

Section I



About Perbadanan Insurans Deposit Malaysia (PIDM)

Table of contents

Section I: About Perbadanan Insurans Deposit Malaysia

1. *What PIDM does?*
2. *How is PIDM funded?*
3. *How are consumers protected in a failure?*

Section II: Takaful and Insurance Benefits Protection System

4. *Who are member institutions?*
5. *Who are protected?*
6. *What are protected – scope and limits?*

Section III: Takaful and Insurance Benefits Protection System disclosure requirements for insurer members

7. *What insurer members need to inform customer?*
8. *What insurer members need to do?*

Perbadanan Insurans Deposit Malaysia (“PIDM”) is an integrated financial consumer protection authority for depositors and takaful certificate or insurance policy owners[^], and resolution authority for member institutions (“MIs”)



Operationally independent statutory body / government agency
established in September 2005 under the PIDM Act 2005*

Financial consumer protection authority

Administers the:

- 1. Deposit Insurance System (“DIS”) (2005)**
Protects against loss of eligible deposits up to RM250,000 per depositor
- 2. Takaful and Insurance Benefits Protection System (“TIPS”) (2010)**
Protects against loss of eligible takaful and insurance benefits up to RM500,000

Resolution authority

Acts as the resolution authority to resolve non-viable MIs to enable them to exit from the financial system in an orderly manner, without causing severe systemic disruption

* Amended in 2010, 2016 and 2022

[^] Also known as certificate or policy owners

1 What PIDM does?

PIDM is an integral part of the financial system safety net arrangement in Malaysia contributing to financial system stability

Overall authority for financial sector



Promote and maintain stability of the financial system



Central bank, supervisor & primary regulator



Financial consumer protection & resolution authority

Mandate of PIDM

- 1. SYSTEM ADMINISTRATION |**
Administer DIS and TIPS.

- 2. INSURANCE AGAINST LOSS* |**
Provide insurance against the loss of part or all deposits, and protection against the loss of part or all takaful or insurance benefits.

