

An Agreement on access to protection insurance for people with pre-existing medical conditions and disabilities



Access to Protection Insurance



Income Protection **IPITF** Task Force



1. Introduction

Work undertaken by charities and other consumer groups ¹, the Financial Conduct Authority ² and the Treasury Select Committee ³ has evidenced that consumers with pre-existing medical conditions can struggle to navigate the life and protection insurance market and obtain affordable cover. This can result in consumers with pre-existing medical conditions forgoing cover entirely or paying significantly more for policies than they could with alternative firms.

In response to these findings, the insurance industry, charities and other consumer groups formed the Access to Insurance Working Group in October 2018. At its first meeting, the group committed to the Caxton House Statement. This statement reads as follows: *“We, the members of the Access to Insurance Working Group, are committed to improving access to protection insurance for consumers with chronic health conditions and disabilities”*. The key aim of this agreement is to:

- *develop a signposting system for consumers, supporting consumer groups and charities so they can easily access guidance and advice about insurance from protection specialists*

As part of this work, it was agreed that there should be a workstream focused on delivering the following outputs:

- The creation of a new protection insurance central signposting solution
- Cross sector agreement on definition of a specialist
- Promotion of the new signposting service from key stakeholders (MAPS, Charities, CII, Regulated firms, the FCA)
- Educational material to improve knowledge and understanding around protection insurance amongst consumers, employees and charities.

2. The requirements of the Equality Act

Consumers with pre-existing medical conditions will include people classed as having a disability under the Equality Act 2010. People are classed as ‘disabled’ under the Equality Act 2010 if they have a physical or mental impairment that has a ‘substantial’ and ‘long-term’ adverse effect on their ability to carry out normal day to day activities. People living with cancer, HIV and multiple sclerosis are also classed as ‘disabled’ under the Equality Act from the point of diagnosis.

¹ For example, see publications from Age UK, Alzheimer’s Society, Macmillan, Money and Mental Health Policy Institute, NAT (National AIDS Trust) and Scope, among others.

² Financial Conduct Authority, 2016, Access to Financial Services in the UK. Available at: <https://www.fca.org.uk/publication/occasional-papers/occasional-paper-17.pdf>

³ Treasury Select Committee, Consumers’ access to financial services, 13 May 2019, HC 1642 2017-19.

The Equality Act offers legal protection from discrimination for those with protected characteristics – including disability. In relation to insurance, the Equality Act includes an exemption which allows insurers to discriminate on the basis of age and disability when making decisions about whether they can cover a person or the price of the premium they must pay for the policy.

The action taken (either increasing the price of their premiums or refusing cover entirely) must be reasonable and done by reference to information that is both relevant to the assessment of the risk to be insured and from a source upon which it is reasonable to rely.⁴

If an insurer has made a reasonable decision, based on reliable evidence, to refuse cover or charge a high premium to an applicant with a pre-existing medical condition, there may be alternative options available to that individual in terms of obtaining cover. This non-statutory Agreement outlines an approach to facilitate consumer access to these alternatives.

3. The Agreement

This non-statutory Agreement sets out how the parties mentioned below will cooperate to deliver the objectives of the Access to Insurance Working Group (AIWG).

The Agreement is a statement of intent and does not create legal obligations between the parties. Nothing in this Agreement should be construed as conflicting with statutory or regulatory requirements, or with other professional duties and obligations.

3.1. Definitions

Under this Agreement, **protection insurance** is defined as “individual, business and group life insurance, income protection and critical illness”.

A **specialist firm** is defined as “a Financial Conduct Authority regulated entity that has relevant expertise, suitable insurer capacity and an appetite to place protection insurance risks for those with pre-existing medical conditions and/or disabilities.”

3.2. Governance

BIBA will facilitate an ‘Access to Insurance Committee’ that will be responsible for operational oversight of signposting of Protection, Age and Travel insurance for those with pre-existing medical conditions and disabilities.

This committee will analyse feedback available from various sources including the BIBA Find Insurance questionnaires, website analytics and feefo customer feedback.

⁴ Schedule 3 (21) of the Equality Act 2010, c15. Available at <http://www.legislation.gov.uk/ukpga/2010/15/schedule/3/paragraph/21> [accessed 10 December 2019]

The committee (which replaces the current signposting workstream group) will comprise of relevant participants including the industry disability champion, the chair of the charity reference group, relevant Government officials and selected regulated insurance firms involved in the Find Insurance service. Other signatories to this agreement can also be invited to participate.

In addition, the committee will seek opportunities to promote signposting awareness and participation across the financial services and charity sector.

3.3. Governance frequency

The performance of this agreement will be evaluated at the quarterly committee meetings.

3.4. Signatories

The parties to this Agreement are committed to assisting people with pre-existing medical conditions and/or disabilities by enabling easier access to the protection insurance products they require.

There are two types of party to this agreement – supporting bodies and regulated insurance or financial services providers.

Supporting Bodies: The trade bodies, professional bodies and charities participating in this agreement will actively encourage those they represent to support the ethos and approach of this agreement. They will also seek to raise awareness of the agreement and its aims and promote its benefits.

Regulated providers: The regulated providers participating in this agreement will signpost consumers as outlined and will actively communicate with their employees on the operation, necessity and benefits of signposting.

