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PRODUCT DISCLOSURE SHEET

(Please read this Product Disclosure Sheet before you decide to take up A-Essential Home. Be sure to also read the general terms and conditions of the sample policy contract where applicable.)

AIA Bhd.

A-ESSENTIAL HOME

Date: 1 April 2015

Name	:	_____			
Occupation	:	_____	Date of Birth	:	____/____/____
Location of Risk	:	_____			
	:	_____			
Construction of building:					
Class 1A	:	Wall-bricks/concrete, Roof-tiles/concrete/zinc/asbestos			

1. What is this product about?

This is a package insurance which is specially designed to protect your property and your personal wealth. It protects your home, your personal contents and also your personal liability against third party.

2. What are the covers/benefits provided?

The policy covers provided are divided into Sections and you have the choice to insure the Section(s) that suits your needs. The divided Sections are:

SECTION 1 – HOUSEOWNERS INSURANCE

This policy covers your private dwellings (buildings) against loss or damage by the following perils:

Standard Coverage:

- Fire and lightning
- Domestic explosion
- Impact by aircraft or third party road vehicles
- Theft accompanied by actual forcible and violent breaking into or out of a building
- Bursting or overflowing of domestic water tanks, apparatus or pipes
- Windstorm, hurricane, cyclone, typhoon
- Earthquake, volcanic eruption
- Flood

Additional Perils (if required, additional charges will be imposed). They are:

- *Riot, strike and malicious damage*
- *Subsidence and Landslip*
- *Alteration and Repair*

SECTION 2 – HOUSEHOLDERS INSURANCE

This policy covers your contents in the house against loss or damage by perils similar to the Houseowners Insurance.

In addition, you are also covered:

- In the event of loss of or damage to your property, the amount we pay will be based on the cost of replacing or reinstating the same site property of the same kind but not superior or more extensive than the insured property when new. This shall not apply to carpet & other floor coverings, clothing or footwear, spectacles, curtains, household linen, sporting equipment, toys, kitchenware and utensils in which we will pay you the market value of the item at the time of damage or loss due allowance for wear and tear and / or depreciation.
- Property temporarily removed from the house but within Malaysia up to 15% of the total sum insured
- Fatal injury by fire or thieves up to RM10,000
- Damage to mirrors up to RM500
- Servant's property (clothing & personal effects other than cash, currency notes, bank notes and stamps) whilst in the house up to 5% of the total sum insured
- Loss of rent or rental incurred caused by the insured perils up to 10% of total sum insured
- Liability to the public up to RM50,000

SECTION 3 – 'ALL RISKS' INSURANCE

This section covers your jewellery and valuables against fire, theft and accidental loss or damage both in the home and elsewhere in Malaysia or temporary visit overseas.

Purchase receipts and/or other means of establishing value documents are required to be submitted before cover commence.

SECTION 4 – PERSONAL LIABILITY

This section covers you and your family living with you against claims for personal negligence committed in Malaysia or temporary visit overseas e.g. causing an accident whilst cycling, playing games or due to defects in your dwelling.

Note:

- i. Duration of cover is for one year. You need to renew your insurance policy annually.
- ii. For the ratings, please refer to the sales brochure.

3. How much premium do I have to pay?

The total premium that you have to pay may vary depending on the underwriting requirements of the insurance company:

Premium computation:			
1.	Houseowner - HO	: Sum Insured RM _____ x _____ %	: RM
2.	Householder - HHI	: Sum Insured RM _____ (refer table*)	: RM
	Additional perils (if any)		
	- HO	: Sum Insured RM _____ x _____ %	: RM
	- HHI	: Sum Insured RM _____ x _____ %	: RM
3.	All Risks	: Sum Insured RM _____ (refer table*)	: RM
4.	Personal Liability	: Sum Insured RM _____ (refer table*)	: RM
		Sub-total	: RM
Add:	Goods and Services Tax (6%)		: RM
	Stamp Duty		: RM 10.00
	The estimated total premium that you have to pay is		: RM _____

4. What are the fees and charges that I have to pay?

- Commissions paid to the insurance agent : 15 % of premiums for HO/HHI
25% of premiums for All Risks & Personal Liability
- Stamp Duty : RM10.00
- Goods and Services Tax : 6% of annual premiums paid or RM6.00 for every RM100.00 premiums paid

Note:

- i. **Payment of Premium** - Payment must be paid and received by the company within 60 days from the inception date of the cover, otherwise the cover is automatically cancelled and you will still be responsible to pay the proportion of premium for the 60 days. It is advisable that you pay the premium directly to the insurance company, either by cash, credit card or cheque. Should you decide to pay the premium through your agent, ensure your cheque is made payable only in the name of the Insurance Company.
- ii. **Official Receipt** - Always insist for an official receipt for the premium paid and keep it as proof of your premium payment.

