

CONSULTATION PAPER

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# Review of Accident & Health Regulatory Framework

MAS

Monetary Authority of Singapore

## PREFACE

i. The Monetary Authority of Singapore (“MAS”) introduced the regulatory framework for accident and health (“A&H”) insurance in 2004 to govern both the underwriting and distribution of policies that contain A&H benefits<sup>1</sup>. The framework classified A&H insurance into long-term and short-term policies to align the offering of long-term A&H insurance with life insurance, and introduced disclosure and conduct requirements in relation to the distribution of policies that contain A&H benefits.

ii. Given the developments in the regulatory landscape for insurance products and the recommendations of the MediShield Life Review Committee (“MLRC”), MAS has conducted a review of its regulatory framework for A&H insurance.

iii. This consultation paper sets out the proposed revisions to enhance the framework and invites comments on the proposals. Electronic submission is encouraged. Please submit your written comments by 12 June 2015 to:

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iv. Please note that any submission received may be made public unless confidentiality is specifically requested for the whole or part of the submission.

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<sup>1</sup> “Accident and health benefits” are defined in the First Schedule to the Insurance Act (Cap.142) as policy moneys which are paid out –

- (a) In the event of an injury to, or a disability of, the insured as a result of accident or sickness;
- (b) In the event of the insured being found to have a condition or disease stated in the policy of the insured;
- (c) With respect to health services;
- (d) On the death, by accident or some other cause stated in the policy, of the insured; or
- (e) On the happening of a combination of any of the above,

but does not include policy moneys that are payable with respect to any loss arising out of a liability to pay compensation or damages.

## TABLE OF CONTENTS

<b>PREFACE</b> .....	<b>1</b>
<b>TABLE OF CONTENTS</b> .....	<b>2</b>
<b>1. INTRODUCTION</b> .....	<b>3</b>
<b>2. ENHANCE DISCLOSURE REQUIREMENTS</b> .....	<b>5</b>
<b>3. STRENGTHEN PROTECTION MEASURES FOR POLICYHOLDERS</b> ..	<b>11</b>
<b>4. IMPROVE QUALITY OF CONDUCT OF INTERMEDIARIES SELLING A&amp;H INSURANCE</b> .....	<b>12</b>
<b>5. IMPLEMENTATION TIMELINE</b> .....	<b>15</b>
<b>APPENDIX A: Standardised Disclosures for IPs only</b> .....	<b>16</b>
<b>APPENDIX B: Standardised Disclosures for all Individual Medical Expense Policies excluding IPs</b> .....	<b>31</b>
<b>APPENDIX C: Standardised Disclosures for all Non Medisave-approved A&amp;H Products</b> .....	<b>32</b>
<b>APPENDIX D: Standardised Disclosures for all Short-term A&amp;H Products</b> .....	<b>33</b>

## 1. INTRODUCTION

1.1 In 2004, MAS introduced the regulatory framework for A&H insurance to govern both the underwriting and distribution of policies that contain A&H benefits. Under the framework, A&H insurance is classified into long-term and short-term policies<sup>2</sup> to align the offering of long-term A&H insurance with life insurance. The framework also introduced disclosure and conduct requirements in relation to the distribution of policies that contain A&H benefits. Since 2004, there have been a number of regulatory developments in relation to disclosure, fair dealing and conduct for intermediaries.

1.2 Following the introduction of Medisave-approved Integrated Shield Plans (“IPs”) in 2005, the private health insurance sector has grown substantially. IPs are hospitalisation insurance plans that comprise (i) the basic MediShield portion (which will become MediShield Life in end-2015) administered by the Central Provident Fund Board (“CPF Board”); and (ii) an additional private insurance coverage portion, typically to cover private hospitals or the Class A and B1 wards in public hospitals. The basic MediShield portion applies to both MediShield policyholders and IP policyholders. Today, about 60% of Singapore Citizens and Permanent Residents are covered under IPs.

1.3 IPs are offered by life insurers licensed by the MAS. All life insurers are required to adhere to prudential and conduct requirements. In addition, the life insurers offering IPs are required to comply with the Ministry of Health’s (“MOH”) “Conditions for Medisave-approval of Integrated Medical Insurance Plans” (“MOH’s Conditions”) which set out the minimum parameters that an IP must meet.

1.4 In June 2014, the MLRC issued a report setting out various recommendations on MediShield Life and IPs, including the need to improve the existing regulatory and accountability framework for IPs. Following the issuance of the MLRC Report, MAS and the MOH jointly chaired a workgroup<sup>3</sup> (“R&A WG”) to review the regulatory and accountability framework for IPs. The R&A WG deliberated on ways to:

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<sup>2</sup> Long-term A&H policies are defined as A&H policies that are guaranteed renewable with a duration greater than 5 years whereas a short-term A&H policy is one that is not a long-term A&H policy.

<sup>3</sup> The R&A WG comprises representatives from MAS, MOH, CPF Board, Life Insurance Association of Singapore (“LIA”) and life insurers that offer IPs.

- Improve clarity of communications between insurers and policyholders, in particular regarding the distinction between MediShield Life and IPs; and
- Strengthen the regulatory framework and develop industry-wide tools and efforts to improve professional conduct of A&H insurance intermediaries.

