

Money and Mental Health's response to the FCA's Call for Input on access to insurance

"The fact that a high proportion of the population have some form of mental health needs but are basically barred from getting decent travel insurance is scandalous. Surely going away on holiday is a step towards improving one's well-being? How can that happen though if people try to be responsible by purchasing travel insurance only to find they get penalized for having a mental health problem? It's not fair and it needs to stop."

Verbatim from a member of the Money and Mental Health Research Community in response to an online survey on travel insurance conducted between 21st July and 11th August.

Introduction

One in four people will experience a mental health problem each year,¹ and by some estimates, nearly half of us will be affected across a lifetime.² If insurance markets aren't working for people with mental health problems, this represents a significant level of consumer detriment.

While our response does not directly deal with the ways in which cancer affects people's access to travel insurance, our research suggests there are numerous parallels between the experiences of this group and those of people experiencing mental health problems. In submitting this response, we urge the FCA to expand their work in this area to include consumers with a wide range of medical conditions.

Our response to this Call for input is primarily informed by a survey completed by 179 members of the Money and Mental Health Research Community, a group of over 3,000 volunteers with experience of mental health problems that is always at the heart of Money and Mental Health's work, ensuring our policy recommendations are always informed by the voice of lived experience. This survey is not representative of the UK population with mental health problems, however, it provides a useful indicator of some of the main problem areas, whilst the qualitative responses to open questions provide valuable insight into the issues people experiencing mental health problems encounter in the travel insurance market.

Our research suggests that many people with mental health problems are excluded from the travel insurance market, and that those who are accessing it may be doing so at an unaffordable price. It also highlights problems of consumer understanding, particular around pricing and policy exclusions, and harm caused by firms' reliance on disclosures.

¹ McManus S et al. Adult psychiatric morbidity in England, 2007. Results of a household survey. NHS Information Centre for Health and Social Care. 2009.

² Mental Health Foundation. Fundamental facts about mental health 2016. Mental Health Foundation. 2016.

The additional barriers people experiencing mental health problems face when accessing travel insurance (Q11)

Our initial research has identified five main barriers that people with mental health problems face when accessing travel insurance:

- a) Increased cost
- b) Inability to find cover at any price
- c) Disclosure
- d) Medical evidence
- e) Exclusions

a) Increased cost

The strongest finding from our research is that people with mental health problems are charged significantly more than those without in the travel insurance market, and that many struggle with this cost. Two thirds (68%) of respondents to our survey felt that travel insurance they had purchased was either somewhat or very expensive, and many highlighted price as a key issue with the market in verbatim responses.

To explore this further we conducted a market test, using a price comparison website to examine the effect of disclosing a mental health problem on the range of prices that were offered. This was not an exhaustive exercise, but provides useful indicative findings, in lieu of a full market study.

We searched for single trip insurance, three months in advance of the proposed travel date, for a seven night trip to Europe for one traveller, a middle aged male. We then disclosed a variety of medical histories. The two main findings from our market test are that:

- Prices were significantly higher even for those with low level common mental disorders or historic mental health problems. The cheapest price for somebody who had previously experienced depression, but had never been treated by a psychiatrist or taken to hospital, was about **150%** the price offered to somebody with no pre-existing medical condition.
- Prices increase exponentially for those with current symptoms, diagnoses other than depression and anxiety, or any history of hospitalisation. For example, the cheapest price for somebody with Bipolar Disorder and a history of hospitalisation was more than **4700%** that offered to somebody with no pre-existing medical condition.

This analysis reinforces the findings from our Research Community, that many people with mental health problems face significantly higher prices when purchasing travel insurance.

“If you put into your insurance quotes for bipolar and personality disorder the price goes up with a bang... It makes you worry more.”

“I went to Italy on a hen do and my travel insurance was over 3 times the price of my friends. I found the process of getting travel insurance frustrating, difficult and tiring. All of my friends got insurance easily and cheaply whereas mine actually cost me more than the flight.”

“Considering I have never claimed because of mental health issues the premiums are incredibly expensive.”

“On my latest policy the insurance company wanted me to pay an additional premium in order that I was covered for making a claim due to my mental health problem and I on this occasion declined the additional cover as I found it quite expensive “

“Was limited with my options and it was nearly £500 for a year - more than most holidays! At the time my mental health was under control so I don't understand why a comparative policy when I did not list mental health problem was £400 cheaper.”

Whilst many of our respondents recognised that they should pay more, to some extent, because of their mental health problems, there was a strong sense that these additional risks were not properly understood. Some respondents felt there was a lack of nuance in how their medical history was interpreted, and there were two pricing practices, in particular, that respondents perceived as being unfair:

- increasing prices for people who disclosed historic mental health problems, that they had largely, or entirely, recovered from
- increasing prices for people using psychiatric medication.

