

Medical insurance dilemmas

ARE you insured? Or over-insured? Or you're unsure of your life insurance situation? Here are some frank insights on medical insurance, focusing on various aspects of critical illness insurance that could help to unravel your dilemma and discover solutions in medical insurance.

Q: I am interested to purchase a critical illness policy. Which company provides the best and widest cover for critical illness?

A: All critical illness policies sold in Malaysia cover 36 critical illnesses, irrespective of which life insurance company is selling it. There is a mutual understanding and agreement amongst all life insurance companies in Malaysia to offer a maximum of 36 critical illnesses only, to avoid any misunderstanding and mis-selling based on "number of critical illnesses".

However, there are some differences in the critical illnesses offered as insurance companies can choose any 36 out of 42 critical illnesses that has been agreed



upon for any of their products.

In Malaysia, the definitions for critical illnesses are standardised. All life insurance companies are using the same definitions of critical illness for their products. This is to avoid any confusion amongst the companies should any claim arises for the same critical illness.

Q: I am the main income earner in my family. My wife is not working as she is looking after my three children. My concern is that if I suffer a critical illness, my income may be greatly affected as my work is very strenuous and requires me to travel a lot. I may have to slow down and may not be able to put in the same amount of energy as before. Is there a critical illness plan that can protect my loss of income?

A: Most critical illness plans provide for payment of a lump sum if you suffer

from a critical illness. This lump sum payment will come in handy to pay for immediate upfront costs, like treatments and follow-up expenses, purchases of medical equipment and tools to support any disability, etc.

However, there are also critical illness plans that are structured to pay out as regular income. This form of payments will help to provide protection against the loss of income which is important to help meet daily expenses.

For such policies, if you suffer from a critical illness, the insurance company will pay a regular income from the time of your critical illness until the expiry of the policy.

For example, if you own a 20-year critical illness income policy and you suffer a critical illness in year five, the insurance company will pay you regular income for the remaining 15 years until the expiry of the policy.

The article is courtesy of Life Insurance Association of Malaysia. For further information, please go to www.liam.org.my.