of Malaysia or a qualified person, at the time of issuance of the certificate or policy; and
- (b) the risk event occurs in Malaysia.

(6) In the case of a motor vehicle that is not registered in Malaysia under Part II of the Road Transport Act 1967 [Act 333] at the time of issuance of the certificate or policy, a certificate or policy owner may—

- (a) claim protection in respect of the loss of or damage to the protected motor vehicle; or
- (b) claim protection in respect of indemnification for the loss of or damage to a property of a third party,

if the risk event occurs in Malaysia.

(7) The certificate or policy owner shall be a citizen of Malaysia or a qualified person at the time of issuance of the certificate or policy to claim protection in respect of the following takaful or insurance benefits specified in column (1) of the Second Schedule:

- (a) death and related benefits;
- (b) permanent disability;
- (c) critical illness;
- (d) disability income;
- (e) medical expenses;
- (f) refundable prepaid contribution or premiums;
- (g) loss of or damage to a waterborne vessel or aircraft;
- (h) death of a third party;



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- (i) permanent disability of a third party;
- (j) illness or bodily injury of a third party;
- (k) disability income of a third party;
- (l) medical expenses of a third party; or
- (m) loss of or damage to a property of a third party indemnifiable pursuant to a waterborne vessel or aircraft certificate or policy.

(8) The condition in subregulation (7) does not apply to protection in respect of benefits on death of a third party, permanent disability of a third party, illness or bodily injury of a third party and medical expenses of a third party indemnifiable pursuant to a motor vehicle certificate or policy.

#### FIRST SCHEDULE

[Regulation 3]

#### ***Types of Takaful or Insurance Benefits***

1. Death and related benefits
2. Permanent disability
3. Critical illness
4. Maturity value (excluding the unit portion of investment-linked certificates or policies)
5. Surrender value
6. Accumulated cash dividend
7. Disability income
8. Annuity income
9. Medical expenses
10. Refundable prepaid contribution or premium

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SECOND SCHEDULE

[Regulation 4]

<b><i>Types of Takaful or Insurance Benefits (1)</i></b>	<b><i>Conditions (2)</i></b>
Loss of or damage to immovable property	subregulations (2) and (3)
Loss of or damage to movable property (save and except a motor vehicle, waterborne vessel or aircraft)	subregulations (2) and (4)
Loss of or damage to a property of a third party indemnifiable pursuant to a public liability or product liability certificate or policy	subregulations (2) and (5)
Loss of or damage to a motor vehicle	subregulations (2) and (6)
Loss of or damage to a property of a third party indemnifiable pursuant to a motor vehicle certificate or policy	subregulations (2) and (6)
Loss of or damage to a waterborne vessel or aircraft	subregulation (2) and paragraph (7)(g)
Loss of or damage to a property of a third party indemnifiable pursuant to a waterborne vessel or aircraft certificate or policy	subregulation (2) and paragraph (7)(m)
Death and related benefits	subregulation (2) and paragraph (7)(a)
Permanent disability	subregulation (2) and paragraph (7)(b)
Critical illness	subregulation (2) and paragraph (7)(c)
Disability income	subregulation (2) and paragraph (7)(d)
Medical expenses	subregulation (2) and paragraph (7)(e)
Refundable prepaid contribution or premiums	subregulation (2) and paragraph (7)(f)
Death of a third party	subregulations (2) and (8) and paragraph (7)(h)



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<b><i>Types of Takaful or Insurance Benefits (1)</i></b>	<b><i>Conditions (2)</i></b>
Permanent disability of a third party	subregulations (2) and (8) and paragraph (7)(i)
Illness or bodily injury of a third party	subregulations (2) and (8) and paragraph (7)(j)
Disability income of a third party	subregulations (2) and (8) and paragraph (7)(k)
Medical expenses of a third party	subregulations (2) and (8) and paragraph (7)(l)

Made 12 January 2011  
[PIDM/PN/2/2010; PN(PU<sup>2</sup>)689]

Tan Sri Dato' Abdul Aziz bin Haji Taha  
*Chairman*  
*Malaysia Deposit Insurance Corporation*

Approved 21 January 2011  
[KK/BPKA/K1/(s)/382/342/3-1 Jld. 4; PN(PU<sup>2</sup>)689]

Dato' Seri Ahmad Husni bin Mohamad Hanadzlah  
*Second Minister of Finance*

*[To be laid before the Dewan Rakyat pursuant to subsection 209(4) of the Malaysia Deposit Insurance Corporation Act 2011]*

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## MALAYSIA DEPOSIT INSURANCE CORPORATION ACT 2011

### Malaysia Deposit Insurance Corporation (Protected Benefits Limit) Order 2011

In exercise of the powers conferred by subsection 69(4) of the Malaysia Deposit Insurance Corporation Act 2011 [Act 720], the Minister, on the recommendation of the Corporation, makes the following order:

#### Citation and commencement

1. (1) This order may be cited as the **Malaysia Deposit Insurance Corporation (Protected Benefits Limit) Order 2011**.