5. What are some of the key terms and conditions that I should be aware of?

- a) **Duty of Disclosure** – You must give all the facts in your application form and during renewal, fully and faithfully. You must ensure that your property is insured at the appropriate amount and you should also disclose fully all material facts, eg any previous claims, occupation, etc.

- **Consumer Insurance Contract**

Pursuant to Paragraph 5 of Schedule 9 of the Financial Services Act 2013, if you are applying for this Insurance wholly for purposes unrelated to your trade, business or profession, you have a duty to take reasonable care not to make a misrepresentation in answering the questions in the Proposal Form (or when you apply for this insurance). You must answer the questions fully and accurately.

Failure to take reasonable care in answering the questions may result in avoidance of your contract of insurance, refusal or reduction of your claim(s), change of terms or termination of your contract of insurance.

The above duty of disclosure shall continue until the time your contract of insurance is entered into, varied or renewed with us.

In addition to answering the questions in the Proposal Form (or when you apply for this insurance), you are required to disclose any other matter that you know to be relevant to our decision in accepting the risks and determining the rates and terms to be applied.

You also have a duty to tell us immediately if at any time after your contract of insurance has been entered into, varied or renewed with us any of the information given in the Proposal Form (or when you applied for this insurance) is inaccurate or has changed.

- **Non-Consumer Insurance Contract**

Pursuant to Paragraph 4(1) of Schedule 9 of the Financial Services Act 2013, if you are applying for this Insurance for a purpose related to your trade, business or profession, you have a duty to disclose any matter that you know to be relevant to our decision in accepting the risks and determining the rates and terms to be applied and any matter a reasonable person in the circumstances could be expected to know to be relevant, otherwise it may result in avoidance of your contract of insurance, refusal or reduction of your claim(s), change of terms or termination of your contract of insurance.

The above duty of disclosure shall continue until the time your contract of insurance is entered into, varied or renewed with us.

You also have a duty to tell us immediately if at any time after your contract of insurance has been entered into, varied or renewed with us any of the information given in the Proposal Form (or when you applied for this insurance) is inaccurate or has changed.

- b) **Insured Value/Sum Insured** – Ensure your property is adequately insured at all times, and take into account the renovations and enhancements made to your property.

You should also decide on the basis of compensation for loss/damage to your property, whether it is on an indemnity or reinstatement basis, and the sum insured will depend on the choice. For reinstatement basis, the sum insured should cover the cost of rebuilding your property in the event of loss/damage. You may need to seek the advice of a professional property valuer to know the estimated value of your property.

If your property is under financing and insured by the financier, you should make sure that the property is adequately insured. Usually, the coverage arranged by your financier will be for the amount of loan taken. You may therefore, want to take up additional insurance cover to better protect your interest.

When purchasing a householder policy, you must ensure that the sum insured reflects the coverage needed to replace all the contents in your property. You must also declare items that you want to insure specifically to ensure that you get the full compensation in the event of their loss/damage. You may also take additional coverage for valuable items such as artwork, jewellery, antiques or collectibles.

It is also important to keep documents that show the proof of ownership and the value of items insured, for example, purchase receipts. Photographs of your valuable items if available, may also be very helpful in the event of a claim.

- c) **Average Condition** – If the amount insured in your insurance policy is less than the rebuilding cost (i.e. under-insurance), you are deemed to be self-insuring the difference. The average condition will apply in the event of a claim.

Example:

The total cost to rebuild a house is RM100,000, the sum insured is RM80,000 and the loss is RM5,000. The average condition will be calculated as follows:

$$\frac{\text{Sum Insured}}{\text{Rebuilding cost}} : \frac{\text{RM80,000}}{\text{RM100,000}} \times \text{Loss} : \text{RM5,000} = \text{RM4,000}$$

In the above example, the insurance company will only pay RM4,000 instead of RM5,000 for the loss. You have to bear the difference of RM1,000.

- d) **Responsibility for Purchase of Insurance** – If you are buying a property from a developer and the property is under the construction stage, the insurance of the property is the responsibility of the developer. You only need to insure the property upon receipt of vacant possession from the developer.

For properties with strata titles such as flats, apartments and condominiums, it is mandatory for the Management Corporation (MC) to purchase fire insurance for the whole building. The individual unit owner is required to pay to the MC his/her respective premium portion. At the same time, if the unit is purchased through a loan, the financier would normally require the unit owner (borrower) to obtain an insurance policy for the unit, leading to a situation of double insurance.

However, if you have obtained the loan from a financial institution under Bank Negara Malaysia's supervision, borrowers will not be required to buy another insurance policy for their units. Instead, these financial institutions will accept the insurance policy already purchased by the MC subject to certain terms and conditions. In this instance, you need to obtain the individual certificate of the master policy from the MC and present it to your financial institution as evidence of insurance. If your loan is not from a financial institution under the supervision of Bank Negara Malaysia, you can negotiate with the institution concerned.

