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39	A	B	C	D	E

PRACTICE QUESTIONS

Chartered Insurance Institute (CII)

BM Y5NA59

IF7 - Healthcare insurance products

EDITION

Demo

QUESTIONS

9

FORMAT

Limited Edition PDF

Before you begin

What this is

9 practice questions for Chartered Insurance Institute (CII) **BMY5NA59**, each with its answer key and an explanation. Answer a question before you read its key — the explanation is worth more once you have committed.

If something looks wrong

Send us three things and we will check it:

- the exam code, **BMY5NA59**
- the question number
- the email address on your order

Write to **support@mometrix.net**. We reply within one business day.

QUESTION 1 SINGLE CHOICE

Which of the following best describes a key characteristic of UK private medical insurance (PMI) compared with treatment provided by the National Health Service (NHS)?

- ☐ A PMI provides comprehensive cover for all acute and chronic conditions on a long-term basis.
- ☒ B PMI is designed primarily to provide fast access to diagnosis and treatment of acute conditions on a short-term basis.
- ☐ C PMI replaces the NHS by providing full cradle-to-grave healthcare cover.
- ☐ D PMI only covers cosmetic surgery and dental treatment.

ANSWER B

WHY UK PMI is designed to complement the NHS, not replace it. It typically provides rapid access to diagnosis and treatment of acute conditions (those that respond to treatment and lead to recovery) on a short-term basis. Chronic conditions and long-term care generally remain the responsibility of the NHS, which makes option B the correct answer.

QUESTION 2 SINGLE CHOICE

Under a typical UK private medical insurance policy, in-patient treatment is most accurately defined as:

- ☒ A Treatment received at a hospital where the patient is admitted and occupies a bed overnight or longer.
- ☐ B Treatment received at a hospital for less than 24 hours without the use of a bed.
- ☐ C Treatment given by a GP or specialist in a consulting room.
- ☐ D Treatment provided by a paramedic at the scene of an accident.

ANSWER A

WHY In-patient treatment refers to treatment where the patient is formally admitted to hospital and occupies a bed either overnight or for a longer period. Day-patient and out-patient treatment are separate categories, with day-patient involving admission but not an overnight stay and out-patient not requiring admission at all.

QUESTION 3

SINGLE CHOICE

Which underwriting method under healthcare insurance requires the policyholder to disclose their full medical history at the point of application, with the insurer then deciding whether to accept the risk and on what terms?

- ☐ A Moratorium underwriting
- ☐ B Continuing medical exclusions
- ☒ C Full medical underwriting (FMU)
- ☐ D Switch/Credited underwriting

ANSWER C

WHY Full medical underwriting (FMU) requires the applicant to provide their complete medical history when applying. The insurer assesses the information, decides whether to accept the application, and applies any specific exclusions or loadings. Moratorium underwriting, by contrast, does not require full disclosure but applies general exclusions based on conditions treated in the recent past.

QUESTION 4

SINGLE CHOICE

Under a moratorium basis of underwriting for a private medical insurance policy, a pre-existing condition will generally become eligible for cover after a continuous claim-free period of:

- ☐ A 1 year from the policy start date
- ☒ B 2 years from the policy start date
- ☐ C 5 years from the policy start date
- ☐ D It is never covered under moratorium underwriting

ANSWER B

WHY Under the standard moratorium basis, pre-existing conditions that have not required treatment, advice or medication in the previous 5 years are typically covered, but a condition that has occurred or been treated during the 5 years before inception is excluded for a continuous claim-free period of 2 years after the policy start date.

QUESTION 5

SINGLE CHOICE

Which of the following statements correctly describes a healthcare cash plan?

- ☐ A It pays the full cost of private hospital treatment up to an annual limit.
- ☒ B It provides fixed daily or per-treatment cash amounts towards the cost of items such as dental, optical and physiotherapy treatment.
- ☐ C It is regulated in the same way as a private medical insurance policy.
- ☐ D It only covers in-patient hospital stays.

ANSWER B

WHY Healthcare cash plans are a distinct, simpler form of cover that pay fixed cash amounts (often per day or per treatment) towards everyday health costs such as dental, optical, physiotherapy, specialist consultations and hospital stays. They are generally not classed as insurance in the same way as PMI and are not subject to the same underwriting requirements.

QUESTION 6

SINGLE CHOICE

Why do insurers typically offer preferential terms on group private medical insurance schemes compared with individual policies?

- ☐ A Because group schemes are legally exempt from underwriting requirements.
- ☒ B Because the risk is pooled across many lives and the employer usually pays some or all of the premium.
- ☐ C Because group schemes never require medical evidence from employees.
- ☐ D Because group schemes are always sold without any exclusions.

ANSWER B

WHY Group PMI schemes benefit from the pooling of risk across a large number of lives within an organisation and are typically subsidised by the employer. This often allows insurers to offer broader cover, lower premiums and simpler administration than would be available to individuals. Group schemes are not exempt from underwriting; moratorium or medical history declarations are still commonly used.

QUESTION 7

SINGLE CHOICE

Which of the following conditions is most commonly excluded as standard under a UK private medical insurance policy?

- ☐ A Acute appendicitis requiring surgery
- ☒ B Cosmetic surgery performed purely to improve appearance
- ☐ C Hernia repair following a confirmed diagnosis
- ☐ D Cataract surgery required to restore sight

ANSWER B

WHY Standard PMI policies typically exclude cosmetic treatment carried out purely to improve the patient's appearance, as well as chronic conditions, normal pregnancy and childbirth, and pre-existing conditions. Acute conditions such as appendicitis, hernias and cataracts that require active treatment are normally eligible benefits.

QUESTION 8

TRUE FALSE

Standard UK private medical insurance policies routinely cover chronic conditions such as ongoing management of diabetes or asthma on a long-term basis.

- ☐ A True
- ☒ B False

ANSWER B

WHY False. PMI is intended to cover the acute, short-term treatment of medical conditions that will respond to treatment and lead to recovery. The long-term management of chronic conditions, such as diabetes, asthma and many long-term cardiac conditions, is normally excluded and remains the responsibility of the NHS.

QUESTION 9

SINGLE CHOICE

In the context of UK healthcare, which statement best describes the respective roles of the National Health Service (NHS) and private medical insurance (PMI)?

- ☒ **A** The NHS provides treatment funded by taxation, while PMI primarily enables eligible policyholders to access private-sector healthcare for covered acute conditions.
- ☐ **B** The NHS provides only emergency care, while PMI provides all routine and long-term healthcare.
- ☐ **C** The NHS is funded entirely by insurance premiums, while PMI is funded through general taxation.
- ☐ **D** The NHS and private medical insurers provide identical benefits and use the same hospitals.

ANSWER A

WHY The NHS is a taxation-funded public health service. Private medical insurance generally helps eligible policyholders pay for treatment in the private healthcare sector, particularly medically necessary short-term treatment, rather than replacing every NHS service.