BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Medical and Health Insurance/Takaful Business

Applicable to:
1. Licensed insurers
2. Licensed takaful operators

Issued on: 29 February 2024

BNM/RH/PD 029-66

TABLE OF CONTENTS

PART A	**OVERVIEW**	**2**
1	Introduction	2
2	Applicability	2
3	Legal provisions	3
4	Effective date	3
5	Interpretation	3
6	Related legal instruments and policy documents	6
7	Policy documents superseded	7
PART B	**POLICY REQUIREMENTS**	**8**
8	Underwriting and terms governing issuance of MHIT policies/takaful certificates	8
9	Product design	13
10	Re-pricing and risk pooling practices	15
11	Commission limits	17
12	Monitoring and reporting	18
PART C	**BUSINESS CONDUCT AND DISCLOSURE REQUIREMENTS**	**19**
13	Disclosure requirements	19
14	Needs-based assessment requirements	22
15	Prohibition on concluding sales of all MHIT products (including riders) through telemarketing channel	23
PART D	**APPENDICES**	**24**
Appendix 1	Circumstances where the co-payment feature shall not apply	24
Appendix 2	Practices which shall be regarded as unfair	25
Appendix 3	Minimum information required to be included in the re-pricing addendum in respect of individual medical reimbursement insurance/takaful products to be submitted to the Bank	26
Appendix 4	Format for submission of quantitative information for re-pricing of individual medical reimbursement insurance/takaful products (to be submitted in form of Microsoft Excel spreadsheet)	30
Appendix 5	Minimum communication requirements for re-pricing and regular updates in respect of medical reimbursement insurance/takaful products	35
Appendix 6	Requirements relating to the establishment of the central medical claims data platform	38
Appendix 7	Reporting template for medical reimbursement insurance/takaful product(s) with co-payment feature	40
Appendix 8	Sample Product Disclosure Sheet	41

PART A OVERVIEW

1 Introduction

1.1 Medical and health insurance/takaful (MHIT) remains an important component of health financing in Malaysia. Over the years, the MHIT business continues to grow as more consumers demand wider access to quality health services as well as heightened awareness of MHIT cover as a risk mitigation tool to assist them financially in the event of catastrophic health incidences. The MHIT business has grown over the years based on the total premiums and takaful contributions of MHIT policies/takaful certificates underwritten by licensed insurers and takaful operators (licensed ITOs).

1.2 A number of significant developments are impacting the MHIT business, such as the rise in non-communicable diseases, growth of private healthcare services and escalating medical inflation. These have contributed towards an increase in the utilisation of medical services and magnitude of claims over the years.

1.3 There has also been increased expectations for licensed ITOs carrying on MHIT business to provide more comprehensive and inclusive coverage, as well as to account for the latest development in medical technologies and to support preventive care. These developments have placed increased focus on licensed ITOs to continuously innovate to meet consumers' evolving needs while balancing the need to ensure that the MHIT business remains sustainable in the long term.

1.4 The healthcare ecosystem in Malaysia involves many stakeholders including licensed ITOs, healthcare providers, regulators including the Bank, managed care organisations and end consumers. Against the backdrop, viable solutions to meet the healthcare financing needs require a concerted and collaborative effort by all stakeholders.

1.5 This policy document sets out the regulatory requirements covering the following areas:

(a) Underwriting and terms governing issuance of MHIT policies/takaful certificates;
(b) Product design, including limitations that apply;
(c) Re-pricing and risk pooling practices;
(d) Commissions and incentives;
(e) Monitoring and reporting requirements for MHIT-related data; and
(f) Business conduct and disclosure to consumers.

2 Applicability

2.1 This policy document is applicable to licensed ITOs as defined in paragraph 5.2.

2.2 Except where expressly provided, the requirements set out in this policy document apply equally to all MHIT products of the licensed ITOs, including those offered either on a standalone basis or as riders.

3 Legal provisions

3.1 The requirements in this policy document are issued pursuant to:
(a) sections 47, 123, 143 and 144 of the Financial Services Act 2013 (FSA); and
(b) sections 57, 135, 155 and 156 of the Islamic Financial Services Act 2013 (IFSA).

3.2 The guidance in this policy document is issued pursuant to section 266 of the FSA and section 277 of the IFSA.

4 Effective date

4.1 This policy document comes into effect on 1 June 2024 except for the following provisions:
(a) paragraphs 9.4(a) and 9.4(b) shall come into effect on 1 September 2024 unless otherwise specified by the Bank; and
(b) paragraphs 12.2 and 13.5 shall come into effect on 1 January 2025.

5 Interpretation

5.1 The terms and expressions used in this policy document shall have the same meanings assigned to them in the FSA and IFSA, as the case may be, unless otherwise defined in this policy document.

5.2 For the purpose of this policy document:

"**S**" denotes a standard, an obligation, a requirement, specification, direction, condition and any interpretative, supplemental and transitional provisions that must be complied with. Non-compliance may result in enforcement action;

"**G**" denotes guidance which may consist of statements or information intended to promote common understanding and advice or recommendations that are encouraged to be adopted;

"**co-insurance/co-takaful**" refers to a type of co-payment where a policy owner/takaful participant bears a specified percentage of total eligible medical expenses covered under a MHIT policy/takaful certificate, with the remainder of the medical expense being covered by the licensed ITO based on the coverage of the MHIT policy/takaful certificate;

"**co-payment**" refers to a specified amount or percentage that a policy owner/takaful participant must pay upon incurring a medical expense covered under a MHIT policy/takaful certificate, with the remainder of the medical expense being covered by the licensed ITO based on the coverage of the MHIT policy/takaful certificate;

"**consumer**" refers to any person who intends to purchase, has purchased or is covered under any MHIT policy/takaful certificate, including persons insured under a group policy or covered under a group takaful certificate where the premiums or takaful contributions are paid by the insured or person covered, as the case may be;

"**deductible**" refers to a type of co-payment where a policy owner/takaful participant bears a specified monetary amount of the medical expenses covered under a MHIT policy/takaful certificate before any benefits are payable by the licensed ITO based on the coverage of the MHIT policy/takaful certificate;

"**direct distribution channel**" refers to the distribution of insurance or takaful products through any or all of the following channels:

(a) the head office and branch premises of a licensed ITO; or
(b) an online platform, whether developed as the licensed ITO's proprietary system or outsourced to third party vendors,

whereby consumers purchase insurance or takaful products directly from the licensed ITO;

"**direct MHIT product**" refers to any MHIT product that is distributed through a direct distribution channel;

"**free-look period**" refers to the period specified in paragraph 8.11 of this policy document during which a policy owner/takaful participant may examine a newly issued MHIT policy/takaful certificate and surrender it in exchange for a full refund of premium/takaful contribution already paid minus any expenses incurred by the licensed ITO;

"**Government healthcare facility**" refers to any facility used or intended to be used for the provision of healthcare services established, maintained, operated or provided by the Government but excludes privatized or corporatized Government healthcare facilities;

"**grace period**" refers to the additional period of time after the due date of premium/takaful contribution during which payment may be made by the policy owner/takaful participant to the licensed ITO without any penalty while keeping the MHIT policy/takaful certificate in force;

"**group policy/takaful certificate**" refers to a policy/takaful certificate issued to a legal entity as the policy owner/takaful participant where the policy/takaful certificate may insure/cover any person in whom the policy owner/takaful participant has insurable interest/permissible takaful interest;

"**guaranteed yearly renewable policy/takaful certificate**" refers to a MHIT policy/takaful certificate (issued either on a standalone basis or as a rider) of which the renewability on its anniversary is at the option of the policy owner/takaful participant and the licensed ITO is obligated to continue coverage, subject to conditions as specified in paragraph 8.18(b) of this policy document;

"**homogeneous cohort**" refers to a group of medical reimbursement insurance/takaful products that are assessed to be homogeneous in accordance with the risk pooling principles as defined in the licensed ITOs' internal policies and procedures for re-pricing of medical reimbursement insurance/takaful products;

"**industry**" refers to the insurance and takaful industry in Malaysia;

"**industry associations**" refer collectively to the Life Insurance Association of Malaysia (LIAM), General Insurance Association of Malaysia (PIAM) and Malaysian Takaful Association (MTA);

"**individual policy/takaful certificate**" refers to a policy/takaful certificate issued to an individual consumer as the policy owner/takaful participant where the policy/takaful certificate may insure/cover any person in whom the policy owner/takaful participant has insurable interest/permissible takaful interest;

"**intermediary**" includes any insurance or takaful agent, financial adviser or Islamic financial adviser, insurance or takaful broker, bancassurance or bancatakaful partner, or *Perlindungan Tenang* partner as defined under the Bank's respective policy documents;

"**licensed ITO(s)**" refers collectively to a licensed insurer under the FSA and a licensed takaful operator under the IFSA which underwrites or offer a MHIT product;

"**medical inflation**" refers to the year-on-year increase in the average treatment cost as billed by hospitals for surgical treatments and/or non-surgical treatments covered under the medical reimbursement insurance/takaful product;

"**medical reimbursement insurance/takaful product**" refers to an insurance/takaful product that provides benefits in the form of a reimbursement of medical expenses, whether in full or in part, as incurred by the policy owner/takaful participant for an inpatient or outpatient care;

"**MHIT policy/takaful certificate**" refers to a policy/takaful certificate that provides illness benefits or medical, surgical or hospital expense benefits to a policy owner/takaful participant as a result of diseases, sickness or infirmity. Benefits may take the form of the reimbursement of medical expenses incurred by the policy owner/takaful participant, a lump sum payment of the sum insured/participated, or payment of an allowance or income stream at regular intervals for the specified period during which the insured/person covered is incapacitated and/or hospitalised;

"**MHIT products**" refer to insurance or takaful products which may be offered on a standalone basis or as a rider that fall within the definition of MHIT policy/takaful certificate, including, but not limited to the following:

(a) Medical reimbursement insurance/takaful product;
(b) Critical illness or dread disease insurance/takaful product;
(c) Long-term care insurance/takaful product;

(d) Hospital income insurance/takaful product; and
(e) Dental insurance/takaful product;

"**rider**" refers to a supplementary or extension of cover attached to a base life policy/family takaful certificate (issued either on a standalone basis or as a rider) that adds benefits to or amends the terms of the base life policy/family takaful certificate to provide additional coverage. A rider may come at an extra cost in addition to the premium/takaful contribution for the base life policy/family takaful certificate;

"staff" refers to a person employed by a licensed ITO, including temporary or contract staff whose conduct would have an impact on consumer outcomes, regardless of whether or not that person has direct contact with consumers of the licensed ITO;

"**waiting period**" refers to a specified period from the commencement date or reinstatement date of a MHIT policy/takaful certificate during which a claim cannot be made to a licensed ITO; and

"**yearly renewable policy/takaful certificate**" refers to a MHIT policy/takaful certificate whereby renewability upon policy/takaful certificate expiry is at the discretion of a licensed ITO.

6 Related legal instruments and policy documents

6.1 This policy document shall be read together with other relevant policy documents, guidelines or circulars etc. that have been issued by the Bank, including any reissuance or amendments thereafter, in particular:

(a) *Direct Distribution Channels for Pure Protection Products* issued on 3 September 2018;
(b) *Fair Treatment of Financial Consumers* issued on 6 November 2019;
(c) *Operating Cost Controls for General Insurance and Takaful Business* issued on 30 June 2023*;*
(d) *Introduction of New Products by Insurers and Takaful Operators* issued on 15 May 2015;
(e) *Investment-linked Business* issued on 13 February 2023;
(f) *Management of Customer Information and Permitted Disclosures* issued on 3 April 2023;
(g) *Operating Cost Controls for Life Insurance and Family Takaful Business* issued on 24 December 2019;
(h) *Perlindungan Tenang* issued on 2 July 2021;
(i) *Product Transparency and Disclosure* issued on 31 May 2013;
(j) *Professionalism of Insurance and Takaful Agents* issued on 17 April 2023;
(k) *Prohibited Business Conduct* issued on 15 July 2016;
(l) *Prohibitions against Unfair Practices in Takaful Business* issued on 30 December 2003;
(m) *Guidelines on Proper Advice Practices for Life Insurance/Family Takaful Business* issued on 17 August 2012;
(n) *Risk Management in Technology (RMiT)* issued on 19 June 2020;
(o) *Takaful Operational Framework* issued on 26 June 2019;

(p) *Unfair Practices in Insurance Business* issued on 4 April 2003;
(q) *Universal Life Business* issued on 13 February 2023; and
(r) *Specifications pursuant to sections 47, 123 and 143(1) of the Financial Services Act 2013 and sections 57, 135 and 155(1) of the Islamic Financial Services Act 2013 in respect of Medical and Health Insurance/Takaful (MHIT) Business* dated 19 January 2024.

7 Policy documents superseded

7.1 This policy document supersedes the following documents:
(a) The Product Disclosure Sheet samples in Paragraph F of Appendix II under Schedule III and Paragraph F of Appendix II under Schedule IV of *Guidelines on Product Transparency and Disclosure* issued on 31 May 2013[1];
(b) *Guidelines on Medical and Health Insurance Business (Revised)* issued on 26 August 2005;
(c) *Guidelines on Medical and Health Takaful Business* issued on 17 September 2007; and
(d) *Specification letter relating to Medical and Health Insurance/Takaful Re-pricing and Risk-pooling* dated 6 January 2022.

[1] For the avoidance of doubt, other provisions of the Guidelines including the Product Disclosure Sheet samples in the Guidelines shall remain in effect and applicable in respect of other MHIT products.

