



Chartered  
Insurance  
Institute

# IF7

## Certificate in Insurance

### Unit 7 – Healthcare insurance products

Based on the 2021 syllabus  
examined from 1 January 2021 until 31 December 2021

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#### Published in October 2020 by:

The Chartered Insurance Institute

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## Unit 7 – Healthcare insurance products

Based on the 2021 syllabus examined from 1 January 2021 until 31 December 2021

### Introduction

This examination guide has been produced by the Examinations Department at the Chartered Insurance Institute to assist students in their preparation for the IF7 examination. It contains a specimen examination with answer key.

Ideally, students should have completed the majority of their studies before attempting the specimen examination. Students should allow themselves two hours to complete the examination. They should then review their performance to identify areas of weakness on which to concentrate the remainder of their study time.

Although the specimen examination in this guide is typical of an IF7 examination, it should be noted that it is not possible to test every single aspect of the syllabus in any one particular examination. To prepare properly for the examination, candidates should make full use of the tuition options available and read as widely as possible to ensure that the whole syllabus has been covered. They should also endeavour to keep as up-to-date as possible with developments in the industry by reading the periodicals listed in the IF7 reading list, which is located on the syllabus in this examination guide and on the CII website at [www.cii.co.uk](http://www.cii.co.uk).

### Background Information

CII examination questions undergo a rigorous writing and editing process before reaching an examination. The questions are written to strict guidelines by practitioners with relevant technical knowledge and experience. Questions are very carefully worded to ensure that all the information required to answer the question is provided in a clear and concise manner. They are then edited by an independent panel of experienced practitioners who have been specifically trained to ensure that questions are technically correct, clear and unambiguous. As a final check, each examination is scrutinised by the Senior Examiner and a CII assessment expert.

Occasionally a question will require amendment after the examination guide is first published. In such an event, the revised question will be published on the CII website:

- 1) Visit [www.cii.co.uk/learning/qualifications/unit-healthcare-insurance-products-if7/](http://www.cii.co.uk/learning/qualifications/unit-healthcare-insurance-products-if7/)
- 2) Select 'exam guide update' on the right-hand side of the page

Candidates should also refer here for the latest information on changes to law and practice and when they will be examined.

## Syllabus

The IF7 syllabus is published on the CII website at [www.cii.co.uk](http://www.cii.co.uk). **Candidates should note that the examination is based on the syllabus, rather than on any particular tuition material.** Of course, the tuition material will provide the vast majority of the information required to perform well in the examination, but the CII recommends that students consult other reference materials to supplement their studies.

## Skill Specification

The skill level tested in each examination question is determined by the syllabus. Each learning outcome specifies the level of skill required of candidates and thus the level at which candidates may be tested. Learning outcomes for IF7 begin with *know* or *understand*. Different skill levels lead to different types of question, examples of which follow.

*Know* - Knowledge-based questions require the candidate to recall factual information. Typically questions may ask 'What', 'When' or 'Who'. Questions set on a *know* learning outcome can only test knowledge.

*Understand* - To answer questions based on understanding, the candidate must be able to link pieces of information together in cause-and-effect relationships. Typically questions may ask 'Why'. Questions set on an *understand* learning outcome can test either knowledge or understanding or both.

## Examination Information

The method of assessment for the IF7 examination is 100 multiple choice questions (MCQs). 2 hours are allowed for this examination.

The IF7 syllabus provided in this examination guide will be examined from 1 January 2021 until 31 December 2021.

Candidates will be examined on the basis of English law and practice unless otherwise stated.

The general rule is that legislative and industry changes will not be examined earlier than 3 months after they come into effect.

A multiple choice question consists of a problem followed by four options, labelled A, B, C and D, from which the candidate is asked to choose the correct response. Each question will contain only one correct response to the problem posed.

One mark is awarded for each correct response identified by the candidate. No mark is awarded if the candidate either chooses an incorrect response, chooses more than one response or fails to choose any response. No marks are deducted for candidates choosing an incorrect response.

While no questions involve complex calculations, candidates are permitted to use calculators during the examination. If you bring a calculator into the examination room, it must be a silent battery or solar-powered non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetic or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator, provided it meets these requirements.

Candidates are permitted to make rough notes. Candidates are **not** permitted, under any circumstances, to remove any papers relating to the examination from the examination room.

## Examination Technique: Multiple Choice Questions

The best approach to multiple choice examinations is to work methodically through the questions.

The questions are worded very carefully to ensure that all the information required is presented in a concise and clear manner. It cannot be emphasised too strongly that understanding the precise meaning of the question is vital. If candidates miss a crucial point when reading the question it could result in choosing the wrong option. Candidates should read carefully through the question and all the options before attempting to answer.

Candidates should pay particular attention to any words in the question which are emphasised in bold type, for example, **maximum**, **minimum**, **main**, **most**, **normally** and **usually**. Negative wording is further emphasised by the use of capital letters, for example **NOT**, **CANNOT**.

Candidates should not spend too much time on any one question. If they cannot make up their mind, they should leave the question and come back to it later.

When all of the questions have been answered, it is prudent to use any remaining time to go through each question again, carefully, to double-check that nothing has been missed. Altering just one incorrect response to a correct response could make the difference between passing and failing.

## After the Examination

Rigorous checks are made to ensure the correctness of the results issued. A pre-defined quota of passes to be awarded does not exist. If all candidates achieve a score of at least the pass mark, then all candidates will be awarded a pass grade. Individual feedback on the candidate's examination performance is automatically provided and will indicate the result achieved and, for each syllabus learning outcome, the percentage of questions in the examination that were answered correctly.

