

Introduction

This is an introductory guide designed to provide you with a basic understanding of medical and health insurance (MHI). It gives you basic information so that you can make an informed decision when purchasing a MHI policy.

What is MHI?

A MHI policy is generally designed to cover the cost of private medical treatment, such as the cost of hospitalisation and healthcare services, if you are diagnosed with covered illnesses or have had an accident.

The coverage is provided by a licensed insurance company, in exchange for which you pay premiums. Make sure that you deal only with a licensed insurance company or its authorised agents or a licensed insurance broker when you buy a MHI policy.

Why should I buy a MHI policy?

A MHI policy will help you to pay for the various hospitalisation and medical expenses that you will incur, if you become ill or injured. These expenses will include hospital room and board, professional and surgery fees and medical supplies and services. A MHI policy will also help you if you are not able to work because of illness or injury.

Types of MHI policies

There are four main types of MHI policies:

- **Hospitalisation and surgical insurance** provides for hospitalisation and surgical expenses incurred due to illnesses covered under the policy.
- **Dread disease, or critical illness insurance** provides you a lump sum benefit upon diagnosis of any of the 36 dread diseases or specified illnesses.
- **Disability income insurance** provides an income stream to replace a portion of your pre-disability income when you are unable to work because of sickness or injury.
- **Hospital income insurance** pays you a specified sum of money on a daily, weekly or monthly basis, subject to an annual limit, if you have to stay in a hospital due to covered illness, sickness or injury.

An insurance company may offer you these products individually or in combinations. You need to be very careful when choosing one to suit your needs and therefore, always take time to discuss with the insurance company or its agent about the MHI policy that you are planning to buy.

You should understand the scope of cover provided under the policy, the various terms and conditions and the cost of the insurance cover. You should also be aware of what will happen if you want to switch your policy from one insurance company to another, or if you want to transfer from one type of policy to another. For example, you may be subject to new terms and conditions of the new policy or of the new insurance company.

Benefits covered under a MHI policy

The payment of benefits will depend on the type of policy that you buy. You must check the policy contract for details of the benefits, such as what is and what is not covered, when benefits will be payable and how they will be paid.

A hospitalisation and surgical policy, among others:

Usually covers

- Hospital accommodation & nursing expenses
- Surgical expenses (surgeons' fees & costs associated with surgery)
- Physicians' expenses
- In-patient tests

Sometimes covers

- Overseas cover
- Accidental death benefit
- Out-patient tests or consultations

Usually does not cover

- Maternity
 - Congenital abnormalities
 - Accidental injuries or illnesses arising from racing
 - Cosmetic or plastic surgery
 - Dental work or treatment including oral surgery
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Where can I get a MHI cover?

You may get a MHI cover through:

- a **group plan** at work, where your employer pays the premiums or you pay the premiums on your own. If it is a group plan sold under a scheme, you should get the details on terms of the arrangement between the organiser of the scheme and the insurance company especially on terms of continuity of the scheme. Also, please ensure that the insurance cover offered under the scheme is provided by a licensed insurance company; or
- buying an **individual plan** on your own. Individual insurance generally costs more than group insurance, but you may be able to customise your MHI plan to meet your needs according to your financial capability.

How do I buy a MHI policy?

You can buy a MHI policy directly from the insurance company, or through its authorised agents, licensed insurance brokers (generally for group MHI policies), or banks/ financial institutions which have bancassurance arrangements with insurance companies.

