

In the Name of Allah, The Most Beneficent, The Most Merciful

**TERMS AND CONDITIONS  
OF  
THE UNIFIED MOTOR VEHICLE INSURANCE POLICY  
AGAINST THIRD PARTY LIABILITY**

**(Issued pursuant to the Regulation of Unifying Motor Vehicle Insurance Policies  
According to Insurance Authority Board of Directors' Decision No. (25) of 2016)**

Whereas the Insured has applied to Islamic Arab Insurance Co. P.S.C. – SALAMA (hereinafter referred to as the “Company”) for the insurance set herein below, and has agreed that the application is considered as the basis for and integral part of this Policy, and has paid or agreed to pay the applicable premium, and the Company has accepted and represented to pay compensation to a Third Party / Injured Party in case of any accident subject to this insurance, whether it emerges from the use or parking of the Motor Vehicle in the UAE during the insurance period;

Therefore, this Policy was entered into to cover liability towards a Third Party / Injured Party caused by the Insured Motor Vehicle to the Third Party / Injured Party according to the terms, conditions and exclusions in or appended to this Policy for the amounts the Insured or the Motor Vehicle Driver must pay against:

- Bodily Injury to a Third Party, either inside or outside the Motor Vehicle.
- Property Damages to a Third Party.

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## Definitions

The following terms and phrases shall have the meanings indicated beside each of them unless the context provided otherwise:

Accident	Any incident that causes harm to a Third Party / Injured Party as a result of use, explosion, combustion, scattering, drop of things from, movement, spontaneous movement or parking of the Motor Vehicle.
Bodily Injury	Death and/or physical injuries to a Third Party, including permanent disability or temporary total or partial disability.
Company (Insurer)	The insurance company that is licensed to operate inside the State according to the laws and regulations issued in the State and accepts to insure the Motor Vehicle and has issued the Policy.
Depreciation Percentage	The percentage payable by the insured on the occurrence of an accident, and who requests the replacement of new parts in lieu of the used parts in case of partial loss according to the schedules of depreciation.
Injured Third Party	<ol style="list-style-type: none"><li>1.Any natural or corporate person, or their properties, which have suffered an injury or damage as a result of the accident, excluding the Insured, the Motor Vehicle Driver and passengers employed by the Insured if they are injured during and because of work.</li><li>2.The family members of the Insured and the Motor Vehicle Driver (spouse, parents and children) who caused the accident.</li><li>3.The driver of a Motor Vehicle allocated for rent, public transportation or a vehicle used to teach driving.</li></ol>
Insurance Application	The application that includes the details of the Insured, the details of the Motor Vehicle and the type of required coverage, and is filled in by or with the knowledge of the Insured electronically or in writing.
Insured	A natural or corporate person that has applied for insurance, entered into an insurance contract with the Company, and paid or has agreed to pay the premium.
Motor Vehicle	A mechanical machine, motorcycle or any other device that works through a mechanical force, and its specifications are described in the Policy.
Motor Vehicle Driver	The insured or any person who drives the Motor Vehicle by the permission or order of the Insured, provided that they are licensed to drive according to the Motor Vehicle category pursuant to the Traffic Laws and other laws and regulations, and that the granted license has not been cancelled by a court's order or by virtue of the Traffic Laws and its Executive Regulations. This definition includes the driver whose driving license has expired if they manage to renew it within thirty days from the date of accident.

Natural Disaster	Any general phenomenon that arises from nature such as floods, tornados, hurricanes, volcanoes, earthquakes and quakes, and leads to extensive and widespread damage, and in respect of which a decision is issued by the concerned authority in the State.
Personal Accidents Endorsement	An additional insurance coverage against personal accidents to the Motor Vehicle Driver, the Insured and the passengers excluded from the basic coverage in return for an additional premium.
Policy	The Unified Motor Vehicle Insurance Policy Against Third Party Liability whereby the Company undertakes to compensate the injured third party, on the occurrence of the damage hereby covered, and any endorsement to it, which governs the relationship between the parties, in return of the premium paid by the Insured.
Premium	The consideration that is paid or undertaken to be paid by the Insured in return for insurance coverage.
Property Damage	Damage to a Third Party's property.
Rider	Any special agreement between the parties in supplement to the basic coverages under this Policy.
Road	Every road open and available to public without need to get special permission, and every place that is made available for the crossing of motor vehicles, and is made available to the public by a permission or license from a concerned authority or otherwise, for or without consideration according to the definition mentioned in the applicable Traffic Laws.
Semi-Trailer	A trailer without a front axle and is towed in such a way that a large part of its weight and tonnage is carried by the towing vehicle or the mechanical vehicle (locomotive).
Third Party Liability	The liability for injuries and damages arising from the use of the Insured Motor Vehicle to a Third Party / Injured Party.
Trailer	A vehicle designed to be pulled behind a Motor Vehicle, truck or towing vehicle, including lightweight trailer (camper trailer), the weight of which does not exceed 750kgs and it so licensed according to the applicable Traffic Laws.

