



IKHLAS ERROR AND OMISSION TAKAFUL CERTIFICATE

SALAM SEJAHTERA AND THANK YOU

For choosing Us as Your Error and Omission cover Takaful provider.

INTRODUCTION

The Takaful Participant and the Company hereby agree that:

1. The Proposal shall be incorporated and be the basis of the Takaful Certificate.
2. The Takaful Participant agrees to pay the Takaful Contribution in accordance with the Schedule.
3. The Proposal Form completed fully and faithfully shall be a condition precedent to any liability of the Company.
4. The Takaful coverage is subjected to the terms of this Takaful Certificate including provisions in respect of territorial limits and the Period of Takaful coverage specified in the Schedule.
5. The relationship between the Company and the Takaful Participant in this Takaful Certificate shall be governed by, and interpreted in accordance with Malaysian Law.

DEFINITIONS

Under this Takaful Certificate:

1. **“Claims”** means any notice received by the Takaful Participant alleged to have committed a Wrongful Act, of the intention of a person or entity to hold the Takaful Participant responsible for the results of any Wrongful Act, including any demand received by the Takaful Participant for money or services naming the Takaful Participant as defendant, or the institution of legal, arbitration or administrative proceedings against the Takaful Participant.
2. **“the Company, We, Us, Our”** means Takaful Ikhlas General Berhad, its successors or assigns including any subsidiaries wholly owned and associated with MNRB Holdings Berhad or any other appointed service providers.
3. **“Defence Costs”** means reasonable legal fees, costs and expenses incurred by or on behalf of the Takaful Participant with the prior written consent of the Company (but shall not include wages, salaries or other remuneration of the Takaful Participant) which are necessary to defend or appeal a Claim covered by this Takaful Certificate.
4. **“Excess”** means the amount as shown in the Schedule.
5. **“General Risk Investment Account (GRIA)”** means the account where initial remittance of the Takaful Participant’s Takaful Contribution for a General Takaful product is made.
6. **“Investigation”** means any investigation, inquiry, public examination, commission or prosecution, criminal or otherwise.
7. **“Loss”** means any damages, judgments, settlements and Defence Costs. Loss shall not include fines or penalties imposed by law, punitive or exemplary damages or any matter deemed uninsurable under the law.

8. **“Period of Takaful”** means the period of Takaful shown in the Schedule.
9. **“Pollutant”** means any contaminant, irritant or other matter or substance including but not limited to oil, smoke, vapour, soot, asbestos, asbestos-containing materials, fumes, acids, alkalis, nuclear or radioactive material, chemicals and waste. Waste includes materials to be recycled, recondition or reclaimed.
10. **“Pollution”** means the actual, alleged or threatens discharge, dispersal, seepage, migration, release or escape of any Pollutant whether in a solid, liquid, gas, odour, noise, vibration, electromagnetic radiation, ionizing radiation, thermal or other form at any time.
11. **“Proposal”** means the Proposal signed by the Takaful Participant and other information that the Takaful Participant or anyone acting on behalf of the Takaful Participant has given to the Company.
12. **“Qard”** shall mean a contract of lending money whereby the borrower is obliged to repay the equivalent amount to lender.
13. **“Risk Fund”** means a pool of fund based on the concept of Tabarru’ providing mutual protection and indemnity among the Takaful Participants.
14. **“Schedule”** means the schedule to this Takaful Certificate.
15. **“Tabarru”** means donation for the purpose of solidarity and cooperation among the Takaful Participants and to be used to help Takaful Participants in times of misfortune. In the context of the Company, Tabarru’ will be allocated into the Risk Fund.
16. **“Takaful”** means a scheme based on brotherhood, solidarity and mutual assistance which provides for mutual financial aid and assistance to the Takaful Participants in case of need whereby the Takaful Participants mutually agree to contribute for that purpose.
17. **“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.
18. **“Takaful Participant”** means the person(s) named in the Schedule as “the Participant”.
19. **“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.
20. **“Wrongful Act”** means any actual or alleged acts, errors, omissions, breach of duty, misstatement or misleading statement or non-compliance of statutory duties under Building and Common Property (Maintenance and Management) Act 2007 (Act 663) and Part VI and VII of Strata Titles Act 1985 (Act 318) or any amendments thereto.