Important considerations when shopping for MHI policies

- Shop wisely before you buy – Policies differ as to coverage, benefits and costs (i.e.premiums), and companies differ as to services. Compare before buying.
- **Don't buy more than you can afford** – A single comprehensive policy is better and cheaper than several policies with overlapping or duplicate coverage.
- **Know whom you are dealing with** – Only deal with a licensed insurance company or its authorised agents or a licensed insurance broker when you buy a MHI policy. If a person cannot verify that he or she is an authorised agent of an insurance company, do not buy from that person. If in doubt, ask for evidence of the agent's registration or check directly with the insurance company. Please note that a business card does not necessarily mean that the person is an authorised agent.
- **Get information on the agent and insurance company** – Write down the agent's and/ or the insurance company's name, address and telephone number or ask for a business card that provides all that information. This information is important if you want to enquire, renew or claim on a policy.
- **Take your time** – Don't be pressured into buying a policy. A professional insurance agent will not rush you. If you are not certain whether a policy is what you need, ask the agent or insurance company to explain it to you properly.
- **Complete the application form carefully** – If you decide to buy a policy, you will need to disclose material facts to the insurance company. Some insurance companies ask for detailed medical information. If you leave out any of the information requested, coverage could be refused for a period of time for any medical condition you neglected to mention. The insurance company also could deny a claim for treatment of an undisclosed condition and/ or cancel your policy.
- **Look for an outline of coverage** – You should be given a brochure containing the important features of a particular MHI policy, when you are approached to purchase a MHI policy. After buying the policy, you should be given the policy contract. *Read the terms and conditions in the contract carefully.*
- **Do not pay with cash** – Pay by cheque, money order, auto-debit or bank draft made payable to the insurance company, *not to the agent or anyone else.* Get a receipt with the insurance company's name, address and telephone number for your records.
- **Notification of the decision on the application** – Insurance companies must make the decision whether or not to accept your application within 30 days of the application date. If you do not receive the decision within the stipulated period, contact the insurance company and obtain in writing the reason for the delay. If 15 days go by without a response, contact Bank Negara Malaysia (BNM).
- **Read your policy contract carefully** – Check to be sure that a copy of the original application is attached to the policy, and that it is complete and accurately reflects your medical information. Review the schedule of benefits and make sure that the information is correct and what you were expecting. There should be no missing pages and no unexpected riders or exclusions in the policy.

Important: Your policy is a legally binding contract. If you have questions about it, call the insurance company and get the questions resolved during the 15-day 'free-look' period.

Premium on renewal of policy

When you want to renew your policy, the insurance company might take one of the following decisions:

- renew the policy with a level premium;
- renew the policy with an increased premium; or
- decline to renew the policy.

The insurance company is required to provide you with the reason for its decision on a change in the premium level or why a policy is not renewed.

Cancelling your policy

You can cancel your MHI policy at any time by giving a written notice to the insurance company. You will be entitled to a refund of the premium based on the scale below, provided you have not made a claim on the policy.

Period not exceeding	Refund of premiums
1 month	80%
2 months	70%
3 months	60%
4 months	50%
5 months	40%
6 months	30%
7 months	25%
8 months	20%
9 months	15%
10 months	10%
11 months	5%
>11 months	nil

The above refund of premium scale is applicable only to hospitalisation and surgical policy.

The insurance company can also terminate the insurance policy, after giving 7-day notice to you by registered letter to your last known address. In this instance, you shall be entitled to a refund of part of the premium corresponding to the unexpired period of insurance.

Understanding terms used in MHI policies

It is important that you understand the terms used in a MHI policy. If you have any doubts about the meanings of these terms, you should ask your agent or the insurance company. As a MHI policy is a legal contract, the meanings used in the policy will apply when a claim is made.

Some of the more important terms are as follows (These are not the legal meanings. Please refer

to your policy contract for the actual definitions):

