

Date: 12 February 2025

Dear Valued Customers, Business Partners and Associates,

PERSATUAN INSURANS AM MALAYSIA (PIAM) STATEMENT ON “TOTAL LOSS” VEHICLES SPOTTED ON THE ROAD

The insurance industry remains dedicated to collaborating closely with relevant authorities including but not limited to the Ministry of Transport (MOT), Jabatan Pengangkutan Jalan Raya (JPJ), PUSPAKOM, and Bank Negara Malaysia (BNM) to promote public safety by raising awareness and addressing common misperceptions on Actual Total Loss (ATL) and Beyond Economic Repair (BER) vehicles.

Persatuan Insurans Am Malaysia (PIAM) in its official press release issued on 27 January 2025 supports the statement by Director-General of JPJ, Datuk Aedy Fadly Ramli, regarding the need for more stringent compliance with auction standards for vehicles categorised as Beyond Economic Repair (BER) and Approved Automotive Treatment Facility (AATF).

While JPJ's initiative to enforce uncompromising checks on repaired accident damaged vehicles and strong advocate for transparency in ensuring that only vehicles deemed safe and fit for road use are allowed back into service are laudable, vehicle owners are always encouraged to ensure that their vehicles are adequately insured by motor insurance, either by considering options from insurers or returning to the original insurer that declared the BER vehicle.

PIAM's official press release on the matter and accompanying infographic explaining 'totaled vehicles' are appended in the subsequent pages herein. More information can be found at <https://jomlevelup.my/atl-ber/#ATL> and PIAM social media accounts.

Should you have any questions on the above, you may also contact our customer support team at 1800 88 1629 or visit any of our branch offices.

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PRESS RELEASE

Persatuan Insurance Am Malaysia Statement on “Total Loss” Vehicles Spotted on the Road

Kuala Lumpur, 27 January 2025 – Persatuan Insurans Am Malaysia (PIAM) welcomes the recent statement by Road Transport Department (RTD) Director-General Datuk Aedy Fadly Ramli, regarding the need for stricter compliance with auction standards for vehicles categorised as Beyond Economic Repair (BER) and Approved Automotive Treatment Facility (AATF) on 19 January 2025. General insurance and takaful companies are working closely with key stakeholders like Bank Negara Malaysia (BNM), Ministry of Transport (MOT), Jabatan Pengangkutan Jalan Raya (JPJ), Insurance Services Malaysia (ISM), PUSPAKOM and Malaysian Takaful Association (MTA) on the issue of total loss vehicles.

We support RTD’s initiative to enforce stringent checks on repaired accident damaged vehicles and strongly advocate for transparency in ensuring that only vehicles deemed safe and fit for road use are allowed back into service. Our primary concern is the safety of all road users, and as such, it is crucial that the vehicles declared BER¹ by insurers, is assessed and repaired appropriately, with all necessary documentation including the roadworthiness certification by a credible Vehicle Inspection Provider (VIP) before the vehicles are permitted on the road.

Vehicle owners are encouraged to ensure that their vehicles are adequately insured by motor insurance, either by considering options from insurers or returning to the original insurer that declared the BER vehicle. For vehicles declared as Actual Total Loss (ATL)², this refers to vehicles sustained severe damage, compromising the structural integrity of the main chassis, to the extent that the damaged motor vehicle cannot be repaired or restored to a safe state, are to be scrapped.

The insurance industry remains committed to working closely with relevant authorities to ensure public safety including running a consumer education awareness campaign to address common misperceptions on ATL and BER vehicles. More information can be found at <https://jomlevelup.my/atl-ber/#ATL> and PIAM social media accounts.

¹ BER refers to the condition of a damaged motor vehicle which is repairable but not financially feasible to be repaired or restored to a roadworthy condition

²ATL refers to the condition of a motor vehicle that has sustained severe damage which has compromised the structural integrity of the main chassis, to the extent that the damaged motor vehicle cannot be repaired or restored to a safe state and thus, can only be scrapped.

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About Persatuan Insurans Am Malaysia (PIAM)

The history of PIAM originated from the establishment of various insurance and tariff associations set up in 1885 that played a role as a collective voice of the insurance industry in Malaya and Singapore shortly after the Independence of Malaya in 1957. In June 1961, the Insurance Association of Federation of Malaya was formed to maintain tariff insurance legislations and promote sound insurance practices. For the first time, an Association was established in Kuala Lumpur to safeguard the country's general insurance interest. Subsequently, PIAM was established in May 1979 as a statutory trade association recognised by the Government of Malaysia for all registered insurance business. Currently, PIAM has 23 member companies comprising direct general insurance and reinsurance companies operating in Malaysia.

To learn more about PIAM, visit www.piam.org.my

Facebook: facebook.com/PersatuanInsuransAmMalaysia | Instagram: instagram.com/piam_malaysia/

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WHAT IS A TOTALED VEHICLE?

Understanding Total Loss in Car Insurance and Takaful

In car insurance/takaful, total loss occurs when repair costs exceed the vehicle's actual cash value (ACV), determined by factors like age, condition, and market value. This usually happens when the damage is so severe that repairing

it would be more expensive than replacing the entire vehicle. The decision depends on the type of damage (e.g., structural or aesthetic) and is assessed by a loss adjuster appointed by your insurer/takaful operator.



ATL vs BER

Types of Total Loss Vehicles



Actual Total Loss (ATL)

- Severe structural damage / compromised main chassis.
- Can't be repaired or restored to a safe state for road use.



Beyond Economic Repair (BER)

- Repair costs exceed the vehicle's market value or sum insured.
- Can be rebuilt and certified roadworthy (e.g., by PUSPAKOM).

Note: You can search the status of ATL vehicles at www.mycarinfo.com.my/VehicleCheck

Reporting to JPJ

ATL

Insurer/takaful operator ensures proper handling of ATL vehicles by reporting to JPJ, managing the Registration Card (RC), and overseeing disposal.



BER

Insurer/takaful operator reports BER status to JPJ within 5 working days of settlement acceptance. The vehicle can then be acquired, rebuilt, certified roadworthy (e.g., by PUSPAKOM), and sold, with the Registration Card (RC) released upon completion.

Always consult your general insurance or takaful provider for more information.

Total loss occurs when repair costs exceed the vehicle's actual cash value.

Repair Costs

Actual Cash Value (ACV)



COMPENSATION

How much compensation can I get for a total loss vehicle?

Claim payment is based on factors such as liability, policy/takaful coverage, and the determined sum insured/covered, which is either market value or agreed value.

Types of Compensation

Agreed Value

Based on the amount specified in the motor policy/certificate.

Market Value

Determined by the car's value at the time of the accident.