

**APPENDIX 2**  
**INSURANCE CHARGES REVISION FOR <UDR Plan>**

**Frequently Asked Questions (FAQs)**

NO	QUESTIONS	ANSWERS
1.	<b>Why are you revising my insurance charges?</b>	<p>We understand that medical and healthcare costs are a growing concern. Several noteworthy trends such as the surge in non-communicable disease, the expansion of private healthcare services, and the continuous rise in medical inflation, have greatly impacted the medical and health sector.</p> <p>As a result, the frequency and cost of claims have risen, where 89 claims paid per 1,000 insured lives, compared to 42 claims per 1,000 just three years ago. The average claim amount has increased from RM8,268 to RM9,092. From 1 January 2019 to 31 December 2022, ValueCare's claim have grown by an average of 3.2% per year, with different age bands experiencing varying increases.</p> <p>This revision is necessary to ensure your medical plan remains sustainable in covering rising healthcare costs, driven by:</p> <ul style="list-style-type: none"> <li>• Increased costs of medication and treatment</li> <li>• Advancements in medical technology, medicines and equipment</li> <li>• Evolving lifestyles leading to higher health risks and long-term care such as diabetes, high cholesterol and obesity.</li> <li>• Growing demand for better medical care.</li> </ul> <p>At Zurich Life Insurance Malaysia Berhad, we are committed to ensuring that you continue to have access to quality medical services and treatments whenever you need them.</p>
2.	<b>How do you determine the quantum for the revision of my insurance charges?</b>	In determining the revision, we take various factors into consideration, such as actual healthcare costs, current healthcare inflation as well as customer affordability. How much your insurance charges will increase depends on your age, occupation, gender, and the specific plan you've chosen.
3.	<b>Why is there a revision to my insurance charge when I have not made any claims?</b>	Medical insurance operates on a risk-sharing basis where insurance charges collected are used to pay the claims. As a result, all policies will be affected regardless of whether you have made any claims before.
4.	<b>When will my revised insurance charges take effect?</b>	The new insurance charges will take effect on your next policy anniversary date, as stated in your notification letter.
5.	<b>What is the difference between premiums and insurance charges?</b>	<p><b><u>Premiums</u></b></p> <p>Premiums are the amount that you pay to Zurich for your insurance coverage. For an investment-linked insurance policy, a part or all of the premiums paid is used to purchase units in the selected investment-linked fund(s) while the remaining amount is used to pay upfront charges for insurance expenses and direct distribution costs.</p> <p><b><u>Insurance charges</u></b></p> <p>Insurance charges are deducted monthly from the fund value of your investment-linked policy to pay for your insurance coverage. Insurance charges increase as you get older each year.</p>
6.	<b>Do I need to pay a different premium amount after the revision?</b>	Your investment-linked policy's fund value may be insufficient to cover future insurance charges. To avoid unexpected gaps in coverage, we strongly encourage you to review your premium regularly to ensure your policy remains sustainable until maturity.
7.	<b>What factors may impact my policy's fund value?</b>	<p>Your policy's fund value may become insufficient due to the following factors:</p> <ul style="list-style-type: none"> <li>• Exercising premium pause</li> <li>• Unfavorable investment returns</li> </ul>

		<ul style="list-style-type: none"> <li>• Revision of insurance charges and/or other fees</li> <li>• Addition of rider(s)</li> <li>• Partial or early withdrawals</li> <li>• Increase in insurance coverage</li> </ul>
8.	<b>If I have a premium waiver rider, will the waiver sum assured increase?</b>	Your premium consists of basic regular premium and regular top-up. If your waiver rider covers regular top-ups, then the waiver sum assured will increase along with the top-up. However, if it does not cover top-ups, your waiver sum assured will remain the same.
9.	<b>If my policy is under waiver status (premium payments waived), do I need to pay the single premium top-up?</b>	<p>Yes. While your premium waiver remains unchanged, insurance charges will increase at your policy anniversary. This may reduce your fund value over time.</p> <p>To ensure your policy remains sustainable, we strongly encourage you to pay the suggested single premium top-up to cover the increased insurance charges.</p>
10.	<b>Will there be another revision in the future?</b>	We continue to review our medical plans against the healthcare costs on a regular basis and make every effort to actively manage healthcare costs together with our hospital partners. If there is a need for future revisions, we will notify you accordingly.
11.	<b>I just received my annual statement earlier and have now receive this revision of insurance charge letter advising on different suggested premiums. Which letter should I refer to?</b>	<p>If you received the annual statement earlier than the revision of insurance charge letter, you may consider the suggested premiums (if applicable) in the revision of insurance charge letter. We strongly encourage you to pay more than the suggested new regular premium and perform a single premium top-up (if applicable) so that your policy will have enough fund value to cover the higher insurance charges in the longer term.</p> <p>We recommend that you continue to review your policy sustainability in the annual statement that we shared with you on a yearly basis to ensure continued policy coverage.</p>