# Healthcare insurance products

## Objective

To provide knowledge and understanding of the fundamental principles and practices relating to healthcare insurance.

Summary of learning outcomes	Number of questions in the examination*
1. Understand the structure of the UK healthcare insurance market.	10
2. Understand the key features of healthcare provision in the UK and overseas.	5
3. Understand healthcare product types.	20
4. Understand the different roles and responsibilities of intermediaries and providers.	10
5. Understand risk assessment, rating and underwriting considerations.	15
6. Know how to apply the principles of risk assessment, rating and underwriting considerations to a given set of circumstances.	5
7. Understand the claims function.	16
8. Know how to apply the principles of the claims process to a given set of circumstances.	4
9. Understand legal and regulatory considerations.	11
10. Know how to apply the principles contained within law and regulation to a given set of circumstances.	4

\* The test specification has an in-built element of flexibility. It is designed to be used as a guide for study and is not a statement of actual number of questions that will appear in every exam. However, the number of questions testing each learning outcome will generally be within the range plus or minus 2 of the number indicated.

## Important notes

- Method of assessment: 100 multiple choice questions (MCQs). 2 hours are allowed for this examination.
- This syllabus will be examined from 1 January 2021 until 31 December 2021.
- Candidates will be examined on the basis of English law and practice unless otherwise stated.
- Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:
  1. Visit [www.cii.co.uk/qualifications](http://www.cii.co.uk/qualifications)
  2. Select the appropriate qualification
  3. Select your unit from the list provided
  4. Select qualification update on the right hand side of the page

## **1. Understand the structure of the UK healthcare insurance market.**

- 1.1 Describe the organisation and function of providers of healthcare insurance products.
- 1.2 Describe the basic function and operation of employee healthcare trusts.
- 1.3 Describe the organisation and main distribution channels and marketing methods used in the healthcare insurance market

## **2. Understand the key features of healthcare provision in the UK and overseas.**

- 2.1 Explain the key features and provisions of the National Health Service and Independent Healthcare Sector in the UK.
- 2.2 Describe the key features of global healthcare markets.
- 2.3 Describe the key features of global healthcare trends.

## **3. Understand healthcare product types.**

- 3.1 Explain the purpose of medical insurance.
- 3.2 Describe the scope of medical insurance.
- 3.3 Explain the main features of medical insurance products.
- 3.4 Explain the main differences between individual medical insurance and small and medium enterprise group medical insurance.
- 3.5 Explain the main features of corporate medical schemes.
- 3.6 Describe the main features of health cash plans.
- 3.7 Describe the main features of dental insurance and capitation plans.
- 3.8 Describe the main features of international medical insurance.
- 3.9 Describe the main features of well-being and occupational health services.
- 3.10 Describe the medical benefits offered under travel insurance schemes.
- 3.11 Describe the main features of other healthcare insurance products and services.

## **4. Understand the different roles and responsibilities of intermediaries and providers.**

- 4.1 Describe the role and responsibilities of the intermediary.
- 4.2 Describe the role and responsibilities of the provider.

## **5. Understand risk assessment, rating and underwriting considerations.**

- 5.1 Describe the main risk considerations and general underwriting principles of private medical insurance.
- 5.2 Explain the styles of underwriting.
- 5.3 Understand the pricing considerations for core healthcare products.

## **6. Know how to apply the principles of risk assessment, rating and underwriting**

## **considerations to a given set of circumstances.**

- 6.1 Apply the principles of risk assessment, rating and underwriting considerations to a given set of circumstances.

## **7. Understand the claims function.**

- 7.1 Understand the processes involved in a claim under private medical insurance policies and other core product policies.
- 7.2 Understand factors that contribute to healthcare claims costs.
- 7.3 Describe the main methods by which claims costs may be controlled.

## **8. Know how to apply the principles of the claims process to a given set of circumstances.**

- 8.1 Apply the principles of the claims process to a given set of circumstances.

## **9. Understand legal and regulatory considerations.**

- 9.1 Understand the main elements of the Financial Conduct Authority regulations.
- 9.2 Explain complaints handling and dispute resolution relating to healthcare insurance.
- 9.3 Describe the main features of ABI relating to healthcare insurance.
- 9.4 Explain the effect on healthcare insurance of relevant legislation.
- 9.5 Explain the personal taxation implications for holders of healthcare insurance.
- 9.6 Explain the company taxation implications for corporate purchasers of healthcare insurance.

## **10. Know how to apply the principles contained within law and regulation to a given set of circumstances.**

- 10.1 Apply the principles contained within law and regulation to a given set of circumstances.



## Reading list

The following list provides details of further reading which may assist you with your studies.

**Note: The examination will test the syllabus alone.**

The reading list is provided for guidance only and is not in itself the subject of the examination.

The resources listed here will help you keep up-to-date with developments and provide a wider coverage of syllabus topics.

### CII study texts

Healthcare insurance products. London: CII. Study text IF7.

### Books (and ebooks)

The modern law of insurance. Andrew McGee. LexisNexis, 2011.

### Factfiles and other online resources

The Insurance Institute of London (IIL) podcast lecture series features leading industry figures and subject experts speaking on current issues and trends impacting insurance and financial services. Available online at <https://www.cii.co.uk/insurance-institute-of-london/> (CII/PFS members only).

