

Protecting your home and  
your loved ones should the  
unforeseen happen

HSBC Takaful Reducing Term Cover for  
Home Financing



**HSBC**  
Amanah

# Takaful Reducing Term Cover for Home Financing

**Easing your family's financial burden should the unforeseen happen**



A home is a basic necessity for any family. Takaful Reducing Term Cover for Home Financing has been designed to complement your home financing account. It works by paying the Reducing Sum Covered in the event of an untimely Death or Total and Permanent Disability during the financing term, thereby easing the financial burden of your loved ones.

As this plan is designed specifically for HSBC home financing clients, the following conditions apply:

- i. You are required to assign the Takaful Certificate to HSBC Amanah, in order to facilitate settlement of the loan/ financing in the event of Death or TPD. Nonetheless, you can cancel your Takaful Certificate within the cooling off period or Surrender the Takaful Certificate at any time.
- ii. The Initial Sum Covered and the term of the Takaful Certificate will be matched to the initial financing amount and tenure of the financing, respectively.
- iii. The Reducing Sum Covered is generally expected to be sufficient to cover your declining outstanding home financing balances. However, there may be instances where the Sum Covered will not be sufficient to cover the declining outstanding home financing balances. Please consult our Relationship Managers for more information.
- iv. Third party application or cover is not available. The Participant and the Covered Person must be the same person.
- v. Upon early settlement of your home financing, you may choose to continue with this plan or terminate your Takaful Certificate.
- vi. In the event of Death or Total and Permanent Disability, the benefits shall be payable HSBC Amanah as assignee.
- vii. If you have made full settlement of your loan/ financing, you may opt to continue with the plan and nominate a nominee to receive the Sum Covered should you pass away.
- viii. Upon acceptance of the proposal by the Takaful Operator and successful collection of your initial contribution, your protection under this plan will commence after the first draw down of your loan/financing.

## Why Takaful Reducing Term Cover for Home Financing?

### ▶ Regular Contribution

This plan offers monthly, quarterly, semi-annually and annual regular contribution options. Unlike usual mortgage protection plans, Takaful Reducing Term Cover does not reduce your mortgage's margin of financing so that the margin can be utilised solely to acquire the property of your choice.

### ▶ Death and Total and Permanent Disability (TPD)

In the event of Death or Total and Permanent Disability<sup>1</sup>, the Reducing Sum Covered and Account Value<sup>2</sup> will be payable.

### ▶ Potential Surplus Distribution

You are entitled to potential surplus in the Family Risk Fund (if any) which will be allocated to your Account Value annually.

### ▶ Maturity Benefit

Your Account Value will be paid out upon maturity provided your Takaful Certificate is in force<sup>3</sup>. However, there will be no amount paid from the Family Risk Fund.

### ▶ Income Tax Information

The benefits paid out under this plan are tax-free and the contributions made may be eligible for tax relief under the Income Tax Act 1967. Please check with your tax adviser on your eligibility and this is subject to final decision by the Inland Revenue Board.

<sup>1</sup> TPD Coverage is applicable only where the TPD occurred before the Takaful Certificate's anniversary following the Covered Person's 65th birthday. Terms and Conditions apply.

<sup>2</sup> Account Value is the amount of your entitlement in respect of the Participant Fund (if any).

### Want to know more?

**Call** 1300 80 2626

**Click** [hsbcamanah.com.my](http://hsbcamanah.com.my)

**Visit** your nearest HSBC Amanah branch

## Other Information

### Eligibility

You can participate in this plan if you are between 18 and 65 years old (based on age at your last birthday).

### Level Period

If the property you intend to purchase is still under construction, you must include a Level Period of either One, Two or Three Years during which period, the Sum Covered remains level.

### Contribution Payable

The contribution you have to make depends on your entry age, initial Sum Covered, certificate term and underwriting assessment.

The contribution payable is not guaranteed and may be revised at the next Takaful Certificate anniversary and 3 months' notice in writing will be given before any revision.

In the event that you stop paying the regular contribution and provided your Account Value is sufficient, we will use your Account Value to pay for the monthly *Tabarru'* and monthly service fee until your Account Value is exhausted and thereafter Takaful coverage shall cease.

### Participant Fund

Participant Fund is the investment fund managed and administered by Takaful Operator for the purpose of this Takaful

Certificate. The contribution you made less *Wakalah* Fee will be allocated into your Participant Fund. The investment risk of this Participant Fund will be borne solely by you and any profits or losses will be reflected in your Account Value. The investment return of the Participant Fund will be based on its actual performance and is not guaranteed. As a reward for managing and administering the Participant Fund, the Takaful Operator is entitled to an incentive which comprises 10% of any profits in respect of this fund.

### Family Risk Fund

A monthly *Tabarru'* will be deducted from your Account Value and credited to the Family Risk Fund from which the protection benefits are paid. 50% of any surplus distributable will be distributed among eligible Participants and your entitlement will be allocated yearly into your Account Value. The balance will be distributed to Takaful Operator as a reward for managing and administering the Family Risk Fund.

### Surrender

In the event of surrender, the amount of your Account Value will be payable (if any)<sup>3</sup>. There will be no amount payable from the Family Risk Fund. The coverage under your Takaful Certificate will cease and the amount payable to you is very likely to be low in proportion to the total contributions you have made.

<sup>3</sup> If the Maturity Benefit or the Surrender Value is RM20 or lower, it will be donated on your behalf to selected charitable purposes as approved by the Takaful Operator's Shariah Committee.



