

Sunday August 12, 2012

Working towards better CI coverage

WE refer to the letters "[What Heart Insurance Covers](#)" (*The Star*, July 24) and "[Understand Terms of Insurance Policy](#)" (*The Star*, July 30), on critical illnesses.

We are grateful that the letters were published as they brought up several aspects of the Critical Illness Insurance (CI) policy and its coverage which are of significance for public awareness and understanding.

We have taken note of the issues at hand and we would like to assure, first and foremost, that the Life Assurance Association of Malaysia (LIAM) is constantly working towards improving the service delivery of its member companies, be it in terms of coverage of a policy to clearing claims to be paid.

We put much emphasis and urgency in these matters especially in times when one really needs them the most.

We have simplified the issues via a Q&A ... thus we hope the explanation below answers the major points brought up in both letters.

(a) Is the treatment for angioplasty covered?

Our standard list of CI definitions has about 39 conditions of which companies are allowed to choose a maximum of 36 conditions. Quite a few of the life insurers do include angioplasty in their list of 36 CI though not all do.

Angioplasty is covered up to 10% of the sum assured or to a maximum of RM25,000 — the reason being that the benefit amount must be in relation to the severity of the CI condition suffered.

Generally, treatment with one or two stents the total cost incurred would be within RM25,000.

If 100% sum assured is paid, and subsequently the insured has a serious CI (e.g. failure of angioplasty and he then needs bypass surgery), the insured would have no benefit amount left to fall back on.

Also a CI plan should not be a replacement of a medical plan, in that the CI plans are meant only to provide top-up benefit for medical cost incurred.

The CI plan should also enable an insured to meet other expenses incurred as a result of the CI e.g. loss of income due to temporary inability to return to work.

Thus in the case for angioplasty, an insured is likely able to resume work much faster as opposed to for example a case of a stroke, where the insured may be unable to return to his previous job due to residual paralysis.

(b) Are there any plans to review the current definitions to reflect the progress and development of medical science, especially in the areas of heart attack and surgery?

LIAM has just reviewed the definitions for the standard CI e.g. for heart attack to ensure the severity of heart attack is in line with what the product was intended to cover and it was priced for.

Insurance companies are definitely keeping up with the advancements in medicine, realising now that it is essential to start to cover for earlier stages of critical diseases to allow hopefully for early intervention and to reduce risk of illness progression.

Thus quite a few companies have launched early stage CI products.

These definitions have not been standardised by LIAM and companies choose which conditions they want to cover (usually based on consumer need and affordability).

For instance, under early CI a company offers cover on diagnosis of single vessel and double vessel coronary artery disease. However, the percentage of Sum Assured paid will be limited as per contract.

Also early stage CI products often cover for corrective procedures via intra-arterial/key hole surgery as opposed to open surgery.

(c) Does a CI plan cover all types of treatment?

The severity of each illness and treatment is stated in the definitions. Life insurance companies want to make the CI plan affordable to the public and in the event of a critical sickness, you have your policy to take care of.

On the other hand, if the insured purchase insurance coverage and requests that all the critical diseases be taken care of irrespective of the damage and method of treatment, the premium of such cover will be substantial.

Not many are willing to subscribe to such a tailor-made policy although companies do have them when requested.

It is important to note that insurers' claims decisions are made by referencing objective evidence and they are based on the conditions stated in the contract.

Insurers also highlight the exclusion clauses to provide freedom of choice to potential customers at the point of purchase.

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