(2) This Order shall be deemed to have come into operation on 31 December 2010.

#### Limits of protected benefits under family solidarity takaful certificates or life insurance policies

2. The protected takaful benefits or protected insurance benefits under family solidarity takaful certificates or life insurance policies that are specified in column (1) of the First Schedule are protected by the Corporation up to the corresponding limits specified in column (2) of the First Schedule.

#### Limits of protected benefits under general takaful certificates or general insurance policies

3. The protected takaful benefits or protected insurance benefits under general takaful certificates or general insurance policies that are specified in column (1) of the Second Schedule are protected by the Corporation up to the corresponding limits specified in column (2) of the Second Schedule.

#### FIRST SCHEDULE

[Paragraph 2]

<i>Protected Takaful Benefit or Protected Insurance Benefit (1)</i>	<i>Limit (2)</i>
Death and related benefits	RM500,000
Permanent disability	RM500,000
Critical illness	RM500,000



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<i>Protected Takaful Benefit or Protected Insurance Benefit (1)</i>	<i>Limit (2)</i>
Maturity value (excluding the unit portion of investment-linked certificates or policies)	RM500,000
Surrender value	RM500,000
Accumulated cash dividend	RM100,000
Disability income	RM10,000 per month
Annuity income	RM10,000 per month
Medical expenses	100% of expenses incurred
Refundable prepaid contribution or premium	100% of amount prepaid

## SECOND SCHEDULE

[Paragraph 3]

<i>Protected Takaful Benefit or Protected Insurance Benefit (1)</i>	<i>Limit (2)</i>
Loss of or damage to immovable property	RM500,000 per property
Loss of or damage to movable property (save and except a motor vehicle, waterborne vessel or aircraft)	RM500,000 per property
Loss of or damage to a property of a third party indemnifiable pursuant to a public liability or product liability certificate or policy	RM500,000 per property
Loss of or damage to a motor vehicle	RM500,000 per property
Loss of or damage to a property of a third party indemnifiable pursuant to a motor vehicle certificate or policy	RM500,000 per property
Loss of or damage to a waterborne vessel or aircraft	RM500,000 per property
Loss of or damage to a property of a third party indemnifiable pursuant to a waterborne vessel or aircraft certificate or policy	RM500,000 per property



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<i>Protected Takaful Benefit or Protected Insurance Benefit (1)</i>	<i>Limit (2)</i>
Death and related benefits	RM500,000
Permanent disability	RM500,000
Critical illness	RM500,000
Disability income	RM10,000 per month
Medical expenses	100% of expenses incurred
Refundable prepaid contribution or premiums	100% of amount prepaid
Death of a third party	RM500,000
Permanent disability of a third party	RM500,000
Illness or bodily injury of a third party	RM500,000
Disability income of a third party	RM10,000 per month
Medical expenses of a third party	100% of expenses incurred

Made 21 January 2011  
[PIDM/PN/2/2010; PN(PU<sup>2</sup>)689]

Dato' Seri Ahmad Husni bin Mohamad Hanadzlah  
*Second Minister of Finance*



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## Appendix 2

### Draft Malaysia Deposit Insurance Corporation (Protected Benefits) Regulations 2019 and Draft Malaysia Deposit Insurance Corporation (Protected Benefits Limit) Order 2019

#### MALAYSIA DEPOSIT INSURANCE CORPORATION ACT 2011

##### Malaysia Deposit Insurance Corporation (Protected Benefits) Regulations ~~2014~~[2019]

In exercise of the powers conferred by subsection 69(2) and section 209 of the Malaysia Deposit Insurance Corporation Act 2011 [Act 720], the Corporation, with the approval of the Minister, makes the following regulations:

#### Citation and commencement

1. (1) These regulations may be cited as the **Malaysia Deposit Insurance Corporation (Protected Benefits) Regulations ~~2014~~2019**.

(2) These Regulations shall be deemed to have come into operation on [ ] ~~31 December 2010~~.

#### Interpretation

2. In these Regulations, ~~“qualified person” means —~~

~~(a) such individual as defined under section 7 of the Income Tax Act 1967 [Act 53];~~

~~(b) a body, incorporated, established, constituted, formed, registered with or approved by any authority under the laws of Malaysia;~~

~~(c) the Government or any State Government;~~

~~(d) a local authority; or~~

~~(e) embassy, consulate, high commissions, supranational or international organization in Malaysia;~~

“investment-linked policy” has the same meaning as defined under the Financial Services Act 2013 [Act 758].

“investment-linked takaful certificate” has the same meaning as defined under the Islamic Financial Services Act 2013 [Act 759].

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“Malaysian policy” has the same meaning as defined under the Financial Services Act 2013[Act 758].

“Malaysian takaful certificate” has the same meaning as defined under the Islamic Financial Services Act 2013 [Act 759].