PART B POLICY REQUIREMENTS

8 Underwriting and terms governing issuance of MHIT policies/takaful certificates

Underwriting policies and procedures

S 8.1 A licensed ITO shall establish clear underwriting policies and procedures for its MHIT business and consistently apply such policies and procedures. The underwriting policies and procedures shall, at minimum, address the following, supported by technical justifications:

(a) Parameters for risk evaluation and selection, including any risk differentials;
(b) Categories of risk that the licensed ITO is prepared to accept or is restricted from accepting;
(c) Circumstances under which further information, documentation and/or medical investigation report, including the type of investigation, are required prior to accepting the risk;
(d) Underwriting authority limits; and
(e) Concentration limits, including concentrations arising from exposures to any particular health risk profiles, occupations, individuals or groups.

S 8.2 A licensed ITO's decision on whether or not to accept or renew a risk shall be based on sound and objective underwriting, and actuarial principles, in line with paragraph 13.10 of the Policy Document on Fair Treatment of Financial Consumers[2]. A licensed ITO shall not refuse to accept or renew a risk, or limit the amount of coverage available, solely on the basis of a refusal by another licensed ITO or other reinsurers/retakaful operators to accept or renew cover for the same risk, without independently assessing such risk based on its own underwriting policies and procedures.

S 8.3 In the event a licensed ITO or its intermediaries has received a premium/takaful contribution payment but has not confirmed the acceptance of risk, the licensed ITO shall not deny liability for events insured/person covered under the MHIT product, that occur prior to the licensed ITO confirming the acceptance of risk, if, under the licensed ITO's established underwriting policies, the risk would have been accepted as a standard risk.

S 8.4 In relation to paragraphs 8.1 to 8.3, a licensed ITO shall:

(a) ensure that its staff implement the underwriting policies and procedures established by the licensed ITO in a consistent manner and make underwriting decisions in line with the underwriting policies and procedures;
(b) ensure that its staff who are responsible for the underwriting of MHIT business have the necessary specialist knowledge, expertise and experience to execute their role effectively; and
(c) undertake periodic reviews to enhance and ensure relevance of its underwriting policies and procedures. Such reviews shall take into consideration factors such as developments in medical treatment and

[2] Issued on 6 November 2019.

technology to ensure objective and reasonable underwriting assessment as well as fair treatment of consumers.

S 8.5 For the purpose of paragraph 8.4(a), a licensed ITO shall:
(a) effectively communicate its underwriting policies and procedures to its staff;
(b) maintain proper records of the underwriting decisions made; and
(c) establish and implement robust monitoring and review mechanisms to ensure compliance with its underwriting policies and procedures.

Processing of applications for MHIT policy/takaful certificate

S 8.6 A licensed ITO, including its intermediaries, shall:
(a) use plain language in providing any information to consumers and assist the consumer in fulfilling his/her pre-contractual duty of disclosure when he/she is applying for a MHIT policy/takaful certificate; and
(b) facilitate the submission of required information, documentation and/or medical investigation reports by consumers to the licensed ITO, as outlined in paragraph 8.1(c), to aid the licensed ITO's decision-making process on whether to accept the risk and, the terms and conditions to be applied if the risk is accepted.

S 8.7 A licensed ITO shall inform the consumer of its decision, in writing, on whether or not to accept his/her application for new MHIT policy/takaful certificate, within a reasonable time (which in any event, shall not exceed 14 calendar days from the date of receipt of complete information or documentation from the consumer by the licensed ITO) that allows the consumer to promptly seek alternative cover in the event that the licensed ITO declines the risk or imposes terms and conditions on the policy/takaful certificate that are unacceptable to the consumer. The licensed ITO shall not unreasonably delay its decision on whether or not to accept the consumer's application for a new MHIT policy/takaful certificate to the extent that such delay restricts the consumer's ability to source for other MHIT products with more competitive terms from the market, or results in the consumer becoming unduly exposed to personal financial risk, due to the occurrence of an event that would have otherwise been insured/person covered had it not been for the licensed ITO's delay.

Standardised definitions

S 8.8 Licensed ITOs, in collaboration with the industry associations and in consultation with the Bank, shall:
(a) jointly develop, formulate or determine the standardised wordings for common definitions used in contractual terms of MHIT policy/takaful certificates under the Glossary of Terms[3] (GOT) to facilitate ease of understanding and comparison of MHIT products by consumers; and
(b) issue and periodically review the GOT.

[3] The standardised wordings under the GOT shall only contain:
(a) definitions relating to policy/takaful certificate contract terminology and policy/takaful certificate condition(s); and
(b) description of benefits, conditions and exclusions under the policy/takaful certificate.

S 8.9 A licensed ITO shall adopt the GOT in its MHIT policy/takaful certificate and other relevant documents.

G 8.10 A licensed ITO may only deviate from adopting the standardised wordings in relation to a MHIT policy/takaful certificate where the deviation delivers unambiguously better terms and conditions for the policy owner/takaful participant than the standardised wordings.

Free-look period

S 8.11 A licensed ITO shall provide a policy owner/takaful participant with a 15 calendar days free-look period[4] to:

(a) examine the terms and conditions of the MHIT policy/takaful certificate; and/or

(b) decide whether or not to terminate the MHIT policy/takaful certificate.

S 8.12 In the event the policy owner/takaful participant decides to terminate his/her MHIT policy/takaful certificate within the 15 calendar days free-look period, the licensed ITO shall immediately refund any premium/takaful contribution which has been paid after deducting expenses incurred for the medical examination of the policy owner/takaful participant, if applicable.

Revisions and modifications to MHIT policy/takaful certificate

S 8.13 A licensed ITO shall only apply revisions to a premium/takaful contribution of an in-force MHIT policy/takaful certificate on its anniversary date or upon its renewal, as the case may be. For avoidance of doubt, the revision to premium/takaful contribution refers to the licensed ITO's periodic review of premium/takaful contribution rate due to prevailing claims experience.

S 8.14 In relation to paragraph 8.13, a licensed ITO shall provide a prior written notification to the affected policy owner/takaful participant at least 30 calendar days before effecting the revision to the premium/takaful contribution.

S 8.15 Any revisions[5] to an in-force MHIT policy/takaful certificate[6], other than revisions to a premium/takaful contribution as outlined in paragraph 8.13, shall not be done on a unilateral basis during the policy period or coverage term on the basis that a consumer would have selected the MHIT policy/takaful certificate that best suits his/her needs and affordability at the point of sale.

S 8.16 In relation to paragraph 8.15, a licensed ITO shall only give effect to any revisions to an in-force MHIT policy/takaful certificate, if the following conditions are satisfied:

(a) The licensed ITO demonstrates to the Bank that the revision is necessary and justified in light of emerging developments;

---

4 Upon the delivery date of the MHIT policy/takaful certificate to the policy owner/takaful participant.

5 These include any revisions affecting benefits, terms and conditions of MHIT policy/takaful certificate.

6 For avoidance of doubt, this includes guaranteed yearly renewable insurance policy/takaful certificate.

(b) The licensed ITO communicates the following in advance to its policy owners/takaful participants, prior to giving effect to the revisions:
   i) details of the revision;
   ii) consequences of the revision, including impact on the coverage of the MHIT policy/takaful certificate and/or premium/takaful contribution or cost of insurance (COI)/*tabarru'*, and additional premium/takaful contribution needed to ensure sustainability of coverage (if applicable) moving forward; and
   iii) details of dedicated avenue(s) for the policy owner/takaful participant to seek clarification, advice and assistance as well as to lodge any complaints on the revision;

(c) The licensed ITO obtains explicit written consent from policy owners/takaful participants via an opt-in approach; and

(d) The licensed ITO monitors the claims made by policy owners/takaful participants who opted in for the revision separately from the claims made by other policy owners/takaful participants who did not opt in for the revision. The licensed ITO shall take into consideration any material risks into the pricing for the MHIT policy/takaful certificate in subsequent reviews of premium/takaful contribution rates.

S 8.17 A licensed ITO shall submit relevant documents and information addressing matters outlined in paragraph 8.16[7] to the Bank at least 30 calendar days before the offering of such revision to its policy owners/takaful participants.

Continuity of coverage

S 8.18 A licensed ITO shall not:

(a) unilaterally terminate a MHIT policy/takaful certificate during the period of cover; and

(b) terminate a MHIT policy/takaful certificate or refuse to renew a MHIT policy/takaful certificate that is a guaranteed yearly renewable policy/takaful certificate, except where non-renewal and termination are due to the following:
   i) If fraud has been committed in relation to the MHIT policy/takaful certificate or the policy owner/takaful participant or any other relevant person misrepresents material facts during the application for a new cover or renewal of the policy/takaful certificate;
   ii) If any premium/takaful contribution remains unpaid by the policy owner/takaful participant at the expiry of the stipulated grace period;
   iii) If the MHIT policy/takaful certificate expires, lapses, is cancelled, is surrendered or is converted to an extended-term insurance/takaful product;
   iv) If total claims of the MHIT policy/takaful certificate have reached the lifetime limit specified and/or in the event of death of the policy owner/takaful participant; or
   v) If the insured/person covered ceases to qualify as a dependant based on the definition of the MHIT policy/takaful certificate or attains the maximum coverage age limit specified.

[7] The documents and information required to be submitted to the Bank under this provision are in addition to information required under paragraph 13.10 of the Policy Document on Introduction of New Products by Insurers and Takaful Operators.

S 8.19 A licensed ITO shall not refuse to renew a MHIT policy/takaful certificate solely due to the insured/person covered having made a claim in the preceding year(s). However, a licensed ITO may, upon renewal:

(a) modify the terms and conditions of the MHIT policy/takaful certificate, subject to fair and reasonable underwriting assessment, aligned with its internal policies and procedures; or

(b) impose reasonable level of premium/takaful contribution loading aligned with established underwriting policies, as the case may be.

S 8.20 For purpose of paragraph 8.19(b), the premium/takaful contribution loading imposed on an individual policy owner/takaful participant is subject to the following conditions:

(a) The loading shall not exceed 25% of the premium/takaful contribution or COI/*tabarru*' rate prior to the claims. For loading that exceeds the above-mentioned threshold, the licensed ITO shall review the premium/takaful contribution or COI/*tabarru*' rates for the entire portfolio to ensure that the individual experience loading is suitably moderated by the spread of risks included in the portfolio;

(b) The loading structure shall be clearly set out in the licensed ITO's internal policy, with adequate analysis and justification to support the basis of the loading structure; and

(c) The licensed ITO shall disclose its practice of applying loading on individual policy owner/takaful participant with past claims in the product disclosure sheet to ensure that consumers are informed of the licensed ITO's practice at point of sale.

S 8.21 In the event an in-force MHIT policy/takaful certificate which is yearly renewable:

(a) will be renewed with modified terms and conditions, a licensed ITO shall notify the policy owner/takaful participant in writing of its decision to modify the terms and conditions, and the reasons for the modifications, at least 30 calendar days before the MHIT policy/takaful certificate anniversary date; or

(b) will not be renewed or renewal is to be deferred or will be terminated, a licensed ITO shall notify the policy owner/takaful participant in writing of its decision, together with reasons for its decision (where appropriate), at least 30 calendar days before the MHIT policy/takaful certificate anniversary date.

S 8.22 A licensed ITO shall preserve the rights of a policy owner/takaful participant to cancel the MHIT policy/takaful certificate at any time upon request by the policy owner/takaful participant or the policy owner/takaful participant giving written notice to the licensed ITO within a reasonable time. The licensed ITO shall refund any premiums/takaful contributions which have been made in advance subject to the following conditions:

(a) Refunds are proportionate based on the remaining period of cover, in accordance with generally accepted actuarial principles and having considered the related expenses incurred; and

(b) Terms of refund, including but not limited to the circumstances that warrant a refund, the amount of refunds and how they will be paid, are fair to policy owners/takaful participants.

S 8.23 For the purpose of paragraph 8.22, a licensed ITO shall disclose its premium/takaful contribution refund schedule to the policy owner/takaful participant at the point of sale and renewal of the MHIT policy/takaful certificate, if applicable[8].

9 Product design

S 9.1 A licensed ITO shall consider the changing demographics and healthcare needs of society to ensure meaningful and inclusive protection coverage when designing and innovating its MHIT products. The licensed ITO shall also undertake periodic reviews on its MHIT products to ensure they continue to meet the evolving healthcare needs of consumers and cater to advances in medical developments.

G 9.2 A licensed ITO is encouraged, within its risk appetite and business strategies, to provide value-added services such as wellness programmes or preventive care services. This is to promote better long-term health outcomes of its policy owners/takaful participants and manage the underlying risk(s) being insured/ covered.

S 9.3 A licensed ITO shall ensure pricing of MHIT products are based on generally accepted actuarial principles and adhere to the relevant principles and requirements in the Policy Document on Fair Treatment of Financial Consumers when designing and innovating MHIT products.

S 9.4 As part of efforts to promote more responsible healthcare usage, a licensed ITO shall:

(a) have at least one individual medical reimbursement insurance/takaful product with the minimum co-payment amount and offer it as an option, alongside existing products, to consumers at point of sale[9]. The minimum co-payment amount shall be no less than:
   i) Co-insurance/co-takaful of 5% of total claimable expenses (after deductible, if any) per policy/takaful certificate year, subject to a maximum co-payment limit to be set by the licensed ITO[10]; and/or
   ii) RM500 deductible per policy/takaful certificate year;

(b) offer a range of other co-payment amounts[11] to consumers, as options at point of sale; and

---

[8] If there are no changes to the premium/takaful contribution refund schedule that has been disclosed at point of sale, the licensed ITO is not required to disclose the same premium/takaful contribution refund schedule at point of renewal.

[9] While group medical reimbursement insurance/takaful products are exempted from the requirement to be designed with minimum co-payment feature, licensed ITOs are encouraged to offer the co-payment feature as an option to their customers at point of sale and/or during policy/takaful certificate renewal.

