

Post implementation review of the travel insurance signposting rules for consumers with medical conditions

April 2024

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Chapter 1

Overview

Background to our travel insurance signposting rules and the post-implementation review (review)

- 1.1** To help improve access to travel insurance for consumers with more serious pre-existing medical conditions (PEMCs) we introduced rules in Policy Statement (PS20/3). These rules required firms to signpost consumers with PEMCs, in some circumstances, to a directory of specialist firms. We expected to see improved access for some consumers with PEMCs (both for those that did not previously purchase cover as well as those with exclusions for their PEMC) and lower prices for some customers.
- 1.2** In PS20/3, we said that we would undertake a review of our intervention, rather than a full evaluation. We consider that a post implementation review is sufficient for our signposting rules at this time. In October 2022, we delayed this review because of the challenges caused by the Covid pandemic, both in terms of level of market activity and in separating the impact of our remedy from the impact of the pandemic. Our review focuses on the period after the impact of the pandemic had substantially reduced, and in particular the year ended 30 June 2023.

Our approach

- 1.3** We gathered information from a range of sources, such as specialist firms listed on the directories, other travel insurance firms, consumer organisations, trade bodies as well as information from our 2022 Financial Lives Survey (FLS).
- 1.4** We considered the implementation and compliance of our rules, and indicators of the impact of our intervention.
- 1.5** Chapter 3 sets out more detail on our approach to the review.

Our findings and conclusions

- 1.6** Overall, we consider that our signposting intervention has had a positive, albeit lower than we expected, impact on the market. We estimate that the intervention resulted in an additional 21,000 policy sales (compared to 32,600 estimated in the calculations supporting our Cost Benefit Analysis (CBA)).

1.7 The table below sets out the main findings and conclusions from our review:

Area	Findings and conclusions
State of the market	<p>The travel insurance market, including for more serious PEMCs, has significantly recovered following the pandemic. However, part of this recovery could be the result of the release of pent-up demand built up during the Covid pandemic. Our 2022 value measures data show £1.1bn of written premiums across 22m policies sold.</p> <p>Our 2022 Financial Lives Survey found that in 2022, 1.9m adults looked for a travel insurance policy to cover them for a serious PEMC. However, medical costs have increased, contributing to higher premiums for some consumers. This can make it challenging for consumers to get travel insurance for serious PEMCs at a price they can afford, potentially reducing demand.</p>
Implementation and compliance	<p>Our rules were implemented as intended and most firms complied with our signposting rules.</p> <p>The BIBA and MaPS directories continue to meet the criteria for a medical cover firm directory.</p> <p>There are instances where firms have more than one brand listed on a directory, giving rise to a 'gaming' risk. We will consider the case to amend the Medical Cover Firm Directory definition to address this risk.</p>
Impact of our intervention	
Effectiveness of the trigger points and use of the directories	<p>Overall, we are satisfied most trigger points remain appropriate.</p> <p>However, the £100 medical condition premium trigger for signposting could be raised to reflect increases in risk prices and medical costs and claims. We expect to consult later this year on updating the medical condition premium trigger. Summary data from 4 firms showed that of the consumers with medical screening scores between 6 and 10.99 searching for annual cover 75% were signposted to the directories, indicating some consumers with milder conditions being signposted. As premiums rise the proportion of consumers with milder conditions being signposted will also increase.</p> <p>The number of visitors to the online directories amounted to 371,878 in the year ending 31 January 2024.</p>

Area	Findings and conclusions
Consumer outcomes	<p>There are indicators that intervention has had a positive impact on helping consumers with more serious PEMCs better access travel insurance, although the impact appears lower than we expected. Overall, we estimated that an additional 21,000 policies were sold in the year ended 30 June 2023. However, as visitor traffic to the directories increased by around 19% in the year ending 31 January 2024, the benefit is also likely to have increased.</p> <p>Sales to consumers coming through the directories typically have higher medical screening scores compared to the wider business for those firms. This indicates the directories are helping a higher proportion of consumers with more serious PEMCs find cover.</p> <p>Overall, there is an indication that consumers purchasing via the directories appear to be getting comparable value in percentage terms (namely risk price as a percentage of premium) to wider travel insurance for consumers without PEMCs and consumers purchasing through non-specialist providers.</p> <p>However, where premiums are high and firms earn percentage commissions without an absolute cap, there is a risk that consumers may not be getting fair value. Firms need to ensure consumers are getting fair value from their travel insurance products.</p>
Consumer journey and experience	<p>Qualitatively, our FLS in 2022 showed a mixed picture of the impact of our intervention on consumers. However, 2 consumer organisations provided feedback about the positive outcomes for consumers when they use the directories.</p> <p>Updates could be made by the directories to improve the consumer journey on the directories themselves. For example, highlighting to consumers upfront that it can be easier finding single trip cover rather than annual cover.</p>

1.8 Our findings and conclusions are set out in more detail in Chapters 4 and 5.

Next steps

1.9 We expect to consult later this year on updating the £100 medical condition premium trigger point for signposting.

1.10 We will continue to engage with the directories as they look to refine and improve the content of the directories and consumer journeys. This includes scenarios used by the directories for assessing whether prospective firms are able to offer travel cover for more serious PEMCs.

- 1.11** Where we have identified pockets of non-compliance with our signposting rules we intend to follow up with the relevant firms. In addition, firms need to ensure that consumers are getting fair value from their travel insurance products.
- 1.12** More detail on next steps is set out in Chapter 6.

Chapter 2

Introduction

2.1 In this chapter we set out:

- the background to our rules
- our travel insurance signposting rules
- the impact we expected from our intervention
- wider changes in the market following our rules coming into force

Background to our rules

2.2 We found that consumers with PEMCs can sometimes face problems navigating the travel insurance market and finding affordable cover for their condition. In 2018 we launched a [call for input](#) on access to travel insurance and invited views on the ability of consumers who have or have had cancer to access travel insurance. [Feedback](#) to that call for input found that consumers with more serious PEMCs often give up after attempts to get cover. This might be because their application for travel insurance was declined, or they get offered travel insurance excluding their PEMCs or they considered the premium quoted to be unreasonably high. Following the call for input we worked with stakeholders to explore options for signposting consumers with PEMCs to travel insurance providers that are able to provide them with suitable insurance.

Our travel insurance signposting rules

2.3 We introduced rules setting out that in some circumstances firms would be required to signpost consumers with PEMCs to a directory of specialist providers. We also introduced guidance for firms selling travel insurance policies to tell consumers whether and how PEMC exclusions can be removed.

2.4 We also introduced guidance that firms should assess the risk associated with medical conditions and calculate medical condition premiums using reliable information that is relevant to the assessment of the risk.

The impact we expected from our intervention

2.5 We expected improved access to travel insurance cover for consumers with PEMCs (both for those that did not previously purchase cover as well as those with exclusions for their PEMC) and lower prices for existing customers. Overall, we expected around 2.9% of those signposted to achieve better outcomes. These included:

Table 1: Number of consumers expected to benefit from our intervention

Category	Expected number of consumers signposted	Number of consumers expected to achieve better outcomes following signposting (2.9%)
Number of consumers denied cover	100,000	2,900 purchase cover for their PEMC
Customers with insurance that excludes their PEMC	1,500,000	43,500 purchase cover for their PEMC
Customers with a high medical screening score	357,000	10,400 purchase cover at a lower price
Total expected annually	1,957,000	56,800

Source: Calculations supporting our CBA

2.6 Overall, around 56,800 consumers were expected to benefit annually (across 32,600 policy sales with an average 1.74 people covered per policy). The number of consumers expected to benefit in the table are based on the average across ranges included in the CBA and in the calculations supporting the CBA.

2.7 We recognise some consumers with serious PEMCs searching for travel insurance will continue to face challenges, not least because of the higher risk costs to firms and premiums charged to consumers for more serious PEMCs. However, where consumers shop around for cover, including through the directories, this can result in them finding more affordable cover and cover that better meets their needs.