## Fees and Charges

Description	Fees and Charges
<i>Wakalah</i> Fee (Agency Fee)	A portion of the <i>Wakalah</i> Fee will be used to pay commission to the intermediaries. <i>Wakalah</i> Fee is 15% of the contribution amount made throughout the Takaful Certificate Term.
Monthly <i>Tabarru'</i> (Donation)	<i>Tabarru'</i> shall be deducted monthly in advance from your Account Value. <i>Tabarru'</i> rates are not level and are based on attained age.
Monthly Service Fee	A monthly service fee of RM10 shall be deducted monthly in advance from your Account Value. The amount is subject to applicable tax chargeable on the fee.
Stamp Duty	A one-time stamp duty of RM10 for the Certificate and an additional RM10 for Assignment of Certificate, will be borne by you, to be paid with your initial contribution.

Please refer to the Product Illustration provided and do consult our Relationship Managers on the specific fees and charges.

The Takaful Operator may revise the fees and charges provided that at least 3 months notice in writing is given before any revision.

### Exclusions

Only Account Value will be payable if death is due to suicide, whether whilst sane or insane, within 12 months from the issue date or reinstatement date of the Takaful Certificate, whichever is later.

TPD Benefit will not be payable in respect of any condition/injury/event which is directly or indirectly caused by among others, attempted suicide, self-inflicted injury or illness, military service, private aviation activities, alcohol or substance abuse and hazardous activities such as but not limited to hang-gliding, mountaineering and other similar activities.

The list of exclusions is not exhaustive and reference should be made to the comprehensive list contained in the Takaful Certificate.

## Frequently Asked Questions

### 1. How long do I have to wait to receive benefits in the event of claim?

The benefits payable are Reducing Sum Covered and Account Value. For death claim, the benefits are payable after submission of the claim and all necessary documents to the Takaful Operator. For TPD claim, the benefits are payable, if the disability persist for at least 6 months. The approved claim will be paid after the 6 months period and upon submission of all required documents. For details on the Terms and Conditions, please refer to the Takaful Certificate.

### 2. Are there any conditions to be eligible?

Yes, you will need to answer Health Questions. Answering "Yes" to these questions does not necessarily mean your application won't be approved. It simply means you will be contacted for more information.

### 3. I have other family Takaful/life insurance products. Why do I need this protection for my home financing?

Takaful Reducing Term Cover for Home Financing has been designed to pay the Reducing Sum Covered in the event of your untimely death or TPD during the Takaful Term. With Takaful Reducing Term Cover for Home Financing, you will help to ease the financial burden of your loved ones. The benefits from your other family Takaful/ life insurance can be used by your loved ones for your intended purposes.

### 4. Can I participate in this plan if I do not have any HSBC Home Financing or HSBC Amanah Home Financing-i?

No, this plan is designed specifically for HSBC Home Financing or Home Financing-i clients only.

Note: The information in this brochure is not a Takaful contract and is only a brief summary for quick and easy reference. The precise Terms and Conditions that apply are stated in the Takaful Certificate.

## Important Notes

You should satisfy yourself that the plan that you intend to participate in will best serve your needs and that the contribution prescribed for this plan is an amount you can afford.

You may review the suitability of this plan and may cancel your participation within 15 days from the date of delivery of the Takaful Certificate ("cooling-off period") to you. On cancellation within the cooling-off period FWD Takaful Berhad, Registration No. 200601011780 (731530-M) ("Takaful Operator") will refund your total contribution made (if any), less any medical examination fee. HSBC Amanah Malaysia Berhad 200801006421 (807705-X) ("HSBC Amanah") believe it is important that you fully appreciate and understand all the benefits and charges under your Takaful Certificate.

This plan is managed by FWD Takaful Berhad with it's principal place of business at Level 29 Menara Shell, 211 Jalan Tun Sambanthan Brickfields, 50470 Kuala Lumpur. FWD Takaful Berhad is licensed under the Islamic Financial Services Act 2013 and is regulated by Bank Negara Malaysia. HSBC Amanah Malaysia Berhad is the intermediary in the distribution of this plan in Malaysia and may be remunerated/paid a commission by FWD Takaful Berhad. Products and services referred to in this brochure are offered in Malaysia only.

### Use of Information and Materials

The information contained in this brochure is not intended to provide professional advice. You should obtain appropriate professional advice when necessary.

This brochure is for general information only and is not to be construed as a Takaful contract and no consideration has been given to the particular circumstances or needs of any person. You should read the Product Disclosure Sheet and Product Illustration for more information and the Takaful Certificate for the complete Terms and Conditions of this plan.

Should you require additional information about Family Takaful, please refer to the insuranceinfo booklet on 'Family Takaful' and 'Medical and Health Takaful' or visit [www.insuranceinfo.com.my](http://www.insuranceinfo.com.my)

In the event of conflict between the English version in this document and those translated into Bahasa Malaysia and Chinese language, the English version shall prevail.

### No warranties

Whilst every care has been taken in preparing the information and materials contained in this brochure, such information and materials are provided "as is" without warranty of any kind, either expressed or implied, in particular, no warranty regarding non-infringement, security, accuracy, fitness for a purpose is given in connection with such information and materials.

### Limitation of liability

To the fullest extent permitted by law, in no event will HSBC Amanah be liable for any damages, including without limitation to direct or indirect, special, incidental or consequential damages, losses or expenses arising in connection with this brochure or use thereof.

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