



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

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**CONSULTATION PAPER ON “YOUR RIGHT TO RECEIVE  
INFORMATION ON PIDM’S PROTECTION OF YOUR  
TAKAFUL AND INSURANCE BENEFITS”**

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**ISSUE DATE : 13 NOVEMBER 2015**  
**CLOSING DATE : 13 DECEMBER 2015**



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Protecting Your Insurance And Deposits In Malaysia

<b>Ref No</b>	TIPS/CP30/2015	<b>Issued on</b>	13 November 2015
<b>TITLE</b>	Consultation Paper on "Your Right to Receive Information on PIDM's Protection of Your Takaful and Insurance Benefits"		

## EXECUTIVE SUMMARY:

### KEY PROPOSALS SURVEY QUESTIONS (TAKAFUL AND INSURANCE)

#### BACKGROUND

Perbadanan Insurans Deposit Malaysia ("PIDM") requires insurer members to provide information on the benefits protected by PIDM under the Takaful and Insurance Benefits Protection System ("TIPS") to their potential and existing certificate and policy owners ("Policy Owners").

This "Key Proposals Survey Questions (Takaful and Insurance)" is intended to get your input, as a financial consumer, on the information that you would like to receive from your takaful operator or insurance company with regard to PIDM's protection. The survey is not intended to find out whether your takaful operator or insurance company has conveyed the information to you in your past dealings with them, but rather, it is for you to tell us what your needs or preferences are.

You may provide your feedback to the following four (4) key proposals set out in pages (ii) to (vi) by 13 December 2015, through the following:

- (a) submit your written comments (e.g. using the Key Proposals Survey Questions (Takaful and Insurance)) by hand/post/fax addressed to:

Ms. Ratha Rengganathan or Ms. Afiza Abdullah  
Policy and International Division  
Perbadanan Insurans Deposit Malaysia  
Level 12, Axiata Tower (formerly known as Quill 7)  
No. 9, Jalan Stesen Sentral 5, Kuala Lumpur Sentral  
50470 Kuala Lumpur.  
Fax: 03-2173 7533

- (b) submit your comments (e.g. using the Key Proposals Survey Questions (Takaful and Insurance)) via e-mail to [pidmsurvey@pidm.gov.my](mailto:pidmsurvey@pidm.gov.my); or
- (c) participate in the online survey on PIDM's website via <http://www.pidm.gov.my/Microsites/online-survey-tips.aspx>.

If you are interested to know more about the key proposals, please refer to Section 5.0 of this Consultation Paper.



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## KEY PROPOSALS SURVEY QUESTIONS (TAKAFUL AND INSURANCE)

Name (optional): \_\_\_\_\_

Do you have a takaful certificate or insurance policy (optional)?  Yes  No

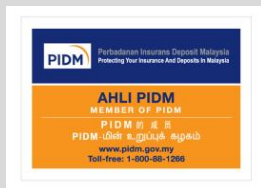
Do you want your comments to be made public?  Yes  No

### (i) DISPLAY OF DOCUMENTS BY INSURER MEMBERS

#### Proposal 1: Display of PIDM's Membership Representation

PIDM's membership representation will be displayed by insurer members in their offices and website as well as in advertisements and accounts in social networking sites providing information on their takaful and insurance products.

##### Membership Representation (graphical form)



##### Membership Representation (statement form)

"Member of Perbadanan Insurans Deposit Malaysia"  
"A Perbadanan Insurans Deposit Malaysia member"  
"Member of PIDM"  
"A PIDM member"

(Paragraph 5.1 and 5.2 of the Consultation Paper)

#### Question 1:

Is the display of PIDM's membership representation helpful for customers to know that the institution is a member of PIDM?

- Yes
- No. Please state your reason(s): \_\_\_\_\_

#### Question 2:

Should the membership representation be displayed at other place(s) or in other document(s)?

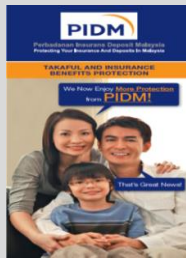
- Yes. Please list the place(s) or document(s): \_\_\_\_\_
- No

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### Proposal 2: Display of TIPS Brochure

The TIPS brochure will be made available to customers at the insurer members' offices and websites, PIDM's website as well as intermediaries' (agents, brokers, financial advisers and bancassurance partners) offices and websites.