[10] Licensed ITOs can determine the basis of its own maximum limit. Such basis may include, but not be limited to, per treatment or utilisation basis as well as per policy/takaful certificate year basis.

[11] The range of co-payment amount levels offered should cater to the varying financial needs of diverse policy owners/takaful participants.

(c) design all new[12] individual medical reimbursement insurance/takaful products with a co-payment feature[13], where the co-payment amount shall not be lower than the minimum amount set out in paragraph 9.4(a).

S 9.5 In relation to paragraph 9.4, a licensed ITO shall:

(a) exercise discretion to consider any financial hardships or extenuating circumstances faced by the policy owner/takaful participant when deciding whether or not to waive the requirement for the policy owner/takaful participant to make co-payment at time of a claim, subject to respective internal governance and procedures; and

(b) not apply the co-payment feature in circumstances set out in **Appendix 1.**

S 9.6 In order to protect the interest of an individual MHIT policy owner/takaful participant, a licensed ITO shall comply with the following:

(a) The general waiting period shall not:

i) exceed 30 calendar days from the effective date of the MHIT policy/takaful certificate; or

ii) apply in cases where emergency treatment is sought for an insured/person covered arising from an accident;

(b) Imposition of any additional waiting period shall be limited to those illnesses specified in GOT, as a risk mitigation measure against anti-selection and shall not exceed 120 calendar days from the effective date of the MHIT policy/takaful certificate;

(c) Any coverage exclusions or limitations for pre-existing condition(s) shall be limited to those that existed prior to the effective date of cover under the policy/takaful certificate and of which the policy owner/takaful participant could have reasonably been aware of[14]. A licensed ITO is responsible to prove that the policy owner/takaful participant either had knowledge or was reasonably aware of the pre-existing condition(s) in the event the licensed ITO denies a claim of an excluded pre-existing condition; and

(d) The survival period[15] for a critical illness or dread disease insurance/takaful product shall not exceed 30 calendar days from the date the policy owner/takaful participant is diagnosed with such illness/disease.

---

[12] The term “new product” is defined in the Policy Document on Introduction of New Products by Insurers and Takaful Operators issued on 15 May 2015. For the purpose of this requirement, any changes to benefits and limits, including via rider add-ons, of any existing product as at 29 February 2024, is deemed to be material and hence, meets the definition of new product.

[13] The minimum co-payment feature can be in the form of co-insurance/co-takaful and/or deductible. For the avoidance of doubt, licensed ITOs are no longer permitted to design new medical reimbursement insurance/takaful products without the minimum co-payment feature. Licensed ITOs shall not offer any add-ons to reduce or fully waive the co-payment portion.

[14] A policy owner/takaful participant may be considered to have reasonably been aware of a pre-existing condition where the condition is one for which:-

a) the policy owner/takaful participant had received or is receiving treatment;
b) medical advice, diagnosis, care or treatment has been recommended;
c) clear and distinct symptoms are or were evident; or
d) its existence would have been apparent to a reasonable person in the circumstances.

[15] Survival period refers to the time period that the insured/person covered must survive after being diagnosed with a critical illness before a licensed ITO pays out the coverage amount.

S 9.7 A licensed ITO shall not bundle MHIT product(s) with a life insurance or family takaful product if the premium/takaful contribution of the MHIT component is not similarly guaranteed or fixed throughout the term of the life insurance policy/family takaful certificate. A MHIT product shall not be considered as 'bundled' if:

(a) the MHIT and life insurance/family takaful components are clearly distinct and separable; and

(b) the policy owner/takaful participant can terminate his/her MHIT cover without affecting his/her life insurance/family takaful cover.

G 9.8 Notwithstanding paragraph 9.7, a licensed ITO may offer MHIT product(s) as a rider to a base life insurance policy/family takaful certificate without having to guarantee or fix the MHIT premium/takaful contribution.

10 Re-pricing and risk pooling practices

S 10.1 A licensed ITO shall develop internal policies and procedures for the re-pricing of medical reimbursement insurance/takaful products and ensure that all re-pricing exercises are carried out in compliance with its internal policies and procedures. The internal policies and procedures on re-pricing shall be properly documented and duly approved by the board of directors of the licensed ITO in line with paragraphs 10.3 and 11.1 of the Policy Document on Introduction of New Products by Insurers and Takaful Operators[16].

S 10.2 A licensed ITO shall undertake price adjustments in a re-pricing exercise either on an individual medical reimbursement insurance/takaful product or a homogeneous cohort basis. When determining homogeneous cohorts, the licensed ITO shall:

(a) balance the objectives of preserving equity[17] among different groups of policy owners/takaful participants and the benefits of risk pooling; and

(b) ensure that the principles and approach of determining the homogeneous cohorts are consistent with sound actuarial principles and existing regulatory requirements, including Shariah requirements[18].

S 10.3 In relation to paragraph 10.1, a licensed ITO shall ensure that its internal policies and procedures on re-pricing of medical reimbursement insurance/takaful products address the following areas:

(a) Overall approach for experience monitoring and re-pricing purposes including:

i) the metric(s) used for claims experience monitoring and the explicit triggers for remedial actions to be carried out. If a licensed ITO intends to consider other parallel non-repricing initiatives[19] prior to

[16] Issued on 15 May 2015.

[17] Where appropriate, medical reimbursement insurance/takaful products with and without co-payment features must be pooled separately to be more reflective of the underlying differences in product design and claims experience.

[18] Including the requirement under paragraph 9.10 of the Policy Document on Takaful Operational Framework.

[19] Non-repricing initiatives would include any remedial actions other than re-pricing that are undertaken with the aim to manage escalating claims experience. Examples of non-repricing initiatives are the application of data analytics to identify claim leakages or abuses and improving claims management processes.

undertaking a re-pricing exercise, the internal policies and procedures shall specify the tolerance limit such as the time frame or loss ratio range before a re-pricing exercise is undertaken; and

ii) the scope of data and information to be used in the re-pricing assessment;

(b) Methodology and assumptions adopted for determining the technical risk rates and the revised premium/takaful contribution or COI/*tabarru'* rates, taking into account the policy owners'/takaful participants' reasonable expectations. This includes details on the approach for deriving the medical inflation loading assumption and the number of years the medical inflation would be loaded for (i.e. intended re-pricing frequency);

(c) Principles for risk pooling including defining the homogeneity criteria in determining homogeneous cohort, for experience monitoring and re-pricing purposes;

(d) Principles surrounding the management of trade-offs between affordability and sustainability of medical reimbursement insurance/takaful products that facilitate consistency across re-pricing assessments including the:

i) measurement of affordability;

ii) limits on quantum of revision;

iii) extent of cross-subsidies allowed within a homogeneous cohort and the management of such cross-subsidies over time; and

iv) smoothing of premium/takaful contribution or COI/*tabarru'* rates (e.g. across age groups and products);

(e) Avenues for policy owners/takaful participants, including those who are already in the lowest plan of the medical reimbursement insurance/takaful product, to seek assistance and strategies to conserve its coverage;

(f) Approach for managing risk pools in the event of decreasing pool size over time, with considerations for data credibility explicated quantitatively;

(g) Stakeholder management and communication strategies including a comprehensive risk assessment of the impact of any re-pricing of the medical reimbursement insurance/takaful products to different stakeholders, as well as specific risk mitigation action plans and targeted communication strategies to the different stakeholders; and

(h) Governance framework and process for re-pricing exercises including:

i) roles and responsibilities of teams/committees etc. involved in the re-pricing exercise; and

ii) list of circumstances under which the licensed ITO's re-pricing exercise may depart from the internal policies and procedures (e.g. postponement of re-pricing), including waivers/exceptions approved by the licensed ITO's board of directors in the past.

G 10.4 In relation to paragraph 10.3(e), a licensed ITO may provide for a different approach to conserve the coverage of the medical reimbursement insurance/takaful product depending on the type of product (e.g. standalone versus premium/takaful contribution-paying rider versus unit-deducting rider).

S 10.5 A licensed ITO shall ensure that its internal policies and procedures relating to the re-pricing of medical reimbursement insurance/takaful products sufficiently address practices which may be regarded as unfair to consumers, including, but not limited to those set out in **Appendix 2**.

S 10.6 A licensed ITO shall submit an addendum for the re-pricing of medical reimbursement insurance/takaful products with reviewable rates to the Bank, in line with paragraph 13.14 of the Policy Document on Introduction of New Products by Insurers and Takaful Operators. The licensed ITO shall ensure that its submission is in line with paragraph 13.10 of the Policy Document on Introduction of New Products by Insurers and Takaful Operators and shall include, at minimum, the information set out in **Appendix 3** of this policy document and submitted in the format specified in **Appendix 4** of this policy document, where relevant.

11 Commission limits

S 11.1 A licensed ITO shall not pay any commission exceeding the following maximum commission limits in respect of the sale of its MHIT products.

	As a percentage of premium/takaful contribution
a) Individual policy/takaful certificate	
i) Yearly renewable standalone policy/takaful certificate.	15%
ii) Other policies/takaful certificates, including riders, with term exceeding one year[20].	171% for a 20-year or more policy/takaful certificate, pro-rated accordingly for a shorter-term policy/takaful certificate[21].
iii) Guaranteed yearly renewable medical reimbursement rider[22] where its premium/takaful contribution does not constitute more than 50% of the combined premium/takaful contribution of the medical reimbursement rider and base life insurance policy/family takaful certificate[23].	as per (ii).
iv) Other riders, excluding items a(ii) and (iii) above.	15%
b) Group policy/takaful certificate	10%

[20] Applicable to policies/takaful certificates offered by licensed ITOs carrying on life/family takaful business only.

[21] The commission payment shall be in accordance with the Policy Document on Operating Cost Controls for Life Insurance and Family Takaful Business.

[22] Include guaranteed yearly renewable and conditional yearly renewable riders which are subject to portfolio withdrawal clause.

[23] When calculating the combined premium/takaful contribution, the licensed ITO must exclude other non-MHIT riders attached to the base policy/takaful certificate and based on first year premium/takaful contribution.

S 11.2 A licensed ITO shall not include any commissions into the pricing of premiums/takaful contributions of any direct MHIT product or pay any commissions for direct MHIT products offered[24].

12 Monitoring and reporting

G 12.1 To facilitate greater data sharing to support better cost control management and pave way towards greater transparency, licensed ITOs are encouraged to enhance the collection and standardisation of MHIT product data, particularly medical reimbursement insurance/takaful products.

Submission to central medical claims data platform

S 12.2 Licensed ITOs shall submit MHIT claims data[25] to a central medical claims data platform which is established by the licensed ITOs in collaboration with the relevant industry associations beginning 1 January 2025. This is to enable greater industry-wide analysis of medical claims data, including but not limited to facilitating the disclosure and publication of information relevant to drivers of medical inflation rate and medical claims trends.

S 12.3 In relation to paragraph 12.2, licensed ITOs shall establish the central medical claims data platform in accordance with the requirements set out in **Appendix 6**.

Submission of medical reimbursement insurance/takaful product(s) with co-payment feature data

S 12.4 In monitoring the effectiveness and progress of medical reimbursement insurance/takaful product(s) with co-payment feature, licensed ITOs shall monitor and maintain records of the take-up and experience of medical reimbursement insurance/takaful product(s) with co-payment feature on an annual basis[26] in accordance with the reporting template set out in **Appendix 7.**

S 12.5 In relation to paragraph 12.4, licensed ITOs shall submit the complete records digitally to the Bank via the Integrated Submission Platform (ISP) in accordance with the submission instructions stated in **Appendix 7**. The complete records shall be submitted to the Bank by 31 January of the subsequent year beginning 31 January 2025 or any other date as agreed upon by the Bank. In the event that the deadline falls on a non-working day, the completed records must be submitted to the Bank by the next immediate working day.

---

[24] This requirement is in line with paragraph 8.5 of the Policy Document on Direct Distribution Channel for Pure Protection Products for licensed ITOs carrying on life business and family takaful business.

[25] Including MHIT claims data for the years 2023 and 2024.

[26] For the period of 1 January to 31 December of that calendar year.

PART C BUSINESS CONDUCT AND DISCLOSURE REQUIREMENTS

13 Disclosure requirements

S 13.1 A licensed ITO shall, at all times:

(a) ensure that any information provided to consumers on a MHIT product is in line with the Guidelines on Product Transparency and Disclosure[27];

(b) ensure that the information provided to consumers on the MHIT product is consistent with the contents of its product documentation filed with the Bank;

(c) provide adequate information on the MHIT product to consumers and policy owners/takaful participants to facilitate comparisons and informed decision-making. Such information shall include, but are not limited to, the key product features, benefits and risks, exclusions and limitations, fees and charges, and contractual rights and obligations of policy owners/takaful participants; and

(d) provide accurate and timely information to policy owners/takaful participants on their MHIT policies/takaful certificates.

At point of sale

S 13.2 In addition to any sales and marketing materials, a licensed ITO shall provide a copy of the product disclosure sheet (PDS) to consumers.

S 13.3 In relation to paragraph 13.2, a licensed ITO shall make available the PDS in languages, including Bahasa Malaysia, that meet the needs of its customer segments.

