

# Financial Services Consultative Consumer Panel

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Mr. George Tracey,  
Consumer Protection Codes  
Financial Regulator

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Dear George,

## **Re. Consultation on Minimum Competency Requirements for Private Medical Insurance**

I refer to your recent correspondence seeking the views of the Consumer Panel regarding the introduction of minimum competency requirements for intermediaries providing advice and selling private medical insurance.

The consultation document seeks the views of the Consumer Panel to a number of specific questions. The document refers to the fact that there appears to be particular interest amongst life assurance intermediaries in advising on and selling private medical insurance. The Panel has evidence of this fact, but unfortunately no figures are provided in the document as to what percentage of existing life assurance intermediaries are providing such a service therefore it is very difficult for us to ascertain if this is an issue for all life assurance intermediaries or for more specialised intermediaries. Figures in relation to the take-up of by non-life assurance intermediaries would also be beneficial in preparing this submission.

The Consumer Protection Code demands that all financial service providers when selling products to consumers must make sure the product they recommend or offer to the consumer is the most suitable one for that particular consumer. One particular concern the Panel would have is that intermediaries selling private medical insurance might be tied to one particular provider and so offer the consumer that company's medical insurance product which might not be the most appropriate one. In the area of other non-life assurance products such as house, motor insurance there are a number of insurance providers in the marketplace therefore most intermediaries will offer a choice of products which might not be the case with medical insurance where there are just three main providers in the marketplace, one who will not let their products be sold via an intermediary.

Panel response to specific questions:

1. In the case of individuals grandfathered for life assurance who wish to sell private medical insurance, the Panel believes that it is not correct that such a person must complete either the six-module Certified Insurance Practitioner (CIP) diploma or the four-module Diploma in Private Medical Insurance in order to sell private medical insurance. It must be possible for such a person to attend an intensive one-module course like a Continuing Professional Development (CPD) course to provide them with the appropriate skills to advise upon and sell such insurance.
2. The Panel believes that a similar situation should exist for individuals grandfathered for other forms of non-life insurance.
3. The Panel believes that this question and the subsequent one do not apply. Medical insurance is only very recently being sold by intermediaries, so the same situation does not exist as did on 1 January 2007 when minimum competency requirements were introduced for intermediaries selling life or non-life assurance products. Intermediaries at present will not have been engaged in selling medical insurance for the past four years, the period of time which qualified you for grandfathering in the case of life or non-life assurance by virtue of your experience. In the case of medical insurance, the Panel believes that all intermediaries whether selling life or non-life assurance products must undertake an intensive course as outlined above, within a specified period [possibly by the end of 2010], in order to be able to continue to sell medical insurance. If they don't complete such a course then they would not be able to continue to sell such insurance. The only exception would be intermediaries who have completed the Diploma in Private Medical Insurance mentioned in the document. Equally, a module on medical insurance should be incorporated into the Certified Insurance Practitioner (CIP) diploma to assist future intermediary entrants to the marketplace.

The Panel would be happy to discuss these issues and clarify any points you may have with this submission if you so wish.

Yours sincerely

Raymond O' Rourke