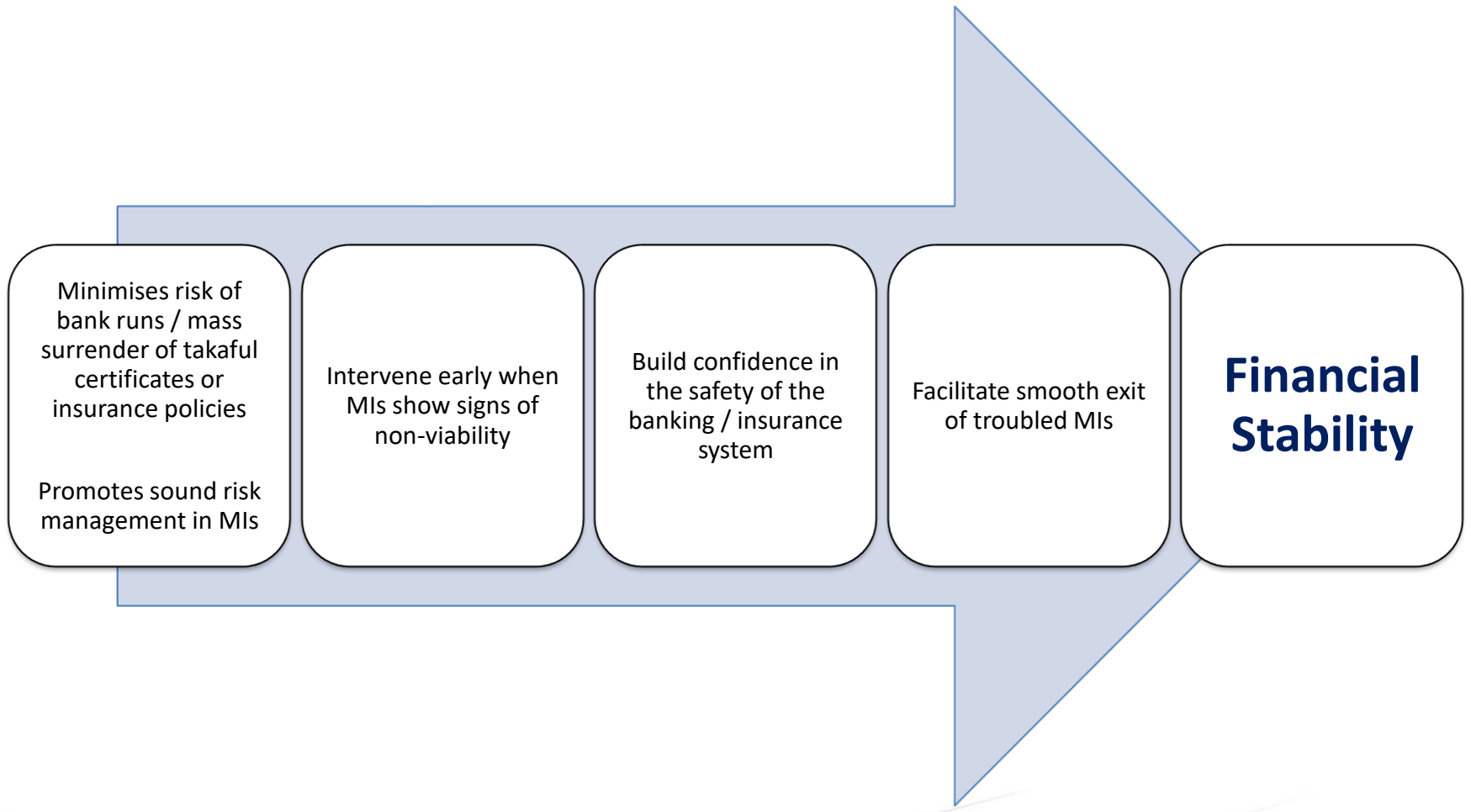
- 3. INCENTIVES |**
Provide incentives for sound risk management in the financial system.

- 4. FINANCIAL STABILITY* |**
Promote or contribute to the stability of the financial system.

** In a manner that minimises costs to the financial system*

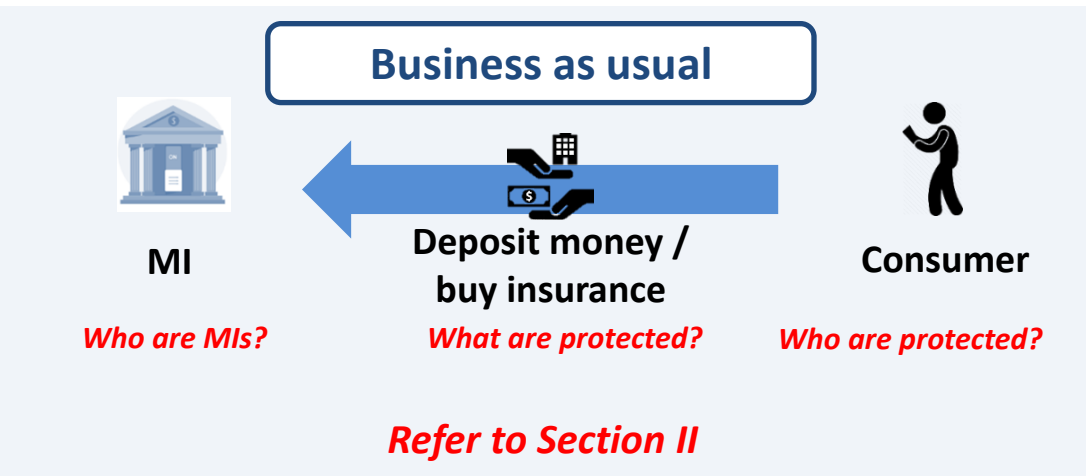
1 What PIDM does?