Wider changes in the market following our rules coming into force

2.8 Consumer travel and the travel insurance markets have been significantly affected over recent years by the pandemic, as well as wider cost of living pressures on consumers. In 2022 there was a significant recovery in the travel insurance market.

Product governance rules

2.9 Since the implementation of our travel signposting rules, we have introduced enhanced product oversight and governance rules (from our [General Insurance pricing practices \(GIPP\) rules](#)). Our enhanced product oversight and governance requirements include ensuring firms deliver products (including travel insurance) that offer fair value to customers.

2.10 In 2023 we launched our product governance thematic review for general insurance and pure protection. We are assessing insurance manufacturers' and distributors' product oversight and governance arrangements (including for travel insurance) and whether firms are meeting our expectations. In February 2024 we wrote to over 1,000 firms setting out key observations and concerns (including around the quality of fair value

assessments) so that manufacturers can take appropriate action. We expect to publish our final findings from the thematic review later this year.

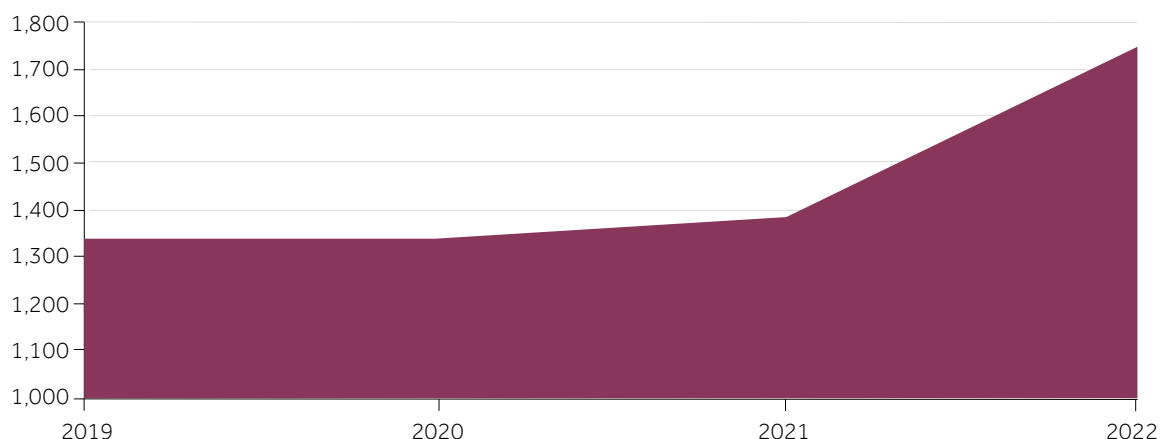
Consumer Duty

- 2.11** The Consumer Duty introduced a wide range of requirements for firms including to act to deliver good outcomes for retail customers and requiring firms to enable and support retail consumers to pursue their financial objectives. The finalised guidance accompanying the Consumer Duty rules ([FG22/5](#)) sets out that, where a firm declines to provide a customer with a particular product, it should still consider whether there is information or support it could provide to help the customer achieve their financial objectives. The guidance also referenced our travel insurance signposting rules and noted that firms in other markets should consider a similar approach when they decline customers.
- 2.12** We expect the Consumer Duty, which aligns with our work to improve outcomes for consumers in vulnerable circumstances, will complement our signposting intervention and also contribute to improving the market.

Changing claims profile (including claims inflation)

- 2.13** The claims profile, particularly for medical expenses, is relevant for travel insurance covering consumers for their PEMCs. As claims costs increase, prices for consumers also typically increase with providers passing costs on to consumers. This can make it more difficult for consumers to afford cover.
- 2.14** Over the past few years there have been changes in claims profile for travel and travel medical claims. ABI data show that while average claim pay-outs did not significantly change between 2019 and 2021, there was a significant increase in 2022. Overall average claims value increased from £729 in 2021 to £973 in 2022 (33% increase), with average medical expenses claim values increasing from £1,385 in 2021 to £1,750 in 2022 (26% increase). The Consumer Price Index (CPI) rose by 10.5% in 2022. Mintel expected inflation would continue to further drive up claims costs in 2023. The chart below shows the average medical expenses claim pay-outs (£s) from 2019 to 2022.

Average medical expenses claim payouts (£s)



- 2.15** The ABI data also showed that the average medical claim for UK consumers aged above 65 amounted to £3,506 in 2022. This is significantly higher than younger consumers (£1,478 for consumers aged between 31 and 65 and £905 for consumers aged under 31). In addition, the average medical claims were significantly higher than in previous years with average medical claims in 2020 and 2021 for consumers over 65 being £2,339 and £1,214 respectively.
- 2.16** Overall, we can see that average claims pay-outs have increased significantly (including for medical claims), particularly between 2021 and 2022. The claims information set out above covers travel insurance more broadly, rather than just travel insurance for consumers with PEMCs.

Renewed agreement between the Government, BIBA and ABI around signposting

- 2.17** In August 2023 the Government, ABI and BIBA renewed an agreement whereby, if an insurer or insurance broker is unable to offer motor or travel insurance because of the customer's age, they will refer the customer to a firm who can better meet their needs or to a dedicated signposting service. This agreement seeks to improve outcomes through signposting for consumers unable to get cover with firms.

Chapter 3

Our approach to the review

- 3.1** In this chapter we set out how we approached the review and the evidence we considered.
- 3.2** The FCA undertakes a range of activities to consider how rules have been implemented, whether there are ongoing issues in the market and the impact of our interventions. Full evaluations measure the impact of our interventions and seek to control for the effects of other market changes in the business environment. On the other hand, reviews, such as our signposting review here, provide an overall view of whether the rules were implemented by firms as intended, the firms are continuing to comply and the state of the market.

What we said we would do

- 3.3** In our PS introducing the rules, we said that we would undertake a review to assess whether our intervention has delivered the desired outcomes. We said we would evaluate:
- the effectiveness of the trigger points for signposting
 - the use of the directories
 - consumer outcomes
- 3.4** We also set out that we would revisit the threshold of one of the trigger points for signposting, namely where the medical condition premium is £100 or more.

Information sources

- 3.5** We have considered information and evidence from a range of sources including:
- specialist firms listed on the directories – 13 firms provided information
 - non-specialist travel firms not listed on the directories – 9 firms, including both insurers and intermediaries
 - travel firm websites
 - a price comparison website
 - Financial Lives survey (FLS)
 - The Money and Pensions Service (MaPS) and British Insurance Brokers' Association (BIBA) directories
 - consumer organisations
 - Mintel – a market intelligence agency providing specialist research and intelligence, including on the UK Travel Insurance Market
 - Verisk – the largest medical risk assessment company in the UK market

Parts of our review

Implementation and compliance with our rules

- 3.6** We focused our implementation and compliance review work on:
- firms' compliance with signposting rules
 - the directories in relation to their ongoing obligation to meet the criteria of a 'medical cover firm directory'
- 3.7** We reviewed a sample of 73 firms' webpage disclosures and gathered evidence on disclosure during the consumer journey.
- 3.8** Where we refer in the report to firms listed on the directories and filter information, these numbers are based on the directories listings from January 2024.

Effectiveness of the trigger points and use of the directories

- 3.9** We examined the volume of visitor traffic to the directories. At a high-level this provides an indication of the effectiveness of the trigger points. However, in practice, visitors to the directories will come from a variety of different sources rather than only from the required trigger points in our rules.
- 3.10** We have reviewed the two directories, including information disclosure as well as the impact and the use of search filters.

