

The Benefits of Private International Health Insurance

by Dr. André Herrmann

Many countries run a compulsory health insurance scheme or a public health system which provides at least basic cover. Domestic health insurers also offer different types of private medical insurance, inclusive of cover for temporary stays abroad. In most countries, however, the cover offered by local health insurers is limited to residents of that country. If someone moves abroad, their health insurance policy will not as a rule be continued. They are left with a choice of finding another local insurer in their new country of residence or of turning to an international health insurer.

While good local health insurance is available in many countries, it may be difficult to obtain truly global cover which includes an unrestricted choice of doctors and hospitals worldwide. Although an international insurance policy which provides such cover independently of the place of residence or duration of stay in any particular country is naturally more expensive, it is often well worth the extra cost. On the other hand, some national health plans also offer a restricted-area option (for instance to Europe only) for people who do not need worldwide cover and instead prefer to reduce their premiums in this way.

About two-thirds of expatriates with private health insurance are covered by a corporate plan arranged by their employer. Those not eligible for this benefit or who prefer to make their own arrangements can do so by taking out a private health insurance policy. However, private international health insurance makes sense not only for expatriates. Even those who have no plans ever to live abroad would do well to choose an international health plan in preference to local private health insurance. Because the public health systems of most countries provide only basic services and do not offer a free choice of doctors and hospitals,

comprehensive cover is strongly recommended and is sometimes available only by choosing an international health plan.

To ensure uninterrupted health insurance cover at reasonable cost when moving abroad, one should be aware of the relevant legislation in the various countries. Some countries make provision for all residents to be covered by mandatory basic health insurance, so nationals returning from abroad may also benefit from at least such basic cover. However, it is naturally at the discretion of the private insurers to decide who shall be eligible for their private health cover. Persons over 55 years of age or with health problems may find it difficult or even impossible to obtain private health insurance in addition to the basic healthcare provided by the country to which they are returning. So it is highly advisable to take out appropriate health insurance at a younger age and before the first signs of ill health manifest.

There are many health plans to choose from whose benefits and prices vary widely. Policies differ greatly not only in their cover of optional extras such as homeopathy for example, but also of major eventualities such as transplants and chronic illnesses. It is therefore relatively difficult to compare the wide range of products available internationally, and considerable time and effort is needed to obtain at least an overview of the key features, benefits, exclusions, options and premiums.

Very often, people look at what they currently pay but neglect to consider what will happen when they get older. Most insurers charge tiered premiums, with the tiers typically rising in age bands of five years. The premiums of some health plans become extremely expensive for higher age bands. This pricing policy is justified by pointing out that the need for medical care becomes more likely with

increasing age. However, a few companies offer more balanced premium curves.

If you need long-term cover, you should not only look at the product but also at the company itself. There are many attractive policies on the market, some of them at very affordable prices. However, it is advisable to check out the company's claims handling procedure, and it also makes sense to ask what the situation will be like in ten years' time and whether the health plan – or even the company – is still likely to be around.

Nearly all private health insurers operate through brokers who give advice to those seeking insurance. In return, the brokers receive a commission from the company whose product is chosen. However, no provider reduces the premiums by the value of

this commission if the client buys from them directly. It therefore makes sense to seek such advice as long as the broker is really independent, has the necessary expertise and experience, and does not work under contract for only one insurer. Independent insurance consultants are experienced in identifying potential problems because they continuously monitor the health insurance market worldwide and compare cover, premiums and level of service.

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