



Press Release

11 March 2016

Central Bank requires health insurance providers to take action to further protect consumers

- Annual renewal notices don't provide sufficient information to consumers to make informed decisions.
- The level of care offered differs by sales channel.
- 85% reported renewing the same policy with the same provider at last renewal.

The Central Bank today outlined a number of additional protections it is putting in place for consumers when renewing their health insurance policies. This comes on foot of findings from the Central Bank's first thematic inspection of the four health insurance providers and its recent health insurance consumer research.

As a result of this inspection, the Central Bank is requiring providers to enhance the content and presentation of the information contained in policy renewal notices to:

- Clearly explain to consumers that their policy will auto-renew on to the same policy if they do not contact their insurer prior to their renewal date, and
- Encourage consumers to make contact during the renewal process to ensure the provider assesses if there are more suitable policies available.

Director of Consumer Protection, Bernard Sheridan said:

“In June 2015 the Central Bank became responsible for the regulation of all the health insurance providers in Ireland for the first time. Since then, we have undertaken on-site supervisory work and consumer research to deepen our understanding of how the health insurance market is working for consumers and, in particular, how consumers are being treated at the crucial time of policy renewal. We found that consumers find it difficult to compare policies and most consumers renew the same policy with the same provider.

We also found that renewal notices issued to consumers are not highlighting important information, and that providers should be doing more to ensure that they are providing the most suitable insurance policy, particularly when consumers are purchasing on-line.”

The main findings from the themed inspection were:

- Renewal notices do not provide sufficient information to consumers on the importance of contacting their insurer to ensure that they are being offered the most suitable policy to meet their needs.
- Providers collect less information from consumers purchasing online prior to making recommendations, compared to the face-to-face or telephone-based sales process.
- Three providers' websites, when recommending a policy, do not offer consumers policies from their full range of available policies.

The Central Bank is pursuing three providers regarding the process for gathering information for website quotations and the range of policies offered through their websites.

The Central Bank's 2016 Consumer Protection Outlook Report identified health insurance as a priority theme. The Central Bank will carry out further supervisory work in this area later this year.

ENDS

Notes to editor:

About health insurance market

The Irish health insurance market is made up of four main providers, which are Vhi Healthcare Limited/ VHI Insurance DAC, Laya Healthcare Limited (underwritten by Elips Insurance Limited), Aviva Health Insurance Ireland Limited and GloHealth Financial Services Limited (underwritten by Great Lakes Reinsurance Plc.)

The authorisation of VHI Insurance DAC and Vhi Healthcare Ltd by the Central Bank of Ireland on 22 June 2015 marked the first time the Central Bank had oversight of all the participants in the Health Insurance market.

As per the Health Insurance Authority's February 2016 newsletter there were over 2.1 million people insured with inpatient health insurance policies as at 31/12/2015.

About the thematic inspection

As health insurance is the most widely held insurance product in Ireland, the Central Bank wanted to get a better understanding/deeper knowledge of this market following the authorisation of VHI Insurance DAC and VHI Healthcare Ltd.

The Central Bank is committed to ensuring that all consumers are treated fairly when initially purchasing a health insurance policy and throughout the annual renewal process. The thematic inspection focused on how providers are engaging with and/or advising their

consumers during the annual renewal process, in the context of the important protections provided by the Consumer Protection Code.

As outlined in the Consumer Protection Outlook Report 2015, the Central Bank expects all providers to demonstrate that their products are suitable for meeting the needs of their consumers. The Central Bank made it clear that achieving compliance with the Consumer Protection Code is the minimum standard required by the Central Bank and that providers need to go beyond these minimum legal requirements and move to delivering meaningful outcomes for consumers.

The themed inspection consisted of a desk-based review of the four providers' renewal documentation and associated processes and procedures. Onsite inspections were also undertaken at the four providers which included a walkthrough of their sales and renewals processes as well as listening to live and recorded telephone calls between the providers and their consumers. Where the thematic inspection has identified issues, the Central Bank is directly engaging with the relevant providers to ensure that these issues are rectified without delay.

About the Central Bank's consumer research

The Central Bank carries out ongoing monitoring of market developments and conducts consumer research to inform its work. To support and inform its work on this themed inspection, the Central Bank commissioned Ipsos MRBI to undertake research of consumers renewing their health insurance policies ([link](#)) and to assess consumers' decision making when renewing their health insurance.

The research used a nationally representative sample of 1,003 respondents who were surveyed face-to-face in November and December 2015, on key related issues including: information provided, engagement, shopping around, switching, perceived barriers to shopping around/switching, decision making, understanding purchases/product coverage and trust in providers.

The findings from the research were:

- Over half of consumers said they found it difficult to choose between health insurance products or find comparable information about products.
- 73% said they never considered making changes to their policy or provider.
- 85% reported renewing the same policy with the same provider at last renewal and a further 10% renewed a different policy, but within the same provider.
- Only one quarter of consumers said they made contact with their provider or broker in advance of the renewal date.
- 84% said they completely or partially agreed that their provider did its best to understand their needs.