



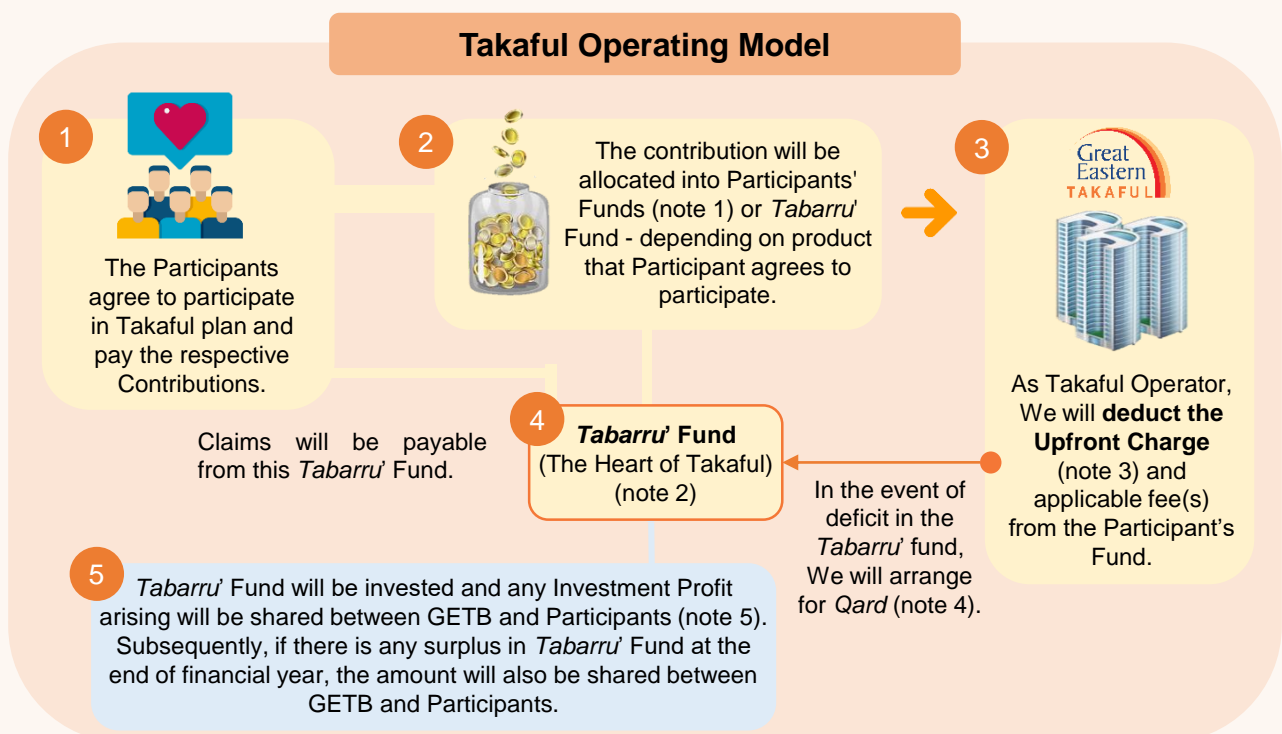
## YOUR TAKAFUL UPDATE

### What is “TAKAFUL”?

Takaful comes from an Arabic word which means “**Joint Guarantee**”, where a group of participants agree among themselves to support one another jointly for the losses arising from specific risks.

### How Does Takaful Works?

In Great Eastern Takaful (also referred to as GETB, We, Us, Our), We operate based on the principal-agent relationship, whereby the agent, which is GETB, will act on behalf of the Participants and earn an Upfront Charge (*Wakalah* fee) for the underwriting and management of the services provided under contract of *Wakalah bi al-Ujrah*. While the Participant (You), commit to contribute into a donation pool (*Tabarru'* Fund) for the purpose of solidarity and cooperation among the Participants. The fund will be use to help the Participants in time of misfortunes.



#### Note:

- 1) Participant's Fund may consists of Participant Individual Account (PIA), Participant's Unit Account (PUA), and *Tabarru'* Fund. Different products may have different Participant's Funds available.
- 2) All investment under *Tabarru'* Fund will be invested in Shariah-Compliant financial assets and securities.
- 3) The charge imposed upfront according to the percentage of Contribution paid, to pay for distribution cost and other management expenses. This amount will be deducted from the Participant's Fund.
- 4) For the purpose of Takaful, in the event of deficit in the *Tabarru'* Fund, We as the Takaful Operator will arrange for *Qard*. The *Qard* is repayable from the future Underwriting Surplus of the *Tabarru'* Fund.
- 5) The Participants and Us will share in the Investment Profit (if any) arising from the *Tabarru'* Fund in the pre-agreed proportion of X% and Y% respectively under *Mudharabah* contract after each financial year. The proportion differs and is dependent to each product. If there is no Investment Profit sharing, 100% of the Investment Profit will be credited back into the *Tabarru'* Fund under *Wakalah bi al-Istithmar* contract.

## Example of Participant's Fund and *Tabarru'* Fund Available in Great Eastern Takaful



### Tabarru' Fund

This fund is established for the purpose of providing payment of Takaful Benefit upon claims in the event of misfortunes (including guaranteed survival benefits).



### Participant's Unit Account

An individual account into which the Contribution shall be allocated for protection and investment purposes. Units to be purchased will depend on the unit price of the selected funds chosen. Under PUA, there are 3 choices of Shariah-Compliant funds available based on Your investment risk appetite; **Dana i-Makmur** (income), **Dana i-Mekar** (equity) and **Dana i-Majmuk** (mixture of equities, fixed income).

