



Travel insurance and mental health: a turbulent journey

Introduction

For many of us, travel insurance is an essential part of going on holiday, protecting us financially against problems like lost luggage and medical expenses, and offering peace of mind so that we can unwind and make the most of our time away. However, people with mental health problems are often considered to be high risk customers, and can be poorly served or altogether unable to find cover in the market as a result.

Earlier work with the Money and Mental Health Research Community, responding to Financial Conduct Authority's call for input on access to insurance, highlighted a range of problems that people with mental health problems face when accessing the market. There was a strong perception by research participants that people with mental health problems are often offered limited coverage at unfair prices, and many reported being distressed by inadequate cover or insensitive treatment from providers.

We're pleased to see that the FCA has since committed to action, announcing a new signposting service to help customers with pre-existing medical conditions find specialist providers, and work to improve customer understanding of travel insurance. These measures could make a real difference for people with mental health problems.

However, we're concerned that the FCA has not committed to assessing the fairness of pricing, in both the mainstream and specialist markets, and that these proposals do not go far enough to tackle the systematic disadvantage faced by consumers with mental health problems in this market.

To develop our understanding of the market, and the

issues that customers with mental health problems can face, we undertook three new research activities:

- UK-wide polling of 2,078 people, weighted to be nationally representative, in partnership with Populus
- A survey of 338 members of the Money and Mental Health Research Community who have been on holiday, in the UK or abroad, in the last five years
- A "mystery shopping" exercise

Our research identified three key problems:

- High prices
- Policy exclusions - many aren't covered for problems on holiday that relate to their mental health
- Poor response to disclosure of mental health problems - this is often not handled sensitively by providers

High prices

A substantial number of people with mental health problems don't feel that travel insurance prices are fair. Across the country, 43% of people who have experienced mental health problems and tried to buy travel insurance in the last five years think that the price is unfair or very unfair, and more than one in ten (13%) have travelled without insurance because it was too expensive.¹

Many Research Community respondents were concerned about fairness. Respondents often accepted that they might pose a higher risk than somebody who has never experienced mental health problems, and expected to pay more as a result, but felt that they were quoted disproportionately high prices.

“Insurance companies are taking a bigger risk covering me than someone in good health, and a bigger risk covering someone with more severe mental illnesses than covering me. That risk level needs to be reflected in the cost in a proportional way... It's annoying but understandable.”

Some respondents felt that they were unfairly penalised for well-managed or historic mental health problems, which they felt should be considered low risk. Others directly challenged providers' interpretation of proxies for risk. For example, some saw their quotes rise after disclosing that they were seeing a psychiatrist or taking prescription

medication, but felt that this support should in fact indicate lower risk. We're concerned that these pricing practices could create perverse incentives for some not to get help.

“Being on medication is seen as bad thing when it is what is making me stable.”

To explore these pricing practices objectively, we conducted a systematic mystery shopping exercise, examining how differences in medical history affected the price of cover quoted for a week long trip to Spain. We compared prices across six major insurers, two smaller insurers and three specialists, looking at a similar level of coverage in each case.

	Depression	Bipolar disorder
Long-term stable - on medication and has never been hospitalised	All insurers offered cover, but one major insurer excluded any claims relating to depression. Price increase: 0%-81%.	One major insurer declined cover and one excluded any claims relating bipolar disorder. All other insurers offered full cover. Price increase: 0%-462%.
Historic problems - was sectioned four years ago but hasn't used medication or received any treatment in the last three years	All insurers offered cover. Price increase: 0%-42%.	All insurers offered cover. Price increase: 0%-82%.
More severe problems - currently on medication, was sectioned in the last year and has been hospitalised three times in the last two years	Two major insurers declined cover, and two excluded any claims relating to depression. All other insurers offered full cover. Price increase: 126%-462%.	Three major insurers declined cover, two excluded any claims relating to bipolar disorder and one asked the customer to call up for a quote. Of the specialist and smaller insurers, one declined cover, two asked the customer to call up for a quote and the other two offered full coverage. Price increase: 557%-2119%.

In the case of well-managed or historic mental health problems, most providers offered cover but there was some variability in pricing. Many providers quoted the same price as offered to people without health problems, particularly in the case of historic mental health problems, but prices tended to increase slightly for customers with well-managed depression and more substantially for those with well-managed bipolar disorder. It also seems that historic symptoms can have a bigger impact on price for people with any recent history of treatment.

Prices can increase substantially for those with more severe mental health problems, and many mainstream providers refuse coverage or only offer it with blanket exclusions. Customers with more severe depression were offered coverage online by all of the smaller or specialist providers we tested, albeit at an

increased price, but customers with more severe bipolar disorder were declined cover or asked to call up to answer additional questions. Those that did offer cover for more severe bipolar disorder quoted significantly increased prices of more than £300 for a week's cover.

