

FAQs on the Policy Document on Claim Settlement Practices (PD CSP)

No	Paragraph and requirement	Question	Response																					
1.	<p>Paragraph 4.1 – This Policy Document comes into effect on 2 January 2025, except for the following paragraphs, which will come into effect on 1 July 2024:</p> <p>(a) paragraphs 10. 26 to 10.28; (b) paragraphs 11.16 to 11.18; (c) paragraphs 12.1 to 12.13; (d) paragraphs 14.1 to 14.5; (e) paragraphs 14.11 to 14.26; (f) paragraphs 15.1 to 15.27; and (g) paragraphs 16.1 to 16.6.</p>	<p>Are these changes applicable for accidents from 1 July 2024?</p>	<p>Based on the PD CSP, the following paragraphs are effective from 1 July 2024:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">1</td> <td>paragraphs 10. 26 to 10.28;</td> <td>Repudiation of Liability</td> </tr> <tr> <td style="text-align: center;">2</td> <td>paragraphs 11.16 to 11.18;</td> <td>Betterment charges</td> </tr> <tr> <td style="text-align: center;">3</td> <td>paragraphs 12.1 to 12.13;</td> <td>Vehicle valuation</td> </tr> <tr> <td style="text-align: center;">4</td> <td>paragraphs 14.1 to 14.5;</td> <td>Third-Party Motor Claims</td> </tr> <tr> <td style="text-align: center;">5</td> <td>paragraphs 14.11 to 14.26;</td> <td>Third-Party Property Damage Claims</td> </tr> <tr> <td style="text-align: center;">6</td> <td>paragraphs 15.1 to 15.27; and</td> <td>Actual Total Loss (ATL) and Beyond Economic Repair (BER) Motor Claims</td> </tr> <tr> <td style="text-align: center;">7</td> <td>paragraphs 16.1 to 16.6.</td> <td>Motor Claims-Other Matters (Contract Repairs, Cut-and-Joint & Chain Collision Claims)</td> </tr> </table> <p>Referring to the table above, only requirements under item 5 (paragraphs 14.11 to 14.26) are applicable to accidents from 1 July 2024 i.e. all Third-Party Property Damage (TPPD) submission arising from the loss/accident occurring from 1 July 2024 onwards. For example, where a claim is approved on 5 July 2024 but the date of loss/accident was on 30 June 2024, item 5 will not be applicable and ITOs shall refer to the previous Guidelines on Claims Settlement Practices (Consolidated) issued on 3 July 2007 (BNM/RH/GL/003-9) and 1 April 2008 (BNM/RH/GL 004/17) respectively and previous industry practices with respect to TPPD claims.</p> <p>The requirements under items 1, 2, 3, 4, 6 and 7 are existing requirements from:</p> <p>(a) Guidelines on Claims Settlement Practices (Consolidated) issued to takaful operators and registered adjusters issued on 1 April 2008; (b) Guideline on Claims Settlement Practices (Consolidated) issued to insurers and registered adjusters issued on 3 July 2007; (c) Circular on Market Value of Motor Vehicle issued on 21 June 2011; (d) Specification Letter on Handling of Actual Total Loss (ATL) and Beyond Economic Repair (BER) vehicles issued on 31 January 2024; and (e) Specification Letter on Determination of Market Value of Motor Vehicles dated 30 April 2020;</p> <p>which have been incorporated into the PD CSP and continue to be effective upon its issuance on 1 July 2024. As such, there are no changes to the requirements under items 1, 2, 3, 4, 6 and 7.</p>	1	paragraphs 10. 26 to 10.28;	Repudiation of Liability	2	paragraphs 11.16 to 11.18;	Betterment charges	3	paragraphs 12.1 to 12.13;	Vehicle valuation	4	paragraphs 14.1 to 14.5;	Third-Party Motor Claims	5	paragraphs 14.11 to 14.26;	Third-Party Property Damage Claims	6	paragraphs 15.1 to 15.27; and	Actual Total Loss (ATL) and Beyond Economic Repair (BER) Motor Claims	7	paragraphs 16.1 to 16.6.	Motor Claims-Other Matters (Contract Repairs, Cut-and-Joint & Chain Collision Claims)
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			Please refer to the above documents to ascertain the respective effective dates prior to 1 July 2024 for the requirements under items 1, 2, 3, 4, 6, and 7.
2.	<p>Paragraph 5.2 – For the purpose of this Policy Document – “in-house assessor” refers to an ITO’s personnel who assesses repair estimates for the purpose of informing claims settlements by the ITO. For the avoidance of doubt, this does not include adjusters registered under Section 2(1) of the FSA.</p>	<p>What constitutes as an in-house assessor?</p> <hr/> <p>Are in-house assessors expected to perform the check and balance role on the register adjuster’s report or substitute the appointment of registered adjusters?</p>	<p>An in-house assessor refers to an ITO’s personnel who assesses repair estimates for the purpose of informing claims settlements by the ITO. This includes an ITO’s personnel that carries out desktop assessment and/or conducts field inspections in assessing repair estimates of a damaged motor vehicle for the purpose of informing claims settlement by the ITO. Therefore, paragraphs 11.11 to 11.15 of the PD CSP will apply to ITO’s personnel such as claims examiners, in-house adjusters and in-house surveyors as long as the ITO’s personnel carries out claims assessment per the definition for in-house assessor.</p> <p>For example, a claims handler would meet the definition of an in-house assessor when they carry out any of the following roles:</p> <ul style="list-style-type: none"> (a) manages the entire claims process, which includes reviewing claims submissions and verifying the information provided; and (b) evaluates the in-house assessor’s assessments, identifying any errors, and ensuring the accuracy and fairness of the claim settlement. <p>For avoidance of doubt, in-house assessors are employees of ITOs, not independent parties and do not include adjusters registered under section 2(1) of the Financial Services Act 2013. Nevertheless, depending on an ITO’s internal practices, in-house assessors may perform a check-and-balance role on the registered adjuster’s report or be appointed to carry out a claims assessment without appointing a registered adjuster, except where the appointment of a registered adjuster has been mandated under the PD CSP.</p>
3.	<p>Paragraph 7.1 – This Policy Document supersedes: (i) Dear CEO Letter on Report on Usage of the Centralised Database for Motor Repairs Estimation issued on 2 February 2007.</p>	<p>Are ITOs still required to provide quarterly reports to BNM on the usage of a centralised database for motor repairs estimation?</p>	<p>No, ITOs are no longer required to provide quarterly reports to BNM on the usage of a centralised database for motor repairs estimation and may cease the reporting to BNM from 1 July 2024 onwards.</p>