#### FAQ for policy sustaining at least 5 years

12.	<b>How long will my policy coverage sustain post repricing?</b>	<p>Your policy is expected to sustain at least the next 5 years based on our estimated projected fund value.</p> <p>Kindly note that the estimated projected value of your investment-linked policy is based on the information available as per letter date with the following assumptions:</p> <ul style="list-style-type: none"> <li>▪ You will continue to pay your current premiums by their due date;</li> <li>▪ You will not make any partial/early withdrawals in the future;</li> <li>▪ No changes have been made to your policy (e.g. addition or removal of rider(s) and/or changes to the sum insured);</li> <li>▪ There are no changes to your fund selection. The allocation of premium in the calculations is based on existing fund selection;</li> <li>▪ The best estimate fund rate based on fund selections is used. This does not reflect potential short-term volatility, resulting in potential sharp movements, up or down, of the underlying assets of the funds;</li> <li>▪ The payment of premium is not a guarantee of sustainability as the value of the Unit Funds may fall below the amounts of premiums paid depending on the performance of the underlying assets;</li> <li>▪ The projection is based on our estimates of future outcomes which may differ from year to year, depending on the actual experience and economic outlook. Actual experience may differ from our estimates (e.g. due to better or worse actual investment performance), and your fund value may deplete to zero earlier or later than our estimation.</li> </ul>
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**FAQ for policy sustaining less than 5 years**

13.	<b>How long will my policy coverage sustain post repricing?</b>	<p>Your policy is not expected to sustain until the end of the contractual term based on our estimated projected fund value.</p> <p>Kindly note that the estimated projected fund value of your investment-linked policy is based on the information available as per letter date with the following assumptions:</p> <ul style="list-style-type: none"> <li>▪ You will continue to pay your current premiums by their due date;</li> <li>▪ You will not make any partial/early withdrawals in the future;</li> <li>▪ No changes have been made to your policy (e.g. addition or removal of rider(s) and/or changes to the sum assured);</li> <li>▪ There are no changes to your fund selection. The allocation of premium in the calculations are based on existing fund selection;</li> <li>▪ The best estimate fund rate based on fund selections is used. This does not reflect potential short-term volatility, resulting in potential sharp movements, up or down, of the underlying assets of the funds;</li> <li>▪ The payment of premium is not a guarantee of sustainability as the value of the unit funds may fall below the amounts of premiums paid depending on the performance of the underlying assets;</li> <li>▪ This sustainability test is conducted annually. The projection is based on our estimates of future outcomes which may differ from year to year, depending on the actual experience and economic outlook. Actual experience may differ from our estimates (e.g. due to better or worse actual investment performance), and your fund value may deplete to zero earlier or later than our estimation.</li> </ul>
14.	<b>What are my options if I cannot afford the revised premium?</b>	<p>We acknowledge that rising costs can create financial strain, and we are committed to helping you find the best options. Should you have any concerns about affordability, you may consider the following options:</p> <ol style="list-style-type: none"> <li>a) You may choose to maintain your existing coverage without increasing your current insurance premium. However, your policy's fund value may not be sufficient to cover the higher insurance charges in later years, which may cause your policy to lapse. Hence, we strongly encourage you to increase your current premium as suggested in our letter; <i>or</i></li> <li>b) If affordability is a concern, you can opt to downgrade to a medical plan with lower coverage, provided your medical plan is not the lowest plan level, by completing and submitting the 'Request for Change Form' to the nearest Zurich branch. However, you should assess if a lower medical plan is sufficient to cover your medical insurance needs by: <ol style="list-style-type: none"> <li>i. Contacting your Wealth Planner or</li> <li>ii. Contacting Zurich Call Center at 1-300-888-622 or emailing us at <a href="mailto:callcentre@zurich.com.my">callcentre@zurich.com.my</a>; or</li> <li>iii. Visiting your nearest Zurich branch</li> </ol> </li> <li>c) You can switch to other medical riders offered by Zurich Life Insurance Malaysia Berhad that provide similar or more comprehensive medical coverage. However, the standard underwriting process and terms and conditions apply.</li> <li>d) To improve your policy's account value, you can opt to reduce your coverage (reduce sum assured and/or remove optional rider(s))</li> </ol> <p>It is important to carefully consider these options, as changes may affect your overall coverage.</p>