S 13.4 With respect to the PDS, a licensed ITO shall provide consumers the full details of the fees and charges, including any other fees and charges that are not included in the premiums/takaful contributions. The licensed ITO shall also explain the purpose of imposing such fees and charges. Specifically, for:

(a) yearly renewable standalone policies/takaful certificates and group policies/takaful certificates, the commissions to be borne by the policy owner/takaful participant shall be expressed both in terms of the aggregate (absolute) amount and as a percentage of premiums/takaful contributions payable for each policy/takaful certificate year;

(b) standalone policies/takaful certificates with a term exceeding 12 months, guaranteed yearly renewable standalone policies/takaful certificates and premium/takaful contribution paying riders, the commissions to be borne by the policy owner/takaful participant, shall be expressed both in terms of the aggregate (absolute) amount and as a percentage of total premiums/takaful contributions payable for the years where commissions are payable to intermediaries;

(c) unit-deducting riders, the licensed ITO shall refer the policy owner/takaful participant to the sales and marketing illustration of the base policy/takaful certificate for more information; and

(d) medical and health takaful products, the licensed ITO shall disclose the *wakalah* fees with further breakdown by commissions and management expenses, expressed both in terms of the aggregate (absolute) amount

[27] Issued on 31 May 2013.

and as a percentage of takaful contributions payable for each takaful certificate year or the years where commissions are payable to intermediaries, in line with paragraphs 13.4(a) or 13.4(b).

S 13.5 For individual medical reimbursement insurance/takaful products, a licensed ITO shall ensure that the PDS for such products conforms to the format as set out in **Appendix 8** of this policy document. The PDS for individual medical reimbursement insurance/takaful products shall not exceed two and a half (2 ½) A4 pages.

S 13.6 In relation to paragraph 13.5, in ensuring that the PDS for individual medical reimbursement insurance/takaful products conforms to the PDS format set out in **Appendix 8**, specifically on:

(a) 'Step 3' of the PDS, a licensed ITO shall:

i) disclose the three-year industry average medical inflation rate, based on the billed amounts for surgical and non-surgical treatments insured/person covered under individual medical reimbursement insurance/takaful products by 1 January 2025[28]. The billed amounts shall include all approved claims, including those unsettled, as at 31 December of every year;

ii) illustrate the projected premium/takaful contribution or COI/*tabarru'* using the three-year industry average medical inflation rate, compared against current premium/takaful contribution or COI/*tabarru'* upon consumer's attained age. The projection must be customised according to the consumer's entry age, with five-year intervals for the next 20 years (or until the end of the individual medical reimbursement policy/takaful certificate contractual term, whichever is earlier);

iii) disclose the three-year industry average claims ratio, expressed as the amount of premium (per RM1.00) allocated to pay claims, by 1 January 2025[28];

iv) update in the PDS the abovementioned industry average medical inflation rate and corresponding projections of all individual medical reimbursement insurance/takaful products offered by 1 July of every year beginning 1 July 2026; and

v) update in the PDS the abovementioned three-year industry average claims ratio by 1 July of every year beginning 1 July 2026; and

(b) 'Step 5' of the PDS, a licensed ITO shall:

i) disclose two alternative products which are comparable to the recommended individual medical reimbursement plan in the Product Options Table. In the event that the licensed ITO has less than three medical reimbursement products distributed through the same channel as the recommended product, the licensed ITO shall disclose a different plan available within the recommended product or a different plan available within the alternative product options;

ii) select for disclosure only alternative individual medical reimbursement insurance/takaful product options which are distributed through the same distribution channel as the recommended product;

[28] For the period from 1 January 2025 until 30 June 2026, a licensed ITO shall disclose the industry average medical inflation rate and the industry average claims ratio as specified by the Bank.

iii) disclose at least one individual medical reimbursement product with co-payment feature as one of the alternative products, in line with paragraph 9.4(a) of this policy document, especially if the recommended product is not a product with co-payment feature; and
iv) disclose the total of annual premium/takaful contribution for the base life insurance policy/family takaful certificate with the rider attached where applicable.

G 13.7 In relation to paragraph 13.6(b), in disclosing the alternative products in the Product Options Table, a licensed ITO may prioritise the following features (in order of importance) for comparability:
(a) Products or plans with co-insurance/co-takaful and/or deductible;
(b) Standalone products;
(c) Products or plans offering similar or lower levels of benefits (i.e. hospital room and board, annual limit, lifetime limit etc.);
(d) Products or plans with similar coverage terms; or
(e) Products or plans with lower annual premiums/takaful contributions.

At point of entering into contract

S 13.8 A licensed ITO shall provide complete information of a MHIT product in the policy/takaful certificate that must include but is not limited to, the following:
(a) Policy/takaful certificate benefits;
(b) Premium/takaful contribution rates;
(c) Fees and charges;
(d) Exclusions and limitations; and
(e) All contractual rights and obligations of policy owners/takaful participants, including policy/takaful certificate renewals and switching of products or plans.

During the term of policy/takaful certificate

S 13.9 In its communication with policy owners/takaful participants on the re-pricing of individual medical reimbursement insurance/takaful products, a licensed ITO shall give due regard to the policy owners'/takaful participants' respective financial circumstance, in particular, the impact of re-pricing on the affordability of their existing policies/takaful certificates. A licensed ITO shall also communicate, at minimum, the information relating to the areas outlined in **Appendix 5** of this policy document to the policy owners/takaful participants, in line with Principle 3[29] specified in paragraph 12 of the Policy Document on Fair Treatment of Financial Consumers.

S 13.10 A licensed ITO shall ensure that policy owners/takaful participants have access to key information with respect to the management of their individual medical reimbursement insurance/takaful products, in line with paragraph 4 of Part A in **Appendix 5** of this policy document. This is to manage policy owners'/takaful participants' expectations and to facilitate policy owners/takaful participants in making informed decisions on the available products to preserve their coverage.

[29] Principle 3: A financial service provider must provide financial consumers with clear, relevant and timely information on financial services and products.

S 13.11 A licensed ITO shall clearly disclose to policy owners/takaful participants the consequences[30] of switching to a different MHIT product in the surrender or product switching forms.

14 Needs-based assessment requirements

S 14.1 A licensed ITO shall ensure that its staff and intermediaries obtain sufficient information about a consumer before providing any advice and product recommendation(s). This applies to all individual MHIT products offered[31], including MHIT riders purchased upon or after the inception of the base life insurance policy/family takaful certificate. The licensed ITO shall make available appropriate tools and relevant trainings for its staff and intermediaries to conduct a needs-based assessment in their dealings with consumers.

S 14.2 In relation to paragraph 14.1, a licensed ITO shall ensure that its staff and intermediaries obtain the following minimum information from the consumer through the fact-finding process:

(a) His/her financial objectives, needs and priorities;
(b) His/her financial situation, including sources and amount of income as well as the potential financial impact to the consumer[32];
(c) His/her existing MHIT coverage; and
(d) His/her employment status and whether MHIT coverage is provided by his/her employer.

S 14.3 In line with Principle 5[33] specified in paragraph 14 of the Policy Document on Fair Treatment of Financial Consumers, a licensed ITO shall ensure that its staff and intermediaries provide advice and recommendation on individual MHIT products that is supported with a reasonable basis and is in the best interests of consumers.

S 14.4 For MHIT policies/takaful certificates distributed via direct distribution channels, a licensed ITO must make available appropriate tools for consumers to conduct self-assessment on product suitability, having regard to his/her needs, financial circumstances and risk profiles[34]. These tools shall include:

(a) a needs analysis calculator to estimate the amount of coverage needed; and
(b) a financial budget calculator to gauge the affordability of premiums/takaful contributions payable based on current income, expenditure and financial obligations.

---

[30] This may include additional fees and charges, imposition of new waiting periods, exclusion of additional pre-existing conditions and/or changes in benefit coverage.

[31] Excluding individual MHIT products approved pursuant to the Policy Document on *Perlindungan Tenang.*

[32] This allows licensed ITOs to gauge the affordability of premiums/takaful contributions or co-payment amount to be incurred.

[33] Principle 5: A financial service provider must take reasonable care to ensure the suitability of advice and recommendations provided to financial consumers.

[34] This requirement is in line with paragraph 9.1 of the Policy Document on Direct Distribution Channel for Pure Protection Products, for licensed ITOs carrying on life business and family takaful business.

S 14.5 In relation to paragraph 14.4, a licensed ITO shall set mandatory fields within the needs analysis and financial budget calculators made available online, where consumers can only proceed with the transaction after providing key information in the mandatory fields.

15 Prohibition on concluding sales of all MHIT products (including riders) through telemarketing channel

G 15.1 A licensed ITO may market its MHIT products and provide information on its key features, terms and conditions through telemarketers.

S 15.2 Notwithstanding paragraph 15.1, a licensed ITO shall not permit telemarketers to conclude the sale of its MHIT products, either on a standalone basis or as a rider, over the phone. Instead, the licensed ITO shall refer consumers who are interested to make a purchase to an intermediary who is qualified to conduct the needs-based assessment in line with the requirements under paragraphs 14.1, 14.2 and 14.3.

PART D APPENDICES

Appendix 1 Circumstances where the co-payment feature shall not apply*

1. Emergency treatment, including in accident cases.

2. Outpatient treatment for follow-up treatments arising from critical illnesses such as for cancer or kidney dialysis.

3. Treatment sought at a Government healthcare facility.

* A licensed ITO shall obtain the Bank's prior written approval to provide additional circumstances beyond those listed above. Such applications shall be submitted with relevant details and clear justifications to the Bank.

Appendix 2 Practices which shall be regarded as unfair

1. Rate increases that are not due to the underlying medical claims experience

A licensed ITO must not revise the rates of medical reimbursement insurance/takaful products as a result of-

(i) higher profit margin to be generated for the licensed ITO than initial pricing assumption; or

(ii) increase price of loadings that are not directly attributable to the ongoing management of the individual product/homogeneous cohort. For example, a change in the overall expense allocation methodology that results in a higher share of common expenses being charged to the individual product/homogeneous cohort.

2. Inconsistent application of risk rating differentials over time on guaranteed yearly renewable and long-term medical reimbursement insurance/takaful products

A licensed ITO's practice of changing rating factors to further differentiate the risk profiles of the policy owners/takaful participants during re-pricing would not be fair to consumers, for both guaranteed yearly renewable and long-term medical reimbursement insurance/takaful products. In particular, adding rating factors could invalidate the criteria against which entrance to the pool was assessed and would not be consistent with policy owners'/takaful participants' expectations at the point of sale.

Appendix 3 Minimum information required to be included in the re-pricing addendum in respect of individual medical reimbursement insurance/takaful products to be submitted to the Bank

A licensed ITO must submit to the Bank, at minimum, the following information in the re-pricing addendum of individual medical reimbursement insurance/takaful products:

1. Summary of information relating to re-pricing, including[35]:
   (i) the affected products, grouped according to homogeneous cohort;
   (ii) product type and classification under the Policy Document on Investment-Linked ("IL") Business (for IL riders);
   (iii) for yearly renewable term ("YRT") medical reimbursement insurance/takaful products, whether renewability is guaranteed;
   (iv) whether the medical reimbursement insurance/takaful products are open or closed for new business, and year of closure, if applicable;
   (v) the number of affected medical reimbursement policies/takaful certificates;
   (vi) the minimum and maximum rate revision[36] by percentage and amount for each medical reimbursement insurance/takaful product, by rate table[37];
   (vii) the minimum, maximum and weighted average of rate revision by percentage and amount for each medical reimbursement insurance/takaful product, by expected impact to existing policy owners/takaful participants; and
   (viii) the amount of increase in premium/takaful contribution rates to meet target loss ratio at each medical reimbursement insurance/takaful product level.

2. Statistics for each medical reimbursement insurance/takaful product within the homogeneous cohort for the latest five years preceding re-pricing, categorised by at least plan type (e.g. room and board level), gender and age band[38]:
   (i) total claims amount (including the incurred but not reported ("IBNR") provision, if any);
   (ii) total premiums/takaful contributions or COI/*tabarru'* received;
   (iii) number of policies/takaful certificates[39];
   (iv) number of claims; and
   (v) ratio of actual/expected claims (if available).

3. Explanation on the licensed ITO's compliance with its internal policies and procedures, including the rationale for any deviations from such internal policies and procedures. The information that the licensed ITO must submit to the Bank includes but is not limited to the following:
   (i) re-pricing thresholds;
   (ii) derivation of the inflation assumption;

---

35 To be provided according to Table 1(a) and Table 1(b) in **Appendix 4**.

36 For IL riders and takaful products with dripping model, the rate revision must be expressed as the change in cost of insurance/*tabarru'*.

37 Licensed ITOs must assume at least 1 exposure for each age band and plan type.

38 To be provided according to Table 2 in **Appendix 4**.

39 For policies/takaful certificates covering more than one person, licensed ITOs must adjust the statistics such that the total number of policies/takaful certificates equals to the total number of insureds/persons covered under the product portfolio.

(iii) scope of the data and information used, including confirmation that ex-gratia payments[40] have been excluded from the re-pricing assessment;
(iv) the extent of cross subsidisation within the homogeneous cohort; and
(v) management of shrinking pool (e.g. whether the re-priced cohort meets the data credibility criteria and plans to manage remaining policies/takaful certificates if claims experience is anticipated to deteriorate faster as the risk pool shrinks).

4. Explanation and numerical examples on:
(i) derivation of morbidity assumption;
(ii) derivation of revised premium/takaful contribution rate or COI/*tabarru'* charges (including any further adjustments made to the technical risk rates, having regard to the licensed ITO's internal policies and procedures) including an explanation of the derivation of the rates for each plan type and age band; and
(iii) derivation of top-up premium/takaful contribution (for IL life policies/takaful certificates).

5. Range of increase in premium/takaful contribution rate (for conventional non-IL/single risk fund takaful products) or COI/*tabarru'* (for conventional IL/dripping model takaful products) (both in amount and %) with corresponding number of policies/takaful certificates impacted at least by plan type and age bands[41]. For re-pricing with optional changes to benefits, the information must be submitted with and without benefit changes.

6. In addition to item 5 of this Appendix, for medical riders of IL plans/takaful products with dripping model, range of equivalent[42] top-up premiums/takaful contributions required to support the increase in reviewable COI/*tabarru'* (both in amount and %), at least by plan type and age bands, including the distribution of number of policies/takaful certificates falling within specific range of top-up premiums/takaful contributions[43].