1.5 The MLRC report noted that some IP policyholders cited negative experiences with their IPs, and the insurers or intermediaries marketing them. To address this, the R&A WG recommended proposals to enhance disclosure, strengthen protection measures for policyholders and improve the quality of intermediaries' conduct. MAS took these recommendations into consideration when formulating the proposals set out in this consultation paper. MAS is also proposing to extend some of the recommendations to other A&H policies which are not IPs.

1.6 The key proposals are outlined in sections 2 to 4 of this paper with the proposed standardised disclosure statements set out in the appendices.

## 2. ENHANCE DISCLOSURE REQUIREMENTS

### Restriction on use of term “Shield” in the naming of A&H policies

2.1 The MLRC had noted feedback from the public that consumers were often not aware of what their IPs covered and the distinction between MediShield and IPs. Consumers also thought that an IP rider<sup>4</sup> and other health policies, which use the term “Shield” in its name, were approved and endorsed by MOH. This is not the case. An IP comprises two parts – the MediShield (or MediShield Life, when implemented) portion and the additional private insurance coverage.

2.2 To avoid confusion, MAS is proposing to restrict the use of the term “Shield” in the naming of A&H policies to only those that are Medisave-

<sup>4</sup> A policyholder who buys an IP is still required to pay the deductible and co-insurance portion of the incurred medical expense. Thus, an IP rider, whose premiums are payable only in cash, can be purchased by the policyholder to cover the deductible and/or co-insurance portion, depending on the terms and conditions of the rider. The table shows the current list of all IPs and Riders available for sale in the market.

Insurer	Name of IP	Name of IP Rider
AIA	<ul style="list-style-type: none"> <li>HealthShield Gold Max A</li> <li>HealthShield Gold Max B</li> <li>HealthShield Gold Max C</li> </ul>	<ul style="list-style-type: none"> <li>HealthShield Gold Max Essential</li> </ul>
Aviva	<ul style="list-style-type: none"> <li>MyShield Plans 1</li> <li>MyShield Plans 2</li> <li>MyShield Plans 3</li> </ul>	<ul style="list-style-type: none"> <li>MyShield Plus Option A</li> <li>MyShield Plus Option C</li> </ul>
Great Eastern	<ul style="list-style-type: none"> <li>SupremeHealth Plan P Plus</li> <li>SupremeHealth Plan A Plus</li> <li>SupremeHealth Plan B Plus</li> </ul>	<ul style="list-style-type: none"> <li>TotalShield</li> </ul>
	<ul style="list-style-type: none"> <li>The IP and IP rider is also packaged and sold as SupremeShield</li> </ul>	
NTUC Income	<ul style="list-style-type: none"> <li>Enhanced IncomeShield Plan Basic</li> <li>Enhanced IncomeShield Plan Advantage</li> <li>Enhanced IncomeShield Plan Preferred</li> <li>IncomeShield Plan B</li> <li>IncomeShield Plan A</li> <li>IncomeShield Plan P</li> </ul>	<ul style="list-style-type: none"> <li>Plus Rider</li> <li>Assist Rider</li> <li>Daily Cash Rider</li> <li>Child Illness Rider</li> </ul>
Prudential	<ul style="list-style-type: none"> <li>PruShield Plan A Plus</li> <li>PruShield Plan A Premier</li> </ul>	<ul style="list-style-type: none"> <li>PruShield extra</li> <li>PruShield extra lite</li> </ul>

approved<sup>5</sup>. Thus, all insurers would not be allowed to use the term “Shield” in the naming of the following:

- a) New A&H products that are not Medisave-approved launched after 1 November 2015; and
- b) For existing A&H products that are not Medisave-approved, including IP riders, insurers will be given a 2-year transition period from 1 November 2015 to effect the change.

The proposed restriction will be set out in MAS Notice 120 on Disclosure and Advisory Process Requirements for Accident and Health Insurance Products (“MAS Notice 120”) and will not apply to other non A&H policies, such as travel insurance policies or credit card protection insurance policies.

### **Disclosure requirements related to MediShield Life and IPs**

2.3 Further, MAS and MOH had noted from complaints received that many policyholders were unaware of the risks of upgrading or switching their IPs. Many of the complainants were worse off after upgrading or switching their policies.

2.4 MAS is therefore proposing to enhance disclosure requirements for IPs to highlight clearly, where appropriate:

- a) The distinction between premiums payable to MediShield Life and the additional private insurance coverage;
- b) The distinction between claims paid out from MediShield Life and the additional private insurance coverage;
- c) The risks and limitations of upgrading or switching;
- d) The option for policyholders to downgrade their existing IP policies should the premiums become unaffordable;
- e) The universal coverage under MediShield Life<sup>6</sup> that would continue should the policyholders decide not to take up or renew the IP; and
- f) The applicable free look and reinstatement period for IPs.

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<sup>5</sup> These are health insurance plans which are approved by MOH, where the premiums are allowed to be paid by, in whole or in part, by the monies in a Medisave account.

<sup>6</sup> MediShield Life is a basic health insurance, covering subsidised treatment in Class B2/C wards of public hospitals. All Singapore Citizens and Permanent Residents will be automatically covered under MediShield Life for life. Pre-existing conditions will also be covered by MediShield Life, up to the agreed level of benefit coverage.

