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# Intermediary Q&A guide

Information on your clients' health insurance cover in light of the COVID-19 pandemic

**This document is correct as of June 2022.**

We will update this document as the situation progresses, so please keep checking back and re-downloading the link for the latest information.

Throughout the pandemic, we remained focused on helping your clients get access to the medical support they needed.

However, there were times when it was more difficult to access private treatment. This was the case particularly during the first phase of the pandemic where private facilities supported the NHS in the national effort to combat COVID-19.

During the pandemic, some treatment was delayed and some was cancelled. We initially expected the period of lower claims to be broadly offset by the period of higher claims once access to private hospitals opened up again.

We now know PMI claims to Aviva have been lower than planned over this entire period. This means we will be returning the difference between expected claims costs and actual claims costs to UK PMI policyholders as we pledged.

**If you have any questions after reading these FAQs, please speak with your usual Aviva contact.**

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## 1 Our COVID-19 Pledge

Please read our updated COVID-19 Pledge:

 [aviva.co.uk/covid19-pledge](https://aviva.co.uk/covid19-pledge)

### **Q As you extended the pledge period, are you paying interest on top of the pledge payment?**

**A** No. In October last year, we said we would extend the pledge period to allow us to make a fuller assessment of the situation. Since then, we've seen that claims have been slower to catch up than we expected and this has been the key driver in us determining that now is the right time to be making these COVID-19 Pledge payments, whilst also being fully aware of the current pressures on household finances.

We'll continue to monitor the situation and will review the position at the end of the year to see if a further payment is due in 2023. In line with our commitment about payments made in 2023, we'll add a 20% enhancement to any second payment.

### **Q Are you bringing forward the payment to avoid paying the 20% goodwill enhancement?**

**A** No, we're not. Since we made our statement to the market in October 2020, it's become clear that we aren't seeing claims catch up as expected, so we'll continue to monitor the situation. We've decided the best thing for our customers is to pay them now. That's the reason we re-evaluated our decision to delay the pledge payment.

In addition, we'll also review the position at the end of the year to establish whether a further payment is due in 2023. In line with our commitment around any payments made in 2023, we will add a 20% enhancement to any second payment.

### **Q When do you expect to make the pledge payment?**

**A** We'll be in touch with over the coming months to let you know if and when we will be making a pledge payment to your clients. Fully insured or fully insured corporate excess customers may be eligible for a COVID-19 Pledge payment if they paid a premium between 1 March 2020 to 31 March 2021 when treatment may have been delayed or cancelled during that time and claimed less than expected.

## **Q How will you pay the pledge amount?**

**A** We are offering your clients a choice of three options:

- 1** An immediate return of funds
- 2** Reduce their single rate at their next renewal
- 3** A charity donation

If your clients choose an immediate return of funds, we will repay the pledge amount in the same way they paid their most recent premium. We have to do it this way to comply with anti-money laundering regulations. So, if they paid by direct debit, we will make a BACS refund to the account we hold details for, and if they paid by cheque, we will pay by cheque. If we can't pay by direct debit for any reason, we will send a cheque. This may take slightly longer. If your clients paid directly into our bank account, they will need to give us their bank details. These must be the same bank details used to pay their most recent premium.

If they choose a reduction in their renewal price, we will adjust the single rate for the pledge amount once we have finished all other price negotiations. We can do this for July 2022 renewals onwards as long as they tell us they want to take this option by 31 June 2022.

If your clients choose to donate to charity, we will bundle your payment with all others who choose this option and donate the payment to the British Red Cross. As this is no longer a return of the premium, it won't include the Insurance Premium Tax amount.

If they decide not to renew their policy, we will send their pledge payment by direct debit or cheque, as outlined in option 1 above.

## **Q How soon will my clients get their pledge payment?**

**A** If they choose an immediate return of funds, we will pay as soon as possible after learning that is their preference.

## **Q Are you guaranteeing a minimum payment?**

**A** No, there is no minimum payment. We will pay all pledge amounts, no matter how small.

## **Q How have you calculated the overall COVID-19 Pledge payment?**

**A** We've monitored the claims experience for each of our client segments across personal and group health insurance. Where claims have been lower than planned, we have created a reserve from which we will pay the pledge payments and any claims which catch up by 31 December 2022.

We've calculated the pledge payment based on our best view of lower than expected claims by 31 December 2022. If there is still a balance on the reserve at the end of 2022, we will make a second pledge payment and apply a 20% goodwill payment.

Grant Thornton UK LLP has independently reviewed our proposed approach and is satisfied it delivers on the commitments we made in the COVID-19 Pledge, achieves a reasonable balance between the varying interests of customers and is in line with our regulatory obligations.

**Q How have you calculated the COVID-19 Pledge payment for my fully insured and fully insured corporate excess clients?**

**A** We've assessed each scheme individually by completing a thorough review of how portfolio and individual customer claims have been affected over the period.

We've based the scheme's pledge payments on its claims' performance relative to its proportionate insurance claims fund over the eligibility period of 1 March 2020 to 31 March 2021.