Our initial research suggests that people experiencing mental health problems are being charged significantly higher prices for travel insurance. Some degree of price variation according to risk in cases of disability is expected in insurance markets, and the Equality Act 2010 includes specific clauses allowing this, as long as the differentiation is driven by reference to relevant and reasonable information, and is used in a reasonable way to price the additional risk.² The commercial sensitivities of insurers' pricing and risk models, however, mean that

the information used to assess and price risk is not in the public domain. This means it is impossible, looking from the outside in, to truly assess whether the type of price dispersion demonstrated in this market is reasonable, and whether firms are complying with their Equality Act duties.

"My bipolar has never affected a trip, I follow all medical instructions as required, and they charge me 100% to 300% more than if I didn't have it (I check)."

Costly premiums can do real harm to people with mental health problems, who are already more likely to be living on a low income. The price of travel insurance is prohibitive or difficult to afford for many, and as a result, some describe travelling without insurance, deciding against traveling altogether or not disclosing their health condition to insurers. Others find it distressing or demoralising to be labelled as "high risk" by an insurer.

"I think we are incredibly overcharged. This has prevented me on the last few times I've been abroad from buying insurance. This could be dangerous for me or anyone with a mental illness."

Policy exclusions

Many people with mental health problems are only offered cover with blanket exclusion terms, meaning that they can't claim for any problems on holiday that relate to their mental health. One in five (21%) people who have experienced mental health problems have travelled with insurance that didn't cover their health condition.³

Blanket exclusions significantly reduce the scope of the cover provided, but despite this, customers are often quoted the same price as a customer with no health conditions and no exclusions, or even a higher price. It seems disproportionate for customers with mental health problems to pay the same when a provider has reduced risk and limited cover.

"I had to also sign a disclaimer stating that I was not covered should anything happen in relation to my illness (depression and anxiety). What I really didn't understand was that they put the travel insurance price UP yet I had LESS cover."

Difficulties understanding

Many people struggle to grapple with insurance policy documents, but common symptoms of mental health problems, such as reduced attention span and difficulties picking out key points from complex sources of information, can make this significantly

harder or altogether impossible for some. These problems can be compounded when policy documents are lengthy or use complex language, meaning that many don't understand the terms of their cover.

Blanket exclusion terms are usually highlighted, albeit they're often unclear, but we're concerned that additional exclusions relating to mental health are often buried in policy documents, and thus inaccessible to many people with mental health problems. For instance, mental health problems are often excluded from personal accident coverage and legal assistance. Below is a typical example from a major insurer.

Legal assistance - "We will only pay legal costs for claims relating to mental health if it resulted from an accident that also caused physical bodily injury to you."

Personal accident - "We will not pay any claim for disablement caused by mental or psychological trauma not involving bodily injury."

"Travel insurance policy documents are complex and difficult to understand for a person who doesn't have mental health issues."

The mental cost of limited cover

Research suggests that holidays can reduce stress and boost our happiness and quality of life,⁴ and insurance is designed to provide peace of mind whilst we're away. However, our evidence shows that exclusion terms can undermine these benefits and be a significant source of stress.

"Just leaves you feeling a bit anxious since mental health issues turn up at un-scheduled times. It's not like avoiding bungee jumping when that's excluded - how do you avoid your mental health?"

Many respondents described feeling vulnerable or insecure, and preoccupied by worries that something outside of their insurance coverage would occur.

"It made us too aware and ended up not doing anything on holiday, just in case."

Some were concerned by the breadth of exclusion terms, and uncertain about the bounds of their cover, or anxious that anything that went wrong might be attributed to their mental health.

“Makes me a bit concerned in case something were to happen. It is not always clear what is excluded and what is not.”

Disclosure of mental health problems

It can take immense courage for people to relive their darkest moments and open up about a mental health problem, and many don't tell their close friends or family as a result. However, disclosure of health conditions is an important part of the insurance screening process, so it's crucial that providers handle these interactions as sensitively as possible, and support customers to share the requisite information without causing harm.

“I find it very difficult to express to friends and family about my mental health and how it makes me feel so to explain to a stranger was excruciating. I got very emotional and embarrassed.”

Whilst the cost of travel insurance can increase for anybody with a pre-existing medical condition, people with mental health problems are considerably less likely to disclose than those with other conditions. 86% of people with physical health problems who have tried to purchase travel insurance in the last five years always disclose to their insurer, almost double the rate amongst people with mental health problems (45%).⁵ Almost half of people with mental health problems (45%) never disclose to their insurer, more than seven times the rate amongst people with physical health problems (6%).⁶

During our mystery shopping exercise, we found that several providers require customers to call up to complete an application, after disclosing some details about their mental health online. More than half (54%) of people who have experienced mental health problems struggle to engage with providers by telephone or find it distressing to do so,⁷ so this constitutes a significant access barrier, and discourages disclosure.