No	Paragraph and requirement	Question	Response
<i>Roles and responsibilities of Board and Senior Management</i>			
4.	<p>Paragraph 8.3 – The senior management shall ensure the effective implementation of the ITO’s claims settlement policies and practices in line with principles of fair treatment of financial consumers and sound risk management. This shall include:</p> <p>a) adequate and effective management of third-party service providers in the claims settlement process.</p>	<p>What would constitute adequate and effective management of third-party service providers in the claims settlement process?</p> <p>What would be deemed as unfair practices which are not in line with the principles of fair treatment of financial consumers, for the purposes of paragraph 8.3?</p>	<p>With respect to paragraph 8.3 of the PD CSP, examples of effective internal controls and processes in managing third-party service providers involved in the claims settlement process include:</p> <p>(a) clear process and criteria for third-party service providers (TPSPs) to be identified and appointed to the ITO’s panel and for removal of TPSPs from its panel, respectively;</p> <p>(b) adequate controls in place to enable monitoring compliance with the approved criteria and processes;</p> <p>(c) conducting regular reviews on the performance of TPSPs on ITO’s panel against the established process and criteria; and</p> <p>(d) considering consumers’ choice and interests with respect to the selection process of ITO’s third-party service providers.</p> <p>With respect to paragraph 8.3 of the PD CSP, the following would be deemed as unfair practices:</p> <p>(a) failure to demonstrate and provide proof that any financial service or product recommendation provided is suitable for the financial consumer, including the information obtained from the policy owner/takaful participant at the point of sale or renewal e.g. maintaining call recordings, messages, emails, system prompts (for online purchases), for example advise on the risk of underinsurance;</p> <p>(b) failure to promptly settle claims for a policy owner/takaful participant or beneficiary under one insurance policy/takaful certificate in order to influence settlements under another insurance policy/takaful certificate;</p> <p>(c) where a single insurance policy/ takaful certificate covers multiple risks that are clearly separable and capable of separate determination of liability, unduly protracting negotiations or settlement under one portion of the insurance policy/ takaful certificate where liability has become reasonably clear to influence negotiations or settlements under other portions of the policy/certificate; and</p> <p>(d) repudiating liability to indemnify a policy owner/ takaful participant on grounds of non-disclosure of a material fact which the policy owner/takaful participate could not reasonably be expected to have known to be relevant to disclose.</p>

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<i>Motor Customer Service Charter (MCSC)</i>			
5.	<p>Paragraph 8.5 – The Board shall oversee the ITO's establishment of a Motor Customer Service Charter (MCSC) which shall outline, at minimum, the following: (b) expected turnaround times with respect to the ITO's motor claims settlement practices, appropriately segmented for different types or categories of claims. For example, the turnaround time that customers can expect to have their vehicle returned to them under an own damage claim.</p>	Can an ITO state faster turnaround times (TATs) in their MCSC compared to the prescribed timelines in the PD CSP?	Yes. ITOs are strongly encouraged to expedite their TATs for motor claims to improve consumer experience. The timelines specified in the PD CSP are intended as mandatory minimums.
6.	<p>Paragraph 8.7 – With respect to paragraph 8.6, the senior management shall also ensure the ITO's internal policies, procedures and processes are aligned to the MCSC, which includes: (a) well-defined processes with detailed timelines to deliver the ITO's service standards</p>	What are examples of well-defined processes with detailed timelines to deliver the ITO's service standards commitments under the MCSC?	<p>Some examples of well-defined processes with detailed timelines include the TAT:</p> <ul style="list-style-type: none"> (a) for individual ITO's claim settlement processes e.g. a breakdown of TAT from claims intimation date to the date of payment; and (b) for individual ITO's complaints handling process e.g. from the point when the complaint is received. This includes clarifying the frequency of updates on the progress of the complaints under review and up to the point a final decision is communicated to the complainant. <p>The TAT should be segregated by classes e.g. Motor Own Damage, Motor TPPD and Motor Third Party Bodily Injury (TPBI). For the avoidance of doubt, the TAT stipulated under an ITO's individual MCSC with respect to TTPD and TPBI claims should be for processes within an ITO's control i.e. where claimants have chosen to directly deal with their respective ITOs and its third-party service providers.</p>

No	Paragraph and requirement	Question	Response
	commitments under the MCSC.		Nevertheless, ITOs should also advise on specific TPPD and TPBI processes which may be beyond the ITO's control and advice claimants accordingly on the expected time taken. This should include steps that may be undertaken by its policy owner/takaful participant to expedite TPPD or TPBI claims processing i.e. avoid use of unauthorised tow trucks and middlemen, option to submit Own Damage Knock-for-Knock (OD KfK), etc.
7.	Paragraph 8.8 – An ITO shall ensure its MCSC is published and prominently displayed at all of its branches and websites.	Should an ITO publish and prominently display its MCSC on its intermediaries' websites as well?	Where an intermediary serves multiple ITOs, BNM acknowledges that it may not be feasible for several ITO's MCSCs to publish and prominently display on the intermediary's website. Nevertheless, an ITO's MCSC should be published and prominently displayed on its intermediaries' website where the intermediaries exclusively represent an ITO and its products such as a tied agent. This arrangement should be implemented by including it as a provision in the ITO's SLA with its intermediaries.
<i>Internal Policies, Procedures and Controls</i>			
8.	Paragraph 8.14 – With respect to paragraph 8.13, the ITO shall ensure that risk management or compliance and internal audit reviews consist of adequate coverage of all material aspects of the ITO's claim settlement practices and shall be undertaken at an appropriate frequency as determined by the Board. Notwithstanding the above, the ITO shall undertake risk management or compliance and internal audit reviews on the ITO's	While paragraph 8.14 refers to risk management <u>or</u> compliance and internal audit reviews, what if currently all three control functions ensure adequate coverage of material aspects of the ITO's claim settlement practices and undertakes the necessary reviews? Can the existing arrangement proceed?	In complying with paragraph 8.14 of the PD CSP, the ITO may use all three control functions, i.e. risk management, compliance <u>and</u> internal audit, in reviewing and monitoring the effectiveness of its internal policies, procedures and controls in relation to its claims settlement practices.

No	Paragraph and requirement	Question	Response
	motor claims settlement practices at least once in every two (2) years.		
<i>Fraud Prevention</i>			
9.	<p>Paragraph 8.16 – An ITO shall promptly investigate any suspicion of fraud and shall report such incidents together with any relevant information gathered from its internal investigations to:</p> <p>(d) the relevant industry association i.e. Persatuan Insurans Am Malaysia (PIAM) or Malaysian Takaful Association (MTA), subject to confirmation of fraud following the ITO's internal investigations.</p>	What role should industry associations such as PIAM and MTA play in fraud investigations?	<p>With respect to paragraph 8.16(d) of the PD CSP, PIAM and MTA should facilitate the industry in fraud detection and prevention efforts, where relevant. For example, once an ITO has determined sufficient reason to believe fraudulent conduct has occurred arising from its own investigations, PIAM and MTA should alert the industry on developments in fraud trends. Such efforts should complement the ITO's on-going reporting to relevant platforms, such as reporting to BNM under the Policy Document on Operational Risk Reporting and Fraud Intelligence System (FIS). This may include preparing reports for the industry on emerging fraud trends, patterns and concentration (e.g. involvement or suspected collusions among specific workshops or registered adjusters and their modus operandi).</p> <p>PIAM and MTA should also share these fraud trends with relevant stakeholders, such as the Malaysian Bar where the misconduct detected involves lawyers.</p> <p>PIAM and MTA should also consider the use of data analytics for more effective mining and predictive analysis, tapping on industry databases it maintains on behalf of its members, to produce reports on fraud trends or alerts.</p>
<i>Service Level Agreements (SLAs) with Registered Adjusters and Repairers</i>			
10.	<p>Paragraph 9.1 – An ITO shall take reasonable measures to satisfy itself on the professionalism and integrity of its third-party service providers that may directly or indirectly affect the ITO's ability to meet the expectations under this Policy Document. In addition, the</p>	What types of business arrangements with ITO's third-party service providers may produce poor consumer outcomes?	An example of such business arrangements may include the practice of bulk settlements for repair work, where a fixed sum is paid for all repair work to be carried out within a fixed or agreed period. The concern is that such arrangements may lead to unsatisfactory standards of repair work over the longer term, due to unhealthy competition among third-party service providers seeking to secure such 'lock-in' arrangements.