		<p>We are here to help you navigate this process smoothly. For further assistance, you can:</p> <ul style="list-style-type: none"><li>• Contact your Wealth Planner.</li><li>• Call our Customer Service at 1-300-888-622</li><li>• Email us at <a href="mailto:callcentre@zurich.com.my">callcentre@zurich.com.my</a></li></ul> <p>Visit <a href="http://zurich.com.my">zurich.com.my</a> for product details.</p>										
15.	<b>Can I opt to increase my premium to an amount other than the one suggested?</b>	<p>Yes. We strongly encourage you to pay more than the suggested new regular premium and perform a single premium top-up (if applicable) so that your policy will have enough fund value to cover the higher insurance charges in the longer term.</p> <p>You may complete the 'Request for Change Form' (RCF) and</p> <ul style="list-style-type: none"><li>i) Submit to the nearest Zurich branch or</li><li>ii) Contact your Wealth Planner or</li><li>iii) Contact Zurich Call Centre at 1-300-888-622 or email us at <a href="mailto:CallCentre@zurich.com.my">CallCentre@zurich.com.my</a></li></ul>										
16.	<p><b>How can I pay the suggested new regular premium and single premium top-up? What is the procedure?</b></p> <p>You may pay the new premium by completing the enclosed '<b>Reply Slip</b>' and return it to us. The completed form must reach us as per the dated in the reply slip. Otherwise, you may need to refer to your Wealth Planner to get a revised suggested new premium and single premium top-up (if applicable).</p> <p>The new premium will take effect from your <u>policy's next premium due date</u>.</p> <p>Depending on your current premium payment method, you may need to make further arrangements with your bank for us to collect the new amount. Please see the table below for more details.</p> <table><tr><th>Current Payment Method</th><th>What action should I take?</th></tr><tr><td>Cash/Cheque</td><td><p>There is no change to your current payment arrangement.</p><p>For your added convenience, we invite you to switch to credit/debit card. Please download the Visa/MasterCard Auto Debit Form <a href="https://bit.ly/ZurichAutoDebit">https://bit.ly/ZurichAutoDebit</a> and send the completed form to us.</p></td></tr><tr><td>Credit or Debit Card, Auto-Debit (With no transaction amount limit)</td><td><p>There is no change to your current payment arrangement.</p></td></tr><tr><td>Direct Debit e-Mandate (With transaction amount limit)</td><td><p>Please complete Direct Debit Registration at this link: . This will enable us to deduct the suggested new premium amount from your bank account.</p><p>For existing registrant, if the maximum limit in your bank account auto debit form is less than the suggested new premium, you may change the maximum limit by</p><ul style="list-style-type: none"><li>1) logging into our customer portal at <a href="https://myzurichlife.com.my">https://myzurichlife.com.my</a> or</li><li>2) submitting a new form to the bank to change the maximum limit.</li></ul></td></tr><tr><td>Standing Instructions with banks</td><td><p>Please make the necessary arrangements with your bank to update existing Standing Instruction(s) so that the suggested new premium amount can be remitted to us.</p></td></tr></table>		Current Payment Method	What action should I take?	Cash/Cheque	<p>There is no change to your current payment arrangement.</p> <p>For your added convenience, we invite you to switch to credit/debit card. Please download the Visa/MasterCard Auto Debit Form <a href="https://bit.ly/ZurichAutoDebit">https://bit.ly/ZurichAutoDebit</a> and send the completed form to us.</p>	Credit or Debit Card, Auto-Debit (With no transaction amount limit)	<p>There is no change to your current payment arrangement.</p>	Direct Debit e-Mandate (With transaction amount limit)	<p>Please complete Direct Debit Registration at this link: . This will enable us to deduct the suggested new premium amount from your bank account.</p> <p>For existing registrant, if the maximum limit in your bank account auto debit form is less than the suggested new premium, you may change the maximum limit by</p> <ul style="list-style-type: none"><li>1) logging into our customer portal at <a href="https://myzurichlife.com.my">https://myzurichlife.com.my</a> or</li><li>2) submitting a new form to the bank to change the maximum limit.</li></ul>	Standing Instructions with banks	<p>Please make the necessary arrangements with your bank to update existing Standing Instruction(s) so that the suggested new premium amount can be remitted to us.</p>
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17.	<b>What happens if I submit the Reply Slip after the stated deadline?</b>	<p>If the Reply Slip is submitted late, the suggested premium may be revised again. In addition, if your fund value becomes insufficient, your policy may lapse.</p> <p>To avoid this, please consult us or your Wealth Planner as soon as possible for a revised premium adjustment.</p>										

