

Produced by



YOUR GUIDE TO

# Health Insurance

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An initiative of



**MoneySENSE**

A National Financial Education Programme for Singapore

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The information in the Guide is of a general nature and may not apply to every situation or to your own personal circumstances. This Guide should not be regarded as a substitute for seeking legal or financial advice on any specific issue. For educational resources on personal financial matters and information on MoneySENSE events, visit the MoneySENSE website at [www.moneysense.gov.sg](http://www.moneysense.gov.sg)

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This Guide provides general information about health insurance and the various products that may meet your needs. It gives you the information you should have before you buy any health insurance product or discuss your needs with a financial adviser or an insurance intermediary.

## WHAT IS HEALTH INSURANCE?

Health insurance provides you and your family with financial benefits which will help you recover partly or fully the financial loss you may suffer as a result of an accident, illness or disability. It can provide an income while you are disabled or in hospital, or cover the cost of your medical treatment or nursing care.

## WHAT TYPE OF HEALTH INSURANCE PRODUCT DO I NEED?

The type of health insurance product you would need depends on what you want protection against.

If you want to...	You should consider ...
<ul style="list-style-type: none"><li>• have your medical expenses paid</li></ul>	Medical expense insurance
<ul style="list-style-type: none"><li>• receive a fixed amount of cash when you are in hospital</li></ul>	Hospital cash insurance
<ul style="list-style-type: none"><li>• reduce your financial burden when you are diagnosed with a major illness (for example, cancer)</li></ul>	Critical illness insurance
<ul style="list-style-type: none"><li>• replace your income when you are unable to work</li></ul>	Disability income insurance
<ul style="list-style-type: none"><li>• pay the cost of any care you need when you are too weak to look after yourself</li></ul>	Long-term care insurance

You can find more information about each type of product at the end of this Guide.

## HOW MUCH HEALTH INSURANCE SHOULD I BUY?

You should first consider the quality of healthcare and the level of income protection you would want if you became ill or disabled, and then buy enough cover to meet those needs. However, you should also consider whether or not you would be able to pay the premiums over the long term. You may have to prioritise your needs and structure your health insurance according to your ability to pay the premiums.

## WHAT SHOULD I TAKE NOTE OF WHEN TAKING UP ADDITIONAL HEALTH INSURANCE POLICIES?

You should check whether you are already covered under another health insurance policy before you buy a new one. In particular, you should take note of the following:

### Having several medical expense policies

With medical expense insurance, the total benefit you will get is limited to your actual expenses. So taking up extra policies does not necessarily provide extra benefits.

### Switching between health insurance products

Health insurance products usually do not cover any illness or disability you already have at the time you sign up. So before you switch from one health insurance product to another one that promises to give you more benefits, consider your current health status. Be aware that the new policy that you switch to may not provide you with the same coverage, should there have been a change in your health status since you bought your current policy.

## WHAT KEY FEATURES SHOULD I LOOK FOR IN HEALTH INSURANCE PRODUCTS?

### Age limit

Most health insurance products are not available to people over a certain age. So it is generally better for you to sign up early while you are still healthy and able to get all the benefits of health insurance.

Some health insurance products provide cover for your whole life, but others cover you only up to a certain age. You should choose a product with a length of cover that suits your needs. You can discuss your needs with a financial adviser or an insurance intermediary.

## Premiums

Different products may charge premiums in different ways. With regular-premium plans, you will have to pay regular premiums throughout the life of the policy. With single-premium plans, you pay one premium at the start of your cover.

If you have to pay regular premiums, the amount of the premiums may change as you grow older. These changes will be in line with a table you are given before you buy your policy. That table will show the premium you will have to pay in the future, depending on your age at that time.

Whether or not the policy states that the premium will change as you grow older, the insurer may have the right to change the premium at any time by giving you written notice. You should find out whether a policy you are considering allows the insurer to do this.

You must pay any regular premiums when they become due in order to keep your cover. So before you buy any product you should make sure you can afford to pay the premiums over the long term.

## Renewing a policy

Some health insurance products guarantee that your cover will stay in force as long as you pay the premiums on time. Other products give insurers the right to cancel your cover by giving you written notice before your policy is due for renewal.

If you buy a product that guarantees to cover you while you keep paying your premiums, you will not need to worry about your cover being cancelled. However, even if your cover is guaranteed, some health insurance products allow insurers to change the benefits, premium rates or other terms and conditions when the policies are due for renewal (usually every year on the anniversary of the inception of the cover). Make sure you are clear about the terms and conditions of the product before you buy it.

## Ending a policy

Your health insurance policy may end when:

- you reach the maximum age stated in your policy;
- you have received the maximum benefits that can be paid under the policy;
- the insurer cancels your cover; or
- you fail to pay your premiums.