No	Paragraph and requirement	Question	Response
	<p>ITO must ensure that any business arrangements with repairers, registered adjusters or any other third-party service providers give due regard to the service level agreements' (SLAs) terms and conditions to prevent poor consumer outcomes. The ITO shall ensure alignment of the SLAs' terms and conditions with its customer service commitments made to consumers pursuant to paragraphs 8.5 to 8.8 of this Policy Document, where applicable.</p>		
11.	<p>Paragraph 9.3 – In meeting the obligations for fair, transparent and timely claims settlements, an ITO shall ensure that well-defined and comprehensive SLAs have been put in place and implemented with its panel of registered adjusters and panel of repairers.</p>	<p>Are ITOs expected to ensure their existing SLAs with its panel of registered adjusters and repairers are in line with the PD CSP i.e. well-defined and comprehensive SLAs are put in place and implemented?</p>	<p>Yes, the requirements under paragraphs 9.3, 9.5, and 9.6 of the PD CSP apply to both existing and new SLA arrangements with ITO's panel of registered adjusters and repairers. The provisions relating to SLAs under the PD CSP are effective 6 months upon the issuance of the PD CSP to provide ITOs sufficient time to amend their SLAs and ensure compliance to the PD CSP by 2 January 2025.</p>

No	Paragraph and requirement	Question	Response
		Does this requirement only apply to an ITO's SLA with its panel of registered adjusters and panel of repairers in motor claims?	Paragraph 9.3 of the PD CSP is applicable to all SLAs that ITOs have in place with their panel of registered adjusters and repairers in motor claims. However, ITOs are encouraged to consider relevant elements under paragraphs 9.5 to 9.6 of the PD CSP and put in place a well-defined and comprehensive SLA for all third-party service providers, including for non-motor claims.
12.	<p>Paragraph 9.6 – With respect to paragraph 9.3, ITO shall ensure the SLA with its panel of repairers must, at minimum, include the following:</p> <p>(b) specific, measurable and relevant KPIs that include KPIs on:</p> <ul style="list-style-type: none"> i. quality of repair work; ii. accuracy of repair estimate quotes; and iii. handling of consumer complaints and feedback. 	How would an ITO measure the key performance indicators (KPIs) imposed on panel repairers with respect to quality of repair work and accuracy of repair estimate?	<p>KPIs imposed on panel repairers with respect to quality of repair work and accuracy of repair estimates may be measured through the following:</p> <ul style="list-style-type: none"> (a) periodic audits of randomly sampled repaired vehicles; (b) frequency and severity of customer complaints and feedback on quality of repair work, (c) after-sales callbacks or surveys to claimant to rate / gauge repairer's quality of services, customer satisfaction with overall claims settlement process; (d) repairs completed within and beyond agreed TATs; (e) accuracy and timeliness of repair estimates submitted, such as, number and frequency of disputes on amount of supplementary estimates required or variance between repairer's estimates and ITOs/registered adjusters estimations; and/or (f) reasonableness of parts and labor component estimates (e.g., whether the estimate of repairs is based on the parts prices in the Motordata Research Consortium Sdn. Bhd. (MRC) database).
<i>Notification of Claims and Verification of Facts</i>			
13.	<p>Paragraph 10.3 – An ITO shall acknowledge the claims submission in writing:</p> <p>(a) within three (3) working days for motor claims; or</p>	Is an ITO expected to acknowledge the claims submission in writing and assign a registered adjuster to assess the loss within the stipulated timeline, even in circumstances where the claim submitted does not	<p>ITOs should acknowledge all claims submissions received from claimants or potential claimants.</p> <p>In circumstances where the claim submitted does not fulfil, is not covered and/or is in breach of the terms and conditions of the motor policy/takaful contract, ITOs should reach out to the claimant as a matter of priority, to advice and guide them accordingly. This applies even in circumstances where the claim is submitted on behalf of the vehicle/policy owner by third parties service providers.</p>

No	Paragraph and requirement	Question	Response
	<p>(b) within seven (7) working days for non-motor claims; from the date of receipt of the claim notification by the ITO or its agent.</p> <p><u>For reference, paragraph 10.11 of PD CSP:</u> An ITO shall assign a registered adjuster or its in-house assessor to conduct an assessment of loss within five (5) working days for motor and non-motor claims from the date of receipt of all complete information and relevant documents.</p>	<p>fulfil the terms and conditions of the motor policy/takaful contract?</p>	<p>Where a claim submitted to ITOs does not adhere to the terms and conditions in the motor policy/takaful contract, such as sending the damaged vehicle to a workshop not authorised by the ITO, the requirements and timelines outlined in paragraphs 10.3(a) and 10.11 of the PD CSP do not apply. In such cases, the ITO is not obliged to comply with these requirements.</p> <p>Notwithstanding, ITOs are expected to offer reasonable explanations and effective management of such issues to avoid protracted and unproductive disputes.</p>
14.	<p>Paragraph 10.10 – With respect to paragraphs 10.7 and 10.9, if a claimant furnishes valid and reasonable explanations on his or her inability to submit any additional information or supporting documents upon receiving the reminder sent by the ITO, the ITO shall consider the claim with due regard to fair consumer outcomes as specified in the Policy Document on FTFC. The ITO shall clearly document and communicate the basis</p>	<p>Where there is no valid or reasonable explanation from the claimant for the delay in submitting the claim, are ITOs expected to continue to handle the claim?</p>	<p>For avoidance of doubt, this requirement does not absolve ITOs from their obligation to handle the claim. Paragraph 10.10 is intended to require ITOs to accord due regard to fair consumer outcomes as specified in the Policy Document on Fair Treatment of Financial Consumers (FTFC).</p> <p>In any event, the ITO shall clearly document all attempts to follow up with the claimant for the information required, together with clear explanations on the implications if such information is not furnished, and communicate the basis for its decision to the claimant.</p>

