



TAKAFUL IKHLAS GENERAL BERHAD (1233870-A)

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(Licensed under Islamic Financial Services Act 2013 and regulated by Bank Negara Malaysia)

IKHLAS MACHINERY BREAKDOWN TAKAFUL CERTIFICATE

Whereas the Takaful Participant named the Schedule hereto has made to **Takaful Ikhlas General Berhad** (hereinafter called "The Company") a written proposal by completing a questionnaire which, together with any other statements made in writing by the Takaful Participant for the purpose of this Takaful Certificate, is deemed to be incorporated herein,

Now this Takaful Certificate witnessed that subject to the Takaful Participant having paid to the Company the Takaful Contribution mentioned in the Schedule and subject to the terms, exclusions, provisions and conditions contained herein or endorsed hereon.

The Company hereby agree with the Takaful Participant that if at any time during the period of Takaful stated in the Schedule or during any subsequent period for which the Takaful Participant pays and the Company may accept the Takaful Contribution for the renewal of this Takaful Certificate, the items (or any part and the Company may accept the Takaful Contribution for the renewal of this Takaful Certificate, the items (or any part thereof entered in the Schedule, whilst on the premises mentioned therein, suffer any unforeseen and sudden physical loss or damage from causes such as defects in casting and material, faulty design, faults at workshop or in erection, bad workmanship, lack of skill, carelessness, shortage of water in boilers, physical explosion, tearing apart on account of centrifugal force, short circuit, storm, or from any other cause not specifically excluded hereinafter, in a manner necessitating repair or replacement,

The Company will indemnify the Takaful Participant in respect of such loss or damage, as hereinafter provided, by payment in cash, replacement or repair (at the Company's Option) up to an amount not exceeding in any one year of Takaful in respect of each of the items specified in the Schedule the sum set opposite thereto and not exceeding in all the total sum expressed in the Schedule as covered hereby.

This Takaful Certificate shall apply to the covered items after successful completion of their performance acceptance tests whether they are at work or at rest being dismantled for the purpose of cleaning or overhauling, or in the course of the aforesaid operations themselves, or when being shifted within the premises, or during subsequent re-erection.

EXCLUSIONS

The Company shall not be liable for

1. the deductible stated in the Schedule to be borne by the Takaful Participant in any one occurrence; if more than one item is lost or damaged in one occurrence, the Takaful Participant shall not, however, be called upon to bear more than the highest single deductible applicable to such items;
2. loss of or damage to exchangeable tools, e.g. dies, moulds, engraved cylinders, parts which by their use and/or nature suffer a high rate of wear or depreciation, e.g. refractory linings, crushing hammers, objects made of glass, belts, ropes, wires, rubber tyres, operating media, e.g. lubricants, fuels, catalysts;
3. loss or damage due to fire, direct lightning, chemical explosion (except flue gas explosions in boilers), extinguishing of a fire or subsequent demolition, aircraft or other aerial devices or articles dropped therefrom, theft, burglary or attempt thereat, collapse of buildings, flood, inundation, earthquake, subsidence, landslide, avalanche, hurricane, cyclone, volcanic eruption or similar natural catastrophes;
4. loss or damage for which a supplier, contractor or repairer is responsible either by law or under contract;
5. loss or damage caused by any faults or defects existing at the time of commencement of this Takaful Certificate within the knowledge of the Takaful Participant or his representative, whether such faults or defects were known to the Company or not;
6. loss or damage arising out of the willful act or gross negligence of the Takaful Participant or his representative;
7. any consequence of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, mutiny, riot, strike, lock-out, civil commotion, military or usurped power, acts of a group of malicious persons or persons on behalf of or in connection with any political organization, conspiracy, confiscation, commandeering, requisition or destruction of or damage to property by order of any government de jure or de facto by any public authority;
8. any consequence of nuclear reaction, nuclear radiation or radioactive contamination;
9. loss or damage as a direct consequence of the continual influence of operation (e.g. wear and tear, cavitation, erosion, rust, boiler scale);
10. consequential loss or ability of any kind or description, any payments over and above the indemnity for material damage as provided herein.

Any action, suit or other proceeding where the Company allege that, by reason of the provision of Exclusion 7 above, any loss or damage is not covered by this Takaful Certificate, the burden of proving that such loss or damage is covered shall be upon the Takaful Participant.