TIPS Brochure



(Paragraph 5.3 and 5.4 of the Consultation Paper)

### Question 3:

Should the display of the TIPS brochure at the agents', brokers', financial advisers' and bancassurance partners' offices and websites be encouraged?

- Yes
- No. Please state your reason(s): \_\_\_\_\_

### Question 4:

Should the TIPS brochure be made available at any other place(s)?

- Yes. Please specify the place(s): \_\_\_\_\_
- No

## (II) INCLUSION OF PRESCRIBED STATEMENTS AND MEMBERSHIP REPRESENTATION IN CORRESPONDENCES, POLICY DOCUMENT AND ADVERTISEMENTS OF PRODUCTS

### Proposal 3: Display of Prescribed Statements

Prescribed statements will be displayed in correspondences, policy documents and advertisements relating to takaful and insurance products in the following manner:

- (a) call for action statement in correspondences and policy documents of products with protected benefits;

*"PROTECTION BY PIDM IS SUBJECT TO LIMITATIONS. Please refer to PIDM's TIPS brochure or contact [name of insurer member] or PIDM (visit [www.pidm.gov.my](http://www.pidm.gov.my) or call 1-800-88-1266)."*

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**Illustration: Policy document of product with protected benefits**

**XYZ INSURANCE BERHAD**

PROTECTION BY PERBADANAN INSURANS DEPOSIT MALAYSIA IS SUBJECT TO LIMITATIONS. Please refer to PIDM's TIPS brochure or contact [name of insurer member] or PIDM (visit [www.pidm.gov.my](http://www.pidm.gov.my) or call 1-800-88-1266).

**Private Car Policy**

This policy covers loss or damage to your vehicle, in circumstances:

- Accidental Collision even if caused by mechanical breakdown or normal wear and tear
- Falling Objects unless caused by flood, storm, or natural disaster
- Fire, Explosion or Lightning
- Burglary, Break-In or Theft
- Malicious Act
- When In Transit (including loading and unloading) by road, rail or inland waterway

Liability to third parties, for:

- Death or Bodily Injury to a third party
- Damage to a Third Party's Property caused by your car
- Legal Costs incurred up to a limit of RM 2,000

The following are not covered:

- Consequential Losses e.g. loss of earnings
- Loss Of Use Of Car

(b) negative disclosure statement for the investment portion of the investment-linked products; and

*"The investment portion of this investment-linked certificate or policy or product is not protected by PIDM."*

**Illustration: Advertisement of investment-linked product and product with protected benefits**

*Advertisement in Business News*

**XYZ INSURANCE BERHAD**  
Member of PIDM

PROTECTION BY PIDM IS SUBJECT TO LIMITATIONS. Please refer to PIDM's TIPS brochure or contact [name of insurer member] or PIDM (visit [www.pidm.gov.my](http://www.pidm.gov.my) or call 1-800-88-1266).

**Life Insurance**



Helps provide some financial security in times of hardship. The money from your policy will be paid to your loved ones when you pass away or to you should you suffer a total and permanent disability or loss.

**Investment-linked Insurance**



The investment portion of this investment-linked policy is not protected by PIDM

A plan that combines investment and protection. Your premiums provide not only a life insurance cover, but part of the premiums will also be invested in specific investment funds of your choice. You get to choose how to allocate your insurance premiums towards protection and investment.

- Flexibility to choose your own level of protection and investment.
- May vary the amount of your premium payments or coverage based on your own personal financial situation.
- Flexibility to choose the type of funds based on your risk aptitude.
- A savings plan to maintain your standard of living after retirement.



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(c) negative disclosure statement for products with only non-protected benefit(s).