A scheme will get a pro-rata payment if they were not active for the whole of the period and even if it no longer holds a policy with Aviva. Schemes that have claimed more than expected over this period will not get a payment. This is because their claims performance will have been broadly in line with expectations over that time.

Where relevant, the pledge payment will include a refund of insurance premium tax at the applicable rate.

Grant Thornton UK LLP has independently reviewed our proposed approach and is satisfied it delivers on the commitments we made in the COVID-19 Pledge, achieves a reasonable balance between the varying interests of customers and is in line with our regulatory obligations.

**Q How will it affect P11D?**

**A** Employee tax rules are complex, so the company receiving the pledge payment will need to assess their own circumstances and seek appropriate tax advice. However, an important consideration is that under the Optional Remuneration Arrangements legislation, refunds to the employer for that part of a premium funded by salary sacrifice will not reduce the P11D reportable value as it would for employer fully-funded cases. If any refund is passed as cash to the member, this will need to be processed through payroll by the employer as taxable employment income.

**Q How do my clients and I know you are not profiting from the COVID-19 situation?**

**A** We believe we are not profiting from the pandemic. We have projected claims to 31 December 2022 and will return any shortfall in expected claims to customers. We asked Grant Thornton UK LLP to independently review our decision to bring our pledge payments forward. They made the following statement:

"We have independently reviewed Aviva Health UK Limited's proposed approach to fulfilling its COVID-19 Pledge to Consumer, SME and Large Corporate customers and have considered whether the proposed approach delivers on the commitments made to its customers in the COVID-19 Pledge, and is reasonable, fair and in line with its regulatory obligations. We recognise that finding the right balance between fairness and simplicity is challenging, and there is no single approach that will fully satisfy all stakeholders. We are satisfied that Aviva Health UK Limited's approach to fulfilling the COVID-19 Pledge achieves a reasonable balance between the varying interests of customers."

**Q Is it possible you may need another COVID-19 Pledge period if there is more disruption?**

**A** We have no plans to do this. However, if there are further changes, we will assess customers' ability to make claims and decide how to act then.

**Q When do you expect to make the pledge payment?**

**A** We'll be making the payment over the coming months, so we'll write to you soon to tell you more about the payments for your fully insured and fully insured corporate excess clients.

**Q Will you tell me how much you will pay each of my clients?**

**A** Yes, we will give you a breakdown of the pledge payments we'll be making to your clients.

**Q My client pays by cheque every year but wants the pledge payment sent to them by a different method. Is that possible?**

**A** No. Under anti-money laundering regulations, we must return the money to the source it came from. Because of this, we'll pay using the payment method your client used to pay their most recent premium.

**Q What if one of my clients has changed bank details?**

**A** We'll make the payment to the account that pays the premiums as recorded on our administration platform. If bank details have changed, your client would follow the usual business process of telling us this. If the pledge payment fails because of incorrect bank details, we will contact your client directly to ask for clarification.

**Q What happens if a company has become insolvent or ceased trading and their bank account is closed?**

**A** Where possible, we will make the pledge payment to the administrator or trustee of the bankruptcy. If the company has been fully liquidated and we're unable to make a payment, we'll contact the Treasury Solicitor to make the payment to the Crown under the Bona Vacantia rules. If the Crown does not want to receive the payment, we'll make a charitable donation for the amount instead.

**Q Can my client choose for you to make the payment to a charity?**

**A** Yes, your clients can ask us to donate their payment to the British Red Cross. As this isn't a return of premium, it won't include the Insurance Premium Tax amount.

**Q Will this have an impact on future renewal increases?**

**A** No, any future pricing variation will be in line with our normal assessment of our future claims experience. We're making the pledge payment from a reserve we have held for this purpose.

**Q What if my client has left Aviva?**

**A** If your client had a policy during the eligibility period of 1 March 2020 and 31 March 2021, they may get a COVID-19 Pledge payment even if they no longer hold a policy with us.

**Q My client's premium reduced at renewal. Are they still eligible for the COVID-19 Pledge payment?**

**A** The renewal premium is not a factor in eligibility for a pledge payment. We may make a payment to anyone who paid a premium between 1 March 2020 and 31 March 2021.

**Q My client recently switched their policy to Aviva. Are they eligible for the COVID-19 Pledge payment?**

**A** Your client will only be eligible for a COVID-19 Pledge payment if they had a policy during the eligibility period of 1 March 2020 and 31 March 2021.

**Q Will you tell all my clients about their COVID-19 Pledge payment at the same time?**

**A** To help us answer any questions efficiently, we plan to stagger our broker communications over two weeks. We expect to begin contacting you imminently, so you can begin talking to your clients.

**Q Why has it taken so long for you to make the pledge payment?**

**A** Our original COVID-19 Pledge stated we believed the period of disruption would be over 2020 and 2021. After this, we would assess our claims experience and make sure we returned any difference in claims costs to customers.

