Association of British Insurers

Mental Health and Insurance Standards

Customer Q&A and Explanatory Document

abi.org.uk

@BritishInsurers

Explanatory document for Insurers

1.Improving accessibility

ABI members will:

a) Give customers two or more choices of how to communicate with them.

- Members will give customers two or more choices of how to communicate with them. This could take a variety of forms not necessarily on paper, such as a phone number, webchat, or email. It was raised by campaigners that often individuals with mental health conditions can find it challenging to speak on the phone, or on webchat for example.
- For online only insurers, the insurer must also provide paper-based documentation once an individual has gone through the underwriting process as required by the Insurance Distribution Directive.
- **b) Implement processes to support customers who may need assistance to complete the application process.**
- This could involve developing a relationship with appropriate charities and signpost to support services at appropriate points in the application process.
- Alternatively, this could also include signposting to more information about the application process or offer access to support line.

b) Implement training and staff awareness programmes to empower front-line staff to:

  - **develop a basic understanding of mental health problems,**
  - **show compassion,**
  - **use appropriate language.**

- This includes all staff who engage with customers. How the training and awareness programmes are carried out is down to individual providers. However, it can tie in with other training requirements, such as vulnerable customers training.
- We would also encourage members to share the standards with advisers to ensure that there is consistency throughout insurers' distribution channels.

2. Application process

ABI members will:

a) Include an introduction to their underwriting questions to manage customer expectations which:

- **explains the process,**
- **highlights the importance of accurately answering the application form questions,**
- **explains why questions are asked.**

- Campaigners noted that customers often do not know how decisions are made in insurance. It would be useful for members to explain why certain questions are asked and how information disclosed is used to determine a premium in a brief overview of the process.
- For more detail, members can link to our Mental Health and Insurance webpages.

b) Ask questions that can be answered without prior medical knowledge or understanding.

c) Only ask questions that are relevant to mental health conditions and treatments that:

- **are linked to an outcome and/or severity,**
- **do not list multiple conditions of widely differing severity into a single question.**

- Insurers will only require the disclosure of conditions where evidence linked to an outcome (such as seeing a doctor) or severity (such as taking time off work). As such, no questions regarding suicidal thoughts which are not linked to an outcome or severity will be asked within the underwriting process. Members will also differentiate between suicidal thoughts and attempts.
- Insurers can group different conditions into one question to avoid lengthy application forms, like with physical conditions. However, insurers should be conscious not to group common conditions like stress and anxiety with less common and less common, more severe conditions like bipolar.

3. Communicating decisions and cover

ABI members will:

a) Make mental health exclusions highly prominent in policy documents and in any communications where this is relevant.

- Exclusions should be made clear and prominent in policy documents. For example, any exclusions on a policy could be placed in a separate box or made bold. It should not be difficult for a customer to know what they their exclusions are on a policy.
- Exclusions should not be several pages into a policy document, nor should they only mentioned in terms and conditions.

b) On request, explain to applicants in their preferred communication channel why their policy includes exclusions or an increased premium, or why cover is not being provided.

- Under the Equality Act, customers have the opportunity to know why their policy has an exclusion or increased premium, or why they have been refused cover. While insurers are unable to proactively explain every underwriting decision automatically due to underwriting decisions being made by a multitude of factors, not only mental health considerations, this should not prevent a customer from being able to find out this information easily.
- Insurers should offer a preferred method of communication in line with the standards where a customer can request this information.
- When a customer requests this, protection and health insurers will provide an overview of their underwriting decision and reasoning, noting, in particular, the disclosures that lead to the application of a loading, exclusion being applied or cover not being provided.
- For online insurers, this will be online, or via paper, upon request by a customer.

3. Communicating decisions and cover (continued)

c) Regularly review written and verbal communications about underwriting decisions, supported by a relevant mental health professional, charity, or consumer group.

- This action requires firms to review written and verbal communications about underwriting decisions by a mental health charity, professional, or consumer group.
- Some members have the relevant expertise in-house, such as with the appropriate medical professional. Members should be able to demonstrate that the reviewer has the sufficient expertise to make a judgement on the written and verbal communications.
- Members may already work with a charity or consumer group who could review the communications.

d) Where appropriate, signpost customers to the relevant support services.