No	Paragraph and requirement	Question	Response
	for its decision to the claimant.		
<i>Assessment of Claims</i>			
15.	<p>Paragraph 10.12 – With respect to paragraph 10.11, in circumstances where an ITO’s in-house assessor estimates the cost of repairs of a damaged motor vehicle to exceed 65% of the sum insured due to extensive damages, the ITO must:</p> <p>(a) appoint a registered adjuster to inspect the motor vehicle and make a recommendation. This is to ensure a registered adjuster as an independent party assesses the safety of the vehicle, in compliance with the standards or requirements imposed by the relevant authorities such as JPJ’s Guidelines on Application for Vehicle Panel Structure Repair or Conversion (Accident Cases); and</p> <p>(b) ensure that vehicles which are subject to structural repairs under JPJ’s Guidelines on Application for Vehicle Panel Structure Repair or</p>	<p>Does paragraph 10.12(a) impose an obligation on ITOs to ensure that the assessments and recommendations are in compliance with the standards or requirements imposed by the relevant authorities such as JPJ’s Guidelines on Application for Vehicle Panel Structure Repair or Conversion (Accident Cases)?</p> <p>When should a registered adjuster be appointed when the repair estimates of a motor vehicle exceed 65% of the sum insured?</p>	<p>In essence, paragraph 10.12(a) of the PD CSP states that ITOs must appoint a registered adjuster to inspect the motor vehicle where its in-house assessor estimates the cost of repairs of a damaged motor vehicle to exceed 65% of the sum insured <u>due to extensive damages.</u></p> <p>Upon the appointment of the registered adjuster, the registered adjuster is required to ensure that the assessments and recommendations made are consistent with the applicable standards or requirements imposed by the relevant authorities such as JPJ’s Guidelines on Application of Structural Change for Vehicle Panel (Accident) as stated under paragraph 10.15 of the PD CSP. For the avoidance of doubt, paragraphs 10.12(a) must be read together with paragraph 10.15 of the PD CSP.</p> <p>The timely appointment of a registered adjuster is essential to ensure repairs work can commence on timely basis, in the interest of consumers. In any event, it shall be no later than five (5) working days from the date of receipt of all complete information and relevant documents as required under paragraph 10.11 of the PD CSP.</p> <p>For ease of understanding and for illustration purposes, please refer to the Appendix I of this FAQ with respect to the requirement under paragraph 10.12(a) of the PD CSP.</p>

No	Paragraph and requirement	Question	Response
	<p>Conversion (Accident Cases) are sent to a vehicle inspection provider (VIP), such as PUSPAKOM, for the appropriate and adequate inspection and certification of roadworthiness.</p> <p><u>For reference, paragraph 10.15 of the CSP PD:</u></p> <p>With respect to motor claims, a registered adjuster or in-house assessor assigned by the ITO shall ensure the assessments and recommendations made are:</p> <p>(a) consistent with applicable standards or requirements imposed by the relevant authorities such as JPJ's Guidelines on Application of Structural Change for Vehicle Panel (Accident); and</p> <p>(b) guided by the Malaysian Standard on Motor Vehicle Aftermarket: Smash Repair Requirements issued by Jabatan Standard Malaysia, where applicable.</p>		

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16.	<p>Paragraph 10.16 – With respect to own damage motor claims, in the event an ITO fails to inspect or assess the damaged vehicle within the period specified in paragraphs 10.11 and 10.13, the ITO shall allow the claimant to appoint their own registered adjuster at the expense of the ITO²⁴.</p> <p>²⁴ <i>The policy owner/takaful participant shall refer to the terms and conditions of their motor policy/ takaful contract or ITOs' websites in ascertaining which repairer they can use.</i></p>	Is the policy owner/takaful participant allowed to send their damaged vehicle for repairs at their preferred workshop which is registered with Jabatan Pengangkutan Jalan (JPJ)?	<p>Based on the revised private car policy/takaful contract which will be fully implemented by ITOs on 1 August 2025, ITOs <u>may consider</u> allowing a damaged vehicle to be repaired at any nearby accident repair workshop registered with JPJ, <u>if no panel of approved workshops are located nearby.</u></p> <p>Policy owners/takaful participants should read the terms and conditions of their motor policy/ takaful contract or ITOs' websites carefully to ascertain the choices of workshops available to them. For instance, policy owners/takaful participants who intend to submit claims to repair their damaged vehicles at their preferred non-panel workshop can do so, <u>after obtaining consent from their ITOs.</u></p> <p>The appointment of panels is a common industry practice, globally and across industries. Organisations that rely on third-party providers to fulfil or deliver ancillary services to their clients or employees do so to enhance operational efficiencies while ensuring the quality of the services provided met their expectations. Cost-savings gained from such can be invested in delivering better value, enhancing employee engagement and improving customer experience. Panel arrangements that are well-managed should deliver fairer consumer outcomes and allow securing firm commitments to deliver safe and timely repairs, professional and responsive customer service, and warranties, where applicable, by the workshops in their panels. ITOs that maintain a panel of approved workshops, review their panel arrangements periodically to ensure these expectations are met.</p> <p>Policy owners/takaful participants should check with their ITOs, customer service representatives or agents, if they are unsure of the specific conditions on the choices of workshop that may apply that may apply under their terms and conditions of their motor policy/takaful contract. In this regard, ITOs and its agents should advise policy owners/takaful participants on key information regarding choices of workshops available to them including on the benefits of using the ITOs' panel workshop, implications of not using ITOs' panel workshop (if any), or procedures for obtaining consent to use a non-panel workshop.</p> <p>ITOs or its agents should ascertain if the option to use a preferred workshop is considered an important feature for the consumer. Where it is considered an important feature for the consumer, ITOs or its agents should advise the consumers to shop around and offer different motor policies or add-ons that cater to the consumer's need.</p>

No	Paragraph and requirement	Question	Response
<i>Settlement</i>			
17.	<p>Paragraph 10.23 – With respect to paragraph 10.22 for motor claims, the ITO must ensure that the approval or offer letter specifies the following:</p> <p>(a) itemised repair estimates, including replacement parts prices and labour charges, based on the Motordata Research Consortium Sdn. Bhd. (MRC)'s database or a similar database from a credible database provider;</p> <p>(b) details on how the scale of betterment, CART, average clause and deduction of salvage has been applied;</p> <p>(c) options available to the claimant such as the option for contract repairs, where applicable; and</p> <p>(d) basis and reasoning for any material differences between the registered adjuster's recommendation and the ITO's final approved or offer amount, where applicable.</p>	<p>Can an ITO's itemised repair estimations included in the approval or offer letter deviate from the prices or charges specified in the credible database used by the ITO?</p>	<p>Paragraph 11.5 of the PD CSP requires ITOs to provide its registered adjusters, in-house assessors and appointed repairers with access to MRC or any other credible database used by the ITOs to derive repair estimations, including replacement parts and labour charges, for all motor claims processing.</p> <p>However, the prices in MRC or any other credible database is <u>generally meant to be a reference price</u> for individual part prices, alongside considerations for the age of the damaged vehicle and application of any parts discount as negotiated and agreed between the ITO and repairer.</p> <p>Nevertheless, in line with paragraph 10.23(d) of the PD CSP, the claims approval or offer letter must specify the basis and reasoning for any material differences between the registered adjuster's recommendation and the ITO's final approved or offer amount (including the itemised repair estimates).</p>