7. For re-pricing of medical reimbursement riders that results in incremental premium/takaful contribution or COI/*tabarru'* of other riders (e.g. premium/takaful contribution waiver rider or payor/contributor rider) attached to the same basic life insurance policy/family takaful certificate:
(i) the number of policies/takaful certificates with corresponding increase in premium/takaful contribution or COI/*tabarru'* for other riders (out of total number of policies/takaful certificates affected by the re-pricing);
(ii) if there is corresponding increase in premium/takaful contribution for the other riders affected, the range of increase in premium/takaful contribution rate (both in amount and %) for the other riders, with corresponding number of policies/takaful certificates impacted at least by plan type and age bands,

---

[40] Ex-gratia payments are voluntary payments made by the licensed ITO in response to a loss event which does not fall within the ambit of contractual terms.

[41] To be provided according to Table 3 in **Appendix 4**.

[42] For the purpose of this requirement, the range of top-up premiums/takaful contributions for IL plans falling under paragraph 16.8(a) of the Policy Document on Investment-Linked Business must not include the amount of additional premiums/takaful contributions required to restore overall policy/takaful certificate sustainability to the end of contractual term.

[43] To be provided according to Table 4(a) and Table 4(b) in **Appendix 4**, with segregation between single top-ups and regular top-ups.

including the distribution of number of policies/takaful certificates falling within specific range of incremental premiums/takaful contributions[44]; and

(iii) sample of annexure to the policy/takaful certificate of all the other riders affected.

8. For re-pricing of medical riders attached to basic life insurance policies/family takaful certificates that are waived from paying premiums/takaful contributions:
   (i) the number of policies/takaful certificates that are waived from paying premiums/takaful contributions;
   (ii) the range of top-ups required to maintain medical cover until end of contractual coverage term[45], at least by plan type and age bands, including the distribution of number of policies/takaful certificates falling within specific range of top-up premiums/takaful contributions[46]; and
   (iii) the impact to sustainability of the medical cover attached to the IL policies/takaful certificates, i.e. the reduction of coverage term (in number of years) assuming the policy owners/takaful participants choose to not perform top-ups, at least by plan type and age bands, including the distribution of number of policies/takaful certificates falling within specific range of impact to sustainability[46].

9. Impact analysis due to lapse upon re-pricing (i.e. stress test on higher lapse due to re-pricing for the next three years).

10. Projected loss/claims ratios for each homogeneous cohort and product after re-pricing, specifying the historical medical inflation rates, medical claims inflation rate assumed in projection and any other assumptions used in the projection (e.g. new business, lapse etc.). The period of projection must be in line with the licensed ITO's internal policies and procedures on medical reimbursement insurance/takaful product re-pricing.

11. Assessment on affordability and measures to ensure continuity of medical cover for affected policy owners/takaful participants (if any), including:
   (i) assessment on affordability of increases in premiums/takaful contributions, including regular or single top-ups required of affected policy owners/takaful participants to maintain medical cover;
   (ii) assessment on affordability, particularly for vulnerable groups[47]. This includes using the available data types to support options offered to affected policy owners/takaful participants;
   (iii) Board meeting minutes where affordability assessment is deliberated (if any);
   (iv) details on available options to policy owners/takaful participants to downgrade the existing plans, criteria for downgrading the existing plan as well as options to switch with or without underwriting considerations; and

---

[44] To be provided according to Table 5(a) and Table 5(b) in **Appendix 4**.

[45] For IL products with an extension to coverage term feature, this refers to the initial coverage term only.

[46] To be provided according to Table 6(a) and Table 6(b) in **Appendix 4**, with segregation between single top-ups and regular top-ups.

[47] At minimum, vulnerable groups include affected policy owners/takaful participants who are senior citizens in line with the definition of "vulnerable consumers" in the Policy Document on Fair Treatment of Financial Consumers.

(v) comparison of details (e.g. benefits, premiums/takaful contributions and COI/*tabarru'*) of existing plan and available options.

12. Cost containment initiatives, including claims management actions taken (including timeframe), and the extent these are imputed into the current re-pricing, if any.

13. Assessment on policy owners'/takaful participants' reasonable expectations ("PRE"), including materials used and feedback (e.g. evidence that licensed ITOs took into consideration PRE when determining the revised premium/contribution and COI/*tabarru'* rates).

14. Sales tools used, including previous and current training materials, sales and marketing materials, and PDS, for all products including those that have been withdrawn.

15. Materials for stakeholder management and communication strategy[48], including the written notifications to policy owners/takaful participants[49], agency toolkit, FAQs for policy owners/takaful participants, agents and BNM LINK/Regional Offices, leaflets, and past communications to policy owners/takaful participants regarding the performance of the medical portfolio, if any.

16. Details of all previous premium/takaful contribution and COI/*tabarru'* rate revisions, including, for each medical reimbursement insurance/takaful product under the homogeneous cohort:
    (i) the date of the implementation of revision;
    (ii) overall range (minimum and maximum) of increase in premium/takaful contribution rate (for conventional non-IL/single risk fund takaful products) or COI/*tabarru'* (for conventional IL/dripping model takaful products) (both in amount and %);
    (iii) the rationale for revision and the overall target loss ratio or actual/expected ratio of the re-pricing exercise; and
    (iv) the number of policies/takaful certificates affected.

[48] Including differentiated approach according to availability of policy owners'/takaful participants' contact details and respective vulnerabilities, and plans for monitoring receipt of notifications.

[49] Licensed ITOs to share the computation (i.e. formula, numerators, denominators, time period used) of the metrics "change in utilisation rate and average claims size" and "three-year average medical inflation rate" (as per paragraph 1(a) under Part A of Appendix 5), and whether these are the experience of the specific medical reimbursement product being re-priced or the homogeneous cohort. For the avoidance of doubt, licensed ITOs are prohibited from adjusting or modifying the medical inflation rate computation by any other factors (e.g. claims utilisation rate).

Appendix 4 Format for submission of quantitative information for re-pricing of individual medical reimbursement insurance/takaful products (to be submitted in form of Microsoft Excel spreadsheet)

Table 1(a): Summary information for re-pricing (general)

Cohort	Product	Product Type (Note 1)	Basis of top-up premium/ takaful contribution (Note 2)	Yearly renewability: guaranteed/ non-guaranteed	Open/ closed to new business	Date of closure to new business	Changes to rate table (Notes 3 and 4)			
							Percentage (%)		Amount (RM) per annum	
							Min.	Max.	Min.	Max.
			16.8(a) or 16.8(b)							

Table 1(b): Summary information for re-pricing (based on referenced position)

Cohort	Product	Referenced position (Note 4)	Number of affected policies/takaful certificates (inclusive of riders)	Impact of rate change to affected consumers (Note 5)						Required % increase to meet target loss ratio (at product level) (Note 6)
				Percentage (%)			Amount (RM) per annum			
				Min.	Max.	Wt. Avg.	Min.	Max.	Wt. Avg.	

Note:

1. Product type is applicable for licensed ITOs carrying on life business and family takaful business only:
   - Life business: investment-linked (IL)/non-IL
   - Family takaful business: dripping model/non-dripping model
2. Applicable for IL riders only and in reference to paragraphs 16.8(a) or 16.8(b) of the Policy Document on Investment-linked Business.
3. Assume at least 1 exposure at each age band and plan type.
4. The referenced position is the date which the impact assessment of the re-pricing exercise is based on.
5. For investment-linked riders and takaful products with dripping model, the rate revision must be expressed as the change in COI/*tabarru'*.
6. If the final quantum of re-pricing is not expected to restore target loss ratio within the timeframe specified in the internal policy, state the required percentage increase (technical change).

Table 2: Re-pricing statistics for each product

Year X

Age band	Plan 1							
	[i] Total claims amount (RM)	[ii] Total premiums/ takaful contributions/COI/ *tabarru'* received (RM)	[iii] Number of policies/ takaful certificates (Note 1)	[iv] Number of claims	[v] Claims ratio ([i]/[ii])	[iv] Average claims amount ([i]/[iv])	[vii] Utilisation rate ([iv]/[iii])	[viii] Ratio of Actual to Expected Claims (%)
0 – 10								
11 – 20								
…								
Total								

Note:

1. For policies/takaful certificates covering more than one person, licensed ITOs must adjust the statistics such that the total number of policies/takaful certificates equals to the total number of insured/person covered under the product portfolio.
2. Age band grouping must correspond with the grouping used in the licensed ITO's rate tables.
3. Please ensure the information in this table is consistent with information in other tables in Appendix 4 (e.g. number of policies/takaful certificates affected by the re-pricing must be the same across all tables). If it is not consistent, please highlight and justify (e.g. use of different referenced position).

Table 3: Range of increase in premium/takaful contribution rate or COI/*tabarru'*

Age band	Plan 1		
	Range of increment in premium/ takaful contribution rate/ COI/*tabarru'* (RM)	Range of increment in premium/ takaful contribution rate/ COI/*tabarru'* (%)	Number of policies/ takaful certificates
0 – 10			
11 – 20			
…			
Total			

Note:

1. Age band grouping must correspond with the grouping used in the licensed ITO's rate tables.
2. Please ensure the information in this table is consistent with information in other tables in Appendix 4 (e.g. number of policies/takaful certificates affected by the re-pricing must be the same across all tables). If it is not consistent, please highlight and justify (e.g. use of different referenced position).

Table 4(a): Range of equivalent top-up premiums/takaful contributions required to support the increase in COI/*tabarru'*, for medical riders of IL plans/takaful with dripping model, by age band

Age band	Plan 1		
	Range of equivalent top-up premium/takaful contribution (RM)	Range of equivalent top-up premium/takaful contribution (%)	Number of policies/takaful certificates
0 – 10			
11 – 20			
…			
Total			

Table 4(b): Range of equivalent top-up premiums/takaful contributions required to support the increase in COI/*tabarru'*, for medical riders of IL plans/takaful with dripping model, by range of top up in amount and percentage increase

Plan 1			
Range of equivalent top-up premium/takaful contribution (RM)	Number of policies/ takaful certificates	Range of equivalent top-up premium/takaful contribution (%)	Number of policies/ takaful certificates
0 – 300		0 – 5.00	
301 – 600		5.01 – 10.00	
…		…	
Total		**Total**	

Note:

1. Age band grouping must correspond with the grouping used in the licensed ITO's rate tables.
2. Please ensure the information in this table is consistent with information in other tables in Appendix 4 (e.g. number of policies/takaful certificates affected by the re-pricing must be the same across all tables). If it is not consistent, please highlight and justify (e.g. use of different referenced position).

Table 5(a): Range of increase in premium/takaful contribution rate for other riders affected by the re-pricing of medical reimbursement rider attached to the same basic life insurance policy/family takaful certificate, by age band

Age band	Plan 1		
	Range of increment in premium/ takaful contribution rate (RM)	Range of increment in premium/ takaful contribution rate (%)	Number of policies/ takaful certificates
0 – 10			
11 – 20			
…			
Total			

Table 5(b): Range of increase in premium/takaful contribution rate for other riders affected by the re-pricing of medical reimbursement rider attached to the same basic life insurance policy/family takaful certificate, by range of increment in amount and percentage increase

Plan 1			
Range of increment in premium/takaful contribution rate (RM)	Number of policies/ takaful certificates	Range of increment in premium/takaful contribution rate (%)	Number of policies/ takaful certificates
0 – 300		0 – 5.00	
301 – 600		5.01 – 10.00	
…		…	
Total		**Total**	

Note:

1. Age band grouping must correspond with the grouping used in the licensed ITO's rate tables.
2. Please ensure the information in this table is consistent with information in other tables in Appendix 4 (e.g. number of policies/takaful certificates affected by the re-pricing must be the same across all tables). If it is not consistent, please highlight and justify (e.g. use of different referenced position).

Table 6(a): Range of top-up premiums/takaful contributions required to maintain medical cover until end of contractual coverage term, and impact to sustainability if policy owner/takaful participant chooses not to perform top-ups, for medical reimbursement riders of IL plans/takaful with dripping model that are waived from paying premiums/takaful contributions, by age band

Age band	Plan 1			
	Range of top-up premium/takaful contribution (RM)	Impact to sustainability (number of years) (Note 3)		Number of policies/takaful certificates
		Minimum	Maximum	
0 – 10				
11 – 20				
…				
Total				

Table 6(b): Range of top-up premiums/takaful contributions required to maintain medical cover until end of contractual coverage term, and impact to sustainability if policy owner/takaful participant chooses not to perform top-ups, for medical reimbursement riders of IL plans/takaful with dripping model that are waived from paying premiums/takaful contributions, by range of top-up in amount and impact to sustainability in years

Plan 1			
Range of top-up premium/takaful contribution (RM)	Number of policies/ takaful certificates	Range of impact to sustainability (number of years) (Note 3)	Number of policies/ takaful certificates
0 – 300		< 1 year	
301 – 600		1-2 years	
…		…	
Total		**Total**	

Note:

1. Age band grouping must correspond with the grouping used in the licensed ITO's rate tables.
2. Please ensure the information in this table is consistent with information in other tables in Appendix 4 (e.g. number of policies/takaful certificates must be the same across all tables). If it is not consistent, please highlight and justify (e.g. use of different referenced position).
3. The impact to sustainability (i.e. reduction of coverage term in number of years assuming no top-up performed) must only account for the impact due to current re-pricing exercise.

