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Private Medical Insurance Common Definitions

Guidance from the Association of British Insurers

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INTRODUCTION

- 1.1 The Statement of Best Practice (SoBP) for the selling of Private Medical Insurance (PMI) cover was first produced in 1999. Following the Financial Services Authority regulations it was amended, and then revised in July 2006. At this time the ABI undertook to complete a review of the common definitions for PMI.
- 1.2 The ABI evaluated and, where relevant, revised the current list of definitions to improve clarity and further explain the approach to cancer cover, with the aims of:
 - Helping customers to make informed decisions:
 - Improving clarity for customers so they can understand what each product does, and does not, cover.
 - Making it easier to compare PMI products from different insurers.
 - Helping insurers to treat their customers fairly.
- 1.3 Whilst working towards the above aims, the ABI appreciates the need for insurers to control and manage their portfolios in accordance with their own approach to risk.
- 1.4 The latest version of the common definitions for PMI replaces all previous versions. Insurers should adopt the changes as soon as practical but must do so no later than the end of December 2008.

COMMON DEFINITIONS

- 2.1 The common definitions set out in this section should be used in policy or other documents (with the exception of those relating to international products). Information should be provided to the customer as required by the FSA rules (ICOB 5.3.1R - 5.3.8R). The common definitions are not designed to describe the scope of cover provided by a product. Their purpose is to ensure that in whatever context the defined word or phrases are used they will have the same meaning.
- 2.2 Members may use additional information or support material to describe the extent, or otherwise, of cover provided.
- 2.3 Common Definitions

Acute condition

'A disease, illness or injury that is likely to respond quickly to treatment which aims to return you to the state of health you were in immediately before suffering the disease, illness or injury, or which leads to your full recovery.'

Cancer

'A malignant tumour, tissues or cells, characterised by the uncontrolled growth and spread of malignant cells and invasion of tissue.'

Chronic condition

'A disease, illness, or injury that has one or more of the following characteristics:

- it needs ongoing or long-term monitoring through consultations, examinations, check-ups, and / or tests;
- it needs ongoing or long-term control or relief of symptoms;
- it requires your rehabilitation or for you to be specially trained to cope with it;
- it continues indefinitely;
- it has no known cure;
- it comes back or is likely to come back.'

Day patient

'A patient who is admitted to a hospital or day patient unit because they need a period of medically supervised recovery but does not occupy a bed overnight.'

Diagnostic tests

'Investigations, such as X-rays or blood tests, to find or to help to find the cause of your symptoms.'

Inpatient

'A patient who is admitted to hospital and who occupies a bed overnight or longer, for medical reasons.'

Nurse

'A qualified nurse who is on the register of the Nursing and Midwifery Council (NMC) and holds a valid NMC personal identification number.'

Out patient

'A patient who attends a hospital, consulting room, or outpatient clinic and is not admitted as a day patient or an inpatient.'

Pre-existing condition

'Any disease, illness or injury for which:

- you have received medication, advice or treatment; or
- you have experienced symptoms;

whether the condition has been diagnosed or not in the xxx years before the start of your cover.

(the same period is not common to all insurers)

Treatment

'Surgical or medical services (including **diagnostic tests**) that are needed to diagnose, relieve or cure a disease, illness or injury.'

It is recognised that some firms use the term 'active treatment'. This has the potential to confuse customers given the current agreed definition of treatment. If firms do use the term it must be accompanied by a specific definition.

EXPLANATION OF CANCER COVER

- 3.1 Firms must have a distinct section in their policy documents to explain the cover for cancer. To allow for flexibility in approach, firms may consider having a separate leaflet, or a separate section in a leaflet, to explain the cover for cancer. The explanation of the cover for cancer must be available at point of sale.
- 3.2 Where appropriate, firms should explain clearly what would be covered, including limits on time periods, cycles of treatment, maximum payments, and circumstances in which firms would not provide cover.

Example of a section to explain the cover for cancer:

Firms may or may not choose to use this format. Firms may choose to provide separate information that is specific to a type of cancer. The example template contains prompts that may be added to or revised, when explaining the terms and what is covered, including clarifying when cover starts and ends:

Recommended topics	Prompts for recommended topics
Place of treatment	<ul style="list-style-type: none"> • hospice • hospital • at home
Diagnostic	<ul style="list-style-type: none"> • consultation • test • scan • genetics
Surgery	
Preventative	<ul style="list-style-type: none"> • screening • surgery • vaccines
Drug therapy	What types do you cover? <ul style="list-style-type: none"> • chemotherapy • to maintain remission • maintenance therapy • biological therapy
Radiotherapy	<ul style="list-style-type: none"> • including when given for pain relief
Palliative	<ul style="list-style-type: none"> • maintenance therapy
Terminal	<ul style="list-style-type: none"> • maintenance therapy
Monitoring	
Other	Is there a level of cover that is specific to cancer? <ul style="list-style-type: none"> • experimental treatment / advanced therapy / pre-licensed / NICE appraisal • clinical trials

PMI LEAFLET

- 4.1 Firms use a leaflet to explain their approach to cover for chronic conditions. Part of this explanation often reflects the approach to acute conditions too. The leaflet provides valuable information to customers but its title 'Chronic Conditions' is not effective given the spectrum of conditions covered and the complexity of conditions such as cancer. Firms should continue to use a leaflet to explain the firm's approach to different conditions.
- 4.2 The leaflet should be renamed, allowing firms the latitude both to expand their current information and to include other areas of cover, in addition to the agreed examples already contained within the current Chronic Conditions leaflet. We recommend the title for such a leaflet could be 'Your PMI Cover for xxx condition(s)', for example, '... for chronic conditions and cancer'.
- 4.3 Firms should retain the existing cancer examples and may choose to use them in the cancer section, within their policy wording or leaflet / brochure.
- 4.4 The leaflet should include a section with extra information about cancer, as agreed at the last review of the SOBPs, recognising that cancer can sometimes become chronic but this may not always be the case. When referring to cancer, firms may wish to use terms such as 'preventative', 'maintenance', and 'palliative'. In order to increase clarity, firms should avoid using the common definitions 'Acute Condition' or 'Chronic Condition' within this explanation of cover for cancer.
- 4.5 Use of a generic leaflet to explain PMI cover would not prevent firms from providing a cancer specific leaflet, if they so choose.

SUMMARY

- 5.1 The purpose of this paper is to ensure customers have clear information so they can make informed decisions about the private medical insurance cover they will purchase.
- 5.2 Recommendations for firms to:
- use the agreed common definitions
 - have a clear heading and separate section to explain their cover for cancer
 - use the sample template as a means of explaining their cancer cover
 - are clear about when cover starts and ends, what is covered, and limits on benefits
 - avoid relying solely on the terms acute and chronic to explain cancer cover and clearly explain the reason when cancer is placed under a chronic heading
 - use a generic title for a generic leaflet, for example, 'Your PMI Cover for xxx condition(s)', for example, '... for chronic conditions and cancer'
- 5.3 Firms may choose to:
- have a separate leaflet to explain cover for cancer
 - have a generic leaflet including a section explaining cover for cancer
 - not use a leaflet and put all the information in the Cancer Section
 - include the examples of cancer explanations, currently in the Chronic Conditions leaflet, in other leaflets or policy documents