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18.	<p>Paragraph 10.25 – With respect to paragraph 10.24, where an ITO departs from the recommendation or assessment provided, the reasoning and basis for departure shall be documented by the ITO and be subject to periodic independent reviews, as part of the ITO’s oversight of its claims settlement practices in compliance with the objectives of this Policy Document.</p>	<p>What constitutes an “independent review”?</p>	<p>An independent review is an assessment that is carried out by a function independent of the business units involved in the handling of claims settlement practices, such as internal audit.</p>
<i>Payment of Claims</i>			
19.	<p>Paragraph 10.29 - An ITO must make full payment of the claim to the claimant³⁰ or to his or her authorised representative as the case may be: (a) within seven (7) working days for motor claims; or (b) within 14 working days for non-motor claims; from the date of receipt of the acceptance of offer and all relevant documents, or from the date of receipt of the sealed court order in relation to payment of a judgement sum ordered by a court.</p>	<p>Where the vehicle is under hire purchase financing, are claims for motor products PA coverage allowed to be paid to the claimant’s creditor?</p>	<p>No, for motor products with PA coverage, claims arising from the PA coverage shall be paid directly to the claimant (please refer to footnote 30 in the PD CSP).</p>

No	Paragraph and requirement	Question	Response
	³⁰ For the avoidance of doubt, for motor products with personal accident (PA) coverage, claims arising from the PA coverage shall be paid directly to the claimant in line with paragraph 10.29.		
<i>Transparency in motor repair estimates</i>			
20.	Paragraph 11.7 – With respect to paragraphs 11.5 and 11.6, the ITO shall ensure that the database provider being referred to for repairs estimation is credible, having regard to the following principles: (a) Resilient: The database provider has a secure database and is able to preserve the continuity of critical services in adverse situations; (b) Easily integrated: The database provider's system is made easily accessible to the ITO and considers ease of integration with the ITO's claims estimating systems; and (c) Comprehensive: The database provides comprehensive, current and high-quality data on parts prices and labour times that eases and	Are ITOs required to obtain BNM's approval for the ITO's selection of a database provider that is being referred to for repairs estimation?	<p>No, ITOs do not need to obtain approval from BNM regarding the ITOs' selection of a database provider that is being referred to for repairs estimation.</p> <p>ITOs are responsible to ensure that any database provider that is selected as the database provider that is being referred to is aligned with the principles specified in the PD CSP.</p> <p>Nevertheless, BNM may, from time to time, request for ITOs to provide an update on the database provider(s) selected by ITOs.</p>

No	Paragraph and requirement	Question	Response
	facilitates price comparisons to reduce subjectivity.		
<i>Minimum requirements on professionalism and conduct for in-house assessors</i>			
21.	Paragraph 11.12 – With respect to paragraph 11.11 (a) and (b), ITOs should be guided by the qualification and training requirements under the Policy Document on Registration Procedures and Requirements on Professionalism of Adjusters.	What are examples of training and qualification requirements for in-house assessors?	Examples of training and qualification requirements for in-house assessors includes: (a) Basic Certificate Course in Insurance Loss Adjusting (BCCILA); (b) experience in panel beating and painting as well as certified using National Occupational Skill Standards (NOSS) G452-009-3:2022 for assessment of loss in motor claims; (c) a minimum level 3 competencies of Sijil Kemahiran Malaysia (SKM) in smash repair activities based on the relevant NOSS; or (d) any other relevant courses from the industry or relevant associations/institutions e.g. Association of Malaysian Loss Adjusters (AMLA) and the Malaysian Insurance Institute to enhance with the necessary knowledge in the loss adjusting sector.
22.	Paragraph 11.13 – An ITO shall establish and implement mechanisms to ensure new and inexperienced in-house assessors are closely supervised by senior in-house assessors for at least one year before they are allowed to conduct assessment of loss independently.	Do these mechanisms need to be documented and be subjected to periodic review?	Yes, this mechanism must be documented and subject to periodic review to ensure its relevance and adequacy for this purpose.
23.	Paragraph 11.14 – An ITO shall ensure that any claims assessment produced by its in-house assessors with less than five (5) years of experience in assessment of loss, is	Are ITO's claims handlers equivalent to that of a senior in-house assessor?	A senior in-house assessor refers to any ITO's personnel that assesses and produces claims assessments and has at least 5 years of experience in the assessment of loss and the subject matter being assessed. Please see the response above under item 2 of this FAQ. For avoidance of doubt, if a claims handler does not meet the definition of an in-house assessor or has at least 5 years of experience in the assessment of loss and the

No	Paragraph and requirement	Question	Response
	reviewed and signed-off by a senior in-house assessor.		subject matter being assessed, then paragraph 11.14 of the PD CSP will not be applicable.
<i>Own Damage Motor Claims</i>			
24.	<p>Others - Guideline on Claims Settlement Practices (Consolidated) (BNM/RH/GL/003-9) and Guidelines on Claims Settlement Practices (Consolidated) (BNM/RH/GL 004/17)</p> <p>Paragraph 6.2 – The prior approval of BNM must be obtained by the insurer for any arrangement or agreement involving pre-approved authorised repairs.</p>	Are ITOs allowed to carry out pre-approved authorised repair arrangement?	<p>For avoidance of doubt, paragraph 6.2 of the Guidelines on Claims Settlement Practices issued in 2007 and 2008 has been removed.</p> <p>In effect, moving forward, ITOs are not allowed to carry out pre-approved authorised repair arrangements, if any. This is because any arrangement or agreement that:</p> <p>(a) waives the appointment of an in-house assessor and registered adjuster to assess each claim would <u>amount to a non-compliance with paragraph 10.11 of the PD CSP</u>. Paragraph 10.11 of the PD CSP requires ITOs to assign a registered adjuster or its in-house assessor to conduct an assessment of loss; and/or</p> <p>(b) bypasses obtaining ITOs' approval on repair estimates for each claim would <u>amount to a non-compliance of paragraph 10.23 of the PD CSP</u>. Paragraph 10.23 of the PD CSP requires ITOs to ensure that the approval or offer letter specifies itemised repair estimates, including replacement parts prices and labour charges, based on the MRC database or a similar database from a credible database provider.</p> <p>This is intended to mitigate the risks of imprudent claims management practices.</p>
<i>Compensation for Assessed Repair Time (CART)</i>			
25.	<p>Paragraph 14.6 –</p> <p>In the event a third-party claimant is unable to produce satisfactory documentary evidence (e.g. receipts for public transportation, ride-share fares or vehicle rentals) to support a claim for CART, the relevant ITO shall comply with the minimum scale of CART payable as provided in Appendix II.</p>	Does the effective date of paragraph 14.6 refer to the date of loss/accident or date of approval? For example, the claim is approved on 3 January 2025 but the date of loss/accident is 31 December 2024. Should an ITO pay CART for this claim or only for claims with date of loss/accident from 1 July 2024 onwards?	<p>The effective date of paragraph 14.6 of the PD CSP, i.e. revised CART scale provided in Appendix II, applies to all CART claims arising from loss/accident occurring from 2 January 2025 onwards.</p> <p>As such, in the example provided, where the CART claim is approved on 3 January 2025 but is arising from an accident that occurred on 31 December 2024 i.e. prior to the effective of the PD CSP of 2 January 2025, then the revised CART scale provided in Appendix II will not be applicable. ITOs should refer to the CART scale in the previous Guidelines on Claims Settlement Practices (BNM/RH/GL/003-9 and BNM/RH/GL 004/17).</p>

