

## **What Expats Need To Consider When Buying International Medical Insurance**



**International medical insurance can be quite a considered decision, as the financial health and well-being of you and your family is at stake, based on what your insurance plan does and doesn't provide cover for.**

There are many things that you'll need to consider when you buy expatriate health insurance. For example, whether your plan will provide cover wherever your job takes you, if you're covered should you need to be evacuated for life-saving medical treatment, or even if you and your family are free to be treated in the hospital you select.

However, what about the difference between moratorium underwriting and full medical underwriting? Would you understand why the type of medical underwriting you choose could potentially affect the success of your application, or your ability to claim for treatment in the future?



### **How does medical underwriting work?**

Basically, medical underwriting is the process that a health insurer uses to decide at what price and with which terms to offer its insurance plans, based on known or anticipated medical needs.

People with pre-existing medical conditions present financial risk to the insurer because they are more likely to claim. Health insurance is really about covering the cost of treatment for unforeseen illness, not necessarily about providing cover for known medical conditions.

### **Moratorium underwriting**

Moratorium underwriting sets a waiting period for pre-existing medical conditions to limit risk to the insurer.



This way insurers can do their utmost to keep premiums affordable for plan members. A moratorium will therefore exclude all pre-existing medical conditions for a set period, often two years, but may then cover the conditions after that.

Many health insurance providers use moratorium underwriting.

This means that any medical conditions, or related medical conditions, that have existed, usually in the 24 months before your plan starts, will not be covered until you have been free of symptoms and treatment for 24 months after the start date of your plan.

(Note that some companies use different timescales, and most stipulate a longer time of 5 years for pre-existing cancer and heart-related conditions).

Pre-existing medical conditions and related medical conditions are usually considered as those that have one or more of the following characteristics:

- Was foreseeable
- Clearly showed itself
- You had signs or symptoms of
- You asked for advice about
- You received treatment for
- To the best of your knowledge, you were aware you had

Pre-existing medical conditions or related medical conditions may be covered after you have had 24 months' continuous cover under the plan and, within that time, you have not;

- Experienced symptoms
- Asked for advice; or
- Needed or received treatment, medication, or a special diet



On the other hand if you have experienced symptoms; asked for advice; or needed or received treatment, medication, or a special diet; then you will have to wait until you have completed a continuous 24-month period when none of these apply to you.

Pre-existing medical conditions or related medical conditions may then be covered. This is the rolling part of the moratorium.

The main advantages of moratorium underwriting are that international health insurance plans are usually quick and simple to set-up and can be cheaper. However, you should consider carefully what medical conditions you have previously needed or received treatment for, or had signs or symptoms of in the past, and whether you would like to try and insure these conditions.

The disadvantage of not fully understanding the restrictions of moratorium cover regarding pre-existing medical conditions is that you could find yourself undergoing expensive treatment for a medical condition that will not be covered by the insurer.

## Full medical underwriting (FMU)

With this underwriting type you would have to disclose your full medical history to the insurer and they would decide if they are able to offer cover for those past medical conditions.



FMU is the process that is used to assess an applicant's medical history to decide the special terms that we are prepared to offer.

Should you elect to go down this road, you will need to submit a full medical declaration.

The underwriting department will then agree to either accept all or some of your pre-existing medical conditions and may charge an increased premium, exclude all of your pre-existing medical conditions, or decline cover altogether.

Any special terms will be shown on your certificate of insurance and cover will be governed by the benefits, terms and conditions of your plan, but the insurer will confirm this before the plan starts.

The advantage of full medical underwriting is that you may be able to get cover for a pre-existing medical condition that would normally be excluded through a moratorium, giving you the peace of mind that you will be able to undergo treatment for that condition.



On the other hand, even if your pre-existing medical condition is excluded from cover, you'll know from the outset what you can and can't claim for. So there'll be no nasty surprises, giving you the opportunity to financially plan for any treatment that you may need.

For people with no history of medical issues, FMU can also mean lower premiums.

The disadvantages of FMU are that it may increase your insurance premiums and full underwriting can take a little longer.

### **Moratorium or FMU?**

The final decision on the best route to go down would essentially depend on you and your medical history and indeed your own personal choice.

If you have seen a doctor in the last five years then it is very wise to run through the best course of action with your adviser to establish which method of underwriting would benefit you most.

If you're an individual looking for cover for yourself and/or family, or an employer looking for international Private Medical Insurance for clients or staff, to discuss your needs please do not hesitate to contact me at [alan@strategic-expat.com](mailto:alan@strategic-expat.com)