

Improving access to insurance for disabled people

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Scope
About disability

Introduction

Insurance is vital in providing people with financial protection when unexpected events occur, whether that be damage to a vehicle, household theft, or falling ill whilst on holiday. It is also needed in order to do things like drive a vehicle.

Research by Scope highlights that many disabled people struggle to access affordable insurance. This is because disabled people are often charged expensive premiums or denied cover altogether. Many disabled people feel they are deemed as high risk by insurers, simply because of their impairment or condition.

This briefing provides a summary of some of the difficulties faced by disabled people when purchasing insurance and outlines ways to begin to tackle these challenges.

Key findings

- 26 per cent of disabled adults feel they have been charged more for insurance or denied cover altogether because of their impairment or condition.
- Disabled people often cite travel insurance as the type of insurance which they find most difficult to access.
- In the last twelve months, 35 per cent of disabled adults have worried about paying their insurance premiums.

Insurance and financial resilience

It is likely that most people will purchase insurance at some point in their life. This is a product though that disabled people frequently experience additional costs due to their impairment or condition.

Combined with similar costs for things like energy and specialised equipment, disabled people spend an average of £550 per month on costs of this sort.¹

Affordable access to insurance is therefore important for all consumers, but particularly disabled people who have a lower level of financial resilience than non-disabled people.

For instance, disabled people have an average of £108,000 fewer savings and assets than non-disabled people.² Households with a disabled person are twice (16 per cent) as likely as households without a disabled member (8 per cent) to have unsecured debt totalling more than half their household income.³

Steep insurance costs for disabled people will only seek to push individuals further into debt and limit their ability to save and plan for the future.

1. Scope (2014). Priced Out

2. McKnight, A. (2014). Disabled people's financial histories: uncovering the disability wealth penalty, CASE paper 181

3. Scope (2013). Disabled people and financial well-being - credit and debt

Disabled people's experiences of purchasing insurance

In an independent inquiry into the extra costs faced by disabled people, the Extra Costs Commission, insurance was the financial service that disabled people said they found the most difficult to purchase.⁴

Scope has carried out new research to understand more about disabled people's experiences of purchasing insurance.⁵

We found that over a quarter of disabled adults (26 per cent) feel they have been charged more for insurance or denied cover altogether because of their impairment or condition. This shows that access to affordable insurance is a clear issue for a significant proportion of disabled adults.

Disabled people cite being able to purchase affordable travel insurance as a particular challenge – 16 per cent of disabled adults alone feel they have struggled to access travel insurance because of their impairment or condition. Consequently, 31 per cent of individuals in this situation have taken the risk of travelling without travel insurance.



26 per cent of disabled adults feel they have been **charged more** for insurance or **denied cover altogether** because of their impairment or condition.

Source: Scope polling of 1,000 disabled adults. June 2017

The high cost of insurance for many disabled people has a damaging impact on individuals' overall financial stability. **More than a third of disabled adults (35 per cent) have worried about paying their insurance premiums over the last year.**

Furthermore, in the last two years an additional 275,000 families where someone is disabled have fallen into poverty.⁶ This makes it all the more necessary to tackle the high expenditure on insurance faced by disabled people.

4. Extra Costs Commission (2015). Driving down the extra costs disabled people face – Interim report

5. Scope polled a nationally representative sample of 1,000 disabled adults living in the UK between 31 May to 8 June 2017. A non-random sampling technique was used to draw this sample; the methodology used means it is not possible to accurately apply these results to the actual population.

6. Department for Work and Pensions (2016). Household Below Average Income: 1994/95 to 2014/15

Improving access to insurance for disabled people

Standardised underwriting processes used in the mainstream insurance market will not always account for the specific circumstances of consumers deemed to be ‘non-standard’, such as those who are disabled.

Consequently, disabled people may find they fall outside of the parameters of the algorithm that determines insurance eligibility, resulting in high premiums or refusal of cover altogether.

Disabled people will present a range of impairments and/or conditions, which will impact different people in different ways. However, it is unclear whether the data insurers are using – and the interpretation of this information – is sufficient enough to build up a comprehensive picture of disabled people’s lives, particularly in instances where care, support or other interventions may mitigate potential risks.

Samantha’s story

Samantha is 31 and an actress and disability campaigner. She has a condition called osteogenesis imperfecta (brittle bones) and uses a wheelchair.

“ Like a lot of people my age, I enjoy going on holiday with my friends. However, unlike them, I always have an issue with getting insurance when I go abroad, even within Europe.

When I phone up to buy insurance, I have to go through a 30-40 minute interview. With brittle bones I get asked if I have scoliosis, a condition where the spine twists and curves to the side. My spine has been straightened and there is no issue, but this isn’t taken into consideration.

Then the final quote I receive is through the roof. When I went to Mexico for two weeks the quote came out at nearly £500, which was nearly as much as my flights. This is despite the fact I take extra precautions when on holiday.

I’ve always been able to find a way to pay the extortionate cost for travel insurance, but I know a lot of people wouldn’t manage. I wouldn’t risk go on holiday otherwise – I just wouldn’t risk it. ”



In addition, there are cases where insurers could do more to support disabled people for whom they are unable to provide affordable cover. Disabled people often tell us that when they receive quotes for insurance that are prohibitively expensive, or when they are turned down for insurance, they do not know where to go to get the cover they need.

To improve access to insurance for disabled people, insurers should

- Review the information used to price insurance products for disabled people to ensure this is truly reflective of the day-to-day impact of someone's impairment or condition.
- Proactively support disabled people to whom they are unable to provide affordable cover, for instance through better use of signposting to insurance brokers or specialist providers.

In order to understand fully whether the insurance market is working for disabled people, the concerns outlined above need to be tested further.

As the regulator for the market, the Financial Conduct Authority (FCA) is in a strong position to lead such a piece of work. Similar to the review taking place into access to travel insurance for people who have, or have had cancer, the FCA should investigate whether disabled people have access to insurance that has been priced in accordance with risk.

To improve access to insurance for disabled people, the Financial Conduct Authority should investigate whether disabled people have access to insurance that fairly reflects risk.

If such an investigation by the FCA concludes that insurance is being priced appropriately for disabled people, then there is a need for the Government to step in to address the lack of affordable products for these consumers.

The Government has already intervened in the area of flood insurance, working with the insurance industry to come up with a model for pooling risk. This has allowed for cross-subsidisation in pricing, which means that products do not become unaffordable for people living in areas in the UK prone to severe flooding.

To improve access to insurance for disabled people, the Government should address the challenges faced by disabled people in accessing affordable insurance products if it deemed that these are being priced fairly.

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