

Medical Revision and How it Affects You

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MEDICAL REVISION

1. Why are my contribution and/or Tabarru` deduction being revised?

The basic principle of Takaful is for mutual assistance where all participants pool their contributions in the *Tabarru`* Fund for the payout of claimable events, including the payout of medical claims.

Due to escalating healthcare costs and medical inflation that has resulted in higher claims for the medical portfolio, PruBSN undertakes this Medical Revision to ensure the *Tabarru`* Fund is sustainable to cover future claims for our customers. We will continue to review the impact of healthcare costs and medical inflation and may undertake this revision on annual basis to ensure continued sustainability of the *Tabarru`* Fund.

2. The contribution and/or Tabarru` deduction for my medical plan were just revised last year. Why is it revised again this year?

Every year, we review our medical portfolio claims experience as part of our role in managing the *Tabarru`* Fund. Increase in medical cost and usage of medical plans, have been found to be amongst the top reasons for the increase in claims experience. This annual review is necessary to make sure that the *Tabarru`* Fund continues to be sustainable to keep paying for your medical needs.

As part of our commitment to you, we continue to work collaboratively with healthcare providers and other stakeholders to manage medical costs effectively. The medical costs, however, have been rising faster than expected and has impacted the long-term sustainability of the *Tabarru`* Fund. We periodically review the need for adjustments and due to this, there is a need for us to revise the *Tabarru`* deduction for your medical plan again this year.

3. What is the difference between contribution and Tabarru` deduction?

Contribution is the amount that you pay for basic and additional benefits (if any) under your certificate.

- For an investment-linked takaful certificate, a portion of your contribution is used to pay the upfront *Wakalah* charges for your servicing agent's or Bank / PruBSN representative's commission and other distribution-related expenses, while the remaining is used to purchase units in the investment-linked fund(s) and for *Tabarru`* deduction.
- For a non-investment-linked takaful certificate, a portion of your contribution is used to pay the upfront *Wakalah* charges for your servicing agent's or Bank / PruBSN representative's commission and other distribution-related expenses, while the remaining is allocated into your participant's account for *Tabarru`* deduction.

Tabarru` deduction is an arrangement where a portion of your allocated contribution in the investment-linked fund(s) / participant's account is deducted and pooled into the *Tabarru`* Fund for the purpose of mutual aid and assistance according to the agreed benefits under the plan. Generally, the *Tabarru`* deduction amount varies by age, and it will increase as the Covered Persons grow older.

4. Why am I required to pay the additional contribution / recommended top-up?

The additional contribution / top-up is required to cover the increased *Tabarru`* deduction of your medical plan(s). With the increase in *Tabarru`* deduction, more units / higher amount will be deducted from your certificate's account values. You are advised to pay the additional contribution / top-up to enjoy continuous medical coverage.

Consequence of not paying the additional contribution / recommended top-up after the Medical Revision: It is possible that your certificate may lapse earlier than expected. Once lapsed, the coverage will stop accordingly. If you decide to revive the certificate or participate in a new medical plan, you will be subjected to a health declaration or may have to be assessed / underwritten again. This may require a higher contribution and be subjected to other terms and conditions such as waiting period.

5. I have not made any claims. Why are my contribution and/or Tabarru` deduction being revised?

Takaful is based on the concept of mutual assistance among the participants. *Tabarru`* deduction are pooled in the *Tabarru`* Fund to pay for future claims. Revision on the *Tabarru`* deduction is required to ensure sustainability of the *Tabarru`* Fund to allow for the increase in health care costs, which will be shared among the participants of the *Tabarru`* Fund and will be applied on all certificates with the similar medical plans regardless of individual claims history.

6. Aren't the contribution and Tabarru` deduction for my medical plans guaranteed?

The contribution and *Tabarru`* of our medical plans are not guaranteed, as stated in our product materials, product illustrations, and certificate documents. We may revise the contribution and the *Tabarru`* deduction provided that prior notice is given to the participants (according to the notice period stated in the certificate document).

7. Is the rate of increase in contribution and Tabarru` deduction fixed across all certificates?

The rate of increase in contribution and *Tabarru`* deduction is not fixed across all certificates as it varies depending on existing certificate`s terms, type of medical plan, person`s covered age, gender, nature of occupation, etc.

8. Is there any change to my benefits coverage after the Medical Revision?

Other than the rates revision, the coverage of any Contributor rider attached to the certificate will be increased accordingly, to cater for the increase in the contribution. All other certificate`s coverage and benefits will remain unchanged.