### Protected benefits under family **solidarity** takaful certificates or life insurance policies

3. (1) Subject to the Malaysia Deposit Insurance Corporation (Protected Benefits Limit) Order ~~2019~~ ~~2014~~ [P.U. (A) ~~XX 27~~], the Corporation shall protect the types of takaful or insurance benefits under family **solidarity** takaful certificates or life insurance policies **that are specified in the First Schedule**, including investment-linked takaful certificates, investment-linked policies, and annuity certificates and policies ~~that are specified in the First Schedule~~.

(2) A certificate or policy owner may claim protection in respect of any of the takaful or insurance benefits specified in the First Schedule if—

(a) the certificate or policy is issued in Malaysia by an insurer member;

(b) the certificate or policy is reported by the insurer member to Bank Negara Malaysia as a Malaysian takaful certificate or Malaysian policy ~~the address of the certificate or policy owner is or was an address in Malaysia~~; and

(c) the certificate or policy is denominated in Ringgit.

(3) For the avoidance of doubt, ~~==~~

~~(a) an investment linked certificate or policy refers to a contract of takaful or insurance on human life or annuity where the benefits are, wholly or partly, to be determined by reference to the value of, or the income from, property of any description or by reference to fluctuations in, or in an index of, the value of property of any description; and~~

~~(b)~~ the investment unit portion of maturity and related benefits, surrender and related benefits, and income and related benefits of an investment-linked ~~family solidarity~~ takaful certificate or investment-linked life insurance policy is excluded from the takaful and insurance benefits protection system.

### Protected benefits under general takaful certificates or general insurance policies

4. (1) The types of takaful or insurance benefits under general takaful certificates or general insurance policies that are specified in ~~column (1) of~~ the Second Schedule are protected by the Corporation up to the corresponding limits specified in the Malaysia Deposit Insurance



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Corporation (Protected Benefits Limit) Order ~~2019/2011, subject to the conditions specified in column (2) of the Second Schedule.~~

(2) A certificate or policy owner may claim protection in respect of any of the takaful or insurance benefits specified in ~~column (1) of~~ the Second Schedule if ~~at the time of the issuance of the certificate or policy~~—

(a) the certificate or policy is issued in Malaysia by an insurer member; ~~and~~

(b) the certificate or policy is reported by the insurer member to Bank Negara Malaysia as a Malaysian takaful certificate or Malaysian policy; and

~~(b)(c)~~ the certificate or policy is denominated in Ringgit.

~~(3) In the case of immovable property, a certificate or policy owner may claim protection in respect of any of the takaful or insurance benefits specified in column (1) of the Second Schedule if the immovable property is located in Malaysia.~~

~~(4) In the case of movable property (except a motor vehicle, waterborne vessel or aircraft), a certificate or policy owner who is not a citizen of Malaysia or a qualified person at the time of issuance of the certificate or policy may claim protection in respect of the takaful or insurance benefits specified in column (1) of the Second Schedule if the risk event occurs in Malaysia.~~

~~(5) A certificate or policy owner may claim protection in respect of the takaful or insurance benefit specified in column (1) of the Second Schedule relating to indemnification for a loss of or damage to a property of a third party pursuant to a public liability or product liability certificate or policy if—~~

~~(a) the certificate or policy owner is a citizen of Malaysia or a qualified person, at the time of issuance of the certificate or policy; and~~

~~(b) the risk event occurs in Malaysia.~~

~~(6) In the case of a motor vehicle that is not registered in Malaysia under Part II of the Road Transport Act 1967 [Act 333] at the time of issuance of the certificate or policy, a certificate or policy owner may—~~

~~(a) claim protection in respect of the loss of or damage to the protected motor vehicle; or~~

~~(b) claim protection in respect of indemnification for the loss of or damage to a property of a third party,~~

~~if the risk event occurs in Malaysia.~~

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~~(7) The certificate or policy owner shall be a citizen of Malaysia or a qualified person at the time of issuance of the certificate or policy to claim protection in respect of the following takaful or insurance benefits specified in column (1) of the Second Schedule:~~

~~(a) death and related benefits;~~

~~(b) permanent disability;~~

~~(c) critical illness;~~

~~(d) disability income;~~

~~(e) medical expenses;~~

~~(f) refundable prepaid contribution or premiums;~~

~~(g) loss of or damage to a waterborne vessel or aircraft;~~

~~(h) death of a third party;~~

~~(i) permanent disability of a third party;~~

~~(j) illness or bodily injury of a third party;~~

~~(k) disability income of a third party;~~

~~(l) medical expenses of a third party; or~~

~~(m) loss of or damage to a property of a third party indemnifiable pursuant to a waterborne vessel or aircraft certificate or policy.~~

~~(8) The condition in subregulation (7) does not apply to protection in respect of benefits on death of a third party, permanent disability of a third party, illness or bodily injury of a third party and medical expenses of a third party indemnifiable pursuant to a motor vehicle certificate or policy.~~

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## FIRST SCHEDULE

[Regulation 3]