*"The benefit(s) offered under this certificate or policy is(are) not protected by PIDM. Please refer to PIDM's TIPS brochure or contact [name of insurer member] or PIDM (visit [www.pidm.gov.my](http://www.pidm.gov.my) or call 1-800-88-1266)."*

**Illustration: Policy Document of product with only non-protected benefits**

<p style="text-align: center;"><b>XYZ INSURANCE BERHAD</b></p> <p style="text-align: center;">The benefits offered under this certificate or policy are not protected by PIDM. Please refer to PIDM's TIPS brochure or contact [name of insurer member] or PIDM (visit <a href="http://www.pidm.gov.my">www.pidm.gov.my</a> or call 1-800-88-1266).</p> <p style="text-align: center;"><b>Fire Consequential Loss Policy</b></p> <p>This policy provides you with coverage against pecuniary loss as a result of fire and its insured perils covered under the fire policy.</p> <p>This policy covers you for loss of Gross Profit due to reduction in turnover and increased cost of working consequent upon interruption of the your business caused by perils covered under the fire policy.</p> <p>You may extend to cover the following extensions by paying an additional premium:-</p> <ul style="list-style-type: none"><li>• Specified Suppliers</li><li>• Unspecified Suppliers</li><li>• Specified Customers</li><li>• Prevention of Access</li><li>• Public Utilities</li><li>• Infectious or contagious diseases, murder, suicide, pest, food or drink poisoning; or defective sanitary arrangements</li></ul>
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*(Paragraph 5.5 of the Consultation Paper)*

**Question 5:**

Are the contents of the proposed prescribed statements adequate to provide information on PIDM's protection and encourage customers to seek or ask for further information?

- Yes
- No. Please provide detail(s) to be included: \_\_\_\_\_

**Question 6:**

Should the prescribed statements be displayed in any other document(s)?

- Yes. Please list the document(s): \_\_\_\_\_
- No

**(III) PRE-CONTRACTUAL OBLIGATIONS**

**Proposal 4: Disclosure of PIDM's Protection Prior to Purchase of Certificate or Policy**

Potential Policy Owners will be informed of PIDM's protection under TIPS, prior to any purchase of a takaful certificate or an insurance policy in the following manner:

- (a) For face-to-face and tele-marketing sales, PIDM's protection will be explained to the customers by the staff of the insurer member or its intermediaries (for example, agents).
- (b) For online sales, customers will either be directed to or shown the electronic copy of the TIPS brochure.
- (c) For sales through mail, customers will either receive a copy of the TIPS brochure or will be directed to the electronic copy of the TIPS brochure.



*(Paragraph 5.6 of the Consultation Paper)*

**Question 7:**

Is the proposed method to communicate PIDM's protection prior to the purchase of a certificate or policy adequate?

- Yes
- No. Please suggest other method(s): \_\_\_\_\_



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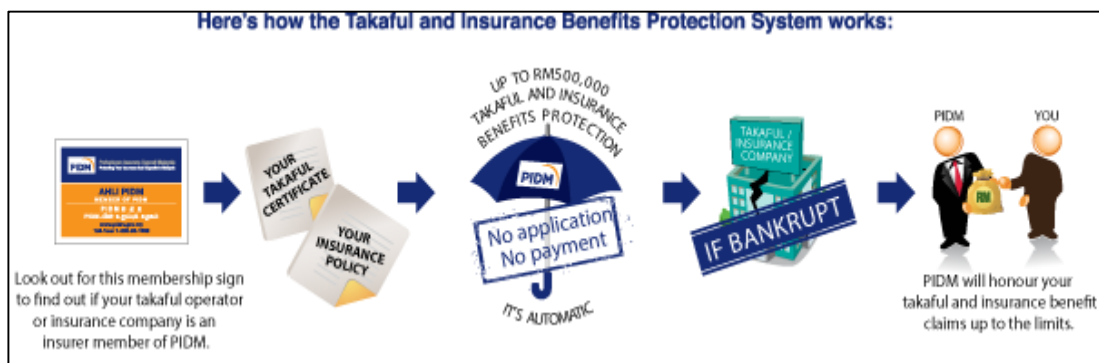
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## 1.0 INTRODUCTION

- 1.1 Perbadanan Insurans Deposit Malaysia ("PIDM") is a statutory body established in 2005 under the Malaysia Deposit Insurance Corporation Act 2005 (and later, Malaysia Deposit Insurance Corporation Act 2011 ("PIDM Act")). PIDM administers the financial consumer protection systems, namely the Deposit Insurance System ("DIS") and the Takaful and Insurance Benefits Protection System ("TIPS"), in order to promote public confidence in the financial system.
- 1.2 TIPS is designed to protect certificate and policy owners ("Policy Owners") against loss of their protected takaful and insurance benefits in the event a takaful operator or an insurance company that is a member of PIDM ("insurer member") fails.