## Chapter One: General Conditions

1. The Policy and its schedules shall constitute one integral contract, and any Rider to this Policy shall constitute an integral part hereof, and every term or phrase to which a special meaning has been given in any part of the Policy or its schedules shall have the same meaning elsewhere, unless the context otherwise requires.
2. This Policy does not apply outside the State.
3. The Company may not assert to the Injured Third Party that it is not liable for compensation as a result of any argument that can be used against the Insured.
4. The Third Party / Injured Party may submit a claim to the Company for compensation for damages caused to them by the Insured Motor Vehicle.
5.
  - a. In case of death of a family member of the Insured or the Motor Vehicle Driver, the Company's liability will be limited to an amount of AED 200,000 (Two Hundred Thousand Arab Emirates Dirhams) per person. In case of injury, the Insurer's liability will be further limited to the percentage of disability per person.
  - b. In case of death of the driver of a rental vehicle, public transport vehicle and a vehicle used to teach driving, the Company's liability will be limited to an amount of AED 200,000 (Two Hundred Thousand Arab Emirates Dirhams) per person. In case of injury, the Insurer's liability will be further limited to the percentage of disability per person.
6. Any notice or notification of an accident that is required by this Policy shall be served to the Company in writing by e-mail, facsimile or by hand delivery to the address designated in the Policy as soon as practically possible.
7.
  - a. With respect to a fleet insurance policy or any Motor Vehicle insured under this Policy, the Company may not enter into any agreement that may reduce or prevent the coverage of its full Third Party Liability arising from death, bodily injuries or property damages covered under this Policy or reduce the limits of liability of the Company or reduce the coverage contemplated under this Policy, including depriving a claim for compensation for any reason not related to the accident such as age, gender, or the date of acquiring the driving license, or otherwise, or the agreement will be deemed void.
  - b. However, new coverage not provided for in the Policy may be agreed upon or the limits of such liabilities and coverages may be increased under a separate policy or an additional rider.
- 8.8. The Company may, at its expense, assume the judicial and settlement proceedings to represent the Insured or the Motor Vehicle Driver through an attorney in any investigation or interrogation and before any court in any lawsuit or intervention in any phase of the lawsuit in relation to a claim or accident for which the Company may be held liable under this Policy, and which may give rise to the payment of compensation according to this Policy. The Company may settle or enter into a reconciliation for such claim. The Insured shall provide every possible cooperation with the Company by signing a power of attorney to the attorney or otherwise to the Company to initiate any proceedings.

9. Without prejudice to the rights emerging from Life insurance policies and personal accident insurance policies, and in case of the existence of several compulsory policies against Third Party Liability emerging from the use of the Motor Vehicle issued by more than one Company:
  - a. Compensation shall be divided equally between Insurers in case of death and/or injuries. If the liability is shared (between the Insured and the Third Party / Injured Party) based on the degree of negligence, then the percentage of participation in the negligence shall be taken into account.
  - b. Compensation for property damages shall be divided based on the percentage of the insured amount set out in each policy to total insured amounts in all policies, after the percentage of participation in the negligence is taken into account.
10. On the occurrence of an accident, the Company shall.
  - a. Repair the damaged Motor Vehicle or any of its parts, accessories or spare parts and restore the Motor Vehicle to its pre-accident condition.
  - b. Pay the market value of the damaged Motor Vehicle if the value of damages exceeds (50%) of the market value of the Motor Vehicle at the time of the accident, provided that the Company's liability does not exceed an amount of Two Million Arab Emirates Dirhams per accident according to Paragraph (c) of Clause (1) of Chapter Two: Obligations of the Insurance Company.
  - c. Replace the damaged Motor Vehicle in case of total loss, for another Motor Vehicle with the same make, model, additions and pre-accident condition unless the Third Party / Injured Party requests that the Company pay them the amount in cash; in which case, the Company shall accept the Insured's request.
  - d. The Company shall pay in cash to the Injured Party, upon their request, the amount of damages (loss or damage) of the damaged parts of the Motor Vehicle in whole or any of its parts, accessories or spare parts and including the charges for installation and replacement of lost or damaged parts at the time of the accident in order to restore the pre-accident condition of the Motor Vehicle.
11. The damaged parts of the Motor Vehicle, for which the first registration and use of which is less than one year, shall be replaced with new original parts with no deduction of a Depreciation Percentage for the Injured Party.
12. If it is agreed with the Injured Third Party to repair the damaged Motor Vehicle, the Insurance Company shall repair the damaged Motor Vehicle at the agency repair shops for the Motor Vehicle if it is in its first year of registration and use.
13.
  - a. Upon the lapse of more than one year after registration and use, the Company shall repair the damaged Motor Vehicle at suitable repair shops for the type and year of manufacture of the vehicle and the damaged parts may be replaced by other than original parts of the same grade. The Company shall insure that repair works are carried out according to technical standards and that the work is warranted by the repair shops. The Company shall ensure that the Injured Third Party is able to have the Motor Vehicle checked by any approved Motor Vehicle examination agency in the State to make sure that the Motor Vehicle has been properly repaired in accordance with the technical licensing conditions for endurance and safety and any other condition without affecting the technical examination of the Motor Vehicle affected