Critical illness insurance. Andy Couchman.

Long-term care insurance. Andy Couchman.

Payment protection insurance. Andy Couchman.

### Periodicals

The Journal. London: CII. Six issues a year. Archive available online at <https://www.thepfs.org/search-results/?q=the+journal> (CII/PFS members only).

Post magazine. London: Incisive Financial Publishing. Monthly. Contents searchable online at [www.postonline.co.uk](http://www.postonline.co.uk).

### Reference materials

Concise encyclopedia of insurance terms. Laurence S. Silver, et al. New York: Routledge, 2010.

Dictionary of insurance. C Bennett. 2nd ed. London: Pearson Education, 2004.

The insurance manual. Stourbridge, West Midlands: Insurance Publishing & Printing Co. Looseleaf, updated.

## Examination guide

If you have a current study text enrolment, the current examination guide is included and is accessible via Revisionmate ([www.revisionmate.com](http://www.revisionmate.com)). Details of how to access Revisionmate are on the first page of your study text.

It is recommended that you only study from the most recent version of the examination guide.

## Exam technique/study skills

There are many modestly priced guides available in bookshops. You should choose one which suits your requirements.

The Insurance Institute of London holds a lecture on revision techniques for CII exams approximately three times a year. The slides from their most recent lectures can be found at [www.cii.co.uk/iilrevision](http://www.cii.co.uk/iilrevision) (CII/PFS members only).

1. An organisation which provides insurance to healthcare insurers against large losses is known as
  - A. an employee healthcare trust.
  - B. a healthcare reinsurer.
  - C. a health cash fund.
  - D. a third party administrator.
  
2. What type of dividends, if any, are payable by provident insurers?
  - A. None.
  - B. Debenture-based payments.
  - C. Equity-based distributions.
  - D. UK-share dividends.
  
3. When a healthcare trust is set up to provide healthcare for a group of employees, what is the **main** purpose of arranging stop loss insurance?
  - A. To avoid the need for a policy excess.
  - B. To minimise the duration of the waiting period.
  - C. To protect the trustees if the trust fails.
  - D. To protect the trust fund from higher than expected claims costs.
  
4. What restriction does an employee healthcare trust **usually** place on claim payments?
  - A. Benefits are not absolutely guaranteed.
  - B. A ceiling is placed on the number of claims that may be made per annum.
  - C. Claims must not exceed £10,000 per annum.
  - D. Each claim must not exceed £10,000.
  
5. Worksite marketing of healthcare cover is **primarily** aimed at promoting
  - A. company paid health cash plans.
  - B. Employee Assistance Programmes.
  - C. dental capitation plans.
  - D. voluntary group private medical insurance.
  
6. A firm employing 2,000 employees wishes to set up a company-paid private medical insurance scheme and requires advice on how to obtain the best possible deal. Which distribution channel is **likely** to be **best** for such an arrangement?
  - A. A direct insurer.
  - B. The internet.
  - C. A specialist independent intermediary.
  - D. A specialist tied intermediary.

7. A potential **disadvantage** for an insurer using a direct sales force to distribute private medical insurance is
- A. greater control over sales processes.
  - B. greater cross-selling opportunities.
  - C. increased infrastructure costs.
  - D. paying commissions.
8. A private healthcare provider that reinvests any profits into better health and care services is known as a
- A. friendly society.
  - B. mutual society.
  - C. proprietary insurer.
  - D. provident insurer.
9. The proportion of non-emergency surgery carried out in the UK by private hospitals compared to National Health Service hospitals is
- A. 5%
  - B. 15%
  - C. 40%
  - D. 75%
10. General Practitioners are involved in the provision of services through which organisation?
- A. The British Medical Association.
  - B. The local Clinical Commissioning Group.
  - C. The National Institute for Health and Care Excellence.
  - D. The General Medical Council.
11. Since 1960, which Organisation for Economic Co-operation and Development (OECD) member country has achieved the highest increase for life expectancy?
- A. Australia.
  - B. Japan.
  - C. The UK.
  - D. USA.
12. Which body is responsible for recommending the treatments the National Health Service (NHS) should provide?
- A. The British Medical Association.
  - B. The Department of Health.
  - C. NHS Improvement.
  - D. National Institute for Health and Care Excellence.

13. What development in the American healthcare market has significantly increased competition for market share?
- A. The emergence of managed care.
  - B. The fall in the cost of critical illness insurance.
  - C. The new underwriting approach to long-term care.
  - D. The rise in the coverage of dental insurance.
14. In Germany, what type of healthcare insurance, in addition to private medical insurance, is provided under the State health insurance scheme?
- A. Critical illness insurance.
  - B. Income protection insurance.
  - C. Long-term care insurance.
  - D. Personal accident insurance.
15. Emergency surgery is mainly carried out by what type of establishment
- A. private hospital.
  - B. National Health Service hospital.
  - C. National Health Service walk-in centre.
  - D. National Health Service minor injuries centre.
16. The benefit provided under an income protection insurance policy as a percentage of the insured's income is **usually** limited to a **maximum** of around
- A. 25%.
  - B. 60%.
  - C. 100%.
  - D. 150%.
17. What service is **usually** excluded under a comprehensive private medical insurance policy?
- A. Hospital accommodation.
  - B. Inpatient diagnostic tests.
  - C. Private consultations with a general practitioner (GP).
  - D. Surgery as a day patient.
18. Alice runs a company employing 50 people. She wants to ensure that all staff have access to prompt medical treatment. The **most appropriate** product for this is
- A. a capitation plan.
  - B. a health cash plan.
  - C. occupational health services.
  - D. a private medical insurance policy.

