



Medical Insurance in China

Most people from overseas are familiar with Medical Insurance in some form or other and many will have bought travel insurance in the past. However in a Country such as China it is imperative that an understanding of how to cover yourself and also what to do if you need Medical Assistance is known. The risks of being overseas without adequate cover, is a priority for all. Also many are aware of the products offered by Medical insurance companies such as CIGNA, Aetna, William Russell, DKV, GBG, Allianz, Bupa, IHI AIG, GMC etc. But many of these insurers are not licensed in China. This does not make it illegal to purchase as an individual online or through Group Headquarters of your Employer, however through a licensed broker with brokerage support is not permitted. Also most are quite expensive, around 20,000 USD or more for a family. The most important factor when thinking of purchasing Medical Insurance is legal support from licensed broker or insurers that have local claim support, and be allowed to pay for the cover with local currency receiving a formal receipt to claim against operational costs.

Secondly it is important to have knowledge of the best Medical Facilities close to where you live or work. We all think it will never happen to me and in most cases we are correct, but if we are wrong the worst case scenario is we do not know what to do or where to go or possibly even worse you are not adequately covered and you are looking at hospital bills in the Thousands of Dollars.

When assessing your needs please look at the following:

- Does the person I am talking to know the hospital networks and the best facilities if I need them.
- Does the insurer have an Assistance Company that is either here or has a good China knowledge.

Most major foreign insurers have already set foot in China and some of them have operated here for years. These local health insurance providers include AXA Minmetals, AXA General Insurance, Aetna / China Life, Cigna, Chartis and some local Chinese insurers like Tai Ping Life, Ping an, PICC etc. with International standard Medical Insurance

Important Issues

- Where are the best facilities? – Some of the best Doctors in the World are Chinese and the best Professors only work in Chinese State Hospitals. All Tier 3 Chinese Hospitals have a good VIP Section. Foreign invested Hospitals are some of the most expensive in the World.
- Do they have English speaking Doctors? – Many Chinese Doctors have either studied or worked overseas. All Doctors at the major clinics or VIP Sections at best Chinese Hospitals speak English or there are translators provided
- What are the costs – Can be high at Non Chinese Hospitals with average out patient visit approx 3000 Rmb with an MRI approx 8000 Rmb. Chinese Facilities are significantly lower in costs for their VIP Sections
- Can I get assistance – If you use a good Insurance Company with local support? Or Broker with support services 24hr Help and Assistance is available and also Case Management



What Should My Medical Insurance Cover?

- **Should** give Hospitalisation cover to a minimum 5 Million Rmb
- If it has a sub limit for every part of cover then it is a Chinese Plan based on using lower cost General Hospitals. At Minimum you need cover for VIP Sections.
- An average hospitalisation bill will be a minimum of 100,000 Rmb at the best of the Chinese Hospitals and at least twice that at foreign invested hospitals. Make sure the policy can cover these limits.
- Evacuation and repatriation is critical in an insurance policy as a medical Evac to Europe will be in the tens of thousands of Euros. This does not include the treatment costs.
- Most have Employee Liability covering work-related accidents and occupational diseases.

Typical Plans Offered by Overseas Insurers

- Full in Patient Coverage except for Pre Existing illnesses
- Reasonable limits on Out Patient based on the level of plan you take
- Fully Transferable if leave Company or Country
- Once insured can be retained for lifetime
- Evacuation Coverage if ill or hurt when travelling to second tier cities or back to home Country in serious cases
- Direct billing and direct settlement meaning cashless
- Dental and Maternity care can be added to plans but expensive.
- Average cost of a policy as above for a 30 year old would be approx 14,000 Rmb



Expatriates and High Level Chinese Management

This Group of People have higher risks due to the costs of Medical Treatment at the Foreign owned clinics and VIP wards of the best Chinese Hospitals, which all prefer to use. Also based on the fact all will travel through the year, across the World on Holidays or Business Travel.

There are many International Insurers now with licensed products in China which can be purchased in Rmb with an official Chinese receipt given so that this can be placed against business costs (all licensed products have insurance tax inc in the premium). People whom purchase unlicensed Insurances from overseas can be penalized by counting it as individual's income or benefit in kind and taxed accordingly adding up to 40% on the premium.

The only issue at present is that there are no licensed products with options to allow USA citizens to return to States and keep their insurance.

Average cost of a good international Medical Insurance Plan would be RMB15,000 per year (approx age 34 year old) not including USA cover. This can be lower or higher based on the following factors:

- Age
- Level of cover to include Maternity and Dental increases premiums
- Needing full USA Cover

Everyone should assess a full spectrum of Options available and should seek professional advice on them.

Below are 5 Insurers licensed for International Medical Products in China with good benefit levels suitable for foreigners living in China and good pricing.