PIDM promotes financial stability through early detection, timely intervention and resolution of problem MIs



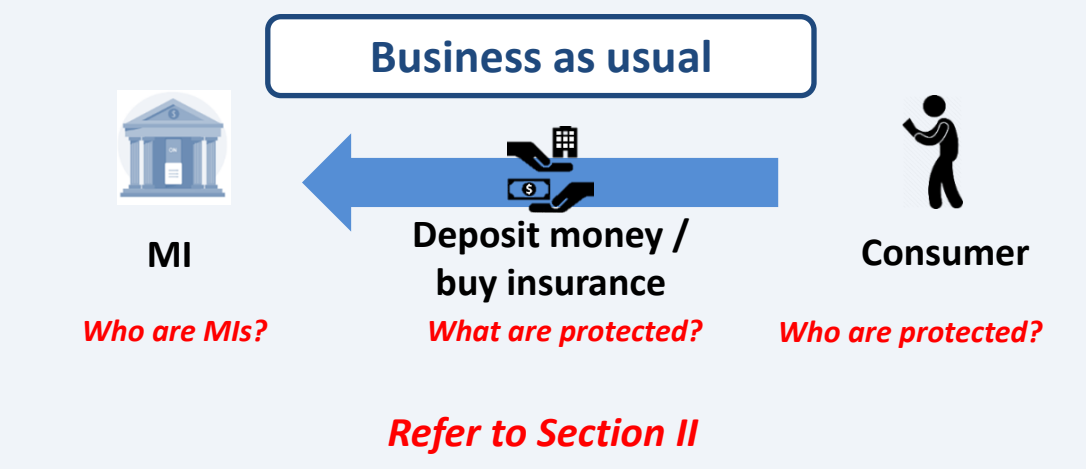
1 What PIDM does?

PIDM protects depositors and certificate or policy owners in the event of an MI failure:
How does it work? [1/5]



1 What PIDM does?

PIDM protects depositors and certificate or policy owners in the event of an MI failure: How does it work? [2/5]