Regarding the case of psychiatric medication, respondents did not understand this pricing practice, and some felt it was unfair that they were seemingly penalised for taking steps to manage their health condition. We are also concerned that this practice may incentivise people to stop taking medication, in order to reduce their premiums.

“It seems really unfair as they stated they wouldn't cover until I was off antidepressants!”

“The insurers use tick box model and do not pay sufficient attention - often no attention at all to how effectively medication controls my condition. There is no nuance, no subtlety and no

humanity. I felt stigmatised and that the insurer did not take into account personal circumstances.”

b) Inability to find cover at any price

One in four (23%) of our survey respondents reported that they'd been refused travel insurance, on account of their mental health problems. This is particularly concerning given that mental health problems can make it harder for people to navigate complex markets, compare products and find the best deal.³ So consumers with mental health problems may struggle, or be unable, to find insurers that are more suitable, and willing to extend them cover. Indeed, four in ten (42%) of our respondents had never heard of specialist travel insurance providers, likely the only option for those who are refused cover by mainstream insurers.

“I was offered a package of travel insurance and breakdown cover as part of a current account. When I told them I had bipolar and schizophrenia they refused to cover me.”

“I found the mainstream travel insurance places I used to use were way too expensive (in excess of £80 for a week) I researched and found specialist sites for existing illnesses and found they were much more reasonable but they were difficult to find and not listed on comparison sites.”

“They refused to cover me, and when I queried it, they said they had changed their underwriter, and, as I was on medication for my illness they would not cover me. I tried to explain that NOT being on medication would make me a higher risk for them to cover, but they would not listen... these companies are totally ignorant of the stabilising effects of medication.”

c) Disclosure

Disclosure of medical conditions is essential for insurers to be able to assess risks and charge consumers fair prices. With strong societal stigma around mental health, however, disclosing a mental health condition, whether in person, over the phone or online, can be difficult.

Several respondents to our survey mentioned the traumatic effect of having to revisit periods of mental health crisis when going through their medical history, or felt that they were being asked excessive detail, given the product that they were trying to buy. Others complained that they were asked to reiterate details about their mental health problems, for instance to different teams within a firm. The requirement to repeat detailed disclosures can also make it more

³ Holkar M. Seeing Through the Fog: How mental health problems affect financial capability. Money and Mental Health Policy Institute. 2017.

time-consuming and painful for consumers to shop around, meaning they may be less able to find the best deals.

As a matter of best practice, we would encourage firms to train customer-facing staff on handling disclosures sensitively and compassionately, and to develop procedures for signposting customers who are in distress to more specialist support. Firms should also consider how to replicate this support in an online disclosure environment.

“I can understand why people would risk travelling without insurance as trying to find a reasonably priced policy with good cover when one has a mental health condition is made unnecessarily stressful with the irrelevant health history questions that are often asked.”

“It's very difficult if you have multiple conditions because one triggers lots of questions. Some of the questions about suicide can be quite upsetting.”

“I found it difficult and embarrassing to be asked questions that are clearly a questionnaire that the handler had to ask, dealing with what are painful and unpleasant times for me. Discussing these with a stranger "just doing their job" is a horrible experience even during a relatively good period and when the handler is trying to be sympathetic... I had to go through an extensive questionnaire on line before being refused cover several times before even getting to speak to someone and go through it all again verbally.”

d) Medical evidence

Insurers sometime ask for medical evidence, to verify customer's disclosures or to seek expert advice on their fitness to travel. Medical professionals have discretion to charge for this evidence, so in some cases people with mental problems face an additional cost, on top of their higher premiums, when purchasing travel insurance. It is important that the FCA bear these additional costs in mind, when evaluating fairness of pricing and access to this market.

“On one hand, I can see why the insurers might feel that I am a risk, and would therefore charge more. However, I feel as though if I have been stable, it's a bit unfair. Unfortunately, my GP's surgery charge £25 for a letter, so it would negate much of any possible savings in order to prove it.”

e) Exclusions

When people with mental health problems are able to get travel insurance, it often isn't comprehensive. Four in ten (38%) of our respondents reported having travelled with insurance that did not cover claims related to their mental health condition. Whilst access to partial cover

is useful, and certainly preferable to complete exclusion, the terms of these exclusion are often sweeping and unclear. Below are examples taken from the policies of two UK providers:

This policy does not cover:

- Any claim that results from any anxiety state, depression, mental, nervous or emotional disorder which had been diagnosed before you took out or renewed your policy or when you booked your trip (whichever is later).

What is not covered:

- Your disablement caused by mental or psychological trauma not involving your bodily injury;
- Any claim relating to psychological injury or mental illness unless the condition follows a specific or sudden accident that has caused your physical bodily injury.

This is particularly concerning given that mental health problems can affect people's ability to understand complex contracts. For example, conditions like depression commonly affect people's decision making ability and attention span,⁴ limiting their ability to find and understand the impact of these clauses. There is a substantial risk that consumers may not notice these unclear exclusion terms and not understand the limitations of their cover.

In Australia, some of the largest travel insurers have recently dropped this type of blanket mental health exclusion,⁵ following a 2015 case which found that denying a cancellation payout because a customer had developed a mental health problem amounted to discrimination, a breach of equalities legislation.⁶

"I was able to buy an annual travel insurance policy when my diagnosis was for unipolar depression, but any claims directly resulting from mental health problems would be denied. Other types of claims not related to mental health would be accepted. When my diagnosis changed to bipolar I was unable to buy an annual policy."

⁴ Holkar M. Seeing Through the Fog: How mental health problems affect financial capability. Money and Mental Health Policy Institute. 2017.

⁵ Sydney Morning Herald. Travel insurance providers remove mental health illness exclusions. 2017. Available at:

<http://www.smh.com.au/business/consumer-affairs/travel-insurance-providers-remove-mental-health-illness-exclusions-20170704-gx4514.html> [Accessed 15/09/17].

⁶ Victoria Legal Aid. Ella Ingram wins discrimination case against insurance giant. 2015. Available at: <https://www.legalaid.vic.gov.au/about-us/news/ella-ingram-wins-discrimination-case-against-insurance-giant> [Accessed 15/09/17].

“I still paid £39 approximately for the insurance and I have to wonder why if they're excluded the main problems that could have caused me to cancel all to go into hospital the insurance was more expensive in the first place.”

The consequences of barriers to access

These barriers have real impacts on the extent to which people with mental health problems are able to access travel insurance. In some cases, this means people choose to go without a valuable product; in others it means that people choose not to disclose conditions and as a result purchase products which do not serve their purpose.

a) Going without travel insurance

As a result of the barriers to insurance described above, some people with mental health problems are choosing to go without travel insurance, or to avoid travelling altogether. From our Research Community survey:

- 15% reported having chosen not to travel, because their insurance quote was too expensive
- One in five (21%) reported having travelled without insurance for the same reason.

Travelling without insurance can also have a direct impact on a person's mental health. Several respondents reported that their anxiety was aggravated as a result of traveling without insurance.

“All this adds to my mental health problems causing anxiety travelling without travel insurance.”

“Getting travel insurance is an absolute nightmare. As soon as you mention mental health and list your medication the cost more than quadruples. I have been away without travel insurance in the past because the cost is so prohibiting.”

b) Non-disclosure

Our evidence suggests that the majority of people with mental health problems disclose their health conditions in good faith, but one in five (22%) of our survey respondents reported not disclosing their mental health problem. Some respondents sought to justify their non-disclosure, reporting that they didn't realise that their mental health was relevant, or didn't think it ought to be.

“I get outright refused if I mention I have bipolar so I lie and say no issues.”

“Wasn't sure what relevance my mental health problems are with regards to travel insurance. Suffering from depression is highly unlikely to cause a travel insurance company any cost or likelihood of an expense.”

“I did not tell them about my mental health issues as I did not feel it was relevant to travelling away on holiday. I am not expecting to have an incident due to mental health while on holiday. I am buying the travel insurance in case I have a road accident or other accident while away on holiday.”

“I'm not ashamed of my mental health problems but I got to the point where I wanted to lie on the application and say I had no problems, just so I could get affordable cover. I can't even remember if I was truthful in the end with the insurance cover I eventually went with.”

Recommendations

Market study - The FCA should conduct a market study, to assess how travel insurance prices are affected by different health conditions, and to ensure that any price disparities are a fair reflection of risk.

Build consumer understanding - Our evidence demonstrates a lack of consumer understanding about how mental health problems affect travel insurance prices. The FCA should encourage firms to build consumer understanding, by providing more information about how their prices are calculated.

Exclusion terms - The FCA should test consumers' ability to identify and understand exclusion terms in travel insurance policies, to ensure that this crucial information is not being overlooked or misinterpreted. If problems are identified, the FCA should experiment with different ways of presenting this information and recording assent, to ensure that consumers understand the terms of their cover sufficiently. Any testing must include people with mental health problems.

Specialist provision - the FCA should require individual firms, and price comparison websites, to signpost consumers with mental health problems to specialist providers if they would otherwise be unable to offer them cover, or only at a significantly inflated price.