- Customers should be signposted when it is appropriate, not when they disclose that they have a mental health condition. For example, it would be appropriate to signpost to the relevant support services if a customer is showing signs of distress. This action ties into the wider point on training.
- For travel insurers, this will be in line with any work which the FCA is carrying out on signposting.

e) Remove formalised and negative language such as “declining” and “declinature” and replace them with neutral and non-technical wording.

- This action relates to the way that customer-facing language is communicated. An example of neutral wording could be “unable to provide cover”.
- This action does **not** require members to change the way they record data when a customer is declined.

4. Transparency

ABI members will:

a) Ensure that their underwriting approach around mental health conditions is reviewed regularly using up-to-date and/or relevant statistically credible evidence.

- Insurers will base part of an underwriting decision using evidence from a reinsurer's underwriting manual. So, while the primary responsibility for reviewing evidence will lie with the reinsurer, insurers should also make sure that they feel comfortable that this evidence is up-to-date and/or statistically credible.
- **b) On a customer's request, explain what evidence was used to inform the underwriting approach and state when it was last reviewed.**
- The evidence provided to a customer could be a combination of claims data, or the medical evidence, used to inform the underwriting decision.
- Travel insurers no not underwrite their customers directly; they use other companies, such as Verisk, to do this and receive a risk score for each customer from these companies. For travel insurers, whilst Verisk are not ABI members, they have confirmed that they will work with members on a case-by-case basis to answer queries posed by customers about a particular risk score. ABI members use Verisk as their underwriting engine, but other firms may use other companies who may not adhere to these standards.

Customer Q&A

Customer Q&A

Why are the standards focused on mental health and not physical health conditions?

In 2018, it was brought to our attention that customers with mental health conditions can often struggle to access insurance products. Subsequently, in January 2019, we held a workshop with the Royal College of Psychiatrists (RCPych) and leading mental health campaigners to identify where the key challenges arise when customers access our products, and to determine potential solutions to the key challenges raised. The findings from this workshop helped to inform the work of the ABI Mental Health Working Group and the development of the ABI Mental Health and Insurance Standards.

The areas which proved the most challenging for customers when accessing insurance were in the screening process. This included limited ways to communicate with insurers, unclear communications about exclusions or increased premiums, a lack of clarity around why certain questions are asked, and the use of opaque or outdated evidence.

We aimed to tackle these challenges by creating guidance for insurers when underwriting individuals with mental health conditions in the form of the Standards. By providing this guidance, we do not intend for people with mental health conditions to be treated differently to those with physical health conditions. Instead, these standards aim to ensure that the specific challenges related to mental health were tackled. We expect that the positive changes made to underwriting processes for mental health will also translate into positive changes for the customer journey for all medical conditions. Mental health conditions are also highly prevalent in the UK, with approximately 1 in 4 people in the UK experiencing a mental health problem each year and one of the main reasons for claims across these products.

What difference will this initiative make?

We want these standards to ensure that there is consistency in the way mental health is treated across the industry. The standards will ensure that firms reassess their processes in relation to mental health and can even present an opportunity to innovate and create new processes to improve customer outcomes.

The standards address the application process for insurance, communication channels, and the evidence used in underwriting decisions. The standards will also be measured before and after the implementation.

The standards as well as the customer-facing Mental Health and Insurance webpages are intended to demystify parts of the underwriting process for customers as well as improve parts of the customer journey.

The standards are not intended to change underwriting philosophies. An insurer may still not offer cover because it offers a product that is very limited in accepting customers with pre-existing conditions. However, we want to help customers find insurers who will offer cover, as there are many insurers who will cover individuals with pre-existing conditions. We encourage customers to seek financial advice if they are interested in finding specialist insurance providers.

Customer Q&A

What types of insurance are affected, and which aren't?

Health, protection and travel insurance products are affected by these standards. Insurers who have signed up to the standards are listed on our website (ABI will insert link). So, for example, if you are taking out an annual travel insurance policy, an individual health insurance, or individual income protection policy with an insurer on that list, the policy will adhere to the standards.

What should you do if you are unable to find cover?

Customers should seek financial advice if they are struggling to find cover in insurance, such as through British Insurance Brokers' Association's (BIBA) Find Insurance Service.

Customers should also be reminded that if they are declined because of a recent history of mental illness, but then go on to be symptom-free for a few years, customers can apply again for a policy as cover could be accepted at no extra cost.

When does it come into effect?

The standards will be launched in September 2020 and insurers will have until 31 December 2021 to implement the standards and actions.