- 1.3 TIPS protects the benefits insured under a takaful certificate or insurance policy with different qualifying conditions. Therefore, it is important that Policy Owners are informed of the protection under TIPS accurately to facilitate informed decision-making and to promote awareness on the insurability status of the benefits under their certificates or policies. Consumer awareness of the protected benefits and limits under TIPS is also important to promote public confidence and contribute towards financial stability, in accordance with PIDM's mandate.
- 1.4 This Consultation Paper sets out the proposed requirements relating to disclosure of benefits protected by PIDM under TIPS, by insurer members to their potential and existing Policy Owners.
- 1.5 The proposed requirements will be prescribed in the Malaysia Deposit Insurance Corporation (Provision of Information on Protected Benefits) Regulations and Guidelines on Provision of Information on Protected Benefits.



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1.6 Insurer members have been consulted with regard to the proposed requirements and now, the public at large are being consulted before the requirements are finalised and issued to the insurer members for implementation.

## 2.0 OBJECTIVE

2.1 The purpose of this Consultation Paper is to seek views and comments on the proposed requirements set out in this Consultation Paper.

2.2 The key proposed requirements in relation to disclosure under TIPS are discussed in Section 5.0 of this paper.

## 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 13 December 2015.

3.2 You may provide your comments to this Consultation Paper through the following:

(a) submit your written comments (e.g. using the Key Proposals Survey Questions (Takaful and Insurance)) by hand/post/fax addressed to:

Ms. Ratha Rengganathan or Ms. Afiza Abdullah  
Policy and International Division  
Perbadanan Insurans Deposit Malaysia  
Level 12, Axiata Tower (formerly known as Quill 7)  
No. 9, Jalan Stesen Sentral 5, Kuala Lumpur Sentral  
50470 Kuala Lumpur.  
Fax: 03-2173 7533

(b) submit your comments (e.g. using the Key Proposals Survey Questions (Takaful and Insurance)) via e-mail to [pidmsurvey@pidm.gov.my](mailto:pidmsurvey@pidm.gov.my); or

(c) participate in the online survey on PIDM's website via <http://www.pidm.gov.my/Microsites/online-survey-tips.aspx>.

3.3 For enquiries, please contact Ms. Ratha Rengganathan or Ms. Afiza Abdullah at 03-2173 7562 or 03-2173 7548.

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3.4 PIDM will collate the comments to this Consultation Paper and may publish its response on PIDM’s website. Your comments will not be individually identified but rather, comments that are similar in nature will be grouped together and a consolidated response may be provided and made public by PIDM. If you do not wish to have any of your comments made public, please indicate accordingly. However, our response and amendments arising from your comments may be made public by PIDM.

#### 4.0 APPLICABILITY

4.1 The proposed requirements, once adopted, apply to insurer members.

4.2 Insurer members are takaful operators licensed under the Islamic Financial Services Act 2013 to carry on family or general takaful business as well as insurance companies licensed under the Financial Services Act 2013 to carry on life or general insurance business. However, the proposed requirements will not apply to Labuan insurance business or Labuan insurance-related activities under the Labuan Financial Services and Securities Act 2010 or Labuan takaful business or Labuan takaful-related activities under the Labuan Islamic Financial Services and Securities Act 2010, carried on by an insurer member.

#### 5.0 THE REQUIREMENTS

##### DISPLAY OF DOCUMENTS BY INSURER MEMBERS

##### *Membership representation to promote awareness of the status of a financial institution as a PIDM member*

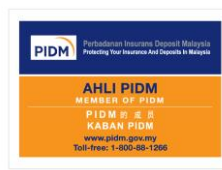
5.1 Customers will be able to recognise an insurer member through the display of PIDM’s membership representation by an insurer member at places specified in Table 1.

5.2 “Membership representation” refers to the following graphical sign or statement used to signify that the financial institution is a member of PIDM.

