Ankenævnet *for* Forsikring

Den 8. december 2021 blev i sag nr. 96932:

xxxxxxxxxxxxxxxxxxxxx
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xxxxxxxxxxxxxxx

mod

Bupa Denmark Services A/S
Palægade 8
1261 København K

afsagt

k e n d e l s e :

_____

Forsikringstageren har sygeforsikring. I klageskema af 21/6 2021 til nævnet har klageren bl.a. anført:

> "1. Statement of claim, a brief outline of the case. A Supplementary statement may be enclosed.
>
> See detailed letter of May 28, '21, received by the Complaints Board.
>
> For 2021, BUPA increased annual premium for my wife and I by 13.3% to USD 37.361/yr.
>
> Reason given for the increase is general inflation, and a not clearly stated newly introduced excess charge of 4% points based on the country of residence, and a 3.4% increase applied for moving from [age group 1] into the [age group 2] premium bracket. In 2020, the increase in premium for moving into that higher age bracket was 0.5% so this year that was increased almost seven fold.
>
> The way the 4% regional surcharge was introduced was done in a totally non-transparent, one could say misleading way, inconsistent with 'Swiss Global Medical'.
>
> 2. What specifically do you want to achieve from the insurance company/what do you want to company to do?
>
> Eliminate the newly introduced surcharge based on country of residence. This is a global policy.
>
> If this surcharge is not eliminated, then BUPA should increase the maximum annual payment benefit by the same 4% points, as presumably residents who live in areas where the surcharge is

applied for cost reasons also receive less medical care for the maximum amount payable under the policy.

Reduce the increase of 12.8% vs yr ago-, including the 4% residency surcharge-, applied to [age group] bracket in 2021 to a more reasonable level".

Klageren har i brev af 28/5 2021 til nævnet uddybende bl.a. anført:

"This is to request an impartial review of policy premium increases applied to Bupa Global Insurance policy (International Swiss Medical) effective 2021. Particularly the introduction of a regional surcharge newly applied to certain policy holders, depending on their place of residence, as well as the absolute increase applied to annual premium costs for the [age group 2] bracket.

I've raised my concerns with Bupa directly, complaint reference number above, who have rejected my complaint. The latter is hardly surprising as it is an internal review of a policy change introduced by the same company so why would they rule in favor of the client.

For background, my spouse and I, and our … children have had the Int'I Swiss Medical Insurance since 2004 with IHI Denmark (initially) and subsequently, after the merger, with BUPA Global. Our family is a typical expatriate family, I'm [nationality], my wife [nationality], we are permanent residents of [region 1] where we've lived since 1992, and we travel extensively. We need global medical coverage such as provided by the Int'I Swiss Medical policy. Our policy year runs from April 1 through March 31. To keep an already very high annual expense to a minimum we have the 'Complete Plan' with maximum deductible.

On February 6, 2021, Bupa Global issued a letter with the details for annual policy renewal (Attachment I).

The total premium for … people increased from US$ 47,140 in 2020 to US$ 52,852 / year, a 12.1% increase in total costs. Just for perspective, after this increase, in 2021, the annual medical costs for just my wife and I will be a Premium of US$ 37,361 plus combined US$ 6,700 deductible, so a total nontax-deductible cost of US$ 44,061, or US$ 120/day.

The rationale given for the increase in Premium for 2021 was described in BUPA's letter as:' ..... the difference in this year's price reflects key factors including medical inflation and any changes which you may have made to your insurance during the year ..... ' Since I did not make any changes, we are dealing with a total average 12.1 % increase in premium costs from one year to the next for the family. That appeared extreme to me, so I questioned the increase in an email letter to BUPA on March 15 and received a reply March 16 (Att. II).

BUPA advised that as of 2021, a 4% 'Regional HK Tax' was included in the premium calculation. This is apparently done for policy holders resident of [region 2] and [region 1]. Nowhere in BUPA's premium renewal letter was this even remotely mentioned as an obvious key factor in this year's premium increase. This is clearly not transparent, actually a rather good example of what appears intentional obfuscation.

