



Chartered  
Insurance  
Institute

# IF7

## Certificate in Insurance

### Unit 7 – Healthcare insurance products

Based on the 2020 syllabus  
examined from 1 January 2020 until 31 December 2020

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## Unit 7 – Healthcare insurance products

Based on the 2020 syllabus examined from 1 January 2020 until 31 December 2020

### 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 2020 until 31 December 2020.

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. Understanding 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 2020 until 31 December 2020.
- 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/learning/qualifications/unit-healthcare-insurance-products-if7/](http://www.cii.co.uk/learning/qualifications/unit-healthcare-insurance-products-if7/)
  2. 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 provident insurers, commercial insurers, third party administrators, other providers of healthcare insurance, health and dental cash funds, and reinsurers of healthcare products
  - 1.2 Describe the basic function and operation of employee healthcare trusts
  - 1.3 Describe the main distribution channels and marketing methods used in the healthcare insurance market
  - 1.4 Explain the organisation and advantages and disadvantages of direct sales methods and intermediated sales methods
- 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 healthcare insurance provision in Europe, USA, Australia, Asia and South Africa
- 3. Understand healthcare product types**
  - 3.1 Explain the main features of individual private medical insurance
  - 3.2 Explain the main features of small and medium enterprise private medical insurance
  - 3.3 Explain the main features of corporate medical schemes including insurance, trusts and flexible benefit schemes
  - 3.4 Describe the main features of health cash plans
  - 3.5 Describe the main features of dental insurance and capitation plans
  - 3.6 Describe the main features of international medical insurance
  - 3.7 Describe the main features of well-being and occupational health services
  - 3.8 Describe the medical benefits offered under travel insurance schemes
  - 3.9 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 including fact-finding, health questioning, obtaining quotations, placing risk, transferring schemes and the on-going administration of cover
  - 4.2 Describe the role and responsibilities of the provider including assessing the risk, completing the quotation, accepting risk for the cover and the on-going administration of cover
  - 4.3 Explain the features and operation of policy renewals, customer loyalty mechanisms and switching for individual customers, small and medium enterprise customers and corporate customers
- 5. Understand risk assessment, rating and underwriting considerations**
  - 5.1 Describe the main risk considerations and general underwriting principles of private medical insurance with specific reference to general exclusions and exceptions, medical conditions and procedures, acute and chronic conditions, cancer, experimental treatments, hospital banding, postcode rating and restricted hospital networks, and excess and co-payments
  - 5.2 Explain the styles of underwriting including moratorium, full medical underwriting, continued personal medical exclusions (CPME), medical history disregarded (MHD) and premium ratings
  - 5.3 Explain the ratings and underwriting considerations for core healthcare products with specific reference to corporate schemes, small and medium enterprises schemes (SMEs), voluntary schemes and individual plans
- 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 Explain the principles of claims assessment under core healthcare insurance products
  - 7.2 Describe the processes involved in a claim under private medical insurance policies and other core product policies
  - 7.3 Describe the elements of and the factors that contribute to healthcare claims costs
  - 7.4 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 Describe the main features of the Financial Conduct Authority regulations
  - 9.2 Explain the fair treatment of customers
  - 9.3 Explain dispute resolution relating to healthcare insurance
  - 9.4 Describe the main features of ABI Guidelines and Statements of Best Practice and non-statutory regulation relating to healthcare
  - 9.5 Explain the effect on healthcare insurance of the Access to Medical Reports Act 1988; Access to Health Records Act 1990; Equality Act 2010; Data Protection legislation; Mental Capacity Act 2005; Consumer Insurance (Disclosure and Representations) Act 2012; Insurance Act 2015; the Consumer Rights Act 2015 and the Enterprise Act 2016
  - 9.6 Explain the personal taxation implications for holders of healthcare insurance.
  - 9.7 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/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](mailto:knowledge@cii.co.uk).

### 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

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](http://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).

- 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.cii.co.uk/search-results?q=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. Also available online through Discovery via [www.cii.co.uk/discovery](http://www.cii.co.uk/discovery) (CII/PFS members only).

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.

1. A company that manages a private healthcare scheme on behalf of the provider is **usually**
  - A. a company agent.
  - B. an independent financial adviser.
  - C. a management services company.
  - D. a third party administrator.
  
2. A private healthcare provider that distributes any profits made to its shareholders is a
  - A. commercial insurer.
  - B. friendly society.
  - C. mutual society.
  - D. provident insurer.
  
3. An individual health cash plan is **most commonly** sold by
  - A. banks and building societies.
  - B. general insurance brokers.
  - C. independent financial advisers.
  - D. the insurer providing the plan.
  
4. Under a healthcare trust, who determines the benefits paid in respect of claims?
  - A. The Clinical Commissioning Group.
  - B. The employer.
  - C. The insurer.
  - D. The trustees.
  