### **Types of Takaful or Insurance Benefits under family takaful certificates or life insurance policies**

1. Death and related benefits
2. ~~Permanent~~ Disability and related benefits
3. ~~Critical illness~~ Illness and related benefits
4. Maturity and related benefits ~~value (excluding the unit portion of investment linked certificates or policies)~~
5. Surrender ~~value~~ and related benefits
6. ~~Accumulated cash dividend~~ Income and related benefits
- ~~7. Disability income~~
- ~~8. Annuity income~~
- ~~9. Medical expenses~~ Healthcare and related benefits
- ~~8. Pecuniary loss~~
- ~~9. Value of that family takaful certificate or value of that life policy~~
- ~~10. Refundable prepaid contribution or premium~~

## SECOND SCHEDULE

[Regulation 4]

### **Types of Takaful or Insurance Benefits under general takaful certificates or general insurance policies**

1. Loss of or damage to property and consequential loss
2. Death and related benefits

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3. [Disability and related benefits](#)
4. [Illness and related benefits](#)
5. [Income and related benefits](#)
6. [Healthcare and related benefits](#)
7. [Refundable prepaid contribution or premium](#)
8. [Pecuniary loss](#)
9. [Loss of or damage to property of a third party and consequential loss](#)
10. [Death of a third party and related benefits](#)
11. [Disability of a third party and related benefits](#)
12. [Illness of a third party and related benefits](#)
13. [Injury of a third party and related benefits](#)
14. [Healthcare of a third party and related benefits](#)
15. [Pecuniary loss of a third party](#)

**~~Types of Takaful or Insurance Benefits~~**  
**~~(1)~~**

**~~Conditions~~**  
**~~(2)~~**

<del>Loss of or damage to immovable property</del>	<del>subregulations (2) and (3)</del>
<del>Loss of or damage to movable property (save and except a motor vehicle, waterborne vessel or aircraft)</del>	<del>subregulations (2) and (4)</del>
<del>Loss of or damage to a property of a third party indemnifiable pursuant to a public liability or product liability certificate or policy</del>	<del>subregulations (2) and (5)</del>
<del>Loss of or damage to a motor vehicle</del>	<del>subregulations (2) and (6)</del>
<del>Loss of or damage to a property of a third party indemnifiable pursuant to a motor vehicle certificate or policy</del>	<del>subregulations (2) and (6)</del>

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~~**Types of Takaful or Insurance Benefits**~~

~~(1)~~

~~**Conditions**~~

~~(2)~~

<del>Loss of or damage to a waterborne vessel or aircraft</del>	<del>subregulation (2) and paragraph (7)(g)</del>
<del>Loss of or damage to a property of a third party indemnifiable pursuant to a waterborne vessel or aircraft certificate or policy</del>	<del>subregulation (2) and paragraph (7)(m)</del>
<del>Death and related benefits</del>	<del>subregulation (2) and paragraph (7)(a)</del>
<del>Permanent disability</del>	<del>subregulation (2) and paragraph (7)(b)</del>
<del>Critical illness</del>	<del>subregulation (2) and paragraph (7)(c)</del>
<del>Disability income</del>	<del>subregulation (2) and paragraph (7)(d)</del>
<del>Medical expenses</del>	<del>subregulation (2) and paragraph (7)(e)</del>
<del>Refundable prepaid contribution or premiums</del>	<del>subregulation (2) and paragraph (7)(f)</del>
<del>Death of a third party</del>	<del>subregulations (2) and (8) and paragraph (7)(h)</del>
<del>Permanent disability of a third party</del>	<del>subregulations (2) and (8) and paragraph (7)(i)</del>
<del>Illness or bodily injury of a third party</del>	<del>subregulations (2) and (8) and paragraph (7)(j)</del>
<del>Disability income of a third party</del>	<del>subregulations (2) and (8) and paragraph (7)(k)</del>
<del>Medical expenses of a third party</del>	<del>subregulations (2) and (8) and paragraph (7)(l)</del>



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## MALAYSIA DEPOSIT INSURANCE CORPORATION ACT 2011

Malaysia Deposit Insurance Corporation  
(Protected Benefits Limit) Order ~~2011~~2019

In exercise of the powers conferred by subsection 69(4) and paragraph 80(5)(b) of the Malaysia Deposit Insurance Corporation Act 2011 [Act 720], the Minister, on the recommendation of the Corporation, makes the following order:

### Citation and commencement

1. (1) This order may be cited as the Malaysia Deposit Insurance Corporation (Protected Benefits Limit) Order ~~2011~~2019.

(2) This Order shall be deemed to have come into operation on [ ] ~~31 December 2010~~.

### Limits of protected benefits under family ~~solidarity~~ takaful certificates or life insurance policies

2. The protected takaful benefits or protected insurance benefits under family ~~solidarity~~ takaful certificates or life insurance policies that are specified in column (1) of the First Schedule are protected by the Corporation up to the corresponding limits specified in column (2) of the First Schedule.

### Limits of protected benefits under general takaful certificates or general insurance policies

3. The protected takaful benefits or protected insurance benefits under general takaful certificates or general insurance policies that are specified in column (1) of the Second Schedule are protected by the Corporation up to the corresponding limits specified in column (2) of the Second Schedule.



