

**2019 CONTRIBUTION REVISION OF SMARTMEDIC 100, SMARTMEDIC 200 and MEDICA2015**

**Frequently Asked Questions (FAQs) for customers**

NO	QUESTIONS	ANSWERS
1	Which product is affected by the Contribution revision?	The Contribution revision only affects stand alone medical products, namely SmartMedic100, SmartMedic200 and Medica2015. Medical riders on investment linked products are not affected at this time.
2	Why is the Contribution revised?	<p>On a regular basis we conduct reviews of our medical plans against healthcare costs. As you may be aware, the costs of medical treatment and hospitalization to insurer and Takaful operators have been increasing rapidly for a number of years, partly as medical treatments become more technologically advanced. In 2017, medical inflation in Malaysia was 12%. In 2018, it is expected to increase another 12% resulting in a 25% increase over two years<sup>1</sup>. If this trend continues, our costs will go up by 57% over 4 years.</p> <p>Medical Takaful is about sharing of risks and contributions collected are shared to provide the financial protection against future claims. When actual medical costs are higher than allowed for in contribution rates, Takaful providers have to increase the contributions of all certificate holders to allow them to continue to provide quality coverage.</p> <p>1. Source : Aon Hewitt's 2018 Global Medical Trend Rates</p>
3	What is the effective date of the contribution revision?	The new Contribution rates will take effect from the time of your next certificate anniversary on or after 11 April 2019.
4	Why is there a revision in the Contribution rates since the General Provision in the Certificate has stated that the Certificate is not cancellable by Zurich Takaful?	<p>The General Provision in the Certificate states that although the Certificate is not cancellable by us, the Contribution payable is not guaranteed and we reserve the rights to revise the Contributions rates on your Certificate Anniversary. We also have the right to revise the Contribution rates to align with the increasing medical costs.</p> <p>The Contribution Provision of the Certificate further mentions that we reserve the rights to change the rate at which Contributions will be effective on the Certificate Anniversary, provided that we notify you at least ninety (90) days prior to the date such Contribution is due.</p>
5	Will the Contribution be guaranteed after this revision exercise?	The General Provision in the Certificate states that the renewal Contribution is not guaranteed. Any future revision is subject to the overall portfolio experience of claims as well as expected future medical cost inflation.
6	I feel that the revision of Contribution is unfair as I have not made any claims from my current medical certificate.	We appreciate and understand your concern, however, due to the rising inflation of the medical cost, the Contribution amount needs to be revised to reflect these future increases in costs to ensure that Zurich Takaful would be able to continuously provide medical protection that you require and deserve in times of need.

7	Can I choose not to accept the revised Contributions?	The revised Contributions apply across the board to all SmartMedic100, SmartMedic200 and Medica2015 certificate holders. It is important that you need to pay the revised Contributions for continued coverage to avoid lapse or termination. If you choose not to accept the revised Contributions, your certificate will automatically lapse and your coverage will be discontinued. Please note that as you get older and further into the term of coverage, it may be more difficult for you to opt for alternative coverage at similar Contribution rate, as new underwriting conditions may apply.
8	How do I pay the revised Contributions?	The mode and method of payment are as per your current arrangement. However, if you are paying your Contributions via standing instruction or have set a payment limit with the bank, please arrange with your bank to change the Contribution amount. If you are paying through direct debit, you need to complete the Direct Debit Authorization Form, available in our website and submit to us accordingly.
9	Do I have an option to review my existing benefits?	Yes you do. You will have the option / alternative to reassess your current medical needs by considering our medical plan Medica2016, which is a rider on an investment linked certificate. However, this will be subject to underwriting and any terms and conditions that are applicable from time to time. If affordability is a concern, you can opt to downgrade your current plan to a lower level plan, provided that your current plan is not the lowest level plan. However, you should satisfy yourself that the selected plan would meet your protection needs. We recommend that you consult your Wealth Planner so that they can help you review your current protection and financial needs.