

## TAKAFUL CLAIM DILEMMA

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### Prologue

“What a long and tedious meeting!” Borhan was heard grumbling. He had just finished attending July monthly meeting with the top management of Takaful Dinamik Berhad (TDB), a takaful company located in the heart of Kuala Lumpur. Just as he was about to breathe a sigh of relief, Borhan saw a letter which was discreetly placed on his table by his secretary. He was about to throw his files onto the letter when his eyes caught the phrase “Bank Negara Malaysia” (BNM) on the letter. BNM is the Central Bank of Malaysia and responsible for regulating and monitoring the insurance and takaful industry in the country. Borhan felt a bit anxious. With a furrowed brow he opened the letter and scrutinized the content line by line.

Borhan’s intuition was right. The content of the letter was indeed not very flattering to TDB (Exhibit 1). The letter was related to Yusof Bin Ahmad, a policyholder of TDB whose claim for total permanent disability and critical illness benefit was recently rejected. Yusof was not satisfied with the reasons for rejection given by TDB. He insisted that his claim must be reviewed by TDB. The letter instructed TDB to provide explanation for the claim rejection and must response within two weeks from the date of the letter. BNM would review the explanations to be given by TDB and would take further measures deemed appropriate for the situation.

Borhan leaned back in his chair as he glanced at the calendar in front of him. “Today is July 26 and the letter is dated July 24. So I have exactly twelve days to respond to BNM”. He whispered to himself.

Yusof’s case was still fresh in his mind. As the manager of the claim department, he was responsible for making decisions regarding claims. And he still remembered endorsing the rejection of Yusof’s claim. “The claim was treated fairly. It was given due considerations and I am confident the decision I made was appropriate”. Borhan tried to comfort himself.

However, he knew that Yusof's claim had to be reinvestigated immediately. It was his responsibility to find the most appropriate solution to the problem.

Among the important issues that needed to be resolved by Borhan in Yusof's claim reinvestigation include:

1. Was it reasonable and legitimate to reconsider Yusof's claim?
2. Has Yusof breached any terms or provisions specified in the policy contract?
3. Was TDB responsible to pay Yusof's claim?
4. If TDB was responsible to pay Yusof's claim, would Yusof receive all types of benefits under the policy?
5. If TDB was responsible to pay Yusof's claim, would Yusof receive the total amount of each benefit under the policy.
6. What measures should be taken by TDB to prevent claim disputes in the future?

Since Borhan became a claim manager of TDB five years ago, he had never been asked by BNM to justify his decision regarding a claim. Being one of the leading takaful companies in Malaysia, TDB has always strived to provide the best service to their customers. Borhan and other employees of TDB have always been proud of their company's achievements and progress.

### **Background of TDB**

TDB was formed from the partnership between Alpha Insurance, one of the well-known international insurance companies and Delta Bank. Both of them were financially strong companies in their respective fields of expertise. TDB received the approval from BNM in early 2006 to operate a takaful business. Alpha Insurance was founded in 1848 and began as a leading life and pension provider in the United Kingdom. Currently, it is one of the world's largest financial services groups. Alpha Insurance brand had been in Malaysia for over 80 years through Alpha Malaysia. Delta Bank was launched in 1974 in Malaysia and at present it enjoys a 9-million customer base that is served by 5,100 employees in nearly 400 branches

nationwide. It is a statutory body under the Ministry of Finance. Today, with the strong brand presence and innovative financial services, TDB has attracted more than 440,000 customers.

Parallel with the overwhelming development of the takaful industry in Malaysia, TDB business had remained robust with the New Business Annual Contribution Equivalent (ACE) of RM269.2 million in 2013. The data provided by the Insurance Services Malaysia indicated that TDB retained its position as the largest family takaful operator in Malaysia with a 27% market share. The company's outstanding product innovation and strong financial performance entailed them to receive numerous awards from both local and international organizations. Among TDB's goals were to provide innovative and dynamic products to the Malaysian market, and to become a world-class Shariah-compliant financial solutions provider.

### **Background of Claim**

Borhan informed his claim executive, Johari, about BNM letter and asked him to retrieve Yusof's claim files. Borhan then asked Johari to brief him regarding Yusof's claims and his takaful coverage.

"Yusof submitted his claim on 25<sup>th</sup> January 2013. His claim was for a total permanent disability and critical illness benefit. He has been diagnosed with primary progressive multiple sclerosis (PPMS). As a result of his illness, Yusof also suffered from permanent disability. Thus, he also sought to be waived from future contributions for his plan while the plan continues to be in force. And since he was the payer for his sons' takaful plan, he also sought for contribution waiver for their plans too. Neither Yusof nor his family members had ever made any claims before", Johari explained to Borhan.

Johari also explained about Yusof's employment history and financial difficulties faced by his family. During the period from 1989 to 2009, Yusof worked as an account executive at several companies, including JSE Development Corporation, SC Sdn Bhd and JC Sdn Bhd. In early 2010, he resigned from his job to venture into gold business. His wife, Pn. Wanda, was also an account executive at JSE Development Corporation before joining him in the

gold business. Their average household income was in the range of RM10,000 to RM13,000 a month.

Due to the health problem that he endured, Yusof and his wife lost their source of income as they could not work since the beginning of 2012. The medical cost involved in treating chronic diseases such as PPMS was very high, reaching RM4,000 per month. Yusof was also required to go through extensive physiotherapy which was very costly. He also had to support his children who were still in school. In addition, he needed to provide for basic needs such as food and utilities. Adding to his expenses was the disposable diapers which he had to wear regularly.

