SASANA SYMPOSIUM 2025

STRUCTURAL REFORMS
BUILDING A RESILIENT MALAYSIA

Workshop Session:

What do I need to know about Motor Insurance/Takaful?

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- **Legal Requirement – Section 90 RTA 1987 mandates that a**ll vehicle owners must possess valid motor insurance to legally operate their drive on public roads.

Overview

1. Motor insurance/takaful 101: Essential Terms

- Basic Principles of Insurance *(Utmost Good Faith and Indemnity)*
- Betterment
- Motor Policy Excess
- Actual Total Loss
- Beyond Economic Repair
- Contract Repair

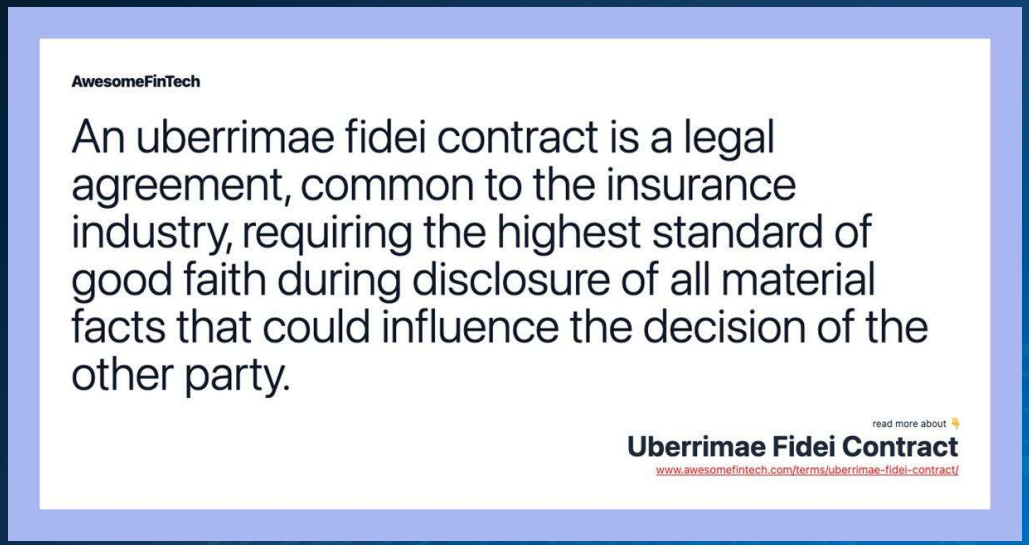
2. What should one know about motor claims settlement?

- Type of covers offered
- What to do in the event of an accident
- Digital Roadside Assistance
- Own Damage Knock-for-Knock

1. Motor insurance/takaful 101: Essential Terms

Basic Principle of Insurance

Utmost Good Faith (Uberrimae Fidei)



Concept of Indemnity

- In insurance, **"indemnity"** refers to the principle that an insurance policy aims to **restore** the insured to the financial position they were in before a loss occurred.

- **Insurance is not meant to be a tool for profit-making**

Concept of Betterment

- **Betterment**, means **improving the condition** of a damage vehicle during the repair process by replacing damage parts with new or better ones.

- This arises from the idea that insurance should not be used to make your vehicle better that it was before the accident, but to return it to a **similar condition prior to the accident**.

- **Insurance is not meant to be a tool for profit-making**

Motor Policy Excess

1. **Excess: The first payment on claims**

2. **Excess refers to the amount you pay out-of pocket upfront when making a claim, before your ITO covers the rest**

   - For example, if you make a RM5,000 claim and your excess is RM500, you will pay RM500 and your ITO covers the remaining RM4,500

3. **Excess may vary depending on your policy and some ITOs may waive your excess amount if you use the ITO's approved repair workshops. Kindly read you motor policy terms and conditions for more details.**

Actual Total Loss (ATL)

