



## LIFE INSURANCE INDUSTRY REFINES CRITICAL ILLNESS DEFINITIONS ...

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## PSA: Changes to Critical Illness Definitions Start 26 Aug 2020 – Do You Need To Do Anything?

### Description

In a few weeks time, there will be a change to the definitions of critical illnesses in Singapore. Anyone who buys life or CI insurance policies after 26 August 2020 will now fall under the new definitions, which will impact their coverage and eligibility of claims.

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[Screegrab from Dollars and Sense](#) – read their article on this topic too!

On the whole, there are now stricter exclusions for coma, heart attack, stroke and major cancer. Some of the notable changes that I thought are worth pointing out include:

- Major cancer will now exclude all grades of dysplasia, squamous, intraepithelial lesions (HSIL and LSIL) and intra epithelial neoplasia; all neuroendocrine tumours histologically classified as T1N0M0 or below; all gastro-intestinal stromal tumours histologically classified as Stage I or IA or

below.

- Aplastic anemia (a disease in which the body fails to produce blood cells in sufficient numbers) is now amended to *Irreversible* aplastic anemia.
- Heart attacks will now cover both Type 1 and Type 2 myocardial infarction (“death of heart muscle due to *ischaemia*”) instead of previously being attributed only to obstruction of blood flow.
- Coma due to alcohol or drug abuse will be specifically excluded.
- New exclusions added for benign brain tumour i.e. abscess, angioma and tumours of skull base.
- Encephalitis (inflammation of brain) will now include non-viral causes, but must be documented with permanent neurological deficit for at least 6 weeks and supported by confirmatory diagnostic tests

### What does this mean?

Simply put, it could become **harder for consumers to make claims** against their policies, and it appears that **more diagnostic tests may be needed to confirm the condition** before we can even make the claim. Ultimately, this depends on your doctor and insurer too. **Those of us with existing critical illness policies will not be impacted**, and our insurers will still need to fulfil the terms in our contract for as long as our policy remains in effect. However, **for those who have yet to get critical illness coverage**, this might be your **last chance to get them under the old definition** especially if you believe the 2014 definition are indeed “better” and gives you more grey area to potentially contest claims with your insurer. The jury is still out on this, as the ultimate decision for claims will always be up to your insurer.

Given that research has shown over 90% of all severe stage claims received by life insurers are generally for 5 types of CIs – major cancer, heart attack, stroke, coronary artery bypass surgery and kidney failure – this also means the new LIA definitions will affect the majority of these claims given the change in headings.

Obviously, premiums for critical illness insurance aren't cheap, and the big question remains on whether you (i) need it and (ii) can you afford it?

I tend to think from the other way around: can I afford NOT to have this insurance?

If my answer is no, then I'll usually get covered as long as it is within my realm of affordability.

If you're planning to get CI cover before the changes kick in, you may also want to consider whether a **CI rider on top of your existing term/life policy** or a **standalone CI policy** will suit you better.

Aside from extent of coverage, you'd want to think about the affordability of premiums. For those of you worrying over policies lapsing in the event that you might lose your job, ask your financial advisor to check for policies that offer you a **premium holiday**.

However, these (generally) tend to also cost more, so a more prudent option would be to [set aside your emergency funds instead](#) to cover scenarios like these.

Of course, if your insurance agent is hounding you to buy a CI policy NOW because of these changes, please evaluate whether they're truly doing it for your own good or simply for the sake of their

commissions.

I still choose to believe there are good agents around, but I've also seen many unethical ones.

A lot of you have asked me about these changes, but unfortunately I'm not (and choose not to be) a licensed insurance agent so I won't be able to help you buy or review any of your policies in detail.

Please go and schedule a review session with your own financial advisor to get a more personalised consult on your own circumstances instead.

I'll be having a webinar to share my thoughts on the changes and what I intend to do.

Only readers of this blog are welcomed, and NO insurance agents please – *you should do your own homework on the changes as a professional, and not defer to a financial blogger for it.*

Date: 5 August 2020 (Wednesday)

Time: 7pm

Venue: Online (*WebinarJam – limited slots due to the subscription plan, please register in advance*)

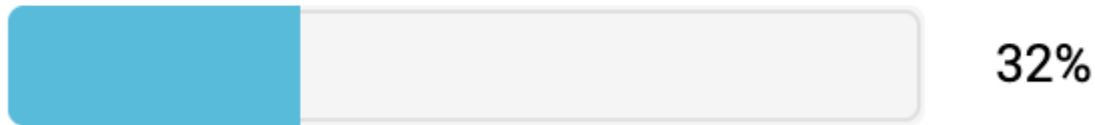
[Register for the webinar here.](#)

Update: The webinar has ended, thanks everyone who tuned in and we hope that what we shared was helpful + the Q&A session that we had! Some of you asked me for the poll results, so here are some of the interesting ones:

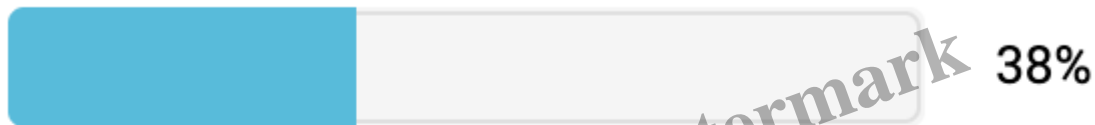
Glad that after tonight's webinar, most of you understand the changes now! Remember to read the LIA document in detail ok?