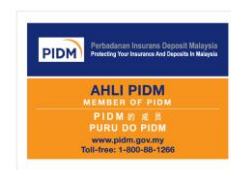
(a) Current versions of membership representation in graphical form<sup>1</sup>



Peninsular Malaysia and Labuan



Sarawak



Sabah

<sup>1</sup> PIDM may change the design of the PIDM membership representation in the future.

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- (b) Example of membership representation, in statement form
- (i) “Member of Perbadanan Insurans Deposit Malaysia” or “A Perbadanan Insurans Deposit Malaysia member”; and
  - (ii) “Member of PIDM” or “A PIDM member”.

***TIPS brochure to facilitate customers to obtain relevant information on PIDM and TIPS***

5.3 Customers will be able to obtain the necessary information regarding PIDM and TIPS, through the display of the TIPS brochure by an insurer member at places specified in Table 1.

5.4 “TIPS brochure” refers to the brochure supplied by PIDM containing information about PIDM and TIPS, including scope of coverage and protection limits.

**Table 1: Documents Display Requirements with Respect to an Insurer Member’s and an Intermediary’s (agents, brokers, financial advisers and bancassurance partners<sup>2</sup>) Offices, Websites and Accounts in Social Networking Sites**

	TIPS Brochure	Membership Representation
<b>Insurer members:</b>		
(a) offices	Required	Required
(b) websites	Required	Required
(c) accounts in social networking sites	-	Required
<b>Intermediaries (agents, brokers, financial advisers and bancassurance partners):</b>		
(a) offices	Encouraged	Prohibited <sup>3</sup>
(b) websites	Encouraged	Prohibited <sup>3</sup>
(c) accounts in social media sites	-	Prohibited <sup>3</sup>

<sup>3</sup> - The prohibition does not apply to members of PIDM (such as bancassurance partners who are members of PIDM).

<sup>2</sup> Refers to banks having tie-up with insurer members to sell insurance products to their customers.



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**Proposal 1:**

PIDM's membership representation will be displayed by insurer members at their offices and websites as well as in advertisements and accounts in social networking sites providing information on their takaful and insurance products.

**Question 1:**

Is the display of PIDM's membership representation helpful for customers to know that the institution is a member of PIDM?

- Yes
- No. Please state your reason(s): \_\_\_\_\_

**Question 2:**

Should the membership representation be displayed at other place(s) or in other document(s)?

- Yes. Please list the place(s) or document(s): \_\_\_\_\_
- No

**Proposal 2:**

The TIPS brochure will be made available to customers at the insurer members' offices and websites, PIDM's website as well as their intermediaries' (agents, brokers, financial advisers and bancassurance partners) offices and websites.

**Question 3:**

Should the display of the TIPS brochure at the agents', brokers', financial advisers' and bancassurance partners' offices and websites be encouraged?

- Yes
- No. Please state your reason(s): \_\_\_\_\_

**Question 4:**

Should the TIPS brochure be made available at any other place(s)?

- Yes. Please specify the place(s): \_\_\_\_\_
- No

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## INCLUSION OF PRESCRIBED STATEMENTS AND MEMBERSHIP REPRESENTATION IN CORRESPONDENCES, POLICY DOCUMENT AND ADVERTISEMENTS OF PRODUCTS

5.5 In addition to the above, customers will also be informed of PIDM's protection through the display of the following statements in correspondences<sup>3</sup>, policy documents<sup>4</sup> and advertisements of insurer members.

- (a) For products **with all or at least one** protected benefit, customers will be encouraged to seek information on PIDM's protection through the display of the following Call for Action Statement.

"PROTECTION BY PIDM IS SUBJECT TO LIMITATIONS. Please refer to PIDM's TIPS brochure or contact [name of insurer member] or PIDM (visit [www.pidm.gov.my](http://www.pidm.gov.my) or call 1-800-88-1266)."

### Illustration: Policy document of product with protected benefits

**XYZ INSURANCE BERHAD**

PROTECTION BY PERBADANAN INSURANS DEPOSIT MALAYSIA IS SUBJECT TO LIMITATIONS. Please refer to PIDM's TIPS brochure or contact [name of insurer member] or PIDM (visit [www.pidm.gov.my](http://www.pidm.gov.my) or call 1-800-88-1266).

