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Cancer protection plans in Malaysia

BY NUR AZLIN ABDUL KARIM

Cancer cases are on the rise. This is reflected in the higher number of insurance claims in the country.

According to AXA Affin Life Insurance Bhd's research, one in four Malaysians will be diagnosed with some form of cancer. About 15 years ago, says its CEO Loke Kah Meng, the most common disease in the country was coronary artery disease such as stroke or heart attack. But today, cancer is the number one disease.

"Insurance claims for cancer are the highest of all the critical illness claims. It is 86% for females and 45% for males. Even for males, it is the highest of all the critical illnesses," he says.

Dr Myralini S Thesan, medical director and head of care management at AIA Health Services Sdn Bhd, says AIA has seen a 25% increase in the number of cancer-related claims in the last four years. In 2015, there were 19,200 claims, compared with 15,300 in 2012. The top three claims were for breast, colorectal and oral cancer.

According to Tokio Marine Life Insurance Malaysia Bhd CEO Toi See Jong, the most common types of cancer, based on the number of claims made at the insurer, are lung, breast, cervical and colon cancer — in that order.

However, despite the growing number of cancer cases, Malaysians are still underinsured. According to AIA, one in four Malaysians is expected to be diagnosed with cancer before the age of 75, but only 22% have medical insurance and critical illness coverage. Malaysians are also inadequately protected, with the average sum assured at RM36,000 per person.

RISING COST OF TREATMENT

According to a Swiss Reinsurance Co Ltd study, titled "The Health Protection Gap: Asia-Pacific 2012", health-care costs in the country are expected to rise 8.8% a year. But Myralini says the figure has been much higher than that.

"Medical inflation in Malaysia is 12% to 15% a year, so it is safe to assume that the average price increase for cancer treatments may well be in tandem with the rise in medical costs. It is difficult to predict the rate of future price increases as this is determined by the latest medical technology, research, innovation and medication that may become available in the future."

Myralini and Toi says the most common treatment for cancer in the country is definitive therapy, which is surgery or radiotherapy, and adjuvant therapy, which includes chemotherapy, radiotherapy, hormonal therapy and immunotherapy. And the cost of these therapies are rising.

Toi says surgery currently costs RM10,000 to RM25,000 while chemotherapy or radiotherapy costs RM25,000 to RM100,000. And the cost may increase by 1½ to 2 times in the future.

Myralini gives a breakdown of the costs of treating

breast cancer, based on the claims made by AIA policyholders. "For breast cancer, the average cost of the whole suit of treatments is RM42,000. It is RM10,000 to RM20,000 for surgery, RM12,000 to RM16,000 for chemotherapy and RM10,000 to RM14,000 for radiotherapy."

This, however, does not include the cost of targeted therapy, which uses drugs to treat cancer. "A year's treatment with Herceptin for breast cancer costs RM150,000. For colon cancer, a year's treatment with Avastin costs RM120,000, while a year's treatment with Iressa and Tarceva can set one back RM80,000. For kidney cancer, a year's treatment with Afinitor costs RM80,000," she says.

Toi provides an estimate of the cost of treatment for other types of cancer. "For colon cancer, the average cost for the whole suite of treatments is about RM45,000 — RM15,000 for surgery and RM30,000 to RM40,000 for chemotherapy. The average cost to treat lung cancer is RM100,000, mainly for chemotherapy," he says.

"For radiotherapy treatment of prostate cancer, the average cost is RM28,000 while the treatment for cervical cancer, which includes choice theory and reality therapy (CTRTR) and brachytherapy, can cost up to RM40,000."

COVERAGE HAS IMPROVED

In the past decade, cancer coverage has evolved and broadened in terms of the types and stages of cancer, says AIA Bhd chief marketing officer Thomas Wong.

"Traditional or first-generation plans used the one-size-fits-all model. A common medical insurance plan in the market for the past 20 years has been the 36 critical illness (CI) plan, which covers a variety of diseases, including cancer," he says.