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All of a sudden, after 17 years, BUPA GLOBAL introduces the idea of regional surcharges applicable to selected policy holders without as much of a mention. I object to that in principle as the policy, the International Swiss Medical subscribed to is a Global Policy, with global coverage, and not a regional policy with regional policy premiums based on residency, a concept now introduced. Obviously, it is not up to BUPA to levy any taxes on anyone and in a subsequent message BUPA hastened to apologize for the 'unfortunate choice of words' describing this 4% premium increase component. It was a simple price hike after all. (Att. Ill)

The only factor I was aware of that would be exacerbating the increase in premium costs for my spouse and I is the fact that based on our birthdays we both moved into [age group 2] bracket during the 2020/2021 policy year. It was not possible to tell from the initial policy renewal letter what the impact of that was so I requested those details as well. Until a few years ago those tables were included in the annual renewal letter and were quite helpful. BUPA provided those tables right away upon request.

The Annual Premium Charts by age bracket for the 2020 and the 2021 premium year are attached and shed some further light on calculation of the premium. (Att. IV). For 2021, the table is now marked: "[region 1] & [region 2]".

From those tables, the following key figures and % increases from 2020 to 2021 for selected age brackets, USD premium, and maximum deductible show the additional steep increase applied to the [age group 2] bracket.
…
The premium for the [age group 2] bracket was increased by 12.8 % in 2021 vs 202[0]. On top of that, while in 2020 the increase in premium from the [age group 1] bracket to the [age group 2] bracket was only 0.5%, this was increased almost 7-fold to 3.4 % in 2021. Moving from the [age group 1] bracket in 2021 to the [age group 2] bracket in 2021 as happened for my spouse and I thus increased the annual premium from $ 11,718 to $ 13,285, or + 13.3 %, -prior to a 10% standard discount that has been provided since 2010. That is an absurd level of annual medical cost increase.

Instead of spreading the costs of insurance amongst the larger base, the elder age brackets get hit with much higher % increases. I would put forward this is the exact opposite of what insurance is meant to do, i.e. one pays a decent premium along the way so as one ages and medical costs increase, the average premium of all policy holders covers the increased costs at later age, not make medical insurance for higher age brackets increasingly unaffordable.

One final point. I obviously object to the concept of charging any surcharges based on place of residence. However, if that remains, that immediately raises another question. The current policy guarantees a maximum sum insured of US$ 2 million/policy year/person. (Att. V) If Bupa Global maintains that a surcharge needs to be applied to residents of [region 1] and [region 2], then the same percentage should be applied to the sum insured as presumably those residents in [region 1] and [region 2] get proportionally less medical care for $ 2 million than those policy holders who are resident elsewhere. You can't charge more on one end for cost reasons and not increase the monetary value of the sum insured benefit proportionally.

I've had some discussion with BUPA around something similar years ago where the policy costs kept increasing due to inflation but the sum insured value never increased. At the time I was told no one ever spends one million, the maximum then. They reversed course suddenly and increased the annual benefit maximum to 1.5 million. Now we are at two million and BUPA likely would say the same. If that's the case however, then why have a maximum at all?

After some discussion in the last two months with BUPA representatives I've since cancelled the policy for [some] of my children: … For the remaining … policy holders, my spouse and I, [children],
I request the following:

1) Elimination of the 4 % regional surcharge applied to the policy renewal.
2) If not eliminated, then a proportionate increase in the maximum benefits for total coverage, from US$ 2 million to US$ 2.080 million for all residents of [region 1] and [region 2] paying the 4% surcharge
3) A review of the 12.8% (including the 4% surcharge) year on year increase in policy renewal costs applied by Bupa to the [age group 2] bracket, a rate that seems excessive.

I enclose the Complaint letter reply from Bupa, of April 19th for your review and records as well (Att. VI). On page 2, the 3rd paragraph [customer advisor] states that the overall premium increase for my wife and I is 11.8 % in 2021 versus 2020. That is factually incorrect. [Customer advisor] has since confirmed those numbers are wrong (Att. VII).

