

INDUSTRY PRESS RELEASE

Insurance and Takaful Industry Introduces Interim Measures for Policyholders/Takaful Participants Impacted by Premium/Contribution Repricing

Measures include spreading out premium/contribution increases affected by repricing, special provisions for 60 years old and above policyholders/participants who are covered under minimum plan, options to reinstate surrendered/lapsed policies and dedicated support services, and offering of alternative products for those who do not wish to continue due to repricing

KUALA LUMPUR 20 December 2024 – The Life Insurance Association of Malaysia (LIAM), the Malaysian Takaful Association (MTA) and Persatuan Insurans Am Malaysia (PIAM) have announced interim measures to support policyholders/participants impacted by the recent premium/contribution repricing. These measures aim to ease the financial burden on policyholders/participants so that they can continue to be covered by medical and health insurance/takaful.

The industry recognises the sensitivity of the situation and remains committed to assisting policyholders/participants during this transition.

Details of the interim measures

1. Spreading out future premium/contribution increases arising from repricing due to medical claims inflation

ITOs will spread out the changes in premiums arising from medical claims inflation over a minimum of three years. This measure will remain in place until the end of 2026. With this measure, at least 80% of policyholders/participants is expected to experience yearly premium adjustments due to medical claims inflation of less than 10%.

2. Special provisions for 60 years old and above who are covered under the minimum plan

One-year temporary pause in premium/contribution adjustment arising from medical claims inflation for those aged 60 and above, who are covered under the minimum plan within the MHIT products that they purchased. This temporary pause will be effected for one year from their policy anniversary. Policyholders/participants are advised to check with their insurer or takaful operator on details of their MHIT plan.

The two interim measures above are not applicable to premium increases that may apply when a policyholder moves to a higher age band. This will be managed by the insurer or takaful operator.

3. Policy/certificate reinstatement options for surrendered or lapsed policies/certificates in 2024

Policyholders/participants who have surrendered or lapsed their policies/certificates due to medical repricing in 2024 will be eligible for reinstatement without additional underwriting requirements.

4. Alternative MHIT Products

To supplement the interim measures, ITOs will offer appropriate alternative MHIT products at the same or lower premiums for policyholders who do not wish to continue their existing MHIT plans that have been repriced. ITOs that do not currently offer appropriate alternative products must make these products available to policyholders by the end of 2025.

Managing Impact and Future Sustainability

The interim measures will provide some support to policyholders/participants while systematic and structural changes are being pursued across the healthcare ecosystem. It is critical that a “whole-of-nation” approach to address the rising costs of medical care, and we are expecting a strong participation from the hospital providers, doctors and with support from the Ministry of Health (MOH). This includes bringing down pharmaceutical costs by higher usage of generic drugs, over utilisation of diagnostic tests, price transparency and implementation of Diagnosis-Related Group (DRG) initiatives.

These efforts must be expedited to ensure the sustainability of the healthcare ecosystem and equitable access to affordable healthcare for all.

Additionally, the interim measures are unsustainable in the long term as they come at a significant cost to ITOs who have to bear the associated financial loss in the meantime.

Commitment to Policyholders/Participants

We understand the challenges our policyholders/participants may face during this transition, and these interim measures reflect our unwavering commitment to their financial well-being. These efforts aim to balance the immediate needs of our policyholders/participants with the long-term sustainability of their coverage. The industry also emphasises the importance of maintaining financial security and sustaining benefits for all policyholders/participants.

To support this, all insurers and takaful operators have established dedicated hotlines to assist affected policyholders/participants. We request for your understanding to allow us to work out the details on the interim measures. For specific details on your insurance/takaful policy, you may contact the hotline or visit your insurer or takaful operator's website for assistance beginning 15 January 2025.

Addressing Rising Healthcare Costs & Collaborative Efforts

Between 2021 and 2023, the insurance and takaful industry has experienced an unprecedented cumulative medical claims cost inflation of 56%. This rise compounded by post COVID-19 challenges, reflects a global trend that has placed significant pressure on insurers and takaful operators, to adjust premiums/contributions.

The introduction of MHIT products with co-payment feature as alternative options in September this year offers a long-term solution to help policyholders/participants manage their coverage costs. Co-payment plans aim to reduce premiums/contributions by encouraging shared responsibility in healthcare expenses and promoting more mindful usage of medical services.

The industry is collaborating with Bank Negara Malaysia (BNM), the Ministry of Health (MOH), and the Association of Private Hospitals Malaysia (APHM) to develop sustainable strategies to address the financial impact of rising healthcare costs and medical claims. This includes setting up of a RM60 million fund by the Government, insurers, takaful operators and private hospitals to expedite broader health reforms in the Malaysian healthcare system. In addition, part of the fund will also be used to facilitate the development of a base MHIT product that covers essential healthcare needs and facilitate policyholders aged 60 years old and above to switch to the new base product, once available.

For more information, please contact your respective insurance or takaful provider at

[Life Insurance Association of Malaysia](#)

[Malaysian Takaful Association](#)

[Persatuan Insurans Am Malaysia](#)

Refer to the [FAQ on MHIT Premium Repricing & Interim Measures](#).

END

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ABOUT LIFE INSURANCE ASSOCIATION MALAYSIA (LIAM)

Formed in 1974, the Life Insurance Association of Malaysia (LIAM) is a trade association registered under the Societies Act 1966. LIAM has a total of 16 members, of which 14 are life insurance companies and 2 life reinsurance companies. LIAM's objectives are to promote a progressive life insurance industry; to enhance public understanding and appreciation for life insurance; to upgrade the image and professionalism of the life insurance industry and to support the regulatory authorities in developing a strong industry. Visit www.liam.org.my for details.

ABOUT MALAYSIAN TAKAFUL ASSOCIATION (MTA)

Malaysian Takaful Association (MTA) was established on November 2002 under the Societies Act 1966. It is a trade association representing all 18 licensed Takaful and Retakaful operators in the country. The objectives and the powers of MTA are to promote the interests of its members and to inculcate the implementation of self-regulation within the Takaful industry. More information on MTA can be obtained from its website: www.takaful4all.org

ABOUT PERSATUAN INSURANS AM MALAYSIA (PIAM)

PIAM is the national trade association of all licensed direct and reinsurance companies for general insurance in Malaysia. Currently, PIAM has 23 member companies. More information on PIAM can be obtained from its website: www.piam.org.my.