Despite his health problem, Yusof continued paying the monthly instalments for the houses he owned, i.e. RM750 for his terrace house and RM650 for his apartment. He feared his houses would be auctioned should he stop paying the instalments. In addition, Yusof must also pay the monthly car instalment of RM800. He needed the car for his daily use and for his medical treatment. He had to commute from his house in Johor Bahru to the government hospital located in Kuala Lumpur once in every 2 months. On top of that, he continued paying the contribution for his and his family's takafulink plan totalling RM900 per month. Yusof had used up all his savings to pay for these expenses.

### **Takafulink Plan**

Yusof took out an investment-linked family takaful plan known as Takafulink Plan when he was 43 years old. He also took the same plan for his wife and their two sons. All plans were in force starting from 1<sup>st</sup> June 2009. Total contributions paid by Yusof and his family were RM900 per month. Out of this amount, RM300 was the contribution for Yusof's plan, RM300 was for his wife's plan and RM300 was for his two children (RM150 for each child). He had dutifully paid his contributions without fail since the inception of the takaful contract until the submission of the claim.

“Even until now Yusof still continues to pay his contribution<sup>a</sup>” Johari remarked. Both of them were impressed with Yusof’s commitment in meeting his obligations as a policyholder. Johari also enlightened Borhan about the coverage and benefits accorded to Yusof and his family under the Takafulink Plan that they purchased (Exhibit 2 – Exhibit 5).

### **Reasons for Rejection of Claim**

Borhan then asked Johari the reasons for the claim rejection. Johari handed a letter to Borhan, “This is our rejection letter to Yusof, dated 27 February 2013. The reasons for rejecting the claim are clearly stated in this letter” (Exhibit 6).

TDB’s decision to reject the claim was based on several factors. Firstly, in order to qualify for a claim, there must be a diagnosis by a consultant neurologist confirming that the policyholder has suffered from the symptoms of PPMS disease for at least a continuous period of six months. Secondly, through imaging procedures on the patient, there must be presence of white patches/spots involving the optic nerves, brain stem and spinal cord, resulting in neurological deficiency to the patient. In addition, a variety of well-defined abnormality in the structure of tissue or organs must be detected in the patient. A history of aggravation or reduction of the neurological deficiencies suffered by the patient must also be well-documented.

In Yusof’s case, he was diagnosed with the illness in 17 December 2012, and a claim was submitted to TDB on 25 January 2013, hence the required time period of six months was not attained. Furthermore, the symptoms suffered by the policyholder must reflect the definition of PPMS disease as stated in the policy (Exhibit 7). However, the policy-holder did not demonstrate the symptoms of the disease as indicated in the policy.

To gauge the appropriateness of rejecting the claim, Borhan asked Johari to explain about Yusof’s medical condition as described by his physicians in the medical reports (Exhibit 8-10). Johari also summarized the important facts in Yusof’s medical report as shown in Table 1 below:

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<sup>a</sup>Contribution is a term used in takaful that has the same meaning with premium in conventional insurance

Table 1: The time-line of important facts of Yusof’s medical report

Date	Action	Medical Result
8 <sup>th</sup> August 2011	Brain MRI at Queen Specialist by Dr. Hasnah <sup>b</sup>	Diagnosis of possible MS
13 <sup>th</sup> December 2012	Medical check-up by Dr. Wan <sup>c</sup> at a government Hospital	Muscle wasting, weakness, hypertonia and hyper-relaxia of his lower limbs
17 <sup>th</sup> December 2012	MRI on brain and spinal cord by Dr Wan	Presence of all the symptoms of MS
17 <sup>th</sup> December 2012	Follow-up with Dr. Wan	Diagnosis of PPMS

### Epilogue

Borhan pondered over the letter from BNM which he received. This would be his first experience having to justify to BNM about a claim rejection. Borhan was aware of the fact that BNM would ensure that policyholders were given fair treatment by their insurance or takaful companies. Whenever BNM received complaints from policyholders regarding a claim, the bank would promptly take the necessary actions to respond to the complaints. At the same time, Borhan also thought about Yusof who was suffering from his illness and disability. Streams of sympathy washed over him. But Borhan realized that he would be answerable to the top management of TDB for any decisions he made regarding the claim. He had to ensure that this case would not damage TDB's reputation as one of the highly respected takaful company. He was responsible to find the most appropriate solution that would satisfy BNM, Yusof and TDB itself. “Huh, claim dilemma...” Borhan whispered to himself as he started to review Yusof’s files.

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<sup>b</sup> Dr. Hasnah was a neurology consultant registered with the Malaysian Medical Council (MMC) and worked at the Queen Specialist Hospital in Johor Bahru.

<sup>c</sup> Dr. Wan was a neurology consultant registered with the Malaysian Medical Council (MMC) and worked at one of the government hospitals Kuala Lumpur.

Exhibit 1



**BANK NEGARA MALAYSIA**  
CENTRAL BANK OF MALAYSIA

Telefon 60(3) 2698 8044  
Faksimili 60(3) 2693 4051  
Web www.bnm.gov.my  
Jalan Dato' Onn  
50480 Kuala Lumpur  
Malaysia

24 July 2013

Our Ref: xxx

Chief Executive Officer  
Takaful Dinamik Berhad  
Menara Dinamik  
Jalan Tun Razak  
Kuala Lumpur.

Dear Sir,

**CLAIM REJECTION OF YUSOF BIN AHMAD**

It has come to our attention that En. Yusof Bin Ahmad, a policyholder of your company, has recently submitted a claim. (Certificate Number: xxxxx) (Claim Number: xxxxx)  
We understood that the claim has been denied.

En. Yusof has conveyed to us his displeasure over the rejection. In his opinion, the reasons for the rejection given by your company were neither appropriate nor acceptable.