5. Across both individual and company-paid healthcare insurance, which type of household in the UK is **most likely** to have healthcare insurance cover?
  - A. Young single, manually employed.
  - B. Retired, previously self-employed.
  - C. Middle-aged, manually employed.
  - D. Middle-aged, professionally employed.
  
6. When compared to the service offered by direct sales channels, what potential **advantage** do individual healthcare insurance customers have by purchasing through independent intermediaries?
  - A. A faster claims service.
  - B. Improved underwriting terms.
  - C. A lower tax charge.
  - D. A wider product choice.

- 
7. The **main** function of a specialist healthcare consultancy is to assist
- A. commercial clients to identify suitable healthcare insurance products and cost containment measures.
  - B. corporate clients to offset the cost of providing private medical cover to employees against Corporation Tax.
  - C. private clients to negotiate favourable fixed-rate deals with hospitals.
  - D. private clients when making a private medical insurance claim.
8. A health cash fund is a
- A. form of reinsurance.
  - B. fund held by trustees to cover claims under a healthcare trust.
  - C. lump sum payable in the event of a critical illness claim.
  - D. mutual provider of health insurance benefits to its members.
9. What **main** advantage would a private medical insurer expect to gain as a result of buying reinsurance?
- A. Its losses could be limited to an acceptable level and it would expect to have increased capacity to accept new business.
  - B. It would gain more underwriting expertise because reinsurers take a specified financial and functional stake in the insurer's business.
  - C. It would offer increased profitability to shareholders as reinsurance premiums are refunded by the Financial Services Compensation Scheme.
  - D. Its policyholders are offered more security because the Association of British Insurers specifies minimum levels of reinsurance for its members.
10. When an employer provides private healthcare for its employees under a healthcare trust, how are the benefits **usually** funded?
- A. The employees have compulsory contributions deducted from their monthly salary paid into an irrevocable trust.
  - B. The employees make voluntary payments into a discretionary trust.
  - C. The money is paid into the trust after the employer's Insurance Premium Tax contributions have been recovered from HM Revenue & Customs.
  - D. The money is paid into the trust out of the revenue generated by the employer's business.
11. In Italy, who is covered by the State health insurance system?
- A. Employed workers only.
  - B. Those over the age of 50 only.
  - C. Those opting to pay the appropriate voluntary contribution only.
  - D. Everyone.

12. How, if at all, do the private healthcare sector and the National Health Service (NHS) collaborate?
- A. Inner-city private hospitals are obligated to offer spare capacity to the NHS.
  - B. Private treatment centres contract with the NHS to provide agreed specific treatments.
  - C. The NHS buys discounted drugs and dressings from private clinics.
  - D. There is no collaboration.
13. National Health Service (NHS) hospitals that have freedom to tailor services specifically to the needs of the local population are administered by
- A. foundation trusts.
  - B. the National Institute for Health and Care Excellence.
  - C. the NHS Commissioning Board.
  - D. the Department of Health.
14. National Health Service (NHS) walk-in centres provide fast access to health advice and certain other services including
- A. bereavement counselling.
  - B. repeat prescriptions.
  - C. treatment for minor illnesses and injuries only.
  - D. treatment for minor and more serious illnesses and injuries.
15. What benefit is **usually** available under a personal accident insurance policy, in addition to the income payments for accident and illness?
- A. Dental treatment costs.
  - B. Optical costs.
  - C. Payment in the event of loss of limb.
  - D. Surgical procedure costs.
16. Under an income protection insurance policy, what **usually** happens to the benefit being paid if the insured initially returns to work on a part-time basis?
- A. The benefit ceases immediately.
  - B. The benefit ceases after 52 weeks.
  - C. The benefit reduces proportionately.
  - D. The benefit reduces to the minimum wage.
17. The **main** function of a critical illness insurance policy is to provide
- A. an income in the event of certain types of illness.
  - B. a lump-sum payment for terminal illness.
  - C. a lump-sum payment in the event of certain specified types of illness.
  - D. a lump-sum payment on death only.