"Due to the vastness of the coverage, customers' premiums would cover the 36 illnesses, although the incidences of some of them were much lower than others [for example, HIV, muscular dystrophy and encephalitis compared with cancer, heart disease and stroke]."

Toi says, "The CI plan offers coverage of 36 critical illnesses, such as heart-related diseases, kidney failure and stroke, which are common among Malaysians. Thus, the premium for this plan is higher than that for a standalone cancer plan. [Nevertheless], customers should focus on their needs as well as their budget when selecting the right protection plan."

While most insurers in Malaysia offer cancer coverage as part of their CI plans, they do not cover the early stages of cancer, says Wong. "Over the years, these products have evolved to address some of the gaps. Now, there are early-stage CI and multi CI products," he adds.

"A multi CI plan is a critical illness product that allows a customer to claim for more than one critical illness. For example, if you previously claimed for

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Customers seeking higher amounts of coverage

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heart disease but now you are diagnosed with cancer, a multi CI plan allows you to claim again for your cancer diagnosis.

“With the rapid advances in medical technology, insurers are now designing products that offer coverage in the early stages of the disease. Medical technology has made early detection possible and treatment in the early stages has also proven to be highly effective.

“A few insurers offer early-stage CI plans, which are sold together with their 36 CI plans, so that the customer can get coverage for all stages of cancer. There are also a few insurers that offer standalone cancer plans to cover all the stages of cancer. AIA’s A-Life Cancer360 is a standalone cancer plan.”

Toi says some CI plans in the market provide coverage for a second type of cancer after five years from the completion of treatment for the first cancer, and make a lump sum payment upon diagnosis. “For most plans in market, if [the policyholder] is diagnosed with same kind of cancer, under the coverage’s terms and conditions, the second diagnosis of cancer cannot be in the same site as the first,” he adds.

“However, for some of the enhanced cancer coverage plans, such as our Cancer Shield Plus, the same kind of cancer will be covered for the second time if it is diagnosed after the policyholder has been free from cancer for more than five years [from the date of completion of treatment for the previous cancer]. The cancer-free status must be confirmed with medical evidence.”

There are also plans that provide regular income or waive the premium payments upon diagnosis of cancer. In most medical plans, outpatient treatment for cancer is covered under the medical card’s annual and lifetime limit.

Loke agrees that cancer insurance coverage has broadened and deepened. He cites the example of the AXA 200 CancerCare and 360 CancerCare, which make payments at various stages of the process, from early detection to treatment to recovery.

Loke says research has shown that a lot of emotional support is required for recovery. In fact, a Cancer Recovery Foundation of Canada study shows that 7 out of 10 cancer survivors believe support from others was a major contribution to their return to health. Hence, AXA also provides consultation services.

“You can call us to get psychological advice, much like you would a hospital psychologist. You can also call us for other information, such as where you could buy a wig if you have

lost your hair. This differentiates our product from others in the market,” he says.

“[You can claim] up to 5% over five years for alternative treatments such as herbal or traditional treatments. However, the Alternative Treatment Benefit only applies to the AXA 360 CancerCare plan as it offers more benefits than the 200 CancerCare plan,” he adds.

The AXA 360 CancerCare plan includes the Therapy Care Benefit, Get Well Benefit, Living Income Benefit and Alternative Treatment Benefit, with a total payout of up to 360% of the sum insured. The AXA 200 CancerCare plan offers the Therapy Care Benefit, Get Well Benefit and Second Medical Opinion, with a total payout of up to 200% of the sum insured.

“When it comes to early detection, we will only pay up to 30% [of the sum insured]. [If the cancer reaches the] intermediate or advanced stage, the bulk of the benefits will kick in. This includes [all types of cancers and] carcinoma in situ,” says Loke.

“That is why instead of paying you a lump sum after diagnosis or an instalment during recovery, we pay for recovery, assistance [in recovery], living income benefit and even alternative treatments.”