BNM as the governing body of the insurance and takaful industry has the responsibility to ensure a fair treatment is accorded to all policyholders. Should a dispute arise between a policyholder and an insurance or takaful company regarding a claim, BNM has the authority to request the company to reexamine the claim thoroughly.

As such, your company is requested to provide an in-depth clarification of the reasons of the rejection to the policyholder. The clarification must be communicated to the policyholder within two weeks of the date of this letter. Please forward a copy of the correspondence to BNM.

Thank you.

**c.c Yusof bin Ahmad**  
**Johor Bahru**  
**Johor**

(Please note that the Bank shall evaluate the justifications communicated to the aforementioned policyholder by your company and the Bank shall take follow-up measures deemed appropriate).

Perkara ini dikendalikan oleh Nora  
Unit Pengurusan Aduan dan Khidmat Nasihat, Jabatan LINK & Pejabat Wilayah

Dokumen ini dicetak oleh komputer dan tiada tandatangan diperlukan. Dokumen ini tidak boleh dianggap sebagai tidak sah hanya kerana ia tidak ditandatangani.

*This is a computer-generated document and it does not require a signature. This document shall not be invalidated solely on the ground that it is not signed.*

**Exhibit 2**

**STAMP DUTY PAID**

**SCHEDULE 1**

**Certificate Information**

Participant	<b>Yusof bin Ahmad</b>		
NRIC No (New / Old)	<b>XXXX-XXXX-XXXX</b>		
Person Covered	<b>Yusof bin Ahmad</b>		
NRIC No (New / Old)	<b>XXXX-XXXX-XXXX</b>		
Age Next Birthday	43 years (Not Admitted)		
Sex	Male (Smoker)		
Occupation	Businessman		
Occupation Class	2		

Type Of Family Takaful Plan	Takafulink Plan	Commencement Date	01 Jun 2009
Certificate Number	XXXXXXXX	Maturity Date	
Date of Certificate	18 May 2009	Payment Mode	Cash/Cheque

**Annual Contribution RM 3,600.00 payable *Monthly* RM 300.00 consisting of :**

Total Linked Contribution	:	RM 64.12
Total Takaful Saver Contribution	:	RM 50.00
Total Supplementary Benefit Contribution	:	RM 185.88

Initial Instructions      100% Takafulink *Dana Ekuiti*

Special Provisions :      Nil



## SCHEDULE 2

### BASIC BENEFITS

Basic Benefit	Amount of Benefit	Commencement Date	Expiry Date	Annexure
Death Benefits	RM 30,000.00	01 Jun 2009	31 May 2046	DF1,N-1
Disability Plus Benefit	** See Annexure **	01 Jun 2009	31 May 2026	100

### OPTIONAL BENEFIT

Optional Benefit	Amount of Benefit	Commencement Date	Expiry Date	Annexure
Crisis Shield	RM 20,000.00	01 Jun 2009	31 May 2046	101

### DETAILS OF ALLOCATION FOR BASIC, OPTIONAL BENEFITS AND TAKAFUL SAVER CONTRIBUTION

Transaction Date	Type of Contribution	Annual Contribution	Allocation Rate for Each Contribution Year							
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Above Year 6	
18 May 2009	Takafulink Plan	RM 769.44 p.a	40%	50%	65%	70%	90%	90%	100%	
18 May 2009	Takaful Saver	RM 600.00 p.a	95%	95%	95%	95%	95%	95%	95%	

### SUPPLEMENTARY BENEFIT(S)

Supplementary Benefit(s)	Amount of Benefit	Annual Contribution	Commencement Date	Expiry Date	Annexure
Accidental Death & Disablement	RM 50,000	RM 90.00	01 Jun 2009	31 May 2036	107
Accident Medical Reimbursement	RM 2,000	RM 38.04	01 Jun 2009	31 May 2036	108
Weekly Indemnity	3 unit(s)	RM 142.56	01 Jun 2009	31 May 2036	109
Disability Provider	RM 3,000 p.a	RM 36.00	01 Jun 2009	31 May 2026	112
Hospital Benefit	RM 150 per day	RM 261.00	01 Jun 2009	31 May 2036	111
Medical Cover	1 unit(s)	RM 166.92	01 Jun 2009	31 May 2036	110
Major Medical Cover	100	RM 947.64	01 Jun 2009	31 May 2036	117
Contributor	RM 3,000 p.a	RM 500.40	01 Jun 2009	31 May 2046	103
Compassionate benefit	RM 2,000	RM 48.00	01 Jun 2009	31 May 2046	121

### CREDIT DETAILS OF SUPPLEMENTARY BENEFIT(S) CONTRIBUTION

Transaction Date	Type of Contribution	Annual Supplementary Benefit(s) Contribution	Credit Rate for Each Contribution Year							
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Above Year 6	
18 May 2009	Takafulink Plan	RM 2230.56 p.a	40%	50%	65%	70%	90%	90%	100%	

**Exhibit 3**

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**TAKAFUL**

**ANNEXURE 101**

***Crisis Shield Benefit***

**1 Benefits.**

- 1.1 *Crisis Shield Benefit* is applicable to the Person Covered.
- 1.2 Whilst the Certificate and this Annexure is in force, and the Person Covered is diagnosed to be suffering from a Critical Illness, then the Company will pay the Amount of this Benefit as specified in Schedule 2 or if the diagnosis shall occur prior to the Person Covered attaining the age of 5 years, then the appropriate amount in accordance with the Scale of Benefit specified in Schedule 2.
- 1.3 Payment of a claim under this Benefit will reduce the Amount of Death Benefit accordingly by the same amount.
- 1.4 Critical Illness is defined in Annexure DF1.

