

#### 4. General Insurance/Takaful Products (other than Medical and Health Insurance/Takaful)

##### 4.1 Pre-contractual stage

- S 4.1.1** A FSP shall inform financial consumers that it is licensed under the FSA or IFSA and regulated by BNM. Where insurance/takaful product is to be arranged through an intermediary, the name and address of the intermediary and the FSP underwriting the insurance/takaful must be disclosed to financial consumers.
- S 4.1.2** A FSP must explain to financial consumers the main principles of insurance/takaful which are applicable to the insurance/takaful product, including-
- insurable/permmissible takaful interest - an insured/takaful participant must have insurable/permmissible takaful interest, i.e. right, title or interest in a property/item/life such that a loss or damage to the property/item/life would result in a financial loss to the insured/takaful participant;
  - duty of financial consumers in relation to disclosure and representation<sup>35</sup> to the FSP for insurance/takaful contracts, the consequences of failure to disclose the relevant information, provision of inaccurate or false information;
  - contract of indemnity<sup>36</sup> - financial compensation to restore, as best as possible, the insured/takaful participant to the same position the insured/takaful participant had enjoyed immediately before the loss; and
  - contribution - the FSP is liable only for the FSP's 'rateable proportion' of the loss in the event an insured/takaful participant has more than one policy/takaful certificate to cover a particular property.
- S 4.1.3** A FSP shall explain the main features of the insurance/takaful product to financial consumers, including-
- Types of cover offered and the scope of each cover;  
*For example:*
    - Motor insurance/takaful:** the available covers are third party; comprehensive; and third party, fire and theft. Third party policy/takaful certificate covers financial consumers against claims for bodily injuries or deaths caused to other persons and loss or damage to third party property caused by the financial consumers' vehicles.
    - Houseowner/householder insurance/takaful:** the available covers are basic fire policy/takaful certificate; houseowner policy/takaful certificate; and householder policy/takaful certificate. The basic fire policy/takaful certificate provides financial consumers with coverage for the building only and covers loss or damage by fire, lightning or explosion.
    - Personal accident (PA) insurance:** the available covers are accidental death, permanent total or partial disablement, temporary total or partial disablement, medical expenses, hospitalisation benefits and funeral expenses. To refer financial consumers to the scale of benefits for death and disablement in the policy/takaful certificate.
  - Exclusions which can be covered with the payment of additional premium/takaful contribution;

<sup>35</sup> Including in relation to subject matter of insurance/takaful and the circumstances pertaining to it.

<sup>36</sup> Not applicable to most personal accident products and certain motor insurance/takaful, e.g. agreed value contract.