2.5 Consequently, MAS will amend MAS Notice 120 to require insurers that offer IPs to adopt the following standardised disclosures for the IPs:

- a) Template for Premium Notification Letter<sup>7</sup> as required under MOH's Conditions;
- b) Template for Premium Rates Table in the Product Summary and Conditional Letter of Offer<sup>8</sup>;
- c) Template for Benefit Schedule Table in the Product Summary;
- d) Template for Breakdown of Premiums Payable for MediShield Life and the additional private insurance coverage in the Acceptance Letter and Conditional Letter of Offer;
- e) Note on Medisave Withdrawal Limits in the Acceptance Letter and Conditional Letter of Offer;
- f) Template for Breakdown of Claims paid out from MediShield Life and the additional private insurance coverage in the Claims Settlement Letter;
- g) Statement highlighting to consumers the risks and limitations of switching or upgrading in the Product Summary, Proposal Form, Acceptance Letter, Conditional Letter of Offer and Termination Letter;
- h) Statement highlighting the options for policyholders to downgrade their existing IP in the Product Summary;
- i) Statement highlighting to policyholders that there should be sufficient monies in the Medisave accounts in the Proposal Form;
- j) Statement stating that the policyholder would continue to be covered under MediShield Life should they decide not to take up the IP in the Conditional Letter of Offer;
- k) Statement stating that the policyholder would continue to be covered under MediShield Life in the Termination Letter; and
- l) Statement highlighting the reinstatement conditions (including the procedures to apply for reinstatement) in the Termination Letter<sup>9</sup>.

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<sup>7</sup> The Premium Notification Letter is sent out at renewal. The letter includes information on the policies purchased and the premiums payable.

<sup>8</sup> The Conditional Letter of Offer is sent out (in lieu of the Acceptance Letter) for individuals with pre-existing conditions where the insurer is offering amended terms e.g. exclusions for stated medical conditions or risk-loaded premiums to cover the stated medical conditions.

<sup>9</sup> This will be useful information for policyholders who switched IP insurers and realise that their pre-existing conditions would not be covered under the new policy.



The proposed standardised disclosure statements are set out [Appendix A](#).

2.6 In addition, MAS proposes to require insurers to include a statement in the Acceptance Letter to clarify that such acceptance does not constitute the start of policy coverage and to indicate the policy inception date. If the policy inception date is dependent on the successful deduction of Medisave monies, the insurer should state that the policy inception date will be reflected in the Policy Schedule, which will be sent upon successful deduction of Medisave monies.

### **Enhanced disclosure requirements for other A&H policies**

2.7 In addition, MAS recognises that there could be a certain level of overlap between the benefit coverage of individual medical expense policies and MediShield Life. For greater clarity and transparency for consumers, MAS proposes to require insurers to set out the following standardised disclosures for individual medical expense policies:

- a) Statement stating that the policyholder would continue to be covered under MediShield Life should they decide not to take up the individual medical expense policy in the Conditional Letter of Offer; and
- b) Statement stating that the policyholder would continue to be covered under MediShield Life in the Termination Letter.

For these disclosures, MAS proposes to exempt products that are sold only to non-Singapore Citizens/Permanent Residents since they would not be covered under MediShield Life. The proposed standardised disclosure statements can be found in [Appendix B](#).

2.8 For all A&H products that are not Medisave-approved, MAS proposes to require all insurers to clearly highlight in a standardised disclosure statement that the premiums for the particular product cannot be paid using Medisave monies in the Product Summary. Please refer to [Appendix C](#).

2.9 MAS had noted from complaints received that policyholders may not have been fully aware that insurers can unilaterally terminate or not renew their short-term A&H policies. MAS proposes to amend MAS Notice 120 to require insurers to include a standardised disclosure statement in the Product Summary and Premium Notification Letter for short-term A&H policies that the plans are not guaranteed renewable and that the policyholder may be subject to additional underwriting at renewal. Please refer to [Appendix D](#).

## Alignment with changes to the Financial Advisers Act (“FAA”)

2.10 There have been a number of developments in the regulatory landscape since 2004 in relation to disclosure, fair dealing and conduct for intermediaries. Given similarities in the market conduct risks between long-term A&H policies with investment products and life policies, we are of the view that there is a need to align the disclosure requirements in both areas. In this regard, MAS proposes to amend MAS Notice 120 for the following disclosures:

- a) Insurance intermediaries are expected to review the documents given to the insured at least annually;
- b) A&H insurance intermediaries will be required to provide information on their remuneration upfront;
- c) Additional disclosures will be required on (i) free look period of A&H policies; (ii) termination or claim; and (iii) warnings, exclusions and disclaimers; and
- d) A&H insurance intermediaries will be required to disclose any applicable switching fee or charge, in writing.

### **Proposals**

#### **Proposal 1**

Restrict the use of the word “Shield” in the name of an A&H policy to Medisave-approved A&H policies only, i.e. IPs, ElderShield and ElderShield supplements. Insurers will not be allowed to use the word “Shield” for all new A&H products that are not Medisave-approved launched after 1 November 2015. Insurers are given a 2-year transition period from 1 November 2015 to effect the change for existing affected A&H products that are not Medisave-approved.