18. The **main** function of a long-term care insurance policy is to
- A. pay for the cost of care in a private hospital.
  - B. pay for the cost of residential care.
  - C. provide an income during illness.
  - D. provide benefits on death.
19. How are the premiums for an individual private medical insurance policy **usually** changed at renewal, if at all?
- A. The premiums are not changed.
  - B. The premiums are changed depending on the insured's medical history.
  - C. The premiums are changed in line with the insurer's overall claims experience.
  - D. The premiums are set for the first two years and reviewed thereafter.
20. What type(s) of medical condition(s) is a private medical insurance policy designed to cover?
- A. Acute and chronic conditions.
  - B. Acute conditions only.
  - C. Chronic conditions only.
  - D. Acute conditions without complications only.
21. Annie is on a limited income and wants an insurance product which will provide a lump sum to assist with the costs involved should she require surgical treatment. Her monthly premium **must** be kept to a **minimum**. What product would be **most suitable**?
- A. An income protection insurance policy.
  - B. A long-term care insurance policy.
  - C. A major medical expenses insurance policy.
  - D. A private medical insurance policy.
22. A UK company has a number of British employees who work overseas for majority of the year. In order to provide the employees with private medical cover, the company is **most likely** to purchase
- A. an employee assistance programme.
  - B. an international medical insurance policy.
  - C. travel insurance.
  - D. UK private medical insurance, with an overseas medical insurance benefit.
23. A British businessman working in London is taken ill whilst at a meeting in Australia. The medical bills resulting from his illness would **usually** be met by his corporate
- A. critical illness insurance policy.
  - B. health cash plan.
  - C. income protection insurance policy.
  - D. travel insurance policy.

24. Other than the lower cost, why might an individual choose a health cash plan in preference to a private medical insurance policy?
- A. She does not wish to obtain treatment outside the National Health Service (NHS).
  - B. She is happy to restrict cover to life-threatening illnesses.
  - C. She wants cover for acute medical conditions.
  - D. She wants to use the private facilities within a National Health Service (NHS) hospital.
25. The **maximum** monthly benefit **usually** payable under a mortgage payment protection insurance policy in the event of ill health is limited to the
- A. mortgage interest only.
  - B. monthly mortgage repayment only.
  - C. monthly mortgage repayment plus a fixed percentage amount.
  - D. total outgoings of the insured.
26. What is the **main** benefit to an employer offering an employee assistance programme?
- A. It allows employers to identify employees who are likely to be absent due to illness.
  - B. It offers dental and optical services to employees in the workplace.
  - C. It provides private medical cover at a low cost.
  - D. It reduces the incidence of workplace absence.
27. Paul holds a health cash plan which pays out a daily rate for time spent in hospital. What factor could trigger the rate to be enhanced?
- A. If the hospital is classed as a National Health Service (NHS) teaching hospital.
  - B. If the hospital is more than 50 miles away.
  - C. If the hospital stay exceeds a specified number of days.
  - D. If the hospital is an independent private hospital.
28. Tim has asthma which is well controlled by medication. He wishes to spend the winter abroad in a warmer climate. How will his condition **typically** be treated by the insurer when applying for travel insurance?
- A. All cover will be automatically declined.
  - B. Cover will be accepted, but the condition will be automatically excluded.
  - C. Provided that full disclosure is made in advance, cover including Tim's condition will be available.
  - D. Tim will need to have a medical examination before the insurer decides whether to accept the risk.
29. Jane requires an insurance product to help her financially should she need medical treatment, dentistry or new contact lenses. Which type of product provides benefits for all three requirements?
- A. A health cash plan.
  - B. A long-term care insurance policy.
  - C. An income protection insurance policy.
  - D. A private medical insurance policy.

30. The premiums that Kate pays for her private medical insurance cover, whilst she remains a resident in the UK, are subject to which tax, if any?
- A. Insurance Premium Tax only.
  - B. Value Added Tax only.
  - C. Insurance Premium Tax and Value Added Tax.
  - D. Neither Insurance Premium Tax nor Value Added Tax.
31. What factor relating to the insured membership is **most likely** to be why insurers prefer **NOT** to publish premium rates for large corporate private medical insurance schemes?
- A. Age.
  - B. Health.
  - C. Location of business.
  - D. Previous claims experience.
32. The director of a small company with 10 employees wishes to ensure that if any of the employees needs hospital treatment, they can receive treatment promptly and return to work. What type of small group healthcare insurance policy would be **most suitable** for this purpose?
- A. Critical illness insurance.
  - B. Income protection insurance.
  - C. Personal accident insurance.
  - D. Private medical insurance.
33. Anna's healthcare policy provides cover to have a six-monthly dental check-up as a private patient, with the policy paying her dentist direct for the full cost. What type of policy is Anna **most likely** to have?
- A. Dental capitation policy.
  - B. Dental insurance policy.
  - C. Health cash plan.
  - D. Private medical insurance.
34. An income protection insurance policy offers what type of benefit?
- A. A capital sum on death.
  - B. A capital sum on injury.
  - C. An income payable for a maximum of 26 weeks.
  - D. A long-term income during disability.
35. Charles' finger was amputated as a result of an injury and he received a lump sum of £5,000 from his insurer. Which type of insurance policy is he **most likely** to have held?
- A. A critical illness insurance policy.
  - B. An income protection insurance policy.
  - C. A personal accident insurance policy.
  - D. A private medical insurance policy.



