

Private medical insurance practice

Purpose

To provide an understanding of the principles and practices of private medical insurance (PMI) and the ability to apply this knowledge to practical situations.

Assumed knowledge

Candidates are expected to have knowledge of IF7 Healthcare insurance products.

Summary of learning outcomes

1. Understand the relationship between public and private medical provision.
2. Understand private medical insurance products and principles.
3. Understand the application of pricing and underwriting for private medical insurance.
4. Understand the application of claims and policy administration.
5. Understand legislation and regulation in relation to private medical insurance.
6. Understand the distribution of private medical insurance.

Important notes

- **Method of assessment:** Part I 14 compulsory questions (140 marks). Part II 2 questions selected from 3 (60 marks). Total of 200 marks. Three hours are allowed for this exam.
- The syllabus is examined on the basis of English law and practice unless otherwise stated.
- The general rule is that the exams are based on the English legislative position six months before the date of the exams.
- 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/learning/qualifications/diploma-in-insurance-qualification/
 2. Select the appropriate qualification
 3. Select your unit on the right hand side of the page

- 1. Understand the relationship between public and private medical provision**
 - 1.1 Explain the services offered by private and public hospitals, clinics and treatment centres.
 - 1.2 Describe the relationship between the National Health Service (NHS) and private healthcare providers in the United Kingdom (UK).
 - 1.3 Describe the relationship between other types of public and private healthcare provision internationally.
- 2. Understand private medical insurance products and principles**
 - 2.1 Examine the needs of buyers of private medical insurance, within:
 - The individual market.
 - The voluntary group market.
 - Corporate/company group markets.
 - The international market.
 - 2.2 Identify the main types of private medical insurance policy and related products.
 - 2.3 Explain the core benefits associated with PMI policies.
 - 2.4 Describe other products and cover types available as additional benefits including:
 - Dental insurance.
 - Health cash plans.
 - Well-being and occupational health.
 - Employee assistance programmes (EAPs).
 - Critical illness insurance.
 - Flexible benefits.
 - 2.5 Explain the differences in the operation, philosophy and administration of community - rated, cost plus and experience rated group schemes.
 - 2.6 Explain the following funding methods in relation to individual and group schemes including:
 - Fully insured.
 - Risk sharing and co-funding.
 - Self-funding.
 - 2.7 Explain the structure, features and application of Healthcare Trusts.
 - 2.8 Explain the scope of international cover and how it differs from UK specific policies.
- 3. Understand the application of pricing and underwriting for private medical insurance**
 - 3.1 Explain the principles of assessment and underwriting affecting individual and group risks.
 - 3.2 Explain the application of medical underwriting in private medical insurance business.
 - 3.3 Describe the types and uses of moratoria in private medical insurance policies.
 - 3.4 Explain how premiums are calculated, including the use of:
 - Post-code pricing.
 - Hospital banding and charges.
 - Age-related (banding and age specific) rating.
 - Experience rated.
 - 3.5 Explain how the extent of cover for specific medical conditions can affect the premium calculation with reference to:
 - Cancer.
 - Mental health (psychiatric and psychological conditions).
 - Cardio vascular.
 - Muscular skeletal.
 - 3.6 Examine the main methods of cost containment, including:
 - The operation of no claim discount schemes.
 - Loyalty discounts.
 - Payment method discounts.
 - The use of; and different types of excesses.
 - Profit and loss sharing schemes.
 - Co-insurance.
 - Benefit limits.
 - Exclusions.
 - The use of provider and specialist networks.
 - 3.7 Explain the need for, and methods of, reinsuring private medical insurance business.
 - 3.8 Explain the underwriting considerations of pre-existing, acute and chronic medical conditions.

4. Understand the application of claims and policy administration

- 4.1 Examine the main principles, practices and processes for dealing with claims arising under policies, including pre-authorisation of claims.
- 4.2 Examine the principles and practice of managed care and other related claims management techniques, settlement methods, administration and coding including electronic communications and Healthcode.
- 4.3 Examine the basic principles of scheme management and administration.
- 4.4 Explain the roles and responsibilities of intermediaries in the administration of PMI schemes.
- 4.5 Explain the considerations in respect of business transferring between insurers.
- 4.6 Explain the role of the customer service function and the benefits of claims helpline facilities.
- 4.7 Explain the impact of subrogation and third party recoveries on claims management.
- 4.8 Explain the role of third party administrators in the claims management function.
- 4.9 Explain the limitations on claims in relation to chronic conditions and experimental treatments.