Consumer outcomes

- 3.11** At a high-level we have considered consumer outcomes in a range of ways. These include:
- conversion of consumers signposted from the directories to firms into sales
 - summary of performance data of travel business through specialist and non-specialist firms (including consideration of commission information for specialist firms)
 - information about the consumer experience
 - data collected as part of our FLS
 - survey and other information from consumer organisations
 - Mintel travel insurance report
- 3.12** We collected data from firms for the years ending 29 February 2020 and 30 June 2023. This was in part to include the period before the rules came into force and before the travel impact caused by the pandemic, as well as a recent year less affected by the pandemic.
- 3.13** Where consumers with PEMCs search for travel insurance cover, they will go through medical screening, which generates a medical screening score that travel firms will use to price the medical element of the premium. Verisk are the largest medical screening

firm that most travel firms use. Medical screening scores for Verisk can range from 0 upwards, although the distribution of medical screening scores is heavily skewed towards milder conditions. Around 95% of medical scores are 7.00 or lower with around 2% above 10.00.

- 3.14** For the purposes of our review, and following engagement with stakeholders, we have taken a Verisk medical screening score of 10.99 as the cut-off between milder medical screening scores and more serious medical screening scores. We sought summary data from firms about sales to consumers with medical screening scores split between medical screening scores $>0 < 10.99$ and medical screening scores > 10.99 . Other medical screening firms will generate different scores, but the data in our report predominately relates to business where Verisk is the medical screening firm. There is no industry standard for cut-off between milder and more serious conditions.

What we haven't done and limitations of our work

- 3.15** Our work does not constitute a full evaluation and we have not sought to establish a causal link between the introduction of our rules and consumers achieving better outcomes through their use of the directories of specialist providers.
- 3.16** At a high-level we have sought to identify indicators of the impact of our intervention and have identified indicators that show insight into areas including effectiveness of the trigger points, use of the directories and consumer outcomes.
- 3.17** We have not directly considered firms' approaches to assessing and pricing risks for different medical conditions or where consumers have recovered from a condition. However, we recognise some consumers are concerned about high premiums, including where they have recovered from a condition or are in remission from cancer. We remind firms of our guidance covering the assessment and calculation of medical condition premiums.

Chapter 4

Findings and conclusions - State of the market, implementation and compliance

4.1 This chapter sets out our findings and conclusions on:

- the state of the market
- implementation and compliance

State of the market

Travel insurance

4.2 The travel insurance market has significantly recovered following the pandemic, including both demand and supply. Mintel's 2023 travel report estimated that total gross written premiums were £825m in 2022 (compared to £803m in 2019). 2022 value measures data reported by 23 firms (mainly insurers) showed £1.1bn in written premiums across 22m policies. We recognise that part of this recovery could be the result of the release of pent up demand built up during the pandemic.

PEMC travel insurance

4.3 The travel insurance market is segmented between mainstream and 'specialist' providers. Many mainstream firms do choose to offer a limited amount of business for consumers with PEMCs but particularly for consumers with milder medical conditions. In our consultation ([CP19/23](#)), we referred to firms that have more appetite and capability to offer cover to consumers with more serious medical conditions as specialist firms.

4.4 Our 2022 FLS data, covering the year ended May 2022, showed 4% of UK adults (1.9m) reported they looked for travel insurance covering a serious PEMC. We consider that this number is a rough upper-limit estimate. 77% were able to find a suitable policy, 9% took out a policy with the PEMC excluded and 13% were unable to find a suitable policy. Which? in a 2023 survey found that some consumers looking for cover for PEMCs encountered problems buying travel insurance, with expensive premiums being cited by 21% as the most common problem.

4.5 Firms have been faced with higher costs (including for medical claims) in recent years and there have been increased premiums charged to consumers, already facing cost of living pressures. Consumers can find travel insurance expensive, particularly where they have serious PEMCs and where premiums rise, this can reduce demand for cover. Mintel estimated, in their 2023 travel report, that 19% of consumers likely to go on a trip in the next 12 months intend to go without insurance.

Feedback on market competitiveness and capacity (PEMCs)

- 4.6** We asked travel firms, including both specialist and non-specialist firms, and other stakeholders their view on the state of the travel insurance market for consumers with serious PEMCs. Most firms viewed the PEMC market as competitive albeit with economic challenges and more restrictions in coverage. There are a range of firms offering cover for consumers with more serious PEMCs. Several respondents mentioned particular features of the market being developments in innovation and better technology, leading to, for example, more sophisticated online medical assessment tools.
- 4.7** Firms differed in their views about insurer capacity with only slightly more firms suggesting capacity was not limited than those saying it was. Those that suggested capacity was limited said so because insurers were more risk averse than they were previously and had less appetite to underwrite business. In 2021, MAPFRE withdrew from the UK travel insurance market, but this was offset by the return of Zurich which entered into a five year agreement with PEMC specialists AllClear. The impact of the pandemic and UK's withdrawal from the European Union were identified as drivers behind a lack of capacity.

Summary

- 4.8** The travel insurance sector appears to have significantly recovered following the Covid pandemic, with stakeholders suggesting there is sufficient capacity in the market. We recognise that part of this recovery could be the result of the release of pent-up demand built up during the Covid pandemic.
- 4.9** Firms considered that the PEMC market is competitive and there are a range of firms underwriting and selling travel insurance for consumers with PEMCs, including on the directories of specialist providers. However, we recognise that if larger insurers withdrew from the market there could potentially be additional capacity challenges impacting on competition.

Implementation and compliance

- 4.10** In this section, we outline our findings on:
- firms' compliance with signposting rules
 - the directories against the criteria for a 'medical cover firm directory'
- 4.11** Our signposting intervention created rules for firms offering travel insurance to include details of a medical cover firm directory in a prominent, clear and accurate manner, on the page of their websites where they market travel insurance. Additionally, firms must signpost consumers, in some circumstances during the customer sale journey, to a medical cover firm directory.
- 4.12** The directories themselves are required to meet the FCA glossary definition of a 'medical cover firm directory'.

Firms' compliance with the requirement to list directory information on their webpages

4.13 We reviewed the websites of a sample of 73 travel insurance firms. We looked at whether they included the details of a medical cover firm directory on the page of their websites where they market travel insurance policies. We found around 90% of firms were compliant with this aspect of the rules. The remaining firms, while providing details of a directory could do so in a more prominent, clearer and accurate manner.

4.14 Below is an example extract where a firm has provided information to the consumer in a prominent, clear and accurate manner on its travel insurance webpage. The consumer is supported with information about how the directory might help them to make an informed choice. The consumer has also been prompted to open a link, positioned clearly, central to the page, and additional relevant and helpful information about a directory is provided.

So how can you help me?

We would like to provide you with details of a 'Medical Cover Firm Directory', which is a publicly available directory, that only lists firms that provide, or arrange, travel insurance policies that cover more serious medical conditions. The directory will also show you enough information about each firm listed so you can make an informed, initial choice, about which firm might meet your needs.

What are the benefits?

Some of the advantages of using the directory make it easier for you to navigate the available market and make it more likely in finding a firm who:

- Is willing to offer cover for your condition
- Is willing to offer cover for your condition without specific exclusions
- Is willing to offer cover for your condition at a more affordable price.

How can I access a Medical Cover Firm Directory?

MoneyHelper has a Travel Insurance Directory on its website which can be accessed on the link below:

<https://www.moneyhelper.org.uk/en/everyday-money/insurance/use-our-travel-insurance-directory>

Consumer enquires about the directory can be made to MoneyHelper directly using the contact details below:

Telephone – 0800 138 7777 (available Monday to Friday from 8am to 6pm except Bank Holidays)

Webchat – <https://webchat.moneyhelper.org.uk/newchat/chat.aspx?domain=www.moneyhelper.org.uk> (available Monday to Friday from 8am to 6pm and Saturday 8am to 3pm except Bank Holidays)

Online Enquiry Form – <https://www.moneyhelper.org.uk/en/contact-us/money-guidance/money-guidance-enquiry-form> (aim to respond within 2 working days).

