



IKHLAS MACHINERY BREAKDOWN LOSS OF PROFITS TAKAFUL CERTIFICATE

Whereas the Takaful Participant named in the schedule(s) 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 witnesses that in consideration of the Takaful Participant having paid or agreed to pay the Takaful Contribution mentioned in the schedule(s) and subject to the terms, exclusions, provisions and conditions contained herein or endorsed hereon

The Company hereby agrees with the Takaful Participant that if during the period of takaful or any renewal thereof the business carried on by the Takaful Participant at the premises specified in the schedule(s) is interrupted or interfered with in consequence of an accident (as hereinafter defined) of any machinery described in the list of machinery and plant covered, then the Company shall in respect of each subject matter covered indemnify the Takaful Participant against the amount of loss as hereinafter defined resulting from such interruption or interference

Provided that the liability of the Company in no case exceeds in respect of each subject matter covered in any one year of Takaful the sum expressed in the schedule(s) to be covered thereon or in the whole the total sum covered hereby or such other sum or sums as may hereinafter be substituted therefor by endorsement signed by or on behalf of the Company

In witness whereof the Undersigned being duly authorized by the Company and on behalf of the Company has (have) hereunto set his (their) hand(s)

EXCLUSIONS

This Takaful Certificate shall not cover any loss resulting from interruption of or interference with the business directly or indirectly attributable to any of the following causes:

1. loss or damage due to fire, direct lightning, chemical explosion, extinguishing of a fire or subsequent demolition, aircraft or other aerial devices or articles dropped therefrom, theft or attempts thereat, collapse of buildings, flood, inundation, earthquake, subsidence, landslide, avalanche, hurricane, cyclone, volcanic eruption or similar natural catastrophes;
2. loss or damage due to the imposition of abnormal conditions directly or indirectly resulting from testing, intentional overloading or experiments;
3. loss or damage for which a supplier, contractor or repairer is responsible either by law or under contract;
4. 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 representatives, whether such faults or defects were known to the Company or not;
5. loss or damage arising out of the wilful act or gross negligence of the Takaful Participant or his representatives;
6. 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, a group of malicious persons or persons acting 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 or by any public authority;
7. any consequence of nuclear reaction, nuclear radiation or radio-active contamination;

8. loss of or damage to
 - a) foundations and masonry, unless specifically included and described in the list of machinery and plant covered;
 - b) exchangeable and replaceable parts such as bits, drills, knives, saw blades;
 - c) dies, moulds, patterns, blocks, stamps, punches, coatings or engravings on cylinders and rolls;
 - d) parts which by their use and/or nature suffer a high rate of wear or depreciation such as crushing surfaces, balls, hammers, screens and sieves, engraved soft metal cylinders, wear plates, elevator and conveyor belts or bands, chains, flexible pipes, jointing and packing materials, filter cloths, parts made of glass, rubber, textile or synthetics, grinding wheels, ropes, belts, straps, cables other than electrical conductors, brushes, batteries, tyres, refractory materials, grate bars, burner jets;
 - e) operating media such as fuels, chemicals, catalysts, filter substances, heat transfer media, cleansing agents, lubricants;
9. repair or replacement necessitated by direct damage due to wear and tear, corrosion, erosion, deposits of scale, sludge or other sediment, rust or scratching of painted or polished surfaces, or by any other direct consequences of progressive or continuous influences from working or atmospheric or chemical action, but the Company shall be liable for any loss resulting from interruption or interference caused by damage arising from such causes and otherwise covered by this Takaful Certificate;
10. shortage, destruction, deterioration of or damage to raw materials, semi-finished or finished products or other materials required for proper operation, even if the consequence of material damage to an item indicated in the list of machinery and plant covered is involved;
11. any restrictions on reconstruction or operation imposed by any public authority;
12. the Takaful Participant not having at his disposal in good time sufficient capital for repairing or replacing destroyed or damaged machinery;
13. loss of or damage to machinery, mechanical installations and their additional installations or other items which are not list of machinery and plant covered, even if the consequence of material damage to an item indicated in the list of machinery and plant covered is involved;
14. loss of business due to causes such as suspension, lapse or cancellation of a lease, license or order, etc. which occurs after the date when the machinery affected by an accident is again in operating condition and the business could have been resumed, if said lease, licence or order, etc. had not lapsed or had not been suspended or cancelled.