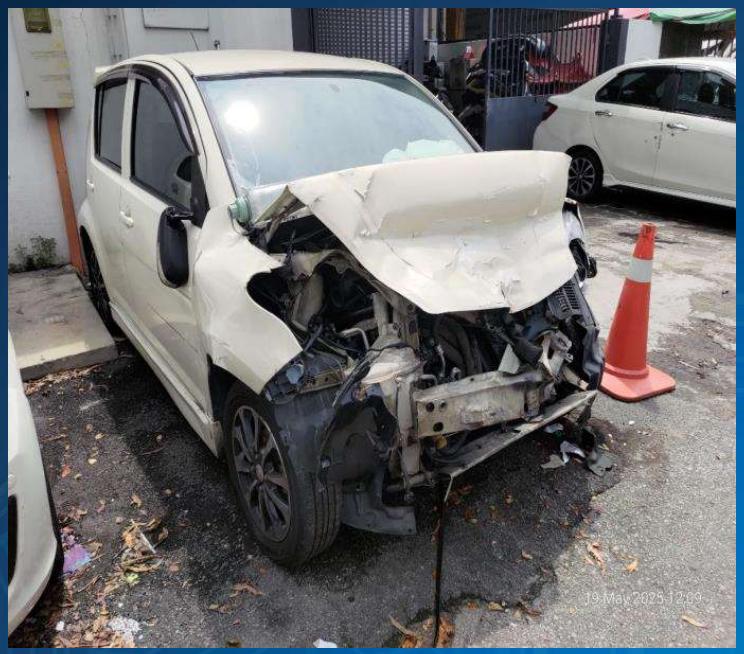
The condition of a motor vehicle that has sustained severe damage which has compromised the structural integrity of the main chassis, to the extent that the damaged motor vehicle cannot be repaired or restored to a safe state and thus, can only be scrapped





Beyond Economical Repair (BER)

- **Damaged motor vehicle is repairable but not financially feasible to be repaired or restored to a roadworthy condition.**





Contract Repair

When there is a request by the policy owner to have the BER vehicle repaired.

ITO shall allow such request to repair the vehicle under contract repair basis, subject to

a) Obtaining the policy owner's written consent & understanding implication of contract repair.

b) Ensure repaired vehicles are Vehicle Inspection Providers (VIPs) certified on road worthiness.

Insurer/takaful operator shall extend a copy of the certification of roadworthiness to the policy owner/takaful participant.

2. What should one know about motor claims settlement?

Type of Covers

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Type of Covers



What to do in the event of an accident

- **Be calm**, avoid argument or dispute.
- **Immediately contact** your ITO's **24/7 Motor Assist/Breakdown Service** for towing assistance, if necessary.
- **Take scene of accident photos** if possible.
- Take **registration number(s) of all vehicle** i.e. car number plate, involved in the accident.
- **Lodge a police report** within 24 hours of the accident.
- **Notify your ITO.**

Digital Roadside Assistance (DRA)

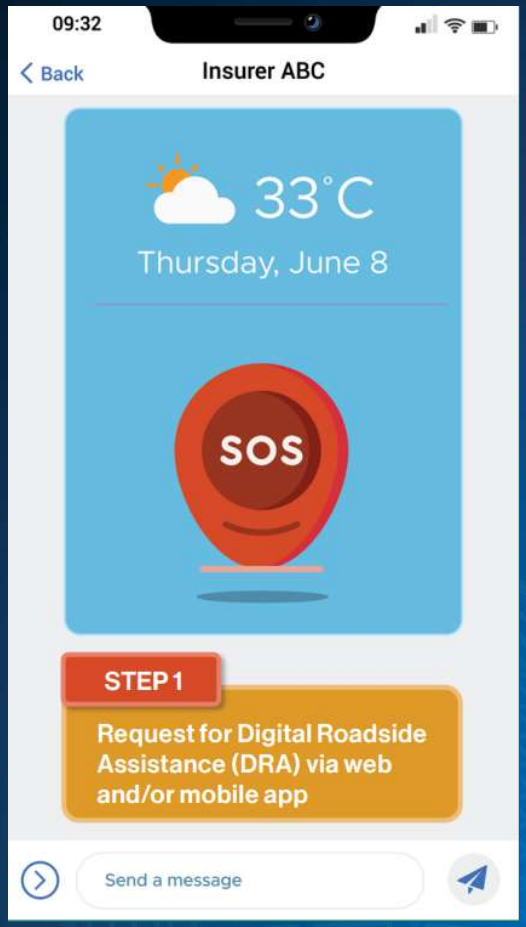
- **DRA is a service provided** to motor insurance policyholders **that offers immediate help in case of vehicle breakdowns or emergencies.**