PROVISIONS

Memo 1 - Sum Covered

It shall be a requirement of this Takaful Certificate that the sum covered is equal to the cost of replacement of the covered machinery by new machinery of the same kind and capacity, which means its cost of replacement including, e.g. freight, dues and customs duties, if any, and cost of erection. If the sum covered is less than the amount required to be Takaful Participant, the Company shall pay only if such proportion as the sum covered bears to the amount required to be covered. Every item if more than one shall be subject to this condition separately.

Memo 2 - Basis of Indemnity

- a. In cases where damage to a covered item can be repaired - the Company shall pay expenses necessarily incurred to restore the damaged machine to its former state of serviceability plus the cost of dismantling and re-erection incurred for the purpose of effecting the repairs as well as ordinary freight to and from a repair shop, customs duties and dues, if any, to the extent such expenses have been included in the sum covered. If the repairs are executed at a workshop owned by the Takaful Participant, the Company shall pay the cost of materials and wages incurred for the purpose of the repairs plus, a reasonable percentage to cover overhead charges.

No deduction shall be made for depreciation in respect of parts replaced, but the value of any salvage shall be taken into account. If the cost of repairs as detailed hereinabove equals or exceeds the actual value of the machinery covered immediately before the occurrence of the damage, the item shall be regarded as destroyed and settlement shall be made on the basis provided for in (b.) below.

- b. In cases where a covered item is destroyed - the Company shall pay the actual value of the item immediately before the occurrence of the loss, including charges for ordinary freight, cost of erection and customs duties, if any, provided such expenses have been included in the sum covered, such actual value to be calculated by deducting proper depreciation from the replacement value of the item. The Company shall also pay any normal charges for the dismantling of the machinery destroyed, but the salvage shall be taken into account.

Any extra charges incurred for overtime, night work, work on public holidays, and express freight shall be covered by this Takaful Certificate only if especially agreed in writing.

The cost of any alterations, additions, improvements or overhauls shall not be recoverable under this Takaful Certificate.

The cost of any provisional repairs shall be borne by the Company if such repair constitute part of the final repairs and do not increase the total cost of repair.

The Company shall make payments only after being satisfied by production of the necessary bills and documents that the repairs have been effected or replacement has taken place, as the case may be.

CONDITIONS

1. The due observance and fulfillment of the terms the repairs or replacement of any minor damage; if this Takaful Certificate is so far as they relate to anything to be done or complied with by the Takaful Participant and the truth of the statements and answers in the questionnaire and proposal made by the Takaful Participant shall be a condition precedent to any liability of the Company.
2. The Schedule and the Section(s) shall be deemed to be incorporated in and form part of this Takaful Certificate and the expression "this Takaful Certificate" wherever used in this contract shall be read as including the Schedule and the section(s). Any word or expression to which a specific meaning has been attached in any part of this Takaful Certificate or of the Schedule or of the Section(s) shall bear such meaning wherever it may appear.
3. The Takaful Participant shall at his own expense take all reasonable precautions and comply with all reasonable recommendations of the Company to prevent loss, damage or liability and comply with statutory requirements and manufacturers recommendations.
4. (a) Representative of the Company shall at any reasonable time have the right to inspect and examine the risk and the Takaful Participant shall provide the representatives of the Company with all details and information necessary for the assessment of the risk.
 (b) The Takaful Participant shall immediately notify the Company by telegram and in writing of any material change in the risk and cause at its own expense such additional precautions to be taken as circumstances may require, and the scope of cover and/or Takaful Contribution shall, if necessary, be adjusted accordingly. No material alteration shall be made or admitted by the Takaful Participant whereby the risk is increased, unless the continuance of the coverage be confirmed in writing by the Company.
5. The Takaful Participant shall give immediate written notice to the company of any changes of address, occupation, pursuits or any injury, disease, physical defect or infirmity by which the Takaful Participant has become affected.

All notices required to be given by the Takaful Participant to the Company must be in writing address to the Company and neither alteration in terms of this Takaful Certificate nor endorsement thereon will be held valid unless the same is signed or initialed by an authorized representative of the company.

The Takaful Participant shall give notice to the Company of any other Takaful Operator (excepting coupon or in connection with a Motor Takaful Certificate) effected against the Accident and/or incapacity.

Notwithstanding the above, the Company may at its absolute discretion vary, amend or modify any part of the whole Takaful Certificate not limited to the Schedules or Proposal by giving the Takaful Participant sufficient days' notice on such amendments and changes.