In any action, suit or other proceeding where the Company allege that by reason of the provisions of exclusions 3. - 7. above any loss is not covered by this Takaful Certificate, the burden of proving that such loss is covered shall be upon the Takaful Participant.

CONDITIONS

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. The due observance and fulfilment of the terms of this Takaful Certificate in 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(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(s). Any word or expression to which a specific meaning has been attached in any part of this Takaful Certificate or of the schedule(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 or damage and comply with statutory requirements and manufacturers' recommendations.
4. The Company shall bear all its own operating expenses. Takaful Participants shall bear necessary expenses incurred for their benefits as allowed by the regulator.
5.
 - a) Representatives 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 his 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.
 - c) Dismantling and reassembling in connection with any examinations shall be carried out by the Takaful Participant on such date or dates as the Company and the Takaful Participant mutually agree upon for the making of such examinations.

No material alteration shall be made or admitted by the Takaful Participant whereby the risk is increased, unless the continuance of the cover provided under this Takaful Certificate is confirmed in writing by the Company.

6. 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 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.

7. The Takaful Participant shall be obliged to keep complete records. All records, e.g. inventories, production and balance sheets, for the three preceding years shall be held in safe keeping or, as a precaution against their being simultaneously destroyed, the Takaful Participant shall keep separate sets of such records.
8. In the event of any occurrence which gives rise or is likely to give rise to a claim under this Takaful Certificate, the Takaful Participant shall
 - a) Immediately notify the Company by telephone or facsimile and send them written confirmation thereof within forty-eight (48) hours of the occurrence;
 - b) do and concur in doing and permit to be done all such things as may be reasonably practicable to minimize or establish the extent of any interruption of or interference with the business or to avoid or diminish the loss resulting therefrom;
 - c) as far as may be reasonably practicable, without causing any increase in the period of interruption or interference, take precautions to preserve any things which might prove necessary or useful by way of evidence in connection with any claim;
 - d) discontinue the use of any damaged machinery unless the Company authorize otherwise, and the Company shall not be liable in respect of any further interruption or interference arising out of the continued use of any damaged machinery without their having given their consent to such use until said machinery has been repaired to the satisfaction of the Company.

9. In the event of a claim being made under this Takaful Certificate not later than thirty (30) days after the expiry of the indemnity period or within such further times as the Company may allow in writing, the Takaful Participant shall at his own expense deliver to the Company a written statement setting forth particulars of his claim together with details of all other Takaful Certificates covering the accident or any part of it or consequential loss of any kind resulting therefrom, and the Takaful Participant shall at his own expense also produce and furnish to the Company such books of account and other business books, e.g. invoices, balance sheets and other documents, proofs, information, explanation and other evidence as may reasonably be required by the Company for the purpose of investigating or verifying the claim, together with – if required – a statutory declaration of the truth of the claim and of any matters connected therewith.
10. In the event of an accident to any covered machinery likely to give rise to a claim hereunder the Company shall have the right to take over and control all necessary repairs or replacements.
11. In the event of any occurrence in respect of which a claim is or may be made under this Takaful Certificate the Company and every person authorized by the Company may, without thereby incurring any liability and without diminishing the right of the Company to rely upon any condition of this Takaful Certificate, enter any building where the loss has happened and may take possession of or require that any of the machinery be rendered to them and may keep possession of and deal with such machinery for all reasonable purposes and in any reasonable manner. This condition shall be evidence of the leave and licence of the Takaful Participant to the Company so to do. If the Takaful Participant or anyone acting on his behalf does not comply with the requirements of the Company or hinders or obstructs the Company during any of the abovementioned acts, then all benefit under this Takaful Certificate shall be forfeited.
12. 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.
13. The Takaful Participant shall at the expense of the Company do and concur in doing and permit to be done all such acts and things as may be necessary or required by the Company in the interest of any right or remedies or of obtaining relief or indemnity from parties (other than those covered under this Takaful Certificate) to which the Company are or would become entitled or which would be subrogated to them on paying for or making good any loss or damage under this Takaful Certificate, whether such acts and things are or become necessary or required before or after the Takaful Participant's indemnification by the Company.
14. If any difference arises 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 or, if they cannot agree upon a single arbitrator, to the decision of two arbitrators, 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 arbitrators 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.
15.
 - a) If 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.
 - b) 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 11 of this Takaful Certificate) within three (3) months after the arbitrators or umpire have made their award, all benefit under this Takaful Certificate in respect of such claim shall be forfeited.
16. If at the time any claim arises under this Takaful Certificate there is any other takaful covering the same loss or damage, the Company shall not be liable to pay or contribute more than their rateable proportion of any claim for such loss or damage.