Appendix 5 Minimum communication requirements for re-pricing and regular updates in respect of medical reimbursement insurance/takaful products

A licensed ITO shall communicate to its policy owners/takaful participants, at minimum, the information set out below in relation to re-pricing of medical reimbursement insurance/takaful products:

A. Notification(s) of re-pricing to policy owners/takaful participants

1. The written notification(s) issued by a licensed ITO to its policy owners/takaful participants regarding re-pricing of medical reimbursement insurance/takaful products must include–
   (a) clear explanation of the factors driving the premium/takaful contribution rate adjustments, including individual product/cohort-specific data/statistics (i.e. "change in utilisation rate and average claims size"[50] and three-year average medical inflation rate[51]) to support the premium/takaful contribution revision quantum and considerations taken into account in the determination of the rate adjustment;
   (b) the revised premium/takaful contribution or COI/*tabarru'*[52], compared with the current premium/takaful contribution or COI/*tabarru'*;
   (c) relevant information on the cost containment initiatives currently being undertaken by the licensed ITO and/or the industry;
   (d) clear explanation of alternatives made available specifically to the affected policy owners/takaful participants to ensure continuity of cover (i.e. options to switch products or downgrade plan); and
   (e) the implications of higher COI/*tabarru'* and the need for policy owners/takaful participants to top-up premium/takaful contribution to ensure continuity, if applicable.
2. In relation to paragraph 1(b), for re-pricing of medical reimbursement insurance/takaful products which results in–
   (a) increase in premium/takaful contribution for other riders attached to the same basic life insurance policy/family takaful certificate, licensed ITOs must ensure that the written notification on re-pricing clearly segregate the components of incremental premium/takaful contribution for the medical reimbursement rider and the other riders; and

---

[50] This metric shall be expressed as "XX out of 1,000 policy owners/takaful participants^ made a claim* compared to YY out of 1,000 policy owners/takaful participants Z years ago. Each claim on average has increased from RMY to RMX", where;
"^" refers to insureds/persons covered;
"*" refers to approved claims; and
"Z" shall be either the number of years since the product was first introduced, number of years since the previous re-pricing exercise or 5 years, whichever is lowest.

[51] For clarity, a licensed ITO may disclose the same medical inflation rate throughout one specific re-pricing cycle (e.g. staggered re-pricing spanning across two or three years), by clearly stating the reference time frame (e.g. the time frame used for the medical portfolio experience study which led to the re-pricing).

[52] For staggered re-pricing exercise, if the revised rates for subsequent years 2 and/or 3 of the re-pricing are not subject to changes (i.e. revised rates are pre-determined and will not change regardless of emerging experience), licensed ITOs shall disclose upfront the revised rates for all years to policy owners/takaful participants in the initial re-pricing written notification. If the subsequent years' revised rates are subject to further changes, while it is not necessary to disclose upfront the revised rates of subsequent years, licensed ITOs shall pre-empt policy owners/takaful participants that there may be further rate revisions in subsequent years.

(b) increase in COI/*tabarru'* for other riders attached to the same basic life insurance policy/family takaful certificate (without corresponding increase in premium/takaful contribution), licensed ITOs must ensure that the MHIT repricing notifications explain that the recommended premium/contribution increase is solely to cater for the increase in medical reimbursement COI/*tabarru'* deductions, and that additional COI/*tabarru'* may be deducted for other riders, which may affect the overall life policy/family takaful certificate's sustainability.

3. A licensed ITO must ensure that the licensed ITO's customer service/branch and intermediaries are adequately trained and equipped to address any enquiries from the policy owners/takaful participants on the re-pricing exercise.
4. A licensed ITO must ensure that the general information to be provided to consumers, in particular, its policy owners/takaful participants on re-pricing of medical reimbursement products is written in plain and simple language. A licensed ITO must manage policy owners'/takaful participants' expectations and understanding by, among others, directing the policy owners/takaful participants to the licensed ITO's website or reference QR code for general information on re-pricing of medical reimbursement insurance/takaful products. The general information provided to policy owners/takaful participants must, at a minimum, cover areas such as concept of risk pooling, re-pricing effects on policy sustainability (if applicable) and consequences of discontinuing or terminating existing coverage.

B. Other information to intermediaries

1. A licensed ITO shall include, at minimum, the information listed in paragraphs 1(a) to (e) under Part A of **Appendix 5** of this policy document in its communication to its intermediaries to enable them to provide clear explanation to the policy owners/takaful participants.

C. Other information to be regularly communicated

1. A licensed ITO shall provide yearly updates to its policy owners/takaful participants on the next premium/takaful contribution increase by age band (if relevant) and product/cohort-specific three-year average medical inflation rate[53,54] to enable them to anticipate and prepare for future adjustments of premium/takaful contribution rates.
2. A licensed ITO may leverage on the annual/sustainability statements or yearly renewal notices for this annual update to its policy owners/takaful participants. For long-term medical reimbursement insurance/takaful

---

[53] Licensed ITOs are accorded some flexibility in the study cycle, subject to the following conditions:
i) The reference time frame (e.g. 1 January 20XX to 31 December 20XX+2, 1 July 20XX to 30 June 20XX+2 etc) used for computing the three-year average must be clearly disclosed;
ii) Once a particular study cycle (e.g. January-December, April-March, July-June, etc.) has been selected for a specific product/cohort, ITOs are expected to stick to the same study cycle moving forward, until the specific product/cohort is discontinued; and
iii) The medical inflation rate disclosed shall not be more than 15 months old (i.e. counting from the end date of the reference time frame) at point of disclosure, to ensure relevance.

[54] For products with limited claims experience (e.g. new products introduced within the last 3 years, shrinking pool etc), a licensed ITO shall disclose the homogeneous cohort's (i.e. where the product falls within) medical inflation rate and specify that it is the cohort's experience. In the event the said product does not fall within any homogeneous cohort, a licensed ITO shall disclose the company-level medical inflation rate (i.e. combined experience of all medical reimbursement products of the licensed ITO) and specify that it is the company's experience.

products (i.e. with a term exceeding 12 months) without renewal notice, a licensed ITO may issue personalised annual updates (i.e. specific to individual policy owners/takaful participants).

3. A licensed ITO shall consider the form of communication (e.g. hardcopy letters or communication via digital channels) preferred by individual policy owners/takaful participants to ensure the annual updates are effectively communicated.
4. For medical reimbursement products with on-going re-pricing exercises, a licensed ITO must manage policy owners'/takaful participants' understanding regarding the difference between the three-year average medical inflation rate disclosed in the re-pricing notification and in the annual updates.

Appendix 6 Requirements relating to the establishment of the central medical claims data platform

1. Licensed ITOs shall collectively and in collaboration with the relevant industry associations agree on an arrangement to design, establish, set up, operationalise and maintain the central medical claims data platform[55] and perform industry-wide analysis of the collected medical claims data.

2. Licensed ITOs shall collectively ensure that the central medical claims data platform is managed by an appointed operator that takes into account the following considerations in designing, establishing, setting up, operationalising and maintaining the central medical claims data platform:

Considerations	Details
Resilience	Ensure a secure information technology (IT) ecosystem and preserve the continuity of critical services in adverse situations, including adherence to applicable laws and relevant requirements, and implementation of necessary safeguards to manage risks[56].
Interoperability	Develop an open data architecture adopting interoperable design principles to transmit and analyse medical claims data in a more efficient and systematic manner. This may include allowing the licensed ITOs to transmit data through open Application Programming Interface (API).
Comparability	Facilitate standardisation of MHIT claims data to enable greater data comparability across the industry. This may include developing technical standards and business rules in standardising procedural and billing codes.
Adaptability	Allow flexibility to adapt to emerging developments or process enhancements, including new technologies and operating models.
Personal data protection	Protect consumer interests by safeguarding consumers' data confidentiality and privacy. Proper data management framework[57] must be in place covering aspects on, including but not limited to, information handling, authentication and authorisation consistent with relevant laws, policies, guidelines etc. dealing with data privacy and security.

3. Licensed ITOs shall ensure that the appointed operator of the central medical claims data platform is able to perform an annual[58] industry-wide analysis of the MHIT claims data collected from the licensed ITOs through the central medical claims data platform in meeting the objectives set out in paragraph 12.2 of this policy document.

---

55 Without limiting the scope, this may include the appointment of a third-party platform operator.

56 Including provisions under the Policy Document on Risk Management in Technology (RMiT).

57 Data management framework includes the creation and implementation of architectures, policies, and procedures that manage the full data lifecycle, including data preparation and analysis, data architecture, data governance and data security.

58 For the period of 1 January to 31 December of that calendar year.

4. In relation to paragraph 3 of this appendix, licensed ITOs shall ensure that the annual industry-wide analysis performed by the appointed operator of the central medical claims data platform shall include, but is not limited to the following information:
   (a) Three-year average medical inflation rate;
   (b) Three-year average claims ratio[59];
   (c) Average medical bill amount for MHIT products (e.g. by surgical and non-surgical treatments, by cashless[60] and non-cashless claims[61], by length of stay, by geographical regions);
   (d) Average bill breakdown in percentage by types of benefit (e.g. fees and charges for anaesthetist, in-hospital physician visit, surgical, hospital room and board, intensive care unit, operating theatre, laboratory and imaging, medicine, nursing, other hospital supplies and services); and
   (e) Top ten diagnoses for medical treatments by frequency and severity.

   Licensed ITOs shall ensure that the appointed operator of the central medical claims data platform has the annual industry-wide analysis readily available to the Bank by 1 July of the subsequent calendar year beginning 1 July 2025[62], and submits the same[63] in writing to the Bank upon being requested by the Bank.

5. In relation to paragraph 12.2 of this policy document and paragraph 4 of this appendix, prior to the submission of MHIT claims data onto the central medical claims data platform, licensed ITOs shall, collectively and in collaboration with the relevant industry associations, identify and undertake interim measure(s) to facilitate the analysis and disclosure of a three-year industry-average medical inflation rate and claims ratio as outlined in paragraph 13.6 of this policy document.

6. In relation to paragraphs 2, 3 and 4 of this appendix, licensed ITOs may, in consultation with the Bank, adopt a phased approach in enhancing the central medical claims data platform to cater to the different objectives as may be specified by the Bank. Without limiting the scope, this may include gradual incorporation of additional objectives beyond those set out in paragraph 12.2 of this policy document, inclusion of more granular data parameters and more comprehensive industry-wide analysis, as well as more efficient submission and analysis timelines.

---

[59] To facilitate computation of the industry-average medical claims ratio, the industry premium/takaful contribution data will be provided by the Bank.

[60] Where the bill is settled between a licensed ITO and hospital.

[61] Where the bill is settled by the policy owner/takaful participant before filing a claim with the licensed ITO.

[62] For example, for the inaugural annual industry-wide analysis to be made readily available by 1 July 2025, the annual industry-wide analysis of the medical claims data shall include the data from 1 January to 31 December 2023 and 1 January to 31 December 2024. For subsequent years, for instance, by 1 July 2026, the annual industry-wide analysis of medical claims data shall be for the preceding year (i.e. 1 January to 31 December 2025).

[63] Including any other information on the submitted MHIT claims data as requested by the Bank.

Appendix 7 Reporting template for medical reimbursement insurance/takaful product(s) with co-payment feature

Title and Details	Reporting Frequency
MHIT Co-payment A licensed ITO shall submit to the Bank information on medical reimbursement insurance/takaful product(s) with co-payment feature, for the period between 1 January and 31 December on the following: (i) total number of policies/takaful certificates; (ii) total number of lives insured/covered; (iii) total premium/takaful contribution or COI/*tabarru'* rates; and (iv) total claims paid.	Annually

Please refer to the attachment to this policy document – *MHIT Co-payment Reporting Templates.xlsx*. The reporting template will also be made available online and can be downloaded from the Integrated Submission Platform (ISP) at https://statsmart-sub.bnm.gov.my/statsmart/.

Appendix 8 Sample Product Disclosure Sheet

5.1 For Standalone MHI and Premium Paying Riders

ABC COMPANY LOGO

[Name of Insurer]

[Name of medical reimbursement insurance product]

PRODUCT DISCLOSURE SHEET

FIND OUT MORE:

QR CODE

The Product Disclosure Sheet (PDS) provides some of the key information that you should consider before you buy a medical insurance policy that best meet your needs. You should read your insurance policy contract carefully for full details on your coverage.

Step 1 Is this policy right for you?

- This policy covers hospitalisation and surgical expenses ("H&S") incurred due to illnesses covered under the policy until <age>.
- Your premiums will be pooled with other policy owners' premiums to pay claims. If the total claims paid out from the pool of fund is high, the premium for all policy owners in the same pool may increase, including your premiums **even if you did not make a claim.**

Step 2 Does it meet your needs?

What is covered?

- Hospital Room & Board: _____
- Surgical expenses: _____

Benefits payable are on <cashless/pay first, claim later> basis and subject to:

- Annual limit: _____
- Lifetime limit: _____

What is not covered?

- Medical conditions that you had, or had symptoms of, before buying the plan (i.e. pre-existing condition)
- Specified illnesses (e.g. hypertension, diabetes)
- Diseases required quarantine by law (e.g. COVID-19)

This is not a complete list. Please read your policy contract carefully for full details on what is and is not covered.

Step 3 Can you afford the increase in premiums over time?