36. When an existing insured receives an incentive under a member-get-member scheme, the award is **likely** to take the form of
- A. a renewal premium discount.
  - B. free goods or services.
  - C. a lower than standard excess.
  - D. a protected no claims bonus.
37. Who is responsible for negotiating the hospital fees under a hospital network that forms part of an employer paid private medical scheme?
- A. The British Medical Association.
  - B. The employer.
  - C. The insurer.
  - D. The intermediary.
38. What time limit, if any, does the Financial Conduct Authority impose on a private medical insurer for issuing a personal policy renewal notice before the renewal date?
- A. No limit is imposed.
  - B. 14 days.
  - C. 21 days.
  - D. In good time.
39. Derek has been paying his private medical insurance policy premiums each month by direct debit for 15 months. When his insurer tried to collect the premium for the next month it was unsuccessful. How is the insurer **most likely** to respond in the first instance?
- A. Cancel the policy due to non payment.
  - B. Make a second attempt to collect the premium.
  - C. Request a cheque within 14 days to make up the outstanding amount only.
  - D. Request a cheque within 14 days to make up the outstanding amount plus the late payment fee.
40. Why might a private medical insurer decline to quote for cover for a professional football team?
- A. The group size is too small to meet the criteria for a group scheme.
  - B. Football teams are eligible to join the bespoke scheme sponsored by the Football Association.
  - C. Professional footballers receive priority treatment through National Health Service foundation hospitals.
  - D. The risk is too high.
41. Bill has recently made a claim for cancer under his private medical insurance policy and is still being followed up as an outpatient. He now **CANNOT** afford his cover and wishes to pay a lower premium. What course of action would his financial adviser initially recommend?
- A. Cancel the policy and continue treatment on the National Health Service.
  - B. Cancel the policy and transfer to a health cash plan that contributes to outpatient treatment.
  - C. Cancel the policy until he fully recovers, then apply for a cheaper policy with his existing provider.
  - D. Enquire about transferring to a lower cost plan with his existing provider.

42. Toby's claim for a stomach ulcer was declined by his private medical insurer due to non-disclosure of a previous episode of the condition on his medically underwritten application form. However, Toby had disclosed it to his independent financial adviser who had omitted to tell the insurer. Toby's claim was subsequently paid after he made a complaint. Who was liable for the payment?
- A. The Financial Ombudsman Service.
  - B. The Financial Services Compensation Scheme.
  - C. The independent financial adviser.
  - D. The insurer.
43. A private medical insurer provides a renewal quotation for a corporate scheme of 750 employees. How will each employee be rated?
- A. Based on their ages and individual claims experience.
  - B. Based on their ages and individual medical history.
  - C. Based on the corporate claims experience of the group and hospital band required.
  - D. Based on the corporate claims experience of the group and their individual medical histories.
44. How is a pre-existing medical condition **usually** treated under an individual private medical insurance policy?
- A. It is excluded.
  - B. It is included.
  - C. It is subject to an excess.
  - D. It is subject to an increased premium.
45. Personal underwriting describes the situation when
- A. all medical conditions arising before the policy comes into force are covered.
  - B. no medical conditions arising after the policy comes into force are excluded.
  - C. some medical conditions arising before the policy comes into force are covered.
  - D. some medical conditions arising after the policy comes into force are covered.
46. From the insured's perspective, moratorium underwriting can be unsatisfactory when compared to full medical underwriting because
- A. an increased excess is applicable during the period of the moratorium.
  - B. it is not certain that benefits will be available until after a claim has been submitted.
  - C. it is not certain what rate of premium will apply after a claim has been submitted.
  - D. no cover is available during the period of the moratorium.
47. What are the **main** factors that **must** be considered when assessing the medical history of an applicant for private medical insurance?
- A. Age, gender, nature and effectiveness of treatment received, family and domestic situation.
  - B. Lifestyle choices, present state of health, family and domestic situation and start date of illness.
  - C. Duration and severity of illness, frequency of symptoms, nature and effectiveness of treatment received and hospital charges.
  - D. Duration and severity of illness, frequency of symptoms, nature and effectiveness of treatment received and present state of health.