4.15 We also saw examples of less effective disclosure, including:

- A link being provided to a directory, satisfying one part of the rules but absent of any supporting explanation as to the benefits for the consumer doing so and therefore compromising the referral.
- Referral information given but using language a consumer may not easily understand. In one case the referral information was not orientated around the potential benefits of visiting a directory and noted the referral was given in order

to meet an FCA rule requirement. The consumer was assured they could continue the journey with the firm if they felt more at ease, in a manner that potentially undermined the referral.

- Where referral information is given but its effectiveness compromised by where on the firm's website it was listed. In some cases consumers would need to visit a link provided under another section, such as under 'FAQs' and so may not benefit from the referral information.

4.16 We also saw an example where no telephone number or link to either directory is given, which is a requirement and further limits the impact of the disclosure. Firms need to consider whether their website disclosures of a directory are sufficiently prominent, clear and accurate. We intend to follow up with firms that fall below these requirements.

Signposting during the customer journey

4.17 Firms must signpost customers to a medical cover firm directory in certain circumstances, such as where the firm declines to provide a quotation due to a PEMC, where it withdraws cover owing to a PEMC, or where it offers a policy with a medical condition premium of £100 or more.

4.18 We asked firms to show how they complied with these requirements and give evidence from consumer journeys. In addition, we engaged with a leading price comparison website about the consumer journey on their website. We also sought to observe firms' consumer webpage journeys using hypothetical personal information and were satisfied with firms' compliance so that it was not proportionate to undertake a fuller, mystery shop exercise in this area. From the work performed above, we found no evidence that firms are not meeting these disclosure rules. One consumer organisation has raised a concern that there may be firms not signposting correctly during customer journeys. We remind firms that they must ensure they signpost appropriately on consumer journeys.

4.19 The example below shows a screenshot provided by a firm where the medical element of the premium exceeds £100. This has triggered signposting to a directory and the information is provided in a prominent, clear and accurate manner.

Medical premium over £100

We can offer cover for your medical conditions, but we need to let you know that the cost of the medical element of the premium exceeds £100. If your quote is for a group policy, you may get a better price overall by purchasing individual policies.

Alternatively, you can access a directory of specialist medical travel insurers who may be able to provide you with a cover at a better price. We recommend that you also compare the cover provided to ensure the policy still meets your needs. You can access this by [clicking here](#) or call [0800 138 7777](tel:08001387777).

Criteria for medical cover directories

- 4.20** A significant aspect of our intervention was the development of the directories themselves. The directories are required to meet criteria including only listing firms that provide or arrange travel insurance that covers more serious PEMCs. The criteria also require the directories to list firms in way that does not encourage consumers to select any firm over any other firm.
- 4.21** We tested whether the directories were still meeting the criteria. We also considered the information the directories give us on an ongoing basis detailing developments, enhancements and data about use of the directories.
- 4.22** We consider the directories:
- Take appropriate steps to ensuring the firms listed can cover more serious medical conditions.
 - Have adequate governance controls in place for oversight. The accuracy of the information included on the directories is verified and there are adequate systems and processes to keep the information up to date.
 - List the firms in a way that it does not encourage consumers to select any firm over any other firm listed.
- 4.23** At a high-level, we consider that both organisations continue to meet the criteria of a medical cover firm directory.
- 4.24** In most cases the directory listings are limited to a single entry per firm. But there are several instances where individual firms have more than one brand listed on a directory. This could give rise to a 'gaming' risk where firms seek to increase the proportion of consumers being signposted from the directories to their firm, by increasing the number of brands listed. We recognise that different brands may offer a significantly different choice, but as there are 33 firms on the directories, having multiple brands per firm as separate listings may not materially improve consumer choice. Further, allowing the inclusion of multiple brands could create an additional burden on the directories themselves to not only consider whether a firm is able to provide travel insurance that covers more serious medical conditions, but also to consider the extent to which one brand differs from another. We will consider the need to make changes to the definition of the Medical Cover Firm Directory on this basis.
- 4.25** As part of the process to consider whether firms can cover more serious medical conditions, both directories use a number of health scenarios which prospective firms need to demonstrate they can cover. The scenarios cover medical conditions alongside other hypothetical information such as destinations and length of trips. In most scenarios the existing hypothetical scenarios relate to single trips to Europe. While the range of health conditions continues to be appropriate, the other hypothetical information could be further developed to more closely reflect how consumers are using the directories. For example, the directory filter searches show that nearly half of all consumers using the location filters on each directory select one of the worldwide cover options. We will engage with the directories on updating the health scenarios.

Chapter 5

Findings and conclusions - impact of our intervention

- 5.1** This chapter sets out our detailed findings and conclusions on the impact of our intervention, covering:
- effectiveness of the trigger points for signposting
 - use of the directories and consumer journeys
 - consumer outcomes and experience
- 5.2** The summary of our findings and conclusions is set out in Chapter 1.

Effectiveness of trigger points for signposting

- 5.3** We consider the trigger points including where firms decline to offer cover, cancel a policy due to a medical condition, offer a policy where a medical condition exclusion cannot be removed or offer a policy where the medical condition premium is unknown, are uncontentious. We have not collected data or information to inform how effective these trigger points are.

£100 medical condition premium

- 5.4** The remaining trigger point under our requirements is that firms are required to signpost consumers to a directory where a customer has a medical condition premium (loading) of £100 or more. This trigger point was set at a level intended to be proportionate for firms to implement and target consumers who are likely to benefit from signposting.
- 5.5** Following engagement with industry stakeholders, and, as set out elsewhere in this review, we have, for the purpose of the review, taken the medical screening score of 10.99 as the cut-off between milder and more serious medical conditions. We recognise that medical screening scores below 10.99 could also be considered more serious, but used the 10.99 cut-off to better explore consumer outcomes for different medical score ranges. In practice, alternative cut-offs (both lower and higher) could also be reasonable. Around 95% of medical screening declarations result in a medical screening score of 7 or less (which is a level that the vast majority of travel firms will be able to offer cover for). However, consumers with higher scores are more likely to make multiple applications to search for the best cover, meaning that the proportion of consumers going through medical screening and having a screening score of 7 or less is expected to be higher than the 95% referred to above.
- 5.6** Since we published our Policy Statement in 2020, we have seen increased risk prices, medical condition premiums and retail premiums. For example, as set out in the summary specialist provider data below, covering the year ending 29 February 2020

and year ending 30 June 2023, specialist providers reported increasing risk prices and retail premiums of around 40-55%. Data provided by the ABI show that average medical expenses claims increased by 31% between 2019 and 2022 and average retail prices also increased. Overall, this means that our £100 medical condition premium trigger point for signposting will be capturing a higher proportion of consumers than when our rules were finalised and an increasing proportion of consumers with milder medical conditions also being signposted.

- 5.7** The nature of the £100 threshold means that the medical screening score is not the only driver of what the medical condition premium is and whether consumers are signposted. Two consumers with a similar condition but with very different holidays could pay significantly different medical condition premiums. Trip duration and destination are likely to have an impact. Based on the transactional data for the year ending 30 June 2023 provided by several specialist firms, we see examples where consumers have low medical screening scores and medical condition premiums over £100, and examples of consumers with high medical screening scores, but low medical premiums (for example driven by short trips to UK or Europe).
- 5.8** Summary data from 4 firms show that consumers searching for annual policies are significantly more likely to be signposted than consumers searching for single trip policies. Annual policies typically have higher premiums and hence for a given medical screening score would be more likely to trigger the £100 medical condition premium threshold. Data from those 4 firms for the year ending 30 June 2023 show:

Table 2: Proportion of consumers signposted based on type of cover and medical score range

Medical screening score	Single trip	Annual
>0 – 5.99	1%	4%
6 - 10.99	25%	75%

Source: Summary data provided by 4 firms to the FCA

- 5.9** Overall, the £100 threshold will capture a high proportion of consumers with medical screening scores above 10.99, but will also capture some consumers with lower scores and milder conditions (particularly for annual policies). Where consumers with milder medical conditions are signposted this can result in consumer confusion as to why they are being signposted. It could also result in some consumers with mild conditions going through specialist firms when non-specialist firms are able to offer cover that meets their demands and needs.
- 5.10** There were mixed views from stakeholders about whether the £100 threshold remained appropriate. Some firms considered it should be raised to £250 or higher, whereas consumer organisations told us that the threshold should remain at £100.
- 5.11** There are alternative approaches that could be adopted for the £100 trigger point. Examples include:

- increase the £100 trigger to a higher amount
- increase the trigger to a higher amount and link to inflation to better future proof the amount
- move to a trigger that better links to the medical condition (such as where the medical screening score is above a level (e.g. 10.99) or signposting for consumers with the highest 5% of medical screening scores)
- a combined £ and medical condition trigger

5.12 We recognise that changing the basis for the threshold to one closer matched to medical condition severity could potentially better target consumers with serious conditions. However, such a change might not be proportionate and would result in additional costs to travel firms if the basis for calculation is moved away from an absolute £ amount. There would be further challenges as well in setting the threshold at an appropriate level.