19. A health cash plan offers a cash payment when a patient stays at which type(s) of hospital?
- A. A National Health Service (NHS) hospital only.
  - B. A private ward of a National Health Service (NHS) hospital only.
  - C. A private hospital only.
  - D. A private hospital or a National Health Service (NHS) hospital.
20. When a personal accident insurance policy includes a hospitalisation benefit, the benefit is **usually** expressed as a
- A. fixed daily amount.
  - B. percentage of salary.
  - C. sliding scale according to disability.
  - D. fixed lump sum according to hospital band.
21. Kevin is concerned by the high one-off charges for his dental treatment, so he is looking for a way to spread the payments and budget for the overall cost. What type of healthcare product is **likely** to **best** suit his needs?
- A. A dental capitation plan.
  - B. A health cash plan.
  - C. A major medical expenses insurance policy.
  - D. A standard private medical insurance policy.
22. William has worked all of his life in England and chooses to retire in Spain. He needs to purchase insurance to cover potential hospital bills. The **most appropriate** insurance policy for him is
- A. an annual travel insurance policy.
  - B. a health cash plan.
  - C. an international medical insurance policy.
  - D. a UK private medical insurance policy.
23. A fitness for work assessment is a feature of
- A. a health cash plan.
  - B. an immediate needs care annuity.
  - C. an occupational health service.
  - D. a private medical insurance policy.
24. Daniel goes on holiday to America where he becomes unwell. What medical benefit is **unlikely** to be recoverable under his travel insurance policy?
- A. Diagnostic tests.
  - B. Inpatient costs.
  - C. Outpatient costs.
  - D. Over-the-counter medication.

25. Graham and Paula are both 60 years old and do **NOT** want to use any of their substantial investments to pay for nursing home care should they need it. What type of insurance product would be **most suitable** in these circumstances?
- A. A critical illness insurance policy.
  - B. A health cash plan.
  - C. A long-term care insurance policy.
  - D. A private medical insurance policy.
26. Sheila is a self-employed interior designer. What would be the **main** benefit to her of taking out private medical insurance?
- A. She could elect to get treatment at a time when it was convenient for her business.
  - B. She would get earlier emergency treatment than under the National Health Service (NHS).
  - C. She would receive a lump sum if she were to be hospitalised.
  - D. She would receive an income for the time she was unable to work.
27. The benefit under a critical illness insurance policy is **normally** paid in the form of
- A. a deferred annuity.
  - B. an immediate annuity.
  - C. a one-off lump-sum payment.
  - D. a series of regular payments until retirement age.
28. Ben wishes to take out a low-cost insurance policy which will cover the more expensive types of private inpatient treatment. What type of medical insurance policy is he **most likely** to buy?
- A. A comprehensive private medical insurance policy.
  - B. A health cash plan.
  - C. An income protection insurance policy.
  - D. A major medical expenses policy.
29. Jane has an in-patient only private medical insurance policy with no excess. She recently started suffering from abdominal pain, so her GP referred her to a private specialist. After an initial consultation, her specialist referred her for a day case procedure the following week. Two days later she received a follow-up consultation with her specialist. Which of the treatments, if any, are covered by her policy?
- A. None of the treatments.
  - B. The day case procedure only.
  - C. The day case procedure and the follow up consultation only.
  - D. The day case procedure and both consultations.

30. What is the **main** advantage to members of small company private medical insurance schemes compared to holders of individual private medical insurance?
- A. Scheme members are covered for chronic medical conditions.
  - B. Scheme members are covered for pre-existing medical conditions.
  - C. Scheme members have premiums paid or partly paid by the employer.
  - D. Benefits paid to holders of individual private medical insurance are subject to a tax liability.
31. What cover will a health cash plan **usually** provide that is **NOT normally** covered under a private medical insurance policy?
- A. Nursing care.
  - B. Outpatient treatment.
  - C. Routine dental treatment.
  - D. Surgical procedures.
32. The **main** function of an income protection insurance policy is to provide an income on
- A. death.
  - B. illness.
  - C. redundancy.
  - D. retirement.
33. A provider of which type of healthcare insurance product might need to make provision in its claims reserves for potential payments on death?
- A. An income protection insurance policy.
  - B. A mortgage payment protection insurance policy.
  - C. A personal accident insurance policy.
  - D. A private medical insurance policy.
34. Dan and Claire have taken out a joint stand-alone critical illness insurance policy with a sum assured of £100,000. Dan suffers a heart attack and dies seven days later. How much will Claire receive, if anything, under the policy?
- A. Nothing.
  - B. A refund of premiums paid.
  - C. £50,000
  - D. £100,000
35. Medical history disregarded is a term **most likely** to be found in a
- A. a corporate private medical insurance policy.
  - B. an individual critical illness policy.
  - C. an individual private medical insurance policy.
  - D. voluntary private medical insurance policy.