- **Pre-existing conditions** – These are conditions or illnesses that existed before the effective date of a MHI policy, for which you are receiving treatment or have shown symptoms. It doesn't matter whether you are aware of them or not. If you had consulted a medical doctor for any pain or discomfort, this would be regarded as a symptom of a disability.
- **Overseas treatment** – You may or may not be covered for treatment obtained overseas, subject to the exclusions, limitations and conditions specified in the policy contract.
- **Co-payment** – If you are hospitalised and the board rate is higher than your eligibility, you will bear the difference in the room charges as well as some portion (usually between 10% - 20%) of the other eligible benefits described in the policy contract.
- **Misstatement of age** – Your age is an important rating factor in your MHI policy. If you have misstated your age and the premium paid as a result is not enough, any claim payable under the policy will be pro-rated, based on the ratio of the actual premium paid to the correct premium that should have been charged.
- **Qualifying/waiting period** – Most MHI policies contain a waiting period for illness and disease, which means that eligibility for benefits under the policy will only start 30 days after the effective date of the policy.
- **Residence overseas** – If you were to live or travel out of Malaysia for more than 90 consecutive days, no benefits will be payable for medical treatment outside Malaysia.
- **Free-look period** – If you decide not to take up a MHI policy, you can cancel the policy by returning it to the insurance company within 15 days from the date of issue. You will be entitled to a refund of the full premium, after deducting administrative expenses incurred by the insurance company for issuing the policy. These expenses shall be RM50 or 10% of the gross premium paid, whichever is lesser.

Exclusions

A MHI policy also contains certain exclusions, just like other insurance policies. You must be aware what these are and if you don't understand them, ask your agent or insurance company. Some common exclusions are the following:

- **Pre-existing conditions** – Conditions and illnesses experienced by you prior to applying for the policy. These conditions and illnesses would be excluded from coverage by your insurance company. You should check with your insurance company regarding the details of pre-existing conditions for the policy that you intend to buy.
- **Specified illnesses** – These are defined as 12 disabilities (e.g. tumours and gastritis) and their related conditions. You will not be covered for these illnesses if the illnesses have been treated or occurred during the first 12 months of your policy.
- **Qualifying/waiting period** – You will not be eligible for any claim arising from any medical or physical conditions within the first 30 days of the cover, except for accidental injuries.

How do I make claims?

Making a claim can be hassle-free if you know what to do and what your responsibilities are. Some important points relating to claims are as follows:

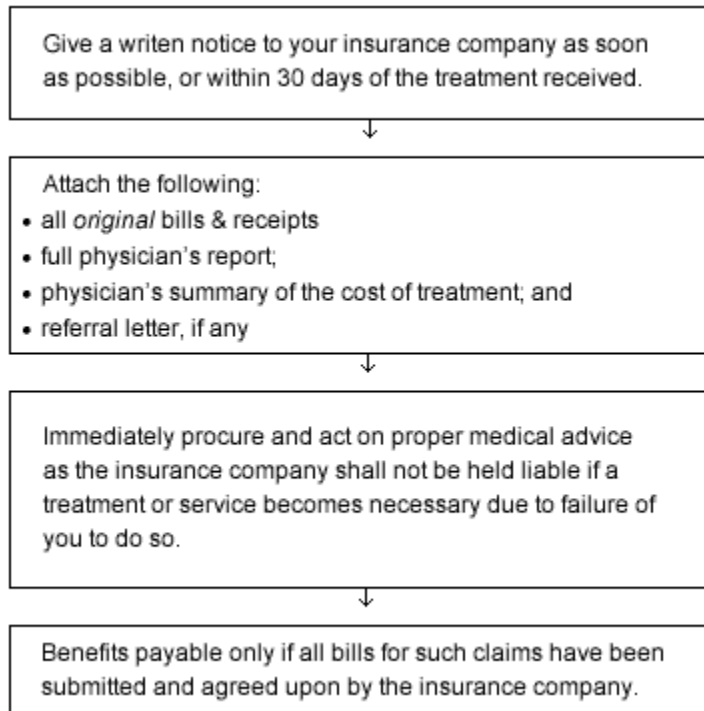
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- Before you receive any treatment, you should call your insurance company to check whether the treatment is covered or if the hospital is the insurance company's panel hospital. In fact, some insurance companies insist you do this.
- Your doctor/ specialist will probably need to fill in and sign your claim form. Your doctor may charge a small fee, which will not be covered by your insurance.
- Stay in contact with your insurance company on the status of your claim.
- Your specialist may recommend tests or admission to hospital as in-patient.
- Most hospitals and some specialists have their bills paid directly by the insurance company. Others will send the bills to you.

