

Takaful & Insurance Benefits Protection System (TIPS)

<https://www.edindings.com/wp-content/uploads/2025/05/GOT-YOUR-TIPS.mp4>

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What is the TIPS?

TIPS is a system established by the government **to protect owners of takaful certificates and insurance policies** from losing **their eligible benefits** if an insurer member fails and is unable to fulfill these benefits.

Takaful operators and insurance companies that are member institutions of PIDM are also known as **“insurer members.”** TIPS came into effect on 31 December 2010 and is **administered by PIDM.**

Benefits to Policy Owners

~ PIDM protects eligible takaful and insurance benefits held by takaful certificate or insurance policy owners **up to RM500,000** in the event of an insurer member's failure.

~ The protection is No application and payment is required.

Eligibility conditions

- The policy must be **issued in Malaysia by an insurer member** and denominated in **Ringgit Malaysia**.
- **Individual and group** certificates or policies are protected separately.

in the event of failure of XYZ Insurance Bhd., FIDM will apply aggregation rule and the payment of protected benefit (i.e. Death and related benefits) that will be made for Mr Lim is as follows:

	Group Term Life	Whole Life	Endowment
(1) Insurer member	XYZ Insurance Bhd.	XYZ Insurance Bhd.	XYZ Insurance Bhd.
(2) Insurance policy owner	Troton Bhd	Mr Lim	Mr Lim
(3) Life insured	Mr Lim	Mr Lim	Mr Lim
(4) Risk event	Death	Death	Death
Aggregation rule applies?	No (not aggregated because the insurance policy owner is different)	Yes (aggregated based on "same insurer member, same insurance policy owner, same life insured and same risk event")	
Amount claimed	RM200,000	RM300,000	RM300,000
Amount protected under TIPS	RM200,000	Capped at RM500,000	

- **Own damage and third-party claims** are protected separately and subject to the conditions and limits specified in their policy contract.

Claim 1		Claim 2
Jan 2019	Ms Irene's car was damaged in an accident	Claim 1 – Property damage for RM600,000
June 2019	Ms Irene's car was damaged in an accident	Claim 2 – Property damage for RM250,000

In the event of failure of WY2 Takaful Bhd., PIDM will apply aggregation rule and the payment of protected benefit (loss of or damage to property) that will be made to Ms Irene is as follows:

	Claim 1	Claim 2
1) Insurer member	WY2 Takaful Bhd	WY2 Takaful Bhd
2) Takaful certificate owner	Ms Irene	Ms Irene
3) Property insured	Ms Irene's car (ABC 2525)	Ms Irene's car (ABC 2525)
4) Risk event	Accident on Jan 2019	Accident on June 2019
Aggregation rule applies?	No (not aggregated because the risk event is different)	No (not aggregated because the risk event is different)
Amount claimed	RM600,000	RM250,000
Amount protected under TIPS	RM500,000	RM250,000

Feel free to contact us for further clarification with no obligation attached.

Contact us now for a free consultation:

1.) Mr. Chap : 012 – 286 1817

2.) Office : 03 – 2162 2515

3.) Email : insurance@edindings.com