A list of signatories at commencement of the Agreement is shown at Appendix A.

3.5. Compliance with the Agreement

This section sets out the circumstances in which regulated entities will comply with this non-statutory Agreement.

Under this Agreement insurers or intermediaries will, when they have made a reasonable decision based on reliable evidence to refuse cover to an applicant with a pre-existing medical condition, refer them to a suitable specialist firm that should be able to offer protection insurance in such cases, or to a recognised signposting service.

In all cases the following criteria should be satisfied:

- The customer with a pre-existing medical condition should be informed that they have been refused cover as it is outside of the underwriting criteria of that particular Insurer
- The customer with a pre-existing medical condition should be informed clearly that cover appropriate to their needs may be available through referral to another suitable firm or to a signposting service;
- Contact details of the partner or signposting service should be clearly stated;
- Permission must be sought and granted before customer details are transferred to a third party.

Companies wishing to refer customers to another firm may adopt one of the approaches below:

- Referring customers to another firm through a contractual or non-contractual arrangement with a specialist firm (as defined by this Agreement);
- Signposting customers to another firm through a service that holds information about one or more firms who would be willing to offer protection insurance to people with pre-existing medical conditions, for example, the British Insurance Brokers' Association's (BIBA) Find-Insurance helpline and website services.

4. Evaluation

4.1 Evaluation of the agreement

This Agreement is effective from 21st January 2020 and does not have an expiry date. The Access to Insurance Committee will formally review this Agreement, including its scope and its effectiveness, no later than January 2022 and on a three-year basis following that first review.

Any party wishing to withdraw from the Agreement will give the other parties at least 3 months' written notice.

4.2 Evaluation of the BIBA Find Insurance service.

For firms signposting to the BIBA Find-Insurance helpline and website services, BIBA will where possible, collate feedback from these services on a quarterly basis and make this available to stakeholders on the Access to Insurance Committee. This data will be anonymized in order to ensure compliance with competition law.

4.3 Evaluation of specialist firms

BIBA will implement a system to validate members as specialist firms. This will include a series of questions to establish the firm's capability, appetite, service levels and expertise in line with the definition of a specialist firm (as defined in 3.1). BIBA will carry out checks periodically to ensure that specialist firms are continuing to comply with the requirements of this agreement.

4.4 Evaluation of signposting to specialist firms by signatories

If signatories are partnering with a particular specialist firm, signatories will where possible agree to collect data on how many referrals are made and the subsequent outcomes and make these available to the committee.

This data will be anonymized in order to ensure compliance with competition law.

5. Supporting educational material

The Access to Insurance Working Group will work with the Money and Pensions Service (MAPS) to ensure educational materials are made available to individual consumers, employees (with employee benefit insurance schemes) and charities to improve knowledge and understanding around protection insurance.

Signatories to this Agreement will seek to promote this material.

This voluntary Agreement is governed by English law.

This Agreement will comply with competition law.

Annex A

The signatories are as follows:

Supporting Bodies:

Access to Protection Insurance Group (API)
Income Protection Task Force
Association of Medical Insurance Intermediaries (AMII)
Protect Association
Protection Distributors Group (PDG)
Protection Review
Society of Later Life Advisers (SOLLA)
The Association of Financial Mutuals
The Association of Mortgage Intermediaries (AMI)
The British Insurance Brokers' Association
The Chartered Insurance Institute
The Insurance Supper Club
UK Active

Regulated Firms:

Aegon Life Insurance
Assured Futures
Bank Of Scotland
Cavendish Ware
Cura Financial Services Ltd
Drewberry Ltd
Essential Insurance Group
Highclere Financial Services
Holloway Friendly Society
Legal and General
Lifesearch
Lightblue UK Ltd
Lloyds Banking Group
Moneysworth Ltd
Royal London
Scor SE
Scottish Widows
Sesame Bankhall Group
Swiss Re
Vitality Life Insurance
Zurich Insurance

Annex B

Vetting System

A vetting system will be in place to ensure enquiries are passed to relevant specialist firms.

A specialist firm is defined as “a Financial Conduct Authority regulated entity that has relevant expertise, suitable insurer capacity and an appetite to place protection insurance risks for those with pre-existing medical conditions and/or disabilities.”

A specialist provider will be required to sign a declaration confirming:

- it is a **Financial Conduct Authority regulated** entity;
- it has **relevant expertise** in the placement of protection risks for people with medical conditions or disabilities and be able to demonstrate this by submitting example case studies to BIBA;
- it has the **appetite and ability** to handle these enquiries;
- it will answer enquires with a good level of **service** (i.e. under 60 seconds);
- if it is an intermediary seeking to handle leads form the BIBA Find Insurance service, it must sign the **agreement** governing that service;
- its acceptance that BIBA will **check periodically** that these requirements have been met;
- it will aim to provide **feedback** where possible on its performance handling of these enquires;
- which of the following nine classes it is able to assist with:
 - i. Life Insurance
 - ii. Critical Illness Insurance
 - iii. Income Protection
 - iv. Life Insurance: with Medical Conditions
 - v. Critical Illness Insurance: with Medical Conditions
 - vi. Income Protection: with Medical Conditions
 - vii. Group Life Insurance
 - viii. Group Critical Illness Insurance
 - ix. Group Income Protection