

INTEGRATED PLANS COMPLAINTS HANDLING FOLLOWING INTRODUCTION OF MEDISHIELD LIFE

With the introduction of MediShield Life, policyholders who switch their Integrated Plan (IP) from one insurer to another will have the option to go back to their previous insurer within 30 days from the date of notification of termination from the previous insurer. No re-underwriting is allowed by the previous insurer, and it will be as if the first IP had never been terminated.

Insurers must deliver all IP contracts directly to the policyholder for example through postal or courier service, electronic or similar means but **not** through the representative. Any exceptions-handling, such as a contract delivery performed by the agent, should be recorded and justified by the insurer.

If a claim is received by the new insurer and the claim incurred date falls within 30 days from the commencement date of the new policy and the new insurer is not able to admit the claim for any reason, the new insurer has the option to request the policyholder to reinstate his policy with the previous insurer. The previous insurer will take the claim incurred date (or claim event date) to be the date of request to reinstate. Once reinstated, the claim will be assessed by the previous insurer, and the claim will be paid by the previous insurer if liability under the previous insurer's policy is established.

Any allegation(s) of misconduct by the representative will be investigated by the new insurer's compliance team.

The following expectations from MOH remain unchanged:

- (1) Insurers will adopt a risk-based approach to monitor internally for possible concerns, for example a specific agent closing an unusually big number of IP sales, and lapsing within a short span of time, and inform MAS, MOH and CPF Board accordingly.
- (2) If there is policy replacement, the policyholder must be fully aware of the implications of a switch; and
- (3) If there is proven mis-selling / inappropriate switching and the policyholder is unable to reinstate with the previous insurer, the policyholder must, so as not to be worse off, be offered the best equivalent plan by the new insurer.

With the launch of MediShield Life, there are many significant changes that will affect both the IP insurers as well as policyholders. There are also a number of additional safeguards to ensure that policyholders are aware of the implications of switching. However, appropriate minimum standard guidelines are still required to deal with allegations of misrepresentation by representatives that lead to customer detriment as a result of inappropriate switching.

Complaints handling guidelines

The complaints handling guidelines set out below apply to market conduct complaints related to alleged inappropriate switching of IPs where the customer is outside of the 30-day reinstatement period. In such cases, all obligations now fall entirely on the new insurer.

- (1) Any allegation(s) of misconduct by the representative will be investigated by the new insurer's compliance team.
- (2) If it can be established that the representative was at fault, the new insurer must offer its best, equivalent* plan to match the coverage the policyholder had under the previous insurer. The best equivalent plan will be based on the benefits as stated in the previous policy schedule, and without additional conditions.

The new insurer can either obtain from the policyholder a copy of his policy schedule and policy contract with the previous insurer or obtain a written consent from the policyholder to request the previous insurer to release coverage details to the new insurer.

This means that any pre-existing conditions that the insured may have that are covered under the old plan will continue to be covered by the new insurer.

The new insurer will report the representative involved to MAS, as required under the FAA Notice 14 on Reporting of Misconduct of Representatives by Financial Advisers.

Should the policyholder decide to cancel the new policy from inception, all premiums will be refunded to the policyholder. If premiums had been paid using Medisave, the refund will include the Medisave interest foregone during the period.

- (3) If it cannot be established that the representative was at fault, the new insurer has the right not to offer to change any of the conditions relating to the IP already incepted.
- (4) If it cannot be established that the representative was at fault and where there is non-disclosure of material facts by the Policyholder / Life Assured, the new insurer has the right to impose special terms, terminate or void the policy. In this instance, neither new nor previous insurers are obliged to offer coverage, and any request by the policyholder to be covered will be dealt with on a case by case basis. (It should be noted that those conditions are still likely to be covered under MediShield Life).

*Note: Insurers' products are not identical. Operationally, it will not be possible for the new insurer to cover the Policyholder / Life Assured based on his "original terms". Instead, insurers agree to match the coverage (clarification: not the premiums) as best they are able to from their available plans.

Flow chart

Please refer to the flow chart on the next page.

Guidelines for IPs arising from complaints involving market conduct issues where there has been no reinstatement within 30 days of switch