**Private Car Policy**

This policy covers loss or damage to your vehicle, in circumstances:

- Accidental Collision even if caused by mechanical breakdown or normal wear and tear
- Falling Objects unless caused by flood, storm, or natural disaster
- Fire, Explosion or Lightning
- Burglary, Break-In or Theft
- Malicious Act
- When In Transit (including loading and unloading) by road, rail or inland waterway

Liability to third parties, for:

- Death or Bodily Injury to a third party
- Damage to a Third Party's Property caused by your car
- Legal Costs incurred up to a limit of RM 2,000

The following are not covered:

- Consequential Losses e.g. loss of earnings
- Loss Of Use Of Car

- (b) For investment-linked products, customers will be informed that the investment portion of the investment-linked product is not protected by PIDM through the display of the following Negative Disclosure Statement for Investment-Linked Product.

<sup>3</sup> Correspondences include: (i) annual statement of balance and annual tax statement for a family takaful certificate or a life policy; (ii) statement to the Policy Owner of an investment-linked certificate or policy; and (iii) renewal notice to the Policy Owner.

<sup>4</sup> Policy documents include takaful certificate or insurance policy contract and certificate of takaful or insurance issued to individual owners protected or insured under a master contract.

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"The investment portion of this investment-linked certificate or policy or product is not protected by PIDM."

**Illustration: Advertisement of investment-linked product and product with protected benefits**

*Advertisement in Business News*

**XYZ INSURANCE BERHAD**  
Member of PIDM

PROTECTION BY PIDM IS SUBJECT TO LIMITATIONS. Please refer to PIDM's TIPS brochure or contact [name of insurer member] or PIDM (visit [www.pidm.gov.my](http://www.pidm.gov.my) or call 1-800-88-1266).

**Life Insurance**



Helps provide some financial security in times of hardship. The money from your policy will be paid to your loved ones when you pass away or to you should you suffer a total and permanent disability or loss.

**Investment-linked Insurance**



The investment portion of this investment-linked policy is not protected by PIDM

A plan that combines investment and protection. Your premiums provide not only a life insurance cover, but part of the premiums will also be invested in specific investment funds of your choice. You get to choose how to allocate your insurance premiums towards protection and investment.

- Flexibility to choose your own level of protection and investment.
- May vary the amount of your premium payments or coverage based on your own personal financial situation.
- Flexibility to choose the type of funds based on your risk aptitude.
- A savings plan to maintain your standard of living after retirement.

- (c) For product with only non-protected benefits, the following Negative Disclosure Statement for Product with Only Non-Protected Benefits will be displayed.

"The benefit(s) offered under this certificate or policy is (are) not protected by PIDM. Please refer to PIDM's TIPS brochure or contact [name of insurer member] or PIDM (visit [www.pidm.gov.my](http://www.pidm.gov.my) or call 1-800-88-1266)."





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**Illustration: Policy Document of product with only non-protected benefits**

<p style="text-align: center;"><b>XYZ INSURANCE BERHAD</b></p> <p style="text-align: center;">The benefits offered under this certificate or policy are not protected by PIDM. Please refer to PIDM's TIPS brochure or contact [name of insurer member] or PIDM (visit <a href="http://www.pidm.gov.my">www.pidm.gov.my</a> or call 1-800-88-1266).</p> <p style="text-align: center;"><b>Fire Consequential Loss Policy</b></p> <p>This policy provides you with coverage against pecuniary loss as a result of fire and its insured perils covered under the fire policy.</p> <p>This policy covers you for loss of Gross Profit due to reduction in turnover and increased cost of working consequent upon interruption of the your business caused by perils covered under the fire policy.</p> <p>You may extend to cover the following extensions by paying an additional premium:-</p> <ul style="list-style-type: none"><li>• Specified Suppliers</li><li>• Unspecified Suppliers</li><li>• Specified Customers</li><li>• Prevention of Access</li><li>• Public Utilities</li><li>• Infectious or contagious diseases, murder, suicide, pest, food or drink poisoning; or defective sanitary arrangements</li></ul>
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<p><b>Proposal 3:</b></p> <p>The relevant prescribed statements will be displayed in correspondences, policy documents and advertisements relating to takaful and insurance products.</p> <p><b>Question 5:</b></p> <p>Are the contents of the proposed prescribed statements adequate to provide information on PIDM's protection and encourage customers to seek or ask for further information?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No. Please provide detail(s) to be included: _____</p> <p><b>Question 6:</b></p> <p>Should the prescribed statements be displayed in any other document(s)?</p> <p><input type="checkbox"/> Yes. Please list the document(s): _____</p> <p><input type="checkbox"/> No</p>
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## PRE-CONTRACTUAL AND ONE-OFF NOTIFICATION OBLIGATIONS