If the policy ends because you have failed to pay any premium, you can ask your insurer to provide cover again. However, insurers will usually consider your age and health status at the time they start to provide cover again. So when the cover starts again you may have to pay a higher premium or have extra conditions attached to the policy. Insurers can also refuse to cover you again.

## Policy exclusions

All health insurance products contain some 'exclusions' setting out the circumstances under which benefits will not be paid. As exclusions vary from product to product, you should read the policy document carefully to find out exactly what you are or are not covered for. Check with your financial adviser or insurance intermediary if you are not sure.

The most common exclusion in health insurance is a 'pre-existing condition' exclusion. This exclusion means that any illness or disability that you have, or have had, when you sign up for the product will not be covered. So it is important that you buy health insurance while you are young and healthy in order to enjoy the full benefits of the product. You should bear in mind that the definition of 'pre-existing condition' can vary from product to product.

If you already have a medical condition when you apply for health insurance, you must give details of this condition in your application. The insurer will then decide whether or not to provide full cover for that medical condition.

## WHAT SHOULD I CONSIDER WHEN I AM MAKING AN APPLICATION FOR HEALTH INSURANCE?

### Your duty to provide information

An insurance contract is based on trust. When you apply for health insurance, you must provide all the information asked for. Such information would include your age and occupation, and any history of illnesses, medical conditions or disability.

If you do not provide important information when you apply for health insurance, the policy you take up may not actually cover you. If you are not sure whether certain information is important, you should still provide the details. This includes any information you may have given to the financial adviser or insurance intermediary but not included in your application.

### Accepting your application

The insurer will assess the information you have given them, and decide whether or not to accept your application. If you are not in good health, the insurer may refuse to provide certain benefits, or increase the premium charged, or reject your application.

## HOW SHOULD I MAKE A CLAIM?

To make a claim, you usually need to fill in a claim form from the insurer and provide proof (such as hospital bills, medical reports, test results and declarations of income) to support your claim. You may be asked to provide additional supporting documents if the insurer needs more information to assess your claim.

You should make any claim as soon as possible. Most health insurance policies set a period in which you must tell the insurer about a claim.

## WHAT ELSE SHOULD I KNOW WHEN I TAKE UP HEALTH INSURANCE?

### Advice

If you need advice on whether or not to buy health insurance, and what type of insurance to buy, you may approach a financial adviser or an insurance intermediary regulated by the Monetary Authority of Singapore (MAS). It is important that you ask whether the representative or intermediary has the necessary health insurance qualification. You can refer to the Financial Institutions Directory on the MAS website ([www.mas.gov.sg](http://www.mas.gov.sg)) for a list of the entities regulated by MAS.

### 14-day 'free look'

You have 14 days to review your new policy. During this time, if you decide that the policy does not meet your needs, the insurer will refund all your premiums less any medical and other expenses they have had to pay. You will need to send the insurer written notice that you want to cancel your policy within 14 days of the date you receive your policy.

### When you are in hospital

In Singapore, high-quality public and private healthcare is easily available. However, the cost of healthcare differs greatly between private and public hospitals, and between different types of ward. So when you need to go into hospital you should:

- check the ward charges and the costs of medical treatment recommended by your doctor;
- check whether the benefits under your health insurance will cover all the costs;
- consider the options available to you; and
- choose your ward or treatment according to what you can afford.

## Worldwide cover

Health insurance products generally provide you with cover anywhere in the world. However, some products have 'geographic limits' which mean that treatment provided in certain countries or regions will not be covered.

You should also know that for treatment provided overseas, some products will pay only up to the amount that would be charged in Singapore, if that treatment is available locally. If you are likely to be living or working overseas, you should discuss your specific needs with your financial adviser or insurance intermediary before you take up the policy.

## INFORMATION ON SPECIFIC TYPES OF HEALTH INSURANCE PRODUCTS

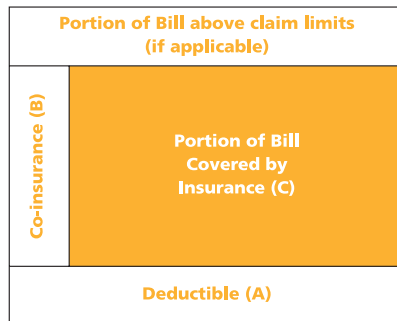
The following section briefly explains what each type of health insurance product covers, and provides general information about the different products. As the terms and conditions may not be exactly the same for every health insurance product, you should check the details of your policy and speak to your financial adviser or insurance intermediary if you are not sure.