- Policy development
- Monitor & assess risk
- Crisis readiness

Public awareness *What IMs need to inform consumers?*

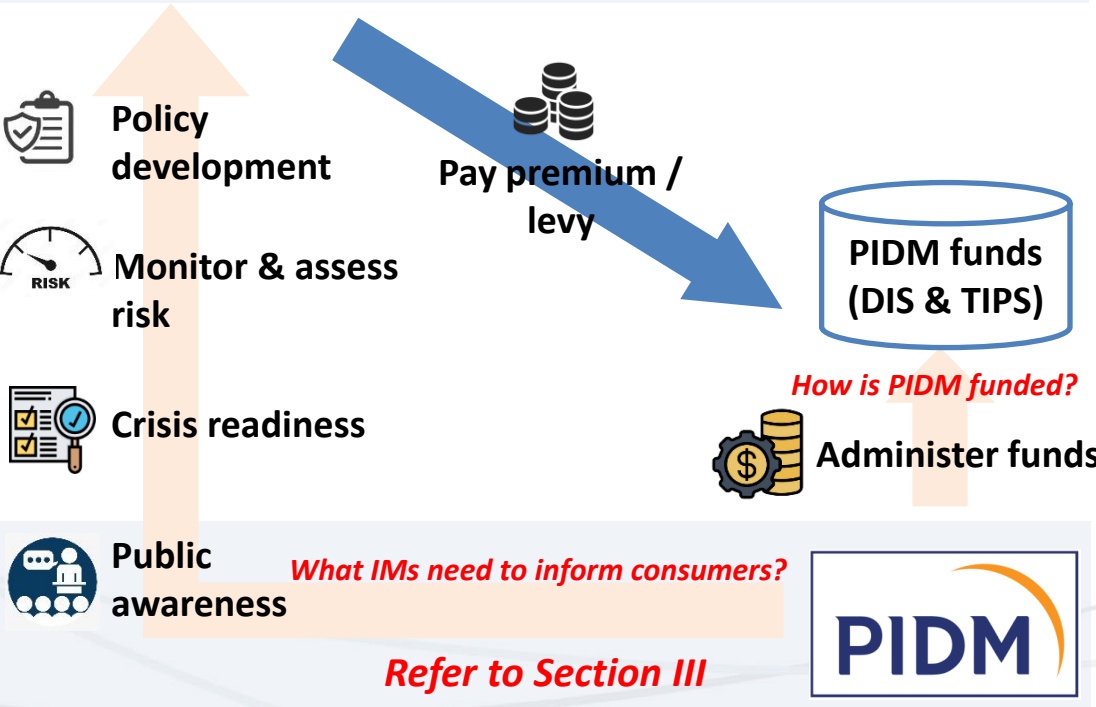
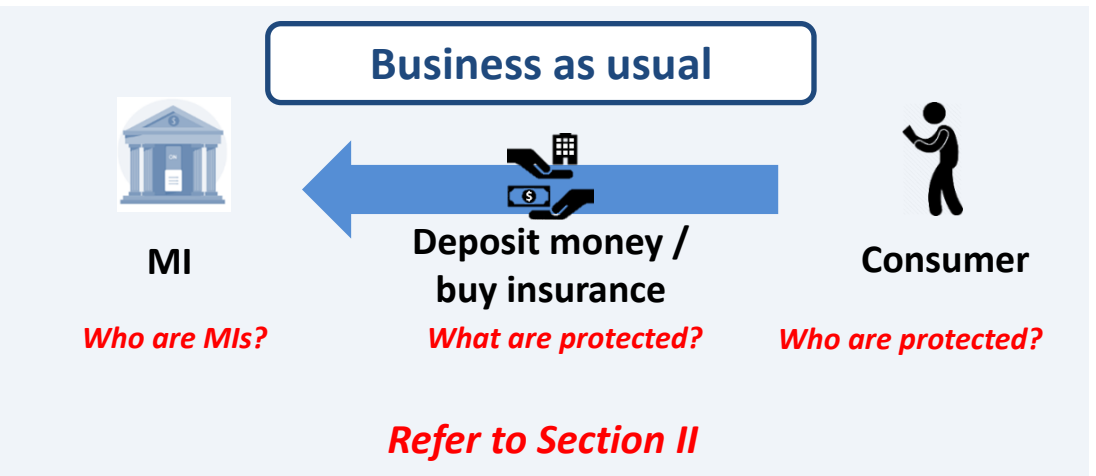
Refer to Section III



