

Policies that cover cost of treatment



● What is MHI?

Medical and health insurance (MHI) is an insurance policy which is designed to cover the cost of private medical treatment associated with hospitalisation and surgical procedures due to an illness or accident.

In addition, MHI may also provide you with a lump sum benefit upon diagnosis of a covered illness.

● What are the types of MHI cover?

Most of the time, people tend to associate MHI with the medical insurance card only but it's more than that. In fact, MHI comprises the following coverage:

1. Hospitalisation and surgical insurance
2. Dread disease or critical illness insurance
3. Disability income insurance
4. Hospital income insurance

● What does the hospitalisation and surgical (H&S) insurance cover?

Basically, an H&S policy covers you against expenses incurred

Today, we examine another important area of your overall insurance planning — medical and health insurance

while you are hospitalised due to a covered illness or as a result of an accident.

Generally, you'd only be covered as an in-patient, unless it is an emergency out-patient treatment due to an accident. In addition, day surgeries are also covered for certain procedures nowadays.

● What does the critical illness (CI) insurance cover?

The CI insurance provides you with a lump sum benefit (your sum assured plus dividends, if any) upon diagnosis of any of the 36 dread diseases or specified illnesses (you may refer to LIAM's website at www.liam.org.my for the list of illnesses).

This would come in very handy to cover any other expenses not covered by your H&S policy and to replace your income while you seek treatment. It actually complements the H&S policy.

● What does the hospital income insurance cover?

Sometimes, people tend to mix up this coverage with the H&S insurance. The hospital income plan pays you a specified sum of money subject to a limit, if you have to stay in a hospital (for a minimum number of hours) due to covered illness, sickness or injury.

This coverage is especially useful as it helps to defray costs not covered under H&S policies and for those who are self-employed as it replaces part of their income when they can't work.

● What are some of the important considerations when choosing a good H&S insurance policy?

Generally, you may want to consider the following factors:

Renewability — is it guaranteed and what are the terms of renewability?

Waiting Period — is there one

and how long before you can make a claim?

Exclusions — what is not covered? Be sure to be very clear.

Benefit Limits — room and board amount, annual and lifetime limits.

Costs — are the premiums within your budget? Premiums are normally not guaranteed and will increase over the years.

The above are some of the main things that you might want to ask yourself before getting a MHI policy.

In this respect, it's not just the depth of your coverage (how much) but also the breadth of it (what are you covered for).

■ Next week, we will turn our attention to our bundles of joy — our children. We will discuss whether it is necessary for kids to have life insurance, and if so, what policies suit them best. Your Friend for Life article is contributed by the Life Insurance Association of Malaysia.