### Medical expense insurance (or hospital and surgical insurance)

Medical expense insurance pays medical expenses incurred as a result of an accident or illness. The policy will pay expenses for inpatient medical treatment or surgery, some outpatient charges for day surgery, consultations with specialists before and after the hospital stay, and X-rays and laboratory tests. 'Major' medical expense insurance will pay expenses for longer hospital stays due to a major illness or for major surgery such as heart bypass surgery or organ transplant.

Medical expense insurance will not pay you more than the actual medical expenses incurred, regardless of the number of policies you have. There are also limits to the amount you can claim under each medical expense policy. The policy may include limits for all claims as well as limits for each illness, disability, year or lifetime. You can combine the limits of two or more policies to get higher benefits. Policies may also have exclusions for treatment of certain illnesses, such as pre-existing conditions, or treatment that is not for medical reasons. A medical expense policy may have a waiting period during which expenses will not be paid unless they relate to accidental injuries.

Some medical expense policies may also have 'deductible' and 'co-insurance' features. A deductible (A) is the fixed amount you have to pay before policy benefits are paid. The co-insurance (B) is the percentage of the bill you have to pay on the portion of the bill on top of the deductible. The orange-coloured portion (C)



of the diagram shows what is payable by the medical expense policy. So, you will not receive the full medical expenses from this type of policy.

### MediShield and Integrated Shield Plans

**MediShield** is the national basic 'major medical expense' insurance scheme that helps its policyholders meet large hospitalisation costs at the Class B2/C level. Eligible Singaporean Citizens and Permanent Residents are covered unless they opt-out. You can check with the CPF Board if you and your family are covered under MediShield and/or to apply for MediShield coverage.

Some insurance companies offer **Integrated Shield Plans** that provide higher medical coverage than MediShield. These are suitable if you plan to use Class B1, Class A wards or private hospitals. These plans are combined with basic MediShield and policyholders pay one premium for coverage under both the private plan and basic MediShield.

MediShield and Integrated Shield Plans have co-insurance and deductible features to keep premiums affordable.

MediShield premiums are payable by Medisave. If you or your family members have Integrated Shield Plans, you can also use Medisave to pay for your premiums, up to the prevailing withdrawal limit set by the Ministry of Health.

MediShield is operated by the CPF Board ([www.cpf.gov.sg](http://www.cpf.gov.sg)). You can refer to the Ministry of Health website ([www.moh.gov.sg](http://www.moh.gov.sg)) for information on Medisave, MediShield and Medisave-approved Integrated Shield Plans. For more information about applying for Integrated Shield Plans, please contact any financial adviser or insurance intermediary from the insurers that offer them.

## Hospital cash insurance (or hospital income insurance)

Hospital cash insurance pays a fixed amount of benefit for each day you are in hospital for medical treatment or surgery, regardless of the actual expenses incurred for your hospital stay. This means that the total amount paid under the hospital cash insurance may be more or less than your actual expenses.

A hospital cash policy may have a waiting period, which means benefits are paid only after you have been in hospital for more than a set number of days. The benefits may also be paid for only a set number of days each year, or for the life of the policy. (In this case, the policy will end once the lifetime limit has been reached.) Waiting periods and benefit limits may vary across policies.

## Critical illness insurance (or dread disease insurance)

Critical illness insurance pays a lump sum either when you are first diagnosed with a disease covered by the policy, or after first having a type of surgery covered by the policy. The lump sum does not depend on you going into hospital or on your actual medical expenses.

Although the types of disease covered by critical illness policies may vary from one insurer to another, some major illnesses and types of surgery are covered by almost all policies. These include major cancers, heart attack, coronary artery bypass surgery, stroke, and kidney failure. Benefits are paid only if the disease or surgery exactly meets the definition in the policy. Definitions of diseases are fixed across all insurance companies in Singapore. You can refer to the websites of the Life Insurance Association ([www.lia.org.sg](http://www.lia.org.sg)) and of the General Insurance Association of Singapore ([www.gia.org.sg](http://www.gia.org.sg)) for the standardised definitions.

A critical illness policy usually has a waiting period for certain diseases or types of surgery. If any disease or type of surgery for which the policy specifies is diagnosed or carried out during the waiting period, no benefits would be paid.

## Disability income insurance

Disability income insurance pays a fixed amount each month to replace the income you would lose if you were not able to work as a result of an accident or illness. These policies aim to ease your financial burden, and are not intended to completely replace the income you earned before the accident or illness. So, disability income insurance usually pays no more than 80% of your average monthly salary.

