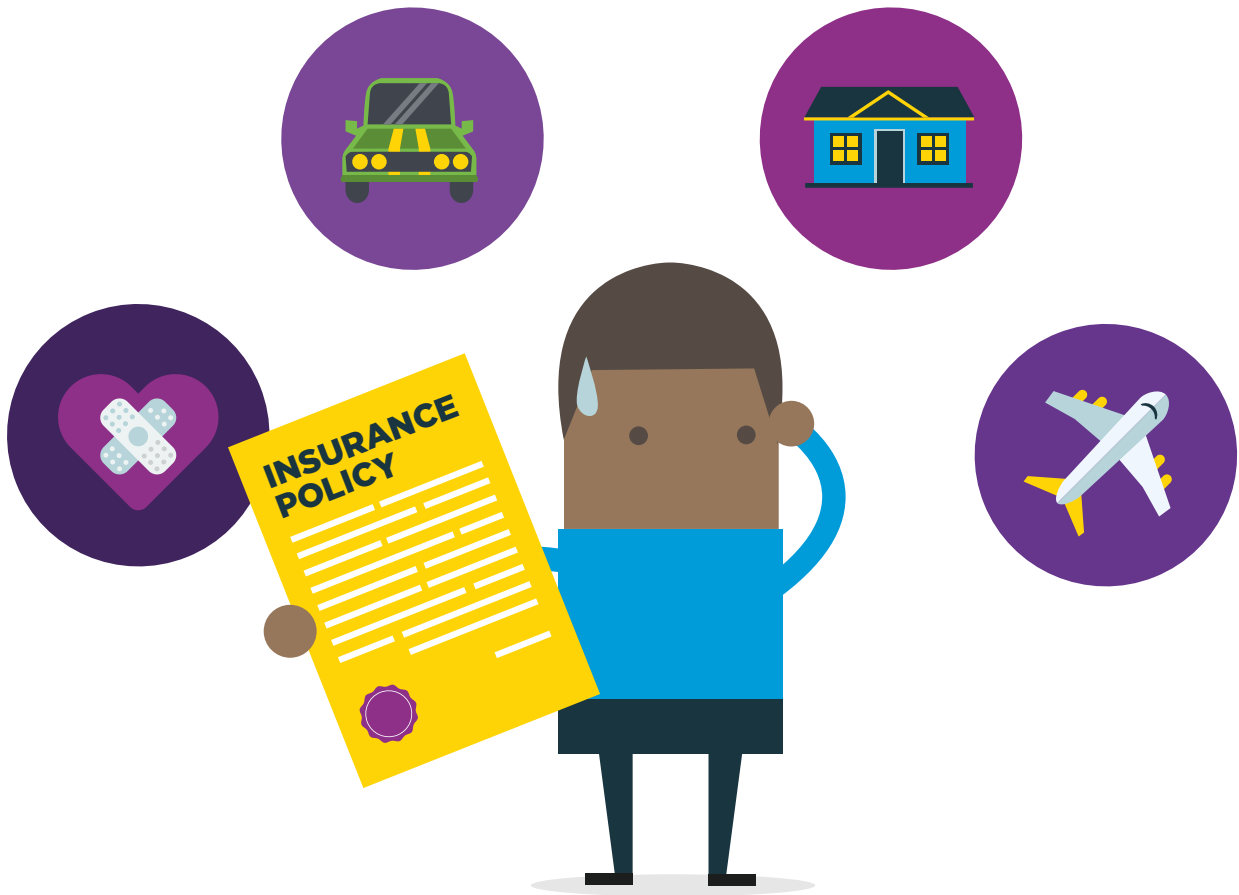




MONEY AND
MENTAL HEALTH
POLICY INSTITUTE



WRITTEN OFF?

