

Frequently Asked Questions

Guidelines for The Returns on Calculation of Levies for Takaful and Insurance Businesses ("RCL Guidelines")

Last updated: 20 December 2021

1. What are the objectives of the amendments?

The amendments are intended to simplify levy calculation and address operational challenges of certain insurer members in segregating qualified and non-qualified certificates or policies in the past.

This is in line with the enlargement of Takaful and Insurance Protection System ("TIPS") scope of protection with effect from 1 January 2021. With the enhancements, almost all insurance and takaful benefits under a policy and certificate are protected, and hence most policies and certificates will be classified as "qualified" policies or certificates.

2. What are the key changes in the RCL Guidelines?

The RCL Guidelines removed the reference to "qualified certificates or policies" and "non-qualified certificates or policies" for Business within Malaysia from the levy calculation basis. Moving forward, all certificates or policies for Businesses within Malaysia are included in the levy calculation basis.

Consequently, the RCL Reporting Form is also amended accordingly. The RCL Reporting Form is issued together with the new RCL Guidelines and can be found on PIDM's website (<https://www.pidm.gov.my/en/for-member-institutions/legislation/guidelines/>).

3. Are there any changes to the scope of takaful or insurance benefits that are protected by PIDM?

The amendments to the RCL Guidelines do not change the scope of takaful or insurance benefits that are protected by PIDM. As stated in question 2 above, TIPS scope and limits of protection were enhanced from 1 January 2021. Details of the takaful or insurance benefits that are protected by PIDM and the maximum limits of protection can be found in (i) Malaysia Deposit Insurance Corporation (Protected Benefits) Regulations 2020 and (ii) Malaysia Deposit Insurance Corporation (Protected Benefits Limit) Order 2020. These are available on PIDM's website (<https://www.pidm.gov.my/en/for-member-institutions/legislation/regulations/>)

4. What would be the applicable levy rate? Is there any change in the levy rate?

The levy rates remain the same as stated in the Malaysia Deposit Insurance Corporation (First Premium and Annual Premium in Respect of Insurer Member) Order 2016.

5. What is the effective date of the RCL Guidelines?

The RCL Guidelines are effective from the assessment year 2022 and supersede the Guidelines on Takaful and Insurance Benefits Protection System: Submission of Returns on Calculation of Levies for Takaful and Insurance Businesses issued on 30 March 2020.

6. Would there be any consequential changes to the validation requirements under the Guidelines on Validation Programme: Differential Levy Systems and Levies Calculation?

No. The existing Guidelines on Validation Programme: Differential Levy Systems and Levies Calculation remain current and relevant.

7. What if I have more questions related to RCL Guidelines and levy assessment?

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