Your insurance company

- Your insurance company will give you all the guidance you need, confirm what your cover includes and, if necessary, send you a claim form
 - Your insurance company will tell you how they pay claims.
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If you are diagnosed with a disability that incurs claimable expenses, you should do the following:



The insurance company will consider reimbursing only the actual costs incurred subject to the limits of the policies.

How do I lodge a complaint and the redress avenues available

- If you have a complaint about the products or services of your insurance company or if you are not satisfied with the rejection or offer of settlement of a claim, you should first try to resolve the complaint with the Complaints Unit of the insurance company concerned.
- If you are still not satisfied with the decision, you can write either to the Customer Service Bureau of [Bank Negara Malaysia](#) or the insurance mediator, free of charge. However, the scope of the mediator is limited. Therefore, you need to check with the officer from the Complaints Unit of the insurance company on the proper avenues for dealing with your complaint.
- Alternatively, you could take your case to court.

Detailed information on how to lodge a complaint is available under the General Information topic entitled '[Fundamentals of Insurance and Takaful](#)'.

Frequently Asked Questions

Q: How do I decide on the best plan for me?

benefits for the lowest cost. Unfortunately, there's no such thing as a standard MHI policy to use as the basis for your comparison. As you would when making any major purchase, you'll need to shop around and get several quotes before choosing a plan. Here are a few points to consider:

- How co-payments, deductibles, and co-insurance requirements apply?
- What are the benefits covered?
- What are not covered?
- Does the plan cover the health services that you need?
- Can you afford the premiums?
- Does the plan cover the private hospitals you're currently using?
- Does the plan offer family, as well as individual coverage?
- Does the plan provide for pre-existing conditions?

Q: What are the important tips when buying a MHI policy?

A: Firstly, ask about the different types available. Then,

- understand the product features, conditions, limitations, exclusions and benefits;
- make sure that the coverage taken under the policy is suitable for your needs;
- make sure that you can afford the premium payable under the policy;
- make sure that you fully and faithfully declare all the facts that you know or ought to know. Otherwise the policy issued may be void and your claims may not be entertained; and
- only buy from registered insurance agents or directly from the insurance company.

Q: I notice that some MHI policies contain the 'guaranteed renewal' condition. What does it mean?

A: 'Guaranteed renewal' means that the insurance company guarantees the renewal of the policy, subject to the terms and conditions specified in the policy. The renewal premiums payable, however, is not guaranteed nor fixed.

In practice, the renewal of the policy is guaranteed until certain events have occurred, such as:

- You did not pay your premium or did not pay it on time;
- You have misrepresented a material fact, e.g. age or a medical condition, during your application;

- You have cancelled the policy;
- The total claims of the policy have reached the lifetime limit specified; and
- You have attained the coverage age limit.

Q: When will my policy be effective?

A: As soon as your application is accepted and has been received by the insurance company and the premium duly paid.

Q: Under what circumstances will my cover be cancelled?

A: On the policy anniversary, or when the total benefits paid have reached the lifetime limit, or when the total benefits paid in any particular year have reached the annual overall limit. The policy may be cancelled if there is a misrepresentation of material fact, e.g. medical condition, during your application.

Q: Are there any exclusions?

A: Yes, these include pre-existing conditions, HIV leading to AIDS, elective surgery other than medically necessary, psychiatric disorders, congenital abnormalities, hospitalization for investigatory purposes and routine physical check-up, among others.

Q: Is SARS covered under existing MHI policies?

A: If your policy is a hospital and surgical insurance policy, you can claim for losses incurred due to SARS because SARS is not one of the conditions excluded under the policy. However, if your policy is a critical illness policy, you are not covered for SARS because SARS is not one of the critical illnesses covered under the policy.