5.13 Overall, we consider that increasing the threshold from £100 to a higher absolute amount, to reflect the increase in risk prices and medical costs and claims is a way to help those consumers most likely to benefit, continue to be signposted and that consumers with milder conditions continue to be less likely to be signposted. However, we do not consider that there is any significant harm from consumers with milder conditions being signposted, as we expect that consumers will be more likely to use the directories if they are struggling to get cover or being quoted high premiums. We expect to consult later this year on any potential amendment to the £100 medical condition premium trigger. It is also worth noting that most of the traffic to the directories (from the signposting triggers) was expected to come from consumers that were either declined cover with a provider or offered cover excluding their condition rather than from the £100 trigger. Further, a lot of traffic to the directories comes from other sources – such as Google searches.

Use of the directories

Awareness of the directories

5.14 Awareness and use of the directories is driven by a range of factors and not just signposting from firms. Our 2022 FLS indicated that 7% (0.14 million) of consumers looking for 'travel insurance for a serious PEMC in the last 12 months' (to May 2022) used the directories. A further 20% (0.37 million) were aware of the directories but did not use them. The data from the directories themselves show that the numbers using the directories rose significantly in 2022 and 2023 indicating that that awareness and use of the directories has increased since the 2022 FLS.

5.15 This is further reflected in a 2023 survey conducted by Which? that found 26% of consumers with PEMCs looking for cover used one of the directories. Which? surveyed 2,458 consumers that had sought to purchase travel insurance covering a medical condition in the last 3 years. Of the consumers that used the BIBA or MaPS directories around 21% were signposted by a firm and 75% either found out about the directories

when searching for insurance on the internet, through the press or were recommended by someone they know.

Directory visitor numbers

5.16 As the travel insurance market has recovered from the pandemic and awareness of the directories rose, the number of consumers using the directories has increased. The table below shows the number of visitors to the online directories:

Table 3: Number of visitors to the online directories

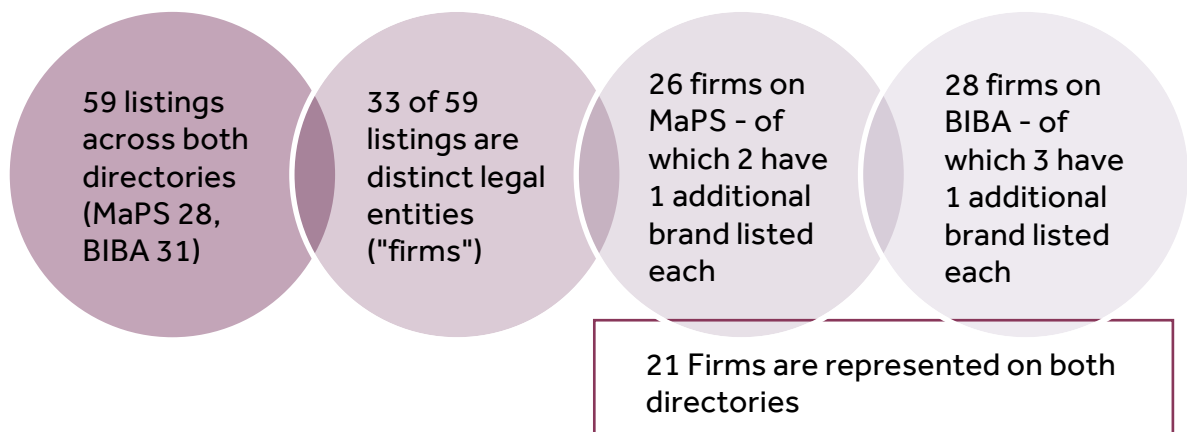
Year ended	Number of visitors	% Year on year increase
31 January 2022	58,182	N/A
31 January 2023	242,390	317%
31 January 2024	371,878	53%

Source: Data provided by the directories

5.17 Our 2022 FLS found that 1.9m adults reported they looked for travel insurance covering a serious PEMC, with potentially around 13% visiting the directories in the year ended January 2023 and 20% visiting in the year ended January 2024.

Consumer journey on the directories

5.18 In aggregate, there are 33 firms listed on one or both of the directories, with 21 firms appearing on both. In some cases a different trading name is used on the different directories. In a small number of cases firms have more than a single brand represented which increases the number of listings.



5.19 The directories share a number of features due to the required criteria, including about the information to provide, they must follow to be recognised as a 'Medical Cover Firm Directory'. However, the directories can include additional information to help consumers including navigating the directories and identifying firms to approach.

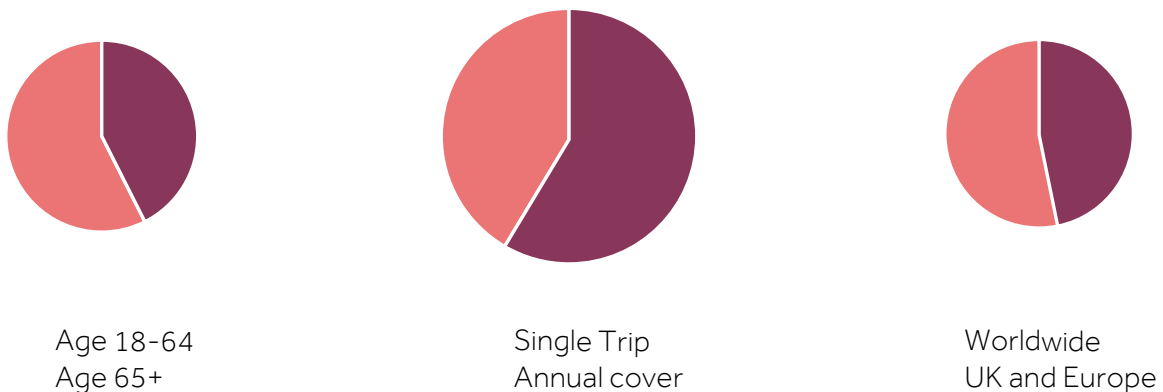
Directory landing pages

5.20 Consumers visiting MaPS' website are first taken to a landing page which gives guidance on the purpose of the directory, its features and links to frequently asked questions and other sources of help. It discloses that the directory cannot help if the consumer is awaiting a diagnosis for a serious medical condition or waiting for a revised diagnosis for a PEMC. Both BIBA and MaPS are looking to make improvements to their landing pages. This could include providing a steer that consumers with serious PEMCs are likely to find it easier to find cover for single trips rather than annual policies.

How do consumers search on the directories?

5.21 While consumers can view all the firms listed on the directories, they can also use search filters such as age, single or multi-trip, and destination to narrow down the list of firms. Data for one of the directories show that in the period December 2021 to July 2023 visitors to their directory on average clicked on around 3 filter options. The chart below shows that where consumers search by age, type of cover and destination. 57% selected the age range of 65 and above, 47% selected worldwide cover and 41% selected annual cover.

