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Our Ref: ID 29/2001/pt16

6 September 2006

Dr Raymond Chua
Honorary Secretary
Singapore Medical Association
2 College Road
Level 2 Alumni Medical Centre
Singapore 169850

Dear Dr Chua

**DISCRIMINATORY PRACTICE OF INSURANCE COMPANIES
- FEES FOR MEDICAL REPORTS FOR INSURANCE CLAIMS**

We refer to your letter dated 28 July 2006 addressed to our Managing Director, Mr Heng Swee Keat.

2 We apologise for the delay in responding to you as we needed some time to seek clarifications from the insurance industry on the issue you raised.

3 According to SMA, insurers like Aviva Ltd and Great Eastern Life Assurance Co. Ltd are engaging in a discriminatory practice because they pay for medical reports for insurance claims arising from hospitalisation in public/restructured hospitals but not those in private hospitals.

4 You may wish to note that under a standard insurance contract, a claimant is required to produce the proof of claim, such as a medical report from the attending physician, at the claimant's own expense. Therefore, insurers are under no contractual obligation to pay for the medical reports.

5 However, because of the difficulties and delays faced by claimants in obtaining medical reports from government/restructured hospitals, some insurers decided to facilitate the process by paying a nominal fee fixed by the hospitals and submitting the request for the medical reports directly to the hospitals on the claimants' behalf. This speeds up the claims settlement process which benefits both insurers and policyholders. Hence, it is the insurers' own commercial decision to pay the nominal fixed fee for medical reports from government/restructured hospitals, even though they are not contractually obliged to do so. We understand that insurers or their claimants do not encounter similar difficulties obtaining the medical reports from private hospitals.

6 We note that if the insurers are required to abolish the apparently "discriminatory" practice, they may choose not to pay for any medical report regardless of the type of hospital their policyholders visit since they are not contractually obliged to do so. This, we believe, would not be in the best interest of the policyholders as they will not only have to bear the medical report fees but also obtain their medical reports directly from the hospitals, thereby possibly delaying the reimbursement from their insurers.

7 We hope the above clarifies the reason why insurers are paying for the medical report fees from government/restructured hospitals but not from private hospitals. If SMA wishes to pursue the matter further, it may wish to approach the Life Insurance Association and the General Insurance Association directly.

Yours sincerely



LOW KWOK MUN
EXECUTIVE DIRECTOR
INSURANCE SUPERVISION DEPARTMENT

cc: Ms Yong Ying-I, Permanent Secretary (Health), Ministry of Health
Prof K Satkunanatham, Director of Medical Services, Ministry of Health