#### **Proposal 2**

Require insurers to use standardised disclosures in the various disclosure documents detailed in Appendix A for the IPs.

#### **Proposal 3**

Require insurers to include a statement in the Acceptance Letter to clarify that such acceptance does not constitute the start of policy coverage and to indicate the policy inception date. If the policy inception date is dependent on the successful deduction of Medisave monies, the insurer should state that the policy inception date will be reflected in the Policy Schedule, which will be

sent upon successful deduction of Medisave monies.

#### **Proposal 4**

Extend the following standardised disclosures to all individual medical expense policies:

- a) Statement that coverage under MediShield Life continues should policyholder decide not to take up or renew the individual medical expense policy in the Conditional Letter of Offer; and
- b) Statement that coverage under MediShield Life continues in the Termination Letter.

These disclosure requirements will not apply to products that are sold to only non-Singapore Citizens/Permanent Residents. Please refer to [Appendix B](#) for the standardised disclosure statements.

#### **Proposal 5**

Require insurers to set out clearly in the Product Summary for all A&H products that are not Medisave-approved that the premium for the particular product is not payable using Medisave. Please refer to [Appendix C](#) for the standardised disclosure statement.

#### **Proposal 6**

Require insurers to include a standardised disclosure statement in the Product Summary and Premium Notification Letter for short-term A&H policies that the plans are not guaranteed renewable and that the policyholder may be subject to additional underwriting at renewal. Please refer to [Appendix D](#) for the standardised disclosure statement.

#### **Proposal 7**

Align disclosure requirements with the requirements under the FAA to specifically require:

- a) At least an annual review of the documents given to the insured;
- b) A&H insurance intermediary to provide information on remuneration upfront;
- c) Additional disclosures on (i) free look period of A&H policies; (ii) termination or claim; and (iii) warnings, exclusions and disclaimers; and
- d) A&H insurance intermediaries to disclose any applicable switching fee or charge, in writing.

### 3. STRENGTHEN PROTECTION MEASURES FOR POLICYHOLDERS

#### Free look provision

3.1 The current requirement for insurers to provide a free look period of 14 days for a life or A&H policy under the Insurance (General Provisions) Regulations does not give insurers flexibility to offer a longer free look period. Therefore, MAS proposes to amend paragraph 8 of the Insurance (General Provisions) Regulations to require insurers to provide a minimum free look period of 14 days.

#### **Proposal**

##### **Proposal 8**

Amend Paragraph 8 of the Insurance (General Provisions) Regulations to state a minimum free look period of 14 days. This amendment allows insurers flexibility to provide a free look period that can be longer than 14 days for the issuance of a life policy or an A&H policy with duration of one year or more.

## **4. IMPROVE QUALITY OF CONDUCT OF INTERMEDIARIES SELLING A&H INSURANCE**

### **Clarity on responsibility for training, competency and conduct of intermediaries selling A&H policies**

4.1 Currently, direct general insurers are held responsible for the training, competency and the conduct of their agents via MAS Notice 211 on Minimum and Best Practice Training and Competency Standards for Direct General insurers and the Agents Registration Board (“ARB”) set up by the General Insurance Association of Singapore (“GIA”). MAS proposes to set out clearly in MAS Notice 117 on Training and Competency Requirement: Health Insurance Module (“MAS Notice 117”) and MAS Notice 120 that the insurer is responsible for the training, competency as well as the conduct of intermediaries, regardless whether these intermediaries are tied-agents or otherwise, selling its A&H policies.

### **Information to be obtained to provide financial advice**

4.2 In order to identify a client’s needs, an insurance intermediary is required to collect certain information as set out in MAS Notice 120. This includes the client’s existing health insurance coverage and his or her financial situation. One other key piece of information for A&H insurance is the desired hospital ward<sup>10</sup> that one would prefer to stay in, given the cost of staying in that hospital ward. The choice of ward would affect the types of plans available and correspondingly, have an impact on the premiums payable for the plan. MAS proposes to amend MAS Notice 120 to require A&H insurance intermediaries to:

- a) Collect and document information relating to the policyholder’s financial commitment and affordability consideration; and
- b) Enquire on the policyholder’s preference for wards for hospital stays. In this regard, intermediaries should clearly explain to policyholders the costs associated with different ward classes and the corresponding subsidy levels.

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<sup>10</sup> There are 5 different ward classes: private hospital wards, and Class A, Class B1, Class B2 and Class C wards in public hospitals.

## **Insurance intermediaries to use marketing materials approved by life insurers for IPs**

4.3 Currently, an A&H insurance intermediary, acting for a life insurer, is allowed under MAS Notice 120 to use marketing materials approved by the life insurer. The intermediary may also use its own marketing materials. As MediShield Life is a government scheme which requires clear and accurate information to be disseminated, and given the confusion over MediShield Life and IPs highlighted earlier, MAS proposes to amend MAS Notice 120 to require insurance intermediaries to use only marketing materials approved by the insurer for the IPs. This would aid to ensure the accuracy of information provided to consumers and reduce possible confusion.