**2 Limitations.**

- 2.1 Only one claim under this Benefit may be made regardless of the number of Critical Illnesses diagnosed, except for Full Blown AIDS (Refer to Clause 4(31) of Annexure DF1).
- 2.2 Payment of a claim under *Crisis Shield Benefit* and/or *Disability Plus Benefit* under this certificate cannot exceed the Amount of Death Benefit as specified in Schedule 2.
- 2.3 In the event where the Amount of Death Benefit has not been fully reduced as a result of a *Disability Plus Benefit* claim, payment of a claim under *Crisis Shield Benefit* should be equal to:
  - i. the balance of the Amount of Death Benefit; or
  - ii. the Amount of *Crisis Shield Benefit* as specified in Schedule 2;whichever is the lesser.
- 2.4 Notwithstanding anything herein mentioned or in any other certificates, the maximum aggregate amount payable by the Company on the Person Covered under this and all other certificates in respect of all *Crisis Shield Benefits*, Accelerated DPBs, Accelerated TPDBs, Deferred DPBs and Deferred TPDBs shall not exceed :
  - i. RM 350,000 if the Person Covered has not attained the age 15 years; or
  - ii. RM 1,000,000 if the Person Covered has attained the age 15 years.

**3 Exclusions.**

This Annexure shall not apply or be payable:

- 3.1 if the symptoms of the Critical Illness is manifested prior to or :
  - a) within sixty (60) days for Heart Attack, Coronary Artery Heart Disease Requiring Surgery, Cancer or Other Serious Coronary Artery Heart Disease of; or
  - b) within thirty (30) days for all other Critical Illness listed in Annexure DF1 of
    - i. the date of this Certificate; or
    - ii. the date of issue of this Annexure; or
    - iii. the date of Revival; or
    - iv. the date of Endorsement; or
    - v. the commencement date of the Benefit;whichever is the latest; or

- 3.2 if the Person Covered is diagnosed to have Critical Illness that is caused directly or indirectly by the existence of Acquired Immune Deficiency Syndrome (AIDS) or by the presence of any Human Immuno-deficiency Virus infection. The exception is when AIDS is Full Blown or is caused by blood transfusion (Please refer to clause 4(20) and 4(31) of Annexure DF1 ).

**4 Conditions.**

- 4.1 Written notice of any claim under this Annexure must be given to the Head Office of the Company in Kuala Lumpur within ninety days after the date of such diagnosis. Failure to do so shall not invalidate any claim if it shall be shown not to have been reasonably possible to give such notice and that notice was given as soon as was reasonably possible.
- 4.2 The admission of any claim under this Annexure shall be subject to proof of diagnosis of a Critical Illness that is satisfactory to the Company and such proof must be furnished to the Company:
- i. during the lifetime of the Person Covered; and
  - ii. not exceeding 6 months from the diagnosis date; and
  - iii. at the Participant's own expense.

The Company reserves the right to decline any claim if the above conditions are not met.

- 4.3 This Annexure will terminate automatically:
- i. upon the Certificate being surrendered; or
  - ii. upon the expiry date of this Benefit as specified in Schedule 2 of the Certificate; or
  - iii. upon the death of the Person Covered; or
  - iv. upon a full reduction of the Amount of Death Benefit as a result of a *Disability Plus* Benefit claim;

whichever shall first occur.

Termination of this Benefit shall not prejudice any claim that has arisen prior to such termination.

- 4.4 The Company reserves the right to increase the contribution and Tabarru' at any time by giving a 90 days written notice to the Participant at the last known address. Contribution and Tabarru' revision shall only be effective at the next certificate anniversary date. Should the next certificate anniversary date fall within 90 days from the date of such notice, contribution and Tabarru' revision shall then be effective at the following certificate anniversary date.

**\*\*END OF ANNEXURE\*\***

## Exhibit 4

### TAKAFUL

#### ANNEXURE 103

##### *Contributor Benefit*

#### 1 Benefits.

- 1.1 *Contributor* Benefit is applicable to the Person Covered.
- 1.2 Whilst the Certificate and this Annexure is in force, and the Person Covered is diagnosed to be suffering from a Critical Illness, then the Company will pay the Amount of this Benefit as specified in Schedule 2.
- 1.3 Upon a claim being made under this Annexure, payment of the Amount of this Benefit specified in Schedule 2 shall be allocated towards the purchase of Units in accordance with the prescribed allocation rate for each Contribution Year as set out in Schedule 2 hereto.
- 1.4 Where the Total Contribution under the certificate is paid more frequently than once annually, then the amount of this Benefit as specified in Schedule 2 shall be allocated towards the purchase of Units on a pro rated basis depending on how frequently the Total Contributions were last payable. The first allocation shall commence on the contribution due date immediately following the date of claim and the subsequent allocations on the following due dates thereafter.
- 1.5 The payments and allocations under this Annexure shall cease immediately upon the death of the Person Covered.
- 1.6 Critical Illness is defined in Annexure DF1.

#### 2 Limitations.

- 2.1 Only one claim under this Benefit may be made regardless of the number of Critical Illnesses diagnosed, except for Full Blown AIDS (Refer to Clause 4(31) of Annexure DF1 for details).

#### 3 Exclusions.

This Annexure shall not apply or be payable:

- 3.1 If the symptoms of the Critical Illness is manifested prior to or :

- a) within sixty (60) days for Heart Attack, Coronary Artery Heart Disease Requiring Surgery, Cancer or Other Serious Coronary Artery Heart Disease of; or
- b) within thirty (30) days for all other Critical Illness listed in Annexure DF1 of
  - i. the date of this Certificate; or
  - ii. the date of issue of this Annexure; or
  - iii. the date of Revival; or
  - iv. the date of Endorsement; or
  - v. the commencement date of the Benefit

whichever is the latest.