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FIRST SCHEDULE

[Paragraph 2]

<u>Protected Takaful Benefit or Protected Insurance Benefit <i>under family takaful certificates or life insurance policies</i></u> (1)	Limit (2)
Death and related benefits	RM500,000
<del>Permanent d</del> <u>Disability and related benefits</u>	RM500,000
<del>Critical I</del> <u>Illness and related benefits</u>	RM500,000
<del>Maturity and related benefits value (excluding the unit portion of investment linked certificates or policies)</del>	RM500,000
<del>Surrender value</del> <u>and related benefits</u>	RM500,000
<del>Accumulated cash dividend</del> <u>Income and related benefits</u>	<del>RM100,000</del> RM500,000
<del>Disability income</del>	<del>RM10,000 per month</del>
<del>Annuity income</del>	<del>RM10,000 per month</del>
<del>Medical expenses</del> <u>Healthcare and related benefits</u>	100% of expenses incurred
<u>Pecuniary loss</u>	<u>RM500,000</u>
<del>Refundable prepaid contribution or premium</del>	<del>100% of amount prepaid</del>
<u>Value of that family takaful certificate or value of that life policy</u>	<u>RM500,000 for one or more family takaful certificates or insurance policies</u>

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SECOND SCHEDULE

[Paragraph 3]

<u>Protected Takaful Benefit or Protected Insurance Benefit under general takaful certificates or general insurance policies</u> (1)	Limit (2)
Loss of or damage to <del>immovable</del> property <u>and consequential loss</u>	RM500,000 per property
<del>Loss of or damage to movable property (save and except a motor vehicle, waterborne vessel or aircraft)</del>	<del>RM500,000 per property</del>
<del>Loss of or damage to a property of a third party indemnifiable pursuant to a public liability or product liability certificate or policy</del>	<del>RM500,000 per property</del>
<del>Loss of or damage to a motor vehicle</del>	<del>RM500,000 per property</del>
<del>Loss of or damage to a property of a third party indemnifiable pursuant to a motor vehicle certificate or policy</del>	<del>RM500,000 per property</del>
<del>Loss of or damage to a waterborne vessel or aircraft</del>	<del>RM500,000 per property</del>
<del>Loss of or damage to a property of a third party indemnifiable pursuant to a waterborne vessel or aircraft certificate or policy</del>	<del>RM500,000 per property</del>
Death and related benefits	RM500,000
<del>Permanent d</del> <u>Disability and related benefits</u>	RM500,000
<del>Critical I</del> <u>Illness and related benefits</u>	RM500,000
<del>Disability income</del>	<del>RM10,000 per month</del>
<u>Income and related benefits</u>	<u>RM500,000</u>
<del>Medical expenses</del> <u>Healthcare and related benefits</u>	100% of expenses incurred





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<u>Protected Takaful Benefit or Protected Insurance Benefit <i>under general takaful certificates or general insurance policies</i></u> (1)	Limit (2)
Refundable prepaid contribution or premium	<del>100% of amount prepaid</del> <u>100% of amount prepaid for medical and health takaful certificates or insurance policies, and takaful certificates or insurance policies which are mandated under the Road Transport Act 1987 and Workmen's Compensation Act 1952.</u>  <u>RM25,000 per takaful certificate or insurance policy, for other types of takaful certificates or insurance policies.</u>
<u>Pecuniary loss</u>	<u>RM500,000</u>
<u>Loss of or damage to property of a third party and consequential loss</u>	<u>RM500,000 per property</u>
Death of a third party <u>and related benefits</u>	RM500,000
<del>Permanent d</del> <u>Disability of a third party and related benefits</u>	RM500,000
Illness <del>or bodily injury</del> of a third party <u>and related benefits</u>	RM500,000
<u>Injury of a third party and related benefits</u>	RM500,000
<del>Disability income of a third party</del>	<del>RM10,000 per month</del>
<u>Healthcare</u> <del>Medical expenses</del> of a third party <u>and related benefits</u>	100% of expenses incurred
<u>Pecuniary loss of a third party</u>	<u>RM500,000</u>

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### Appendix 3

#### Existing and proposed scope and limits of coverage for general takaful and general insurance business

Existing protected takaful or insurance benefits category and limit	PIDM's Proposal
<b>Own damage</b>	
Loss of or damage to: 1. Immovable property <i>[RM500,000 per property]</i> 2. Movable property (save and except a motor vehicle, waterborne vessel or aircraft) <i>[RM500,000 per property]</i> 3. Motor vehicle <i>[RM500,000 per property]</i> 4. Waterborne vessel or aircraft <i>[RM500,000 per property]</i>	1. Loss of or damage to property <sup>16</sup> and consequential loss <sup>17</sup> <i>[RM500,000 per property]</i>
5. Death and related benefits <i>[RM500,000]</i>	2. Death and related benefits <sup>18</sup> <i>[RM500,000]</i>
6. Permanent disability <i>[RM500,000]</i>	3. Disability and related benefits <sup>19</sup> <i>[RM500,000]</i>
7. Disability income <i>[RM10,000 per month]</i>	
8. Critical illness <i>[RM500,000]</i>	4. Illness and related benefits <sup>20</sup> <i>[RM500,000]</i>
9. Medical expenses <i>[100% of expenses incurred]</i>	5. Healthcare and related benefits <sup>21</sup> <i>[100% of expenses incurred]<sup>22</sup></i>

<sup>16</sup> Property includes tree, livestock, crop and money (under money takaful or insurance). For the avoidance of doubt, each building, motor vehicle, waterborne vessel and aircraft is protected separately.