9. Will there be an increase in my certificate account value since I am paying more contribution?

The impact on the certificate`s account value should be minimal because the additional contribution will be utilised to cover for the increased *Tabarru`* deduction.

10. How will the additional coverage for “any communicable diseases requiring quarantine by law” which I had previously accepted impact the revision of my contribution and Tabarru` deduction?

As communicated during your acceptance to remove the exclusion clause, we will take the additional coverage into account when we carry out the review of the contribution rates and *Tabarru`* deduction amount. Effective 1 January 2025, a separate *Tabarru`* deduction will be charged between the certificates with and without the additional coverage to ensure fairness for all participants of the *Tabarru`* Fund.

11. Is this medical revision driven by regulatory requirement?

The medical revision is governed under a structured and objective approach to ensure the continued sustainability of the *Tabarru`* Fund such that customers continue to be covered during their time of need. This is a commercial decision endorsed by PruBSN after taking into consideration the current claims experience and the expected rise in future medical costs.

12. What are the options available to me besides increasing my contribution?

You may review your medical plan to better align it with your financial feasibility. Listed below are some of the options you may wish to consider:

Option(s)	Details
Co-Payment Options	Lower your contribution by converting to other co-payment options (e.g., SmartSaver300 or SmartSaver1000) if applicable to your medical plan.
Reduced Coverage Plan	Revise your room & board (R&B) plan to a lower level (if applicable). Do ensure it still meets your medical protection needs.

Option(s)	Details
Switch Plan (if available)	Consider switching to the latest available medical plan under the same certificate for more comprehensive coverage.
Review Current Benefits	Assess your certificate's benefits to align with your current protection needs and affordability. Be aware that changes impact your protection.
Adjust Target Coverage Term (for Investment-Linked certificates only)	Shorten the target coverage term to match your needs and affordability. Note that this may affect the certificate's ability to sustain <i>Tabarru`</i> deduction until the chosen expiry age.

Important Note: Please reach out to your servicing agent or Bank / PruBSN representative to discuss the options carefully and ensure that it suits your protection and financial needs.

13. If my existing medical R&B plan is Plan 200, can I revise my plan to pay for lower contribution?

Yes, you may revise your current Plan 200 to a lower R&B plan (if available), to suit your protection and financial needs.

14. If my existing medical plan is already with the lowest R&B plan (for example Plan 100 or Plan 150, depending on the medical plan), what options are available to me?

If your current medical plan is with Full Coverage or Zero Deductible, you may consider revising your medical plan to other co-payment options such as co-takaful, SmartSaver or Deductible plan (if applicable).

You may also switch to another available medical plan under the same certificate (if applicable) or review your current certificate benefit with your servicing agent or Bank / PruBSN representative to explore which would best suit your protection needs and affordability.

15. I have participated in several Takaful plans, why did I receive my notification letters on different dates?

The revision of contribution and/or *Tabarru`* deduction takes effect from the certificate anniversary date. The notification letter is provided at least thirty (30) / ninety (90) days before the certificate anniversary date, depending on the medical plan.

IMPACT TO CERTIFICATE & RIDERS

16. What are Contributor riders?

Contributor riders are optional riders under which the future contribution of your certificate (in whole or in part) will be paid by *Tabarru`* Fund when any of the claimable event(s) defined in your certificate document occurs.

17. Is my Contributor rider(s) affected by this Medical Revision?

When the medical rider's contribution increases due to Medical Revision, Contributor rider(s) coverage (if applicable) will increase correspondingly. Additional contribution and/or *Tabarru`* deduction for the Contributor rider(s) will be required.

18. Will there be any changes to the contribution for certificates under Contributor status?

There will be no change to the certificate contribution. Only the *Tabarru`* deduction is revised. However, with the increased in *Tabarru`* deduction, it is possible that your certificate account value may not be sufficient to pay for the *Tabarru`* deduction in the later years. You are encouraged to make regular contribution top-up based on the amount recommended in the notification letter so that the *Tabarru`* deduction can be covered in the long run.

19. If the certificate is under Contributor status, when will the Tabarru` deduction be increased?

For certificates under Contributor status, the *Tabarru`* deduction will be increased with effect from the certificate anniversary date.

20. Why is my medical plan still subject to a contribution revision when my certificate is already under Contributor status? Aren't the contributions already paid for by Tabarru` Fund?

