

# Interim measures to assist policyholders and to promote continued access to suitable medical and health insurance/takaful products

**Embargo : For immediate release**

20 Dec 2024

Bank Negara Malaysia (BNM) today announced interim measures agreed with the insurance and takaful industry to assist policyholders<sup>[1]</sup> who experienced premium revisions of their medical and health insurance/takaful (MHIT) products. These interim measures have been introduced to alleviate the immediate financial impact to policyholders and preserve MHIT coverage. However, broader measures to address the rising medical cost in Malaysia are urgently needed to manage future premium adjustments and ensure that MHIT products continue to be affordable for the Malaysian public.

The cost of healthcare in Malaysia has grown significantly over the years, with medical cost inflation reaching 15%<sup>[2]</sup> in 2024 – well above the global average of 10% and the Asia-Pacific average of 11%. This rise is driven by factors such as advancements in medical technology and the increasing prevalence of non-communicable diseases, which have led to greater demand for healthcare services. As a result, the claims paid out by insurers and takaful operators (ITOs) have grown faster than the premiums collected. While ITOs maintain reserves to cover unexpected increases in medical claims paid, this cannot be sustained if the cost of claims continues to increase beyond reasonable estimates. Hence, periodic adjustments to MHIT premiums are necessary to ensure that policyholders' claims can continue to be met.

**Bank Negara Malaysia Governor Dato' Seri Abdul Rasheed Ghaffour** said, 'We need to address the root causes of rising medical and health insurance and takaful premiums which are driven by higher medical costs and utilisation of medical services. The design of MHIT products must also be improved to make them more sustainable and aligned with value-based healthcare that prioritises better health outcomes. This is a complex challenge that requires the concerted action of all stakeholders across the healthcare ecosystem. These interim measures that we are announcing today will provide some temporary support to policyholders, but broader health reforms must be expedited with a commitment to achieve clear outcomes in the coming years. We are working closely with relevant stakeholders including the Ministry of Finance (MOF), Ministry of Health (MOH), private hospitals and ITOs. All parties have been supportive and committed to work out a long-term sustainable solution to this complex issue.'

## **A. Interim measures to provide continued access to suitable MHIT products**

1. To help manage the impact of MHIT premium adjustments, ITOs will spread out the changes in premiums over a minimum of three years for all policyholders affected by the repricing. This measure will remain in place until the end of 2026. With this measure, at least 80% of policyholders are expected to experience yearly premium adjustments due to medical claims inflation of less than 10%.
2. For policyholders aged 60 years old and above who are covered under the minimum premium/contribution plan of the MHIT product that they purchased, ITOs will temporarily pause premium adjustments due to medical claims inflation for one year from their policy anniversary.

The interim measures above are not applicable to premium increases that may apply when a policyholder moves to a higher age band. This will be managed separately by the ITOs.

3. Policyholders who have surrendered or whose MHIT policies have lapsed in 2024 due to the repricing can reach out to their ITOs to request for a reinstatement of their policies based on the adjusted premium under this measure without additional underwriting requirements.
4. All ITOs will provide appropriate alternative MHIT products at the same or lower premiums for policyholders who do not wish to continue their existing MHIT plans that have been repriced. ITOs that do not currently offer appropriate alternative products must make these products available to policyholders by the end of 2025. Switching to the alternative MHIT products will not require any additional underwriting or involve any switching cost. This, together with other reforms to contain medical cost inflation, will serve to avoid significant future premium adjustments.

Communications on these measures by ITOs to individual policyholders will take place progressively. Policyholders can also contact their respective ITOs from 15 January 2025.

## **B. Joint contribution to accelerate health reforms and to help policyholders aged 60 years old and above**

The Government, together with ITOs and private hospitals, will contribute RM60 million to accelerate health reforms. This includes the implementation of Diagnosis-Related Group payment model and publication of costs of common medical procedures for greater transparency. In addition, part of the fund will also be used to facilitate the development of a base MHIT product that covers essential healthcare needs and facilitate policyholders aged 60 years old and above to switch to the new base product, once available.

BNM and all stakeholders including MOH, private hospitals and ITOs are committed to continue strengthening our collaborative efforts in containing medical cost inflation effectively. These efforts include cost containment measures such as greater transparency in drugs prices, advancement of digitalisation efforts to enable the sharing of electronic medical records that would reduce the need for repeated tests, and strategic purchasing by both public and private sectors to reduce cost. Progress on these measures will be monitored to ensure the intended outcomes of reducing medical cost inflation are achieved. This will also be important to transition to more sustainable provision of MHIT products going forward. This will serve as a basis for BNM's periodic review of these interim measures which would be done in tandem with the progress of the reforms in the healthcare ecosystem.

For future updates, please visit [bnm.gov.my/mhit](https://www.bnm.gov.my/mhit)

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<sup>[1]</sup> Any reference to insurance/insurance premiums/policyholders includes takaful/takaful contributions/takaful participants.

<sup>[2]</sup> 2025 Global Medical Trend Rates Report

**Bank Negara Malaysia**  
**20 December 2024**

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