by the accident at the concerned official authorities. If it is found that the repairs are below required and recognized technical standards, the Company shall address the issue(s) until the Third Party's Motor Vehicle is professionally repaired as soon as practically possible.

- 13.b. For the damaged motor vehicle, insured against loss and damage at an insurance company with the condition of repair within the Agency, the repair shall be carried out within Agency's repair shops pursuant to the condition. The insurance company insuring the loss and damage has the right to recourse against the Third Party liability insurance company in accordance with the following reimbursement basis:
1. The reimbursement for the motor vehicle has passed more than one year from its first registration or its use and until the end of the second year shall be after deduction of 15% of the value of the final repair bill.
  2. The reimbursement for the motor vehicle has passed more than two year from its first registration or its use and until the end of the third year shall be after deduction of 30% of the value of the final repair bill.
  3. In case more than three years have lapsed since first registration or use of the motor vehicle, the company shall abide by repairing the damaged vehicle. The damaged parts shall be replaced with original parts of the same standard, provided that, if the agreement between Loss and Damage Insurance Company and the insured has the condition that "repair shall be within the agency", this condition shall remain effective.
  4. The existing rights between companies prior to the implementation of this regulation shall be observed.
14. If the Injured Third Party requests that new parts are to be installed in lieu of the parts damaged during the accident, they have to bear the Depreciation Percentage set in Schedule (1) of the final value of the purchase invoice. In case of taxi vehicles, public transport vehicles and rental vehicles, the Depreciation Percentage set in Schedule (2) of the final value of the purchase invoice will be applied.
15. Neither depreciation may be deducted nor used parts be installed if the parts are within the list set out in Schedule (4) of this Policy.
16. The Injured Third Party may repair the damages that occur to the Motor Vehicle as a result of the accident, provided that the estimated repair costs do not exceed the value of repair agreed upon in writing with the Company. The Company may require a proof that the Motor Vehicle repairs have been completed.
17. If durable and hard to replace parts of the Motor Vehicle such as chassis or pillars are damaged and need cutting, tightening or welding as a result of the accident, the Motor Vehicle may be considered a total loss and the Company shall make compensation according to the market value of the Motor Vehicle at the time of the accident.
18. If the Motor Vehicle is considered as total loss, and the Company compensates the Injured Third Party on that basis, the salvage will be deemed property of the Company. The Injured Third Party may not be charged any expenses related to the transfer of the Motor Vehicle title or issuance the of a certificate of ownership of the Motor Vehicle, provided that the Motor Vehicle is free of any obligations against Third

- Party such as traffic fines or otherwise.
19.
    - a. In case of any conflict between the Company and the Injured Third Party concerning the value of damages or the amount of compensation or determination of the market value of the damaged Motor Vehicle, an Authority-licensed and registered Surveyor and loss adjuster will be appointed to determine the value of the damages or the amount of compensation at the Company's expense.
    - b. If the expert's opinion is not accepted, either party may request the Authority to appoint an expert licensed by it at the expense of that party, and that the expert's charges will eventually be borne by the party for whom the report was not in their favor.
  20. In case of an agreement to insure the Insured himself, the Motor Vehicle Driver or any person excluded from the coverage under this Policy, the amount of the death benefit will be determined not less than (AED 200,000) Two Hundred Thousand Arab Emirates Dirhams at a minimum.
  21. The Company may not refuse to compensate the Insured as a result of late notification of the accident, if lateness is attributed to an acceptable excuse.
  22. The provisions of this Policy cover the damages to a Third Party caused by a trailer or semitrailer as long as it is pulled by the vehicle.
  23. Neither this Policy nor any rider hereto undermines the right of any person to claim for compensation or recovery of any amount payable under the provisions of any applicable legislation.