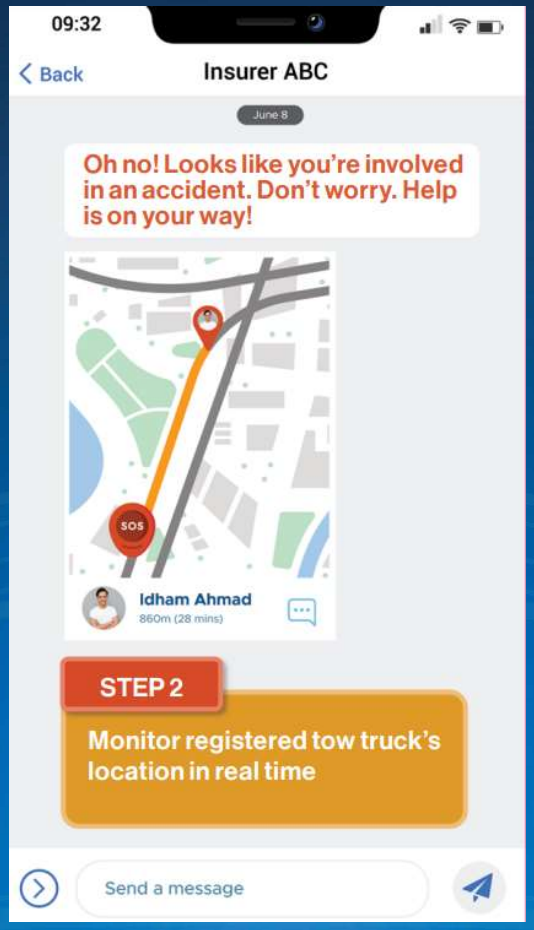
- **Utilises digital platforms** (mobile apps, websites) **to request and track assistance**

- **Evolution of Roadside Assistance from the Traditional Model** (i.e. manual calls to service centers, long wait times, limited tracking**) to Digital Transformation** where there is Integration of GPS, real-time tracking, and automated dispatching through mobile apps.



Step-by-Step Process for DRA via Mobile Application







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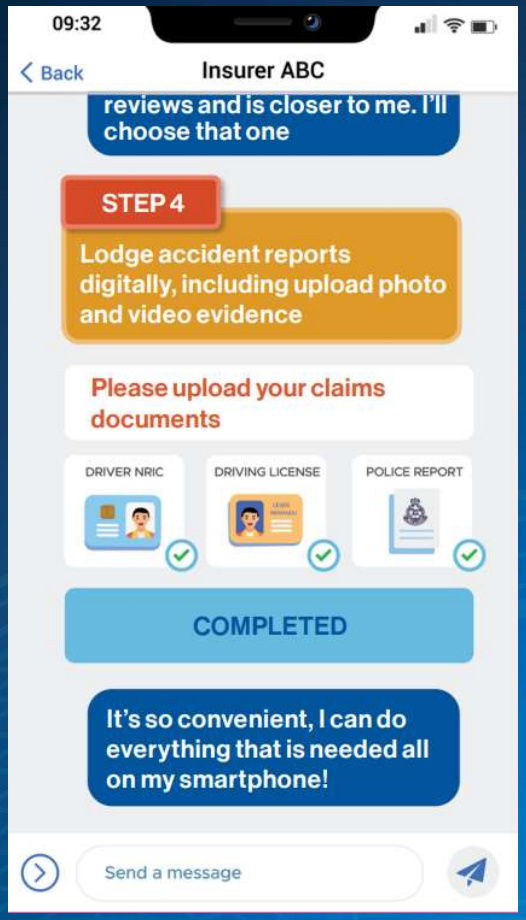