36. Since taking out private medical insurance, Debra has been suffering from chronic arthritis of the hip. She now wishes to claim for a hip replacement. Her insurer will **most likely**
- A. Reject her claim because chronic conditions are always excluded.
  - B. Reject her claim until she has been free of treatment for two years.
  - C. Cover her operation costs in full as this will resolve her condition.
  - D. Cover her costs for diagnosis of an acute flare up of her chronic condition only.
37. Under a 'member get member' loyalty scheme, when is a cash bonus **normally** paid to the existing member?
- A. On submission of a quotation request by the new member.
  - B. On payment of the new member's first premium.
  - C. On completion of the new member's first year.
  - D. On completion of a specified claim-free period by the new member.
38. Who is responsible for assessing the risk when transacting healthcare insurance?
- A. The claims manager
  - B. The intermediary.
  - C. The policyholder.
  - D. The underwriter.
39. When obtaining a medically underwritten budget private medical insurance policy for a client, an intermediary should **typically** ask
- A. details of hospital admissions only over the last five years.
  - B. details of all previous and existing medical conditions over the last five years.
  - C. whether the client is on a waiting list of more than six weeks for surgery.
  - D. no medical questions.
40. Who, if anyone, is **primarily** responsible for providing customers who have taken out a healthcare policy via an intermediary with information on mid-term changes to the policy?
- A. The insurer only.
  - B. The insurance intermediary only.
  - C. Both the insurer and the intermediary.
  - D. Neither the insurer nor the intermediary.
41. When is a fact-find **usually** undertaken?
- A. Prior to an application form being completed.
  - B. Once an application form has been completed but before the policy is accepted by the insurer.
  - C. Once the policy is accepted by the insurer.
  - D. On receipt of a completed claim form.



42. An employer has a private medical insurance scheme where the number of employees has increased year on year. The scheme is subject to a three-year premium agreement. How often, if at all, is the intermediary **most likely** to carry out a client review?
- A. At least annually.
  - B. At the end of the three-year period.
  - C. Only if requested to do so by the client.
  - D. Never.
43. When an employee leaves employment of a company, who is responsible for informing his healthcare insurer?
- A. The employee.
  - B. The group secretary.
  - C. The intermediary.
  - D. The third party administrator.
44. An intermediary has arranged to transfer a small and medium enterprise group private medical insurance policy from one insurer to another on continued personal medical exclusions (CPME) terms. In addition to the completed proposal form and schedule of employees to be covered, what other **key** piece of information will the new insurer require to complete the transfer?
- A. A copy of the previous insurer's benefit schedule.
  - B. A copy of the previous insurer's employee membership certificates confirming original underwriting terms.
  - C. A detailed health questionnaire completed by each employee.
  - D. A general practitioner (GP) medical report for each employee, detailing pre-existing medical conditions.
45. Which party is responsible for accepting the risk in respect of a healthcare policy?
- A. The insurer.
  - B. The intermediary.
  - C. The policyholder.
  - D. The reinsurer.
46. A healthcare insurance company offers its policyholders a discount at a gym which operates nationally. This is an example of
- A. a core healthcare product.
  - B. a customer loyalty mechanism.
  - C. a flexible benefit scheme.
  - D. an intermediated sales method.

47. When a private medical insurance policy is set up, what is **usually** the **maximum** permitted increase in the premium, if any, after the renewal date?
- A. There is no maximum permitted increase.
  - B. The increase in the relevant medical inflation index.
  - C. The increase in the Retail Prices Index.
  - D. 7.5% or the increase in the Average Weekly Earnings index if less.
48. An applicant whose proposal is subjected to full medical underwriting will ultimately benefit because
- A. his cover will be less expensive.
  - B. his cover will continue for longer.
  - C. his policy will contain fewer exclusions.
  - D. he will know what conditions will be covered.
49. When calculating premiums for an individual private medical insurance policy using a sliding scale, the discounted premium is **usually** arrived at by applying
- A. a discretionary bonus.
  - B. an introductory bonus.
  - C. a loyalty bonus.
  - D. a no claims bonus.
50. What significance does a client's postcode have when calculating premiums for an individual private medical insurance policy?
- A. It indicates the likely incidence of many chronic conditions.
  - B. It indicates the availability of treatment for most standard covered conditions.
  - C. It provides socio-economic data for the purposes of imposing a policy excess.
  - D. It provides an indication of the likely cost of treatment.
51. Why do individual healthcare policies **mainly** exclude pre-existing medical conditions?
- A. So that members can be given different levels of cover.
  - B. So that members are treated equally and claims costs are contained.
  - C. So that underwriters can charge different levels of premium.
  - D. So that underwriters can avoid accessing members' medical records.
52. The use of general exclusions of medical conditions under a private medical insurance policy has what overall effect on the risk to an insurer?
- A. The risk is reduced as uninsured conditions cannot be claimed for.
  - B. The risk is increased as some clients may disguise the condition for which they are claiming.
  - C. The risk is reduced as there is less need to assess each individual claim.
  - D. The risk is increased as each claim must be scrutinised at a higher level.