What PIDM does during business as usual

1 What PIDM does?

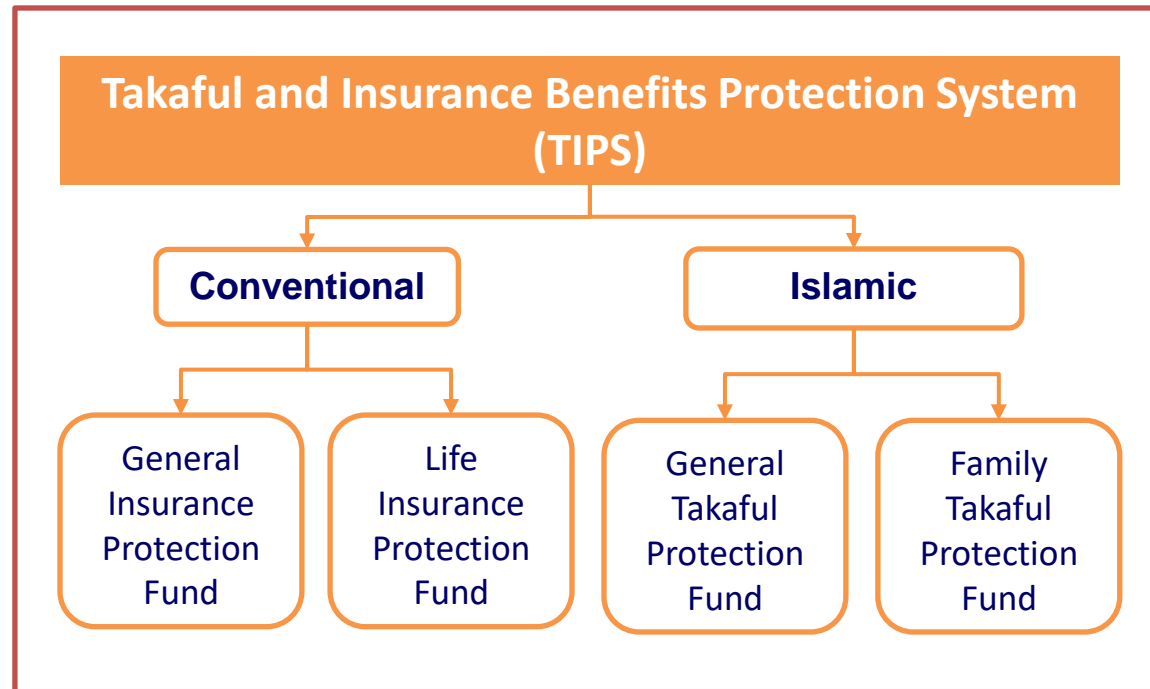
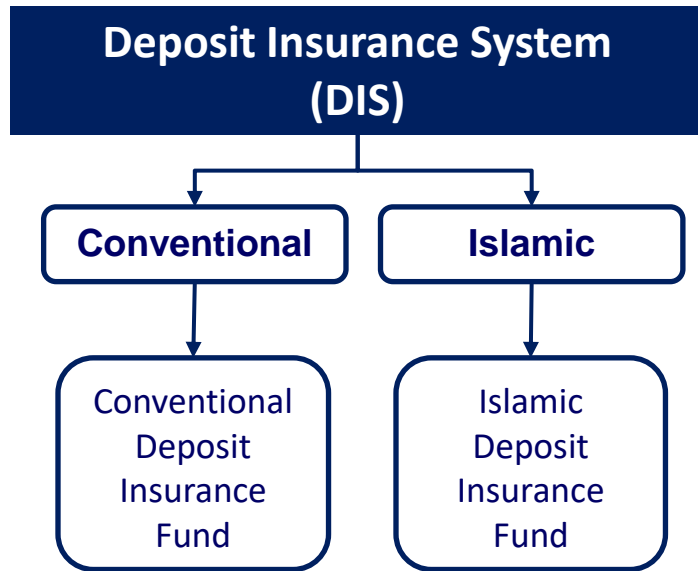
PIDM protects depositors and certificate or policy owners in the event of an MI failure: How does it work? [3/5]



