Medical Cost & Premium Inflation on the RISE!!!

(An extract from thestar.com.my dated 1/12/2021)

KUALA LUMPUR: The insurance and Takaful industry calls on all stakeholders such as **Bank Negara, private hospitals and doctors to work together** with the industry to address the rising medical cost and premium inflation.

The **major drivers** of medical and premium/contribution inflation are: –

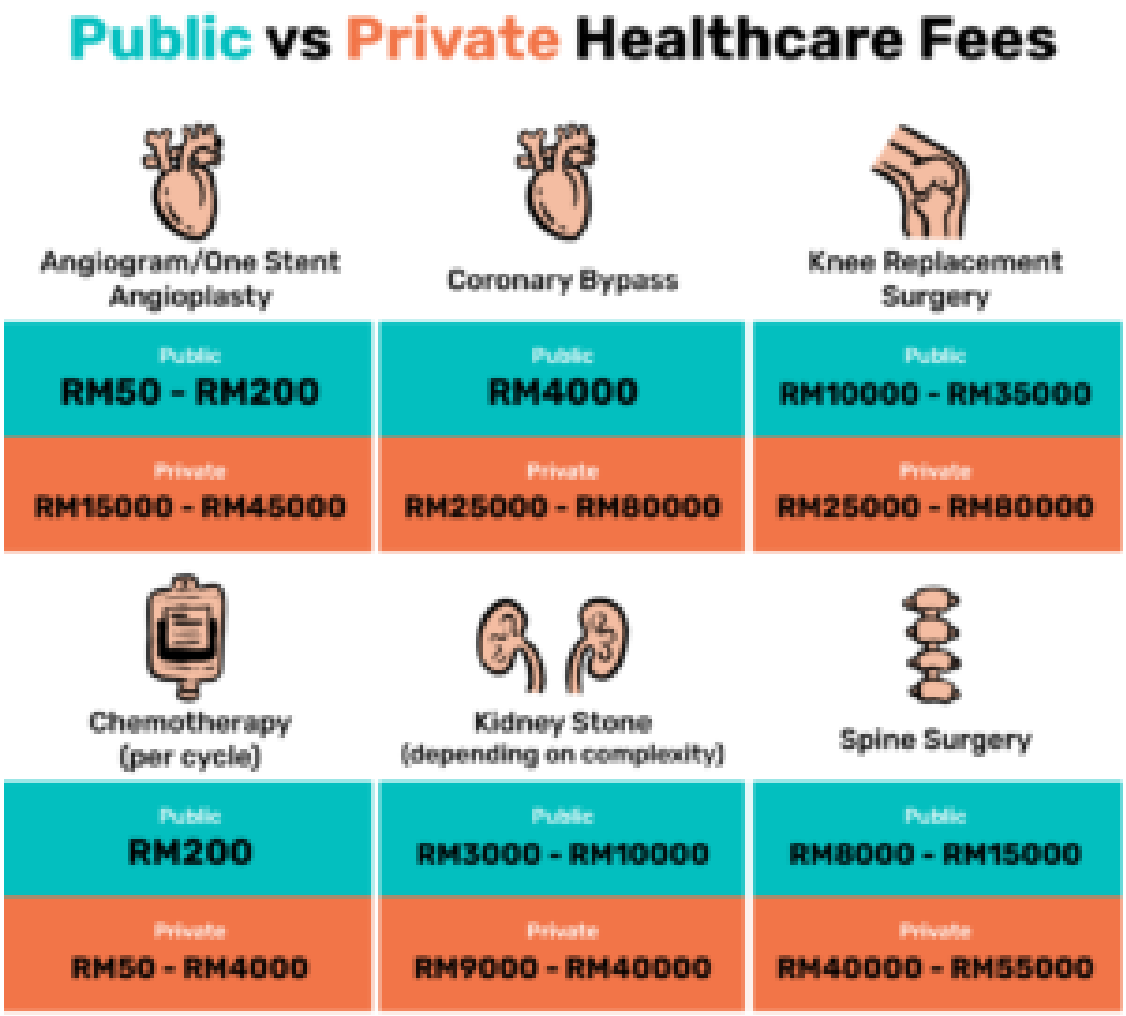
1. Advances in medical treatment, imported equipment, supplies and medicines;

2. High prevalence of non-communicable diseases;

3. Ageing population; and

4. Increasing benefits and policy design.

The below image is the illustration on the Medical Treatment Charges between Private & Government Hospital in Malaysia:-



Life Insurance Association of Malaysia (LIAM) survey: –

i. Claims have risen to 88.6% of premium.

ii. The average annualized premium increase was 6.47% and the rate revision only happens every three to five years.

The survey shows that:

“**Claims have been increasing at a faster rate than premiums**. Over the long term, this **threatens the sustainability of medical insurance**.”

Suggestions by Actuarial Partners 2020 study/survey: –

a) Insurers and Takaful operators to introduce **more alternative plan designs with lower premiums and cost-sharing provisions** for policyholders to maintain their medical coverage and encourage cost control.

b) A greater transparency by **publishing the average costs of common procedures and treatment** and this can empower policyholders to make better healthcare decisions.

c) To **automate and digitize guarantee letter process** to reduce administration costs and improve the insured patient experience.

If you haven't have a medical insurance plan, please consider to have one. Just like what we Malaysian always said '**Sediakan Payung Sebelum Hujan**'.

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> *2. Call us at 012-2861817 (M), 03-21622515 (O)*