COVERING AGREEMENT

The Company will pay on behalf of the Takaful Participant all sums in excess of the deductible that the Takaful Participant becomes legally obligated to pay as damages and claim expenses as a result of a claim first made against the Takaful Participant and reported in writing to the Company during the Period of Takaful, by reason of any Wrongful Act or omissions including personal injury in the performance of professional services by the Takaful Participant or by someone for whom the Takaful Participant is legally responsible, provided that such acts or omissions were committed during the Period of Takaful.

EXTENSIONS

The following extensions, which are automatically included in this Takaful Certificate, are subject to all of the terms, conditions, exclusions and limitations of this Takaful Certificate. These extensions do not increase the Limit of Liability unless the Company otherwise agrees in writing.

1. Advancement of Defence Costs

The Company shall pay Defence Costs on behalf of the Takaful Participant on an ongoing basis prior to the final payment or settlement of any Claim PROVIDED THAT:

- i) Such Defence Costs are incurred with the prior written consent of the Company;
- ii) Such advance payments by the Company shall be repaid to the Company in the event that the Takaful Participant shall not be entitled to payment of any Loss or receipt of any benefit under this Takaful Certificate.

2. Investigations, Inquiries, Prosecutions (Criminal or Otherwise)

The Company shall pay on behalf of the Takaful Participant on an ongoing basis prior to the final payment or settlement of any Claim all reasonable legal fees, costs and expenses incurred in being legally represented at any Investigation PROVIDED THAT:

- i) The Investigation involves an allegation that the Takaful Participant committed a Wrongful Act;
- ii) The allegation is first made against the Takaful Participant during the Period of Takaful;
- iii) Such legal fees, cost and expenses are incurred with the prior written consent of the Company;
- iv) This extension does not cover any fines or penalties imposed by law;
- v) This extension does not cover wages, salaries or other remuneration of the Takaful Participant;
- vi) Such advance payments by the Company shall not be repaid to the Company in the event that the Takaful Participant shall not be entitled to payment of any Loss or receipt of any benefit under this Takaful Certificate.

3. Continuous Cover

In the absence of fraudulent non-disclosure, this Takaful Certificate extends to cover the Takaful Participant for any Claim, and for any Wrongful Act which may give rise to a Claim, which should

or could have been notified to the Company under any other preceding Error and Omission Takaful Certificate issued by the Company and which is notified during the Period of Takaful, PROVIDED THAT:

- i) The Company has been the Takaful operator pursuant to any other preceding Error and Omission Takaful certificate continuously between the date when such notification should have been given and the date when notification was in fact given;
- ii) The terms, conditions and limits of this Takaful Certificate shall not apply to this extension, which shall be subject to the terms, conditions and limits of the preceding the Company's Error and Omission Takaful Certificate which applied at the date on which such notification should have been given.

CONDITIONS

The Proposal including all future or subsequent Proposal or Schedule thereof shall be read together and shall form as an integral part of this Takaful Certificate. Any word or expression to which a specific meaning has been attached in any part of the Proposal, in the Schedule, or the Takaful Certificate shall bear such meaning wherever it may appear.

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.

1. ALLOCATIONS

If a Claim against the Takaful Participant includes causes of action against defendants, allegations of damages, acts or other matters not covered by Takaful, the Company and the Takaful Participant agree to use their best efforts to agree upon a fair and proper allocation of Defence Costs, settlements and damages between the Company, the Owners' Corporation and the Takaful Participant.

2. CLAIMS/ CIRCUMSTANCES/INVESTIGATION –NOTIFICATION

The Takaful Participant shall give written notice to the Company as soon as practicable of:

- i) any Claim first made during the Period of Takaful;
- ii) any facts or circumstances if which they shall first become aware during the Period of Takaful which may give rise to a Claim;
- iii) any notice first received during the Period of Takaful of any Investigation, but in no event later than thirty (30) days after this Takaful Certificate expires.

