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TUESDAY, 20TH MARCH 2012 WEATHER: KUALA LUMPUR 31° C

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Medical policy key considerations

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BEFORE taking up any medical policy, it is a good idea to check exactly not only what is covered but also what is excluded so to avoid frustration later on should you submit any claims.

To help you better understand what to look out for, here's a list of key terms and conditions you may want to get acquainted with

- * Terms of renewability – is renewal guaranteed and are there any terms imposed upon renewal? For example, is medical examination or a declaration of health necessary?
- * Premium rates – guaranteed or subject to change? If so, what is the basis of an increase in premium and whether there is a limit to it?
- * Co-payments (sometimes called co-insurance) or sharing of the costs incurred – what is the amount and any limit to be borne by you? It is very common to find some Hospital and Surgical Insurance (HSI) policy imposing a 10% co-payment of the medical expenses incurred but only up to a certain limit, for example RM1,000.

In addition, most policies also come with a 20% co-payment should you choose a hospital room which is above that of your plan entitlement. For example, if your entitlement is a two-bed room but you decide to stay in a single-bed room, you may have to bear 20% of the entire medical bill and not just the difference in the room charges.

- * Are there any deductibles for which you are required to pay a certain minimum amount before you can claim from your insurance company? This is usually imposed to minimise instances of haphazard claims of small amounts and a form of risk control of the insurer. Some insurers may even offer this as an option to their customers to complement their existing coverage with their respective employers.

For example, if you're covered under your employer's medical insurance for up to RM10,000 per disability, you may want to elect for a RM10,000 deductible in your personal HSI policy, if available.

This is because you can't claim from both plans for the same disability and by electing for the deductible option, you get to enjoy discount on your premiums.

* A typical HSI policy may cover overseas treatment but the benefits in respect of the treatment would be limited to the reasonable and customary and medically necessary charges for such equivalent local treatment in Malaysia and shall exclude the cost of transport to the place of treatment.

For example, let's say a typical appendicitis operation in Malaysia costs RM2,000 but you did the operation in Singapore at a cost of S\$3,000 (RM7,200). You'd only be reimbursed RM2,000.

* Note that 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. Therefore, if you do not plan to be back in Malaysia for more than 90 consecutive days, you may need to get another HSI plan in the country where you'd be residing.

The moment you step foot back in Malaysia, your HSI coverage will resume until such a time you are out of Malaysia again for more than 90 consecutive days.

* Ensure that the amount that you can claim is sufficient to cover for the most common major illnesses. The limits normally correspond to the room and board chosen and it's best to go with those on an "as charged" basis rather than those with internal limits.

* Normally, most plans come with a lifetime limit – the total amount you may claim over your lifetime. Ensure that the amount is substantial enough to cover for medical inflation, especially if you're still young as you've many more years ahead of you.

* Today, most HSI policies extend their coverage to 80 years and some even up till 100. However, there's always a last entry age and be sure to get into the plan before that stipulated age and never let it lapse. Otherwise, you'd not have the cover when you need it most. – By **Life Insurance Association of Malaysia** liaminfo@liam.org.my

The article is provided purely as an advisory. For specific details, please consult an insurance professional by contacting any life insurance company listed in the Life Insurance Association of Malaysia (LIAM) official website at www.liam.org.my.

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