## **Chapter Two: Obligations of the Insurance Company**

1. In case of any accident that results from the use of the Motor Vehicle, the Company shall compensate the Injured Third Party within the scope of its limits hereunder for all amounts which the Insured or the Motor Vehicle Driver is committed to pay as compensation for:
  - a. Death or any bodily injury caused to any person, including the Motor Vehicle Passengers, except for the Insured and the Driver of the Motor Vehicle that has caused the accident, and the passengers employed by the Insured if they are injured during and because of work. A person is considered a passenger if they are inside, getting in or out of the Motor Vehicle. The Maximum Liability of the Company for any claim or total claims arising from one accident is the value judicially awarded without any limit whatsoever, except for the spouse, parents and children and the liability of the Company will not exceed AED 200,000 (Two Hundred Thousand Arab Emirates Dirhams) per injured person in case of death. In case of disability, maximum liability will be adjusted by the percentage of disability to the amount of AED 200,000 (Two Hundred Thousand Arab Emirates Dirhams).
  - b. Subject to paragraph (a) above, the liability of the Insurance Company shall be the value judicially awarded of any amount whatsoever, including the Third Party's judicial expenses and charges, except for fines. The Company shall pay compensation to the Third Party once the judgment becomes enforceable.
  - c. As to the damages to items and properties (except for those owned by the Insured or the Motor Vehicle Driver at the time of the accident or the properties kept with them in trust or in their guardianship or possession), the insured amount of any claim or total claims arising from one accident is AED 2,000,000 (Two Million



Arab Emirates Dirhams) regardless of the number of the persons whose properties are damaged, inclusive of necessary costs of movement of the damaged Motor Vehicle to the agency shop or other repair shops according to this Policy, as the case may be.

- d. The Company shall pay an amount of AED 6,770 to the provider of ambulance services and medical transportation to hospitals. The amount is per injured person that suffers from a bodily injury or death and is being given first aid and transported to a hospital as a result of an accident caused by a Motor Vehicle insured by the Company against Third Party Liability.
- e. The Injured Third Party (the owner of a private motor vehicle) is entitled to a loss of benefit allowance (substitute motor vehicle) as follows:

First: If the Injured Third Party chooses cash compensation, no benefit allowance shall be paid.

Second: If the damaged Motor Vehicle is to be repaired at a repair shop, as the case may be, the period of loss of use allowance shall be calculated in days from the date of delivery of the damaged Motor Vehicle along with the accident report and registration of the vehicle to the Company.

Third: The liability of the Company for loss of use allowance shall be calculated per day per damaged Motor Vehicle according to the fare of a similar Motor Vehicle rental of the same make, not exceeding Three Hundred Arab Emirates Dirhams per day. The Maximum period for loss of use allowance is ten days, and the Company may provide a similar alternative Motor Vehicle for the same period in good working condition for road use.

Fourth: In case of the entitlement to the loss of benefit allowance (substitute motor vehicle) and the Affected third party has insurance against loss and damage and Third Party Liability, he shall be entitled, for the purpose of obtaining the loss of benefit allowance (substitute motor vehicle) to claim directly to his company, which has the right of recourse for the same amount paid against the insurance company of the insured, who caused the accident and has insurance against Third Party Liability.

2. The Company may not apply any deductible on the Injured Third Party compensation.
3. In case of the death of a person covered by the insurance provided for hereunder, the Company shall pay the benefit due as a result of the accident to their heirs according to the terms and conditions hereof.
4. The Company shall abide by any settlement between the Insured and the Injured Third Party if it is done with its written consent.
5. The insurance provided for under this Chapter shall be extended, subject to the terms and conditions hereof, to the liability of every licensed driver while they are driving the Insured Motor Vehicle.

### **Chapter Three: Obligations of the Insured**

1. In case of any accident that gives rise to a claim according to the provisions of this Policy, the Insured or the Motor Vehicle Driver shall notify the concerned official authorities and the Company within a reasonable period of time after occurrence of the accident and furnish all documents and details pertaining to the accident, unless the delay is attributed to an acceptable excuse. The Insured shall furnish the Company as soon as possible a copy of every claim, notice or judicial document once they receive them.