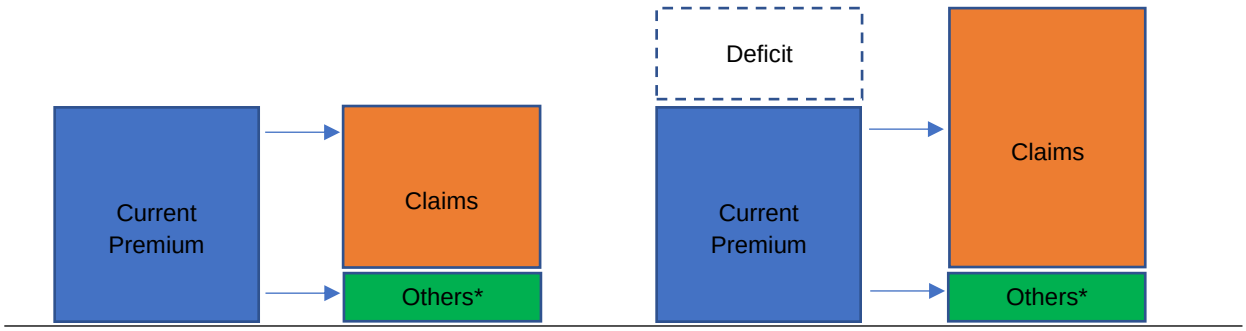
Premium Projection Table

Age	Current premium upon attained age (RM)	Estimated premium based on medical inflation of [7]% per annum[1] (RM)	Over the long term, you can reduce premiums payable by choosing plans with:
<28>	ZZ	XX	(a) A higher deductible. (b) A higher co-insurance. (c) A lower annual/lifetime limit.
<33>	ZZ	XX	
<38>	ZZ	XX	
<43>	ZZ	XX	
<48>	ZZ	XX	

- The projection above is solely for **illustration purposes only**.
- The estimated premium is based on both increase by age and an average medical inflation of **[7]% per annum**[1]. The actual premium you will have to pay depends on the actual medical inflation of the plan you purchased. **Arising from medical inflation, current premium level may not be enough to cover future claims.** Factors that may lead to medical inflation include advancements in medical technology, higher treatment costs and increases in the prevalence of non-communicable diseases over time.
- Bulk of premiums goes to claims. On average, for every RM1.00 of premium paid, RM[0.75][2] is allocated to pay claims. The remainder goes to pay commissions to [insurance agent], management expenses and profits of the insurers.

[1] This is the year-on-year increase in the average treatment cost as billed by hospitals to the insurance and takaful industry from years 20XX to 20YY.

[2] This is based on insurance and takaful industry average data from years 20XX to 20YY. The actual experience of the plan you purchase may differ from the industry average.



Now: Premium sufficiently covers Claims and Others

Future: Arising from medical inflation, Premium may not be enough to cover Claims and Others

* Others include Commissions, Management Expenses and Profits

Note: This chart is not drawn to scale

Step 4 What else should you be aware of?

- You must answer the questions that we ask fully and accurately. Failure to take reasonable care in answering the questions may result in rejection of your claim or termination of your policy.
- If you decide you do not want this policy within 15 calendar days after the policy has been delivered to you, you can contact us to cancel your policy and receive a full refund (less any medical examination expenses incurred).
- Your coverage will only start [30] calendar days after the effective date of the policy.
- [For yearly renewable standalone MHI] The commissions[3] paid to the [insurance agent] is RMxx or xx% of the annual premium.
- [For standalone MHI with term exceeding 12 months, guaranteed yearly renewable standalone MHI and MHI premium paying rider] The commissions[3] paid to the [insurance agent] is RMxx or xx% of total premiums over [6] years.

This is not a complete list. Please read your policy contract carefully for full details on the key terms and conditions.

[3] These figures are based on the current premium upon attained age.

Step 5 Have you considered other products that might suit your needs?

Product Options Table

	Recommended Product	**Alternative Product Options**	
Name	**[Product Name] Example: Premium Paying Rider ABC Plan 1**	**Option 1** ***(Plan with co-payment feature, if any)*** **[Product Name] Example: Standalone XYZ Plan 1**	**Option 2** **[Product Name] Example: Standalone XYZ Plan 2**
Annual Premium	RM2,292 *This includes the annual premium for a basic life insurance policy*	RM1,585 *The annual premium is [lower/higher] by RM707*	RM790 *The annual premium is [lower/higher] by RM1,502*
Type	Cashless facility *'We pay direct to hospitals'*	Cashless facility *'We pay direct to hospitals'*	Pay First, Claim Later *'You pay for treatment first and claim from us later'*
Coverage Term	Until age 70 *'Renewal is guaranteed but premium rates are not guaranteed'*	Until age 70 *'Renewal is guaranteed but premium rates are not guaranteed'*	Until age 70 *'Renewal and premium rates are not guaranteed'*
Co-insurance/ Deductible	RM300 deductible	H&S: 10% co-insurance up to RMXX, Outpatient treatment: 10% co-insurance up to RMXX	RM300 deductible

Hospital Room & Board	RM200 per day	RM200 per day	RM150 per day
Surgical Expenses	As charged	As charged	As charged
Annual Limit	RM100,000	RM75,000	RM100,000
Lifetime Limit	RM1,000,000	RM750,000	Not Applicable

- **Deductible**: Fixed amount you have to pay before your actual coverage begins. E.g. RM300 deductible means you have to pay RM300 out of your own pocket and we will pay the balance (up to the relevant limits).
- **Co-insurance**: Fixed percentage of a medical charge that you have to pay. E.g. 20% co-insurance means you have to pay only 20% of each medical bill (up to the relevant limits), and we will cover 80%.
- **Annual limit**: Maximum amount you can claim in a year.
- **Lifetime limit**: Maximum amount you can claim throughout your lifetime.

This table does not capture all of the features of products compared. Please ask us/your [agent] for more information on the differences in features of these products.

Customer's Acknowledgement* (Optional)

Please ensure you are filling this section yourself and are aware of what you are placing your signature for.

☐ I acknowledge that [FSP name] has provided me with a copy of the PDS.

☐ I have read and understood the key information contained in this PDS.

** A customer's acknowledgement of this PDS shall not prejudice his/her right to seek redress in the event of subsequent disputes over the product terms and conditions.*

.....

Name:

Date:

5.2 For MHI Unit Deducting Riders

ABC COMPANY LOGO

[Name of Insurer]

[Name of medical reimbursement insurance product]

PRODUCT DISCLOSURE SHEET

FIND OUT MORE:

QR CODE

The Product Disclosure Sheet (PDS) provides some of the key information that you should consider before you buy a medical insurance policy that best meet your needs. You should read your insurance policy contract carefully for full details on your coverage.

Step 1 Is this policy right for you?

- This policy covers hospitalisation and surgical expenses ("H&S") incurred due to illnesses covered under the policy until <age>.
- Units will be deducted from your investment-linked account value into the insurance risk fund to pay for cost of insurance (COI). Your COI will be pooled with other policy owners' COI to pay claims. If the total claims paid out from the pool of COI is high, the COI for all policy owners in the same pool may increase, including your COI **even if you did not make a claim.**

Step 2 Does it meet your needs?

What is covered?

- Hospital Room & Board: _____
- Surgical expenses: _____

Benefits payable are on <cashless/pay first, claim later> basis and subject to:

- Annual limit: _____
- Lifetime limit: _____

What is not covered?

- Medical conditions that you had, or had symptoms of, before buying the plan (i.e. pre-existing condition)
- Specified illnesses (e.g. hypertension, diabetes)
- Diseases required quarantine by law (e.g. COVID-19)

This is not a complete list. Please read your policy contract carefully for full details on what is and is not covered.

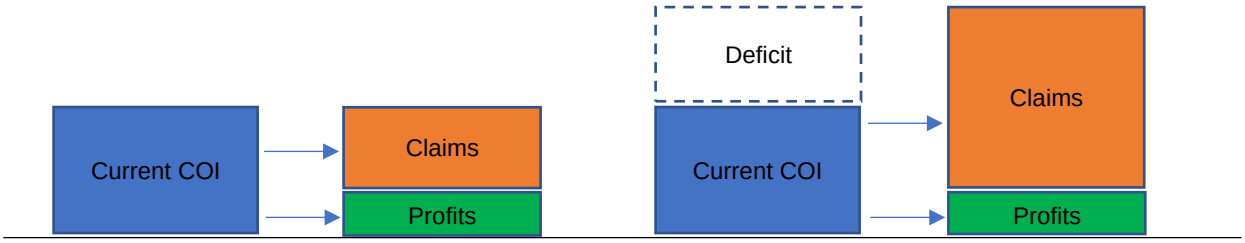
Step 3 Can you afford the increase in cost of insurance (COI) over time?

COI Projection Table

Age	Current COI upon attained age (RM)	Estimated COI based on medical inflation of [7]% per annum[1] (RM)	Over the long term, you can reduce COI payable by choosing plans with:
<28>	ZZ	XX	(a) A higher deductible. (b) A higher co-insurance. (c) A lower annual/lifetime limit.
<33>	ZZ	XX	
<38>	ZZ	XX	
<43>	ZZ	XX	
<48>	ZZ	XX	

- The projection above is solely for **illustration purposes only**.
- The estimated COI is based on both increase by age and an average medical inflation of **[7]% per annum**[1]. The actual COI you will have to pay depends on the actual medical inflation of the plan you purchased. **Arising from medical inflation, current COI level may not be enough to cover future claims.** Factors that may lead to medical inflation include advancements in medical technology, higher treatment costs and increases in the prevalence of non-communicable diseases over time.

[1] This is the year-on-year increase in the average treatment cost as billed by hospitals to the insurance and takaful industry from years 20XX to 20YY.



Now: COI sufficiently covers Claims and Profits

Future: Arising from medical inflation, COI may not be enough to cover Claims and Profits

Note: This chart is not drawn to scale

Step 4 What else should you be aware of?

- You must answer the questions that we ask fully and accurately. Failure to take reasonable care in answering the questions may result in rejection of your claim or termination of your policy.
- If you decide you do not want this policy within 15 calendar days after the policy has been delivered to you, you can contact us to cancel your policy and receive a full refund (less any medical examination expenses incurred).
- Your coverage will only start [30] calendar days after the effective date of the policy.
- The commissions paid to the [insurance agent] forms part of your premium for your base policy. Please refer to the Sales Illustration for more information.

This is not a complete list. Please read your policy contract carefully for full details on the key terms and conditions.

Step 5 Have you considered other products that might suit your needs?

Product Options Table

	Recommended Product	Alternative Product Options	
Name	**[Product Name] Example: Unit Deducting Rider ABC Plan 1**	**Option 1** ***(Plan with co-payment feature, if any)*** **[Product Name] Example: Standalone XYZ Plan 1**	**Option 2** **[Product Name] Example: Standalone XYZ Plan 2**
Annual Premium	RM2,292 *This includes the annual premium for a basic life insurance policy*	RM1,585 *The annual premium is [lower/higher] by RM707*	RM790 *The annual premium is [lower/higher] by RM1,502*
Type	Cashless facility *'We pay direct to hospitals'*	Cashless facility *'We pay direct to hospitals'*	Pay First, Claim Later *'You pay for treatment first and claim from us later'*
Coverage Term	Until age 70 *'Renewal is guaranteed but premium rates are not guaranteed'*	Until age 70 *'Renewal is guaranteed but premium rates are not guaranteed'*	Until age 70 *'Renewal and premium rates are not guaranteed'*
Co-insurance/ Deductible	RM300 deductible	H&S: 10% co-insurance up to RMXX, Outpatient treatment: 10% co-insurance up to RMXX	RM300 deductible
Hospital Room & Board	RM200 per day	RM200 per day	RM150 per day
Surgical Expenses	As charged	As charged	As charged
Annual Limit	RM100,000	RM75,000	RM100,000
Lifetime Limit	RM1,000,000	RM750,000	Not Applicable

- **Deductible**: Fixed amount you have to pay before your actual coverage begins. E.g. RM300 deductible means you have to pay RM300 out of your own pocket and we will pay the balance (up to the relevant limits).
- **Co-insurance**: Fixed percentage of a medical charge that you have to pay. E.g. 20% co-insurance means you have to pay only 20% of each medical bill (up to the relevant limits), and we will cover 80%.
- **Annual limit**: Maximum amount you can claim in a year.
- **Lifetime limit**: Maximum amount you can claim throughout your lifetime.

This table does not capture all of the features of products compared. Please ask us/your [agent] for more information on the differences in features of these products.

Customer's Acknowledgement* (Optional)

Please ensure you are filling this section yourself and are aware of what you are placing your signature for.

☐ I acknowledge that [FSP name] has provided me with a copy of the PDS.

☐ I have read and understood the key information contained in this PDS.

** A customer's acknowledgement of this PDS shall not prejudice his/her right to seek redress in the event of subsequent disputes over the product terms and conditions.*

.....

Name:

Date:

5.3 For Standalone MHT and Contribution Paying Riders

[Name of Takaful Operator]

[Name of medical reimbursement takaful product]

ABC COMPANY LOGO

PRODUCT DISCLOSURE SHEET

FIND OUT MORE:

QR CODE

The Product Disclosure Sheet (PDS) provides some of the key information that you should consider before you participate in a medical takaful certificate that best meet your needs. You should read your takaful certificate contract carefully for full details on your coverage.

Step 1 Is this takaful certificate right for you?

- This takaful certificate covers hospitalisation and surgical expenses ("H&S") incurred due to illnesses covered under the certificate until <age>.
- Your takaful contributions will be pooled with other takaful participants' contributions to pay claims. If the total claims paid out from the pool of fund is high, the takaful contribution for all takaful participants in the same pool may increase, including your takaful contributions **even if you did not make a claim.**

Step 2 Does it meet your needs?

What is covered?

- Hospital Room & Board: _____
- Surgical expenses: _____

Benefits payable are on <cashless/pay first, claim later> basis and subject to:

- Annual limit: _____
- Lifetime limit: _____

What is not covered?

- Medical conditions that you had, or had symptoms of, before participating in the plan (i.e. pre-existing condition)
- Specified illnesses (e.g. hypertension, diabetes)
- Diseases required quarantine by law (e.g. COVID-19)

This is not a complete list. Please read your certificate contract carefully for full details on what is and is not covered.

