



What are the health insurance options when studying abroad?



Charlie Weston Your Questions

Q My daughter is going on a nine-month Erasmus programme during the next academic year. I wonder about health insurance options. I enquired with my insurance provider and was told that if you are out of the country for six months you are not covered. What are the best options?

A You must be resident in Ireland for at least six months in any one year to remain insured under an Irish policy, according to Dermot Goode of leading health insurance brokerage TotalHealthCover.ie. He added that a domestic Irish policy will not provide adequate cover for this type of trip.

Mr Goode suggests that the member should contact Vhi International as it has a number of cover options designed to cover those who might be working or studying abroad for an extended period. The advantage of this policy is that you can transfer from your domestic policy to the international cover and then back to your domestic policy on your return to Ireland with no break in cover.

Q Myself, my husband and our two children rent a three-bed house in Limerick. We are planning to have enough saved for a mortgage in five

years. As long-term renters, we feel financially exposed compared to our home-owning friends who have mortgage protection. Is there an insurance policy that works like mortgage protection, but is for renters?

A When someone buys a property, they are generally required by their lender to take out life insurance, called mortgage protection. It works by providing a lump sum payment to clear the outstanding mortgage if the policyholder dies during the policy term (the period during which cover is provided), according to Karen Gallagher, who is interim head of proposition at Royal London.

Those in long-term rental situations, who are not required to take out insurance like mortgage protection, can be left financially exposed, she said. However, it is possible to put a form of 'rent protection' in place by taking out a life cover, specified serious illness and/or income protection policy.

Life cover works in a similar way to mortgage protection – providing a lump sum payment if you die during the policy term, Ms Gallagher said. The key difference is it is a fixed amount, while mortgage protection reduces in line with a mortgage.

A specified serious illness policy provides a lump-sum payment if you get seriously ill (terms and conditions apply), which can help maintain rent or other outgoings.

Income protection provides a monthly income during a long period of time if you are unable to work due to illness or injury.

Ms Gallagher recommends long-term renters concerned about their financial resilience consult a financial broker.

Q Our employer has offered everyone a choice of paying €800 towards health insurance or sport club membership. I currently pay for both myself. Which should I go for and why?

A These are very different options and, to a large degree, the decision will come down to personal preferences as the benefits are quite different, according to Ray McKenna, partner at Lockton Employee Benefits. From a tax perspective, both benefits will be classed as a benefit-in-kind (BIK) and will be subject to PAYE, USC, and PRSI in the same way as your salary.

You currently pay for your health insurance and sports membership yourself, so you should look at which benefit might be potentially enhanced

if you were to have membership paid via your employer, Mr McKenna said.

Some employers, depending on their scale and with the help of their advisers, can negotiate up to a 10pc discount on the cost of a company health insurance plan.

In some instances, they can also negotiate waivers of certain waiting periods that might apply to your current health insurance plan.

You should contact your HR department to see if they have any discounts or waivers in place on health insurance.

This may make health insurance cover via your

employer more attractive.

Similarly, some corporate bodies get access to discounted sports membership.

It is worth checking with your current sports membership to see if this would apply.

If any corporate discount does apply this could incentivise you to choose the €800 sports membership, he added.

A combination of the two options could be considered, he said.

Need to Know

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