- 3.2 If the Person Covered is diagnosed to have a Critical Illness that is caused directly or indirectly by the existence of Acquired Immune Deficiency Syndrome (AIDS) or the presence of any Human Immunodeficiency Virus infection. The exception is when AIDS is Full Blown or is caused by blood transfusion (Please refer to Clause 4(31) of Annexure DF1 for details).

#### 4 Conditions.

- 4.1 Written notice of any claim under this Annexure must be given to the Head Office of the Company in Kuala Lumpur within ninety days after the date of such diagnosis. Failure to do so shall not invalidate any claim if it shall be shown not to have been reasonably possible to give such notice and that notice was given as soon as was reasonably possible.
- 4.2 The admission of any claim under this Annexure shall be subject to proof of diagnosis of a Critical Illness that is satisfactory to the Company and such proof must be furnished to the Company:
- i. during the lifetime of the Person Covered; and
  - ii. not exceeding 6 months from the diagnosis date; and
  - iii. at the Participant's own expense.

The Company reserves the right to decline any claim if the above conditions are not met.

- 4.3 At each anniversary of the diagnosis date, the Person Covered shall submit proof of continued survival. If such proof is not furnished this Benefit shall immediately cease on the date of such request by the Company.
- 4.4 This Annexure will terminate automatically.
- i. upon the Certificate being surrendered; or
  - ii. upon the expiry date of this Benefit as specified in Schedule 2; or
  - iii. upon the death of the Person Covered; or
  - iv. a claim being admitted under the *Spouse Contributor Benefit* or *Parent Contributor Benefit*,

whichever shall first occur.

Termination of this Benefit shall not prejudice any claim that has arisen prior to such termination.

- 4.5 The Company reserves the right to increase the contribution and tabarru' at any time by giving a 90 day written notice to the Participant at the last known address. Contribution and tabarru' revision shall only be effective at the next certificate anniversary date. Should the next certificate anniversary date fall within 90 days from the date of such notice, contribution and tabarru' revision shall then be effective at the following certificate anniversary date.

**\*\*END OF ANNEXURE\*\***

## Exhibit 5

### TAKAFUL

#### CERTIFICATE PROVISIONS

##### 1.0 Non-payment of Total Contribution

- 1.1 In the event of non-payment of Total Contribution and subject to Provision 1.2 the following shall take effect :-
- (a) For the Participant's Unit Account (PUA)
    - i. Units shall continue to be cancelled by the Company from the PUA for the Tabarru' Charge, Service Charge and Risk Management Charges in respect of the Basic and Optional Benefit (if any).
  - (b) For the Individual Special Account (ISA)
    - i. Remaining Funds in the ISA shall continue to be deducted by the Company for the Tabarru' Charge and Risk Management Charge in respect of the Supplementary Benefits (if any).
  - (c) For the Investment Unit Account (IUA)
    - i. Provided that there are insufficient units in the PUA, units from the IUA shall be credited into the PUA to be cancelled by the Company for the Tabarru' Charge, Service Charge and Risk Management Charges in respect of the Basic and Optional Benefit (if any).
    - ii. Provided that there are insufficient funds in the ISA, units from the IUA shall be credited into the ISA to be deducted by the Company for the Tabarru' Charge and Risk Management Charges in respect of the Supplementary Benefits (if any).
- 1.2 If required by any prevailing law or regulation by which the Company is bound, the Company shall, upon the expiration of twelve (12) consecutive months of non payment of contribution, to obtain the consent of the Participant before undertaking Provision 1.1 . If such consent is not obtained, the Basic Benefit, Optional Benefit (if any) and Supplementary Benefits (if any) shall cease to be in force notwithstanding that there are still Units or Funds in the respective accounts. In the absence of any such prevailing law, it is agreed that such consent shall not be required.

##### 2.0 SURPLUS SHARING

###### 2.1 Investment Profit from the Individual Special Account (ISA)

- 2.1.1 The Participant and the Company will share in the Investment Profit (if any) arising from the ISA in the proportion of 70% and 30% respectively, at the end of each financial year. The Participant's portion of investment profit will be credited into the ISA at the end of each financial year. The Investment Profit is calculated and distributed annually.
- 2.1.2 In the event of an investment loss arising from the ISA, there will be no Investment Profit sharing from the ISA for that financial year.

###### 2.2 Investment Profit from the Tabarru' Fund

###### 2.2.1 Basic and Optional Benefits

- 2.2.1.1 The Participant and the Company will share in the Investment Profit (if any) arising from the Tabarru' deducted for Basic and Optional Benefits in the proportion of 70% and 30% respectively, at the end of each financial year. The Participant will receive the Investment Profit in the form of creation of Units as set out in Provision UNITS, and credited into the PUA at the end of each financial year. The Investment Profit is calculated and distributed annually.
- 2.2.1.2 In the event of an investment loss arising from the Tabarru' deducted for Basic and Optional Benefits, there will be no Investment Profit sharing from those Benefits for that financial year.

###### 2.2.2 Supplementary Benefits

- 2.2.2.1 The Participant and the Company will share in the Investment Profit (if any) arising from the Tabarru' deducted for Supplementary Benefits, in the proportion of 70% and 30% respectively, at the end of each financial year. The Participant's portion of Investment Profit will be credited into the ISA at the end of each financial year. The Investment Profit is calculated and distributed annually.
- 2.2.2.2 In event of an investment loss arising from the Tabarru' deducted for Supplementary Benefits, there will be no Investment Profit sharing from those Benefits for that financial year.