The Company shall not be liable to pay for or contribute to any loss which but for the existence of this Takaful Certificate is or would be covered by any Loss of Profits Takaful Certificate covering Marine risks or Fire and/or Explosion risks.

17. The indemnity shall fall due two (2) weeks after its final determination. If after the expiry of one (1) month since the beginning of an interruption of or interference with the business and after the expiry of each further month it is possible to determine the minimum amount which the Company are liable to pay for the elapsed period of interruption, the Takaful Participant shall be entitled to demand that such amount be paid to him as an instalment of the total indemnity.

The Company shall be entitled to postpone payment

- a) if there is any doubt as to the Takaful Participant's right to receive payment, until the necessary proof is furnished;
- b) if, as a result of any physical loss or damage or any interruption of or interference with the business, police or penal investigations have been initiated against the Takaful Participant, until the completion of such investigations.

The Company shall not be liable to pay interest other than interest for default.

18. Should at any time after the commencement of this Takaful Certificate

- a) the business be wound up or carried on by a liquidator or receiver or be permanently discontinued,
- b) the Takaful Participant's interest cease otherwise than by death,
- c) any alteration be made whereby the risk of accident is increased,
- d) the retention of standby or spare machinery or any other loss-minimizing factors in existence when the takaful was effected be reduced or discontinued, or such standby or spare machinery be not maintained in an efficient working condition and available for immediate use, then this Takaful Certificate shall be avoided unless its continuance is admitted by a special written statement signed by or on behalf of the Company.

19. This Takaful may be terminated at any time at the request of the Takaful Participant, in which case the Company will refund the balance of the General Risk Investment Account (GRIA) for the unexpired period of cover, plus surplus, if any, less related expenses. 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 Takaful Participant.

20. 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 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 other Takaful Participants in time of misfortune.

21. At each financial year-end, the Actuary will assess the surplus position of the Risk Fund, to preserve long term sustainability of the fund. The Company will 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 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. Both the threshold and the treatment of such amount 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.

22. Any contributions, fees and/or monies payable under this Takaful Certificate are subject to any taxes, levies, or charges imposed by relevant authorities unless otherwise stated.

BASIS OF TAKAFUL

The cover provided under this Takaful Certificate shall be limited to loss of gross profit due to reduction in turnover and increase in cost of working and the amount payable as indemnity hereunder shall be

- in respect of reduction in turnover: the sum produced by applying the rate of gross profit to the amount by which the turnover during the indemnity period, in consequence of the accident, falls short of the standard turnover
- in respect of increase in cost of working: the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in turnover which but for that expenditure would have taken place during the indemnity period in consequence of the accident, but not exceeding the sum produced by applying the rate of gross Profit to the amount of the reduction thereby avoided,

less any sum saved during the indemnity period in respect of such of the and expenses of the business payable out of the gross profit as may cease or be reduced in consequence of the accident, provided that if the sum covered hereunder is less than the sum produced by applying the rate of gross profit to the annual turnover, the amount payable is proportionately reduced.