48. What is the purpose of a medical history declaration on a private medical insurance policy subject to full medical underwriting?
- A. It ensures that an underwriter can fully assess the risk and that appropriate cover is available when a claim is made.
  - B. It allows an underwriter to assess the period of moratorium that should be applied.
  - C. It allows the applicant to propose cover on a no worse terms basis.
  - D. It ensures that the applicant has cover for all pre-existing conditions.
49. What type of private medical insurance is **most likely** to be written on a medical history disregarded basis?
- A. A group scheme with 20 members.
  - B. A group scheme with 200 members.
  - C. An individually underwritten policy.
  - D. A voluntary scheme.
50. An underwriter applying a moratorium at the commencement of a new insurance policy can
- A. offer instant cover for pre-existing medical conditions after checking the proposer's medical history.
  - B. avoid checking the proposer's medical history and offer delayed cover for pre-existing medical conditions.
  - C. avoid checking the proposer's medical history and offer instant cover for pre-existing medical conditions.
  - D. offer cover for pre-existing medical conditions after a waiting period having checked the proposer's medical history.
51. Edward applies to join a group private medical insurance scheme that offers cover on a continued personal medical exclusions basis. He has various minor health problems but has his own existing private medical insurance policy. The group scheme insurer is **most likely** to
- A. accept Edward's application at a higher premium.
  - B. accept Edward's application with exclusions for health problems.
  - C. accept Edward's application on the same terms as under his existing insurance policy.
  - D. decline Edward's application and suggest that he continues with his current insurer.
52. What is the **main advantage** to being a member of a large corporate private medical insurance scheme compared to having an individual policy?
- A. Death-in-service benefits are included.
  - B. The cover is more comprehensive.
  - C. The premium is paid for by the employer.
  - D. There is no excess.

53. Which **main** factor **usually** influences the rating of an individual private medical insurance policy?
- A. Age.
  - B. Health.
  - C. Nationality.
  - D. Occupation.
54. In connection with private medical insurance, what **key** factor distinguishes an acute condition from a chronic condition?
- A. The ability to treat the condition within the National Health Service (NHS).
  - B. The age of the sufferer.
  - C. The likelihood of recurrence.
  - D. The potential side effects.
55. Under a private medical insurance policy, what significance to the client does hospital banding have?
- A. It allows treatment at any available hospital within a given postcode area.
  - B. It enables a choice of hospital to be made based on price.
  - C. It guarantees the same facilities at any hospital within a named group.
  - D. It indicates the waiting period before treatment can be obtained.
56. Under which type of private medical insurance arrangement does underwriting tend to be strictest?
- A. A corporate scheme for a large company.
  - B. A corporate scheme for Small and Medium Enterprises (SMEs).
  - C. An individual policy.
  - D. A voluntary group scheme.
57. A firm wishes to start a group private medical insurance scheme for its entire workforce, but has been advised that it is **NOT** eligible for a rating on a claims plus basis. What **key** factor is **most likely** to have caused this?
- A. The age spread of its workforce.
  - B. The balance between its male employees and female employees.
  - C. The balance between its white collar employees and blue collar employees.
  - D. The size of its workforce.
58. How are the premiums **primarily** assessed for an existing large group private medical insurance scheme?
- A. They are based on national claims experience.
  - B. They are based on the group's claims experience.
  - C. They are based on the insurer's claims experience.
  - D. They are based on individual members' claims experience.

59. What type of private medical insurance policy is **most likely** to offer a profit sharing facility?
- A. An individual policy taken out in conjunction with a life policy.
  - B. An individual policy taken out by a self-employed policyholder.
  - C. A large group scheme.
  - D. A small group scheme.
60. The practice of excluding all pre-existing medical conditions from the commencement of cover for defined periods of time is known as
- A. continued personal medical exclusions.
  - B. medical history declared underwriting.
  - C. medical history disregarded underwriting.
  - D. moratorium underwriting.
61. At the renewal date, a firm is transferring its large corporate private medical insurance scheme to a new insurer. What is the **main** piece of information required by an underwriter in order to offer cover?
- A. Full claims experience over the last three years.
  - B. Full details of the premium history over the last three years.
  - C. Full medical history on all members.
  - D. The level of excess required.
62. When a company has switched its healthcare insurance scheme to a new insurer under the terms of continued personal medical exclusions, what is the practice regarding the imposition of new personal medical exclusions by the new insurer?
- A. No new exclusions will be introduced.
  - B. New exclusions may be introduced after a qualifying period.
  - C. New exclusions may be introduced as long as they are reviewable.
  - D. New exclusions may be introduced at any point in time.
63. An employer is setting up a group private medical insurance scheme for its employees where entry is purely on a voluntary basis. What **key** potential risk does this structure pose for the insurer?
- A. Anti-selection.
  - B. Exposure to chronic illnesses.
  - C. High set-up costs.
  - D. Higher cancellation rates.
64. Sam has started a private medical insurance policy under which there is a progressively increasing discount from 25% in year two to 60% in year five. What is this discount **likely** to depend on?
- A. No across the board price rises.
  - B. No claims being submitted by Sam.
  - C. Regular satisfactory medicals of Sam.
  - D. Sam remaining a non-smoker.