53. A restricted hospital network consists **mainly** of hospitals which
- A. are owner-operated only.
  - B. have single private rooms only.
  - C. are selected by the insurer based on specially negotiated or agreed prices.
  - D. are selected by the insurer based on their particular medical specialisms.
54. A client has a private medical insurance policy which operates on a moratorium underwriting basis in respect of a five-year period prior to inception. If he develops a recurrence of a three-year-old medical problem two weeks after the policy starts, how will the insurer treat a claim?
- A. It will be rejected.
  - B. A reduced maximum level of benefit will apply.
  - C. A waiting period will apply.
  - D. It will be settled in full in the normal way.
55. When applying for a private medical insurance policy, Shivani discloses that she recently received treatment for a shoulder dislocated two years ago. Her policy is subject to full medical underwriting. What is the underwriter's decision **likely** to be regarding Shivani's condition?
- A. Allow immediate cover for the condition at standard premium rates.
  - B. Allow immediate cover for the condition subject to an additional premium.
  - C. Exclude the condition.
  - D. Apply a two-year moratorium for the condition.
56. What is the **usual maximum** number of employee members required to qualify for age rated small private medical insurance group schemes?
- A. 10 members.
  - B. 25 members.
  - C. 100 members.
  - D. 250 members.
57. What is the **primary** underwriting concern for an insurer offering private medical insurance to employees under a voluntary scheme?
- A. The benefit limits.
  - B. The geographical location of the employer.
  - C. The hospital band chosen.
  - D. Selection against the insurer.
58. When calculating a renewal premium for a small to medium-sized private medical insurance scheme, on which aspect of claims statistics would the insurer **usually** focus?
- A. Each member's claims experience.
  - B. Market accepted claims statistics.
  - C. The loss ratio of the scheme.
  - D. The number of high value claims.

59. What aspect of a company paid private medical insurance policy is **most likely** to be affected by the location of the employer?
- A. The amount of payment for treatment carried out free by the National Health Service (NHS).
  - B. The choice of specialist.
  - C. The cost of cover.
  - D. The size of the excess.
60. Treatment for chronic conditions is usually excluded from private medical insurance because
- A. chronic conditions are subject to a moratorium on pre-existing conditions.
  - B. the risk of treatment recurring would add to claims costs.
  - C. treatment is available free of charge at National Health Service hospitals.
  - D. treatment is usually provided by general practitioners.
61. With regard to a client's medical history under a private healthcare insurance policy, full medical underwriting is **likely** to result in
- A. a general exclusion applying to all pre-existing medical conditions.
  - B. a general exclusion applying to certain pre-existing medical conditions only.
  - C. most pre-existing medical conditions being automatically excluded from cover.
  - D. personal exclusions being applied to selected pre-existing medical conditions.
62. Why would some health insurers actively encourage private medical insurance policyholders to undertake regular exercise?
- A. As a long-term measure to control claims costs.
  - B. As a marketing tool to attract new policyholders.
  - C. To enable policyholders to claim for physiotherapy treatments.
  - D. To monitor policyholders in accordance with their Body Mass Index.
63. Colin's private medical insurance cover is being transferred from one insurer to another on a medical history disregarded basis. What policy types are **most likely** to be involved in this transfer?
- A. An individual policy to an individual policy.
  - B. An individual policy to a group policy.
  - C. A group policy to an individual policy.
  - D. A group policy to a group policy.
64. In order for a healthcare insurance underwriter to assess a risk, he is **most likely** to require the potential policyholder to
- A. complete a proposal form.
  - B. identify her nearest healthcare trust.
  - C. obtain alternative quotations.
  - D. undertake a medical examination.

65. Private medical insurance underwriters control individual risk primarily by use of
- A. cover limits.
  - B. excesses.
  - C. exclusions.
  - D. hospital bands.
66. When rating an individual private medical insurance policy, what is **usually** the **most significant** factor when determining an individual's premium?
- A. Age.
  - B. Gender.
  - C. Occupation.
  - D. Previous medical history.
67. What **main** factor **normally** dictates the frequency with which a private medical insurer settles payments direct with the healthcare provider?
- A. The age of the claimant.
  - B. The size of the individual claim.
  - C. The type of illness involved.
  - D. The volume of insured care provided.
68. To whom does a private medical insurer **usually** send claim payments?
- A. The policyholder.
  - B. The policyholder's general practitioner (GP).
  - C. The policyholder's employer.
  - D. The provider of the policyholder's treatment.
69. Under a private medical insurance policy with a pre-authorisation claims process, the policyholder does **NOT normally** require the insurer's consent when
- A. emergency treatment is required.
  - B. non-emergency treatment is required.
  - C. there is more than one claim during the policy year.
  - D. using a hospital on the insurer's approved list.
70. What type of qualifications are case managers working for the claims department of private medical insurers **most likely** to possess?
- A. Accounting.
  - B. Hospital management.
  - C. Medical.
  - D. Underwriting.

71. A private medical insurance policyholder recently received treatment, however the cost of the treatment exceeded the policy limit. Who, if anyone, is **normally** responsible for paying the excess?
- A. The insurer.
  - B. No one.
  - C. The policyholder.
  - D. The policyholder's local Clinical Commissioning Group.
72. The **main** reason a private medical insurer requires the **original** bills for treatment before settling a claim is to
- A. code claims accurately.
  - B. comply with the Financial Conduct Authority's regulations.
  - C. determine the claim amount.
  - D. prevent claims being fraudulently duplicated.
73. Why is the potential duration of an illness less significant under a payment protection insurance policy than under an income protection insurance policy?
- A. The benefit payment progressively reduces each month.
  - B. The maximum benefit payment period is much shorter.
  - C. The payment is likely to be in the form of a lump sum.
  - D. The underwriting criteria are more stringent.
74. In addition to covering the costs of dental treatment, a fixed lump sum is often payable under a dental insurance policy in the event of
- A. an accidental injury.
  - B. a claims-free period.
  - C. a complication arising during treatment.
  - D. a diagnosis of mouth cancer.
75. The **main** reason why medical inflation has **generally** risen faster than the Retail Prices Index is because of
- A. clinical advances.
  - B. constraints on National Health Service (NHS) funding.
  - C. managed care initiatives.
  - D. rising National Health Service (NHS) costs.
76. As a cost containment measure, a healthcare insurer has employed some medical specialists on a session basis. Each session is **usually** treated as lasting for what notional period?
- A. An hour.
  - B. A half day.
  - C. A full day.
  - D. A working week.