What PIDM does during business as usual

2 How is PIDM funded?

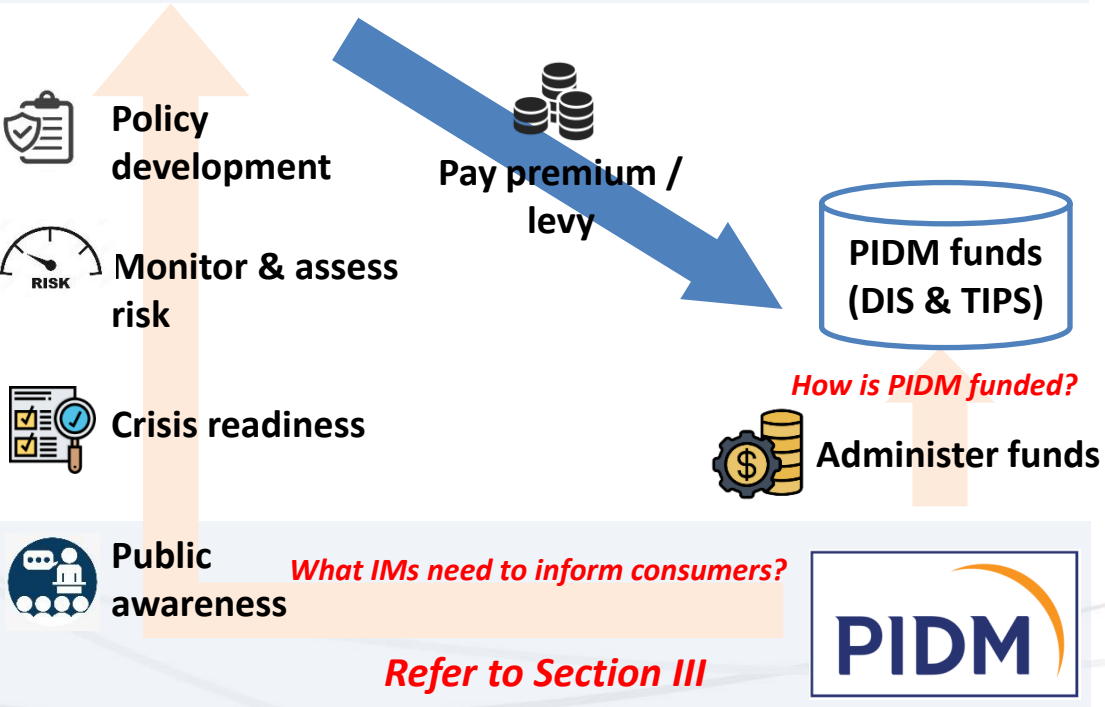
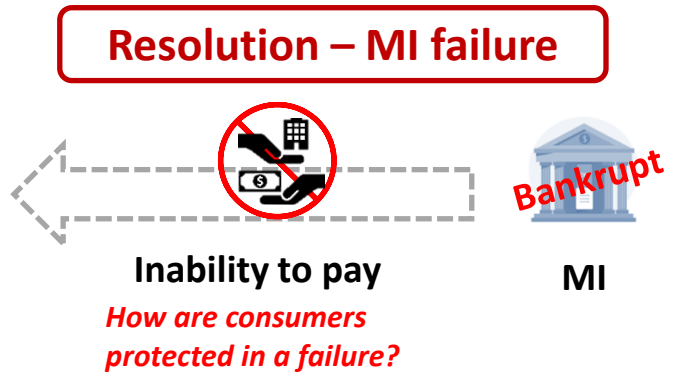
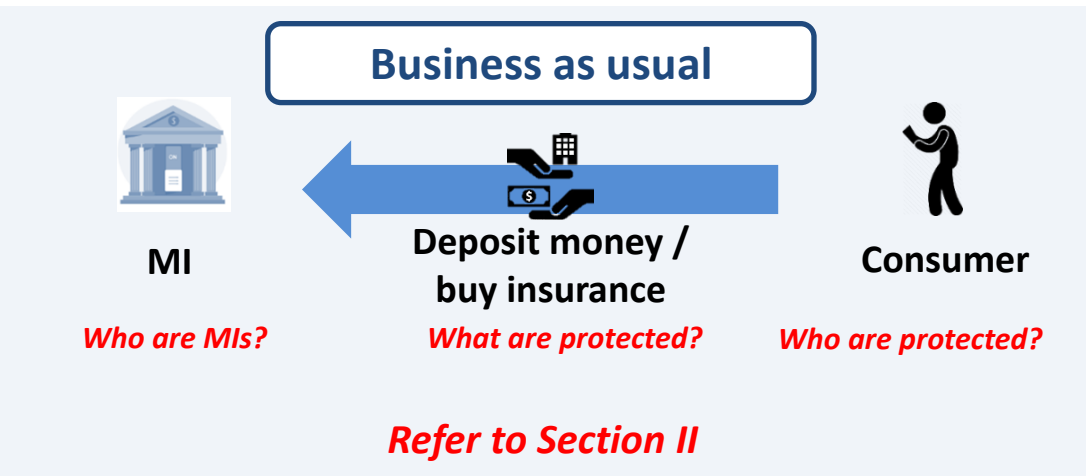
DIS and TIPS are funded ex-ante with a clearly defined reserve target. Main source of funding are risk-based premiums / levies paid by MIs, supported by external funding sources