65. How can a healthcare insurer control the cost of a claim that has already commenced?
- A. By applying an excess.
  - B. By declining to renew cover.
  - C. By excluding cover for a pre-existing condition.
  - D. By monitoring the treatment against the claimant's needs.
66. What are **usually** the **main** medical costs for the insurer in respect of a private medical insurance policy claim?
- A. Costs of physiotherapy following the treatment.
  - B. Hospital charges, including surgeons' fees and anaesthetists' fees.
  - C. Specialist consultants' fees to establish that treatment is required.
  - D. The expense of a private consultation with a general practitioner (GP) before the insurer authorises the claim.
67. The frequency of claims in respect of existing critical illness insurance policies are escalating. What factor is **primarily** responsible for this?
- A. Increased care costs.
  - B. Increased longevity of life.
  - C. Reduced State benefits.
  - D. Regulatory expenses.
68. What would an insurer **typically** do when non-disclosure of fraudulent intent is discovered on submission of a claim?
- A. Cancel the policy having first paid the claim.
  - B. Cancel the policy having first refused to pay the claim.
  - C. Report it to the Financial Conduct Authority.
  - D. Report it to the Financial Ombudsman Service.
69. Under a private medical insurance policy, in what circumstances will the pre-authorisation condition **normally** be ignored?
- A. If the condition requires treatment whilst abroad.
  - B. If the amount of the claim is under a stated monetary amount.
  - C. If the treatment required is listed within the policy conditions.
  - D. If emergency treatment is required.
70. When is an insurer **most likely** to check the annual maximum(s) for an individual's private medical insurance policy?
- A. When the quotation is issued.
  - B. When the premium is paid.
  - C. When the policy is renewed.
  - D. When a claim is submitted.

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71. In what circumstances will staff managing a healthcare insurance claim **usually** be permitted to deviate from the standard procedure for a specified condition?
- A. When a third party medical services provider is used.
  - B. When the waiting period for standard treatment exceeds a specified limit.
  - C. When the cost of standard treatment rises above a set threshold.
  - D. When medical complications trigger the need for additional treatment.
72. When claims under a healthcare insurance policy are dealt with under a case management initiative, who does the case manager **normally** act on behalf of?
- A. The insurer.
  - B. The medical services provider.
  - C. The National Health Service (NHS).
  - D. The policyholder.
73. When dealing with private medical insurance claims, what is the CCSD coding system used for?
- A. Classifying the choice of healthcare provider.
  - B. Classifying the surgical or medical procedure.
  - C. Indicating the likely success of the treatment.
  - D. Indicating the socio-economic status of the claimant.
74. When dental costs incurred are higher than the insured benefit level under the dental cover section of a health cash plan, who is responsible for the excess?
- A. The Clinical Commissioning Group.
  - B. The General Dental Council.
  - C. The policyholder.
  - D. The third party insurer.
75. In general terms, how has medical cost inflation (MCI) compared to the Retail Prices Index (RPI) over the last 10 years?
- A. The MCI has risen faster than the RPI over the entire period.
  - B. The RPI has risen faster than the MCI over the entire period.
  - C. The MCI has risen faster than the RPI over the first half of the period and the RPI has risen faster than the MCI over the second half of the period.
  - D. Both the MCI and the RPI have risen at a similar rate.
76. Under what type of healthcare insurance policy is the potential longevity of the claim an important issue?
- A. A critical illness insurance policy.
  - B. A health cash plan.
  - C. An income protection insurance policy.
  - D. An international medical insurance policy for expatriates.

77. What is the **primary** reason for the adoption of the managed care principle by private medical insurers?
- A. Cost containment.
  - B. Improvements in the accuracy of morbidity statistics.
  - C. Improvements in the quality of patient treatment.
  - D. Tax efficiency.
78. What is the **main** function of a case manager in connection with a private medical insurance policy?
- A. To arrange treatment for a particular condition.
  - B. To review, authorise and contain claims costs.
  - C. To develop clinical protocols for dealing with specified medical conditions.
  - D. To negotiate pricing agreements with providers of individual medical services.
79. Even though most health cash plan claims are heavily automated, additional checks are **usually** carried out on a sample of cases. The two **main** reasons for this are quality control and
- A. the Association of British Insurers' Statement of Best Practice requirements.
  - B. the Financial Conduct Authority's solvency requirements.
  - C. gathering of morbidity data.
  - D. prevention of fraud.
80. In the event of a claimant's death before a claim is paid, what document **must** be provided by the legal personal representative to prove his/her title?
- A. A deed of assignment.
  - B. A grant of probate.
  - C. A policy document.
  - D. A trust form.
81. Paul's private medical insurance policy features a no claims discount. What will happen to his premium, if anything, at the policy renewal if he has made a claim in the preceding year?
- A. It will not change.
  - B. It will decrease.
  - C. It will increase.
  - D. It will be waived.
82. A private medical insurance policyholder needs to see a knee specialist and the private consultation cost is £150. If this is fully covered under his policy, how is the charge **most likely** to be settled by the insurer?
- A. By cheque from the insurer to the specialist's nominated employer.
  - B. By direct payment from the insurer to the hospital that the consultation took place in.
  - C. By direct payment from the insurer to the specialist.
  - D. By vouchers that the policyholder must pass on to the specialist.



