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PART I - OVERVIEW

Applicability

1. This circular applies to all registered takaful operators that carry out internet takaful activities. For the purpose of the circular, Internet takaful activities are defined to mean the use of the Internet as a channel to transact takaful business with customers or as a platform for transmission of customers' information.

Effective Date

2. The effective date of this circular is 10 February 2004.

PART II - POLICY REQUIREMENTS

3. In line with promoting the orderly development of takaful business conducted on the Internet, takaful operators that carry on internet takaful activities are required to comply with "Guidelines on Internet Insurance" (the Guidelines). The Guidelines highlight the risks faced by takaful operators in using the Internet as a distribution channel to offer takaful products and services to consumers and the minimum risk management measures which takaful operators should observe in the provision of internet takaful.

4. Paragraph 2.1 of the Guidelines requires registered takaful operators to seek the prior approval of Bank Negara Malaysia (the Bank) to use the Internet as a channel to transact takaful business, including soliciting takaful proposals and purchase and renewal of takaful certificates by certificate owners. The application of the Guidelines is therefore confined to the use of the Internet as a distribution channel to carry out takaful transactions. In addition, the outsourcing of the Internet takaful system to vendors specified in paragraph 26.1 of the Guidelines should be read in conjunction with the "Guidelines on Outsourcing for Takaful Operators".

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5. All takaful operators are required to use the MEPS Payment Gateway for electronic payments for transaction of business through the Internet. Takaful operators are required to carry out adequate safety and risk management controls to ensure the proper functioning of the system and protection of takaful certificate owners' interests. Takaful operators must also comply with all the requirements and guidelines on Internet takaful as may be issued by the Bank from time to time.