No	Paragraph and requirement	Question	Response
		Does paragraph 14.6 and Appendix II apply to electric vehicles (EVs) with respect to CART claims?	Yes, paragraph 14.6 and Appendix II of the PD CSP applies to all types of vehicles. With respect to EVs, ITOs may be guided by PIAM's circular on Premium Rating for Electric Car (Motor Tariff Notice No.4 of 2011) when converting electric motor capacity watt for EVs to cubic capacity of petrol engine when applying the minimum scale of CART payable.
26.	Paragraph 14.10 – The number of days for the computation of CART by the relevant ITO shall be based on the recommendation of the registered adjuster or assessment of the in-house assessor on the number of days required to repair the damaged vehicle, with reasonable provisions for additional days to cater for unforeseen delays which are beyond the control of third-party claimants.	What is an example of unforeseen delays which are beyond the control of third-party claimants for the purposes of paragraph 14.10?	Examples of unforeseen delays which are beyond the control of third-party claimants include unavailability of parts needed for repair works, challenges faced in sourcing certain limited parts e.g. vehicle model no longer in production or parts being imported by sea freight, staffing issues at the ITO, repairer or adjuster resulting in undue delays when completing repairs or processing of claims, where applicable.
<i>Third-Party Property Damage (TPPD) Claims</i>			
27.	Paragraph 14.12 – In the event a registered adjuster is appointed for a TPPD claim, the registered adjuster shall, within one (1) working day, upon being appointed:	Is this a mandatory requirement for registered adjusters and what would be the implications if any registered adjuster does not carry out this requirement?	Yes, in the event a registered adjuster is appointed for a TPPD claim, it is <u>mandatory for all registered adjusters</u> to promptly notify both the PFITO and the CITO respectively on the impending claim, within one (1) working day upon being appointed under paragraph 14.12 of the PD CSP. This mandatory requirement imposed on <u>all</u> registered adjusters (panel and non-panel registered adjuster) is effective from 1 July 2024.

No	Paragraph and requirement	Question	Response
	<p>(a) promptly notify both the PFITO and the claimant's ITO (CITO) respectively, on the impending claim. This shall be done via the claims estimating system used by the registered adjuster.</p>		<p>Where a registered adjuster fails to comply with this requirement or any mandatory requirements (labelled as S) imposed on registered adjusters in the PD CSP, BNM will not hesitate to take actions against these registered adjusters, which may include deregistration.</p> <p>For any non-compliances on mandatory requirements in relation to registered adjuster, this may be directed to BNMLINK at eLINK (bnm.gov.my).</p>
28.	<p>Paragraph 14.14 – For all OD KfK claims that are submitted by policy owners/ takaful participants with comprehensive policies/ takaful certificates, the CITO shall settle claims arising from uninsured/uncovered losses i.e., excess and CART.</p> <p><u>For reference, paragraph 14.15 of PD CSP:</u> With respect to paragraph 14.14, the PFITO shall reimburse the CITO for uninsured losses payable by the PFITO, such as:</p> <p>(a) the excess amount paid by the CITO based on its policy owner's policy/ takaful participant's certificate; and</p> <p>(b) the CART amount based on the registered</p>	<p>Does the effective date of paragraph 14.14 refer to the date of loss/accident or date of approval? For example, the claim is approved on 5 July 2024 but the date of loss/accident is 30 July 2024. Should an ITO pay CART for this claim or only for claims with date of loss/accident from 1 July 2024 onwards?</p> <p>In the event a TPPD KfK claim is submitted, does paragraph 14.14 require PFITO to settle claims on uninsured/uncovered losses i.e., excess and CART?</p>	<p>The effective date of paragraph 14.14 of the PD CSP refers and applies to all OD KfK submissions arising from the loss/accident occurring from 1 July 2024 onwards.</p> <p>As such, for example, where a claim is approved on 5 July 2024 but the date of loss/accident was on 30 June 2024, paragraph 14.14 of the PD CSP will not be applicable and the previous practice with respect to OD KfK claims will apply.</p> <p>No, paragraph 14.14 of the PD CSP only applies to OD KfK claims submitted to the CITO.</p> <p>Where a TPPD KfK claim is submitted, PFITO shall not decline to process the claims and must handle the said claim accordingly including settling claims arising from uninsured/uncovered losses directly.</p> <p>Nevertheless, PFITO are encouraged to also advise the claimant of the benefits of submitting an OD KfK claim to the CITO. Where the claimant opts to submit an OD KfK claim, PFITO should notify the CITO of the impending claim to ensure no further delays in the claims processing are experienced by the claimant.</p>

No	Paragraph and requirement	Question	Response
	<p>adjuster's recommendation, where applicable; within seven (7) working days from the date of submission of the relevant documents by CITO.</p>		<p>Towards this end, ITOs shall leverage on technology to ensure a seamless and timely motor claims process for third-party claimants, including reducing unnecessary friction in the third-party motor claims processing as required under paragraph 14.1 of the PD CSP.</p>
<p>Does this requirement prevail over the industry KfK agreement?</p>		<p>Paragraphs 14.14 and 14.15 of the PD CSP are mandatory requirements imposed on ITOs by BNM. As such, ITOs must comply with the said paragraphs and align their practices accordingly. Where there are no requirements with respect to industry's existing practices under the KfK agreement, there are no changes expected in this regard.</p>	
<p>Does PFITO only have to reimburse on the excess and CART only for OD KfK claims?</p>		<p>No, paragraph 14.14 of the PD CSP is a non-exhaustive listing of uninsured/uncovered losses, in which excess, and CART are examples provided in limbs (a) and (b). Paragraphs 14.14 and 14.15 of the PD CSP do not exclude other uninsured/uncovered losses practiced by industry thus far.</p> <p>In essence, paragraph 14.15 requires the PFITO to reimburse the CITO for the uninsured/uncovered losses the CITO handled and settled under paragraph 14.14, within 7 working days from the date of submission of the relevant documents by the CITO.</p> <p>For avoidance of doubt, PFITO shall reimburse the excess amount paid by the CITO based on its policy owner's policy/takaful participant's certificate and CART amount based on the registered adjuster's recommendation, where applicable.</p>	
<p>What happens if PFITO disputes CITO's settlement?</p>		<p>In the event that the CITO settles the claims arising from uninsured/uncovered losses under paragraph 14.14 of the PD CSP but does not get reimbursed by PFITO within 7 working days from the date of submission of the relevant documents by the CITO, this amounts to a non-compliance by the PFITO of paragraph 14.15 in PD CSP. Any non-compliance of this nature by the PFITO will result in proportionate enforcement action(s) by BNM.</p> <p>As such, PFITO and CITO must collaborate and communicate with each other upon first notification of loss (FNOL) and throughout the claims processing to minimize disputes and ensure smooth reimbursement process under paragraph 14.15. Where PFITO had the opportunity to assess the claims together with CITO and failed to do so, PFITO shall not dispute the amount paid by CITO and shall reimburse the CITO</p>	