DEFINITIONS

Gross Profit	The amount by which the sum of the value of the turnover and the value of the closing stock exceed the sum of the value of the opening stock and the amount of the specified working expenses. The values of the opening and closing stocks shall be arrived at in accordance with the Takaful Participant's normal accountancy methods, due provision being made for depreciation.	
Specified Working Expenses	The variable expenses of the business which are not covered by this Takaful Certificate:	
	<ol style="list-style-type: none"> 1. turnover and purchase taxes 2. purchases (less discounts received) 3. carriage, packing and freight 	
Turnover	The money (less discounts allowed) paid or payable to the Takaful Participant for goods sold and delivered and for services rendered in the course of the business at the premises.	
Indemnity Period and Time Excess	The period not exceeding the indemnity period limit stated in the list of machinery and plant covered commencing with the occurrence of the accident during which the results of the business are affected in consequence of such accident, provided always that the Company are not liable for the amount of loss arising during the time excess, such time excess to commence as from the beginning of the interruption of or interference with the business resulting in a claim under this Takaful Certificate.	
Rate of Gross Profit	The rate of gross profit earned on the turnover during the financial year immediately before the date of the accident	 <p>to which such adjustments are made as may be necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the accident or which would have affected the business had the accident not occurred, so that the figures thus adjusted represent as nearly as may be reasonably practicable the results which but for the accident would have been obtained during the relative period after the accident.</p>
Standard Turnover	The turnover during that period in the twelve months immediately before the date of the accident which corresponds to the indemnity period	

Annual Turnover	The turnover which the Takaful Participant would have been able to obtain but for the accident during the twelve months immediately before either the date when the business is no longer affected or when the indemnity period ends, whichever occurs first.
Accident	<p>Unforeseen and sudden physical loss or damage occurring to the Takaful Participant machinery and necessitating its immediate repair or replacement due to causes such as defects in casting and material, faulty design, faults at workshop or in erection, bad workmanship, lack of skill, carelessness, malice, shortage of water in boilers, physical explosion, tearing apart on account of centrifugal force, short circuit, storm, or any other cause not specifically excluded hereinafter whilst such machinery is</p> <ul style="list-style-type: none"> - working or at rest, - being dismantled, moved or re-erected for the purpose of cleaning, inspection, repair or installation at another location within the premises, provided such machinery has successfully completed its performance acceptance tests.

PROVISIONS

Memo 1 – Benefits from Other Premises	If during the indemnity period goods are sold or services are rendered elsewhere than at the premises for the benefit of the business either by the Takaful Participant or by others acting on his behalf, the money paid or payable in respect of such sales or services shall be taken into account in arriving at the turnover during the indemnity period.
Memo 2 – Return of Contribution	<p>If the Takaful Participant declares at the latest six months after the expiry of any Takaful Certificate year that the gross profit earned during the accounting period of twelve (12) months most nearly concurrent with any period of takaful, as certified by the Takaful Participant's auditors, was less than the sum covered thereon, a pro rata return of Takaful Contribution not exceeding one third of the Takaful Contribution paid on such sum covered for such period of takaful shall be made in respect of the difference.</p> <p>If any accident has occurred giving rise to a claim under this Takaful Certificate, such return shall be made in respect only of so much of said difference as is not due to such accident.</p>
Memo 3 – Relative Importance	The term "relative importance" referred to in the list of machinery and plant covered shall be the percentage effect which a breakdown of a particular machine will have on the total gross profit, disregarding any loss-minimizing measures. If in the event of an accident affecting an covered item of machinery the percentage of relative importance stated in the list of machinery and plant covered for this item is lower than the actual percentage of relative importance subsequently arrived at for the period of interruption, the Company shall only be liable to indemnify the proportion which the percentage of relative importance stated in the list of machinery and plant covered bears to the actual percentage.
Memo 4 – Overhauls	In calculating the loss, due allowance shall be made for the time spent on any overhauls, inspections or modifications carried out during any period of interruption.
Memo 5 – Benefits after Recommissioning	If during a period of six (6) months immediately following the recommissioning of covered machinery after an accident, the Takaful Participant derives benefits from deferred sales or from increased production and/or profits as a consequence of an interruption, such benefits shall be taken into account in determining the indemnity payable under this Takaful Certificate.

- Memo 6 – Reinstatement of Sum covered For the period following the occurrence of an accident up to the end of the Takaful Certificate period the sum covered shall be reinstated by payment of an additional Takaful Contribution on a pro rata basis, such Takaful Contribution to be calculated from that part of the sum covered which corresponds to the indemnity paid; the agreed sum covered shall remain unaltered.
- Memo 7 – Material Damage Cover for Machinery Covered The machinery described in the list of machinery and plant covered shall be covered against machinery breakdown during the currency 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

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:

<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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