### **Telemarketing script**

4.4 Under MAS Notice 120, where an insurance intermediary arranges A&H policies over the telephone, it shall communicate a warning to the policyholder that no advice was provided and the policyholder may wish to seek advice accordingly. MAS and MOH had received complaints over the sales tactics of some telemarketers, including the provision of misleading information. To address this, MAS proposes to amend MAS Notice 120 to require insurers to ensure its telemarketers, including those of its intermediaries, follow a script approved by the insurer for all long-term A&H policies. The script must include a statement that the A&H insurance intermediary is calling to provide information and not to advise or conclude sales for all long-term A&H policies.

### **Training requirements for insurance intermediaries selling IPs**

4.5 Under MAS Notice 117, A&H insurance intermediaries are required to pass the Health Insurance (“HI”) module before they can sell A&H policies. However, there is currently no requirement for A&H insurance intermediaries to ensure that they are kept abreast on the latest developments in the market thereafter. A&H insurance intermediaries play a vital role in disseminating information to the public, and hence should be equipped to present the most accurate information at any point in time.

4.6 To ensure that A&H insurance intermediaries are kept updated on MediShield Life and the IPs, MAS proposes to require A&H insurance intermediaries selling IPs to undergo a minimum 2 hours of training pertaining to MediShield Life and IP content annually. IP insurers or MOH, in respect to MediShield Life training, could conduct such trainings. For the A&H insurance intermediaries selling IPs that are licensed or exempted under the FAA, and are already required to undergo the mandatory 30 hours of Continuing

Professional Development (“CPD”), the MediShield Life/IP trainings can count towards the CPD training hours required under the FAA<sup>11</sup>. They will, however, not be counted towards the compulsory 4 hours of CPD training on Ethics and 8 hours of CPD training on Rules & Regulations.

## **Proposals**

### **Proposal 9**

Clarify that the insurer is responsible for the training, competency and the conduct of its intermediaries selling its A&H policies.

### **Proposal 10**

Require insurance intermediaries to collect and document information relating to the policyholder’s financial commitment and affordability consideration as well as enquire, as part of the fact find process, on the policyholder’s preference for the wards for all A&H policies.

### **Proposal 11**

Require insurance intermediaries to use only marketing material approved by the insurer for the IPs.

### **Proposal 12**

Require insurers to ensure its telemarketers, including those of its intermediaries, follow a script approved by the insurer for all long-term A&H policies which include a statement that the insurance intermediary is calling to provide information and not to advise or conclude sales for all long-term A&H policies.

### **Proposal 13**

Require A&H insurance intermediaries selling IPs to undergo a minimum 2 hours of training pertaining to MediShield Life and IP content annually. For A&H insurance intermediaries selling IPs that are licensed or exempted under the FAA and are already required to undergo the compulsory 30 hours of CPD training under the FAA, the MediShield Life/IP product training hours will count towards the 30 hours of CPD training hours required under the FAA but will not count towards the compulsory CPD training hours on Ethics and Rules & Regulations.

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<sup>11</sup> One of the recommendations under the Financial Advisory Industry Review (“FAIR”)

## **5. IMPLEMENTATION TIMELINE**

5.1 MAS targets to effect the amendments to the relevant Regulations and Notices by Q4 2015, together with the implementation of MediShield Life, with the exception of those with transitional arrangements put in place.



## **APPENDIX A: Standardised Disclosures for IPs only**

The following appendices set out the standardised disclosures by type of disclosure document for IPs.

<b>Appendix</b>	<b>Disclosure Documents</b>
A.1	Product Summary
A.2	Proposal Form
A.3	Acceptance Letter
A.4	Conditional Letter of Offer
A.5	Premium Notification Letter
A.6	Termination Letter
A.7	Claims Settlement Letter

## Appendix A.1: Product Summary

### Template for Benefit Schedule Table

#### **Comparison of Benefits between MediShield Life and [IP name] plan**

A/An [IP name] policy is made up of two parts – a MediShield Life portion provided by the Central Provident Fund Board (CPF Board) and additional private insurance coverage provided by [insurer]. The full [IP name] premium comprises the MediShield Life premium and your [IP name]'s additional coverage premium.

In the event of hospitalisation/medical treatment, your final payout will comprise the MediShield Life payout and the [IP name] additional coverage payout. For example,

- if the payout computed based on the full [IP name] benefits is \$2,000, and the payout based on MediShield Life benefits is \$500, the policyholder will receive \$2,000, which comprises \$500 from the MediShield Life payout, and \$1,500 from the [IP name] additional coverage payout.
- In the case where the payout based on MediShield Life benefits is higher than that from the [IP name] benefits, the eventual payout will be based on the MediShield Life benefits.

Benefit Parameters	Full Benefit Features	
	MediShield Life	Plan Name (Payout includes MediShield Life payout)

### Template for Premium Rates Table

Insurers may choose to either:

- Customise to cater for both Singapore Citizens/Permanent Residents and foreigners, depending on the policyholder;
- Provide the table for foreigners in an accessible format elsewhere e.g. on insurer's website; or
- Include tables for both Singapore Citizens/Permanent Residents and foreigners.

