

## Personal accident takaful

### Introduction

This is an introductory guide to help you understand how personal accident takaful works. It gives you some basic information so that you can ask your takaful operator the right questions, understand the answers and make the right choice before you participate in a takaful plan.

### What is personal accident (PA) takaful?

A PA takaful is an annual plan that provides compensation in the event of death, disablement or injuries arising from an accident. PA takaful is also available for short durations to cover you should any accident occur during your travel period. Cover for PA takaful is provided in respect of accidents occurring anywhere in the world, 24 hours a day, subject to the terms and conditions mentioned in the certificate.

### Takaful concept in PA takaful

When you participate in a PA takaful, you contribute a sum of money to a general takaful fund in the form of participative contribution (tabarru'). Contractually, all participants mutually agree to help each other, should any of the participants meet with an accident resulting in death, disablement or injuries.

If you do not make any claim during the period of takaful, at maturity you are entitled to a share of the surplus in the general takaful fund. The surplus will be shared between you and the takaful operator under the concept of surplus-sharing at a pre-agreed ratio.

**Example:** A takaful operator has a total surplus (S) of RM4 million and total general contribution (GC) of RM10 million. Your contribution (C) for the year is RM500 and the surplus will be shared between you and the takaful operator at a pre-agreed sharing ratio (PSR) of 50:50. The share of surplus that you will receive is calculated as follows:

$$\begin{aligned}\text{Surplus-sharing ratio} &= \text{PSR} \quad \times \quad \frac{\text{S}}{\text{GC}} \\ &= 50\% \quad \times \quad \frac{\text{RM4 million}}{\text{RM10 million}} \\ &= 20\%\end{aligned}$$

$$\begin{aligned}\text{Surplus attributable to you} &= \text{Surplus sharing ratio} \times \text{C} \\ &= 20\% \times \text{RM500} \\ &= \text{RM100}\end{aligned}$$

### **Scope of cover**

The basic cover of a PA takaful includes death and disablement arising from accidents. In addition to the basic cover, takaful operators may also provide coverage on medical expenses, hospitalisation benefits, corrective surgery and funeral expenses. The scope of cover varies between takaful operators. You are advised to participate in a plan that meets your requirements.

You can either participate in a PA takaful for yourself or group plan for your family. Employers can participate in PA takaful for their employees and in such cases, payment of compensation to the employees is at the discretion of the employer. Certain PA takaful plans specify the range of age limits that can be covered.

### **Exclusions**

PA takaful will usually not cover accidents caused by the following events:

- war risks
- suicide and insanity
- self -inflicted injury
- influenced by liquor, drugs or narcotics
- AIDS/HIV or any other venereal diseases
- provoked murder or assault
- childbirth, pregnancy or miscarriage
- involvement in unlawful activities
- hazardous sports
- operating or riding a two-wheel motor vehicle

In addition, it is quite common for PA takaful to also exclude persons employed under the following professions:

- police/ military and law enforcement officers
- divers
- pilots or crew members
- aircraft testers
- racing drivers
- seamen and sea fishermen
- professional sports person

Please note that the above may vary between takaful operators.

### **Important points to note when participating in PA takaful**

- **Scale of benefits**

The scale of benefits refers to the amount of compensation payable by the takaful operator in the event of death, disablement or injury. You are advised to note the scale of benefits in the plan as these varies between takaful operators

- **Multiple coverage**

If you have more than one PA takaful or insurance, in the event of your death or disablement, you or your beneficiary will be entitled to compensation under each plan. However, for certain losses such as medical expenses where compensation are on reimbursement basis, you will only be compensated once, based on the actual loss suffered.

- **Beneficiary**

You are advised to nominate a beneficiary and ensure that your beneficiary is aware of the PA takaful that you have participated.

**How do I make a claim?**

**Death claim**

In the event of death, a police report must be made and the takaful operator must be notified as soon as possible. The claimant will be given a claim form which should be submitted together with supporting documents required by the takaful operator such as death certificate and burial permit. If there is no beneficiary nominated, the dependents of the deceased or the executor of the deceased's estate should provide proof of dependency or letter of administration.

**Injury claim**

You must notify the takaful operator of the injury in writing within the time frame stipulated in the PA takaful certificate. You should submit the claim form with supporting documents such as medical reports and receipts of payment for the hospital expenses to your takaful operator. You will be compensated for benefits under the plan if the treatment is obtained or diagnosis is made within the specified time frame from the date of accident.

**Do's and don'ts**

When applying for takaful plan

| Do  | Don't  |
|---|--|
| <ul style="list-style-type: none"> <li>• Disclose all material facts on the risks to be covered.</li> <li>• Read the 'Important Notice' on the Proposal Form.</li> <li>• Answer all questions fully and accurately.</li> <li>• Complete and sign the Proposal Form yourself.</li> </ul> | <ul style="list-style-type: none"> <li>• Leave any question in the Proposal Form unanswered.</li> <li>• Use ticks &amp; dashes to answer the questions requiring full answers.</li> <li>• Withhold or misrepresent any material fact. Otherwise, the certificate issued will be void, meaning that the claim can be repudiated.</li> </ul> |

To ensure your takaful plan remains valid

| Do   | Don't  |
|--|--|
| <ul style="list-style-type: none"> <li>• Comply with all the terms, conditions and endorsements of the certificate.</li> </ul> | <ul style="list-style-type: none"> <li>• Forget to pay the contribution within the terms allowed by the takaful operator.</li> </ul> |