The medical rider and Contributor rider are two different riders with different coverage. When a certificate is under Contributor status, the Contributor rider has been claimed where the future contribution of your certificate (in whole or in part) will be paid by *Tabarru`* Fund based on the contribution prior to Medical Revision. The contribution amount funded by the claimed Contributor rider(s) shall be based on the agreed amount stated in the Certificate Document prior to Medical Revision. When the Medical Revision takes effect, your medical rider's contribution and/or *Tabarru`* deduction will increase, thus, there will be a shortfall between the amount under the Contributor benefit and the increased *Tabarru`* deduction due to the Medical Revision. As such, additional *Tabarru`* deduction amount may still be required. You are encouraged to make regular contribution top-up based on the amount recommended in the notification letter to ensure sufficient amount is available to cover the increased *Tabarru`* deduction.

21. What if I do not wish to pay the recommended regular top-up?

If you choose not to pay the additional contribution or regular top-up to your certificate after this Medical Revision, it is possible that your certificate may lapse earlier than expected. Once lapsed, the coverage will stop accordingly. If you decide to revive the certificate or participate in a new medical plan, you will be subjected to health declaration or may have to be assessed / underwritten again. This may require a higher contribution and be subjected to other terms and conditions such as waiting period.

Thus, we encourage you to make regular contribution top-up based on the amount recommended in the notification letter so that *Tabarru`* deduction can be covered in the long run and ensures continuous Takaful coverage.

22. How will this Medical Revision affect my current payment arrangement?

Current Payment Method	What do I need to do?
Cash / Cheque	<p>There is no change to your current payment arrangement. Please be reminded that you will need to pay the new contribution amount as stated in the notification letter.</p> <p>Note: We encourage you to change your payment to Credit / Debit Card or Direct Debit to facilitate the payments for ease and convenience and ensuring continuous Takaful coverage.</p>
Internet Banking	<p>For repeated payment in your bank portal, please change the transfer amount to the new contribution amount as stated in the notification letter to facilitate your recurring payments.</p> <p>Note: We encourage you to change your payment to Credit / Debit Card or Direct Debit to facilitate for the payments for ease and convenience and ensuring continuous Takaful coverage.</p>
Credit / Debit Card	<p>There is no change to your current payment arrangement. Your Credit or Debit card will be billed automatically based on the new contribution amount as stated in the notification letter.</p>

Current Payment Method	What do I need to do?
Direct Debit	There is no change to your current payment arrangement. Your account will be automatically deducted based on the new contribution as stated in the notification letter.
Biro Angkasa	<p>Please prepare a consent letter and attach a copy of your latest one (1) month pay slip and send to us together with the notification letter.</p> <p>Note: We encourage you to make your contribution payment through alternative payment facility while waiting for the new payment arrangement with Biro Angkasa.</p>

For certificates currently under the Contributor status, you are encouraged to make regular contribution top-up as stated in the notification letter in view of the increased contribution and/or *Tabarru`* deduction.

23. If my certificate is currently being processed for a minor claim i.e. Hospitalisation, when will the increase in contribution and/or *Tabarru`* deduction take effect?

For certificates under minor claim, the contribution and/or *Tabarru`* deduction for the medical plan will still increase. The *contribution and Tabarru`* deduction will increase from the certificate anniversary date, however, if you pay the contribution in advance, the contribution will increase from the Next Contribution Due Date (NCDD) onwards.

24. If I have paid my contribution in advance, do I need to pay the difference in contribution?

You do not need to pay the difference in contribution up till the Next Contribution Due Date (NCDD) and you are required to pay the new contribution as stated in the notification letter from the NCDD onwards.

Note: For investment-linked certificates, you are advised to review the sustainability of your certificate from time to time to prevent the certificate from lapsing.

25. If I have completed all contribution payments under the certificate, do I need to pay the additional contribution due to Medical Revision?

If you have completed all contribution payments under the certificate, you are encouraged to make regular contribution top-up as recommended in the notification letter so that the increased *Tabarru`* deduction can be covered in the long run.

Note: For investment-linked certificates, you are advised to review the sustainability of your certificate from time to time to prevent the certificate from lapsing.

26. Can I review my existing certificate benefits?

Yes, you can review your certificate benefits with your servicing agent or Bank / PruBSN representative and make changes to your certificate based on your protection and financial needs.

You have the options to downgrade or upgrade (if applicable) within the same medical plan or switch to another medical plan available under the certificate that may suit your protection and financial needs.