<sup>17</sup> Consequential loss includes loss of gross profit or increased cost of working arising from loss of or damage to a property.

<sup>18</sup> Related benefits include bereavement or funeral expenses and repatriation of mortal remains payable under the certificate or policy upon death.

<sup>19</sup> Disability benefits include total permanent disability, partial permanent disability, total temporary disability and partial temporary disability, while related benefits include regular income due to disability payable under the certificate or policy.

<sup>20</sup> Illness benefits include critical illness and other illnesses/ disease such as zika and rotavirus, while related benefits are such as hormone replacement therapy.

<sup>21</sup> Healthcare benefits include hospitalisation expenses and accidental medical reimbursement, while related benefits include daily cash allowance, medical evacuation and repatriation expenses.

<sup>22</sup> Subject to terms in the certificates or policies.



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Existing protected takaful or insurance benefits category and limit	PIDM's Proposal
10. Refundable prepaid contribution or premium <i>[100% of amount prepaid]</i>	6. Refundable prepaid contribution or premium <ul style="list-style-type: none"> <li><i>[100% of amount prepaid for medical and health certificates/policies, and certificates/policies which are mandated under the Road Transport Act 1987 and Workmen's Compensation Act 1952; and</i></li> <li><i>RM25,000 per certificate/policy for other types of certificates/policies.]</i></li> </ul>
-	7. Income and related benefits <sup>23</sup> <i>[RM500,000]</i>
-	8. Pecuniary loss <sup>24</sup> <i>[RM500,000]</i>
<b>Third party</b>	
Loss of or damage to a property of a third party under: 11. Public or product liability certificate or policy <i>[RM500,000 per property]</i> 12. Motor vehicle certificate or policy <i>[RM500,000 per property]</i> 13. Waterborne vessel or aircraft certificate or policy <i>[RM500,000 per property]</i>	9. Loss of or damage to property of a third party and consequential loss <i>[RM500,000 per property]</i>
14. Death of a third party <i>[RM500,000]</i>	10. Death of a third party and related benefits <i>[RM500,000]</i>
15. Permanent disability of a third party <i>[RM500,000]</i>	11. Disability of a third party and related benefits <i>[RM500,000]</i>
16. Disability income of a third party <i>[RM10,000 per month]</i>	
17. Illness or bodily injury of a third party <i>[RM500,000]</i>	12. Illness of a third party and related benefits <i>[RM500,000]</i>
-	13. Injury of a third party and related benefits <i>[RM500,000]</i>
18. Medical expenses of a third party <i>[100% of expenses incurred]</i>	14. Healthcare of a third party and related benefits <i>[100% of expenses incurred]</i>
-	15. Pecuniary loss of a third party <i>[RM500,000]</i>

<sup>23</sup> Income benefits include surplus from takaful certificates and regular cash bonus if no claims are made.

<sup>24</sup> Pecuniary loss includes loss due to acts of fraud or dishonesty, damages payable for professional negligence, loss in relation to intellectual property, loss in relation to flight delay and loss in relation to default of contractor under performance bond takaful or insurance.

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## Appendix 4

### Examples of aggregation rule for general takaful and general insurance business

***Aggregation rule = Same insurer member, same certificate or policy owner, same risk event and same life or property insured***

#### Illustration 1:

Mr. A (“policy owner”) had two (2) insurance policies from XYZ Insurance Company (“insurer member”), namely a Houseowner Policy and a Fire Policy.

Mr. A filed two (2) separate claims - one after his house (“property insured”) was burgled on 30 January 2019, and another, a few days later, on 5 February 2019, when his house caught fire.

The application of the aggregation rule under TIPS is explained in the following table:

No	Claim	Risk event	Aggregation rule apply?	TIPS protected benefits (Current)	TIPS protected benefits (Proposed)	Maximum amount protected under TIPS*
1	Theft from Houseowner Policy	Loss of or damage to property due to theft	No	Loss of or damage to immovable property	Loss of or damage to property	RM500,000
2	Fire from Fire Policy	Loss of or damage to property due to fire	No	Loss of or damage to immovable property	Loss of or damage to property	RM500,000

#### No change in protection under current and proposed protected benefits categories

\* The limits shown are of maximum amount payable under TIPS. Actual amount payable by PIDM is subject to the sum insured and other terms stated in policy contract between the policy owner and the insurer member, up to protected benefits limit under TIPS.