6. In the event of any occurrence which might give rise to a claim under this Takaful Certificate, the Takaful Participant shall
 - a) immediately notify the Company by telephone or telegram as well as in writing, giving an indication as to the nature and extent of loss or damage;
 - b) take all steps within his power to minimize the extent of the loss or damage;
 - c) preserve the parts affected and make them available for inspection by a representative or surveyor of the Company;
 - d) furnish all such information and documentary evidence as the company may require;

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The Company shall in no case be liable for loss, damage or liability of which no notice has been received by the Company within fourteen (14) days of its occurrence. Upon notification being given to the Company under this condition, the Takaful Participant may carry out the repairs of any minor damage or replace items which have sustained any minor damage; in all other cases a representative of the Company shall have the opportunity of inspecting the loss or damage before any repairs or alterations are affected. If a representative of the Company does not carry out the inspection within a period of time which could be considered adequate under the circumstances, the Takaful Participant is entitled to proceed with the repairs or replacement. The liability of the Company under this Takaful Certificate in respect of any item sustaining damage shall cease if said item is kept in operation after a claim without being repaired to the satisfaction of the Company or if temporary repairs are carried out without the Company's consent.

7. The Takaful Participant shall at the expense of the Company do and concur in doing and permit to be done all such facts and things as may be necessary or required by the Company in the interest of any rights or remedies, or of obtaining relief or indemnity from parties (other than those Takaful Participant under this Takaful Certificate) to which the Company shall be or would become entitled or subrogated upon their paying for or making good any loss or damage under this Takaful Certificate, whether such acts and things shall be or become necessary or required before or after the Takaful Participant's indemnification by the Company.
8. If any difference shall arise as to the amount to be paid under this Takaful Certificate (liability being otherwise admitted) such difference shall be referred to the decision of an Arbitrator to be appointed in writing by the parties in difference of if they cannot agree upon a single Arbitrator to the decision of two Arbitrator, one to be appointed in writing by each of the parties, within one calendar month after having been required in writing so to do by either of the parties, or, in case the Arbitrator do not agree, of an Umpire to be appointed in writing by the Arbitrators before entering upon the reference. The Umpire shall sit with the Arbitrators and preside at their meetings. The making of an award shall be a condition precedent to any right of action against the company.
9. The Company shall be entitled to withhold indemnification
 - a) if there are doubts regarding the Takaful Participant's right to receive the indemnity, pending receipt by the Company of the necessary proof;
 - b) if in connection with the claim an examination by the police or an inquiry under criminal law has been instituted against the Insure, pending completion of such examination or inquiry.
10. If the proposal or declaration of the Takaful Participant is untrue in any material respect, or of any claim made is fraudulent or substantially exaggerated, or if any false declaration or statement is made in support thereof, then this Takaful Certificate shall be void and the Company shall not be liable to make any payment hereunder.
11. In the event of the Company disclaiming liability in respect of any claim and if an action or suit is not commenced within three months after such disclaimer or (in the case of arbitration taking place in pursuance of condition 9 of this Takaful Certificate) within three months after the arbitrators or umpire have made their award, all benefit under this Takaful Certificate in respect of such claim shall be forfeited.
12. If at the time any claim arises under the Takaful Certificate there be any other Insurance/ Takaful covering the same loss, damage or liability the Company shall not liable to pay or contribute more than their rateable proportion of any claim for such loss or damage.
13. This Takaful Certificate may be terminated at any time at the request of the Takaful Participant, in which case the Company will refund pro rata Takaful Contribution for the unexpired period of cover. This Takaful may also be terminated at the option of the Company by sending fourteen (14) days' notice by registered letter to the Takaful Participant at his last known address, in which case the Company shall be liable to repay.

Note: A handling fee of RM10.00 will be charged in the event of cancellation made by the Takaful Participant.

14. Takaful Contribution allocated by the Takaful Participant as shown in the Schedule shall be placed in the Ta'awuni Account Pool (TAP) at inception to pay Wakalah Fee to Shareholders' Fund and Tabarru' to Risk Fund. The Company will manage the TAP according to the Wakalah principle as defined by the Company and in accordance with the Shariah principles

The Company will charge up to 30% of the Takaful Contribution as an upfront Wakalah fee and the balance shall be allocated into the Risk Fund at inception for Tabarru' charges and be used to help all Takaful Participants in time of misfortune.

"Tabarru'" means donation for the purpose of solidarity and cooperation among the Takaful Participants and to be used to help all Takaful Participants in times of misfortune. In the context of the Company, Tabarru' will be allocated into the Participants' Risk Fund.