Filter selections by age, type of cover and destination



5.22 In practice, most directory filter options appear to have a low impact in reducing the number of firms listed simply because a high proportion of firms, if not all in some cases, provide cover for a wide range of filter selections. For example, nearly all firms provide cruise cover. The same is true of location where, for example, firms on MaPS' directory will provide worldwide cover, including USA, Canada and the Caribbean, for customers aged 75. We asked the directories about this, using the cruise filter as an example of low impact. The directories were keen to retain existing filter options noting they provide comfort to consumers that the firms could provide cover in their circumstances. However, they noted that they could introduce additional filters if that helped consumers better identify firms able to provide cover for their PEMC.

Information detailed about each firm listing

5.23 Most of the information about the firms listed, on both directories, is in a content box displayed next to each firm's details. This gives consumers information to help them understand if the firm is likely to be able to help. The examples below show the type of firm information shown for each of the directories:

The screenshot shows a detailed view of an insurance provider's information. On the left, a dark blue box for 'OK To Travel' contains contact details: website (<http://www.oktotravellinsurance.co.uk>), email (operations@oktotravellinsurance.co.uk), phone (01223446820), and address (58 Market Square, ST. NEOTS, Cambridgeshire, PE18 2AA). Below this is a 'Travel Medical Insurance Specific Content Information' section with details on age limits, destinations, opening hours, and specializations. To the right, a filter menu allows selection by insurance type (Single Trip, Annual Multi-Trip) and length of trip. Further right, a list of questions with radio button options is visible, including 'Age at time of travel', 'Destination', 'Is your trip a cruise?', 'When are you travelling?', 'My doctor has given me a terminal prognosis', and 'Do you require cover for medical equipment?'.

On the right side of the image, three separate boxes compare insurance providers:

- OK To Travel Ltd:** Medical conditions covered - Most conditions covered; Coronavirus cover for medical expenses - Yes [info](#); Coronavirus cover if trip cancelled - Yes [info](#); Medical equipment cover - No; Cruise cover - Yes; Medical screening - Verisk [info](#).
- Saga Services Limited:** Medical conditions covered - Most conditions covered; Coronavirus cover for medical expenses - Yes [info](#); Coronavirus cover if trip cancelled - Yes [info](#); Medical equipment cover - No; Cruise cover - Yes; Medical screening - Verisk [info](#).
- Total Travel Protection:** Medical conditions covered - Most conditions covered; Coronavirus cover for medical expenses - Yes [info](#); Coronavirus cover if trip cancelled - Yes [info](#); Medical equipment cover - Yes, up to £2500; Cruise cover - Yes; Medical screening - Medical screening in-house [info](#).

At the bottom right, a partial view of 'AllClear Insurance Services Ltd' is shown, listing: Medical conditions covered - Most conditions covered; Coronavirus cover for medical expenses - Yes [info](#); Coronavirus cover if trip cancelled - Yes [info](#); Medical equipment cover - Yes, up to £2500.

5.24 There are a few differences in the information both directories provide. For the MaPS' directory, for 25 of the 26 firms listed, they simply state 'most conditions covered'. BIBA's approach is to additionally list the conditions the firms specialise in. Other differences include MaPS' inclusion of medical screening information which shows a point of difference between firms. The directories should continue to engage with each other as they seek to update and improve consumer journeys on the directories.

Consumers calling the directories

5.25 While both directories are online directories they also have linked telephone helplines. For MaPS, this is the generic telephone contact for MaPS, and the customer is signposted from there to the online directory and helped to use it if needed. Most calls are from consumers aged 65 and over. If the consumer wishes to speak to someone further, it is explained that BIBA operate a service in which a broker can help further, and they are directed to that helpline.

5.26 The BIBA helpline is their 'Find Insurance Service' (FIS) rather than a distinct helpline for the 'Travel Cover Firm Directory'. The call operator will ask relevant questions to identify if the consumer should be referred to their online directory. If the consumer indicates

they do not wish to visit the directory online, BIBA refer the consumer to one of their panels of firms.

Consumer outcomes and experience

Outbound traffic from the directories to specialist providers and conversion into sales

5.27 For the year ending 30 June 2023, data from one of the directories show that outbound clicks to specialist firms listed on the directory amounted to 51% of the visitors to their directory. These outbound clicks may include where consumers have clicked on more than one firm.

5.28 From our sample of 13 firms, 5 specialist providers supplied data about conversion into sales from consumers clicking on outbound links from the MaPS directory to firms. Conversions ranged between 6% and 21%, with a simple average of 13.4% across the five firms. Extrapolating this out across the 312,000 online directory visitors in the year ending 30 June 2023 and estimated 51% of visitors that clicked on directory links to specialist providers results in estimated additional policy sales of around 21,000. This is lower than the 32,600 policies expected under our original Cost Benefit Analysis (CBA) calculations. The 21,000 is calculated as follows:

Table 3: Calculation of conversion of online directory visitors to sales in the year ended 30 June 2023

Medical screening score		
Online directory visitor numbers	312,000	
Estimated number that click through to specialist firms (outbound links)	159,000	51% (based on data from one of the directories)
Conversion into sales	21,000 policies	13.4% (based on simple average across 5 firms)

Source: Information and data provided by directories and specialist providers

5.29 While the impact appears lower than expected, there does appear to have been a positive impact. The estimated additional policy sales are only a broad estimate given:

- Some of these customers may have bought travel insurance from the firms reporting the data even if the directories were not in existence.
- Some visitors may visit the firm’s website from the directories, leave without buying cover. If they then return to the firm’s website at a different time to buy purchase cover, they may not get captured in the data.
- The data will include consumers with milder conditions, that are signposted, but may have purchased cover at a similar or lower price from a mainstream firm.

- 5.30** The number of online visitors to the directories in the year ending 31 January 2024 was 371,878. This is 19% higher than the numbers we saw for the year ending June 2023. If these higher visitor numbers are maintained this could result in around 25,000 additional policy sales per annum in future (compared to the 21,000 policy sales calculated in paragraph 5.28 above). Most specialist firms indicated that the rules had a positive impact on the number of consumers with PEMCs seeking quotes from them.
- 5.31** Limited transactional data from 5 firms show that sales coming from the MaPS directory have a higher proportion of higher medical screening scores (and hence more serious medical conditions) compared to the wider PEMC travel business for those firms. This indicates that the directories are helping a higher proportion of consumers with more serious PEMCs find cover through specialist firms on the directories.
- 5.32** Overall, we can see that our rules and the directories have had a positive impact on the number of consumers seeking and getting cover from specialist providers listed on the directories.

Declines

- 5.33** We asked firms to estimate the proportion of consumers coming through the directories that they decline to provide cover for. Firms were not able to give accurate figures but typically estimated that the proportion was between 1 to 5%. Common reasons for declines included people with terminal illness, consumers with undiagnosed conditions, cancer spreading or secondary cancer or firms being in a position to offer single trip, but not annual cover. In addition, there are underwriting limits, above which firms decline to offer cover - one firm had a premium underwriting limit of £5,000 and another of £750. Overall, it appears that specialist firms are able to offer cover for the PEMC to most consumers coming through the directories.

Feedback from specialist firms to directories about consumer outcomes

- 5.34** Currently, specialist firms do not report back to the directories outcomes of consumers signposted from the directories to them (e.g. conversion to sales and declines). There is an opportunity for specialist firms to feedback summary information to the directories, to further enhance the directories (including the search filters) to reduce the proportion of consumers going from the directories and being refused cover. Feedback information could include the proportion of consumers declined and the main reasons for declining, as well as broader information. For example, following feedback that consumers are likely to find it easier to get cover for their condition if they search for single trip rather than annual cover, the directories are looking to better highlight this in the consumer journey.