- e) **Settlement of Claims**

The compensation amount depends on the basis of the cover.

- Indemnity basis will pay the cost of repairing the damaged building less the amount for wear, tear and depreciation; or
- Reinstatement value basis will pay the full cost of repairing the damaged building without any deductions being made for wear, tear or depreciation, provided that the sum covered is adequate to cover the total cost of reinstating the building.

In the absence of any special provision, the cover will be on indemnity basis. If you want to be covered on reinstatement basis, your policy should have the relevant clause attached to it.

*Excesses are applicable for certain perils, such as overflowing of domestic water tanks, windstorm, earthquake and flood claims.

*Excesses means the amount that you will have to pay before the company indemnifies you.

Making a claim

- a. Notify the company immediately
- b. You must take the necessary measures to mitigate further loss or worsening of the situation.
- c. You must submit your claim with all supporting information and documents to the company.
- d. Give full cooperation to the adjusters/investigators appointed by the company in assessing your claim
- e. For any liability claim, you should never commit to any settlement on behalf of the company.

Note:

- i If you do not receive the insurance policy after one (1) month from date of purchase, please contact the insurance company.
- ii Please note that this limitations, terms and conditions as stated in this Product Disclosure Sheet are not exhaustive. Please refer to the Policy Contract for detailed benefits, limitations, terms and conditions. The contents of the Policy Contract shall prevail if there are any discrepancies between the Product Disclosure Sheet and the Policy Contract.

6. What are the major exclusions under this policy?

General Exclusions applicable to Section 1 & 2 Houseowner & Householders

- a. war, invasion, mutiny, military or popular rising, insurrection, rebellion, revolution, military or usurped power, martial law or state of siege
- b. Act of terrorism
- c. confiscation, commandeering, requisition or destruction by the Government or any public municipal or local authority
- d. nuclear weapons material, ionizing radiations or contamination by radioactivity
- e. its own fermentation, natural heating or spontaneous combustion
- f. consequential loss of any kind
- g. hurricane, cyclone, typhoon or windstorm to any buildings in course of construction, reconstruction or repair
- h. subsidence or landslip

Liability arising out of:

- a. the Insured's profession or business
- b. ownership, possession or usage of any lift, vehicle, vessel or craft
- c. the carrying out of alterations, additions, repairs or decorations to the premises
- d. contractual liability

Exclusion to Section 3 - All Risks

- Wear and tear, depreciation, gradual deterioration, vermin or from any process of cleaning or restoring any articles.
- War, act of terrorism, civil commotion and radioactivity.
- Confiscation or detention by customs or other official authorities.
- Mechanical & electrical derangement, scratching, breakage of lenses or glass

Exclusion to Section 4 - Personal Liability Benefit

- Liability assumed under contract and/or agreement
- Claims against you by your family members Claims made by your employees for accidents arising in the course of employment
- Liability in respect of damage to property held under your care, control or custody
- Liability arising from the use of vehicles (other than hand-propelled vehicles or pedals cycles not being used for racing) boats (sailing or mechanically-propelled) aircraft or model aircraft owned by or in the custody or control of the Insured or his servants.

Territorial Limit - Malaysia and elsewhere in the world during temporary visits excluding United States of America and Canada.

Note:

This list is non-exhaustive. Please refer to the Policy Contract for the full list of exclusions under this policy.

7. Can I cancel my policy?

Yes, you may cancel your policy by giving written notice to the company. Upon cancellation, you are entitled to a partial refund of the premium provided you have not made a claim.

8. What do I need to do if there are changes to my company details?

It is important that you inform the company of any change in your personal details such as your change of address so that we can keep you informed of important information. You should also notify us of any renovation made to your building inclusive of the occupancy.

9. Where can I get further information?

Should you require additional information about this package insurance, please contact our AIA Service Centres or you can obtain a copy from any of AIA Agent or visit our website www.aia.com.my. For further information on claims procedures, please refer to AIA's website.

If you have any enquiries, please contact us at:

AIA Bhd. (790895-D)
General Insurance Department
Menara AIA
99 Jalan Ampang
50450 Kuala Lumpur
P. O. Box 10140
50704 Kuala Lumpur
Care Line : 1300 88 1899
Fax : 03-2056 2591

10. Other types of insurance cover available:

Please ask AIA or AIA's agent for other similar types of cover offered by AIA Bhd.

IMPORTANT NOTICE:

YOU MUST ENSURE THAT YOUR PROPERTY IS INSURED AT THE APPROPRIATE AMOUNT. YOU SHOULD READ AND UNDERSTAND THE INSURANCE POLICY AND DISCUSS WITH YOUR AGENT OR CONTACT THE INSURANCE COMPANY DIRECTLY FOR MORE INFORMATION.

This information provided in this disclosure sheet is valid as at 1 April 2015.