In 2020, my premium was US$ 14,521, and $16,464 in 2021, a 13.3 % increase for the same coverage. For my wife the corresponding figures are $ 18,431 in 2020 and $ 20,897 in 2021, also a 13.3 % increase and again for same coverage."

Selskabet har i brev af 12/7 2021 til nævnet bl.a. redegjort for sagsforløbet og afgørelsen således:

"The Complainant and his family are insured under an individual insurance plan, the International Swiss Medical (see Annex 1- Brochure/Policy Conditions). The Complainant has been insured since 1 April 2004, on a Complete Plan including supplementary module Medical Evacuation and Repatriation and with a yearly deductible of USD 3,350. The Complainant has a loyalty discount of 10 % on his annual premium.

In connection with renewal of policy on 1 April 2021, the Complainant has complained about the premium increase and the lack of transparency in the information provided, in particular due to the introduction of a regional premium increase of 4 % as well as an age-related premium increase when moving to the age bracket [age group 2]. The Complainant requests an elimination of the regional premium increase of 4%, alternatively a corresponding increase in the annual maximum insurance sum or a reduction of the age related premium increase applied to the age bracket [age group 2].

The Company issued the renewal letter and the premium notice on 6 February 2021 and sent it to the Complainant's address in [region 1] as the Complainant receives all new documents concerning his policy by post. As the Complainant had not received the letter, the renewal documents

were e-mailed to him on 15 March 2021. The Complainant's premium increase for his cover amounted to 13.3 % (12.1% for the whole family). The increase consisted of a general premium increase applied to all policyholders with this insurance product, a regional premium increase as well as an increase incurred by moving to a new age bracket from [age group 2].
In regard to premium rates, the Company refers to the Policy Conditions in the brochure, Article 11.1 and Article 11.2 in which the following is stated:

'Art.11
Payment of the premium
11.1: Premiums are determined by the Company and shall be payable in advance. The Company adjusts the premiums once a year as from the policy anniversary on the basis of changes in the cover and/or the loss experience in the insurance class during the previous calendar year.
11.2: The premium is age-related and will therefore also be adjusted on the first policy anniversary after the insured's birthday.'

We appreciate that the Complainant is unhappy with the premium increase. However, the basic methodology for calculating premium rates is based on the overall experience of the insurance product during the previous calendar year. In regard to the 2021 premium rates, the Company took the decision to apply a regional premium increase of 4% for all insured with the International Swiss Medical having residential address in [region 1] and [region 2] due to an increased loss experience for our book of business in [region 1] and [region 2] (see Annex 2 - Premium charts for 2021 with premiums per person in [region 1] and [region 2] and premiums per person for the rest of the world excluding [region 1] and [region 2]). Although a regional premium increase due to residential address in [region 1] is new to the Complainant as well as to all other insured with the International Swiss Medical, regional premium increases are not new to our business in order to be able to offer fair increases per location. However, due to business considerations we are unable to share the more detailed figures. For the reasons stated above, we are obliged to decline the Complainant's request to waive this year's 4% regional premium loading for residents in [region 1] and [region 2].

In case of decline to this request the Complainant is as an alternative asking for an increase of the annual maximum insurance sum corresponding to the regional premium increase of 4%. However, it is the Company's point of view that the way the International Swiss Medical is structured is a decision to be taken by the Company and whilst there seem to be an apparent connection between the two, premium increases are applied against increasing medical expenses as reflected in the loss ratio of the International Swiss Medical as well as against changes in cover and other improvements. The Company regularly reviews the benefits of its insurance portfolio but has presently no plans about increasing the International Swiss Medical's annual maximum insurance sum of USD 2 million per insured.