The Takaful Participant shall give the Company such information and ongoing cooperation as it may reasonably require to enable the Company to investigate and determine both its liability under this Takaful Certificate and the extent of the Takaful Participant's actual or potential liability for any Claim or arising from any facts or circumstances which may give rise to a Claim. Notice and all information shall be deliver to the Company.

If during the Period of Takaful, the Takaful Participant shall become aware of an actual or alleged Wrongful Act which may subsequently give rise to a Claim and during such period gives immediate notice to the Company of such Wrongful Act, any Claim later made against the Takaful Participant arising out of that Wrongful Act shall, for the purposes of this Takaful Certificate, be treated as a Claim made during the Period of Takaful, in which such notice was first given. Notice of such Wrongful Act, state by whom was committed or alleged to have been committed, and describe the material facts or circumstances which may give rise to a Claim.

3. CLAIMS – DEFENCE SETTLEMENT

The Takaful Participant shall not admit liability for or settle any Claim or incur Defence Costs without the Company's prior written consent, which consent shall not be unreasonably withheld.

The Company shall at all times have the right but not the duty to associate in the Investigation, defence or settlement of any Claim to which this Takaful Certificate may apply. The Company shall at all times have the right but not the duty to assume conduct in the name of the Takaful Participant of the defence or settlement of any Claim or any Claim for Takaful Contribution or indemnity against any person or entity with respect to which the Takaful Participant may have the rights.

The Company and the Takaful Participant shall not be required to contest any Claim unless a Senior Counsel (to be mutually agreed upon by the Company and the Takaful Participant) shall advise that the Claim should be contested. The Senior Counsel shall take into consideration the economics of the Claim, damages and costs which are likely to be recovered by the plaintiff, the Defence Costs which will be incurred in contesting the Claim and the prospects of the Takaful Participant successfully defending the Claim. The cost of obtaining the such opinion from the Senior Counsel shall be paid by the Company as part of the Defence Costs. Should the Senior Counsel advise that in all circumstances the Claim should not be contested but should be settled the Company and the Takaful Participant shall not object to or oppose settlement of the Claim within the limits advised by the Senior Counsel as being reasonable.

4. CONFIDENTIALITY

The Takaful Participant may disclose that it has paid or agreed to pay a Takaful Contribution in respect of a contract insuring the Takaful Participant against a liability.

The Takaful Participant shall not, without the Company's prior written consent, otherwise disclose the existence of or the terms of this Takaful Certificate, including but not limited to the identity of the Company, the limit of liability and the Takaful Contribution, unless required to do so by law.

5. EXCESS

The Takaful Participant shall pay the Excess for all loss resulting from each Claim. The Company shall have no obligation to pay Loss until the Takaful Participant has incurred Loss in the amount of the Excess if applicable, except that, if the Takaful Participant is unable to pay the amount of the Excess due to insolvency then, subject to all other terms and conditions of this Takaful Certificate, the Company shall pay such Loss.

If two or more claims are made against any Takaful Participant arising out of a single Wrongful Act, or out of a series of related Wrongful Acts, the Claims shall be treated as a single Claim for the purpose of applying the Excess. This single Claim will be treated as if it was first made during the Takaful Period at the earlier of:

- i) when the earliest Claim was first made, or
- ii) when the earliest circumstances giving rise to a Claim was notified.

The Excess shall apply to all Loss for which advancement or indemnification by the Takaful Participant is required or permissible under company indemnification laws or agreements regardless of whether or not the Takaful Participant actually advances or indemnifies for such Loss.

6. LIMIT OF LIABILITY

The amount shown in the Schedule is the Takaful Operator's maximum aggregate liability for all Loss including Defence Costs, arising from all Claims first made during the Period of Takaful.

Two or more claims arising out of a single Wrongful Act or series of related Wrongful Acts shall be treated as a single Claim. All such Claims shall be treated as if first made during the Takaful Period at the earlier of:

- i) when the earliest Claim was first made, or
- ii) when the earliest circumstances giving rise to a Claim was notified.

7. LOSS MITIGATION

The Takaful Participant shall, at their own cost, use due diligence and do and concur in doing all things reasonably practicable to avoid or diminish any Loss under this Takaful Certificate.

