

## **FAQ ON MEDICAL INSURANCE PREMIUM/CONTRIBUTION REPRICING**

**Q1. What are the interim measures announced by the insurers and takaful operators following the recent announcement by Bank Negara Malaysia?**

**1. Spread out future premium/contribution adjustments.**

*For policyholders/participants affected by the premium/contribution adjustments, the changes in premium/contribution will be spread over a minimum of three years. With this measure, at least 80% of policyholders/participants is expected to experience yearly premium adjustments due to medical claims inflation of less than 10%.*

*(Note: This measure is not applicable to premium/contribution increase due to change in age band.)*

**2. Special provisions for 60-year-old and above policyholders/participants.** *One year pause of premium adjustment due to medical claims inflation for those aged 60 and above who are covered under the minimum plan of the MHIT product. Policyholders/participants are advised to check with your insurer or takaful operator for details on the minimum plan.*

**3. Policy Reinstatement Options.** *Policyholders/participants who have surrendered their policies/certificates or whose MHIT policies have lapsed due to repricing in 2024 will be eligible for reinstatement without additional underwriting requirements. This option will be available upon request from policyholders/participants.*

**4. Alternative MHIT Products.** *To supplement the interim measures insurers, and takaful operators will offer appropriate alternative MHIT products at the same or lower premiums for policyholders who do not wish to continue their existing MHIT plans that have been repriced within the next one-year.*

**Dedicated support hotline.** *A dedicated helpline has been established at each insurance and takaful operator to provide guidance, addressing inquiries, and other solutions tailored to the needs of affected policyholders/participants.*

*Communications on these measures by insurers and takaful operators to individual policyholders will take place progressively.*

**Policyholders can contact their respective insurers and takaful operators from 15 January 2025 onwards.**

**Q2. How does spread out of premium adjustments work?**

*This is a flexibility offered by insurers and takaful operators to spread out premium/contribution adjustment over a minimum period of three years. This will provide policyholders with some space to manage the premium adjustments. This is only temporary support to assist policyholders/participants in paying their premium/contributions during this interim period.*

**Q3. Am I entitled to the spread out of the premium/contribution adjustments?**

*Yes, if your premium/contribution has been repriced between 2024 and 2026.*

- If your policy has been repriced in 2024, you may reach out to your insurer or takaful operator from 15 January 2025 to avail yourself to these measures.*
- If your policy is being repriced from 1 January 2025 onwards, you will receive an update from your insurer or takaful operator in due course.*

*The interim measures is not applicable to premium/contribution increases that may apply when a policyholder moves to a higher age band.*

**Q4. If I have received a repricing notice in 2024 and the repriced premium/contribution is not yet effective, am I entitled to spreading out of premium/contribution adjustments?**

*Yes. Your insurer /takaful operator may issue a new notice based on the spread out premium/contribution.*

***Please refer to your insurers or takaful operators for more details starting 15 January 2025.***

**Q5. What shall I do if my premiums have been repriced and have begun paying the new levels of premium in 2024?**

*If your policy has been repriced in 2024, you may reach out to your respective insurer or takaful operator from 15 January 2025 to benefit from the interim measure for future premium payments.*

**Q6. Can I apply to spread out my premium/contribution if I have surrendered my policy/certificate or my policy/certificate has lapsed?**

*Policyholders/participants who have surrendered or whose MHIT policies have lapsed due to repricing in 2024 can reach out to your insurer or takaful operator starting 15 January 2025 to request for reinstatement with the adjusted/spread out premiums without additional underwriting requirements. Reinstatement under this measure will be available upon request from policyholders/participants.*

**Q7. I do not have a medical insurance policy/takaful certificate currently. Can I purchase insurance/participate in takaful with spread out repricing?**

*The interim measures are only applicable to existing policyholders affected by repricing in year 2024, 2025 and 2026.*

**Q8. I am 60 years old in September 2024. Am I entitled for the temporary pause? What if I only turn 60 years old in 2025/2026?**

*If you are aged 60 years old and above at the policy anniversary when the repricing takes effect and is covered under the minimum plan of the MHIT product that has been repriced, you are entitled for a one-year pause in premium/contribution adjustment. Insurers and takaful operators will issue letter to each eligible policyholder.*

*This measure is NOT applicable to policyholders aged 60 years old and above who are not on the minimum plan.*

*The interim measures are not applicable to premium/contribution increases that may apply when a policyholder moves to a higher age band.*

**Q9. What does a 'minimum MHIT plan' mean?**

*A minimum plan here refers to the lowest plan of a specific MHIT product offered by the insurer and takaful operator. For example, an insurer and takaful operator may offer a few plans within a specific MHIT product, and the plans are differentiated by the room and board (R&B) limit and/or annual limit*