Performance of specialist and non-specialist firms (and consumer outcomes)

- 5.35** This sub-section examines a range of firm data from both specialist and non-specialist firms to consider consumer outcomes more widely, including:

- mix of business – indicator that the directory firms are experienced at selling travel insurance to consumers with PEMCs (including more serious conditions)
- risk price and retail premiums – indicator of value, including comparisons to non-specialist providers and commission levels

Mix of business

5.36 We gathered data from specialist and non-specialist firms around the mix and performance of their travel insurance business. The non-specialist firms included both insurers and intermediaries. Summary data from the specialist firms (based on 11 firms) is set out in the table below:

Table 4: Number of policies sold by type of business (specialist firms)

Number of policies sold	Year ended 30 June 2023	% of total sales reported by these firms
Consumers without PEMC	790,397	29.0%
Consumers with PEMC (where their condition is not covered)	5,535	0.2%
Where condition covered		
Medical screening score < 10.99	1,887,233	69.3%
Medical screening score > 10.99	36,194	1.3%
Medical screening score not reported	4,155	0.2%
Total	2,723,514	100%

Source: Summary data provided by 11 firms to the FCA

5.37 As set out in Chapter 3, for the purposes of this review we have taken 10.99 medical screening score as the cut-off between milder and more serious conditions. Around 70-80% of sales reported by those firms were sales to consumers covering their PEMCs (including both milder and more serious conditions), indicating that these firms are experienced at selling travel insurance to consumers with PEMCs. Typically, these firms reported that 1-2% of the total sales were to consumers with more serious conditions (i.e. where medical screening scores were above 10.99). However, 1 firm reported that its percentage of sales where the medical screening score was above 10.99% was only 0.1 to 0.2% of its business and that it had an underwriting limit of £750. This indicates that its ability to offer cover to consumers with serious PEMCs may be more restricted compared to other specialist firms. We intend to follow up with the firm to discuss its suitability for continued inclusion on the directories.

5.38 Data submitted by non-specialist firms showed the following:

Table 5: Number of policies sold by type of business (non-specialist firms)

Number of policies sold	Year ended 30 June 2023	% of total sales reported by these firms
Consumers without PEMC	18,430,533	87.1%
Consumers with PEMC (where their condition is not covered)	8,950	Less than 0.1%
Where condition covered		
Medical screening score < 10.99	2,291,657	10.8%
Medical screening score > 10.99	5,502	Less than 0.1%
Medical screening score not reported	433,871	2.0%
Total	21,170,513	100%

Source: Summary data provided by 9 firms to the FCA

5.39 As expected, the data for the non-specialists show a higher proportion of the business for non-specialist providers are sales to consumers without PEMCs. For certain non-specialist insurers their data may overlap with some data reported by other firms (including both specialist and non-specialist firms) and hence the number of policies in table 5 above may be overstated.

Risk price and retail premiums

5.40 We asked firms to provide data on:

- average risk (or net rate paid to insurers) price
- average medical condition premium
- average retail premium (net of Insurance Premium Tax (IPT))

5.41 The data reported by specialist providers show that average risk prices/net rates increased significantly between 2020 and 2023. The data was not separated between annual and single trip policies. Weighted average risk prices/net rates for 6 specialist providers in our sample showed increases as follows:

Table 6: Change in risk prices/net rates and retail premiums (specialist providers)

	Year ended 29 February 2020 £	Year ended 30 June 2023 £	% increase
Weighted average risk price/ net rate			
Medical screening <10.99	59	83	41%
Medical screening > 10.99	275	421	53%

	Year ended 29 February 2020 £	Year ended 30 June 2023 £	% increase
Weighted average retail premium			
Medical screening <10.99	110	154	40%
Medical screening > 10.99	500	767	53%
Weighted average risk price/ net rate as a percentage of retail premium			
Medical screening <10.99	54%	54%	
Medical screening > 10.99	55%	55%	

Source: Summary data provided by 6 or more firms to the FCA

- 5.42** Risk prices/net rates and retail premiums increased significantly (partly as a result of claims inflation) between 2020 and 2023. We have not considered insurer performance within the risk price/net rate price data we collected. The weighted average risk price/net rates and retail premium, where medical screening scores were above 10.99, was £421 and £767 respectively in the year ending 30 June 2023. Overall, the risk price/net rate accounted for around 54% of the retail premium, indicating that around 46% typically went on the distribution of the product. These percentages are broadly comparable to data provided by non-specialist firms (including both insurers and intermediaries) which showed for the year ended 30 June 2023 that average risk prices/net rate prices as a percentage of retail premium were 51% for travel sold to consumers without PEMC and 53% for travel sold to consumers with PEMCs. More widely, ABI data show that average medical claims increased by 31% between 2019 and 2022 and travel premiums for single-trip and multi-trip policies also increased over the same period.
- 5.43** One insurer, providing summary data on policy sales in the year ending 30 June 2023, including both through specialist and non-specialist firms, showed that on average risk prices as a percentage of premiums were slightly higher for specialist providers compared to non-specialist providers. This indicates that consumers purchasing travel insurance through the specialist providers are not generally receiving worse outcomes in terms of risk price as a percentage of premiums.
- 5.44** In a low proportion of cases travel insurance can cost consumers with PEMCs £1,500 or higher. This is driven by a combination of risk factors such as medical risk, destination and trip duration. Some specialist firms provided transactional level data for some consumers signposted from the directories. Data for 4 firms show that for around 2-4% of sales to consumers coming through the directory, the premium (net of IPT) was above £2,000. IPT on travel insurance of 20% costs would cost the consumer an extra £400 on a policy where the premium (net of IPT) was £2,000.
- 5.45** As medical screening scores, ages and trip durations increase so do risk prices and premiums. Data for one firm show that in the 12% of sales where the medical screening score was above 21 the average premium charged was £1,243 (net of IPT), compared to

the average where the medical screening was below 21 of £387 (net of IPT). Further, for the same firm – for 79 consumers with a medical screening score of over 21, age over 75 and seeking worldwide cover (including North America) the average premium quoted was £2,364 (net of IPT).

Commission / earnings of the specialist firms

- 5.46** With risk prices/net rate prices typically being around 55% of retail premiums (net of IPT) the remaining 45% goes to the distribution of the policies. This can include costs associated with product manufacture, payment to medical screening firms, as well as sales and distribution (including through price comparison websites). The commission earned by specialist firms will depend in part on their role – certain firms will sell policies using a platform operating by another firm.
- 5.47** Specialist firms noted the higher distribution costs associated with sales to consumers with more serious PEMCs, including:
- increased call lengths and administration applicable to servicing customers with more complex needs
 - use of more experienced and skills sales agents, as well as increased vulnerability training
 - lower conversion rates which typically reduce as risk prices and retail premiums increase
 - travel sales more likely to be one-off sales rather than other insurance products where renewals are more common
 - increased marketing spend – Mintel's 2023 travel report noted that marketing is dominated by specialist travel providers (5 of the 6 most active firms) covering PEMCs or targeting older demographics
- 5.48** Commission levels appear to broadly range from around 25% to about 45%, with a greater concentration around 40%. The specialist firms typically earn a percentage commission on the premium of the product. This is often combined with an absolute cap on the commission. Example commission caps we have seen are £450 and £550. We also saw two examples where firms did not have an absolute cap. As we have seen examples of the premiums charged to consumers being £1,500 or higher, there is a risk where there are no absolute commission caps that there could be cases where policies do not represent fair value. Ultimately, the interaction between the overall price paid by the customer and the quality of the product and/or services will determine whether a product is fair value.

Value consumers are getting when they purchase through specialist firms listed on the directories

- 5.49** In the PEMC travel market we have seen claims inflation and risk prices increase resulting in higher premiums. As prices rise, it does not necessarily mean consumers are getting worse value from their products. Overall, there is an indicator that consumers purchasing via the directories are getting comparable value in percentage terms (namely, risk price as a percentage of premium) to wider travel insurance for consumers without PEMCs and consumers purchasing through non-specialist firms. However, as

risks (associated with more serious conditions) and premiums increase there are more consumers unable to purchase travel insurance at a price that is affordable to them. So they may shop around more, purchase cover with exclusions, decide not to travel or travel without insurance.