Moreover, the Complainant finds that we were not transparent in our renewal letter concerning the annual premium increase as we referred to key factors such as medical inflation or changes made to the insurance. The Complainant believes that we intentionally concealed the regional premium increase of 4% which we must firmly reject. The Complainant contacted us on 15 March 2021 and asked for an explanation of his annual premium increase. Right after, on 16 March 2021, we sent the Complainant a complete breakdown of his premium, a clarification of the new re-

gional premium increase of 4% and a premium chart for 2021 (see Annex 3 - e-mail from 16 March 2021).

The customer advisor, who replied the Complainant on 16 March 2021, had however incorrectly referred to the 4% regional premium increase as a 4% [region 1] premium tax. When the Complainant questioned the reference to a [region 1] premium tax on 16 March 2021, the customer advisor apologized for the incorrectly employed term 'tax' for the 4% regional premium increase and explained in reply on 18 March 2021 to the Complainant that it was an additional regional premium increase of 4% as a result of our pricing policy.

Thus, we disagree that we have not been transparent about the annual premium increase. Detailed information about break down of premiums as well as premium charts can always be provided to all our insured in connection with yearly adjustments of the premium, should our insured wish further clarification.

The Complainant complains about the increase of his premium when moving up to the age bracket [age group 2], because the age-related premium increase in 2021 was significantly higher compared to the calendar year 2020. The age-related price jump in 2020 was 0.5 % when moving to age bracket [age group 2] whereas it was 3.4% in 2021 (see Annex 4 – 2020 premium chart). The International Swiss Medical is structured with 5 year age bands which means that there will be price jumps at various age points depending on the age of the customer. Generally speaking, our premium rates increase with age, this is due to the general increase in claiming behavior with age.

The Complainant turned … years on [date] in the calendar year 2021, and the Complainant's wife turned … years on [date] in the calendar year 2020. As indicated in Article 11.2 the premium is age related and is adjusted on the first policy anniversary after the insured's birthday. Given that the Complainant's policy has renewal every 1 April, both premiums were therefore age adjusted as per 1 April 2021.

However, as the pool of insured over [age] are not performing as expected compared to insured below [age], a higher rate of increase has been applied to the over [age] rates this year compared to 2020, which is why the Complainant is seeing a higher age-related increase when moving to higher age band in 2021 compared to 2020.

The Company believes that the Company’s conduct in connection with the Complainant’s complaint cannot be criticized, and the Company respectfully declines the Complainant’s requests to remove the regional premium increase of 4% or to increase the annual maximum insurance sum accordingly, and to reduce the age-related increase applied to the age bracket [age group 2].

Last but not least, the Company refers to a previous complaint dealt with by Ankenævnet for Forsikring with case reference number 80742."

Klageren har i brev af 28/8 2021 til nævnet bl.a. anført:

"The response summarizes and confirms that the premium increase for 2021 was indeed a whopping 13.3%, driven by (1) a newly introduced 4 % points regional premium increase for the [region 1] and [region 2] based insured, (2) a 3.4 % point increase due to moving into a higher age bracket, and (3) a 5.9% point increase due to other factors such as general medical cost inflation.

As an aside, the latter is well ahead of any regular inflation levels and seems also high, particularly in the context of [region 1] in 2020.The administration controlled the spread of Covid-19 very effectively for all of 2020 through really strict quarantine and distancing measures that in turn also significantly reduced regular hospital and patient care from normal levels. People were afraid to see any doctor and postponed non-urgent medical care. Presumably this helped drive total costs down. I have no access to any data and the Company is clear in its position that it won't share details supporting the proposed increases 'due to business considerations'.