- PIDM administers six (6) separate and distinct funds
- Islamic funds are managed and administered in accordance with Shariah principles
- No commingling of funds between the six (6) separate funds
- MIs pay premium / levy according to their risk profiles
- For more information on the protection funds, please refer to PIDM's Annual Report available at PIDM's website

3 How are consumers protected in a failure?

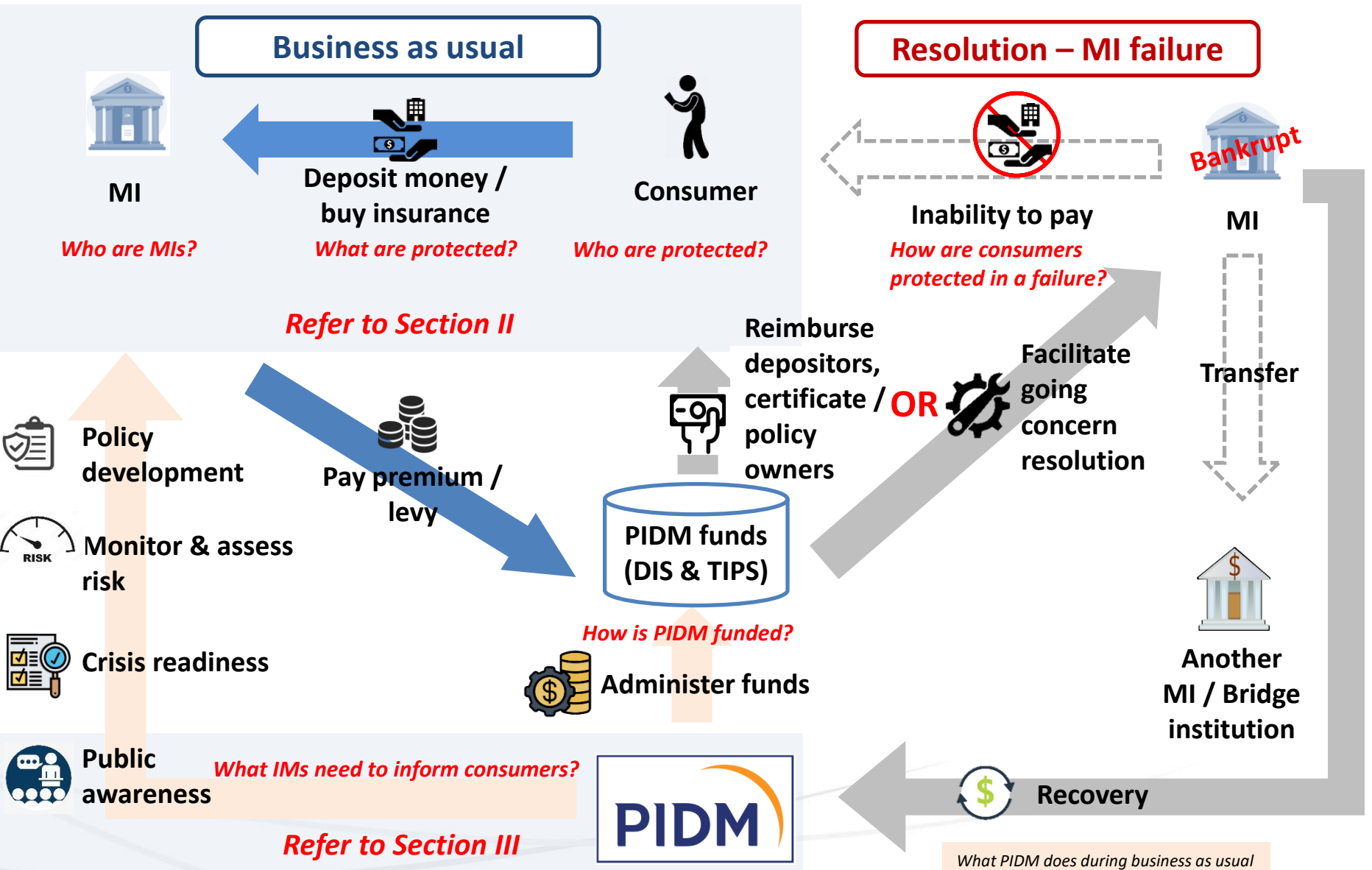
PIDM protects depositors and certificate or policy owners in the event of an MI failure: How does it work? [4/5]