Making insurance work better for people
with mental health problems

Chris Lees

Executive summary

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Insurance can provide peace of mind across a range of situations. But for those of us with mental health problems, issues with how insurance products are priced, explained and managed by firms can leave people worried about getting a fair deal, unclear on what exactly they are covered for and struggling to make a claim. In some cases, people with mental health problems are unable to access insurance at all.

People with mental health problems are missing out on vital cover

- When it comes to buying products like travel insurance, life insurance and income protection insurance, people who disclose that they have a mental health problem often experience poorer outcomes than other customers. This can include paying higher premiums for the same cover, having more situations excluded from the insurance or being declined altogether.
- In an online mystery shopping exercise of 15 travel insurers, a 'customer' who has experienced severe bipolar disorder was turned down by 9 of the providers. When cover was offered, the price quoted was 6 to 27 times higher than that quoted to a customer without a mental health problem.

Being unable to get the insurance you need at an affordable price can have a significant negative impact

- Members of our Research Community – a group of nearly 5,000 people with lived experience of mental health problems – told us how paying more for insurance can put pressure on already-stretched finances and leave people feeling dejected and discriminated against.
- Having an exclusion on a policy for a mental health problem can expose people to financial risks if they go through a period of illness. It can also be hard to process and understand information when unwell, meaning some people only find out they are not covered when they come to claim.
- Being forced to go without cover can, at best, leave people worried about what they would do if something goes wrong and, at worst, facing terrible medical bills if they become unwell while abroad, or unable to provide security for their children if they could not get life insurance.

Unclear information and complicated claims processes can make it hard for people to choose and use their insurance

- Beyond the level and price of cover, those of us with mental health problems can also face challenges navigating the market, including for home and motor insurance, to find the right product. Difficulty understanding what is and isn't covered can mean people purchase products that don't provide what they need, putting them at financial risk if the worst does happen.
- Making a claim on an insurance policy can be a long and difficult process, and people can feel unsupported. This can worsen people's mental health and lead to significant costs if they are unable to complete the process.

- Mental health problems can affect our ability to keep up with monthly payments for insurance. This can have a substantial impact in the short term, like having your insurance cancelled, as well as in the long term, such as not being accepted for cover in the future.

Ensuring people with mental health problems can access insurance and are treated fairly

- Insurance companies are allowed to treat people with health conditions differently when it comes to pricing decisions and what cover is offered. But under the Equality Act, that different treatment needs to be backed up by reliable and relevant information. The opaque nature of decision-making in the industry, however, means there is little transparency about what data is used and whether firms are following the rules.
- Action is needed from a range of actors so that people with mental health problems are able to get insurance at a fair price and make the most of their cover.

The Financial Conduct Authority (FCA) should:

- Launch an investigation to examine the data and models being used by firms in relation to mental health problems to guarantee they are complying with key regulations and laws.
- Set out clear expectations for insurance firms on how to deliver fair value for customers with mental health problems, a key element of the Consumer Duty.
- Urgently evaluate whether efforts like the introduction of mandatory signposting to specialist providers has proved effective in the travel insurance market. If it has not delivered meaningful positive change, the FCA should act swiftly to address the lack of access in this market.