## Breakdown of Standard Premiums for [Plan name]

The tables below show the breakdown of premiums for a standard life<sup>12</sup> under your plan type.

For Singapore Citizens/Permanent Residents

Age Next Birthday	MediShield Life Premiums (Fully payable by Medisave*)	Additional Private Insurance Coverage		
		Premiums	Additional Withdrawal Limits	Cash Outlay

\* Your MediShield Life premiums may differ depending on your premium subsidies, premium rebates and whether you need to pay for the Additional Premiums. The Net MediShield Life Premium Payable after accounting for these is fully payable by Medisave.

For Foreigners

Age Next Birthday	Full IP Premiums	Medisave Withdrawal Limits for Full IP Premiums*	Cash Outlay

\* If you are a foreigner whose plan does not have a MediShield Life portion, your payer may wish to utilise an equivalent amount of Medisave to pay for your premiums.

<sup>12</sup> A standard life is a policyholder who, at point of proposal, does not have any pre-existing conditions.

Standard statement highlighting to policyholders the risks and limitations of switching and/or upgrading

You can only have one Integrated Shield Plan for which the premiums can be paid using Medisave. Once this policy commences, your previous Integrated Shield Plan will be automatically terminated. Where applicable, your health will be assessed by us. If you are not in good health, we may

- decline your application;
- not provide you with certain benefits; or
- *require you to pay additional premiums in order to provide you with certain benefits.*

If you are currently holding an Integrated Shield Plan with us and are upgrading your plan, you may not be given the enhanced benefits due to your existing medical conditions. *Alternatively, you may be required to pay us additional premiums to provide the enhanced benefits to cover you for your existing medical conditions.*

If you are currently holding an Integrated Shield Plan with another insurer and are switching to this plan with us, and you have existing medical conditions that are currently covered by the existing plan, you may:

- Lose coverage for your existing medical conditions; or
- *Be required to pay additional premiums to retain coverage for your existing medical conditions.*

Note: Statements in italics are compulsory only if the insurer offers risk-loading<sup>13</sup> as an option.

Standard statement to highlight options for policyholders to downgrade their existing IP

In the event that you cannot afford, or do not wish to continue paying the premiums for your Integrated Shield Plan, you can switch to a lower coverage but more affordable plan with us, or cease your Integrated Shield Plan. Regardless of your decision, you will continue to be covered by MediShield Life.

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<sup>13</sup> Risk-loading is the practice of charging policyholders additional premiums to insure them for their pre-existing conditions.

## Appendix A.2: Proposal Form

Standard declarations highlighting to policyholders (i) that there should be sufficient monies in the Medisave accounts; and (ii) the risks and limitations of switching and/or upgrading

This applies to all Proposal Forms (i.e. new and switching/replacement applications)

I/We declare that my agent has advised me/us that:

An Integrated Shield Plan comprises two parts – a MediShield Life portion provided by the Central Provident Fund Board (CPF Board) and an additional private insurance coverage provided by the Insurance Company. As Integrated Shield Plan premiums are higher than MediShield Life premiums, there should be sufficient monies in my/our Medisave account(s) to pay for MediShield Life premiums on an ongoing basis before I/we consider purchasing an Integrated Shield Plan.

This applies to Proposal Forms for switching/replacement applications

I confirm that my insurance intermediary has explained to my satisfaction the implications associated with this switch/replacement and, based on his/her recommendation, I agree to proceed with the switch/replacement of my existing Integrated Shield Plan. I am aware that each Life Assured can only have one Integrated Shield Plan. Once this policy commences, the existing Integrated Shield Plan covering the Life Assured will be automatically terminated.

My insurance intermediary has explained to me the implications associated with this switch/replacement. I am aware that the implications that may arise from a switch/replacement could outweigh any potential benefit such as:

- The new policy may offer a lower level of benefit at a higher cost or same cost, or offer the same level of benefit at higher cost and, the new policy may be less suitable for me.
- If I am switching to this plan and I have existing medical conditions that are currently covered by my existing plan, I am aware that I may lose coverage for those conditions *or be required to pay additional premiums to retain the coverage for my existing medical conditions.*
- If I am replacing my existing plan by upgrading to this plan and I have existing medical conditions that are currently covered by my existing plan, I am aware that I may not be given the enhanced benefits for

*those conditions or be required to pay additional premiums to enhance the coverage for my existing medical conditions.*

Note: Statements in italics are compulsory only if the insurer offers risk-loading as an option.

### Appendix A.3: Acceptance Letter

#### Template for Breakdown of Premiums Payable

Description	Amount
Standard MediShield Life Premium Add: Additional Premium at 30% of Standard MediShield Life Premium Less: Premium Rebate <b>MediShield Life Premium before Subsidies</b>	
Less: Premium Subsidies/Pioneer Generation Subsidies Less: Transitional Subsidies <b>Total Government Subsidies</b>	
<b>Net MediShield Life Premium Payable (inclusive of GST) – All by Medisave</b>	
Premium for Additional Private Insurance Coverage Portion	
<b>Net Premium Payable for Additional Private Insurance Coverage Portion (inclusive of GST)</b>	
<ul style="list-style-type: none"> <li>• Amount payable by Medisave (see Note on Medisave use below)</li> </ul>	
<ul style="list-style-type: none"> <li>• Amount payable by Cash</li> </ul>	

#### Standard Note on Medisave Withdrawal Limits

Insurers may choose to either:

- (i) Customise to cater for both Singapore Citizens/Permanent Residents and foreigners, depending on the policyholder;
- (ii) Provide the table for foreigners in an accessible format elsewhere e.g. on insurer's website; or
- (iii) Include tables for both Singapore Citizens/Permanent Residents and foreigners.

