

# Types of takaful product



The Takaful protection plan is based on Shariah principles and offers many unique features to policy owners. There are two types of Takaful businesses. There are family Takaful and general Takaful.

The product under family Takaful are:

- Family Takaful
- Investment linked Takaful
- Child Education Takaful
- Medical and Health Takaful

### **Family Takaful**

Family Takaful provides us with both a protection policy and long-term savings for your peace of mind. Our beneficiary will be provided with financial benefits if suffer a tragedy. At the same time, we will enjoy an investment return because part of our contribution will be deposited in an account for the purpose of savings. We have a choice of maturity periods and there is no forfeiture in the event of cancellation. We are also entitled to personal tax relief when you participate in family Takaful.

Basic types of family product :

### **Ordinary family**

Individual family Takaful

The plans include education, mortgage, health and riders. You and your beneficiary will receive financial benefits arising from death or permanent disability, as well as long-term savings (investment), and investment profits that are distributed upon claim, maturity or early surrender.

## Group family Takaful

This policy is for employers, clubs, associations and societies. The plans include group education, group medical, health and riders. A minimum number of participants are required to qualify under these plans. You will receive protection in the form of financial benefits arising from death or permanent disability.

## **Retirement Annuity**

A plan that provides us regular income upon our retirement.

## **Investment-linked Takaful**

An investment-linked Takaful is a family Takaful plan that combines investment and Takaful cover. A portion of our contribution is used to buy investment units, such as units in equity or fixed income securities. The Takaful protection covers death and permanent disability. A family Takaful rider is an extension of the basic family Takaful. Our contribution gives us a Takaful cover, which includes death and disability benefits, and an investment in a variety of Shariah-approved investment funds of your choice

Investment-linked Takaful offers you these unique features:

- Have the flexibility to choose own level of protection and investment
- Can vary the amount of our contribution according to our changing financial circumstances
- Can switch the current investment fund to other types of investment funds.
- Can claim part of your investment-linked units at any point in time

- Can choose from a variety of investment-linked funds like equities, bonds and other financial instruments to invest in.

### **Child Education Takaful Plan**

Child Education Takaful Plan (CETP) provides us with protection and long-term savings to finance the higher education expenses of our child. The plan will provide our child with financial benefits if we suffer any set back covered under the plan. The plan also gives our child long-term savings or education fund that your child can use to continue his /her studies.

Participating in a CETP also makes us eligible for personal tax relief of up to a maximum of RM3, 000 per year for the combination of both medical and education plans. A family Takaful rider or an extension of basic coverage for both we and our child is also available. The rider provides coverage against personal accident and disability, hospitalization benefits, funeral expenses and critical illnesses.

Basic types of plan:

#### Ordinary Child Education Takaful

You and your child will receive financial benefits arising from death or permanent disability, as well as long-term savings (education fund), and investment profits that are distributed upon claim, maturity or early surrender.

#### Investment-linked Child Education Takaful

A portion of your contribution is used to buy investment units, such as units in equity or fixed income securities. In addition to the ordinary takaful

<https://assignbuster.com/types-of-takaful-product/>

protection, which covers death and permanent disability, the investment units will be sold upon claim, maturity or early surrender

### **Medical and Health Takaful**

Medical and health Takaful gives us cover for the cost of private medical treatment, like hospitalization, surgery and treatment, if we are diagnosed with certain illnesses or are involved in an accident. The cover acts as a stand-alone policy or can be added to a basic family Takaful plan, providing better coverage and benefits from both policies.

Medical and health Takaful is offered through individual or group plans. However, an individual plan generally costs more than a group Takaful plan. Therefore, we need to be very careful when choosing a cover that best suits our needs by understanding the product features, conditions, benefits, limitations and exclusions of the Takaful plan. Don't be pressured into buying more than you need.

The products under general Takaful are:

- Home Takaful
- Motor Takaful
- Personal accident Takaful

### **Home Takaful**

There are two types of home Takaful, the house owners takaful and householders Takaful.

Houseowners Takaful covers your home against loss or damage caused by floods, fires and other such perils. It not only protects our house, but also the

garage, outbuildings, walls, gates and fences around the property as well as permanent fixtures and fittings. Householders Takaful covers the loss or damage to the contents of residential property. We may participate in a houseowners Takaful or a householders Takaful, or both for complete coverage.

Make sure that the amount covered in your houseowners Takaful plan reflects the rebuilding cost of our house and other damages on property. If the amount covered is less than the rebuilding cost, an average condition will be calculated, meaning that if you underinsure your property to only 80% of its rebuilding worth, you will only be entitled to claim only 80% of the value of damage sustained.

### **Motor Takaful**

Motor Takaful covers us against loss or damage to your vehicle due to accidental fire, theft or accident. It also covers bodily injury or death of a third party as well as loss or damage of a third party's property. Similar to general motor insurance, there are two types of cover for a motor Takaful plan. There are namely:

#### Third Party Cover

This protects us against the third party's death, bodily injury and/or property damage.

#### Comprehensive Cover

This protects us against third party's death, injury and property damage as well as loss and or damage to our vehicle due to accidental fire, theft or an accident.

If we take on a motor Takaful policy, we will contribute a sum of money to a general Takaful fund in the form of participative contribution (tabarru') and undertake a contract (aqad). You will be entitled to a share of the surplus in the fund if you did not make any claims during the period of takaful.

A motor Takaful policy also provides policy holders with a no claim discount (NCD). This allows policy holders to renew their cover at a discounted price if no claims have been made during the preceding period of the cover.

However, it's always advisable to understand your policy thoroughly, especially when it comes to exclusions and extensions to your policy.

### **Personal accident takaful**

Personal accident takaful gives us worldwide protection 24 hours a day. So be it travelling overseas or seeking long-term protection against accidental injuries, make sure that us and our loved ones are taken care of in an emergency