

Understanding Medical Insurance

Tips on Applying for Insurance

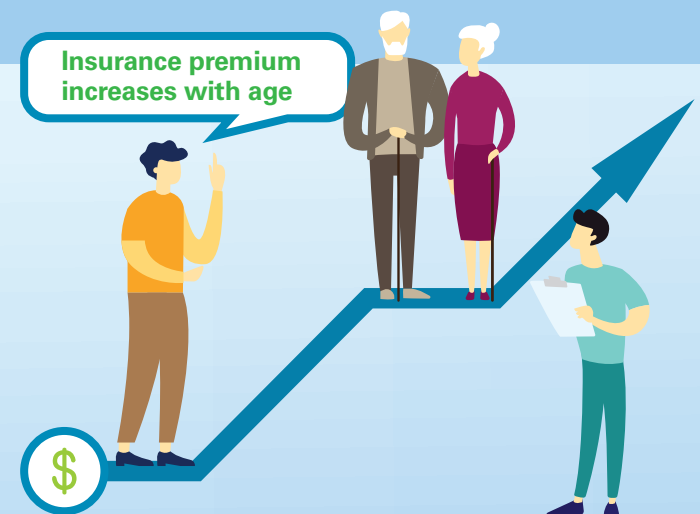


Medical insurance provides compensation for medical expenses incurred as a result of accidents or illnesses, allows an insured person to shift responsibility for some of the medical expenses they incur onto an insurer, thus giving that person more choices for the medication and treatment. If you are planning to take out a medical insurance policy to reduce the potential financial burden, consider the following points before taking action.

1 Apply Early

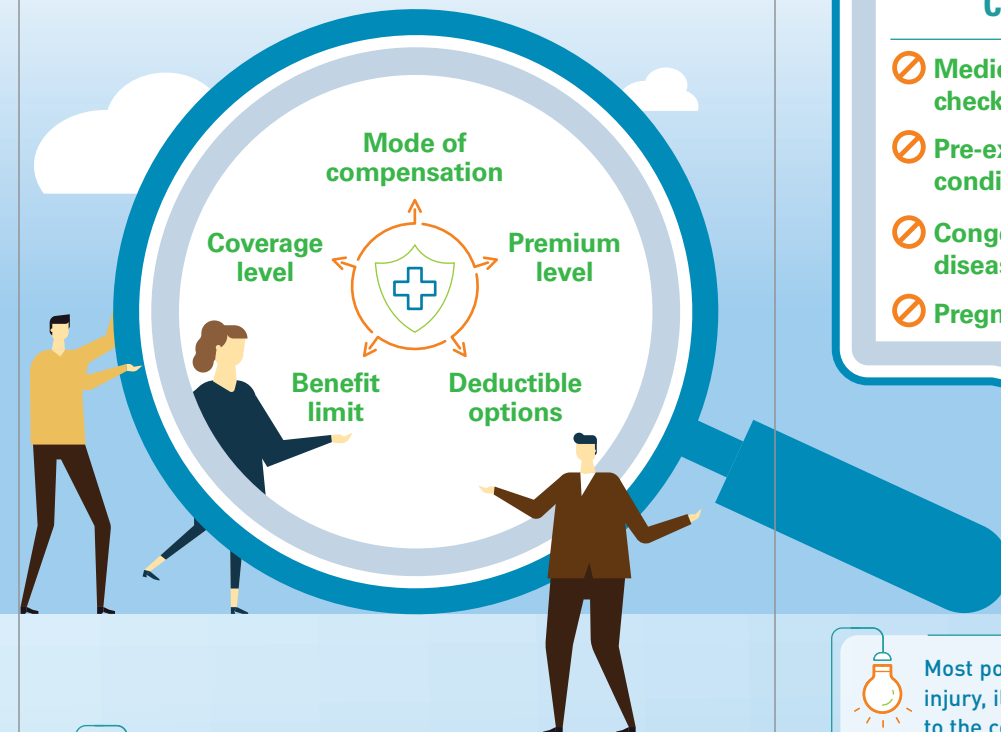
An applicant's age, habits of smoking or heavy drinking, health condition and medical history are all important factors considered by insurers when underwriting a medical policy. Generally, a younger, healthier, non-smoking policy holder who is not a heavy drinker will enjoy a lower premium. If an applicant who is experiencing health issues tries to take out a new policy, the insurer may charge extra for the premium, impose exclusions, or even decline the application. In addition, most policies have age limits for first-time applicants. Applicants older than the maximum entry age who try to take out a new policy may be unable to do so.

Insurance premium increases with age



2 Consider your personal needs

The choice of medical insurance plans varies from person to person. A higher benefit limit does not necessarily mean the best choice for every person. Consider your own protection needs and affordability and then look for the plan that best suits your needs. You can generally compare different plans in terms of the following areas:



If you are already covered by group medical benefits, consider supplementing the group plan's basic protection by adding an individual plan with deductible options, so that you can enjoy a better protection for a relatively low premium.

3 Pay attention to excluded items

Most medical insurance policies contain a list of exclusions. Insurers will not compensate any expenses arising from the excluded medical condition(s). You should understand the meaning of the exclusions determined by the policy before taking out one.

Common exclusions

- Medical check-ups
- Pre-existing conditions
- Congenital diseases
- Pregnancy
- Dental treatment
- Cosmetic or plastic surgery or treatment
- Injury arising from drug addiction, alcoholism or self-inflicted injury

Most policies define "pre-existing conditions" as any injury, illness, condition or symptom presented prior to the commencement of the policy whether or not it is congenital or acquired, and whether or not the condition has been diagnosed. Nonetheless, coverage under the Voluntary Health Insurance Scheme (VHIS) extends to any "unknown pre-existing condition", which refers to any health condition which existed but you were unaware of when you applied for the insurance coverage. The coverage level is adjusted in line with the number of years since policy inception. For details, please visit the VHIS website (www.vhis.gov.hk).

4 Be aware of the waiting period

The duration of the waiting period varies across different policies and with regard to different diseases and medical conditions. Most policies have a 30-day waiting period after their commencement. Some policies may have a longer waiting period for specific diseases. The waiting period normally does not apply to claims relating to injuries.

Waiting period

- Diseases ✗
- Injuries ✓

If you are planning to replace a policy with a new one, note that the waiting period will begin again from the commencement date of the new policy. As this can affect your medical protection, bear this carefully in mind if you are considering surrendering your existing policy.

5 Disclose your health history accurately

"Utmost good faith" is an important principle in insurance contracts. An applicant is obliged to disclose all critical information to the insurer honestly. Violating the principle of utmost good faith means that the insurer is unable to underwrite fairly and reasonably. In such a case, the insurer may reject claims on the ground of non-disclosure or misrepresentation of material facts, whether or not the facts relate to the illness that generated the claim.

Carefully answer the questions in the health declaration, including those asking whether you have suffered from any of the diseases listed in the form, or have received any of the listed treatments. If you are in doubt as to whether a fact is material, it is advisable to disclose it. The insurer will use the information you disclose to decide whether you need to provide extra information or arrange for relevant check-ups, and then make the final underwriting decision.