

# **Life Assurance Online**

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## **Consumer Guide**

To

## **Private Medical Insurance**

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## **INTRODUCTION**

This booklet is intended as a general guide to private medical insurance. Not all plans are the same. Some insurance companies offer low cost schemes providing limited cover whereas others offer wide ranging benefits.

The guide is not intended to give financial advice under the Financial Services and Markets Act 2000 or the rules and regulations of the Financial Services Authority. If you are in any doubt you should seek professional advice from an Independent Financial Adviser.

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Please note that the guide is intended for the use of UK residents and British expats. We hope you find it useful. For further information and a quotation please go to our website at [www.lifeassuranceonline.co.uk](http://www.lifeassuranceonline.co.uk)

## **WHAT IS PRIVATE MEDICAL INSURANCE**

This type of insurance cover is designed to meet the costs of private medical treatment for what are commonly known as “acute conditions” An acute condition is usually defined as a disease, illness or injury that is likely to respond quickly to treatment.

The scope of the treatment is designed to restore you to the state of health you were in immediately before suffering the condition or which leads to full recovery.

The insurance is not designed to replace all services offered by the NHS. Private hospitals for example do not offer accident and emergency facilities.

Cover is normally taken out to provide reassurance that treatment can be available promptly outside the NHS through private facilities. Some insurers also provide international cover for travel overseas and for British expats.

Depending on the plan you choose, you can often decide which hospital you prefer and the specialist who will treat you. You may also have the privacy of an en-suite room with TV, telephone and other home comforts.

## **SCOPE OF COVER AND EXCLUSIONS**

Private medical insurance is designed to provide treatment for curable short term illnesses. Not all illnesses are covered. The following outlines the scope of cover normally included, others which maybe and those normally excluded.

### **Treatment normally included**

- cover for the treatment of short term acute medical conditions
- in-patient diagnostic tests
- surgery as an in-patient or day patient
- hospital accommodation and nursing

### **Treatment sometimes included**

- out-patient diagnostic tests
- out-patient consultations and treatment with a specialist
- overseas cover
- cash payment for treatment as an NHS in-patient

### **Treatment normally excluded**

- conditions held before taking out the insurance. Often referred to as pre-existing conditions
- GP services
- cover for long term illnesses which cannot be cured. Often referred to as chronic conditions.
- accident and emergency services

In addition to the above, the following are normally specifically excluded.

- HIV/AIDS, out-patient drugs and dressings, infertility, normal pregnancy, cosmetic surgery, drug abuse, self inflicted injuries.
- Sex change operations, preventative treatment, mobility aids, kidney dialysis, experimental treatment, experimental drugs
- Organ transplants, war risks, injuries arising from dangerous hobbies (often referred to as hazardous pursuits)

# UNDERWRITING OPTIONS

When applying for private medical insurance there are two ways an insurer will use to accept an application.

One is based on full medical underwriting and the other referred to as moratorium underwriting. Nearly all insurers offer full medical underwriting but only some offer the moratorium option. The following outlines the differences between the two types:

## **Full medical underwriting**

With this option you are asked to provide full details of your medical history. It is essential that you provide all the information asked for. If in doubt as to mention something it is always advisable to provide full details.

The insurer may write to your doctor for further information. Any details not disclosed which should have been may result in the insurer refusing to pay a claim or cancel the policy. Any pre-existing conditions which are likely to come back may be excluded, either indefinitely or for a set period.

## **Moratorium underwriting**

This option means that you do not have to provide details of your medical history. The insurer will not cover any medical condition which existed in the previous 5 years.

These conditions may be automatically covered later subject to no symptoms or treatment (by a GP or specialist), medication, tests or advice for that condition for a continuous period of usually 2 years after the start of the policy.

There are some conditions which may never be eligible for delayed cover. In particular, chronic conditions which will need treatment, medication, tests and advice on a regular basis. The insurance company will provide full written details of how their particular moratorium works.

## **CHOOSING THE RIGHT COVER**

Choosing the right cover for yourself and/or your family will depend on several issues. Listed below are some of the main ones:

- your age at the time of making application
- your state of health and medical history
- the amount you can afford to pay for your cover
- your attitude to risk.

The above issues will to a large extent have an impact on the type of plan you choose and the potential benefits you are prepared to pay for. Treatment under most plans is categorized under 3 main areas as follows:

### **In-patient treatment**

This is treatment where it is necessary for you to stay overnight or longer in a hospital.

### **Day-patient treatment**

This is where you have to go in to a hospital or day patient unit for treatment because you need a period of clinically supervised recovery. You do not however have to stay in overnight.

### **Out-patient treatment**

This is treatment given at a hospital, consulting room or out-patient clinic which does not involve going in for day-patient or in-patient treatment.

Most schemes provide cover for in-patient and day-patient treatment but only some will provide cover for out-patient treatment.

Below is a list of issues which will affect the type of cover you choose. Not all plans will provide all the features listed:

- Do you want your cover to include the costs of a specialist as an out-patient?
- Do you want a choice of hospitals or would you be happy to choose one from a limited list issued by the insurance company?

- Would you be happy to pay an excess? If you choose this option your premiums will be lower but you will have to pay the amount of excess you have chosen when a claim is made.
- Would you be happy to receive treatment under the NHS when it is available within 6 weeks rather than benefit from private treatment at the outset?
- Do you want a No Claims Discount? This will give you lower premiums if you do not make a claim but potentially higher premiums if you do.
- Do you want an Age Entry Priced plan as opposed to the normal Age Attained schemes? An Age Entry Priced plan will be more expensive initially but potentially result in lower premiums in the long term.
- Would you prefer a plan which provides the benefit in cash to you? This then gives you the freedom to choose where and when you purchase treatment rather than the insurance company paying the bills.

Please remember that your premiums may increase each year when you renew the cover. Increases are not however influenced by the number of claims you make except when your cover includes a No Claims Discount.

If you change your cover to another insurance company you may not be covered under the new plan for conditions or treatment that your existing policy covers.

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