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### Illustration 2:

Mrs. A (“policy owner” and “life insured”) had the following four (4) insurance policies from XYZ Insurance Company (“insurer member”):

- (i) Policy 1: Critical Illness (“CI”) Mesra;
- (ii) Policy 2: CI Menyeluruh;
- (iii) Policy 3: Personal Accident Shield; and
- (iv) Policy 4: Personal Accident Cover.

Mrs. A met with an accident on 7 January 2019. She became permanently bedridden. On 1 February 2019, she was hospitalised again after falling into a coma, which resulted from the same accident on 7 January 2019. She died in the hospital 30 days later.

The application of the aggregation rule under TIPS is explained in the following table:

No	Claim	Risk event	Aggregation rule apply?	TIPS protected benefits (Current)	TIPS protected benefits (Proposed)	Maximum amount protected under TIPS*
1	Total Permanent Disability (“TPD”) from Policy 1	TPD due to becoming permanently bedridden	No	Permanent disability	Disability and related benefits	RM500,000
2	Coma from Policy 2	CI due to coma	No	Critical illness	Illness and related benefits	RM500,000
3	Death from Policy 3	Death	Yes	Death and related benefits	Death and related benefits	RM500,000
4	Death from Policy 4	Death		Death and related benefits	Death and related benefits	

### No change in protection under current and proposed protected benefits categories

\* The limits shown are of maximum amount payable under TIPS. Actual amount payable by PIDM is subject to the sum insured and other terms stated in policy contract between the policy owner and the insurer member, up to protected benefits limit under TIPS.

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### Illustration 3:

Mrs. B (“certificate owner” and “life insured”) had two (2) takaful certificates from XYZ Takaful (“insurer member”), namely Personal Accident Certificates 1 and 2.

On 1 January 2019, she became totally blind due to an accident. On 10 February 2019, she slipped and fell, and became permanently bedridden.

The application of the aggregation rule under TIPS is explained in the following table:

No	Claim	Risk event	Aggregation rule apply?	TIPS protected benefits (Current)	TIPS protected benefits (Proposed)	Maximum amount protected under TIPS*
1	TPD from Personal Accident Certificate 1	TPD due to blindness	No	Permanent disability	Disability and related benefits	RM500,000
2	TPD from Personal Accident Certificate 2	TPD due to becoming permanently bedridden	No	Permanent disability	Disability and related benefits	RM500,000

### No change in protection under current and proposed protected benefits categories

*\* The limits shown are of maximum amount payable under TIPS. Actual amount payable by PIDM is subject to the sum insured and other terms stated in contract of takaful between the certificate owner and the insurer member, up to protected benefits limit under TIPS.*

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## Appendix 5

### Existing and proposed scope and limits of coverage for family takaful and life insurance business

Existing protected takaful or insurance benefits category and limit	PIDM's Proposal
1. Death and related benefits <i>[RM500,000]</i>	1. Death and related benefits <sup>25</sup> <i>[RM500,000]</i>
2. Permanent disability <i>[RM500,000]</i>	2. Disability and related benefits <sup>26</sup> <i>[RM500,000]</i>
3. Disability income <i>[RM10,000 per month]</i>	
4. Critical illness <i>[RM500,000]</i>	3. Illness and related benefits <sup>27</sup> <i>[RM500,000]</i>
5. Maturity value (excluding the unit portion of investment-linked certificates or policies) <i>[RM500,000]</i>	4. Maturity and related benefits <sup>28, 29</sup> <i>[RM500,000]</i>
6. Surrender value <i>[RM500,000]</i>	5. Surrender and related benefits <sup>30, 31</sup> <i>[RM500,000]</i>
7. Refundable prepaid contribution or premium <i>[100% of expenses incurred]</i>	
8. Accumulated cash dividend <i>[RM100,000]</i>	6. Income and related benefits <sup>32, 33</sup> <i>[RM500,000]</i>
9. Annuity income <i>[RM10,000 per month]</i>	
10. Medical expenses <i>[100% of expenses incurred]</i>	7. Healthcare and related benefits <sup>34</sup> <i>[100% of expenses incurred]<sup>35</sup></i>

<sup>25</sup> Related benefits include bereavement or funeral expenses and repatriation of mortal remains payable under the certificate or policy upon death.

<sup>26</sup> Disability benefits include total permanent disability, partial permanent disability, total temporary disability and partial temporary disability, while related benefits include regular income due to disability payable under the certificate or policy.

<sup>27</sup> Illness benefits include critical illness and other illnesses/ disease such as zika and rotavirus, while related benefits are such as hormone replacement therapy.

<sup>28</sup> Related benefits include reversionary or terminal bonus paid together with maturity value.

<sup>29</sup> Excludes the unit portion of investment-linked certificates or policies.

<sup>30</sup> Related benefits include reversionary or terminal bonus, and refundable prepaid contribution or premium paid together with surrender value.

<sup>31</sup> Excludes the unit portion of investment-linked certificates or policies.