77. What is potentially the **key disadvantage** to a policyholder of a private medical insurer adopting a managed care approach?
- A. An increase in premium level.
  - B. An increase in underwriting.
  - C. A reduction in the choice of healthcare provider.
  - D. A reduction in medical confidentiality.
78. A private medical insurer can manage the cost of a valid claim that has already been notified under a comprehensive policy by
- A. comparing the cost of treatment against clinical norms.
  - B. imposing an increased excess.
  - C. introducing the concept of coinsurance.
  - D. referring the claimant to a low-cost overseas treatment facility.
79. In relation to private medical insurance, to what does the term pre-authorisation refer?
- A. The insurer's requirement to review the case prior to treatment going ahead.
  - B. The insurer's threshold before assessing potentially less expensive methods of treatment.
  - C. The limit up to which case management workers can process claims on behalf of the insurer.
  - D. The maximum claim payment before which assessment is required.
80. How are claims payments in respect of hospital fees **usually** settled by a healthcare insurer?
- A. By cheque when each claim is made.
  - B. By cheque on a monthly basis.
  - C. By direct credit transfer when each claim is made.
  - D. By direct credit transfer on a monthly basis.
81. In the last two years, Martin has received treatment three times using his healthcare product **without** the need to contact the product provider. What type of product is he **most likely** to hold?
- A. A dental capitation plan.
  - B. A health cash plan.
  - C. An overseas medical expenses insurance policy.
  - D. A travel insurance policy.
82. Judy wishes to claim under her private medical insurance policy for a MRI scan and on contacting her healthcare insurer is directed to one particular hospital in her area for the scan. Which claims cost control measure is the insurer **most likely** to be using?
- A. Care Pathway.
  - B. Clinical guideline.
  - C. Network facility.
  - D. Procedure code.

83. Jack has a private medical insurance policy and has submitted a claim to the insurer for an operation at a private hospital. The insurer has informed Jack that the chosen hospital does **NOT** adhere to its scale of approved fees. How will this **usually** affect the claim?
- A. The insurer will not pay the claim.
  - B. The insurer will pay 50% of the claim.
  - C. The insurer will pay the claim in full.
  - D. The hospital fees are more than the insurer will pay and Jack will have to pay the extra cost.
84. Which statutory complaint resolution service resolves disputes between consumers and providers of healthcare insurance?
- A. The Claims and Underwriting Exchange.
  - B. The Financial Ombudsman Service.
  - C. The Financial Conduct Authority.
  - D. The Financial Services Compensation Scheme.
85. A consumer has the statutory right to cancel a private medical insurance contract, without penalty, within
- A. 7 days.
  - B. 14 days.
  - C. 28 days.
  - D. 30 days.
86. Bob's private medical insurance is an annual contract. He paid the full annual premium at the start of the policy. However, he decided to cancel his policy after 6 months. He did not make any claims. How much of the premium, if any, is his insurer obliged to refund?
- A. None.
  - B. 6 months' premium.
  - C. 6 months' premium less the premium for the cooling off period .
  - D. All the premium.
87. From April 2019, what is the **maximum** award that the Financial Ombudsman Service can make to an individual who has a dispute with his private medical insurer?
- A. £160,000
  - B. £160,000, reviewed annually in line with inflation.
  - C. £350,000
  - D. £350,000, reviewed annually in line with inflation.
88. Jeff attempts to make a legitimate claim on his critical illness insurance policy, but discovers that his insurer is unable to meet its financial obligations. To which body can Jeff apply to seek redress?
- A. Association of British Insurers.
  - B. Financial Conduct Authority.
  - C. Financial Ombudsman Service.
  - D. Financial Services Compensation Scheme.



89. Which organisation publishes the Statement of Best Practice for Sales of Individual and Group Private Medical Insurance
- A. Association of British Insurers.
  - B. British Medical Association.
  - C. Consumer's Association.
  - D. Financial Conduct Authority.
90. What effect does the Data Protection Act 2018 have with regard to the rights of a proposer to view her medical records before the records are passed to the insurer?
- A. The insurer is required to automatically pass details of any medical report directly to a proposer.
  - B. The maximum period for which a proposer can view her own medical records has been increased to 12 months after its issue.
  - C. A proposer can ask to see any medical records requested by the insurer.
  - D. A proposer no longer has the right to change any part of the record she believes is inaccurate.
91. How does the Equality Act 2010 affect the ability of a healthcare insurer to **exclude** any pre-existing medical conditions, if at all?
- A. The Act does not apply to insurance contracts and insurers.
  - B. Exclusions can be made, but only if the condition can be shown to carry a higher risk for the insurer.
  - C. Exclusions can be made, but only if the condition is expected to last more than 12 months.
  - D. Exclusions can be made, but only if the proposer is registered disabled.
92. Which Act enables a healthcare insurer to obtain the medical history of a deceased policyholder?
- A. The Access to Health Records Act 1990.
  - B. The Data Protection Act 2018.
  - C. The Equality Act 2010.
  - D. The Mental Capacity Act 2005.
93. What tax is payable, if any, by an employee who receives healthcare insurance paid for by her employer?
- A. No tax is payable.
  - B. Income Tax.
  - C. Insurance Premium Tax.
  - D. Value Added Tax.
94. Andrew suffered a serious injury some months ago and is in receipt of benefit from his individual income protection insurance policy. How, if at all, will the benefit be taxed?
- A. It will be liable to Income Tax and National Insurance.
  - B. It will be liable to Income Tax, but not National Insurance.
  - C. It will be liable to National Insurance, but not Income Tax.
  - D. It will not be liable to Income Tax or National Insurance.