While the Company appreciates the fact I'm unhappy with the premium increase and not surprisingly insists it was transparent in its dealings, I'd like to point out and reiterate that in the Renewal Letter issued by the Company dated February 6, 2021 (See Attachment (I) in my complaint letter dated May 28, 2021), there was no mention whatsoever about the introduction of this major change in premium cost calculation. The premium increase for 2021 was specifically described as due to: 'The price reflects key factors including medical inflation and any changes you may have made to your insurance during the year'. I only found out about the 4% surcharge after contacting the Company directly. In the Brochure/Policy Conditions, (Annex 1 in the Company's reply), there also is no mention of this regional increase. The other premium tables in the Annex details now provided by the Company were also not part of the 2021 Health Insurance Renewal Letter. They were included in my complaint letter anyway and do not represent new information in that sense either. Considering the fact that this regional surcharge is a new policy element, a first after 17 years as a client, and despite the Company's insistence it was transparent in its communications, the facts simply confirm that was not the case. The Company's argument that 'charging regional premium increases are not new to our business' may well be correct but that has nothing to do with the fact that for the Int'l Swiss Medical global policy there have never been regional surcharges and the company did not in any way attempt to clarify this for its customers at the time of renewal for the 2021 policy year.

Regarding the potential increase in maximum benefits payable per currency year, currently USD 2 million, (and other fixed maximum USD payments applicable) it remains a fact that if you charge clients in the [region 2] and [region 1] 4 % more because of medical costs in those regions, then the medical counter value they receive for USD 2 million is by definition lower than someone who is in the same International Swiss Medical insurance plan living in another territory and also paying in USD would get for that same amount.

The Company has with its surcharge created a situation for those living in [region 1] and [region 2] where one pays more to get less. While I certainly hope not a single one of the insured under this program anywhere in the world would need the USD 2 million/policy year, nor reach other maximum values defined in the policy, my point as per earlier complaint letter that then the maximum benefits should be increased proportionally simply stands. The Company has not provided any real counter argument, other than saying that the maximum benefit payable and the annual Premium payment are not connected. I don't accept that. The Company sells a product to its International clients at a cost with identical benefits to all customers. Once you increase the

costs for some customers, while holding the maximum USD benefit values the same for all, you introduce inequality among your customers. This creates a situation unfair to those living in [region 1] or [region 2] versus insured in other regions also paying in USD. This applies to both the maximum annual USD 2 million benefit payable and of course to any other benefits expressed as fixed maximum amounts in absolute USD values.

In summary, I request for the Board to review these points and to reject the introduction of the 4% Regional Surcharge. Should that stand, to then increase the maximum payable benefits per policy year (and any other benefits that are subject to a USD maximum payment per year) for all insured now subject to that surcharge by the same 4 percentage points."

Nævnet har fået forelagt bilag fra sagen. Uddrag af bilagene gengives nedenfor. Af selskabets brev af 6/2 2021 til klageren fremgår bl.a.:

"**Your health Insurance renewal**
With your health insurance renewal fast approaching, we're delighted to share your insurance documents for the year ahead.
…
Your renewal pack includes:
- The premium notice / premium overview
- 'Insurance Product Information Document' (IPID) – this is a summery of the product you have selected. It shows key benefits, what isn't included, exclusions and your obligations
- 'Status Disclosure'
- 'Demands and Needs'

…
Understanding your premiums
Your annual premium for the policy year ahead: USD 52,852
You have selected to pay: Annually
Annual premium for same level of cover last year: USO 47,140

Please note, the difference in this year's price is not based on whether or not you have claimed. The price reflects key factors including medical inflation and any changes which you may have made to your insurance during the year. For further details please see 'Information about Premium Changes' on myPage.
…
Next steps
Your health insurance will renew automatically as per the policy anniversary date (subject to premium payment). You can always terminate the insurance with effect from the end of a calendar month with one month's prior notice by email, letter or phone.

If any of your circumstances or needs have changed, let us know immediately as we may have a more suitable insurance product for you."

Af forsikringsbetingelserne fremgår bl.a.:

"**Art. 11**

Payment of premium
11.1: Premiums are determined by the Company and shall be payable in advance. The Company adjusts the premiums once a year as from the policy anniversary on the basis of changes in the cover and/or the loss experience in the insurance class during the previous calendar year.

11.2: The premium is age-related and will therefore also be adjusted on the first policy anniversary
after the customer's birthday."