No	Paragraph and requirement	Question	Response
			<p>for uninsured/uncovered losses paid by CITO as required under paragraphs 14.14 and 14.15.</p> <p>Towards this end, PFITO and CITO shall leverage on technology to ensure a seamless and timely motor claims process for third-party claimants, including reducing unnecessary friction in the third-party motor claims processing, where possible, as stipulated under paragraph 14.1 of the PD CSP.</p>
29.	<p>Paragraph 14.16 – With respect to paragraph 14.14, the ITO shall submit to BNM a quarterly report on statistical data of KfK claims in the format provided in Appendix IV, within 10 working days from the end of each quarter beginning 30 June 2024, until further notice. The report shall be submitted to:</p> <p>Director Consumer and Market Conduct Department Bank Negara Malaysia Jalan Dato' Onn 50480 Kuala Lumpur</p>	<p>For the first submission of the quarterly report, would the data submitted on KfK claims be from 1 January 2024 until 30 June 2024?</p> <p>Can the quarterly report be submitted by email instead?</p>	<p>No, the first quarterly report submitted for the end quarter of June 2024 is for data submitted on KfK claims from 1 April 2024 until 30 June 2024. As such, the second and third quarterly report submitted will be from 1 July 2024 until 30 September 2024 and from 1 October 2024 to 31 December 2024 respectively.</p> <p>Yes, the quarterly report may be submitted to conductpolicy@bnm.gov.my.</p>
30.	<p>Paragraph 14.20 – For TPPD claims that fall within the scope of the TPPD KfK Agreement, an ITO shall adhere to the following requirements:</p>	<p>When can CITO not honour the reimbursement amount under paragraph 14.20 (c)?</p>	<p>The CITO shall honour the reimbursement amount payable to PFITO in all circumstances, except where there are strong grounds for disputing a claim. Such instances shall be very limited in nature, which may include:</p> <p>(a) there being evidence that the claim was fraudulent or involved intentional misrepresentation; or</p> <p>(b) relates to a genuine dispute over liability and it is not clearly established that the claimant is not at fault.</p>

No	Paragraph and requirement	Question	Response
	<p>(c) in the event the CITO fails to respond within the period specified under paragraph 14.20(b), the PFITO shall proceed to settle the claim without further reference to the CITO. In the absence of strong grounds for disputing a claim, the CITO shall honour the reimbursement amount thereafter.</p>		<p>Nevertheless, where there is suspicion of fraud, CITO and PFITO shall notify each other as soon as possible and effectively collaborate and communicate throughout the claims assessment and processing to minimise disputes and ensure smooth reimbursement process under paragraph 14.20 of the PD CSP.</p>
31.	<p>Paragraph 14.20 – For TPPD claims that fall within the scope of the TPPD KfK Agreement, an ITO shall adhere to the following requirements: (b) upon receipt of the referral from PFITO on the proposed claims approval amount, the CITO shall respond to the PFITO within seven (7) working days indicating: i. the amount the PFITO shall authorise for repairs; or ii. the claims approval amounts the PFITO may offer in cases where the vehicle has already been repaired.</p>	<p>Has the timeline been shortened to 7 working days?</p>	<p>No, the timeline for CITO to respond to PFITO on the proposed claims approval amount has not been shortened to seven (7) working days as this timeline has been replicated and incorporated from the industry's KfK agreement (effective 18th March 1987).</p> <p>For avoidance of doubt, the decision and the approval, offer or rejection letter shall be issued within five (5) working days from the date of receipt of the CITO's approval on the amount that the PFITO shall pay for the repairs or may offer the claimant, where applicable (please refer to paragraph 10.22 and footnote 25 of the PD CSP).</p> <p>For ease of understanding and for illustration purposes, please refer to the diagram below.</p>

No	Paragraph and requirement	Question	Response
	<p>(c) in the event the CITO fails to respond within the period specified under paragraph 14.20(b), the PFITO shall proceed to settle the claim without further reference to the CITO. In the absence of strong grounds for disputing a claim, the CITO shall honour the reimbursement amount thereafter.</p>		<p style="text-align: center;">Process Flow on TPPD KFK claim in relation to mandate and payment</p> <p style="text-align: center;">Further, where system enhancements are required as a result of these timelines, the ITO shall enhance their systems accordingly in a timely manner to ensure compliance with the requirements in the PD CSP.</p>
32.	<p>Paragraph 14.22 – Where an ITO requires its policy owner/takaful participant to sign an undertaking letter to waive any liability on the ITO, the ITO shall advise the policy/takaful participant of the implications of providing such undertaking.</p>	<p>Is this a new requirement imposed by BNM?</p>	<p>No, this is an existing requirement which has been incorporated from the Guidelines on Claims Settlement Practices. As such, there is no expected change to industry practices in respect to this.</p>
Actual Total Loss (ATL) and Beyond Economic Repair (BER) Motor Claims			
33.	<p>Paragraph 15.11 – An ITO shall ensure proper deregistration and disposal of ATL vehicles by</p>	<p>How many AATFs are currently available?</p>	<p>There are currently 2 AATF facilities in Selangor, namely Car Medic in Kajang and Jaring Metal Industries in Shah Alam. Further, there are 2 AATFs expected to be approved in Perak and Klang Valley by end-2025. Of note, the National Automotive Policy 2020, published by the Ministry of Investment, Trade and Industry (MITI) aims</p>

