

Insurance and Takaful Act 2003

In July 2003, the Insurance and Takaful Act was promulgated. The law defined insurance and takaful contract and injuries/risks that may be subject to insurance or takaful.

The law also provided special provisions in respect of for some insurance types such as fire, transport and motor insurance.

The law contained three parts as follows:

Part One: Preliminary Provisions:

This part provides the definition of insurance and takaful, parties thereof, subjects of insurance and other matters that fall according to the law or custom under insurance practice.

Part Two:

This Part dealt with insurance in terms of definition and risks that are subject to insurance and takaful in addition to unlawful conditions in insurance and takaful policies. Furthermore, how the insurer would assume the position of the insured person in respect of compensation. Part Two also dealt with the responsibilities of the insured and the responsibilities of the subscriber and what would follow concealment of information or submission of false information. Furthermore, this part dealt with the responsibility of the insurer, the scope of the insurer's responsibility in case of indemnity, how the risks are increased and how debtor's holders of special rights assume the rights of the insured person or the subscriber. Transfer of ownership of the insured property to a third party was also provided for. The law also allows the party who claims compensation to proceed against the insured if the compensation received was not adequate.

Part Three:

This part provides special provisions for some types of insurance such as fire, transportation risks, motor insurance and takaful including insurer's responsibilities in takaful contracts and third-party takaful contracts.