2. The Insured or the Motor Vehicle Driver shall notify the Company as soon as practically possible once they become aware of any lawsuit, investigation or findings concerning the accident, unless the delay is attributed to an acceptable excuse. In case of theft or any other criminal act which may give rise to a claim according to this Policy, the Insured shall promptly notify the concerned authorities and the Company as soon as practically possible and cooperate with the Company in that regard.
3. Neither the Insured nor any person acting on their behalf may declare acceptance of liability, offer, promise or payment of any amount without the written consent of the Company.

#### Chapter Four: Exclusions

This Insurance does not cover the Third Party Liability arising or emerging from accidents that are caused by the Insured Motor Vehicle in the following cases:

1. The accidents that occur outside the borders of the State.
2. The accidents that have occurred, caused, resulted or are related directly or indirectly to natural disasters such as floods, tornados, hurricanes, volcanoes, earthquakes or quakes.
3. Invasion, foreign enemy hostilities or warlike operations, whether war is declared or not, civil war, strike, riot, civil commotion, mutiny, rebellion, revolution, insurrection, or ionizing radiation contamination by radioactivity from any nuclear fuel, power usurpation, confiscation or nationalization, radioactive substances and radioisotopes, atomic or nuclear explosions, or any element related directly or indirectly with the abovementioned causes.
4. The accidents that occur to the Insured, the Motor Vehicle Driver or the persons employed by the Insured if they are injured during and because of work, unless they have obtained additional coverage under a rider or another policy. If this is proven after payment of compensation to the Insured, the Company may have recourse to it for recovery of amounts paid to them.

#### Chapter Five: Recourses against the Insured

The Company may have recourse to the Insured, the Motor Vehicle Driver or the person responsible for the Accident, as the case may be, within the limit of the amount of compensation paid in the following cases:

1. If it is proven that the insurance was concluded based upon the Insured's misrepresentation or non-disclosure of material facts that affect the acceptance by the Company to cover the risks or determination of the premium.
2. If the Motor Vehicle is proven to have been used for purposes other than those set out in the Insurance Application attached to this Policy or the maximum number of passengers is exceeded or the Motor Vehicle was overloaded or its loading was not secured correctly or exceeds the limits of permissible width, length or height, provided that this is proven to be the proximate cause of the accident.

3. If it is proven that the Motor Vehicle was used in a speed race or test (in impermissible cases), provided that this is proven to be the proximate cause of the accident.
4. If following payment of the compensation it is proven that there is a violation of the laws, if the violation involves a willful felony or misdemeanor, as defined in the UAE's applicable penal code.
5. If it is proven that the Motor Vehicle was driven without obtaining the driving license for the type of Motor Vehicle according to the Traffic Laws and Regulations and the provisions of this Policy, or that the license granted to the Insured or the Motor Vehicle Driver was suspended by a court's order or by the concerned authorities or by virtue of traffic regulations, or that Motor Vehicle driving license was expired at the time of the accident, unless the driver manages to renew it within thirty days from the date of accident.
6. If it is proven that the Motor Vehicle Driver, or another person allowed by them to drive the Motor Vehicle, caused the accident while being in an abnormal condition due to being under the influence of narcotics or alcohol that undermine the driver's ability to control the Motor Vehicle or medical drugs for which driving is medically prohibited. In case of rental vehicles, recourse will be made against the Motor Vehicle Driver (renter).
7. If it is proven that the accident occurred intentionally by the Insured or the Motor Vehicle Driver.
8. If the trailer, half-trailer or semi-trailer caused the accident and the Insured has not agreed with the Company to include it in the policy.
9. If the Motor Vehicle is used outside the road, as defined in this Policy, without any additional coverage.
10. If damages occur to the Injured Third Party is a result of theft or robbery of the Insured Motor Vehicle, recourse will be against the thief only.

#### Chapter Six: Policy Termination

1. Neither the Company nor the Insured may terminate this Policy during its term as long as the Motor Vehicle license is valid.
2. However, the Policy may be terminated before its expiration on the grounds of:
  - a. Cancellation of the Motor Vehicle license;
  - b. Submission of a new policy due to change of the Motor Vehicle details; or
  - c. Transfer of the Motor Vehicle title by virtue of a certificate issued by the concerned authority.  
In this case, the Company must refund to the Insured the paid premium after deducting a portion in proportion to the period during which the Policy has remained in effect according to the Short Rate Schedule No. (3) set out in this Policy, provided that there are no paid claims or outstanding claims where the Insured has caused the accident.
3. This Policy shall be considered terminated in case of a total loss to the Motor Vehicle, provided that its registration is deleted with a report issued by the Road and Traffic Department confirming that it is unroadworthy; the Company and the Insured shall remain bound by its provisions before termination.