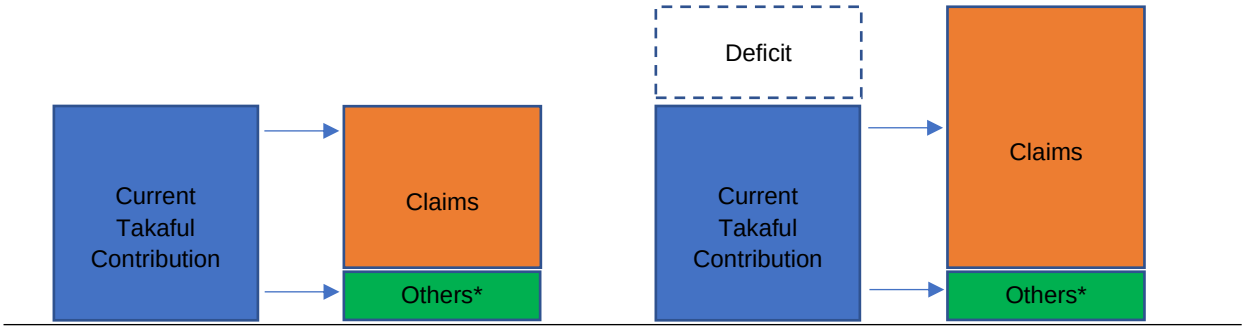
Step 3 Can you afford the increase in takaful contributions over time?

Takaful Contribution Projection Table

Age	Current takaful contribution upon attained age (RM)	Estimated takaful contribution based on medical inflation of [7]% per annum[1] (RM)	Over the long term, you can reduce takaful contributions payable by choosing plans with:
<28>	ZZ	XX	(a) A higher deductible. (b) A higher co-takaful. (c) A lower annual/lifetime limit.
<33>	ZZ	XX	
<38>	ZZ	XX	
<43>	ZZ	XX	
<48>	ZZ	XX	

- The projection above is solely for **illustration purposes only**.
- The estimated takaful contribution is based on both increase by age and an average medical inflation of **[7]% per annum**[1]. The actual takaful contribution you will have to pay depends on the actual medical inflation of the plan you participated in. **Arising from medical inflation, current takaful contribution level may not be enough to cover future claims.** Factors that may lead to medical inflation include advancements in medical technology, higher treatment costs and increases in the prevalence of non-communicable diseases over time.
- Bulk of takaful contributions goes to claims. On average, for every RM1.00 of takaful contribution paid, RM[0.75][2] is allocated to pay claims. The remainder goes to pay commissions to [takaful agent], management expenses and profits of the takaful operators.

[1] This is the year-on-year increase in the average treatment cost as billed by hospitals to the insurance and takaful industry from years 20XX to 20YY.
[2] This is based on insurance and takaful industry average data from years 20XX to 20YY. The actual experience of the plan you purchase may differ from the industry average.



Now: Takaful contribution sufficiently covers Claims and Others

Future: Arising from medical inflation, Takaful Contribution may not be enough to cover Claims and Others

* Others include Commissions, Management Expenses and Profits

Note: This chart is not drawn to scale

Step 4 What else should you be aware of?

- You must answer the questions that we ask fully and accurately. Failure to take reasonable care in answering the questions may result in rejection of your claim or termination of your takaful certificate.
- If you decide you do not want this takaful certificate within 15 calendar days after the certificate has been delivered to you, you can contact us to cancel your takaful certificate and receive a full refund (less any medical examination expenses incurred).
- Your coverage will only start [30] calendar days after the effective date of the takaful certificate.
- [For yearly renewable standalone MHT] The wakalah fees[3] you have to pay are RMxx or x% of annual takaful contribution, of which commission to [takaful agent] is RMyy or y% and management expenses is RMzz or z%.
- [For standalone MHT with term exceeding 12 months, guaranteed yearly renewable standalone MHT and MHT takaful contribution paying rider] The wakalah fees[3] you have to pay are RMxx or x% of total takaful contributions over [6] years, of which commission to [takaful agent] is RMyy or y% and management expenses is RMzz or z%.

This is not a complete list. Please read your takaful certificate contract carefully for full details on the key terms and conditions.

[3] These figures are based on the current takaful contribution upon attained age.

Step 5 Have you considered other products that might suit your needs?

Product Options Table

	Recommended Product	Alternative Product Options	
Name	**[Product Name] Example: Unit Deducting Rider ABC Plan 1**	**Option 1** ***(Plan with co-payment feature, if any)*** **[Product Name] Example: Standalone XYZ Plan 1**	**Option 2** **[Product Name] Example: Standalone XYZ Plan 2**
Annual Takaful Contribution	RM2,292 *This includes the annual takaful contribution for a basic family takaful certificate*	RM1,585 *The annual takaful contribution is [lower/higher] by RM707*	RM790 *The annual takaful contribution is [lower/higher] by RM1,502*
Type	Cashless facility *'We pay direct to hospitals'*	Cashless facility *'We pay direct to hospitals'*	Pay First, Claim Later *'You pay for treatment first and claim from us later'*
Coverage Term	Until age 70 *'Renewal is guaranteed but takaful contribution rates are not guaranteed'*	Until age 70 *'Renewal is guaranteed but takaful contribution rates are not guaranteed'*	Until age 70 *'Renewal and takaful contribution rates are not guaranteed'*
Co-takaful/ Deductible	RM300 deductible	H&S: 10% co-takaful up to RMXX, Outpatient treatment: 10% co-takaful up to RMXX	RM300 deductible

Hospital Room & Board	RM200 per day	RM200 per day	RM150 per day
Surgical Expenses	As charged	As charged	As charged
Annual Limit	RM100,000	RM75,000	RM100,000
Lifetime Limit	RM1,000,000	RM750,000	Not Applicable

- **Deductible**: Fixed amount you have to pay before your actual coverage begins. E.g. RM300 deductible means you have to pay RM300 out of your own pocket and we will pay the balance (up to the relevant limits).
- **Co-takaful**: Fixed percentage of a medical charge that you have to pay. E.g. 20% co-takaful means you have to pay only 20% of each medical bill (up to the relevant limits), and we will cover 80%.
- **Annual limit**: Maximum amount you can claim in a year.
- **Lifetime limit**: Maximum amount you can claim throughout your lifetime.

This table does not capture all of the features of products compared. Please ask us/your [agent] for more information on the differences in features of these products.

Customer's Acknowledgement* (Optional)

Please ensure you are filling this section yourself and are aware of what you are placing your signature for.

☐ I acknowledge that [FSP name] has provided me with a copy of the PDS.

☐ I have read and understood the key information contained in this PDS.

** A customer's acknowledgement of this PDS shall not prejudice his/her right to seek redress in the event of subsequent disputes over the product terms and conditions.*

.....

Name:

Date:

5.4 For MHT Unit Deducting Riders

ABC COMPANY LOGO

[Name of Takaful Operator]

[Name of medical reimbursement takaful product]

PRODUCT DISCLOSURE SHEET

FIND OUT MORE:

QR CODE

The Product Disclosure Sheet (PDS) provides some of the key information that you should consider before you participate in a medical takaful certificate that best meet your needs. You should read your takaful certificate contract carefully for full details on your coverage.

Step 1 Is this takaful certificate right for you?

- This takaful certificate covers hospitalisation and surgical expenses ("H&S") incurred due to illnesses covered under the certificate until <age>.
- Units will be deducted from your [Participant's Investment Fund] into the [Participants Risk Fund] to pay for *tabarru'*. Your *tabarru'* will be pooled with other takaful participants' *tabarru'* to pay claims. If the total claims paid out from the pool of *tabarru'* is high, the *tabarru'* for all takaful participants in the same pool may increase, including your *tabarru'* **even if you did not make a claim.**

Step 2 Does it meet your needs?

What is covered?

- Hospital Room & Board: _____
- Surgical expenses: _____

Benefits payable are on <cashless/pay first, claim later> basis and subject to:

- Annual limit: _____
- Lifetime limit: _____

What is not covered?

- Medical conditions that you had, or had symptoms of, before participating in the plan (i.e. pre-existing condition)
- Specified illnesses (e.g. hypertension, diabetes)
- Diseases required quarantine by law (e.g. COVID-19)

This is not a complete list. Please read your takaful certificate contract carefully for full details on what is and is not covered.

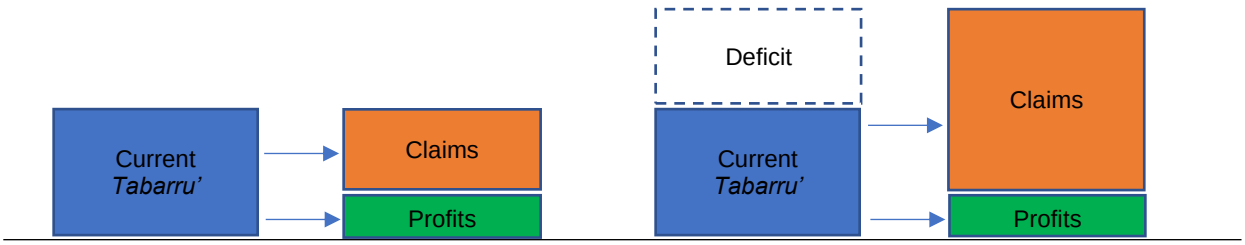
Step 3 Can you afford the increase in *tabarru'* over time?

***Tabarru'* Projection Table**

Age	Current *tabarru'* upon attained age (RM)	Estimated *tabarru'* based on medical inflation of [7]% per annum[1] (RM)	Over the long term, you can reduce *tabarru'* payable by choosing plans with:
<28>	ZZ	XX	(a) A higher deductible. (b) A higher co-takaful. (c) A lower annual/lifetime limit.
<33>	ZZ	XX	
<38>	ZZ	XX	
<43>	ZZ	XX	
<48>	ZZ	XX	

- The projection above is solely for **illustration purposes only**.
- The estimated *tabarru'* is based on both increase by age and an average medical inflation of **[7]% per annum**[1]. The actual *tabarru'* you will have to pay depends on the actual medical inflation of the plan you participated in. **Arising from medical inflation, current *tabarru'* level may not be enough to cover future claims.** Factors that may lead to medical inflation include advancements in medical technology, higher treatment costs and increases in the prevalence of non-communicable diseases over time.

[1] This is the year-on-year increase in the average treatment cost as billed by hospitals to the insurance and takaful industry from years 20XX to 20YY.



Now: *Tabarru'* sufficiently covers Claims and Profits

Future: Arising from medical inflation, *Tabarru'* may not be enough to cover Claims and Profits

Note: This chart is not drawn to scale.

Step 4 What else should you be aware of?

- You must answer the questions that we ask fully and accurately. Failure to take reasonable care in answering the questions may result in rejection of your claim or termination of your takaful certificate.
- If you decide you do not want this takaful certificate within 15 calendar days after the takaful certificate has been delivered to you, you can contact us to cancel your takaful certificate and receive a full refund (less any medical examination expenses incurred).
- Your coverage will only start [30] calendar days after the effective date of the takaful certificate.
- The commissions paid to the [takaful agent] forms part of your takaful contribution for your base takaful certificate. Please refer to the Marketing Illustration for more information.

This is not a complete list. Please read your takaful certificate contract carefully for full details on the key terms and conditions.

Step 5 Have you considered other products that might suit your needs?

Product Options Table

	Recommended Product	**Alternative Product Options**	
Name	**[Product Name] Example: Unit Deducting Rider ABC Plan 1**	**Option 1** ***(Plan with co-payment feature, if any)*** **[Product Name] Example: Standalone XYZ Plan 1**	**Option 2** **[Product Name] Example: Standalone XYZ Plan 2**
Annual Takaful Contribution	RM2,292 *This includes the annual contribution for a basic family takaful certificate*	RM1,585 *The annual takaful contribution is [lower/higher] by RM707*	RM790 *The annual takaful contribution is [lower/higher] by RM1,502*
Type	Cashless facility *'We pay direct to hospitals'*	Cashless facility *'We pay direct to hospitals'*	Pay First, Claim Later *'You pay for treatment first and claim from us later'*
Coverage Term	Until age 70 *'Renewal is guaranteed but takaful contribution rates are not guaranteed'*	Until age 70 *'Renewal is guaranteed but takaful contribution rates are not guaranteed'*	Until age 70 *'Renewal and takaful contribution rates are not guaranteed'*
Co-takaful/ Deductible	RM300 deductible	H&S: 10% co-takaful up to RMXX, Outpatient treatment: 10% co-takaful up to RMXX	RM300 deductible
Hospital Room & Board	RM200 per day	RM200 per day	RM150 per day
Surgical Expenses	As charged	As charged	As charged
Annual Limit	RM100,000	RM75,000	RM100,000
Lifetime Limit	RM1,000,000	RM750,000	Not Applicable

- **Deductible**: Fixed amount you have to pay before your actual coverage begins. E.g. RM300 deductible means you have to pay RM300 out of your own pocket and we will pay the balance (up to the relevant limits).
- **Co-takaful**: Fixed percentage of a medical charge that you have to pay. E.g. 20% co-takaful means you have to pay only 20% of each medical bill (up to the relevant limits), and we will cover 80%.
- **Annual limit**: Maximum amount you can claim in a year.
- **Lifetime limit**: Maximum amount you can claim throughout your lifetime.

This table does not capture all of the features of products compared. Please ask us/your [agent] for more information on the differences in features of these products.

Customer's Acknowledgement* (Optional)

Please ensure you are filling this section yourself and are aware of what you are placing your signature for.

☐ I acknowledge that [FSP name] has provided me with a copy of the PDS.

☐ I have read and understood the key information contained in this PDS.

** A customer's acknowledgement of this PDS shall not prejudice his/her right to seek redress in the event of subsequent disputes over the product terms and conditions.*

.....

Name:

Date: