

How much do you *really* know about locum insurance?

To help you better understand your existing plan, specialist locum provider MIAB highlights key considerations and explains common pitfalls.

Underwriting

This is the method an insurer uses to assess their risk.

Traditionally sickness and accident policies were fully **medically underwritten**, with the result that any pre-existing conditions were permanently excluded from cover. This has obvious benefits to the insurer in protecting them from likely claims, but it can also result in an isolated event prejudicing an otherwise insurable condition.

For example, a pregnant lady consulting her doctor because of back pain may actually have any future back condition excluded, whether she is pregnant or not. Similarly, a week off work 5 years ago with stress because of marriage breakdown might result in stress and depression being permanently excluded.

More recently a much more user-friendly method of underwriting has been developed which ignores pre-existing conditions, **unless** they have caused continuous absence for more than 5 or 10 days in the 12 or 24 months prior to inception. Moreover, any condition excluded because of absence is considered for re-inclusion after a period of 12 month's symptom free.

These **absence-based** plans have proved very popular, enabling many with longstanding pre-existing conditions to receive full cover. Over time however, their lack of restriction has put pressure on insurers to increase premiums to compensate for the amount they have had to pay in claims.

This has resulted in a **hybrid underwriting** method being developed, based on absence but with additional information being collected around pre-existing conditions, with a view to more cautious underwriting when appropriate in return for maintaining premiums at a reasonable level.

All the above underwriting methods require the completion of a proposal form, based on which the insurer will advise the basis on which they will offer cover, clearly communicating any exclusion(s) at the outset.

A less satisfactory method of offering cover used by some insurers is based on a **statement of fact**, meaning it is assumed certain statements hold true (for example **not** having any pre-existing conditions).

Whilst this method has the superficially attractive benefit of you not needing to complete a proposal form or answer any questions, it has the distinctly unattractive feature that you don't actually know if something is excluded or not until you come to claim. It requires you therefore to read in fine detail the complete policy wording in order to fully understand when the policy will respond or not.

A final note on underwriting concerns age. Some plans on the market charge more the older you get. Others however are not rated on age and as a consequence are considerably less expensive in the long term.

Indemnified Reimbursement or Benefit Driven

Some locum policies require you to provide receipts for locums hired in order to make a claim. The problem with this is that in the event of a locum doctor not being available when needed, a practice receives no bill and therefore can claim no reimbursement.

Conversely, benefit policies pay out regardless, which means a practice is able to use the money for example to compensate a colleague who works overtime in order to provide cover.

Continuation of Cover Guarantee

Unless your locum policy is a *permanent plan it is important to ensure your policy includes this clause, which general insurers have introduced in recent years in order to give similar comfort to that afforded by permanent plans.

A **continuation of cover guarantee** means that the insurer undertakes not to restrict or reduce cover in the event of a claim or because of the deterioration in the health of an insured person.

Without this guarantee in your policy an insurer could choose to exclude in future, conditions which they were originally prepared to underwrite.

Stress and back conditions, for example, are prone to reoccur and for that reason the continuation of cover guarantee is important.

* Permanent plans by their very nature mean that cover cannot be withdrawn or exclusions added after initial underwriting because of the deterioration in health of an insured person.

The Devil is in the Detail

Superficially, one locum policy can seem just like any other. Skimming the features and benefits, most would appear to provide similar cover, but the nuances can mean many thousands of pounds is at stake.

For example, some insurers don't treat stress like other illnesses but impose a longer deferred period and/or restrict the number of weeks for which benefit may be claimed. They may even insist, prior to approving a stress claim, that the claimant has to consult with the insurer's specialist.

These tactics obviously reduce the cost of this unfortunately common condition to the insurer. However, when you consider that an average insured weekly benefit is now around £2500, what may have appeared to be an exceedingly cheap policy suddenly proves to be a very expensive one.

Another trick to look out for is an insurer implying that an event or condition is covered but also imposing a condition that effectively prevents a claim being made.

A good example of this is **compassionate leave**. One major insurer imposes the customer's chosen deferred period (usually 4 weeks) on compassionate claims. This defeats the whole purpose of compassionate leave which is invariably necessitated by a sudden, unexpected traumatic life event; not something for which you can easily give your employer four weeks notice.

Make sure therefore, that your policy pays compassionate leave from day one.

These are just some of the pitfalls to watch out for; there are plenty of others. A good way to protect yourself is to use a specialist provider like MIAB to help you through the maze.


For example, we even provide simple comparison documents between all our plans and those of our competitors. These are prepared not to show our locum plans in a favourable light, but are quoted verbatim from policy wordings. This enables a practice to make an informed choice, saving them considerable time in the process.

Also, do make sure you review your cover annually. The cost of locums is not static and underinsurance can prove an expensive mistake particularly in the event of a long claim.

Finally, if you have not reviewed your locum insurance for several years you may be paying more than you need. Some providers have been known to take advantage of peoples' natural inertia to change and increase customers premiums year after year, even though the insurer's rates remain unchanged.

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MIAB | 9 Walkern Road | Stevenage | Hertfordshire | SG1 3QD
Tel: 01438 730 210 | Fax: 01438 318 683 | Email: info@themiab.co.uk

www.miab.co.uk
 @miabltd