- 5.50** Further, at the higher premium levels there may be individual consumers that are not getting fair value from their policies. Firms need to ensure that there is a reasonable relationship between the premium paid by consumers and the costs to firms (including distribution) and that consumers are getting fair value from their products. Uncapped percentage based commissions become harder to justify as premiums increase, as distributors may receive more in cash terms, but will not necessarily reflect a comparable rise in benefits (or costs incurred) for their services.

Consumer experience

General experience of consumers with PEMCs looking for travel insurance

- 5.51** Mintel, in their 2023 travel insurance report, reported that the general affordability of travel insurance is driving overall high levels of satisfaction, with 79% of insured customers saying they were satisfied with prices, while only 5% were dissatisfied. However, they noted that over-55s are the least likely to be satisfied, in part because of the increased risk of medical cover and the higher prevalence of PEMCs.
- 5.52** In our FLS survey we found that consumers with one or more characteristics of vulnerability looking for cover for a serious PEMC were less likely to take out travel insurance that covered the medical condition or to find a suitable policy than consumers with no characteristics of vulnerability. Consumers living with cancer were also less likely to take out a policy covering their condition than other consumers. We asked consumers to comment in their own words about the process of looking for travel insurance for their serious PEMC. Consumers typically responded that the process was straightforward. However, some commented on issues such as the process being repetitive, or intrusive (i.e. communicating complex conditions was difficult or unpleasant). Some were unable to get cover, and several reported very high premiums.
- 5.53** Research from 2 consumer organisations in 2023 showed there continue to be challenges to consumers with serious PEMCs getting travel information for their condition. Money and Mental Health Policy Institute (MMHPI) published [research](#) that found that consumers with mental health problems faced high premiums, reduced cover or refused cover. This resulted in people being unable to afford cover and leaving consumers more exposed to experiencing distress. [Planets Cancer Charity](#) also highlighted challenges faced by cancer patients searching for travel insurance, including unaffordable prices for some consumers.

Impact of the directories

- 5.54** For our FLS data, we compared results between consumers aware and unaware of the directories as well as comparing outcomes. Outcomes measured were the proportion of consumers looking for travel cover for a serious PEMC:

- a. taking out a policy that covered the medical condition
- b. taking out a policy with the condition excluded
- c. finding a suitable policy but deciding not to purchase cover
- d. unable to find a suitable policy

- 5.55** The proportion of consumers unable to find a suitable policy was lower for consumers aware of the directories (7%) compared to consumers unaware of the directories (13%). A further difference comparing before and after the rules came into force shows that consumers looking for cover after the rules came into force were more likely to find a suitable policy (77%) compared to those finding suitable cover before the rules came into force (71%). This data indicates that there has been a low positive improvement in consumer outcomes following the introduction of our rules.
- 5.56** In 2023 Which? undertook a survey of 2,458 consumers looking for travel insurance with cover for their medical conditions. They found that 26% used either the MaPS' or BIBA directory. They also found that consumers who used the directories were much more likely to report that the firms on the directories offered better prices than those they had been offered elsewhere.
- 5.57** Another consumer organisation told us that feedback from consumers who contacted them found that the directories were useful in helping them to find cover for their PEMCs.

Wider competition impact

- 5.58** We did not expect our signposting intervention to have an impact on the wider travel insurance market. Non-specialist firms told us that they had not seen a material impact on their travel business.

Other matters

Medical screening

- 5.59** Several stakeholders raised concerns about consumers being asked about medical conditions which they have been fully recovered from over 5 years and the potential impact on premiums.
- 5.60** In practice, consumers with a medical condition typically go through a 2 stage process. Travel firms ask consumers questions to determine whether they need to go through the medical screening process. Some firms ask whether the consumer has ever suffered from a medical condition, whereas other firms ask whether the consumer has suffered from a medical condition within a certain period of time. If the consumer reports a medical condition they go through the medical screening, where they will be asked questions to determine the medical risk. This is used to generate a medical screening score that firms use to calculate the medical condition premium. Where open ended

questions (such as 'have you ever') do not materially help in assessing the medical risk, firms should consider amending their questions to be more targeted.

How do firms set the price?

- 5.61** Most firms that offer travel insurance covering PEMCs use the medical risk assessment firm (Verisk) to provide a medical risk score (effectively a risk multiple). Firms typically use this score as a multiple to apply to a base risk or premium. The overall risk price and premium will be affected by a range of factors, both medical (including nature and severity of condition) and other factors such as destination, age of the consumers, length of trip. Some destinations, such as USA, represent a higher risk to insurers of higher claims costs in the event of a medical claim. The limited transactional level data we collected from a small number of firms showed that age, destination, medical screening score, trip length as expected affect both the risk price and the retail premiums paid by consumers.
- 5.62** We remind firms of our guidance that 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. This guidance is also relevant where consumers are charged a medical condition premium for a condition they have recovered from or are in remission from cancer. Firms should also consider their obligations under the Equality Act 2010 and equivalent laws in Northern Ireland.

Chapter 6

Next steps

- 6.1** We will continue to monitor the travel insurance market through our ongoing engagement with stakeholders, including firms and the travel directories and take appropriate action where we consider firms are not complying with our rules.
- 6.2** We recognise that some consumers with more serious PEMCs may continue to struggle to find travel insurance covering their condition at a price they consider to be affordable. We encourage those consumers to shop around for cover as there are a range of firms that offer cover for consumers with PEMCs. Firms and trade bodies could do more to improve transparency to consumers around the higher costs and claims that firms incur and the value of the insurance in providing cover for consumers with serious PEMCs.
- 6.3** Below we set out a table of action points or potential action points from our review:

Area	Action/potential action	Who
Compliance	Firms need to ensure their website disclosures of a directory are sufficiently prominent, clear and accurate and that they signpost appropriately on consumer journeys.	We intend to follow up with firms that fall below our requirements.
	Firms need to ensure consumers are getting fair value from their travel insurance products. In addition, we expect firms to act on findings from our wider insurance product governance thematic review.	Firms
	We intend to follow up with one specialist provider about its inclusion on the directories as data indicates that its ability to offer cover to consumers with serious PEMCs may be more restricted compared to other specialist firms.	FCA
Potential amendments to our rules	The £100 medical condition premium trigger for signposting could be raised to reflect increases we have seen in medical costs, claims and risk prices	We expect to consult later this year.
	We will consider the case for amending the Medical Cover Firm Directory definition to address the 'gaming' risk where firms have more than one brand listed on a directory.	We will consider the need to make changes to the definition.

Area	Action/potential action	Who
The Directories	As part of the process to consider whether firms can cover more serious medical conditions, the directories consider whether firms can cover a range of health scenarios, alongside other hypothetical information such as destination and length of trip. The hypothetical information could be further developed to more closely reflect how consumers are using the directories.	We will engage with the directories on updating the health scenarios.
	There is an opportunity for specialist firms to feedback summary information to the directories, to potentially enhance the directories (including the search filters) to reduce the risk of consumers going from the directories and being refused cover.	Engagement between specialist providers and the directories.
	MaPS and BIBA should continue to engage with each other as they seek to update and improve consumer journeys on the directories. For example, the directories could highlight to consumers upfront that they may find it easier searching for single trip cover rather than annual cover.	MaPS and BIBA
Medical Screening	Where open ended questions (such as 'have you ever') do not materially help in assessing the medical risk, then firms should consider amending their questions to be more targeted.	Firms
	We remind firms of our guidance that they 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 should also consider their obligations under the Equality Act 2010 and equivalent laws in Northern Ireland.	Firms

Annex 1

Abbreviations used in this paper

Abbreviation	Description
ABI	Association of British Insurers
BIBA	British Insurance Brokers' Association
CBA	Cost benefit analysis
FIS	Find Insurance Service
IPT	Insurance Premium Tax
MaPS	Money and Pensions Service
MMHPI	Money and Mental Health Policy Institute
PEMC	Pre-Existing Medical Condition

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