5. Understand legislation and regulation in relation to private medical insurance

- 5.1 Explain the application of legislation to PMI business, including:
 - Access to Medical Reports Act 1988.
 - Consumer Rights Act 2015.
 - Financial Services Act 2012.
 - Equality Act 2010.
 - Consumer Insurance (Disclosure and Representations) Act 2012.
 - Insurance Act 2015.
 - General Data Protection Regulation (GDPR).
 - Data Protection Act 2018.
- 5.2 Explain the role of the Association of British Insurers as applicable to PMI business.
- 5.3 Explain the key components of regulation by the Financial Conduct Authority and Prudential Regulation Authority as applicable to PMI business.
- 5.4 Explain the role of the Financial Ombudsman Service as applicable to PMI business.
- 5.5 Explain the taxation of premiums, benefits and benefits-in-kind to individuals and employers in relation to private medical insurance and healthcare trust schemes.
- 5.6 Identify the regulatory issues that need to be considered for transacting international PMI business from the UK.

6. Understand the distribution of private medical insurance

- 6.1 Explain the structure of the distribution channels for private medical insurance business.
- 6.2 Describe the operation of the intermediary market in the distribution of PMI.
- 6.3 Explain the techniques employed by distribution channels for marketing private medical insurance.
- 6.4 Explain the types of organisation that underwrite and administer PMI including:
 - Providents and friendly societies.
 - Commercial insurers.
 - Third party administrators.
 - Intermediaries.
 - Reinsurers.
 - Retailers.

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/PFS members can access most of the additional study materials below via the Knowledge Services webpage at <https://www.cii.co.uk/knowledge-services>.

New resources are added frequently - for information about obtaining a copy of an article or book chapter, book loans, or help finding resources, please go to <https://www.cii.co.uk/knowledge-services> or email knowledge@cii.co.uk.

CII study texts

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

Private medical insurance practice. London: CII. Study text P64.

Books

Houseman's law of life assurance. 15th revised ed. Robert Surridge et al. Haywards Health, Bloomsbury Professional, 2016.

Fact files and other online resources

CII fact files are concise, easy to digest but technically dense resources designed to enrich the knowledge of members. Written by subject experts and practitioners, the fact files cover key industry topics as well as less familiar or specialist areas of general insurance, life, and pensions and financial services, with information drawn together in a way not readily available elsewhere. Available online via www.cii.co.uk/ciifactfiles (CII/PFS members only).

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).

- Recent developments in life assurance law. Robert Surridge.
- Recent developments in life product design. Robert Surridge.
- Critical illness insurance. Andy Couchman.
- Long-term care insurance. Andy Couchman.

Personal accident and health insurance in the UK, key trends and opportunities. ©Timetric Forecast Reports. Annual. Available for members at www.cii.co.uk/forecastreports.

Private medical insurance in the UK, key trends and opportunities. ©Timetric Forecast Reports. Annual. Available for members at www.cii.co.uk/forecastreports.

Reference materials

"Life, pensions, and protection: Medical expenses insurances". Chapter 7.49 in The insurance manual. Sadler, John. Stourbridge, Worcs: Insurance publishing & printing co. Looseleaf, updated annually.

The Merck manual of diagnosis and therapy. Available online at www.merckmanuals.com.

The PMI handbook. Andrew K C Green. Hurstpierpoint, W Sussex: Craigdallie. Annual.

Journals and magazines

Corporate adviser. London: Centaur Communications. Monthly.

Cover. London: Incisive Financial. Monthly. Available for free online at www.covermagazine.co.uk.

Health insurance daily (previous Health insurance and protection). London: Informa. Available for free online at www.healthinsurancedaily.com.

Protection review (previous e-Protection review). Great Rissington: Bank House Communications. Quaterly. Available at www.protectionreview.co.uk

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

Access to further periodical publications is available from the Knowledge website at www.cii.co.uk/journalmagazines (CII/PFS members only).

Examination guides

Guides are produced for each sitting of written answer examinations. These include the exam questions, examiners' comments on candidates' performance and key points for inclusion in answers.

You are strongly advised to study guides from the last two sittings.

These are available via www.revisionmate.com.

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 (IIL) holds a lecture on revision techniques for CII written exams approximately three times a year. The slides from their most recent lectures can be found at www.cii.co.uk/iilwrittenrevision (CII/PFS members only).