



## Staff Absence Insurance: Beware the Small Print

Absence Protection has long believed in open and transparent policy terms. The staff sickness insurance market for schools is becoming increasingly competitive, resulting in a multitude of providers offering a confusing range of policies. It is difficult for schools to compare quotes properly, as each policy has different benefits and exclusions. How are hard-pressed school Bursars and Business Managers to make sense of this, and to ensure that they are accessing the best value for their school?

- Always ask to see a **Specimen Policy** – and read it. Don't rely on the summary provided with your quotes. We have even seen quotes that directly contradict the content of the policy and are misleading. If you would like help explaining some of the legal terms or insurance jargon, our schools team would be happy to help
- Always ask for current client schools to contact as **referees** for the service. Don't be fobbed off by statements about 'years of experience' – ask to speak to someone who has been looked after by that company for over a year
- Always ask who the **insurer** is, and whether the company is linked to any other providers. We have seen Specimen Policies that do not state the Insurer's name which is against FSA guidelines. Also, ask how long the provider and insurer have worked together. Some brands are owned and run by the same company and quotes offered against each other may not be truly competitive.
- Always ask whether the quote you have been given is for a **continuous** or an **annual** policy. This is a really important difference and is explained below:

### Annually Renewable Policies

- around 25% cheaper
- at renewal, all claims cease
- pre-existing conditions exclusions are taken from the renewal date
- pre-planned surgery exclusions are taken from the renewal date

### Continuous Policies

- still last for one year
- choosing to renew gives greater security against policy exclusions
- claims continue to be paid over renewal

### For example:

St Mildred's took out a staff sickness policy from 01.04.10 and chose to renew it from 01.04.11.

#### 1. Ongoing Absence

On 23.03.11 a class teacher Mrs Brown began an unexpected sickness absence for a heart condition. There was no indication of a return to work date, and in fact she remained too ill to work until December 2011.

##### *With an annual policy...*

The insurer pays St Mildred's for one week of absence and then the claim ceases. The continuance of the claim for Mrs Brown's absence is excluded because it began in last year's policy term. St Mildred's have to meet the costs of Mrs Brown's absence themselves.

##### *With a continuous policy...*

The insurer continues to cover Mrs Brown's absence right up until her return to work in December 2011. The claim remained valid over the renewal date because the policy is continuous.

#### 2. Pre-planned Surgery

In June 2011 a class teacher Mrs White began a sickness absence for a hysterectomy operation. The insurers asked St Mildred's for further information about the operation from Mrs White's doctor. The notes from the GP showed that the operation had been planned in the last week of March 2011.

##### *With an annual policy...*

The insurer declines the claim because the decision to carry out the operation was made in the previous policy year. St Mildred's have to meet the costs of Mrs White's 7 week absence themselves.

##### *With a continuous policy...*

The insurer pays for Mrs White's 7 week absence because the decision to carry out the operation was during St Mildred's period of cover, even though it was last year; this is because the policy is continuous.

#### 3. Pre-existing conditions

In November 2011 a class teacher Mrs Green had two weeks off with bronchitis, just as she had done in November 2010.

##### *With an annual policy...*

The insurer declines the claim because bronchitis was a 'pre-existing condition' for Mrs Green, as she had taken time off for it during the 12 months leading up to the renewal date. St Mildred's have to meet the costs of Mrs Green's absence themselves.

##### *With a continuous policy...*

The insurer pays for Mrs Green's absence because although her bronchitis was recurrent, pre-existing conditions are not excluded in the second or subsequent years of a continuous policy.