AXA Minmetals

Their plans provide all the essentials you need for medical coverage. The insurer AXA Minmetals has a very comprehensive local direct billing network, which you can choose to access. There is a Co Pay option of 10% for outpatient treatment, which can reduce the premium by 10%. They have lifetime coverage and have policies for both Group and Individuals.

AETNA / China Life

This company is a joint venture and Aetna Group, who is one of the biggest health insurance companies in USA. In order to reduce the cost, we can apply China Private Room Restriction term here which means in mainland China you can enjoy private room accommodation but outside China, you can only use semi-private room. It also has direct billing in China as well as other Asia Region. Only has Group Plans at present but should be launching Individual Plans soon.

Chartis GSHH

Formerly AIG, their International Medical Product has good coverage, however the premium is quite high, but costs are very stable year on year. Also has Individual and Group Plans



CIGNA / CMC

Is a joint venture in China with China Merchants Bank and have become extremely strong with their high level plans and support mechanisms. Only have Corporate Plans and no Individual plan at present.

Taiping

Have a good product range with good pricing and benefits. They are also the first Insurance Company in China to gain a license for Pensions. They have 2 Divisions and one Division has also launched a range of products with Global Benefits Group from USA.

Introduction of some of the other insurances that apply to Individuals and Companies alike

Supplementary Medical Insurance Chinese mid Management

Many Companies now offer a 2 or 3 tier programs for staff based on position and time with Company. The base level of supplementary Medical insurance generally only covers to limits that would not be enough should someone have a serious illness or long term hospitalization. The higher plans will cover up to 500,000 Rmb which in the majority of cases is enough for Peace of Mind to employees.

Employer Liability is the most important issue and can be taken as separate stand alone insurance however is always significantly cheaper as part of the Company property all risks policy. As an Employer in China there is a legal requirement for the Company to be responsible for all costs associated with accidental medical costs, accidental death and disability for any employee during working hours (this includes the transport to and from work)

Some of the Insurances that should be analysed

- Group Supplementary Medical
- Company Insurance
- Property All Risks
- Public Liability
- Employer's Liability (+24 hour Personal Accident)
- Money Insurance
- Business Interruption



A standard commercial Insurance package is made up of Property, Business Interruption, Public Liability, Money Insurance and Employer's Liability insurance.

Property All Risk Insurance.

The insurer will indemnify the facility in respect of the physical loss of the insured property or the property under the company's custody during the period of insurance within your insured place of residence arising from any Natural Hazard or Accident.

Business Interruption Insurance.

Business interruption insurance (also known as business income protection, profit protection, or out-of-business coverage) is a type of policy that provides a company with funds to make up the difference between its normal income and its income during a forced shutdown. Businesses can be forced to cease or limit operations due to an accident or injury that causes the disability of an owner or key employee, a legal liability claim, or a property loss—which might result from a fire, natural disaster, theft, or vandalism. Self-employed persons and small business owners are particularly vulnerable to the loss of income associated with forced shutdowns. Entrepreneurs often invest a great deal of personal funds in their businesses, and the businesses are often unable to continue operations without their involvement.

Money Insurance.

The insurer shall indemnify the Company for any theft or burglary or robbery that happens to the Company's form of money both inside the premises and in transition. The precondition for money inside premises is it must be in the safe or locked box.

Public Liability Insurance.

The insurer shall indemnify the Company for such sums, which you shall become legally liable to pay as damages in respect of death of or bodily injury to third parties, or loss of or damage to property belonging to third parties while on the property.

Its Extension includes.

1. Fire & Explosion Extension Clause;
2. First Aid Treatment Clause;
3. Social & Recreational Activities Clause inside town;
4. Food & Drink Liability Clause;
5. Car Park Liability (sub-limit RMB 200,000, RMB 1,000,000 in aggregate) etc.

Employer's Liability Insurance.

The insurer will indemnify against liability under your contract of employment to pay medical expenses and compensation including legal costs in respect of death or bodily injury by accident or through occupational disease caused during the period of insurance to any employee or employees whilst being engaged, in the course of employment by the insured, in the work connected with the insured's operations including business travel.

The aforesaid employees of the insured shall include casual labor, seasonal and temporary workers and apprentices.



One Example of Benefits:

- 1. Death:** 36 months salary per person per accident; Up to RMB 1,000,000 per occurrence.
- 2. Permanent Disablement:** 48 months salary per person per accident; Up to RMB 1,000,000 per occurrence.
- 3. Partial Permanent Disablement:** To be calculated by multiplying the percentage set forth in the indemnity scale of the policy in respect of the injured part and extent of the injury with the maximum amount of indemnity of 48 months' salary per person per accident; Up to RMB 1,000,000 per occurrence.
- 4. Temporary Disablement:** The compensation to be paid according to 70% salary of the employee for such period on being identified by a doctor, up to duration of 52 weeks; Up to RMB 10,000 per person per week.
Deductible: 5 days of salary compensation
- 5. Accidental Medical Expenses:** Up to RMB 100,000 per person per accident and in aggregate.

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