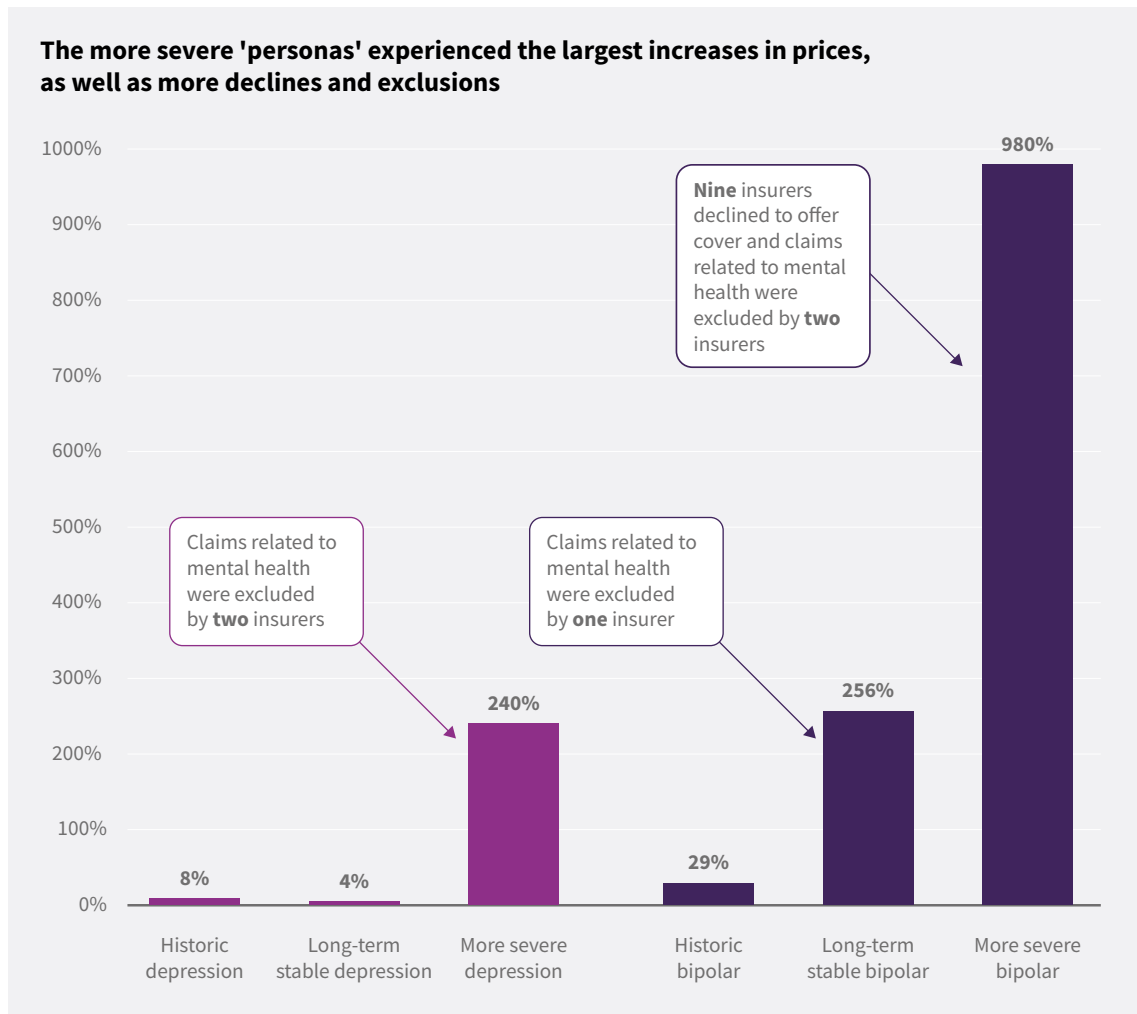
The insurance industry should:

- Use up-to-date and accurate data on the risk that those of us with mental health problems face by funding publicly-available research, updating the questions asked of customers and taking management of conditions and recovery into account.
- Be more transparent about how decisions are made so that customers know what data is being used and how to challenge decisions.
- Increase customer understanding of what is and isn't covered in insurance policies (including mental health conditions) and what to do if the premium increases, exclusions are added or they are declined.
- Embed accessibility throughout the customer journey, make it easier to claim and help people struggling with payments.

The government should:

- Explore the potential for a social policy intervention to ensure people with mental health problems can access insurance in key markets.

Average price increase by mental health problem, relative to a customer with no medical condition in percentage terms



Source: Money and Mental Health testing of 15 travel insurance providers. More detail can be found in the methodological annex.

Find out more

Scan QR code to read the full report or visit:
moneyandmentalhealth.org/publications/insurance



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