If you choose to upgrade within the same medical plan or switch to another medical plan, you must be aware that:

- I. Underwriting will apply;
- II. 30-days waiting period will apply for the increased benefit;
- III. Benefits of the new medical plan will apply upon completion of the 30-days waiting period.
- IV. Increased contribution for medical plan is subject to year 1 allocation.

Note: You may be in touch with your servicing agent or Bank / PruBSN representative to submit required documents such as Supplementary Proposal Form or Alteration Request Form together with the Quotation Slip and/or Certificate Alteration Sustainability Statement (whichever is applicable) for the endorsement application.

27. **Can I revise my certificate contribution?**

Yes, you can review your certificate's contribution with your servicing agent or Bank / PruBSN representative and make changes on the coverage based on your protection and financial needs. However, we would like to highlight that for investment-linked certificates, any changes to the contribution will impact the certificate sustainability.

TAKAFUL 101

28. **What is Takaful and how does it work?**

"Takaful" means an arrangement based on mutual assistance under which takaful participants agree to contribute to a common fund providing for mutual financial benefits payable to the takaful participants or their beneficiaries on the occurrence of pre-agreed events.

Takaful is derived from Arabic word 'kafala' which means "Joint guarantee" or guaranteeing each other. Takaful literally means responsibility, guarantee, collective assurance, and mutual undertaking. Broadly speaking, Takaful is founded on the cooperative arrangement (*Ta`awun*) based on principles of mutuality and solidarity, encompassing the elements of joint indemnity and common interest.

There are three (3) aspects of mutuality embodied in takaful, namely mutual help/assistance, mutual responsibility and mutual protection. When a person participates in a takaful scheme, he does not only seek protection for himself but also jointly cooperates with other participants to mutually contribute to one another in case of need.

In essence, takaful is based on the principle of "*Ta`awun*" (mutual assistance) as such the act of participation is *Tabarru`at* (charitable) in nature.

29. **What happens if I am admitted to a hospital?**

If you are admitted to a hospital, PruBSN provides Hospital Alliance Services (HAS) which pre-authorises the eligible medical claims incurred at any of our panel hospitals.

HAS is a value-added service to facilitate Takaful claims for our medical participants, at no extra charge. Please refer to this guide on how it works: <https://www.prubsn.com.my/export/sites/prudential-pbtb/en/galleries/pdf/quick-guide-hospital-admission-discharge-2020-generic.pdf>

30. **What is the Supplementary Schedule that attached in the Notification Pack about?**

The Supplementary Schedule contains details of the revision on your contribution and/or *Tabarru`* deduction as well as the allocation and *Wakalah* charges. It forms part of your existing Certificate Schedule 2 upon the respective effective date(s) indicated and supersedes the provisions in the existing schedule(s) where relevant.

31. **What does SmartSaver, Deductible or co-takaful mean?**

SmartSaver is the amount that you must first pay regardless of the total cost of eligible benefits per disability (excluding the cost of daily room & board). In the case of a SmartSaver300, you will have to pay the first RM300 of the total cost of eligible benefits per disability (excluding the cost of daily room & board). The remaining balance of eligible benefits will be covered by the *Tabarru`* Fund up to the annual and lifetime limits, subject to reasonable and customary charges.

Deductible is the amount that you must first pay out of the total accumulated eligible benefits (excluding the cost of daily room & board) within a year. In the case of a High Deductible of RM20,000, you will have to pay the first RM20,000 of the total cost of eligible benefits (excluding the cost of daily room & board). The remaining balance of eligible benefits will be covered by the *Tabarru`* Fund up to the annual and lifetime limits, subject to reasonable and customary charges.

Co-takaful is the amount that you must first pay regardless of the total cost of eligible benefits (excluding the cost of daily room & board). You shall pay a co-takaful rate of 10% (subject to a minimum and a maximum of co-takaful amount) of the total cost of eligible benefits (excluding the cost of daily room & board). The remaining balance of eligible benefits will be covered by the *Tabarru`* Fund up to the annual and lifetime limits, subject to reasonable and customary charges.

Please refer to your certificate document for more details.

32. How often should I review my certificate? And why?

In view of annual increase in health care costs that is consistently more than inflation, we encourage you to review your Takaful coverage at least once a year. This is because as you progress in life, your protection needs and priorities may change over time. Hence, it is important to ensure that you are always adequately protected.