Disability income insurance may have a waiting period during which benefits will not be paid. Payment of benefits will usually start to be paid only if you are continuously disabled for longer than the waiting period. The monthly income benefit will usually be paid for up to five or 10 years, or until you are 60 or 65. Payment of benefits will stop once you can start working again, or it may be reduced in proportion to any recovery you make. (Any recovery is decided through medical check-ups carried out by the insurer.)

The most important thing to consider when taking up disability income insurance is the definition of disability used in the policy. Some policies define disability as not being able to perform your usual work, while others define it as not being able to do any work at all. As the probability of claiming under the second definition is lower than under the first, the premium will also be lower (as long as all other terms and conditions are the same). You should also bear in mind that there are other definitions of disability. Check with your financial adviser or insurance intermediary on the definitions used in your policy.

## Long-term care insurance

Long-term care insurance pays a fixed amount of benefit each month towards expenses for long-term nursing treatment. There is usually no age limit for this type of cover.

Benefits are paid when you cannot perform some 'activities of daily living'. These include bathing, dressing, feeding, going to the toilet and moving around. The definitions of 'activities of daily living' and the minimum number of activities you must not be able to perform to qualify for the payment of benefits may vary from one policy to another. Payment of benefits will stop once the number of activities you cannot perform falls below the minimum stipulated in your policy.

Some long-term care policies pay benefits for up to a set number of years. Once the benefits have been paid for that number of years, the policy will end. Other long-term care policies pay benefits for life as long as you meet the conditions for making a claim. There is also a waiting period, so benefit payments will begin only after you have not been able to perform the minimum number of activities for at least a set period of time.

### ElderShield and ElderShield Supplements

**ElderShield** is the national severe disability insurance scheme which provides basic financial protection to those who need long-term care, especially during old age. It provides a monthly cash payout to help pay the out-of-pocket expenses for the care of a severely-disabled person. Singapore Citizens and Permanent Residents with Medisave accounts are automatically covered under ElderShield at the age of 40.

The appointed ElderShield insurers also offer optional additional coverage (**ElderShield Supplements**) on top of the ElderShield plan at additional premiums.

ElderShield premiums are determined at the age of entry and do not increase with age. Premiums are payable annually until age 65 and can be payable via Medisave up to the prevailing withdrawal limit set by the Ministry of Health.

You can refer to the Ministry of Health website ([www.moh.gov.sg](http://www.moh.gov.sg)) for information on ElderShield. For more information about applying for ElderShield and ElderShield Supplements, please contact any financial adviser or insurance intermediary from the appointed ElderShield insurers.

## QUESTIONS TO ASK BEFORE TAKING UP HEALTH INSURANCE

- What will my health insurance policy cover?
- Am I already covered for the same thing under another health insurance policy?
- What doesn't the health insurance policy cover and when will I not be covered?
- When will full cover under the policy start?
- How much will I be paying for my health insurance and will I be able to afford the premiums over the long term?
- How often will the premium be charged and will it be a fixed or variable sum?
- Can the insurance company change the premium in the future from those shown to me when I buy the policy? How much notice will I be given of any such change?
- Will my policy automatically be renewed and what is the penalty if I do not pay any premium on time?
- When or in what circumstances will my health insurance policy end?
- How do I end my policy?
- How do I make a claim?
- Are there any limits to the benefits that can be paid out from my policy?
- How will my future premiums be affected after I have made a claim?
- Will I be covered for medical treatment performed outside Singapore?
- How is my health insurance policy affected by other schemes that pay for healthcare?

## DISPUTE RESOLUTION

If you have a complaint about your insurance policy, you should first refer the matter to your insurer or the insurance adviser who sold you the insurance policy. However, if you fail to reach an agreement, the Financial Industry Disputes Resolution Centre (FIDReC) provides an independent alternative dispute resolution scheme. You must lodge your complaint with FIDReC within six months from the date when you failed to reach an agreement with your insurer.

FIDReC is staffed by full-time employees who are familiar with insurance law and practice. FIDReC aims to tackle and sort out disputes in a fair and cost-efficient way. This should hopefully mean you avoid time-consuming, stressful and costly legal proceedings.

At present, FIDReC covers the following:

- Claims between insured persons and insurance companies: up to S\$100,000 per claim
- Other claims (including disputes between banks and consumers, capital market disputes, third party claims and market conduct claims): up to S\$50,000 per claim

FIDReC's rulings are final and binding on the financial institution, but not on you. You may choose to accept or reject FIDReC's decision. If you are unhappy with the ruling by FIDReC, you can choose to pursue legal action or other options such as approaching the Consumers Association of Singapore, the Singapore Mediation Centre or the Small Claims Tribunal.

However, if you do accept FIDReC's ruling, you may lose your right to proceed with legal action against the financial institution.

You can contact FIDReC at:

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