保險業監管局
Insurance Authority









A Quick Guide to Understand Critical Illness Insurance











Key Product Features of Critical Illness Insurance

Functions	Critical illness insurance is an insurance product designed primarily to provide protection against critical illnesses. In general, if the insured person is unfortunately diagnosed with a critical illness (including severe illness or surgical procedure) that meets the definitions specified in the policy, the insured person can receive a lump-sum cash benefit according to the policy terms for financial support, with no restriction on its use (e.g. to pay for medical expenses or to support their and their family's living expenses).
Coverage	Commonly covered critical illnesses include cancer, stroke, heart-related diseases, and severe illnesses related to major organs. Coverage is determined under the terms and conditions of each policy.
Issue age	Normally from 15 days to 65 years old. Some policies may offer lifelong protection.
Types of policies	Following are the two common types of policies: **Term critical illness policy** ➤ Generally, this is a pure protection product and does not comprise a savings component. ➤ The coverage period is generally 1, 5, 10 or 15 years, and the policy can be renewed up to a specified age. The insured person is protected within the specific coverage period as stated in the policy. **Whole life critical illness policy** ➤ This policy has a savings component. ➤ Generally whole-life coverage is provided (or until 100 years old). ➤ It has a level premium structure and a fixed payment period. In general, the premium remains unchanged regardless of attained age after policy issuance.
Mode of application	Most critical illness insurance policies can be purchased as a stand-alone policy or as a rider attached to a life insurance policy.

Two Important Things to Know Before Purchasing Critical Illness Insurance

Disclose your health history honestly

"Utmost good faith" is an important principle in insurance contracts. You are obliged to disclose proactively and honestly all personal health conditions and medical history (including any abnormal findings in previous medical check-ups) and family medical history (including any diseases and the age of onset) to help the insurer identify high-risk features and decide whether to take the risk, and if so, what premium and terms to offer.

A misrepresentation or non-disclosure of your health condition and medical history, which are material facts, at the time of insurance application may affect your future claims and the validity of the policy because the insurer will be unable to make a fair and accurate underwriting decision for the application, regardless of whether the material facts relate directly to the illness that leads to the claim. If you are in doubt as to whether a fact should be declared, it is advisable to disclose it to the insurer for further consideration for making its underwriting decision.

Clearly understand the coverage and the definitions of critical illnesses in the policy

Critical illness insurance generally covers critical illnesses such as cancer, stroke, heart-related diseases, and severe illnesses related to major organs. Recently, the scope of coverage of many critical illness insurance policies has been expanded to cover early-stage critical illnesses, such as carcinoma-in-situ, precancerous lesions or percutaneous coronary intervention (commonly known as angioplasty). The benefit amount of early-stage critical illness is about 20% to 30% of the insured amount, subject to the specified policy terms.

The covered illnesses, early-stage critical illnesses, or surgical procedures vary among policies. Make sure you understand the scope of coverage and carefully read the policy terms before purchasing critical illness insurance.

Make sure you also understand the definitions of the covered critical illnesses and surgical procedures in a specific policy. The definition of the same covered illness, such as cardiomyopathy, varies among insurers. The insurer will assess whether your diagnosis meets the definitions and relevant policy terms to determine claims payment. The policy terms generally outline the diagnostic criteria and specific descriptions of the medical conditions associated with each critical illness and surgical procedure, and there may also be a requirement that the diagnosis must be clinically confirmed by relevant specialists or through specific assessments.

If you have any doubt about the policy details and terms, you should first consult your insurer or intermediary, and you should ensure that the policy meets your personal needs before taking it out.



Glossary of Critical Illness Insurance

Make sure you understand the below keywords commonly used for critical illness insurance to learn more about product features, common policy terms and points to note when purchasing insurance:

Single claim

”Single claim” refers to an insurance policy that provides a one-off lump sum claims settlement. If the insured persons are diagnosed with a covered critical illness specified in the policy and receive a one-off lump sum claim settlement from the insurer, the policy will then be terminated.

Multiple claims

“Multiple claims” refer to an insurance policy that provides multiple claims settlements. If the insured persons suffer a recurrence of a covered illness or are diagnosed with another covered illness, they can receive claims settlements twice or more according to the policy terms. For policies accepting “multiple claims”, generally there are benefit limits (e.g. 25% or 30% of the original sum insured) and restrictions on the number of claims for each type of major condition and early-stage illness. There may also be a “waiting period” between each claim.

Exclusions

“Exclusions” refer to situations that are not covered by the insurance policy. “Pre-existing conditions and symptoms”, which are normally excluded from the coverage of critical illness insurance, means any illness, symptom or physical condition, or any illness caused by a related physical condition that has been diagnosed or treated or is being treated, or has existed or had been known to exist by the insured person prior to the commencement of the policy. Other common exclusions include any illness caused by, or associated with, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related complex or Human Immunodeficiency Virus (HIV), alcohol or drug abuse, or any mutations, derivations or variations thereof, and acts related to war and terrorism.

Waiting period

Most critical illness insurance policies have a “waiting period” clause to avoid incurring liability for any claims arising from a disease contracted before the application for the policy. The “waiting period” refers to claims that are not payable if a symptom of a critical illness appears or an insured illness is diagnosed during the specific period following the effective date of the policy.

The actual length of the waiting period varies depending on the individual policy terms. It generally ranges from 60 to 90 days following the effective date of the policy. For specific diseases, such as gynaecological diseases or autism, the policy may have a longer waiting period of up to 180 days or even a year.

Survival period

Some policies may have a "survival period" clause, which stipulates a certain period of time in which the insured person must survive from the date of diagnosis of a critical illness or completion of a surgical procedure to be entitled to claim payment. The survival period is typically between 14 and 30 days. The actual number of days of the survival period is subject to the policy terms and conditions of individual insurers.



Smart Tip

The difference between critical illness insurance and medical insurance

The aim of both insurance products is to reduce the financial burden on an insured person who becomes ill. However, their coverage and claims settlement are different：

Critical illness insurance

Provides a lump-sum cash payment to the insured persons if they are diagnosed with an insured critical illness that meets the definition in the policy. The insured persons can decide how to use the lump-sum payment.

Medical insurance

Covers mainly the medical expenses of hospitalisation (e.g. room and board, surgery and doctor’s visits) and outpatient services incurred as a result of an accident or illness, mostly on a reimbursement basis.

Critical illness insurance and medical insurance are not substitutes for each other. You should purchase a policy according to your own personal needs and affordability.

The above information is for reference only. For the coverage, exclusions and benefit limits of a specific insurance plan, please refer to the relevant policy terms.

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For more information, please visit the Insurance Authority's dedicated webpage on critical illness insurance.

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