83. Whilst assessing a claim under a private medical insurance policy subject to full medical underwriting, it is discovered that the policyholder forgot to disclose a medical condition on the application form. What action is the insurer entitled to take as a result of this omission?
- A. Apply an excess.
  - B. Apply an exclusion for the medical condition.
  - C. Impose a fine.
  - D. Refer the case to the Financial Services Compensation Scheme.
84. Helen has a healthcare insurance policy under which an annuity has been purchased to provide benefits for Helen. What type of policy is she **most likely** to have?
- A. A critical illness insurance policy.
  - B. An immediate needs long-term care insurance policy.
  - C. A personal accident insurance policy.
  - D. A private medical insurance policy.
85. Dean's complaint to his private medical insurer has just been rejected. Within what **maximum** period can Dean ask the Financial Ombudsman Service to look into his complaint?
- A. Three months.
  - B. Six months.
  - C. One year.
  - D. Six years.
86. What is the **minimum** cooling-off period given under a private medical insurance policy?
- A. 10 days.
  - B. 14 days.
  - C. 21 days.
  - D. 30 days.
87. In order to provide independent advice on long-term care insurance, an intermediary would need to be registered with the
- A. Association of British Insurers.
  - B. British Insurance Brokers' Association.
  - C. Financial Conduct Authority.
  - D. Financial Ombudsman Service.
88. Under the Access to Medical Reports Act 1988, what **must** a healthcare insurer do, if anything, if it wants to obtain a medical report on the applicant before completion of the application form?
- A. Inform the applicant in writing of the implications of the Act, its wish to obtain a report and obtain the applicant's written consent.
  - B. Only inform the applicant in writing that it wishes to obtain a report.
  - C. Only obtain the applicant's written consent to the issue of the report.
  - D. Nothing.

89. An applicant requests access to a medical report that has already been supplied to his healthcare insurer. Under the Access to Medical Reports Act 1988, what is the **minimum** period of time that the medical practitioner **must** retain a copy of the medical report from the date it was supplied?
- A. 1 month.
  - B. 3 months.
  - C. 6 months.
  - D. 12 months.
90. An individual with a healthcare insurance policy requests details of his health claims history held by the insurer. Under the terms of the Data Protection Act 2018, what **must** the insurer do?
- A. It must refuse to disclose the information.
  - B. It must release the information directly to the individual's own doctor.
  - C. It must release the information directly to the individual.
  - D. It must seek permission from the individual's own doctor before releasing the information.
91. Which body is responsible for regulating the sale of a dental insurance policy?
- A. The Association of British Insurers.
  - B. The British Insurance Brokers' Association.
  - C. The Financial Conduct Authority.
  - D. The General Dental Council.
92. How does the Association of British Insurer's Statement of Best Practice for Critical Illness Cover aim to help policyholders?
- A. It acts as a mediator when disputes occur between product providers and policyholders.
  - B. It disallows attempts by product providers to exclude any conditions other than cancer, heart attack and stroke.
  - C. It insists that product providers use model wordings that clearly differentiate between the illnesses that are covered and not covered.
  - D. It places an obligation on product providers to publish policy wordings using simple language.
93. Why does the Association of British Insurers produce a Statement of Best Practice for Sales of Individual and Group Private Medical Insurance?
- A. To ensure that the information needs of customers are met when buying a private medical insurance policy.
  - B. To give statutory effect to discretionary matters that are regulated by the Financial Conduct Authority.
  - C. To ensure that members fulfil their obligations under the Equality Act 2010.
  - D. To ensure that group policyholders have the same rights and remedies as individual policyholders.

