

Industry rift over regulator participation in PMI e-trading

By Liz McMahon

The Association of Medical Insurance Intermediaries (Amii) and Groupama have clashed over whether the regulator should step in to help shake up e-trading in the private medical insurance (PMI) sector.

Groupama conducted a survey at Amii's annual general meeting, which revealed that 79% of broker delegates felt e-trading in the small to medium-sized enterprise (SME) PMI market trailed far behind the rest of the general insurance sector.

Both Groupama and Amii agreed that the lack of claims transparency had a negative impact on PMI e-trading. However, Groupama has appealed for the Financial Services Authority (FSA) and brokers to put direct pressure on insurers while Amii wants to use its new PMI consultancy panel as a platform to encourage greater sharing.

Alistair Sclare, healthcare director at Groupama, said: "If the FSA looked closely at the situation it would agree that there is obvious customer detriment."

But, Mike Izzard, chairman of Amii, said he disagreed that regulation was the answer as the problem was a com-



Mike Izzard: "Problem is commercial"

mercial one and should therefore be dealt with by the industry itself.

Following an unsuccessful claims transparency debate earlier this year, Amii, alongside the British Insurance Brokers' Association and leading insurers, formed the PMI consultancy panel.

On the failure of the debate, Mr Izzard said insurers that did not want transparency simply did not attend but that many had confirmed their

attendance at the panel meeting in September.

Mr Sclare said one of the reasons why certain insurers were reluctant to share information "is the potential for it to slightly reduce the domination of the bigger players".

However, Robert Bain, commercial manager, Bupa UK Health Insurance, said sharing claims data for SMEs was not in the best interests of customers, adding that "if such information was used to calculate prices for a company with fewer than 10 employees and with significant claims, SMEs would be subject to sudden increases in price from one year to the next", making it impossible to accurately budget for the cost of PMI.

"It is for this reason that the pricing mechanism we use for SMEs spreads the risk more widely, minimising annual price fluctuations," he added.

Similarly, a spokesperson for Axa said: "Axa PPP healthcare does not disclose claims information on SME business because this is commercially sensitive."

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