Note: How much can you pay using Medisave?

For Singapore Citizens and Permanent Residents

Your [IP name] policy consists of two parts – the MediShield Life portion, provided by the Central Provident Fund Board (CPF Board), and an additional private insurance coverage, provided by [insurer].

The MediShield Life portion of the premium is fully payable by Medisave. For the remaining portion of the premium for additional private insurance coverage, the amount that can be paid by Medisave is subject to the following Additional Withdrawal Limits (AWLs), for policies that are renewed from [DD MMM 2015]. The premium in excess of the AWL is payable in cash/cheque.

<b>Age Next Birthday</b>	<b>AWLs for Additional Private Insurance Coverage (Per insured per policy year)</b>

For Foreigners

For foreigners whose plans do not have a MediShield Life component, the Medisave Withdrawal Limits for their plan's full premium is equivalent to the combined Standard MediShield Life premium amount and AWLs that can be used for Singapore Citizens and Permanent Residents.

<b>Age Next Birthday</b>	<b>Medisave Withdrawal Limits for Full Premiums</b>

Standard statement highlighting to policyholders the risks and limitations of switching and/or upgrading

Once this policy commences, your existing Integrated Shield Plan will be automatically terminated. This is because you can only have one Integrated Shield Plan which is paid using Medisave.



**Appendix A.4: Conditional Letter of Offer****Template for Breakdown of Premiums Payable**

<b>Description</b>	<b>Amount</b>
Standard MediShield Life Premium Add: Additional Premium at 30% of Standard MediShield Life Premium Less: Premium Rebate <b>MediShield Life Premium before Subsidies</b>	
Less: Premium Subsidies/Pioneer Generation Subsidies Less: Transitional Subsidies <b>Total Government Subsidies</b>	
<b>Net MediShield Life Premium Payable (inclusive of GST) – All by Medisave</b>	
Premium for Additional Private Insurance Coverage Portion <i>Add: Private Insurance Risk-loading Premium</i>	
<b>Net Premium payable for Additional Private Insurance Coverage Portion (inclusive of GST)</b>	
<ul style="list-style-type: none"> <li>• Amount payable by Medisave (see Note on Medisave use below)</li> </ul>	
<ul style="list-style-type: none"> <li>• Amount payable by Cash</li> </ul>	

Note: Statements in italics are compulsory only if the insurer offers risk-loading as an option.

### Standard Note on Medisave Withdrawal Limits

Insurers may choose to either:

- (i) Customise to cater for both Singapore Citizens/Permanent Residents and foreigners, depending on the policyholder;
- (ii) Provide the table for foreigners in an accessible format elsewhere e.g. on insurer's website; or
- (iii) Include tables for both Singapore Citizens/Permanent Residents and foreigners.

Note: How much can you pay using Medisave?

#### For Singapore Citizens and Permanent Residents

Your [IP name] policy consists of two parts – the MediShield Life portion, provided by the Central Provident Fund Board (CPF), and an additional private insurance coverage, provided by [insurer].

The MediShield Life portion of the premium is fully payable by Medisave. For the remaining portion of the premium for additional private insurance coverage, the amount that can be paid by Medisave is subject to the following Additional Withdrawal Limits (AWLs), for policies that are renewed from [DD MMM 2015]. The premium in excess of the AWL is payable in cash/cheque.

<b>Age Next Birthday</b>	<b>AWLs for Additional Private Insurance Coverage (Per insured per policy year)</b>

#### For Foreigners

For foreigners whose plans do not have a MediShield Life component, the Medisave Withdrawal Limits for their plan's full premium is equivalent to the combined Standard MediShield Life premium amount and AWLs that can be used for Singapore Citizens and Permanent Residents.

<b>Age Next Birthday</b>	<b>Medisave Withdrawal Limits for Full Premiums</b>

### Template for Premium Rates Table

This is compulsory only when risk-loading is offered. Insurers must indicate the risk-loading factor to be applied to the premiums for standard lives indicated in the Premium Rates Table.

Insurers may choose to either:

- (i) Customise to cater for both Singapore Citizens/Permanent Residents and foreigners, depending on the policyholder;
- (ii) Provide the table for foreigners in an accessible format elsewhere e.g. on insurer's website; or
- (iii) Include tables for both Singapore Citizens/Permanent Residents and foreigners.

#### Breakdown of Standard Premiums for [Plan name]

The tables below show the breakdown of premiums for a standard life under your plan type.

#### For Singapore Citizens/Permanent Residents

Age Next Birthday	MediShield Life Premiums (Fully payable by Medisave*)	Additional Private Insurance Coverage		
		Premiums	Additional Withdrawal Limits	Cash Outlay

\* Your MediShield Life premiums may differ depending on your premium subsidies, premium rebates and whether you need to pay for the Additional Premiums. The Net MediShield Life Premium Payable after accounting for these is fully payable by Medisave.

