

FAQ for General Takaful Surplus Distribution

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FAQ for General Takaful Surplus Distribution

Purpose	
1) What is surplus distribution? Can you please explain it to me?	<p>Your total contribution is donated into a cooperative pool called a general risk fund ("Risk Fund"). Claims are deducted from this Risk Fund, whereas investment gains and losses are also credited to this Risk Fund.</p> <p>A surplus during the financial year arises if the Risk Fund exceeds reserves after paying for all claims.</p> <p>We will pay you the surplus, calculated pro-rata based on your contributions during the financial year, if it is more than RM10.00. If the surplus payable is less than or equal to RM10.00 per eligible certificate, it will be donated to a selected charitable organization approved by HSBC Amanah Takaful's Shariah Committee.</p>
Payment	
2) When will I get my surplus payment?	<p>General Takaful Surplus payment may be paid after the end of the financial year following the expiry of the certificate.</p>
3) How will HSBC Amanah Takaful pay the surplus?	<p>For customers with HSBC savings or current account, the surplus will be paid into their designated account. If the customer does not have a HSBC account or the account has been found to be closed, the surplus will be paid via cheque. The cheque will be sent by ordinary mail to your address stated in your proposal form or as updated by you.</p>
4) If I have closed all my HSBC savings or current account can I receive the surplus via cheque?	<p>Yes, if all of your HSBC accounts are closed, the surplus will be paid via cheque.</p>
5) Can it be credited into another bank account besides HSBC?	<p>Direct credit of surplus payment can be made into any of your HSBC accounts or any other bank account authorized by you.</p>
6) How many days does it take for the payment by cheque to be processed and sent to the customer if payment via account fails?	<p>We will send you a cheque within 7 working days after notification that the direct credit to your designated bank account was unsuccessful.</p>

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Calculation	
7) How is the surplus sharing calculated?	<p>To calculate your share of the surplus, we will do the following:</p> <p>Provided that you did not make any claims or your claim is proportionately less than the tabarru' collected in respect of your certificate AND provided that you did not cancel your certificate during the Takaful period, we will;</p> <ul style="list-style-type: none">(a) Deduct the relevant Wakalah fees from your annual contribution, to obtain your annual tabarru';(b) The annual tabarru' amount will then be pro-rated for the relevant period your certificate has been in force for surplus distribution; and(c) Your share of the surplus will then be calculated in the ratio of your pro-rata tabarru' to the total pro-rata tabarru' for all the eligible certificates.
8) I did not receive my surplus for one of my certificates, why is this so?	<p>You may not receive payment of surplus for a number of reasons which include:</p> <ul style="list-style-type: none">a) Surplus payable to you for a particular certificate is less than the RM 10 threshold required for actual payment to certificate holders;b) The relevant certificate has been cancelled/surrendered prior to the contractual expiry;c) No surplus arose in respect of the particular risks for which the relevant certificate is covering;d) No surplus arose in respect of the overall Risk Fund.
9) What is the ratio of surplus sharing for the product that I purchased?	<p>The surplus-sharing ratio that is attributable to a particular product is provided in the relevant takaful certificate.</p>
10) Where can I view the deduction of operating cost before surplus sharing?	<p>The total surplus distributable each year to all eligible certificates is fully disclosed in the financial statements at each financial year-end. This surplus is then divided amongst eligible participants according to their proportionate share of such surplus.</p>
11) Why was there no surplus for my PA Shield certificate?	<p>As at 31Dec2007 and 31Dec2008 financial year end, no surplus arose in respect of the PA Shield certificates as the claims in the financial year exceeded the total tabarru'.</p>
12) My SME Flexi Cover certificate has so many risks, so how is the surplus determined?	<p>The SME Flexi cover surplus is calculated based on respective risk classes' surplus and the accumulated surpluses for each eligible certificate will be distributed to the eligible participants.</p>

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Usage	
13) Can I use the surplus distribution to offset the contribution to renew my policy/certificate?	<p>At HSBC Amanah Takaful, we prefer to let you - the customer - decide how best to use your money. For this reason, the surplus distribution mechanism is deliberately kept separate from the renewal contribution process.</p>
14) Can the surplus declared for my General takaful products be withdrawn?	<p>No.</p>
15) What happens to all the surpluses that are RM10 or less?	<p>If the surplus payable per certificate is less than or equal to RM10.00, it will be donated to a selected charitable organization approved by HSBC Amanah Takaful's Shariah Committee.</p>
16) Which charitable organizations are we donating the surplus to?	<p>The charitable organizations eligible to receive donations of participants' surplus shall be those which have been approved by the Shariah Committee of HSBC Amanah Takaful.</p>
Tax and Surplus	
17) Is there any tax on the surplus paid to me?	<p>A withholding tax of 8% is levied on the investment income portion of the surplus distributed and this is deducted from the surplus payable to an individual participant. If the participant is a non-resident company, the withholding tax rate is 26% (year 2007) and 25% (year 2008).</p>

FAQ for General Takaful Surplus Distribution

Methodology	
18) If I surrender my certificate for any reason, will I still be entitled to surplus distribution?	<p>Certificates that are surrendered prior to contractual expiry of the certificate, do not qualify for surplus distribution.</p>
19) If my certificate is cancelled, will I be entitled to surplus distribution?	<p>Certificates that are cancelled prior to contractual expiry of the certificate, do not qualify for surplus distribution.</p>
20) If my certificate is shorter than 12 months how will my surplus be affected?	<p>Certificates that are contractually fixed for a period shorter than 12 months will still be eligible for surplus distribution. Please refer to Question 7 for calculation details.</p>
21) If my certificate is longer than 12 months how will my surplus be affected?	<p>A certificate in force for a period longer than 12 months will be eligible for surplus arising in the relevant financial years in which that certificate is in force.</p>
22) I have made an endorsement, which resulted in an additional contribution paid, will this be considered for surplus distribution?	<p>Your additional contribution collected arising from an endorsement will be part of the annual contribution used to determine the surplus sharing calculation.</p>
23) I have made an endorsement and this has resulted in the refund of some contribution paid, how would this affect my surplus?	<p>The reduction of contribution arising from an endorsement will reduce the annual contribution used to determine in the surplus sharing calculation.</p>
Investment	
24) Which investment vehicle was used to generate the surplus for my product?	<p>The surplus at any financial year-end is derived largely from the tabarru' collected in respect of the contracts registered in the Risk Fund after deducting claims charged. The monies in the Risk Fund may be placed in shariah compliant investment vehicles such as mudharabah investment accounts, government securities and sukuk determined at the discretion of HSBC Amanah Takaful as the takaful operator. Hence, the investment income earned from the placement of the Risk Fund with several investment vehicles also contributes to the surplus for your certificate.</p>

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Notification

25) Will there be any notification to participants on the surplus declared?

Yes, we will notify those participants who are eligible to receive the surplus. The notification will be sent by ordinary mail to your address stated in your proposal form or as updated by you.