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Private Medical Insurance

What is it?

Private medical insurance provides cover for individuals who wish to seek private medical treatment outside the NHS when they are ill. This gives the individual the choice of specialist consultant, the hospital and the timing of the treatment. Unlike critical illness insurance and permanent health insurance, the contracts are renewable on an annual basis and premiums increase with the age of the client.

When looking at cover, it is useful to know that treatment is categorised in the following way:

In-patient

This is when you go to hospital for private treatment or investigations and stay for one night or more.

Day-patient

This is sometimes referred to as day-care or day-case. It is when you go into hospital for private treatment or investigations but do not stay in hospital overnight.

Out-patient

This is when you receive treatment or investigations which do not need you to stay in hospital as either an in-patient or day-patient.

There are a large variety of schemes available from low-cost budget plans offering limited cover, to those that offer wide ranging cover and benefits. Some illnesses and treatments will never be covered but the following are found in most schemes:

Usually included

- Cover for treatment of short-term (acute) medical conditions
- In-patient tests
- Surgery
- Hospital accommodation and nursing

Sometimes included

- Out-patient tests
- Out-patient consultations with a specialist
- Overseas cover
- Cash payment for treatment received as an NHS in-patient

Usually not included



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- Conditions you had before taking out the insurance (commonly known as pre-existing conditions)
- GP services
- Cover for long-term illnesses which cannot be cured (usually referred to as chronic conditions)
- Accident and emergency admission

The following conditions or treatments are normally outside your cover:

drug abuse, self-inflicted injuries, out-patient drugs and dressings, HIV/AIDS, infertility, normal pregnancy, cosmetic surgery, gender reassignment (also known as sex change), preventative treatment, kidney dialysis, mobility aids, experimental treatment, experimental drugs, organ transplant, war risks, injuries arising from dangerous hobbies (often called hazardous pursuits).

What will affect my premiums?

Whichever scheme you choose, it is likely that your premiums will rise above the rate of general inflation. This is because of factors which affect how healthcare is provided in all western economies, namely:

- The number and sophistication of treatments to improve quality of life is increasing steadily. Most private medical insurance policies aim to cover these treatments as they become established medical practice and available privately.
- Likewise, the sophistication and complexity of tests used to diagnose illness and injury is also increasing. Such tests are becoming far more widely available in private hospitals- for example; Magnetic Resonance Imaging (MRI) scans.
- Each year more people claim on their insurance cover for private medical treatment.
- As people get older they are more likely to need and receive medical treatment, which means that private medical insurance premiums will usually increase with age to reflect this.

Your choice of cover will affect what you pay

The following will have an impact on cost;

- Paying an excess i.e. the first part of the claim will be met by yourself
- Choosing to receive treatment at a specified hospital
- Receiving treatment under the NHS when it is available within 6 to 12 weeks
- Choosing a different grade of hospital accommodation

Taxation

The benefit payable is tax free under current tax rules.



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All statements concerning the tax treatment of products and their benefits are based on our understanding of current tax law and HM Revenue and Customs' practice. Levels and bases of tax relief are subject to change.

Risk Considerations

There are a number of risk considerations that need to be taken into account. It is important that you are aware of these.

- Private medical insurance is designed to cover treatment for curable, short-term illness or injury (commonly known as acute conditions). Some illnesses and treatments are never covered.
- Your attention should be given to the correct procedures to be carried out in the event of a claim and also to the main conditions excluded by the policy.
- If you don't pay premiums, your cover will stop. Your insurance company will only pay for costs you have paid, or they have agreed to pay, up to the period covered by your premiums.
- If you change insurance companies, you may not be covered for conditions or treatments that any existing policy covers.
- Should you not claim, there will be no benefit payable.
- If any relevant information provided, when applying, is not disclosed accurately and honestly, this could result in any cover offered becoming invalid and/or may result in the non-payment of any future claims.
- Failing to disclose any requested or relevant information may adversely affect any future claims.
- This type of policy does not acquire a surrender value at any time.
- If this policy is to replace any existing policy offering the same type / level of cover, you must not cancel any existing policy until the new policy is in force.