*Tabarru'* will be subsequently deducted on a monthly basis and place into the *Tabarru'* fund.



### Participant's Individual Account / Participant's Universal Takaful Account

An individual account where Your Contribution shall be allocated. This fund will collectively be invested in Shariah-Compliant financial assets and securities.

*Tabarru'* will be subsequently deducted on a monthly basis and place into the *Tabarru'* fund.



Do You know that You will **gain an investment profit** by investing in PIA, UTA and PUA? At the same time, Your coverage **will continue in-force** as long as the funds have sufficient account value for *Tabarru'* deduction.

*Note: Subject terms and conditions. Different products may have different Participant's funds available. Please refer to Your Certificate, Benefit Illustration or Product Disclosure Sheet for more information.*

## Do you know what is the meaning of the Shariah Contract stated in our documents? Here are the some of the definitions:-

Word	Definition
<i>Wakalah bi al-Ujrah</i>	The contract of agency where Participant appoints and authorises the Takaful Operator to manage the <i>Tabarru'</i> Fund. The Takaful Operator is entitled to receive fees as pre-agreed at the beginning of the contract upon the services rendered.
<i>Illizam bi al-Tabarru'</i>	<i>Tabarru'</i> means a portion of the Contribution allocated into the <i>Tabarru'</i> Fund as donation for the purpose of mutual help and assistance to fellow Participants in need.
<i>Ju'alah</i>	Literally means compensation for a given service. where the Underwriting Surplus is shared among Participants and the Takaful Operator based on a pre-agreed ratio of 50:50 respectively which is distributed after each financial year, if any.
<i>Wakalah bi al-Istithmar</i>	The contract of agency where the Takaful Operator will invest the monies in accordance with <i>Wakalah bi al-Istithmar</i> principle. The Takaful Operator is entitled to receive fees as pre-agreed at the beginning of the contract upon the services rendered (PIA) / Fund Management Charge (PUA)
<i>Mudharabah</i>	is when the Takaful Operator acts as an entrepreneur ( <i>mudharib</i> ) that manages the collected funds and Participants as capital provider ( <i>rabbul mal</i> ); where there is profit sharing between Participants and the Takaful Operator.
<i>Qard</i> (Loan)	In the event of deficit in the <i>Tabarru'</i> Fund, Takaful Operator will arrange for <i>Qard</i> (loan). The <i>Qard</i> is repayable from the future Underwriting Surplus of the <i>Tabarru'</i> Fund.
<i>Hibah</i>	A transfer of ownership of an asset from a donor ( <i>wahib</i> ) to a recipient ( <i>mawhub lahu</i> ) without any consideration. Hibah concept is used when the Takaful Operator gives benefit from Takaful Operator Fund to the Participant.



Need to know more? Please refer to Your Takaful Certificate or reach out to Your agent / intermediary!

# Frequently Asked Question (FAQ)



## Why I need to understand my Takaful plan?

It is important to understand what You are paying for so that You are covered based on Your needs and able to claim the benefits that You are covered for when the situation arises.

## What is the difference between Takaful and Conventional Insurance?

Key differences between Takaful and Conventional Insurance are as follows:

Matter	Takaful	Conventional
What is it?	A co-operative contract where funds are contributed by donations from Participants. The pooled funds can be used to protect other Participants from risk. Takaful is risk sharing between the Participants.	A policy that shifts the risk to the insurance company. The Policy Owner pay a premium to receive coverage.
What is the Contract used?	<i>Tabarru'</i> Contract	Buying and Selling Contract
How Are Pooled Funds Invested?	Operators will only invest in syariah-compliant instruments which are free of gambling, usury and uncertainty.	Insurance companies are free to invest in legal instruments like stock, bonds, etc.
What Happens to The Profits or Surplus?	It is shared among the Participants and the Takaful Operator.	Dividends are returned to shareholders

## What are the key Shariah principles applicable under Takaful?

Takaful system stresses the spirit of co-operation and joint responsibility among Participants. The practices of *Gharar* (Uncertainty), *Maisir* (Gambling) and *Riba* (Usury) are prohibited by syariah law.

## Can a non-muslim participate in Takaful plan?

Takaful plan is open for everyone and one does not have to be a Muslim to take on Takaful coverage. Non-muslim Participants will enjoy all the benefits and services offered under the participated \*Takaful plan.

*\*except i-Great Wawasan and i-Great NEO on Hajj related benefits and service.*

## Frequently Asked Question (FAQ)

**We have made a change to our Takaful Operating Model recently.  
What is the change?**

We have revised our existing Takaful Operational Model on the deduction of the Upfront Charges (*Wakalah Fees*) to be deducted from respective Participants Funds (PIA, PUA or UTA). In the event where there is no existence of the accounts mentioned above, the Upfront Charge will be deducted from *Tabarru'* Fund.

**Does the change affect my benefit (s)?  
Do I need to pay more?**

Please be assured that the changes made will **NOT** affect any of Your Takaful benefits as well as it will not incur any additional Contribution, *Tabarru'* rate, fees and charges.

**Will I receive a new Certificate / Endorsement / marketing documents in relation to the change?**

No, You will not receive new Certificate, Endorsement or marketing materials related to the revised Takaful Operating Model. This infographic and FAQ shall serve as Our notice to You.

**Where do I get further information related to the change?**

For more information, You may contact Your agent or intermediary, or contact Us at:

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(A Takaful Operator registered under the Islamic Financial Services Act 2013 and regulated by Bank Negara Malaysia)

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