AVIVA

A Guide to Lifetime Community Rating



An introduction to Lifetime Community Rating

What is Lifetime Community Rating?

In Ireland, everybody is charged the same premium for a particular health insurance plan, irrespective of their age, gender and the current or likely future state of their health. This is called community rating.

On the 1st May 2015, the government will introduce Lifetime Community Rating legislation. Under Lifetime Community Rating (LCR), community rating is modified to reflect the age at which a person takes out private health insurance. Late entry loadings are applied to the premiums of those who join the health insurance market at age 35 or over.

If you are 35 years of age or over and you do not have health insurance before 1st May 2015, due to Lifetime Community Rating your premium may cost more.

If you take out private health insurance earlier in life, and retain it, you will pay lower premiums compared to someone who joins when they are older.

Why is LCR being introduced?

The primary purpose of introducing LCR is to encourage people to purchase health insurance at a younger age. Encouraging more people to join the market at younger ages helps spread the costs of older or less healthy people across the market, helping to support an affordable premium for all.

Who will pay lifetime community rating loadings?

Loadings will apply on health insurance policies that start on or after the 1st May 2015. From this date, anyone who takes out private health insurance at age 35 or over, who has never had health insurance in Ireland before or has had a break in their cover of more than 13 weeks, will pay a loading. The level of loading will depend on the age at which the person takes out private health insurance.

Note: *There is a grace period up to **30th April 2015** prior to the introduction of loadings during which individuals of any age can purchase private health insurance without incurring loadings. Following the expiry of the grace period, the only way to avoid paying late entry loadings is to take out private health insurance before reaching the age of 35.*

How will this affect me?

How are the loadings calculated?

From the 1st May 2015, if you are purchasing a private health insurance policy for the first time at age 35 years or older you will pay a 2% loading on top of your premium for every year you are aged over 34 up to a maximum of 70%.

Example:
If you take out a private health insurance policy for the first time at age 40 on or after 1st May 2015, you will pay 12% more than someone who took out their cover before the grace period expired.
i.e. 2% X 6 years = 12% loading

Are there any exemptions from lifetime community rating loading?

Yes.

- There will be no LCR loadings applied to those who have health insurance before the grace period (30th April 2015).
- If you have held health insurance in the past, this period of time will become a qualified credited period.
- If you have received certain types of social welfare payments or have been financially dependent on someone who has received such payments, you may be entitled to receive credits.
- If you have lived abroad before the 1st May 2015 and return to Ireland after this date, you have 9 months to take out health insurance without any loadings.

If I had private health insurance previously, but had a break in my cover, do I still have to pay the loadings?

Yes – but the level of loading will be reduced by the number of previous years health insurance cover they had.

Can I drop my private health insurance cover for a period of time?

Periods of up to 13 weeks without cover will be allowed without affecting your loading.

Will I have to pay a loading for the rest of my life if I continue to maintain my private health insurance cover?

Yes. The loading that applies when a person buys private health insurance after the 1st May 2015 will apply in subsequent years.

Why is LCR being introduced from age 35 rather than a younger or older age?

LCR legislation outlines that 35 is considered to be an appropriate age to allow young people sufficient time to complete education and to achieve secure employment for a number of years before taking out a health insurance policy.

Why is the rate of loading set at 2% per year?

LCR legislation outlines the method used to calculate the rate of loadings is based on an assessment across all ages in the market. 2% per year is considered to be a reasonable rate of increase, without being overly punitive.

Can an insurer make an exemption for me from the LCR loading?

No, under LCR legislation, loadings cannot be waived by the insurer.

What happens if I switch from one insurer to another?

Switching from one insurer to another or from one policy to another does not affect the applicable loading. Loadings, if any, will continue to apply and insurers are required to supply each other with proof of an individual's prior cover.

For more information please contact your broker.

Examples of Lifetime Community Rating Loadings in Practice

Purchasing health insurance *before* 1st May 2015

(for the first time or following a lapse in cover)

Brian, 37

If I take out health insurance for the first time during the grace period – do I pay a loading on my health insurance premium?

In this example, no loadings will apply.

Purchasing health insurance *on or after* 1st May 2015

(for the first time or following a lapse in cover)

Sean, 34

If I take out health insurance for the first time following expiry of the grace period, will loadings apply?

In this example, no loadings will apply, as the age of entry is less than 35.

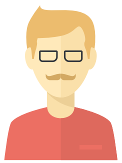
Caroline, 45

If I take out health insurance for the first time following expiry of the grace period, will loadings apply?

Yes, in this example, the late loadings will apply, calculated as follows:

Age	45
Less any qualifying credit – Prior PHI cover	0
Social welfare credit period	0
Age at entry (for loadings purposes)	45
Applicable loading (11 x 2% per year)	***22%***

Michael, 45



If I take out health insurance following expiry of the grace period, having had health insurance cover for 7 years (up to 2008) – will loadings apply to me?

Yes, in this example, the late loadings will apply, calculated as follows:

Age	*45*
Less any qualifying credit – Prior PHI cover	*7*
Social welfare credit period	*0*
Age at entry (for loadings purposes)	*38*
Applicable loading (4 x 2% per year)	***8%***

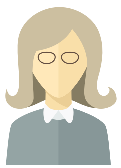
Sharon, 50

I have had health insurance previously for 10 years but lost my job in 2010 and have three years qualifying period of unemployment – if I take out health insurance after 1st May 2015, will I have to pay loadings and if so how much?

Yes, in this example, the late loadings will apply, calculated as follows:

Age	*50*
Less any qualifying credit – Prior PHI cover	*10*
Social welfare credit period	*3*
Age at entry (for loadings purposes)	*37*
Applicable loading (3 x 2% per year)	***6%***

Marguerite, 65



I have never had health insurance and have no qualifying period of unemployment – if I take out health insurance after 1st May 2015, will I have to pay loadings and if so how much?

Yes, in this example, the late loadings will apply, calculated as follows:

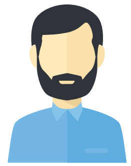
Age	*65*
Less any qualifying credit – Prior PHI cover	*0*
Social welfare credit period	*0*
Age at entry (for loadings purposes)	*65*
Applicable loading (31 x 2% per year)	***62%***

Victor, 55

I have come to live in Ireland in February 2016 (following expiry of the grace period for Irish residents) and take out health insurance – do I pay a loading on my health insurance premium?

A grace period is also provided for persons coming here from abroad, who take up residence in the State after 1 May 2015. An individual will have 9 months, following their arrival in the country, to take out health insurance before late entry loadings will apply. This is an equivalent measure to that available to an Irish resident. The onus will be on the individual to demonstrate to an insurer that this is now their principal residence, so therefore **no loadings apply.**

James, 50



I am 50 years old and have health insurance for many years. I know my current employment contract will expire in (August 2015) and I will likely be forced to let my cover lapse – will I have to pay loadings when taking out health insurance again and if so how much?

In this example, no loadings will apply.

Age	*50*
Less any qualifying credit – Prior PHI cover	*27*
Social welfare credit period	*0*
Age at entry (for loadings purposes)	*23*

As James had cover from 1 May 2009 and 30 April 2015 it is assumed that he has had cover from age 23. As a result the age of entry is beneath the threshold of age 35 and no loadings apply.

For more information please contact your broker.

Information contained in this booklet has been adapted from information provided by the HIA. Correct as of February 2015.
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