No	Paragraph and requirement	Question	Response
	<p>adhering to the following requirements:</p> <p>(a) where an Authorised Automotive Treatment Facility (AATF) is available, the ITO shall ensure ATL vehicles are sent to the AATF within five (5) working days upon deregistration, subject to exceptional circumstances such as difficulty in obtaining a policy owner's written consent.</p>		<p>to establish 21 AATFs by 2030. In line with this goal, the Malaysia Automotive, Robotics & IoT Institute (MARII) has received 13 interests from new companies to establish the AATF center in other regions (i.e. Northern Peninsular, Sabah and Sarawak).</p> <p>For avoidance of doubt, ITOs shall ensure ATL vehicles are sent to the AATF where an AATF is available subject to exceptional circumstances. For example, ITOs are not expected to send ATL vehicles in Terengganu to an AATF in view that there are no AATFs currently in Terengganu.</p>
34.	<p>Paragraph 15.18 – Upon declaring a vehicle as BER, an ITO must:</p> <p>(c) with respect to paragraph 15.18(b), an ITO shall not release the BER vehicle's physical registration card prior to obtaining the certification of roadworthiness as specified under paragraph 15.19.</p>	<p>Can the physical registration card (RC) be released for purposes of inspection, as it is a required documentation to for inspections to be carried out?</p>	<p>Paragraph 15.18(c) of PD CSP refers to the permanent and final release of the BER vehicle's physical RC required for the transfer of vehicle ownership of the BER vehicle. As such, the physical RC being provided to carry out activities required as per regulatory requirements, such as using/producing/presenting it when the car is sent to VIP inspection does not tantamount to a "release" of the physical vehicle registration card. It is merely being used/produced/presented to carry out necessary activities to comply with regulatory requirements.</p>
35.	<p>Paragraph 15.19 – An ITO shall ensure that the relevant repairers complete the repairs of a BER vehicle and obtain the appropriate certification of roadworthiness from the</p>	<p>Which specific inspections by vehicle inspection providers (VIPs) such as PUSPAKOM ensure adequate inspection and certification of</p>	<p>Currently, adequate inspection and certification of roadworthiness on BER vehicles refers to the BER inspection (code 85) coupled with <i>Arahan Khas JPJ</i> (code 9009) conducted by PUSPAKOM, or its equivalent, if the inspections are conducted by other VIPs. For information, these inspections were recommended by JPJ and PUSPAKOM to meet the requirements under sections 10(3) and 10(4) as well as the rules made pursuant to section 88 of the Road Transport Act 1987.</p>

No	Paragraph and requirement	Question	Response
	VIP, such as PUSPAKOM, within four (4) months from the date the repairers receive the BER vehicle.	roadworthiness on BER vehicles?	<p>ITOs may also find further details on these inspections by:</p> <p>(a) visiting PUSPAKOM social media pages such as Facebook: https://www.facebook.com/share/v/YcGfue2SvPxtRSQ6/?mibextid=qi2Omg</p> <p>(b) visiting PUSPAKOM website: https://www.puspakom.com.my/beyond-economic-repair-ber-inspection/?; or</p> <p>(c) contacting PUSPAKOM Customer Services at 03-5101700 for latest updates on this front.</p>
<i>Motor Claims - Other Matters</i>			
36.	<p>Paragraph 16.1 –</p> <p>In circumstances where a claimant rejects the offer for a BER claims settlement and insists for the damaged vehicle to be repaired, an ITO shall allow such request to repair the vehicle under contract repair basis, subject to obtaining the policy owner/takaful participant's written consent.</p>	<p>What steps should ITO take if the damaged vehicle does not fulfil the requirements under paragraphs 16.1 and 16.2 due to unavailability of parts locally?</p>	<p>If the damaged vehicle does not fulfil the requirements under paragraphs 16.1 and 16.2 of PD CSP due to unavailability of parts, an ITO may declare the vehicle as "ATL". In the event, the ITO declares the ATL, the ITO must obtain the policy owner/takaful participant's written consent.</p> <p>Additionally, ITO should also consider:</p> <p>(a) advising the claimant that the vehicle is declared as ATL in writing within 7 working days from the date of receipt of the claimant's request for repair; and</p> <p>(b) making an offer of ATL settlement, taking the wreck value into consideration.</p>
37.	<p>Paragraph 16.2 –</p> <p>With respect to paragraph 16.1, an ITO must:</p> <p>(b) ensure that all contract repaired vehicles are sent to VIPs such as PUSPAKOM for the appropriate and adequate inspection and obtain certification of roadworthiness.</p>	<p>Which specific inspections by vehicle inspection providers (VIPs) such as PUSPAKOM ensure adequate inspection and certification of roadworthiness on contract repaired vehicles?</p>	<p>Adequate inspection and certification of roadworthiness on contract repaired vehicles refers to the B2 inspection (code 82) coupled with <i>Arahan Khas JPJ</i> (code 9009) conducted by PUSPAKOM, or its equivalent, if the inspections are conducted by other VIPs.</p>

No	Paragraph and requirement	Question	Response
38.	<p>Paragraph 16.6 – With respect to paragraph 16.5, an ITO shall not forfeit the NCD for any third-party claimant involved in the chain collision.</p>	<p>Would the No Claims Discount (NCD) of the last vehicle involved in the chain collision still be forfeited?</p>	<p>Yes, the NCD of the last vehicle involved in the chain collision will still be forfeited.</p> <p>For information, this requirement reflects the procedure for dealing with chain collision claims adopted by industry since January 2000 via PIAM's Member Circular No. 9 of 2000 and as such, there are no expected changes to existing industry practices with respect to this.</p>
		<p>Does the chain collision procedure apply to bodily injury or death claims?</p>	<p>No, the chain collision chain procedure does not apply to bodily injury or death claim.</p> <p>This is in line with existing industry practices under the procedure for dealing with chain collision claims adopted by industry in January 2000 via PIAM's Member Circular No. 9 of 2000 and as such, there are no expected changes to existing industry practice</p>
<i>Procedures on Handling of Non-Reported TPPD Claims</i>			
39.	<p>Appendix I, Paragraph (e) – In assessing TPPD claims, PFITOs may apply the principles of contributory negligence in the same manner applied in the assessment of any other claim, where applicable.</p>	<p>In what circumstances, does a PFITO not apply principle of contributory negligence?</p>	<p>Appendix I, paragraph (e) of the PD CSP is intended as guidance and ITOs should assess the appropriateness of applying such on a case-by-case basis.</p>
<i>Charts on Non-Motor and Motor Claims Processing</i>			
40.	<p>Chart I and Chart II (a), Key Control G – An ITO may consider ex-gratia settlement upon policy owner's/takaful participant's/claimant's appeal.</p>	<p>Can the ex-gratia settlement be paid out from the insurance or takaful fund?</p>	<p>As required under paragraphs 12.1 and 12.3 of the Policy Document on Management of Insurance Fund, a licensed insurer shall ensure that only expenses attributed to the insurance fund can be charged to the insurance fund. For the avoidance of doubt, any expense to be borne by shareholders shall not be considered as expenses attributed to the insurance fund.</p> <p>Similarly, for a licensed takaful operator, only direct claims-related expenses and investment-related expenses can be charged to the takaful fund as required under paragraph 17.6 of Policy Document on Takaful Operational Framework.</p> <p>ITOs are reminded that section 82(1)(c) of Financial Services Act (FSA) and section 92(1)(c) of Islamic Financial Services Act (IFSA) prescribe that ITOs shall apply assets</p>

No	Paragraph and requirement	Question	Response
			of an insurance/takaful fund only to meet the liabilities and expenses properly incurred by that the scope of an insurance policy / takaful contract such as those excluded under the relevant policy / contract (e.g. ex-gratia) cannot be considered as 'liabilities and expenses properly incurred' by an insurance / takaful fund.

Bank Negara Malaysia
2 January 2025

Appendix I: Flowchart on Assessment of a Damaged Vehicle as required under paragraph 10.12(a) of PD CSP.