#### For Foreigners

Age Next Birthday	Full IP Premiums	Medisave Withdrawal Limits for Full IP Premiums*	Cash Outlay

\* If you are a foreigner whose plan does not have a MediShield Life portion, your payer may wish to utilise an equivalent amount of Medisave to pay for your premiums.

Standard statement highlighting to policyholders the risks and limitations of switching and/or upgrading

If you are switching/upgrading your policy, please note that once this policy commences, your existing Integrated Shield Plan will be automatically terminated. This is because you can only have one Integrated Shield Plan which is paid using Medisave. In addition, if you have existing medical conditions covered under your existing Integrated Shield Plan, you may:

- Lose coverage for your existing medical conditions;
- Retain coverage at the lower level for your existing medical conditions;  
or
- *Pay additional premiums to retain or increase coverage for your existing medical conditions under this new policy.*

Note: Statements in italics are compulsory only if the insurer offers risk-loading as an option.

Standard statement that the policyholder would continue to be covered under MediShield Life should they decide not to take up IP

All Singapore Citizens and Permanent Residents will be covered by MediShield Life from [DD MMM 2015]. An Integrated Shield Plan consists of two parts – the MediShield Life portion and an additional private insurance coverage portion. If you are covered under this Integrated Shield Plan, you will enjoy the combined benefits of MediShield Life, which is administered by the CPF Board, and the enhanced benefits of the additional private insurance coverage portion, which is provided by us. If you choose not to accept this Integrated Shield Plan, you will continue to be insured under MediShield Life for life, without any exclusion.

## Appendix A.5: Premium Notification Letter

A sample of the template is attached. Please note that the finalised template will be set out in MOH's Conditions.



IP PNL (final  
template).pdf

## Appendix A.6: Termination Letter

### Standard statement highlighting to policyholders the risks and limitations of switching and/or upgrading

If you decide to purchase a new Integrated Shield Plan with another insurer, your existing medical conditions that were covered by your policy may not be covered by the new insurer or *you may be required to pay additional premiums to retain coverage of the existing medical conditions.*

Note: Statements in italics are compulsory only if the insurer offers risk-loading as an option.

### Standard statement that policyholder would continue to be covered under MediShield Life

If you are a Singapore Citizen or Permanent Resident, even though you have terminated your Integrated Shield Plan, you will continue to be covered under MediShield Life. MediShield Life is a basic healthcare insurance that helps to pay for large hospital bills and expensive outpatient treatments such as dialysis and chemotherapy. For more details, please visit [www.medishieldlife.sg](http://www.medishieldlife.sg).

### Standard statement highlighting the reinstatement conditions

You may reinstate the policy without health declaration *if you sign the reply slip and return it to us* within 30 days from the date of this letter. Please note that your policy with the other insurer will automatically be cancelled upon reinstatement of this policy.

Note: Statements in italics are optional and dependent on the insurers' operational process.

## Appendix A.7: Claims Settlement Letter

### Template for Breakdown of Claims Payable

<b><i>Total amount payable by integrated [IP name]</i></b>	
Amount payable by MSHL	
Amount payable by [IP name] additional coverage	
<b><i>Total amount payable by [Rider name]</i></b>	
<b>Total amount payable</b>	

Note: First line in italics is optional for insurers. For policyholders who do not have riders, insurers do not need to include the row on amount payable by rider.

## **APPENDIX B: Standardised Disclosures for all Individual Medical Expense Policies excluding IPs**

### Conditional Letter of Offer

Standard statement that coverage under MediShield Life continues should policyholder decide not to take up or renew the individual medical expense policy

All Singapore Citizens and Permanent Residents will be covered by MediShield Life from [DD MMM 2015]. If you choose not to accept this medical expense policy, you will continue to be insured under MediShield Life for life, without any exclusion.

### Termination Letter

Standard statement that coverage under MediShield Life continues

If you are a Singapore Citizen or Permanent Resident, you will continue to be covered under MediShield Life even though you have terminated your medical expense policy. Medishield Life is a basic health insurance policy that helps to pay for large hospital bills and expensive outpatient treatments such as dialysis and chemotherapy. For more details, please visit [www.medishieldlife.sg](http://www.medishieldlife.sg).



## **APPENDIX C: Standardised Disclosures for all Non Medisave-approved A&H Products**

### Product Summary and Premium Notification Letter

Standard statement that the premium for the particular product is not payable using Medisave

This product is not a Medisave-approved product and the premium for this policy is not payable using Medisave.

## **APPENDIX D: Standardised Disclosures for all Short-term A&H Products**

### Product Summary

Standard statement that the plans are not guaranteed renewable and that the policyholder may be subject to additional underwriting at renewal.

This is a short-term A&H product and is not guaranteed renewable. The insurer has unilateral rights to terminate this policy at each policy renewal date. Also, if you have existing medical conditions, you may:

- Lose coverage for your existing medical conditions; or
- Pay additional premiums to retain or increase coverage for your existing medical conditions under this new policy.



Monetary Authority of Singapore