

## Frequently Asked Questions (“FAQs”)

- **Addendum to Guidelines for the Returns on Calculation of Levies for Takaful and Insurance Businesses (“2025 Addendum”); and**
- **Returns on Calculation of Levies (“RCL”) Reporting Form (issued on 7 April 2025)**

***Updated on 7 April 2025***

The FAQs are intended to provide clarification to insurer members (“IMs”) on the requirements specified in the 2025 Addendum and the enhanced RCL Reporting Form for Assessment Year (“AY”) 2025. With the issuance of the 2025 Addendum, the RCL Reporting Form is also amended accordingly.

### Objectives

#### 1. **What is the purpose of the 2025 Addendum?**

PIDM is providing a transitional arrangement, as specified in the 2025 Addendum, to support the industry in addressing the Medical and Health Insurance or Takaful (“MHIT”) matters.

An IM carrying on family takaful or life insurance business may exclude the increased portion of the valuation of family takaful or life insurance liabilities in respect of MHIT certificates or policies arising from the implementation of the staggered premium repricing under the MHIT interim measures (“MHIT staggered premium repricing”), from the calculation of levies for AY 2025.

### Definition

#### 2. **What is the “Pre-adjustment Valuation of Family Takaful Liabilities” in Form F-1?**

“Pre-adjustment Valuation of Family Takaful Liabilities” refers to:

- (a) the net liabilities of the participants risk fund calculated as at 31 December 2024, as reported in the Risk-Based Capital Framework for Takaful Operators submission to Bank Negara Malaysia (“BNM”) for businesses within Malaysia only; and
- (b) the value of participants investment fund obtained from other supporting information.

For clarity, the RCL Reporting Form replaced the reference of “Actuarial Valuation Liabilities” to “Pre-adjustment Valuation of Family Takaful Liabilities” for the calculation of annual levy for family takaful business for AY 2025.

### 3. What is the “Pre-adjustment Valuation of Life Insurance Liabilities” in Form L-1?

“Pre-adjustment Valuation of Life Insurance Liabilities” refers to the net liabilities calculated as at 31 December 2024, as reported in Risk-Based Capital Framework for Insurers submission to BNM, for businesses within Malaysia only.

For clarity, the RCL Reporting Form replaced the reference of “Actuarial Valuation Liabilities” to “Pre-adjustment Valuation of Life Insurance Liabilities” for the calculation of annual levy for life insurance business for AY 2025.

#### New column “Adjustment of MHIT Liabilities” (Form F-1 and Form L-1)

### 4. What is the “Adjustment of MHIT Liabilities” in the RCL Reporting Form? Could you provide example of computation?

This is a newly added column in Form F-1 and Form L-1 to allow an IM to exclude the increased portion of the valuation of family takaful or life insurance liabilities in respect of MHIT certificates or policies arising from the implementation of the MHIT staggered premium repricing.

#### **Illustration:**

**“Adjustment of MHIT Liabilities” = A – B, where,**

**A** = Valuation of Family Takaful / Life Insurance Liabilities for MHIT certificates / policies **after** taking into account staggered contribution / premium repricing under the MHIT interim measures (equivalent to pre-adjustment valuation of family takaful / life insurance liabilities mentioned in question 2 and 3 above).

**B** = Valuation of Family Takaful / Life Insurance Liabilities for MHIT certificates / policies **before** taking into account staggered contribution / premium repricing under the MHIT interim measures.

For example:

The computation of “Adjustment of MHIT Liabilities” as at 31 December 2024:

**A** = RM 2.0 million

**B** = RM 0.5 million

**A – B** = RM 1.5 million

As a result, the IM will report RM 1.5 million under the “Adjustment of MHIT Liabilities” column in the RCL Reporting Form for AY 2025.

**5. Is it mandatory to fill in the “Adjustment of MHIT Liabilities” column?**

No. An IM is given the option to subtract the MHIT liabilities amount that reflects the impact of the implementation of the MHIT staggered premium repricing, from the calculation of annual levy for AY 2025.

An IM may leave the column empty or enter “0”, if there is no adjustment needed for MHIT liabilities.

**6. Can I enter a negative number in the “Adjustment of MHIT Liabilities” column?**

No. The value in the column must be greater than or equal to “0.” This is because this adjustment is meant to address the increased portion of the liabilities in respect of MHIT certificates / policies arising from MHIT staggered contribution / premium repricing.

**7. Is it mandatory to fill in the “Remark” column?**

Yes. An IM shall provide an explanation with sufficient details to explain the “Adjustment of MHIT Liabilities”. At minimum, the IM should cover to the following in the explanation:

- (a) Key affected MHIT products and the quantum (or percentage) of the originally planned MHIT contribution / premium repricing;
- (b) Number of affected MHIT certificates / policies in total;
- (c) Proportion or percentage of total affected MHIT certificates / policies (in term of number) over the total MHIT certificates / policies; and
- (d) Changes in key assumptions or methodology, such as relating to contract boundary, premium or contribution growth, claims and lapse rate (from [X%] to [Y%]).

**Source and supporting documents**

**8. What is the source of information for the “Adjustment of MHIT Liabilities” column?**

An IM may use any source of information approved by the Management, including management reports for the financial period under the Malaysian Financial Reporting Standard (MFRS) 4, when calculating the adjustment of MHIT liabilities amount.

**9. Does an IM need to submit supporting documents for the calculation of adjustment of MHIT liabilities amount, together with the RCL Reporting Form?**

No. An IM is not required to submit supporting documents. An IM shall maintain proper documentation for the adjustments of MHIT liabilities amount and make them available for validation upon PIDM's request.

## Others

### 10. **Are there any changes to Form G-1?**

For AY 2025, Form G-1 remains the same for an IM carrying on general takaful or general insurance business as their levy assessment is based on net contributions or premiums. It is expected that the levy payments will naturally adjust to the MHIT staggered premium repricing.

### 11. **What if I have more questions related to RCL Reporting Form?**

For further clarification, please do not hesitate to the following officers:

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