Toi says all types of cancer coverage at various stages have been available since the early 2000s, but customers are requesting for higher amounts of coverage nowadays. “Due to the escalating cost of treatment and continued enhancement of medical technology, customers do seek higher amounts of coverage compared with a decade ago.” He adds that there has been a surge in standalone cancer plans in the last few years due to the rising number of cancer cases in Malaysia.

Tokio Marine’s Cancer Shield Plus is a standalone cancer plan that allows the policyholder to battle the disease without the worry of financial constraints. It continues protection after the first cancer claim, reimburses the policyholder for complementary and alternative treatments, and waives the premium payments during the additional coverage period, among others.

Products have become more targeted and need-specific, says AIA’s Wong. These products provide comprehensive protection against a particular disease. “Instead of one-size-fits-all products, insurers are beginning to design needs-specific products based on people’s concerns at the different life stages,” he adds.

“Targeted products also allow more people to get covered. For example, cancer-based underwriting for A-Life Cancer360

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means that if someone suffered from heart disease in the past, which is unrelated to cancer, the customer's application for the cancer plan can still be approved."

A-Life Cancer360 is a complete cancer protection plan that provides coverage from the early to more advanced stages of cancer. The plan comes with a unique feature, whereby a year after the policyholder's diagnosis and claim for early-stage cancer, the Power Reset feature returns the policyholder's coverage to the full amount. This allows the policyholder to resume full coverage against cancer for the remainder of his plan.

Specialised insurance products are not a new thing. They have been in the market for the last two decades. These products were introduced to cater for the higher number of breast and lung cancer claims. As breast cancer is more prevalent among women and lung cancer among men, marketers decided to market these products as gender-specific insurance plans, says Tokio Marine's Toi.

One of the more recent innovations, however, is cancer protection plans for children. "To be a policyholder, the person must be at least 16 years old, or at least 10 if parental consent is obtained, as prescribed by the Financial Services Act," says Toi.

AIA provides coverage for children as young as one year old if the policy is purchased by their parents, while Tokio Marine offers coverage for those as young as 30 days.

"While cancer is less common among children, it can happen. The most common cases among children are leukaemia, lymphoma and brain cancer. While our cancer products are not targeted at children, we do extend coverage to them," says AIA's Wong.

Those who are looking to obtain coverage for cancer can find it in a standalone plan or as part of a 36 CI plan that covers the advanced stage and/or multi-stages of the critical illness. Wong points out that a standalone plan is meant to serve as a second layer of coverage, in addition to the 36 CI plan.

"The [typical] standalone cancer plan in the market also covers carcinoma in situ, where at the point of diagnosis, there is no invasion and/or destruction of the surrounding tissues by the carcinomatous cells. This condition is covered by the multi-stage CI plans as well. For both plans, upon diagnosis of carcinoma in situ, a percentage of the sum assured (between 20% and 50%) will be paid, while 100% of the sum assured will be paid in a lump sum upon diagnosis of a critical illness," he says. **E**

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VALUATOR

Company(Brand)	Mention	Tone	ROI
AIA (AIA)	11	0	RM 0
AIA Bhd. (AIA Bhd.)	2	0	RM 0
Economy News (Economy News)	1	0	RM 0
FinTech GOBEAR (GOBEAR)	2	0	RM 0
Health & Wellness News (Circulatory Health)	12	0	RM 0
Health & Wellness News (General Health)	77	0	RM 0
Insurance News - PIAM (Insurance News - PIAM)	5	0	RM 0
International Research News (International Research News)	2	0	RM 0
Sanofi- Oncology/GTO/Renvela (Sanofi- Oncology/GTO/Renvela)	1	0	RM 0
Swiss Reinsurance Co (Swiss Reinsurance Co)	2	0	RM 0
Tokio Marine Life Insurance Malaysia Bhd (Tokio Marine Life	8	0	RM 0

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