**Q10. Why are my premium/contributions increasing even though I haven't made any claims?**

*Insurance companies/takaful operators work on the concept of risk pooling. When you take up a medical plan, you join a larger group of customers who have similar risk characteristics or profiles as you. The insurance/takaful charges that are collected from you and all other customers in the group are pooled together to provide for future claims. If claims paid from the pool become higher than expected over time, the insurance company/takaful operator may have to revise the insurance charges/contributions to make sure that all customers in the group can continue to be covered in the long run (regardless of whether you have made a claim or not).*

**Q11. Why is my medical insurance premium/contribution increasing?**

*Medical insurance/takaful premium/contributions are revised periodically because of the rising cost of medical care and increases in the number of policyholder/participants going to hospitals, resulting in increases in claims. Insurance companies/takaful operators need to adjust premium/contributions to ensure claims can be paid, so they can continue to provide you with the coverage you need.*

**Q12. Will my medical insurance premium/contributions increase as I get older?**

*Yes, it is common for medical insurance/takaful premium/contributions to increase with age, as older individuals tend to have higher healthcare needs and are more likely to make claims. Insurers/takaful operators may adjust premium/contributions based on the age of the policyholder/participant. This should be clearly outlined in the terms and conditions of the policy/certificate.*

**Q13. What factors cause medical costs to rise?**

- i. Advanced medical treatments, new procedures, and better medications are expensive.*
- ii. Private hospitals invest in the latest imported equipment, supplies, and medicines.*
- iii. The rise in non-communicable diseases (like diabetes, high cholesterol, and obesity) requires long-term care and hospitalisation.*
- iv. Older individuals typically need more frequent and costly medical treatments.*
- v. Enhanced policy/certificate benefits often lead to more claims, driving costs higher.*

**Q14. Do all insurance companies/takaful operators increase premium/contribution at the same time?**

*No, each insurance company/takaful operators adjust premium/contributions based on their respective claims experience and medical inflation.*

**Q15. How sustainable are these interim measures and how will it affect my premiums in the long-run?**

*While staggering premium increases provides immediate relief to policyholders, the reality is that the premium rates will require material adjustments in the near future unless systematic changes are implemented across the healthcare eco-system.*

*As the current premium rates are inadequate, insurance and takaful providers may have to step up cost containment initiatives, as part of the industry's commitment to*

*provide accessible, affordable and effective healthcare. However, this alone won't be sufficient, and we strongly urge a "whole-of-nation" approach to address the rising costs of medical care with strong participation from hospital providers, doctors and support of the Ministry of Health Malaysia.*

*This, is in addition to bringing down pharmaceutical drug prices, promoting a higher usage of generic drugs in tandem, ensuring appropriate and cost-effective diagnosis and treatments with price transparency in the short term as well as the implementation of Diagnosis-Related Group (DRG) initiatives in the medium term. All these efforts are essential to ensure the sustainability of the ecosystem and equitable access to affordable healthcare for all.*

**Q16. What if I cannot afford to pay my medical insurance/takaful premium/contributions?**

*If premium/contributions are becoming unaffordable, you have options:*

- a. **Switch to a lower plan:** This reduces your premium/contribution but provides less coverage. Consult your agent to ensure it still meets your needs.*
- b. **Opt for a plan with co-payment option which could include a deductible/co-insurance or both:** You agree to pay a specified percentage of the hospital bill to reduce your insurance/takaful premium/contribution.*

*You may contact your insurer/takaful operator for further assistance.*

**Q17. Will my policy lapse if I cannot pay the premium/contribution?**

*If you fail to pay your premium/contribution for standalone product, your insurance policy/takaful certificate could lapse, resulting in the loss of coverage. However, you may have a grace period during which you can still make the payment without losing coverage. If the policy/certificate lapses, you may be able to reinstate it, though this could involve additional fees or higher premium/contributions. To avoid policy/certificate lapses, it is crucial to stay on top of payments and discuss with your insurer/takaful operator if you face financial difficulties.*

*For investment-linked policy/certificates, your medical coverage will stay in-force as long as there is sufficient cash value in the policy to cover the deduction for your medical coverage.*

**Q18. What are the conditions for me to reinstate my policy/certificate?**

*Reinstating a lapsed insurance policy/takaful certificate typically involves paying overdue premium/contributions, and meeting other criteria set by the insurer/takaful operator. It's essential to act promptly to ensure that you can restore your coverage, as insurers/takaful operators may impose restrictions or deny reinstatement if the lapse period is too long or if your health has deteriorated. Always check with your insurer/takaful operator to understand the specific conditions and deadlines for reinstatement.*

*However, for policyholders/participants who have surrendered, or whose policy/certificate have lapsed due to repricing in 2024 will be able to reinstate their policy upon request without additional underwriting based on the adjusted/staggered amount of premium/contribution increase. (This is only available under the interim measure.)*

**Q19. How do I get in touch with my insurance/takaful operators?**

*For further information, policyholder/participants are encouraged to contact their respective insurers or takaful operators. Details will be posted on the Association's website:*

[Life Insurance Association of Malaysia](#)

[Malaysian Takaful Association](#)

[Persatuan Insurans Am Malaysia](#)