What PIDM does during business as usual

3 How are consumers protected in a failure?

PIDM protects depositors and certificate or policy owners in the event of an MI failure: How does it work? [5/5]



What PIDM does during business as usual

What PIDM does during resolution

3 How are consumers protected in a failure?

In the event of an MI failure, PIDM will pay your eligible deposits or takaful / insurance benefits directly or arrange to transfer your deposits or takaful certificate / insurance policy to another MI / bridge institution

Gone concern resolution



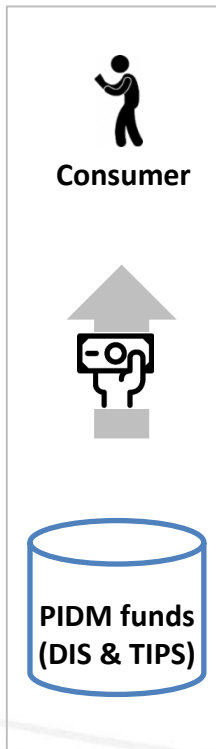
PIDM to reimburse depositors or certificate / policy owners

OR

Going concern resolution

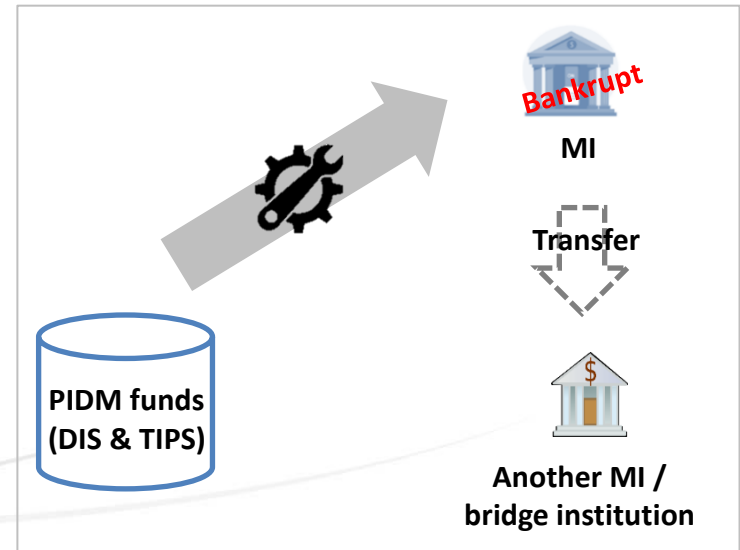


PIDM to facilitate transfer of business



- PIDM will make public announcements on how and when reimbursement will be made
- Depositors or certificate / policy owners may file a claim with the liquidator of the MI to recover any amount above the protection limit

- Depositors or certificate / policy owners will be able to access their deposits or continue their takaful or insurance coverage as usual through another MI / bridge institution





To learn more:

Takaful and Insurance Benefits
Protection System



Section II

Takaful and Insurance Benefits
Protection System Disclosure
Requirements for Insurer Members



Section III