As the pandemic continued in the latter part of 2021 with new variants with an unknown impact at the time, we extended the timeframe of the pledge to the end of 2022. Although we still expect to see further delayed claims coming through in 2022, an extensive review of our claims experience has concluded that a payment earlier in 2022 delivers the best outcome for customers.

We will continue to monitor claims delayed as a result of the pandemic until the end of the pledge period on 31 December 2022. We remain committed to returning any difference in excess claims costs through a further payment in 2023 if necessary. Any such payment will include a 20% goodwill enhancement.

**Q Different areas of the country saw different disruption levels during the pandemic. Will you take this into consideration?**

**A** Payments to large corporate clients will depend on their own scheme's claims experience, so will implicitly reflect their location.

**Q What would Aviva's position be in the event of further restrictions?**

**A** We don't expect restrictions on the scale seen during 2020/2021. Services are now available for customers seeking treatment. If further restrictions happen, we will assess customers' ability to make claims and decide how to act then.

**Q Does this set a future precedent should a different type of event mean my clients are unable to access the private services and facilities offered through Aviva policies?**

**A** We will assess any future disruption on its own merits.

**Q Will you make the payment by scheme, member or lives?**

**A** We'll make the payment to the bill payer of the policy. We've based the payment on the premium paid for cover between 1 March 2020 and 31 March 2021. The eligible premium will reflect any changes to membership or cover during that period.

**Q Will my client get a pledge payment if they made a claim or if they are about to make a claim?**

**A** Yes, they will.

**Q Will this affect my commission?**

**A** There is no commission clawback for you to worry about.

**Q Are you paying this for all policies, like car and home insurance?**

**A** No, the COVID-19 Pledge was for private health insurance customers only to cover reduced access to medical treatment, which led to the reduced usage of PMI policies.



## 2 Policy cover and benefits

### **Q Does the policy cover vaccinations and vaccination side effects?**

**A** A vaccination is a preventative measure, rather than a treatment for an acute condition, so is not covered under the policy. Likewise, we don't cover any side effects your client may experience after the vaccination as they are a consequence of an event not covered under their policy terms.

### **Q Do my clients still need to be tested for COVID-19 if they need treatment, and if so, what cover is there?**

**A** If your clients are about to undergo private medical treatment, we'll pay for them to have a PCR test if required to identify whether they have the virus.

By funding the test, we're able to help your client's doctor decide whether it's safe to continue with their treatment. Testing before surgery also helps protect the medical team and control the risk of infection in the hospital.

We will pay for clients with symptoms to have a PCR and/or antibody test if their specialist recommends it as a tool to support a diagnosis. This depends on the policy terms and conditions. It falls within the outpatient benefit limit, so if the policyholder doesn't have out-patient cover, we won't pay for the PCR test.

We will also reimburse the cost of a PCR and/or antibody test for a client with symptoms under their GP referred benefits cover - if they have it - on our Solutions product, if their GP recommends it.

### **Q What's not covered?**

**A** We don't pay for self-referral for PCR testing as a screening tool. While your client might find it helpful to know if they have COVID-19 or not, if they do have symptoms, their testing, care and support would be provided by the NHS.

Similarly, we don't cover self-referral for antibody testing for asymptomatic clients. There are several reasons for this. While the main issue relates to reliability and the risk this could pose the individual, we believe there are also social issues such as inequality to consider.

### **Q What if COVID-19 exacerbates an underlying condition?**

**A** We'll manage care for anyone who has underlying conditions which are exacerbated by COVID-19 in line with policy terms and conditions in the usual way.

### **Q If my clients are having care for COVID-19 at a private hospital under the NHS, hospital, can they still claim NHS cash benefit?**

**A** Yes, absolutely. If they're under NHS care, we will pay any valid claims for NHS cash benefit, no matter whether they're in an NHS hospital or a private one.


### **Q If my client cancels their policy now, and takes out a new one after the COVID-19 pandemic has passed, how might this affect their claims or premium in the future?**

**A** If they're thinking of cancelling their policy, they should get in touch with their usual Aviva contact and we'll discuss the best solution for them and their future ability to make claims.

## **Q My client wants to cancel their policy; how do I do it?**

**A** If your client is thinking of cancelling their policy, please get in touch with your usual Aviva contact and we'll discuss the best solution for them and their future ability to make claims.

They can get in touch with us on:

 **0800 051 1530** Lines are open 8.30 am to 6.00 pm, Monday to Friday.

We may monitor and/or record calls to and from Aviva. They need to make sure they do this within 45 days of their employer's cancellation to keep their current underwriting.

## **3 How to get further help**

If you still have questions after reading these FAQs, please speak with your usual Aviva contact.

It's worth checking if we've updated this document since you last downloaded it. We're revising it frequently as the situation progresses, so please click the link again to see if we've added an answer to the question you have.

We've put the following questions online to help your clients, so please make sure you check our website for the latest information.

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Aviva Health UK Limited acts as agent of Aviva Insurance Limited for the purposes of: (i) receiving premium from our clients; and (ii) receiving and holding claims money and premium refunds prior to transmission to our client making the claim or entitled to the premium refund.

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