8. OTHER TAKAFUL/INSURANCE

This Takaful Certificate shall apply on as an excess over any other valid and collectible Takaful/insurance, self-insurance or indemnification agreement made available to the Takaful Participant, whether such other Takaful/ insurance or indemnification agreement is stated to be primary, contributory, excess, contingent, self-insured or otherwise.

9. PROPOSAL FORM DISCLOSURE AND SEVERABILITY

The Company has relied upon the statements made in the Proposal. However the Proposal shall be construed as separate Proposal by each of the Takaful Participant and, with respect to statements or particulars, and no information possessed by the Takaful Participant, shall be imputed to any other Takaful Participant to determine whether cover is available for any claim against such other Takaful Participant.

10. SUBROGATION

The Company is entitled to undertake in the Takaful Participant's name and on the Takaful Participant's behalf:

- i) the full conduct, control and settlement of any proceedings;
- ii) recover compensation or secure Indemnity from any third party in respect of anything covered by this Takaful Certificate at the Company's own expense and benefit.

11. CONTRIBUTION ALLOCATION

Payment of the Takaful Contribution paid by the Takaful Participant as shown in the Schedule shall be placed in the GRIA where the Company will manage according to the Wakalah principle as defined by the Company and in accordance with Shariah principles. The Company will charge up to 40% 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 other Takaful Participants in time of misfortune.

12. SURPLUS

At each financial year-end, the Actuary will assess the surplus position of the Risk Fund.

The Company shall charge a Surplus Administration Charge (SAC) of 50% of the gross distributable surplus arising at the end of the financial year. However, the Company may at its discretion and where appropriate charge SAC 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. Both the threshold and the treatment of such amount shall be as defined in the Surplus Management Policy.

Any deficit in the Risk Fund will 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.

13. OBSERVANCE AND FULFILLMENT OF CONDITIONS

The due observance and fulfillment of the terms, conditions and endorsements of this Takaful Certificate in so far as they relate to anything to be done or complied with by the Takaful Participant shall be conditions precedent to any liability of the Company for which compensation is payable.

14. GOVERNING LAW

This Takaful Certificate including all its Proposals and Schedules is subject to Bank Negara Malaysia guidelines or any at other subsidiary legislation, rules, regulation, directions or orders from other regulatory authority.

15. TERRITORY COVERED

This Takaful Certificate covers Wrongful Acts committed and Claims made anywhere in Malaysia.

16. EXPENSES

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. RECEIPT OF DISCHARGE

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.

EXCLUSIONS

The Company shall not be liable to make any payments for Loss based on, arising from attributable to:

- a)
 - i) fraudulent, dishonest or criminal acts of the Takaful Participant if such acts are found by any court to be fraudulent, dishonest or criminal;
 - ii) any personal profit or advantage gained in fact by the Takaful Participant to which such Takaful Participant was not legally entitled.

For the purpose of determining the applicability of this exclusion contained in this Takaful Certificate no conduct of, fact pertaining to or knowledge possessed by any Takaful Participant shall be imputed to any other Takaful Participant to determine if cover is available.

- b) any litigation or other proceedings begun before the prior and pending litigation date shown in the Schedule.
- c) any fact, circumstance, act, omission or claim of which notice has been given under any Takaful Certificate existing or expired before or on the inception date of this Takaful Certificate.
- d) any Claim brought by or on behalf of the Takaful Participant
- e) any Claim based on, arising from, attributable to, in consequence of or in any way involving directly or indirectly Pollution;
- f) any Claim for:
 - i) bodily injury, sickness, disease, death or emotional distress of any person; or
 - ii) damage to or destruction of any tangible property including loss of use of such property.
- g) any Claim based on arising from attributable to, in consequence of or in any way involving directly or indirectly from actual or alleged failure to effect or maintain any Takaful, re-Takaful or bond.
- h) any Claim based on , arising from, attributable to, in consequence of or in any way involving directly or indirectly from libel slander and/or defamation.
- i) any actual or alleged liability whatsoever for any Claim or Claims in respect of loss of losses directly or indirectly arising out of , resulting from in consequence of, contributed or aggravated by asbestos in whatever form or quantity.
- j) any Claim made against the Takaful Participant arising out of and in connection with security services provided by security companies.
- k) any infringement of copyright, trademarks, passing off registered designs or patents or any plagiarism or breach of confidentiality.
- l) any Claim based on, arising from attributable to, in consequence of or any way involving directly or indirectly from the Takaful Participant's inability to meet its debts as and when the fall due

,and/or in respect of any entity, any subsidiary or any other company, of which a Takaful Participant holds or held a management position, being insolvent or unable to pay all or any of its debts as and when they fall due, and notwithstanding any disclosure having been made to the Company any circumstances coming to the attention of the Company prior to commencement of, or during the Period of Takaful.