### 3.0 BENEFITS

#### 3.1 Death Benefit

3.1.1 In the event of the death of the Person Covered, the Company shall pay the following:

- a) the Death Benefit under the Basic Benefit Plan and any other Death Benefit under the Supplementary Benefit as stated in the latest Schedule 2 or, if the Person Covered is below the age of 5 years at the time of death, the appropriate amount in accordance with the Scale of Benefits specified in Schedule 2 hereto; and
  - b) the value of the Participant's Units in the PUA at the Valuation Date after the Date of Notification; and
  - c) the amount remaining in the ISA, if any; and
  - d) the value of the Units in the IUA at the Valuation Date after the Date of Notification, if any; and
- less any outstanding amounts due and owing to the Company.

#### 3.2 Other Benefits

3.2.1 Upon the occurrence of the events set out in the Annexures (if any) stated in Schedule 2 hereto, the Company shall pay or grant the corresponding Optional Benefit and/or Supplementary Benefit (if any).

#### 3.3 Suicide

3.3.1 Notwithstanding anything herein contained, the death by suicide of a person in respect of whom any death benefit has to be paid or granted within one year of:

- i. the Commencement Date of the corresponding amount of Death Benefit (or Total and Permanent Disability or Optional Benefits or Supplementary Benefit) stated in Schedule 2; or
  - ii. any date on which this Certificate is revived
- whichever is the latest, shall result in the death benefit being voided. The Company shall instead pay the sum of the Value of Units in the PUA and IUA at the Valuation Date after the Date of Notification.

#### 3.4 Maturity

3.4.1 Notwithstanding anything herein contained, at the maturity of the Certificate, the Company shall pay the value of Units in the PUA, IUA and total amount remaining in the ISA.

3.4.2 The Person Covered has the option to participate in Takafulink Plan at new age at entry (age next birthday) with no underwriting should the Person Covered decides to continue the coverage.

### 4.0 GENERAL

#### 4.1 Claim

4.1.1 Before any claim under this Certificate shall become payable, the Company shall be entitled to enquire the delivery to it of the original of this Certificate Document and other legal documents establishing the right of the claimant or claimants to receive payment.

4.1.2 Where there is no Contributor Benefit in respect of a particular benefit or Contributor Benefit claim is not approved by the Company, the Participant may continue with the particular benefit by continuing paying the respective benefit contribution regularly by informing the Company in writing.

4.1.3 Subject to Provision 4.1.2 herein contained, in the event that Participant selects the option to continue with the particular benefit, the Company at its sole discretion shall offer a new Certificate with the respective benefit. Such issuance of a new Certificate will be subject to fees and other necessary administrative charges payable by the Participant.

**Exhibit 6**

**TAKAFUL DINAMIK BERHAD**

YUSOF BIN AHMAD  
 JOHOR BAHRU  
 JOHOR

Date : 27/02/2013

Dear Sir/Madam

Certificate Number : xxxxxxxx  
 Crisis Cover Benefit Claim

.....  
 We regret to learn of the Person Covered disability/illness. Please accept our well wishes for a speedy recovery. Kindly informed that this claim has been closed due to the following reason/s:-

No	Certificate No	Cover Code	Reason
1	xxxxxxx	Critical Illness Benefit	Decline – Condition does not conform to the definition as stated in the Annexure
2	xxxxxxx	Contributor Benefit	Decline – Condition does not conform to the definition as stated in the Annexure

Based on the Confidential Medical Certificate completed by Dr. Wan of Government Hospital, we noted that you were **having progressive lower limb weakness with numbness and fecal incontinence. Subsequently diagnosed with multiple sclerosis on 17/12/2012.**

**We would like to draw your attention to the definition of “Multiple Sclerosis” which means:-**

**Unequivocal diagnosis by a consultant neurologist confirming the following combination, which has persisted for at least a continuous period of six (6) months:**

- i. Symptoms referable to tracts (white matter) involving the optic nerves, brain stem and spinal cord, producing well defined neurological deficits; and**
- ii. A multiplicity or discrete lesions; and**
- iii. A well-documented history of exacerbation and remissions of the above said symptoms/neurological deficits.**

In view of the above, we regret to inform that your condition does not conform to the above definitions where your illness was diagnosed on 17/12/2012, shows that the event has not lasted more than six (6) months. Hence, we are unable to admit liability on this claim.

We shall review this claim again if further medical evidences is submitted to us to prove that your condition qualifies to either one of the aforesaid 36 Critical Illness definitions. Returned herewith the Certificate Documents (3) for your safekeeping.

Kindly continue to pay the contributions in order to keep the certificate inforce.

Thank you,

Yours sincerely,  
 Borhan  
 Claim Manager

**NB : Any person not satisfied with the decision of the Takaful operator, can refer to the procedure for appealing as stated in the attached leaflet issued by The Financial Mediation Bureau, entitled : "Note for the Person Covered who made a claim report", if the decision of the Takaful operator was made less than six months ago and / or the claim amount is below RM100,000.00.**

**If the claim decision was made more than six months ago and / or the claim amount is above RM100,000.00, please refer to the Customer Services Bureau of Bank Negara Malaysia at telephone number 03-2698 8044 or write to The Customer Services Bureau, Bank Negara Malaysia, Peti Surat 10922, Jalan Dato' Onn, 50480 Kuala Lumpur.**

**Encl Leaflet**



## Exhibit 7

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### TAKAFUL

#### ANNEXURE DF1

##### Definitions of Terms

In the Certificate except where there is a specific provision to the contrary or where the context otherwise requires, each of the following terms set out below shall have the following meanings:

