



Case study: Insurance

Private Health Insurance Terms and Conditions Misunderstanding

Themes: excluded claim – policy wording

Mr and Mrs M held a medical insurance policy to meet the cost of private health care. According to the terms and conditions of the policy, treatments which are ‘outpatient’, defined as “private specialist consultation, diagnostic procedures and treatment by a specialist, other than in-patient or day-care treatment”, are not covered by the policy.

Both Mr and Mrs M required a virtual colonoscopy, with Mrs M then going on to receive a full colonoscopy. Mrs M was subsequently required to book an appointment to have a polyp removed from her colon that was not completely removed during the full colonoscopy. The treatment resulted in financially significant costs to Mr and Mrs M, leading them to request to meet with the insurance provider to discuss the extent of their cover.

Mr and Mrs M were informed that the insurance provider would not cover the costs of the procedures due to the outpatient nature of the treatment. Mr and Mrs M disputed that the treatments were outpatient in nature as they were in an operating theatre, they were both under anaesthetic, and Mrs M was operated on by a qualified surgeon. They argued that the treatment should be covered as inpatient treatment or day-care/surgery treatment. When the insurance company declined the coverage, Mr and Mrs M referred their complaint to the Channel Islands Financial Ombudsman (CIFO).

After reviewing the case, CIFO decided that the insurance provider was not unreasonable when it declined coverage for the treatment. CIFO reviewed the terms of the insurance policy. It was clearly written in the terms and conditions that the insurance policy did not cover outpatient treatment. The definition of outpatient treatment was key to the complaint and the definitions in the policy and in external resources supported the insurance company’s position rather than the complainants’. CIFO also noted that the website of the health centre used by Mr and Mrs M stated, “We perform upper GI endoscopy and colonoscopy at our well-equipped outpatient endoscopy centre”.

Mr and Mrs M accepted the decision of the Ombudsman and the issue was resolved.