<b>FAQ for Interim Measures introduced by BNM</b>		
18.	<b>What are the interim measures introduced by Bank Negara Malaysia (BNM) for medical plans?</b>	<p>The interim measures for medical plans, announced by BNM, aim to alleviate the immediate financial impact on your policy and help preserve your medical plan coverage.</p> <p>The measures include:</p> <ul style="list-style-type: none"> <li>• Spreading of increase in insurance charges/premiums over a minimum of three years.</li> <li>• Offering a one-year deferment period from policy anniversary (a temporary pause in insurance charge and premium adjustments due to medical claims inflation) for eligible policyholders.</li> <li>• Allowing reinstatement of coverage for policyholders who have surrendered or lapsed their policies due to previous medical repricing in 2024.</li> <li>• Providing an alternative Medical and Health Insurance/Takaful (MHIT) product.</li> <li>• Setting up a dedicated support hotline to assist policyholders.</li> </ul> <p>These interim measures will take effect from 1 January 2025.</p>
19.	<b>How will my medical plan be impacted by the interim measures?</b>	<p>We understand that changes to your insurance charges can be concerning. To ease this burden, the increase will be spread over the next five years.</p> <p>If you are aged 60 and above and enrolled in the lowest plan, you will be entitled to a one-year deferment before any increase takes effect, giving you more time to adjust.</p>
20.	<b>Am I eligible for the one-year deferment period?</b>	<p>To qualify for the one-year deferment period, effective 1 January 2025, you must be at least 60 years old and enrolled in the lowest medical plan.</p> <p>This measure is specifically designed to protect the most vulnerable customers, ensuring that those who need coverage the most are prioritised.</p> <p>If you are not on the lowest medical plan, you may consider downgrading your plan to become eligible for the deferment period.</p>
21.	<b>Are the repricing adjustments guaranteed and fixed?</b>	<p>Your financial security is important, and while we work to maintain consistency, future reviews may still be necessary.</p> <p>The repricing adjustments from the fourth year onward will be subject to review and revision, depending on the effectiveness of various containment measures to be implemented.</p>
22.	<b>Do the staggered increases apply to all types of insurance charge or premium adjustments?</b>	<p>No, the interim measures introduced by BNM only apply to medical repricing adjustments. They do not apply to increases resulting from other factors such as advancing into a higher age band, poor fund performance, partial withdrawals and premium holidays which may affect your policy's sustainability.</p>
23.	<b>How sustainable are my insurance charge under the interim measures, and how will they impact my premiums in the long run?</b>	<p>A stable financial future is important, and we are here to help you navigate any changes. While the staggered increase in insurance charges provides immediate relief, significant adjustments may still be required in the near future unless systemic changes are implemented across the healthcare ecosystem.</p> <p>To ensure continued coverage, we strongly advise you to review your policy's sustainability annually using the statement we provide.</p>