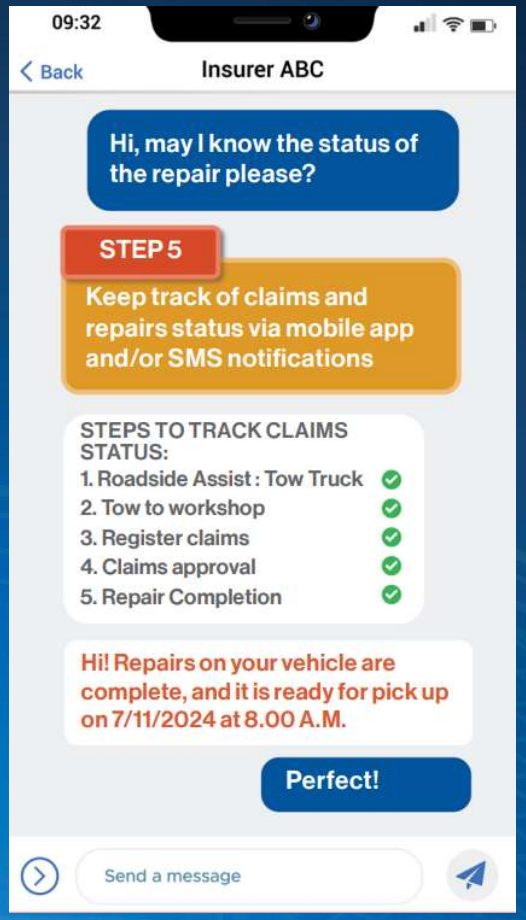

Own Damage Knock for Knock (ODKFK)

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You can submit a claim to your own ITO without losing your No-Claim-Discount

You can file an ODKfK claim if:

- You have a comprehensive motor insurance or takaful policy
- You are not at fault

You will need to submit:

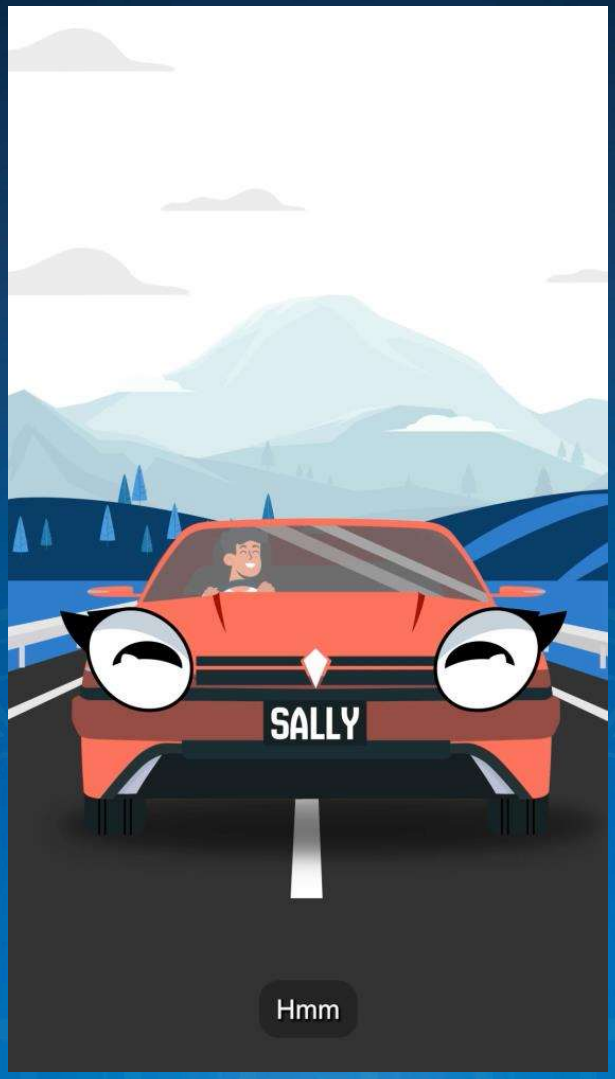
- A police report as proof that you were not at fault
- Other necessary documentation, such as a copy of your driving licence and policy certificate

Note: This is different from filing an Own Damage (OD) claim with your insurer or takaful operator when you are at fault which would cause you to lose your NCD

Excluded categories:-

- **Passenger carrying vehicles used for hire and rewards,** e.g. buses & taxis
- **Vehicles without insurance cover**
- **Foreign registered vehicle**
- **3rd party bodily injury**

Own Damage Knock for Knock (ODKFK)



Benefits of intimating ODKFK

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OD KFK

- NCD will be retained
- Fast approval for accident repair
- Cashless
- Certified/accountable workshop
- Repairs warranty
- Repair progress is updated
- Can claim for Loss of Use/Excess

Claim against TP insurer

- Appoint your own workshop/repairer
- Appoint your own adjuster
- Pay upfront for the repairs and adjuster fees
- No warranty on repair quality or parts used
- Longer process/timeline to obtain approval and reimbursement



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