



FINANCIAL REGULATOR
Rialtóir Airgeadais

Limited Consultation
on Minimum
Competency
Requirements for
Private Medical
Insurance

April 2009

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Background

The Minimum Competency Requirements (the Requirements) established minimum standards across all financial services providers, with particular emphasis on areas dealing with consumers. The Requirements came into effect on 1 January 2007 and require firms to ensure that individuals who provide advice on or sell retail financial products, or who undertake certain specified activities on their behalf, are either 'grandfathered' for that activity or hold a relevant recognised qualification.

The Requirements recognise that many individuals had experience in dealing with the relevant retail financial products or specified activities and set out the following arrangements for those already in the industry on 1 January 2007:

- Individuals who were engaged in a particular activity on 1 January 2007 and had four years experience in the eight-year period 1 January 1999 to 1 January 2007 could be 'grandfathered' by virtue of their experience. Such individuals would not be required to obtain a recognised qualification in respect of the activities for which they were grandfathered.
- Individuals who were engaged in a particular activity on 1 January 2007 but who did not have four years experience could continue to carry out the activities they were engaged in up to 1 January 2007 but must obtain a recognised qualification within four years.
- Individuals who wish to undertake a new activity after 1 January 2007 must obtain a relevant recognised qualification within four years and must be supervised by an appropriately qualified or grandfathered individual while they are working towards that qualification.

In all cases, individuals must also comply with Continuing Professional Development (CPD) requirements.

The Requirements set out specific knowledge requirements for each of the categories of retail financial product and also set out a number of qualifications that currently meet those knowledge requirements. The recognised qualifications for those dealing with private medical insurance include:

- Diploma in Private Medical Insurance. This course is aimed at those who only deal with private medical insurance.
- Certified Insurance Practitioner (CIP) diploma. This course is aimed at those carrying on any form of non-life insurance.
- Bridge Examination in General Insurance. This is a one-module course for those who have completed the QFA diploma. It provides individuals who hold the QFA diploma and whose main activity is providing advice on life assurance, investment, mortgage and credit products with the additional knowledge needed to enable them to deal with personal non-life insurance, including private medical insurance.

Developments in the private medical insurance market

Since the introduction of the Requirements, there have been significant changes in the private medical insurance market. These developments have resulted in an increased involvement by intermediaries in the provision of private medical insurance. There appears to be particular interest among life assurance intermediaries in advising on and selling private medical insurance. In addition, as some private medical insurance providers now form part of larger groups providing other forms of insurance, firms must consider the Requirements in the context of the movement of staff between the different group companies.

Concerns have been raised in particular in relation to the appropriate qualifications for intermediaries grandfathered for life assurance who now wish to deal with private medical insurance. Currently, an individual grandfathered for life assurance would be required to complete either the six-module CIP diploma or the four-module Diploma in Private Medical Insurance in order to deal with private medical insurance. An individual who holds the QFA diploma and whose main activity is providing advice on life assurance, investment, mortgage and credit products could complete the one-module Bridge Examination in General Insurance, in order to obtain the additional knowledge needed to enable him/her to deal with private medical insurance.

It has been suggested that this situation is disproportionate and inequitable, particularly as, in some cases, the volume of private medical insurance business may be quite small. It has also been suggested that the CIP diploma is not appropriate in this situation as it contains material on other forms of non-life insurance that would not be relevant to an individual who only wishes to deal with private medical insurance.

A fundamental objective for the Requirements in the first place is to ensure that all consumers receive quality advice from appropriately trained professionals. The Requirements were introduced to establish minimum standards across all financial services providers dealing with consumers and apply equally to all those advising on or selling retail financial products. The framework established by the Requirements can evolve and develop in order to accommodate market developments and address any material problems in its existing structure. However, maintaining the integrity of the Requirements is of primary importance when considering solutions to specific problems that arise as a result of market developments. Any solutions should be in keeping with the spirit of the Requirements and should seek to ensure that appropriate standards apply, equivalent to those that apply to other retail financial products and specified activities under the Requirements. They should also seek to avoid a proliferation of potentially confusing arrangements.

Your views

We are mindful that the issues in relation to appropriate qualifications for the provision of private medical insurance need to be resolved quickly. As the review of the Requirements will not take place until later in the year, we now seek views on this issue in order to arrive at an optimum solution. We have already met with some stakeholders to discuss the issue and would like to consult more widely with the industry. As this is a specialist area, we do not intend to engage in a full consultation but would like to hear the views of those involved in the private medical insurance sector.

We would like your views on the following:

1. Do you think there are any special considerations that should be taken into account in the case of individuals grandfathered for life assurance who wish to deal with private medical insurance? If so, what are they?

2. Do similar or other considerations apply in the case of individuals grandfathered for other forms of non-life insurance?
3. Should different criteria apply for grandfathering in relation to private medical insurance? If so, please set out the relevant criteria.
4. What qualification(s) do you think are appropriate for individuals
 - i) grandfathered for life assurance or
 - ii) grandfathered for other forms of non-life insurancewho wish to provide services in relation to private medical insurance?

Making your submission

As we would like to resolve this issue as speedily as possible, we would like your suggestions and views by 15 May 2009. We welcome comments from all interested parties. Please make your submissions in writing and, if possible, by e-mail. You can post them or e-mail them to us at the address below.

We place a high value on the openness of the consultation process. Consequently, we intend to make submissions available on our website after the deadline for receiving submissions has passed. Because of this, please do not include commercially sensitive material in your submission, unless you consider it essential. If you do include such material, please highlight it clearly so that we may take reasonable steps to avoid publishing that material. This may involve publishing submissions with the sensitive material deleted and indicating the deletions.

Despite the approach outlined above, we make no guarantee not to publish any information that you deem confidential. So be aware that, unless you identify any commercially sensitive information, you are making a submission on the basis that you consent to us publishing it in full.

Please clearly mark your submission 'Private Medical Insurance Submission' and send it to:

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