

Frequently Asked Questions (“FAQs”)

- **Guidelines on the Levy Assessment for Insurer Members (“Levy Assessment Guidelines”)** - issued on 16 March 2026; and
- **Levy Assessment Reporting Form for Insurer Members v1.0 (“Levy Assessment Reporting Form”)** - issued on 16 March 2026.

Last updated on 13 April 2026

This FAQs is intended to provide clarity and to guide Insurer Members (“IMs”) on the requirements specified in the Levy Assessment Guidelines and the Levy Assessment Reporting Form effective assessment year (“AY”) 2026. The Levy Assessment Guidelines, notes to the Levy Assessment Reporting Form and these FAQs should be read together when implementing the requirements.

Submission

1. With the introduction of a single submission deadline, when is payment required?

From AY2026 onwards, there will be a single submission deadline under the Levy Assessment Guidelines.

The Levy Assessment Reporting Form incorporates both the determination of Differential Levy System (“DLS”) categories and calculation of the levy in a single submission. Upon completion of the required fields in the form, IMs will be able to view the levy payable amount in the Levy Assessment Reporting Form: Form MASTER. Once the certified Levy Assessment Reporting Form is submitted, IMs will receive a notification of the levy category through PIDM’s Industry Portal.

The certified Levy Assessment Reporting Form and the corresponding levy payment shall be submitted and paid to PIDM on or before 31 May of each assessment year (or the immediately preceding working day if 31 May falls on a weekend or a public holiday in Kuala Lumpur).

2. Will IMs receive a notification letter similar to the previous framework?

Effective AY2026, PIDM will no longer issue a notification letter as the levy payable will be available directly in the Levy Assessment Reporting Form. The IMs will receive an automated notification from PIDM’s Industry Portal once the certified Levy Assessment Reporting Form is submitted in the system.

Bank Negara Malaysia's ("BNM") Composite Risk Rating ("CRR")

3. How will IMs obtain the CRR, and are IMs required to input the CRR into the Levy Assessment Reporting Form?

BNM will issue CRR letters to the Chief Executive Officer ("CEO") of the IMs, consistent with existing practice. Please note that the CRR is highly confidential and must be safeguarded through appropriate internal controls, with access strictly limited to authorised personnel as determined by each IM. The preparer of the Levy Assessment Reporting Form should be the authorised person to obtain its CRR from the CEO.

The CRR is not pre-populated in the Levy Assessment Reporting Form. Therefore, IMs are required to input the CRR in the Levy Assessment Reporting Form: Form MASTER, upon which the applicable levy rate will be automatically determined.

Please refer to the Levy Assessment Reporting Form for further details.

Deductible

4. What expenses are included under mandatory membership fees, and do industry association fees qualify as deductible?

Membership fees paid to industry associations do not qualify as deductible. Only mandatory membership or subscription fees payable to ISM Insurance Services Malaysia Berhad ("ISM"), where such fees are a pre-requisite for an IM to access and use the four (4) approved platforms as specified in paragraph 5.7 of the Levy Assessment Guidelines, are considered as deductible.

Further, where qualifying expenses are paid in advance by an industry association and subsequently charged back to IMs, such expenses shall also be regarded as deductible.

5. Are expenses incurred by an IM in preparing data and/or develop internal infrastructure for the ISM platforms considered deductible, although such expenses are not invoiced by ISM?

No, only expenses directly attributable to the four (4) industry-wide data infrastructure and standardisation initiatives ("platforms") managed by and payable to ISM are considered as qualifying expenses for deductible.

For the avoidance of doubt, resolvability-related qualifying expenses in an assessment year refer to the total expenses (including tax) incurred or borne by an IM and payable to ISM and/or industry associations during the preceding assessment year, for the purpose of establishing, enhancing, utilising, and maintaining the four (4) platforms.

6. Are deductible expenses determined based on the invoice date, and how should expenses be treated if the invoice period spans across more than one assessment year?

Deductible expenses are determined based on the period the related services are incurred. For example, for AY2026, deductible expenses should relate to costs for services incurred between 1 January 2025 and 31 December 2025.

Where an invoice period spans across more than one assessment year, the expenses shall be apportioned on a pro-rated basis to reflect only the portion of costs incurred within the relevant period. For AY2026, only the expenses attributable to the period from 1 January 2025 to 31 December 2025 should be taken into consideration.

IMs may refer to the relevant amount stated in the consolidated statement issued by ISM, which has been apportioned to reflect expenses incurred from 1 January to 31 December, for reference purposes. Notwithstanding, it remains the responsibility of each IM to ensure the accuracy and completeness of the information used for levy assessment.

7. How should IMs ensure the accuracy and completeness of Form D, and what supporting documents are required?

IMs may refer to the original statements/receipts or the consolidated statement issued by ISM as supporting documentation. IMs are required to include in the Levy Assessment Reporting Form the full amount reflected in the supporting documentation even if the amount exceeds 30% of gross levy amount.

With effect from AY2026, ISM will issue a consolidated statement to IMs, which may be used for submission purposes. Notwithstanding, IMs remain responsible for ensuring the accuracy and completeness of the information used for levy assessment, including any information derived from the consolidated statement provided by ISM. IMs are required to submit all supporting documentation for deductible expenses together with the certified Levy Assessment Reporting Form.

