



**Date: 16 September 2022**

**GUIDELINES NO. TIU/G-2/2022/16**

**APPENDIX 1: POLICIES AND PROCEDURES ON DEVELOPMENT AND PRICING OF PRODUCTS**



**1. Items that should be included in Policies and Procedures on Development and Pricing of Products**

- 1.1. Tabarru' charges for major lines of products.
- 1.2. Policies on product lines that the takaful operator is prepared to engage in or has chosen not to engage in.
- 1.3. Clearly defined and appropriate levels of delegation for approval of each material aspect of the design and pricing of products.
- 1.4. Processes for assessing risks, including risks arising from inflation, anti-selection, concentration, misrepresentation, catastrophes, changes in government policy and investment returns.
- 1.5. Requirements for limiting risk through, for example, diversification, exclusions and retakaful.
- 1.6. Procedures for ensuring that policy documents are appropriately drafted to give legal effect to the proposed level of coverage under the products.
- 1.7. Procedures for ensuring clear and adequate disclosure in the policy illustrations and marketing materials to prospective or existing participants.
- 1.8. Procedures and criteria for withdrawal and re-pricing of existing products.
- 1.9. Policies on audit practices for monitoring compliance with takaful operator's policies and procedures including Syariah audit on Syariah compliance of legal documentation for products and services.