Nævnet udtaler:

Klageren har i 17 år haft sygeforsikring, der dækker i hele verden. Han klager over selskabets præmieforhøjelse ved forsikringens fornyelse den 1/4 2021. Klagerens årlige præmie er steget fra 2020 til 2021 med 13,3 %. Præmiestigningen skyldes dels en generel præmiestigning gældende for alle forsikringstagere, dels en præmiestigning baseret på bopæl, som selskabet har indført fra 2021 for to regioner og dels en forhøjelse af præmien for den aldersgruppe, som klageren og ægtefællen tilhører.

Klageren ønsker, at selskabet annullerer præmieforhøjelsen på 4 %, som er baseret på hans bopæl. Subsidiært ønsker han, at forsikringens dækningssum forhøjes med samme procentsats. Han ønsker desuden, at præmien nedsættes til et mere fornuftigt leje. Han har gjort indsigelse mod, at der indføres en ekstrapræmie baseret på bopæl, når forsikringen dækker globalt. Han har anført, at han får mindre dækning fra forsikringen i forhold til andre forsikringstagere, der har den samme sum og betaler mindre i præmie. Han har også anført, at det strider mod tanken bag en forsikring, at sygeforsikringen gøres så dyr, at ældre aldersgrupper med stigende behandlingsbehov ikke har råd til at betale for den. Klageren har anført, at selskabet bevidst har forsøgt at sløre årsagerne til præmieforhøjelsen i sit brev af 6/2 2021.

Selskabet har afvist at imødekomme klagerens ønsker. Selskabet har anført, at det fremgår af forsikringsbetingelserne, at præmien reguleres en gang om året ved fornyelsen, og at præmien desuden er fastsat efter alder i 5-års-intervaller og reguleres førstkommende hovedforfald efter, at den sikrede er fyldt år. Indførelsen af den regionale tarif er baseret på stigende skadeudgifter i de to regioner. Selskabet har anført, at præmiestigninger er et middel ved stigende ska-

deudgifter og ved udvidelser og forbedringer af dækningerne, og at selskabet ikke har aktuelle planer om at forhøje dækningssummen. Selskabet har bestridt at have tilbageholdt information og har anført, at selskabet på klagerens forespørgsel har sendt ham en specifikation af præmiestigningen og tarifferne den 16/3 2021.

Det fremgår af forsikringsbetingelsernes punkt 11.1, at "Premiums are determined by the Company and shall be payable in advance. The Company adjusts the premiums once a year as from the policy anniversary on the basis of changes in the cover and/or the loss experience in the insurance class during the previous calendar year. Det fremgår af forsikringsbetingelsernes punkt 11.2, at "The premium is age-related and will therefore also be adjusted on the first policy anniversary after the customer's birthday".

Af selskabets brev af 6/2 2021 til klageren fremgår det, at "Please note, the difference in this year's price is not based on whether or not you have claimed. The price reflects key factors including medical inflation and any changes which you may have made to your insurance during the year. For further details please see 'Information about Premium Changes' on myPage … Your health insurance will renew automatically as per the policy anniversary date (subject to premium payment). You can always terminate the insurance with effect from the end of a calendar month with one month's prior notice by email, letter or phone".

Efter en gennemgang af sagen må nævnet lægge til grund, at præmieforhøjelserne - herunder indførelsen af en ny tarif for to regioner - har grundlag i skadeudviklingen. Nævnet kan derfor ikke kritisere præmieforhøjelserne, som er i overensstemmelse med forsikringsbetingelserne. Nævnet finder af de grunde, som selskabet har anført, at selskabet har været berettiget til at afvise at forhøje dækningssummen.

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Nævnet finder, at det havde været ønskeligt, at selskabet i fornyelsesbrevet til klageren havde informeret om indførelsen af den nye tarif for den region, hvor klageren har bopæl. Dette kan imidlertid ikke føre til andet resultat.

Som følge heraf

b e s t e m m e s :

Klageren får ikke medhold.

Jens Kruse Mikkelsen

formand