- m) any loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts, of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority.
- n) any Claim arising from, based upon, attributable to or as a consequence of any loss, damage, legal liability, cost or expense or whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.
- o) for the purpose of this exclusion an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s), of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious ideological or similar purposes, including the intention to influence any government and/or to put the public, or any section of the public in fear.

This exclusion also excludes loss, damage or legal liability, cost or expenses of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing suppressing or in any way relating to any act of terrorism.

- p) any Claim arising out of based upon or attributable to:
 - i) payments, commissions, gratuities, benefits or any other favours to or for the benefit of any full part time domestic or foreign governmental or armed forces officials, agents, representatives, employees or any members of their family or any entity with which they are affiliated; or
 - ii) payments, commissions, gratuities, benefits or any other favours to or for the benefit of any full of part time officials, directors, agents, partners, representatives, principal shareholders or owners or employees or affiliates of any third party company or any members of their family or any entity which they are affiliated; or
- q) any Claims arising from, based upon, attributable to or as a consequence of any political Takaful Contributions, whether domestic or foreign.
- r) any Claim arising from, based upon, attributable to or as a result of the theft, misuse, loss, damage or destruction of money, negotiable instruments or precious metals.
- s) any Claim directly or indirectly arising from or in connection with:
 - i) any duty of obligation assumed by the Takaful Participant, which is not assumed in the normal conduct of the Takaful Participant
 - ii) any contractual liability, unless the Takaful Participant would in any event be legally liable in the absence of such contractual or assumed liability;
 - iii) any liability assumed by the Takaful Participant under any guarantee or warranty; or
 - iv) any trading debt incurred by the Takaful Participant.

WARRANTY / CLAUSE

This Takaful Certificate is subject to the following Warranty/Clause:

Contribution Warranty

Takaful Contribution due to the Company must be paid and received by the Company within sixty (60) days from the inception date of this Takaful Certificate or endorsement/ renewal Takaful Certificate. If the condition is not complied, this Takaful Certificate shall be automatically cancelled and the Company shall be entitled to the pro-rated Takaful Contribution for the period the Company provides the cover.

Where the Takaful Contribution payable is received by the Company's authorized agent, the payment is deemed to be received by the Company for the purposes of this warranty. The onus of proving that the Takaful Contribution payable was received by a person, including a Takaful agent who was not authorized to receive such Takaful Contribution, shall lie with the Company.

Note: There are other clauses and/or endorsements which are only applicable to this Takaful Certificate when they are specifically mentioned in the Schedule and subject otherwise to the terms of this Takaful Certificate.

TAX

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.

THIS TAKAFUL CERTIFICATE SHOULD BE EXAMINED IMMEDIATELY UPON RECEIPT HEREOF BY THE TAKAFUL PARTICIPANT AND IF INCORRECT RETURNED AT ONCE FOR ALTERATION. THE TAKAFUL PARTICIPANT'S CONTINUED SUBSCRIPTION OF THE TAKAFUL COVERAGE PLANS IS DEEMED AS THE TAKAFUL PARTICIPANT'S ACCEPTANCE AND AGREEMENT TO BE BOUND BY THE TERMS AND CONDITIONS OF THIS TAKAFUL CERTIFICATE.

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 not satisfied with the rejection or offer of settlement of a claim, you may appeal to the Company. 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:

Ombudsman of Financial Services (664393P) Level 14, Main Block Menara Takaful Malaysia No 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur. Tel : +603-2272 2811 Fax : +603-22721577 E-mail: enquiry@ofs.org.my Website: www.ofs.org.my	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
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