### *Disclosure of PIDM's protection prior to purchase of certificate or policy, guided by TIPS brochure*

- 5.6 To facilitate informed decision making, potential Policy Owners will be informed by the insurer member or its intermediaries (agents, brokers, financial advisers and bancassurance partners) of PIDM's protection under TIPS, prior to the purchase of a takaful certificate or an insurance policy<sup>5</sup>. The explanation will be guided by the information contained in PIDM's TIPS brochure in the following manner:
- (a) For face-to-face sales and sales through tele-marketing, PIDM's protection will be explained to the customers by the staff of the insurer member or its intermediaries.
  - (b) For online sales, customers will either be directed to or shown the electronic copy of the TIPS brochure.
  - (c) For sales through mail, customers will either receive a copy of the TIPS brochure or will be directed to the electronic copy of the TIPS brochure at the insurer members' or PIDM's website.
- 5.7 For general takaful certificates or insurance policies that are renewable yearly, customers will be informed of PIDM's protection during the first renewal of the certificate or policy. For subsequent renewals, Policy Owners will only be informed of PIDM's protection whenever there is a significant change to the coverage under the certificate or policy or if there is any change in PIDM's protected benefits.

#### **Proposal 4:**

Potential Policy Owners will be informed of PIDM's protection under TIPS, prior to the purchase of a takaful certificate or an insurance policy.

#### **Question 7:**

Is the proposed method to communicate PIDM's protection prior to the purchase of a certificate or a policy adequate?

Yes

No. Please suggest other method(s): \_\_\_\_\_

<sup>5</sup> This would be during completion of the proposal form, prior to acceptance of risk by the insurer member.

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***Notification to existing owners of family certificate or life policy***

- 5.8 The existing family takaful certificate and life policy owners will also be informed of PIDM's protection. They will receive a one-off notification from their insurer member directing them to refer to the TIPS brochure made available at insurer members' offices and website, or at PIDM's website. The following statement will be displayed within letters or statements sent by the insurer members to their Policy Owners.

"[name of insurer member] is a member of Perbadanan Insurans Deposit Malaysia (PIDM). PIDM is mandated under the Akta Perbadanan Insurans Deposit Malaysia 2011 to administer the **Takaful and Insurance Benefits Protection System (TIPS)** that **protects owners of takaful certificates or insurance policies from the loss of their eligible takaful or insurance benefits, in the unlikely event of a failure of an insurer member**. However, PROTECTION BY PIDM IS SUBJECT TO LIMITATIONS. Certificate or policy owners are encouraged to accurately understand the details and limits of PIDM's coverage. For further information, obtain a copy of PIDM's TIPS brochure from [name of insurer member] or visit [name of insurer member] website [website address of insurer member] or PIDM website ([www.pidm.gov.my](http://www.pidm.gov.my)) or call PIDM toll free line (1-800-88-1266)."

***Monitoring of Intermediaries***

- 5.9 Insurer members are required to take appropriate action against their intermediaries for any non-compliance with the proposed requirements by the intermediaries (agents, brokers, financial advisers and bancassurance partners).

***Education and Training***

- 5.10 To prevent misrepresentation or provision of misleading information to customers, employees and intermediaries (agents, brokers, financial advisers and bancassurance partners) of the insurer members dealing directly with customers will be required to be trained on PIDM's protection. This is also to equip them with the necessary understanding of PIDM's protection.

***Annual Review***

- 5.11 To ensure insurer members and the intermediaries (agents, brokers, financial advisers and bancassurance partners) comply with the proposed requirements, insurer members are required to perform an annual review to confirm its compliance with the requirements.

- 5.12 As part of the annual review, selected Policy Owners may be contacted by insurer



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members to seek confirmation if PIDM's protection has been explained to them prior to the purchase of a certificate or a policy.

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