Many respondents described feeling embarrassed or ashamed when disclosing information about their mental health, and some felt as if they were being punished or judged for being unwell.

“I felt nervous and judged before I'd even pressed the submit button. I imagined all kinds of things like the cabin crew on the plane knowing and telling me I couldn't fly because I'd upset all the other passengers.”

If handled badly, disclosure can be a distressing experience, particularly if providers ask insensitive or excessively probing questions. Several respondents reported feeling additional pressure when disclosing by telephone.

“It was awful. Trying to stay emotionless as to not seem unstable. But then they asked questions about suicide attempts - that was difficult. Especially as they sounded cold. It's hard enough to speak to mental health professionals about this stuff never mind anyone else.”

This psychological harm is amplified when someone is a “good consumer” and shops around for cover, often meaning that they have to make multiple disclosures. In practice, these difficulties with disclosure can act as a powerful disincentive, meaning that many people with mental health problems don't shop around, and miss out on the best deals as a result, or don't disclose their health condition at all, and risk invalidating their cover and exposing themselves to significant financial risk.

“Harrowing and stressful. They asked 15 extra questions about mental health: suicidal thoughts, medication, self harm...”

However disclosure is not inevitably stressful, and well trained and supportive staff can make all the difference. Some respondents reported that it was easier to disclose if they were able to do so online.

“Did it online rather than by phone. I probably wouldn't have disclosed in a telephone call.”

Recommendations - to boost inclusion and reduce detriment

1 - review prices for people with mental health problems

Given the extent to which prices can rise for customers with mental health problems, and the financial and psychological detriment this can cause, the FCA should formally review the proportionality of travel insurance prices charged to people with mental health problems. The FCA is the only organisation capable of accessing information about insurers' commercially sensitive pricing and risk models and assessing whether pricing practices are fair.

The FCA should require providers to demonstrate that their pricing practices comply with the Equality Act 2010, by a) indicating the reliable source of evidence that they use as the basis for this discrimination, and b) demonstrating how they use this evidence to proportionally price risk in different circumstances.

2 - Improve understanding of exclusions and other key policy terms

Uncertainty around policy terms can cause confusion and undermine peace of mind. Providers should help customers to understand their products by providing summaries of key policy information in simple language and using practical examples to illustrate the boundaries of broad exclusion terms.

Symptoms of mental health problems can make it particularly difficult to process lengthy policy documents, so whenever a customer discloses a mental health problem, they should be alerted to all relevant exclusion terms and other conditions.

3 - Accessible and supportive disclosure environment

Disclosure is a routine and necessary part of the travel insurance application process. However it's currently not working well for many people with mental health problems, resulting in distress and non-disclosure, and leaving many at risk. Insurers should recognise the immense courage that it can take to disclose information about mental health problems to an unfamiliar company, and take three simple steps:

- Always offer more than one communication channel, such as telephone or email, for customers to disclose. Certain channels are inaccessible for many people with mental health problems.
- Ensure that call centre staff are trained to handle disclosure conversations sensitively and know how to support or signpost customers who become distressed or need additional support.
- User test their online disclosure environment to ensure that it is supportive and reassuring.

4 - Encourage innovation to boost inclusion

Currently, people with more severe mental health problems are often denied cover, face prohibitive prices or can only buy insurance with blanket exclusions. Through innovative use of data, providers may be able to more accurately assess risk and reduce prices for some customers in this segment, and to offer a broader range of coverage options, rather than blanket on-off exclusion terms.

The FCA should encourage innovation to provide more cover to more consumers in this segment. It is essential that innovation serves vulnerable and currently excluded customers, rather than simply improving services for middle-of-the-road consumers.

The FCA should also protect the interests of higher risk customers, some of whom may be excluded from cover in a better segmented market, by setting clear parameters for what data insurers can draw upon for risk assessments and exploring alternative options for those who are not well-served by the market.

Footnotes

¹ Money and Mental Health analysis of online survey of 2,078 people, carried out by Populus 11-13 May 2018. Data is weighted to be nationally representative.

² Equality Act 2010. Sch 3 cl 21 (1).

³ Money and Mental Health analysis of online survey of 2,078 people, carried out by Populus 11-13 May 2018. Data is weighted to be nationally representative.

⁴ Chen C. and Petrick J. Health and Wellness Benefits of Travel Experiences: A Literature Review. *Journal of Travel Research* 2013; 52 (6); 709-719.

⁵ Money and Mental Health analysis of online survey of 2,078 people, carried out by Populus 11-13 May 2018. Data is weighted to be nationally representative.

⁶ Ibid.

⁷ Holkar M, Evans K and Langston K. Access essentials: Giving people with mental health problems equal access to vital services. Money and Mental Health Policy Institute. 2018