

Chapter 6A

Product specific rules



6A.4 Travel insurance and medical conditions

Application

6A.4.1 **R** This section applies in relation to a *travel insurance policy*, which is not:

- (1) a *group policy*; or
- (2) a *policy* entered into by a *commercial customer*.

Purpose

6A.4.2 **G** The purpose of this section is to improve access for *consumers* to *travel insurance policies* that include cover for more serious medical conditions.

Medical cover firm directory

6A.4.3 **R**

- (1) A *firm* must include the details of a *medical cover firm directory* on the page of its website where it markets *travel insurance policies*.
- (2) The information required by (1) must:
 - (a) be provided in a prominent, clear and accurate manner; and
 - (b) include the contact details of the *medical cover firm directory*, including its telephone number and a link to its website;
- (3) The obligations in (1) and (2) apply 30 calendar days from the date on which the *firm* becomes aware (or ought reasonably to have become aware) of a publicly available directory that meets the requirements of a *medical cover firm directory*.

6A.4.4 **G** The *FCA's* website contains a list of those directories which it considers to be *medical cover firm directories*.

Additional pre-contract information for the consumer

6A.4.5 **R**

- (1) Where one or more circumstances set out in **ICOBS 6A.4.6R** applies, the *firm* that is responsible for communicating with the *consumer* under this sourcebook, must also communicate to the *consumer*:
 - (a) the contact details, including telephone number and website, of the *medical cover firm directory*;
 - (b) the purpose of the *medical cover firm directory*; and

- (c) the potential benefits of accessing the *medical cover firm directory* and any other relevant considerations.
- (2) The *firm* must communicate the information in (1):
 - (a) in a manner that is prominent, clear and accurate; and
 - (b) in accordance with ■ ICOBS 4.1A.

The circumstances

6A.4.6

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The circumstances for the purposes of ■ ICOBS 6A.4.5R are where a *firm*:

- (1) declines, or otherwise does not offer, a *consumer* a quotation due (wholly or partly) to a medical condition;
- cancels a *consumer's policy* due (wholly or partly) to a medical condition;
- offers a *policy* with a *medical condition exclusion* which cannot be removed from the *policy*;
- offers a *policy* with a *medical condition premium* of £100 or more; and/or
- offers a *policy* in respect of which the *medical condition premium* is not known.

Content of communication

6A.4.7

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When describing the purpose and potential benefits of accessing the *medical cover firm directory*, the communication provided to consumers pursuant to ■ ICOBS 6A.4.5R should:

- (a) tell the *consumer* why they are receiving the communication;
- (b) taken as a whole, not discourage the *consumer* from using the directory; and
- (c) otherwise be the result of careful consideration by the *firm* of *consumer* needs and expectations in light of the requirements of relevant *principles* and *rules*, including *Principles* 6, 7 and 8.

An example of a relevant consideration (referred to in ■ ICOBS 6A.4.5R(1)(c)) is where multiple *consumers* have applied for a joint travel insurance *policy* from the *firm* and should consider the consequences of purchasing separate *travel insurance policies*.

Exception: multiple policies

6A.4.8

R

A *firm* need not comply with ■ ICOBS 6A.4.5R where it is contemporaneously able to communicate an offer to a *consumer* of a *travel insurance policy* in respect of which none of the circumstances set out in ■ ICOBS 6A.4.6R apply.

Exception: consumer has already accessed the medical cover firm directory

6A.4.9 **R** A firm need not comply with **ICOB5 6A.4.5R** where all the following conditions are met:

- (1) the firm is listed on a medical cover firm directory;
- (2) the firm is aware that the consumer has already accessed the medical cover firm directory in respect of the same risk; and
- (3) only **ICOB5 6A.4.6R (4)** applies.

6A.4.10 **R** A firm must not rely on the exception in **ICOB5 6A.4.8R** or **ICOB5 6A.4.9R** where it would still be in the consumer’s best interests to provide the communication under **ICOB5 6A.4.5R**.

6A.4.11 **G** An example of where it may be in the consumer’s best interests to provide the communication is where the consumer has expressed dissatisfaction to the firm with the quote provided.

6A.4.12 **G**

- (1) Whether a firm has responsibility for communicating with the consumer under this section will depend on the rules in this sourcebook applicable to the relevant circumstances, and the language of relevant provisions in this section should be construed accordingly. See, for example, **ICOB5 5.1.3CR** (Packaged bank accounts), **ICOB5 6.-1R** (Producing and providing product information), **ICOB5 6.1** (Providing product information to customers) and **ICOB5 6.5** (Renewals).
- (2) Guidance on the application of these requirements to an insurer that is an incoming firm can be found at **ICOB5 1 Annex 1 (Part 2) 5.1R**.
- (3) Firms with appointed representatives are reminded that the effect of s39(4) of the Act is that where the appointed representative carries out the relevant activity, the firm must ensure that the appointed representative complies with the relevant provision (see **SUP 12.3.1G**).

Assessment of medical condition risk

6A.4.13 **G**

- (1) Firms should assess the risk associated with medical conditions and calculate medical condition premiums by reference to reliable information that is relevant to the assessment of the risk. Firms which do not do this may communicate unclear, unfair or misleading price information to consumers and so risk breaching Principles 2, 6 and/or 7, and **ICOB5 2.2.2R** and/or **ICOB5 2.5-1R**. Firms also need to consider their obligations under the Equality Act 2010.
- (2) Firms are also reminded of their obligations in **PROD 4.2** or **4.3** to identify and distribute travel insurance policies to the target market.
- (3) Prior to a firm offering a policy with a very high medical condition premium, the firm should take all reasonable steps to consider whether:

- (a) the nature of the medical screening or assessment process is insufficient to provide reliable information which is relevant to the assessment of the risk associated with the particular medical condition;
 - (b) the high premium is intended to indicate an unwillingness to accept the risk by the *insurer*; or
 - (c) the high premium is due to the medical condition falling outside of the *insurer's* risk appetite or the target market for the product.
- (4) Where this is the case, offering a quote may mislead the *consumer* and/or result in them not being treated honestly, fairly and professionally in their best interests. A *firm* should consider instead whether it would be more appropriate not to offer a quote for the risk, explain the reason/s why not to the *consumer* and provide them with the details of the *medical cover firm directory* under
- ICOBS 6A.4.5R.