"Takaful Business" means the business relating to the administration, management and operation of a Takaful Fund for its Takaful Participants which involve elements such as investments, savings and claims and Retakaful business and a reference to carrying on Takaful Business shall include all or any of the activities set out in paragraph 5(4)(a) of the Islamic Financial Services Act 2013.

"Wakalah" refers to a contract where a party, as principal (*muwakkil*) authorizes another party as his agent (*wakil*) to perform a particular task on matters that may be delegated with or without imposition of a fee. In the context of the Company, We are appointed as an agent (*wakil*) to carry out the Takaful Business and a Wakalah fee (*Ujrah*) to be paid to the Company.

15. The Company will charge a Surplus Administration Charge (SAC) of 50% of the gross distributable surplus arising from the Risk Fund at the end of the financial year. However, the Company may at its discretion and where appropriate charge the SAC for less than 50% of the gross distributable surplus.

Any net distributable surplus arising (after deducting the SAC) from the Risk Fund will be allocated in full (100%) to the Takaful Participant. If the amount due to Takaful Participant is less than the threshold, the amount shall either be retained in the Risk Fund or donated to charity on behalf of the Takaful Participants. The threshold and the method and time of settlement of the surplus distribution shall be as defined in the Surplus Management Policy.

Any deficit in the Risk Fund would be met through an interest free loan (Qard) from the Shareholders' Fund. Such loan would be a first charge against the future surplus arising from the Risk Fund. If there is a deficit in the Risk Fund due to the Company's negligence, then it is the responsibility of the Company to ensure that the fund is stable through outright transfer method and not deemed as an advance through the Qard.

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“Qard” shall mean a contract of lending money whereby the borrower is obliged to repay the equivalent amount to lender.

- 14 This Takaful Certificate and the Proposal all endorsements hereon including the schedules hereto shall be construed in accordance with the laws of Malaysia

In the event that there is a conflict between a term in the Proposal and a term in the Takaful Certificate herein, the provision in the Takaful Certificate shall prevail in so far it relates to the matters set forth in the Takaful Certificate.
- 15 Any contributions, fees and/or monies payable under this Takaful Certificate are subject to any taxes, levies, or charges imposed by the relevant authorities in Malaysia unless otherwise stated.
- 16 The Company shall bear all its own operating expenses. Takaful Participants shall bear necessary expenses incurred for their benefits as allowed by the regulator.
- 17 Payment of any amount paid or made by the Company shall be a valid discharge of liability to the Company and shall release the Company of all claims and demands whatsoever in respect thereof.
- 18 In carrying out the mandate conferred on it by the Takaful Participants, the Company, may find it necessary to avail itself the services of third parties, therefore the Takaful Participants hereby authorise the Company to engage with the third party for the purpose and benefit of participants and Takaful Business.

IMPORTANT NOTICE

We care about the service that We provide for Our customers, and Our staff makes every effort to maintain as high a standard as possible. In the event that We do not meet Your expectations and You are dissatisfied in some way, We would like to know and would ask You to write to Our:

**Customer Relationship Management Department,
Takaful Ikhlas General Berhad,
IKHLAS Point, Tower 11A, Avenue 5, Bangsar South,
No. 8 Jalan Kerinchi, 59200 Kuala Lumpur.**

Tel: +603-27239696

Fax: +603-27239998

E-mail: complaints@takaful-ikhlas.com.my

For legal notices to be considered as properly served or any official correspondences, please send to:

**Takaful Ikhlas General Berhad,
IKHLAS Point, 9th Floor, Tower 11A, Avenue 5, Bangsar South,
No. 8 Jalan Kerinchi, 59200 Kuala Lumpur.**

Attention to: President and Chief Executive Officer

We will make sure that your case is examined thoroughly. If you are still not satisfied with the decision of the Company, you may then refer the case to the Ombudsman for Financial Services within six (6) months from the final decision of the Company. The address is as follows:

<p>Ombudsman for Financial Services (664393P) Level 14, Main Block Menara Takaful Malaysia No. 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel: 603-2272 2811 Fax: 603-2272 1577 E-mail: enquiry@ofs.org.my Website: www.ofs.org.my</p>	<p>Contact Centre (BNMTELELINK) Laman Informasi Nasihat dan Khidmat (LINK) Bank Negara Malaysia P.O. Box 10922 50929 Kuala Lumpur Tel : 1-300-88-5465 (1-300-88-LINK) Fax : +603-2174-1515 E-mail: bnmtelelink@bnm.gov.my</p>
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