

Higher premiums only for new policies

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PETALING JAYA: The 20% to 30% increase in health insurance premiums and other changes being implemented by most insurers to counter a rising trend in claims will only affect new or upgraded insurance policies.

Current policies will not be affected unless the policyholders wish to upgrade their coverage.

"The lower income group will not be greatly affected," Life Insurance Association of Malaysia board member L. Meyyapan said yesterday when asked to comment on a report that insurance companies have started to increase their health premiums by between 20% and 30%.

"People from lower income groups don't go to private hospitals. Most of the policyholders are in the middle to higher income group," he said.

Meyappan said insurers usually pay about 120% of the amount claimed owing to administration and managerial expenses.

"Current policies cover the policyholder's medical fees up to the annual limit," he said.

"The hospital deals directly with the insurers, so the costs are not so obvious to the policyholders. This encourages policyholders to go to private hospitals for treatment they can get from general practitioners.

"The other reason is that hospitals tend to conduct unnecessary tests or expen-

sive treatments when they know the patient can pay for it.

"The policyholder is happy to get a full medical check-up or to be treated with the most expensive drugs although it may be unnecessary, or more affordable treatment is available, but it is the insurer that pays for it all."

The increase in the number of claims has caused some companies to withdraw from offering medical insurance to their employees.

President of the Association of Private Hospitals Malaysia Datuk Dr Ridzwan Bakar said healthcare costs worldwide have been increasing and will continue to rise.

He said there was no point in blaming private hospitals for the increase in premiums as other stakeholders

such as insurance companies and the public are involved.

Ridzwan suggested that insurance companies set up business units to monitor accurately the utilisation of claims and to ensure prompt payments.

Meanwhile, Prime Minister Datuk Seri Dr Mahathir Mohamad said the high cost of treatment is among the reasons insurance companies have started increasing health premiums.

"Insurance companies are not charitable organisations... they are there to fulfil a need ... in other words, to average out the cost for treatment in the face of rising costs," he said after launching a book entitled *In The Time of the Mishmish: A Painting in Twenty Parts*.