**1. TOTALLY AND PERMANENTLY DISABLED** – shall mean:

- 1.1 that if the disability occurred before the attainment of age 15, the Person Covered at such disability date and at anytime thereafter, needs constant care and attention and is confined by reason of accident or sickness to his home under medical supervision or in a hospital or similar institution. Such disability must be permanent and must last for a minimum period of six consecutive months; OR
- 1.2 that if the disability occurred on or after the attainment of age 15, the Participant or the Person Covered (as is appropriate where applicable) at such disability date and at anytime thereafter, becomes completely unable to engage in any occupation and to perform any work for remuneration or profit. The total and irrecoverable loss of the sight of both eyes or the loss by severance of two limbs at or above wrist or ankle, or the total and irrecoverable loss of the sight of one eye and the loss by severance of one limb at or above wrist or ankle will also constitute such total and permanent disability.

**2. DIAGNOSIS** – shall mean the definitive diagnosis made by a physician (as hereinafter defined) based upon such specific evidence, as referred to herein below in the definition of the particular Critical Illness concerned or, in the absence of such specified reference, based upon radiological, clinical, histological or laboratory evidence acceptable to the Company.

In the event of any doubt regarding the appropriateness or correctness of the diagnosis, the Company shall have the right to call for an examination of either the Participant or the Person Covered (as is appropriate where applicable) or the evidence used in arriving at such diagnosis, by an impartial acknowledged expert in the field of medicine concerned and the opinion of such expert as to such diagnosis shall be considered binding on both the Participant and the Company.

**3. PHYSICIAN** – shall mean any person registered with the Medical Council of the Country to render medical or surgical services, but excluding a Physician who is the Person Covered or Participant himself or the spouse or near relative of the Person Covered or Participant.

**4. A CRITICAL ILLNESS** – shall mean any one of the following illnesses as defined separately hereunder occurring more than sixty days after the Commencement Date of the Certificate as specified in the Schedule or the date of any Revival of Benefit(s) or the date of any Endorsement of Benefit(s) secured under the Certificate or the date of issue of this Annexure whichever is the latest.

#### **MULTIPLE SCLEROSIS**

Unequivocal diagnosis by a consultant neurologist confirming the following combination, which has persisted for at least a continuous period of six (6) months:

- i. Symptoms referable to tracts (white matter) involving the optic nerves, brain stem and spinal cord, producing well-defined neurological deficits; and
- ii. A multiplicity or discrete lesions; and
- iii. A well-documented history of exacerbation and remissions of the above said symptoms/neurological deficits.

## **Exhibit 8**

### **Medical Report by a Government Hospital Consultant Neurologist (Dr Wan)**

Yusof has had symptoms of progressive lower limb weakness and numbness for 2 (two) years prior to his presentation to our institution on 13<sup>th</sup> December 2012. A year before that in August 2011, he was initially seen by Dr Hasnah in Queen Specialist Hospital and a diagnosis of possible multiple sclerosis was entertained based on clinical and radiological features.

On my examination on 13<sup>th</sup> December 2012, the patient had muscle wasting, weakness, hypertonia and hyper-relexia of his lower limbs are all in keeping with a spinal cord pathology. In other words, referable to tracts (white matter) involving the optic nerves, brain stem and spinal cord. The patient is most likely on a wheelchair life long.

Yusof had 2 (two) MRI scans performed. The first was a brain MRI on 8<sup>th</sup> August, 2011, the report of which is attached (Exhibit 9). The report confirms that there were lesions in both periventricular regions which are typical of multiple sclerosis. His second scan was on 17<sup>th</sup> December 2012 which consisted of imaging of the brain and spinal cord. This MRI confirmed the presence of discrete lesions at both periventricular regions involving the frontal, temporo-parietal and occipital lobes bilaterally, corpus callosum and periaqueductal region with multiple lesions throughout the spinal cord. The report is attached (Exhibit 10).

I also need to get you acquainted with the 2010 McDonald Criteria for the diagnosis of MS. According to this universally accepted criteria, a diagnosis of PPMS is made when the patient has had at least a year of disease progression and has evidence of at least 1 (one) dissemination in space (DIS) lesions in multiple sclerosis (MS)-characteristic regions (periventricular, juxtacortical, infratentorial) in the brain and at least 2 DIS lesions in the spinal cord. Finally, on 15<sup>th</sup> January 2013, the VEP and MRI findings, along with his history fulfills the 2010 McDonald Criteria this patient has been diagnosed with Primary Progressive Multiple Sclerosis (PPMS). There is no doubt of his diagnosis and the patient is very unlikely to improve.

MS has different subtypes (relapsing remitting, secondary progressive, primary progressive and progressive relapsing) each with its own disease progression. Although the typical description of relapsing remitting MS (the most common subtype) is marked by exacerbations and remissions, this does not encompass the entire spectrum of the disease.

GOVERNMENT HOSPITAL

Department of Medicine

Name: Yusof bin Ahmad

MRN: N418948

Age: 47

Gender: Male

Date of receiving treatment for the first time: 13/12/2012

Date of admission: 16/12/2012

Date of discharge: 17/12/2012

Place where patient received treatment: Government Hospital

Discipline: Neurology

**History:**

2 year history of progressive lower limb weakness with subjective feeling of numbness of both feet. Urge incontinence but no faecal incontinence. Weight loss (? kg). No visual symptoms.

No preceding febrile illness, no previous symptoms.

**Past Medical History:** Nil of note

**Physical examination:**

BP 100/70 HR 88

GCS 15/15

CNS: PEARL 3mm, no RAPD, no optic atrophy  
CN II - XII

PNS: Hypertonia of all limbs, upper limb power 5/5, left lower limb power 4/5, right lower limb power 3-4/5, hyper-reflexia in all limbs. Cerebellar signs absent. Sensation intact.