<sup>32</sup> Income benefits include cash dividend or accumulated cash dividend, annuity income, guaranteed cash payment, regular payout and settlement option.

<sup>33</sup> Excludes the unit portion of investment-linked certificates or policies.

<sup>34</sup> Healthcare benefits include hospitalisation expenses and accidental medical reimbursement, while related benefits include daily cash allowance, medical evacuation and repatriation expenses.

<sup>35</sup> Subject to terms in the certificates or policies.



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Existing protected takaful or insurance benefits category and limit	PIDM's Proposal
-	8. Pecuniary loss <sup>36</sup> <i>[RM500,000]</i>
-	9. Value of that family takaful certificate or value of that life policy <sup>37</sup> <i>[RM500,000 for one or more family takaful certificates or insurance policies]</i>

<sup>36</sup> Pecuniary loss includes loss due to kidnapping such as ransom payment and cost of private investigation.

<sup>37</sup> Under subsection 80(5) of the PIDM Act, value of that family takaful certificate or value of that life policy referred to in paragraph 83(2)(b), 83(3)(b) or subsection 84(3) of the PIDM Act is a protected benefit. The basis of determining the value of that family takaful certificate or value of that life policy is to be prescribed by PIDM.



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## Appendix 6

### Examples of aggregation rule for family takaful and life insurance business

**Aggregation rule = Same insurer member, same certificate or policy owner, same risk event and same life insured**

#### Illustration 1:

Encik Z (“policy owner” and “life insured”) had two (2) life insurance policies from XYZ Insurance Company (“insurer member”), namely a Term Life Policy and a Mortgage Reducing Term Assurance Policy (“MRTA”).

On 15 January 2019, he became blind due to a bacterial infection. On 11 February 2019, he fell into a coma due to the same type of bacterial infection.

The application of the aggregation rule under TIPS is explained in the following table:

No	Claim	Risk event	Aggregation rule apply?	TIPS protected benefits (Current)	TIPS protected benefits (Proposed)	Maximum amount payable under TIPS*
1	TPD from Term Life Policy	TPD due to blindness	No	Permanent disability	Disability and related benefits	RM500,000
2	TPD from MRTA Policy	TPD due to coma	No	Permanent disability	Disability and related benefits	RM500,000

#### No change in protection under current and proposed protected benefits categories

\* The limits shown are of maximum amount payable under TIPS. Actual amount payable by PIDM is subject to the sum insured and other terms stated in policy contract between the policy owner and the insurer member, up to protected benefits limit under TIPS.

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**Illustration 2:**

Puan B (“certificate owner” and “life insured”) had two (2) family takaful certificates from XYZ Takaful (“insurer member”), namely a Term Takaful and a Critical Illness (CI) Takaful.

On 8 February 2019, she became unable to perform three (3) out of six (6) activities under the definition of Activities of Daily Living<sup>38</sup> due to a stroke.

The application of the aggregation rule under TIPS is explained in the following table:

No	Claim	Risk event	Aggregation rule apply?	TIPS protected benefits (Current)	TIPS protected benefits (Proposed)	Maximum amount payable under TIPS*
1	TPD from Term Takaful	TPD due to stroke	No	Permanent disability	Disability and related benefits	RM500,000
2	Stroke from CI Takaful	CI due to stroke	No	Critical illness	Illness and related benefits	RM500,000

**No change in protection under current and proposed protected benefits categories**

*\* The limits shown are of maximum amount payable under TIPS. Actual amount payable by PIDM is subject to the sum insured and other terms stated in contract of takaful between the certificate owner and the insurer member, up to protected benefits limit under TIPS.*

<sup>38</sup> Activities of Daily Living are Transfer, Mobility, Contenance, Dressing, Bathing/Washing and Eating.

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### Illustration 3:

Mrs C (“policy owner” and “life insured”) had two (2) life insurance policies from XYZ Insurance Company (“insurer member”), namely a Term Life Policy and an Endowment Policy.

On 9 November 2018, she had an accident and became temporarily disabled. She was entitled to claim for Temporary Disability from the Term Life Policy, and the claim was to be paid in a lump sum. She recovered on 31 December 2018.

On 2 January 2019, she had another accident and became permanently bedridden. She was entitled to claim for TPD from the Endowment Policy, and the claim was to be paid annually for 10 years.

The application of the aggregation rule under TIPS is explained in the following table:

No	Claim	Risk event	Aggregation rule apply?	TIPS protected benefits (Current)	TIPS protected benefits (Proposed)	Maximum amount payable under TIPS*
1	Temporary Disability from Term Life Policy	Temporary disability due to accident 1	No	Permanent disability	Disability and related benefits	RM500,000
2	TPD from Endowment Policy	TPD due to accident 2	No	Disability Income	Disability and related benefits	RM500,000

#### No change in protection under current and proposed protected benefits categories

\* The limits shown are of maximum amount payable under TIPS. Actual amount payable by PIDM is subject to the sum insured and other terms stated in policy contract between the policy owner and the insurer member, up to protected benefits limit under TIPS.