## How many of you know someone with a critical illness?

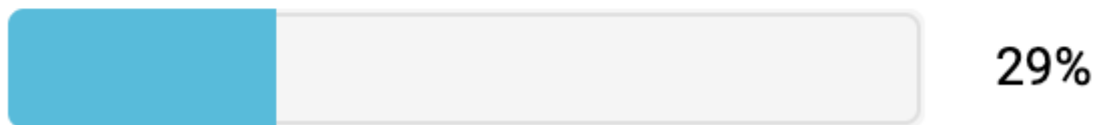
I know one



I know more than one person with CI :(



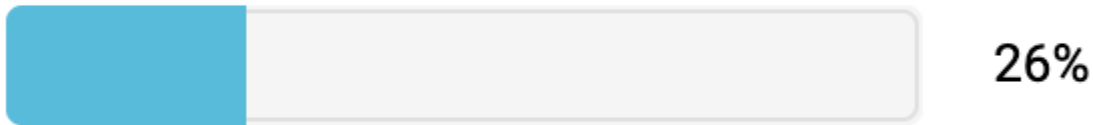
Heng ah, no one around me ever got CI



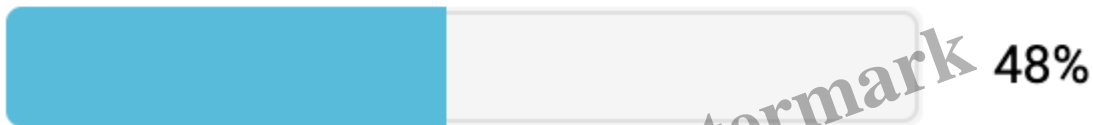
This was sobering – 2 in 3 attendees surveyed knew at least one other person with CI. I actually know of quite a number of people who had CI, so it was a real worry for me.

## How many dependents do you have?

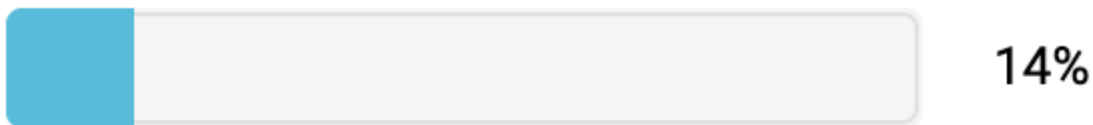
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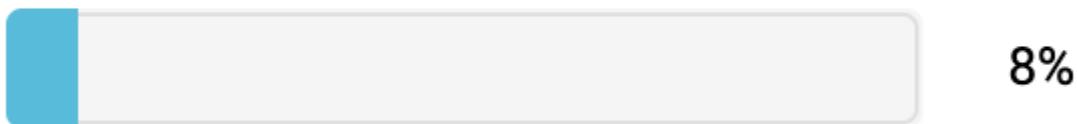
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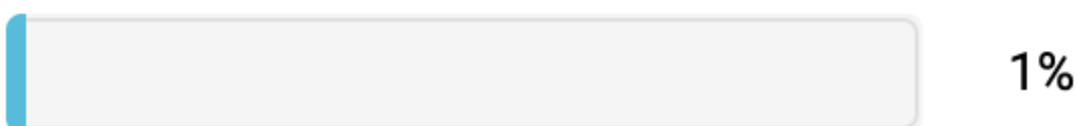
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4



More than 5 omg



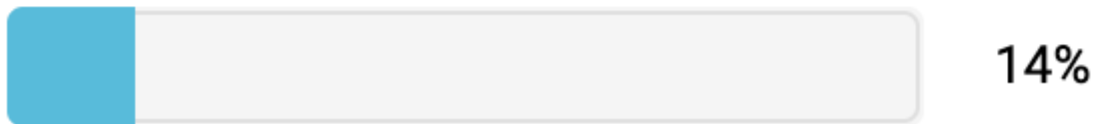
I wasn't expecting this! Personally, I have 6 dependents who are fully reliant on my income + my husband's, and that's not even including the second kid that we hope to have in the near future. Pretty scary to know that I'm in the 1%.

## Do you feel that you're paying TOO MUCH for your insurance premiums?

Yes :( so expensive, and my premiums keep going up



No, I can pay more :D



We talked about how to NOT overpay for your insurance as well, so you can invest the remainder for better growth. Get what you need covered, and invest the rest – this will always be my personal strategy ?

[Download the full document with the changes on CI definitions here!](#)

With love,  
Budget Babe

### Category

1. Insurance