**Summary of investigations:**

MRI Brain and Whole Spine (17/12/2012): Multiple T2 hyperintensities throughout the brain and spine. Findings in keeping with multiple sclerosis.

VEP (10/01/2013): Delayed potential in the right eye.

**Final diagnosis:** Multiple Sclerosis

**Treatment:**

Planned for interferon beta injections.

**Drugs prescribed:** As above.

**Condition of the patient last seen by the doctor:** Status quo.

**Date of the patient last seen by the doctor:** 17/12/2012

**MC:**

**Report prepared by**

Dr. Wan

Date: 16/01/2013

Official stamp:

GOVERNMENT HOSPITAL  
DEPARTMENT OF MEDICINE  
16/01/2013  
Dr. Wan

Exhibit 9

QUEEN SPECIALIST HOSPITAL

**RADIOLOGY**

Name : Yusof bin Ahmad	Sex: M
MRN No.: 00332374	Room No.:
IC/No : xxxx-xxxx-xxxx	Ward: DR HASNAH
Age: 044Y	Date: 08/08/2011 13:55:00

RADIOLOGIST'S REPORT

**Service:**

**MRI BRAIN :**

AXIAL ; SAGITTAL ; CORONAL T1, T2, FLAIR AND CONTRAST - WEIGHTED IMAGES.

THERE ARE FOCI OF BRIGHT INTRAPARENCHYMAL SIGNAL CHANGES IN BOTH PERIVENTRICULAR REGIONS , MAINLY AT THE CALLOSOSEPTAL INTERFACES AND LEFT THALAMIC REGION. THE LESIONS APPEAR PLAQUE LIKE.

AXIAL DIFFUSION WEIGHTED IMAGING SEQUENCES SHOWED FOCAL AREAS OF BRIGHT SIGNAL WITH CORRESPONDING HIGH APPARENT DIFFUSION COEFFICIENT ON THE ADC MAP REPRESENTING DEMYELINATING CHANGES.

THERE ARE RING ENHANCEMENT OF THESE LESIONS DEMONSTRATED AFTER CONTRAST.

THE CEREBELLUM, PONS AND MID-BRAIN HAVE NORMAL SIGNAL PATTERN.

NO CEREBELLO-PONTINE ANGLE LESIONS.

VENTRICLES ARE NOT DILATED.

THERE IS NORMAL CSF SIGNAL INTENSITY.

THE BASAL CISTERNS ARE NORMAL.

NO MIDLINE SHIFT .

THERE IS A POLYPOIDAL LESION IN THE LEFT MAXILLARY SINUS. IT IS ABOUT 2.5 X 3.5 CM.

**IMP :**

FEATURES WOULD BE SUGGESTIVE OF DEMYELINATING DISEASE - LIKELY MULTIPLE SCLEROSIS WITH LEFT MAXILLARY POLYP.

DIFFERENTIAL WOULD BE BILATERAL CEREBRAL INFARCTS , BUT LESS LIKELY.

CONSULTANT RADIOLOGIST

Exhibit 10

**GOVERNMENT HOSPITAL**

**RADIOLOGY REPORT**

Patient Information

<b>Name</b>	Yusof bin Ahmad	<b>IC/No.</b>	XXXX-XXXX-XXXX
<b>MRN</b>	N418948	<b>DOB</b>	01/11/1966
<b>Age</b>	47	<b>Race</b>	MELAYU
<b>Gender</b>	MALE		

Examination Information

<b>Request Id</b>	121213MRX0351	<b>Examination Date</b>	2012-12-17 11:21:04.0
<b>In Charge Radiologist</b>	OSMAN	<b>Radiographer</b>	-
<b>Examination</b>	MRI	<b>Physician</b>	WAN
	1) MRX001 - BRAIN -		
	2) MRX030 - WHOLE SPINE -		
<b>Status</b>	FINAL		

Final Report

**CLINICAL DATA :**

2 yr h/o progressive lwr limb weakness with subjective numbness of soles of feet. urinary urge incontinence no fecal incontinence. no eye symptoms (scotoma etc)

O/E: Muscle wasting. umn signs bilateral lower limbs with hypertonia and clonus, muscle weakness of 2-3/5 in RLL and 3-4/5 in LLL. Sensation intact. hyper reflexia with bilateral upgoing plantars.

imp: multiple sclerosis tro mitotic lesion

**FINDINGS :**

MRI BRAIN AND WHOLE SPINE 17.12.12

Sequence: Demylinating protocol

Findings

There are symmetrical, diffuse periventricular T2 hyperintensities involving the frontal, temporo-parietal and occipital lobes bilaterally. Multiple discrete oval shaped lesions which are perpendicular to the ventricles giving rise to Dawson's finger appearance. Similarly, there is involvement of the body of the corpus callosum and the periaqueductal region. Few lesions are located in the juxtacortical region. These lesions are hyperintense in T2, hypointense in T1 and no enhancement post contrast.

There are multiple patchy T2 hyperintensities throughout the spinal cord. It involves predominantly the white matter. No enhancement post contrast.

The optic nerves are normal bilaterally.

Incidental finding of right perineural cyst at level S1/S2 measuring 0.7x0.9cm. No impingement to the nerve roots. No enhancement post contrast.

Mucosal thickening of the left maxillary sinus.

**IMPRESSION :**

MRI features fulfilled 3 out of 4 McDonald's criteria of multiple sclerosis. Suggest comparison with previous MRI to see evolution of these lesions in time.