

- b. sufficient information to enable financial consumers to understand market movements and the implications on the takaful funds, including potential shortfall of the PIF and the possibility of takaful certificate lapsing.

- S** 3.1.5 A FSP shall disclose the following information on insurance/takaful benefits payable and exclusions-
- a. insurance/takaful benefits payable and circumstances or contingencies upon which insurance/takaful benefits are payable by the FSP to the consumer;
 - b. insurance/takaful benefits will fluctuate based on the underlying performance of the IL fund;
 - c. limitation on insurance/takaful benefits and the duration for which it is applicable, if any;
 - d. restrictions of insurance/takaful benefits (including lien imposed on the policy/takaful certificate) and exclusions under the insurance policy/takaful certificate to ensure that the consumer understands what is not covered under the policy/takaful certificate; and
 - e. surrender value payable under the IL policy/takaful certificate and whether it is guaranteed or not guaranteed.
- S** 3.1.6 A FSP shall disclose the details of premium/takaful contribution payments, including-
- a. whether it is a single lump-sum premium/takaful contribution payment product or a regular premium/ takaful contribution product;
 - b. amount of premium/takaful contribution, frequency with which and period over which payment is to be made in respect of regular premium/takaful contribution product. The FSP must inform that the premium/takaful contribution rate is applicable to standard risks and that the policy/takaful certificate terms and rates may vary depending on the underwriting requirements of the FSPs; and
 - c. grace period which gives consumers additional period of time after the due date, for the payment of premium/takaful contribution.
- S** 3.1.7 A FSP shall disclose the nature, amount and frequency of the payment of all applicable fees and charges borne by financial consumers, including-
- a. details of commission/wakalah fee borne by consumers expressed both in terms of aggregate amount and as a percentage of the premium/takaful contribution payable for each policy/takaful certificate year; and
 - b. other fees and charges which are not included in the premium/takaful contribution and the purpose for each fee or charge.

3.2 At the point of entering into a contract

- S** 3.2.1 A FSP shall disclose the significant risks and benefits of investing in the IL product to facilitate financial consumers in making informed decisions. The FSP shall advise financial consumers to refer to the sales/marketing literature for further information.
- S** 3.2.2 In disclosing the benefits, a FSP shall highlight to financial consumers the potential upside and downside of the IL product. Given that returns on IL products are contingent on the underlying asset's performance, the FSP must highlight that past performance is not indicative of future performance.