95. A corporation purchasing healthcare insurance for its staff has resulting financial liabilities in the form of
- A. claims.
  - B. Corporation Tax.
  - C. National Insurance contributions.
  - D. occupational health services.
96. Two small healthcare insurance broking firms belong to the same network. What common relationship do they have?
- A. They are deemed to act on behalf of the same clients.
  - B. They are owned by the same parent company.
  - C. They are regulated through the same umbrella organisation.
  - D. They are tied to the same product provider.
97. An insurer has requested a medical report for a policyholder. Under the Access to Medical Reports Act 1988, what is the **minimum** period, if any, for which the medical practitioner **must** retain the report?
- A. There is no minimum period.
  - B. 3 months.
  - C. 6 months.
  - D. 12 months.
98. In January 2008, a general practitioner (GP) submitted a medical report commissioned by a healthcare insurer in connection with one of the insurer's policyholders. Under the terms of the Access to Medical Reports Act 1988, when was the **earliest** the GP could have destroyed his copy of the report?
- A. April 2008.
  - B. July 2008.
  - C. January 2009.
  - D. July 2009.
99. Providers of healthcare insurance in the UK accept a higher degree of regulation, in addition to statutory regulation, by subscribing to
- A. the Association of British Insurers' and other industry codes of practice.
  - B. the British Medical Association.
  - C. employee healthcare trusts.
  - D. the General Medical Council.

- 100.** A healthcare insurer has breached the guidelines of the Association of British Insurers with regard to the opening of submitted medical reports. What has it failed to do?
- A.** Ensure that all reports are opened by the Chief Medical Officer only.
  - B.** Ask all underwriting staff to sign a confidentiality agreement.
  - C.** Ensure that all opened reports are passed immediately to the Chief Medical Officer.
  - D.** Ensure that those who open the reports are authorised to do so on behalf of the Chief Medical Officer.

## Specimen Examination Answers and Learning Outcomes Covered

Question	Answer	Learning Outcome	Question	Answer	Learning Outcome	Question	Answer	Learning Outcome		
<b>Learning Outcome 1</b>			<b>Learning Outcome 4</b>			<b>Learning Outcome 7</b>				
1	B	1.1	37	B	4.2	67	D	7.1		
2	A	1.1	38	D	4.2	68	D	7.1		
3	D	1.2	39	B	4.1	69	A	7.1		
4	A	1.2	40	A	4.2	70	C	7.3		
5	D	1.3	41	A	4.1	71	C	7.3		
6	C	1.3	42	A	4.1	72	D	7.1		
7	C	1.3	43	B	4.2	73	B	7.2		
8	D	1.1	44	B	4.1	74	D	7.1		
<b>8 Questions</b>			45	A	4.2	75	A	7.2		
			46	B	4.2	76	B	7.3		
<b>Learning Outcome 2</b>			47	A	4.2	77	C	7.3		
9	B	2.1	<b>11 Questions</b>			78	A	7.3		
10	B	2.1				79	A	7.1		
11	B	2.3	<b>Learning Outcome 5</b>			80	D	7.1		
12	D	2.1	48	D	5.2	<b>14 Questions</b>				
13	A	2.2	49	D	5.3					
14	C	2.2	50	D	5.1	<b>Learning Outcome 8</b>				
15	B	2.1	51	B	5.3	81	A	8.1		
<b>7 Questions</b>			52	A	5.1	82	C	8.1		
			53	C	5.1	83	D	8.1		
<b>Learning Outcome 3</b>			54	A	5.2	<b>3 Questions</b>				
16	B	3.11	55	C	5.2					
17	C	3.3	56	C	5.3	<b>Learning Outcome 9</b>				
18	D	3.1	57	D	5.3	84	B	9.2		
19	D	3.6	58	C	5.3	85	B	9.1		
20	A	3.11	59	C	5.3	86	A	9.1		
21	A	3.7	60	B	5.1	87	D	9.2		
22	C	3.8	61	D	5.2	88	D	9.2		
23	C	3.9	<b>14 Questions</b>			89	A	9.3		
24	D	3.10				90	C	9.4		
25	C	3.11	<b>Learning Outcome 6</b>			91	B	9.4		
26	A	3.1	62	A	6.1	92	A	9.4		
27	C	3.11	63	D	6.1	93	B	9.5		
28	D	3.11	64	A	6.1	94	D	9.5		
29	B	3.3	65	C	6.1	95	C	9.6		
30	C	3.4	66	A	6.1					
31	C	3.6	<b>5 Questions</b>			<b>12 Questions</b>				
32	B	3.11				<b>Learning Outcome 10</b>				
33	C	3.11								
34	A	3.11				96			C	10.1
35	A	3.5				97			C	10.1
36	C	3.2				98			B	10.1
						99			A	10.1
						100			D	10.1
<b>21 Questions</b>						<b>5 Questions</b>				