Levy Base

8. **Why is the Contractual Service Margin (“CSM”) deducted for life insurance IMs but not for family takaful IMs, given that CSM applies to both?**

The CSM is excluded from the levy base calculation for both IMs carrying on life insurance business as well as family takaful business. The exclusion is reflected under different adjustment components in the Levy Reporting Assessment Form, namely Form L (under the “CSM” column) and Form F (under the “shareholder’s fund liabilities” column”).

The difference reflects the presentation of CSM under Malaysian Financial Reporting Standard (MFRS) 17, which varies based on the respective business models. For IMs carrying on life insurance business, the CSM is reported within the life fund’s insurance contract liabilities. While for IMs carrying on family takaful business, the CSM is reported within the shareholder’s fund insurance contract liabilities.

9. **For conventional IM, the shareholder’s fund liabilities are not reported as part of the insurance contract liabilities. Should such liabilities be adjusted from the levy base calculation?**

No, where shareholder’s fund liabilities do not form part of the insurance contract liabilities, they should not be included in the adjustments in the levy base calculation. Please input “0” for adjustment to shareholder’s fund liabilities in Form L of the Levy Assessment Reporting Form.

10. **Where can IMs source unallocated surplus and what supporting documents are acceptable if the information is not directly available from audited financial statement or the Insurance and Takaful Statistical Reporting (“ITSR”)?**

For IMs carrying on life insurance business, unallocated surplus refers to estate as defined in paragraph 14.1 of the “Management of Participating Life Business” policy document issued by BNM on 10 January 2023.

For IMs carrying on family takaful business, unallocated surplus refers to surplus has yet to be allocated to participants and maintained in the takaful funds after accounting for surplus distributable to shareholders and takaful participants.

IMs may use any approved information sources, internal calculations or management reports to support information that is not directly available from audited financial statement or the ITSR.

Medical and Health Insurance/Takaful (“MHIT”) Adjustments

11. **For investment-linked products where MHIT liabilities cannot be separately identified, how should IMs report MHIT liabilities adjustments in the levy base calculation?**

Where MHIT liabilities cannot be separately identified and it is not practicable to do so, IMs may determine the MHIT adjustment using a reasonable and consistently applied methodology, supported by appropriate assumptions and documentation as approved by the Management.

The adjustments should reflect the portion of liabilities that is reasonably attributable to MHIT coverage and should be disclosed in part C of Form L or Form F of the Levy Assessment Reporting Form, as applicable. IMs are required to maintain proper documentation to support the levy base calculations, including the MHIT adjustment.

For PIDM’s review, IMs may submit a management-approved summary schedule detailing the product-level breakdown used to derive the total adjustment of MHIT liabilities.

12. **The increase in MHIT liabilities may reflect both new business liabilities and the effects of the MHIT interim measures¹. Are IMs required to recalculate the incremental increase in MHIT liabilities attributable solely to the interim measures?**

While the adjustment for incremental increase in MHIT liabilities was intended to exclude the impact from MHIT interim measures, PIDM recognises that the incremental increase in liabilities may also include liabilities arising from new business assumed during the assessment year.

To minimise recalculation burden on the industry, IMs may report the total incremental increases in MHIT liabilities and deduct such amount from the levy base calculation, regardless of whether the increase arises from new business or from the impact of the MHIT interim measures.

Illustrative example:

- As at 31 December 2025, total liabilities for all affected MHIT policies (after the interim measures) amounted to RM280 million, comprising:
 - (i) RM100 million attributable to existing business (unchanged from 2024); and
 - (ii) RM180 million attributable to new business.
- As at 31 December 2024, total liabilities for all affected MHIT policies (either before or after the interim measures) amounted to RM100 million.

¹ MHIT Interim Measures refer to the interim measures announced by BNM on 20 December 2024.

Hence, the MHIT liabilities adjustment for AY2026 is RM180 million (i.e. RM280 million – RM100 million), which should be reported in part C of Form L or Form F of the Levy Assessment Reporting Form, as applicable.

13. What if MHIT liabilities adjustment result in an increase in levy base instead of a reduction?

The Levy Assessment Reporting Form has been designed to ensure that MHIT liabilities adjustments do not increase the levy base. Any MHIT liabilities adjustments that result in an increase in the levy base will be automatically zeroed in the Levy Assessment Reporting Form.

14. If it is impracticable to recalculate MHIT liabilities position as at 31 December 2024 before the interim measure, can IMs use the reported position for that period?

Yes, IMs may use the MHIT liabilities position 31 December 2024, whether calculated before or after the interim measures, as reported under the MFRS 17. However, once the valuation basis is selected for AY2026, this same amount shall be applied for AY2027.

Others

15. Can IMs propose additional industry initiatives or platforms to be considered as qualifying platforms under the resolvability incentives?

Yes, IMs may provide suggestion in the Suggestion Form for Qualifying Platform, which will be made available on PIDM's website. Submissions shall include appropriate justification to support how the proposed initiative or platform strengthens the industry's resolution readiness, for PIDM's future review and consideration. The completed suggestion form shall be submitted through PIDM's Industry Portal during the levy assessment submission period for the relevant assessment year.

16. What if I have more questions related to Levy Assessment Guidelines and Levy Assessment Reporting Form?

For further clarification, please do not hesitate to reach out to the following officers:

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