**Chapter Seven: General Provisions**

1. The Company shall include all details in Schedule of this Policy, and this Schedule shall be part of this Policy.
2. Any lawsuits arising from this Policy may not be filed after the lapse of three years from the date of the accident or the Injured Party and related parties become aware of the damage and the person liable for it.
3. The courts of the State shall be competent to determine any dispute arising in connection with this Policy.

**Schedule No. (1)****Depreciation Percentages for Parts of Private Motor Vehicles**

Year	Percentage
First -	-
Second	5%
Third	10%
Fourth	15%
Fifth	20%
Sixth and above	30%

**Schedule No. (2)****Depreciation Percentages for Parts of Taxi Vehicles,  
Public Transport Vehicles and Rental Vehicles**

Year	Percentage
Last six months of the first year	10%
Second	20%
Third	25%
Fourth	30%
Fifth	35%
Sixth and above	40%

**Schedule No. (3)**  
Short Rate Schedule – Percentages of Recoverable Premium

Policy Validity Period	Deductible
A period not exceeding one month	80%
A period exceeding one month to the end of the fourth month 70%	70%
A period exceeding four months to the end of the sixth month 50%	50%
A period exceeding six months to the end of the eighth month 30%	30%
A period exceeding eight months Nil	NIL

**Schedule No. (4)**  
List of the parts damaged by a traffic accident which must be replaced for new ones without deduction of any depreciation

Brake master cylinders
Brake wheel cylinders
Brake calipers
Brake cables (conduit type)
Brake hoses
Brake diaphragms
Steering boxes
Steering rakes
Steering ball joints and swivels
Seat belts

## Chapter Seven: Takaful Clause

This Takaful policy "The Policy" is made between the "Policyholder" and Islamic Arab Insurance Company "SALAMA", hereinafter referred to as the "Company".

The Company has been incorporated in Dubai on 13/8/1979, and has been authorized by the Insurance Authority to conduct Islamic Insurance business "Takaful" with registration number (17) dated 25/12/1984. To ensure compliance with the rules and principals of Islamic Shari'ah, the Company has appointed a Shari'ah Supervisory Board to review and approve the company operations and ensure compliance with related rules and principles of Islamic Shari'ah.

By entering into this policy and based on the principal of co-operation, the participant commits together with the rest of the Policyholders to donate the contribution paid to cover any loss under the policy that maybe suffered by any of any of the Policyholders. These contributions would be deposited in the 'Takaful Fund' together with the invest-ment returns of these contributions.

By the issuance of this policy, the "Policy Holder" has appointed the company as a 'Wakeel' on his behalf based on an agreed fee (Wakala Fee) for the management of the Takaful operations. The Wakala fee is determined by the company and calculated based on a percentage of the total contributions and is approved by the Shari'ah Supervisory Board. before the beginning of each financial year.

The Participant has agreed for the Company to invest the money of the Takaful Fund as a 'Mudarib' wherein the Takaful Fund is considered (the Capital Owner). This is done by the Company in return for a share of the financial returns realized from the Mudaraba operations and is based on the principals of Islamic Shari'ah as related to (Unre-stricted Mudaraba) in which the Mudarib mixes his money together with the money of the Takaful Fund for the purpose of investing the money in return for an (Undivided Share) of the investment profit (the Mudarib share of profit).

Event of Surplus in the Takaful Fund: The Participant, by entering into this agreement, agrees that the Company shall distribute the surplus (if any) gained from the Takaful Fund to the Policyholders (after deducting reserves, provisions and expenses) at the end of the financial year during which this surplus was gained and based on the mechanism that is decided by the Board of Directors and approved by the Shari'ah Supervisory Board.

Event of Deficit in the Takaful Fund: The Company shall balance out any shortfall (if any) in the Takaful Fund in any particular year through a (Qard Hasan/Free Interest Loan) from the Shareholders' funds or through other Shari'ah compliant finance. However, the Policyholder agrees that the Company shall have the right be paid back for such free interest loan from the surplus realized in any following financial year or years.

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