94. What is the Income Tax treatment of premiums and claims payments under a UK individual private medical insurance policy?
- A. Premiums attract Income Tax relief and claims payments are liable to Income Tax.
  - B. Premiums attract Income Tax relief and claims payments are not liable to Income Tax.
  - C. Premiums are not eligible for Income Tax relief and claims payments are liable to Income Tax.
  - D. Premiums are not eligible for Income Tax relief and claims payments are not liable to Income Tax.
95. Having undertaken a compliance review of its business, a healthcare insurer has changed the bonus scheme for its direct sales force. Under the new scheme, part of each individual's bonus is now related to the suitability of the business they have introduced, and **NOT** solely on the value of sales. This change is **most likely** to have been introduced to meet the healthcare insurer's obligations under the
- A. Association of British Insurers Statement of Best Practice for Sales of Individual and Group Private Medical Insurance.
  - B. Chartered Insurance Institute Code of Ethics.
  - C. Financial Conduct Authority's Treating Customers Fairly initiative.
  - D. Financial Services Compensation Scheme.
96. A limited company has established a private medical insurance scheme for its employees, the premiums for which are being paid in full by the company. For taxation purposes, the company can offset the cost of this benefit against which tax, if any?
- A. Corporation Tax.
  - B. National Insurance.
  - C. The premiums cannot be offset against any tax.
  - D. Value Added Tax.
97. Staff in the advertising department of a healthcare insurance provider are considering whether they should use targeted web-based advertisements to promote the product. How would this be considered under the Financial Conduct Authority's (FCA) regulations?
- A. Financial promotions may only be communicated as a mailshot distributed by post.
  - B. The internet may be used, but must then be followed up as a mailshot distributed by post.
  - C. The internet may be used and can then be followed up by the completion of an electronic application form.
  - D. The use of mailshots, however they are distributed, is not sanctioned by the FCA for financial promotions.
98. An existing insured has been refused further insurance cover by a healthcare insurer and has discovered that the decision was based solely on automatically processed personal data. Under data protection legislation, what **must** the insurer tell the client if requested to do so?
- A. The reasons leading to the decision.
  - B. Whether the data is deemed sensitive.
  - C. How to appeal against the decision.
  - D. How to amend the data held.

- 99.** Following the death of a private medical insurance policyholder, one of the deceased's personal representatives has requested a copy of his medical records. Under the Access to Health Records Act 1990, who is permitted to request a copy of the medical records from the insurer?
- A.** The surviving spouse only.
  - B.** The deceased's solicitor only.
  - C.** Any person employed in the medical profession.
  - D.** Any of the deceased's personal representatives.
- 100.** A healthcare insurer wants to launch a new product with a blanket eligibility exclusion for individuals suffering from multiple sclerosis, muscular dystrophy or Parkinson's disease. How does the Equality Act 2010 view the acceptability of this approach?
- A.** It is not acceptable as eligibility cannot be denied based solely on a stated disability.
  - B.** It is only permitted if a maximum of one stated disability is used to deny eligibility.
  - C.** It is only permitted if a maximum of two stated disabilities are used to deny eligibility.
  - D.** It is acceptable.

## 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	D	1.1	36	B	4.3	65	D	7.4
2	A	1.1	37	C	4.2	66	B	7.3
3	D	1.3	38	D	4.3	67	B	7.3
4	D	1.2	39	B	4.2	68	B	7.2
5	D	1.3	40	D	4.2	69	D	7.1
6	D	1.4	41	D	4.1	70	D	7.2
7	A	1.1	42	C	4.1	71	D	7.1
8	D	1.1	43	C	4.2	72	A	7.1
9	A	1.1	<b>8 Questions</b>			73	B	7.2
10	D	1.2				74	C	7.2
<b>10 Questions</b>			<b>Learning Outcome 5</b>			75	A	7.3
			44	A	5.1	76	C	7.3
<b>Learning Outcome 2</b>			45	C	5.2	77	A	7.4
11	D	2.2	46	B	5.2	78	B	7.1
12	B	2.1	47	D	5.2	79	D	7.2
13	A	2.1	48	A	5.2	<b>15 Questions</b>		
14	C	2.1	49	B	5.2			
<b>4 Questions</b>			50	B	5.2	<b>Learning Outcome 8</b>		
			51	C	5.2	80	B	8.1
<b>Learning Outcome 3</b>			52	C	5.3	81	C	8.1
15	C	3.9	53	A	5.3	82	C	8.1
16	C	3.9	54	C	5.1	83	B	8.1
17	C	3.9	55	B	5.1	84	B	8.1
18	B	3.9	56	C	5.3	<b>5 Questions</b>		
19	C	3.1	57	D	5.3			
20	B	3.1	58	B	5.3	<b>Learning Outcome 9</b>		
21	C	3.9	59	C	5.3	85	B	9.3
22	B	3.6	60	D	5.2	86	B	9.1
23	D	3.8	<b>17 Questions</b>			87	C	9.1
24	A	3.4				88	A	9.5
25	C	3.9	<b>Learning Outcome 6</b>			89	C	9.5
26	D	3.7	61	A	6.1	90	C	9.5
27	C	3.4	62	A	6.1	91	C	9.1
28	C	3.8	63	A	6.1	92	C	9.4
29	A	3.4	64	B	6.1	93	A	9.4
30	A	3.1	<b>4 Questions</b>			94	D	9.6
31	D	3.3				95	C	9.2
32	D	3.2				96	A	9.7
33	A	3.5				<b>12 Questions</b>		
34	D	3.9						
35	C	3.9				<b>Learning Outcome 10</b>		
<b>21 Questions</b>						97	C	10.1
						98	A	10.1
			99	D	10.1			
			100	A	10.1			
			<b>4 Questions</b>					