

# THE ACCESS TO INSURANCE NEWSLETTER

JANUARY 2021



WORKING TOGETHER TO CLOSE THE GAPS



## A MESSAGE FROM JOHNNY TIMPSON...

Dear colleague,

Firstly, Happy New Year! After an incredibly challenging 2020, I hope this year is a safe, healthy and happy one for you all.

It has been 6-months since our last update and despite the many and additional unprecedented challenges that we have faced as a result of the Covid19 pandemic, we have come a long way in our mission to improve access to insurance cover and careers for consumers and colleagues with visible and/or non-visible disabilities and health conditions.

The past year has seen us deliver change as individual workstreams, and collectively as a Working Group, and there is value in taking some time to reflect on all that we have achieved, which you will read about in this newsletter.

As some of you may know, my 3-year insurance sector Cabinet Office Disability and Access Ambassador appointment is drawing to a close. Work to recruit my replacement is currently underway and we will share the outcome of this with you in February when I pen my final update to you all.

On behalf of the Disability Minister, the Cabinet Office Disability team and myself, I would like to thank you for all of your continued support this year. Whilst Covid-19 will mean that things are a little different going forward, let's continue to play our full part in building a new normal for our nation by continuing to improve access to insurance cover and careers.

Johnny.

# OVER THE PAST 6 MONTHS, WE HAVE...

SEP  
2020

- Submitted suggestions for the HM treasury spending review on behalf of the Access to Insurance Working Group.
- Took part in a discussion on accessibility of financial services at the Labour party conference.
- Presented to the Insurance and Financial Services APPG.

NOV  
2020

- Supported BIBA, CBI and ABI on the development of an insurance guide for UK SME businesses.
- Worked with BIBA to develop and deliver a business and group risk insurance training module for BIBA insurance brokers.
- Delivered a lecture to the Insurance Institute of London on workplace protection, wellness and rehabilitation.

JAN  
2020

- Finalised the Underwriting Explained guide which will be launched at the end of January.

JUL  
2020

- Worked with Mental Health UK on the development of their access to insurance survey and the presentation of their results.
- Presented to the Insurance & Financial Services All Party Parliamentary (APPG).

OCT  
2020

- Worked with, and supported, the Royal College of Speech and Language Therapists to develop and launch an accessible communication training module and accreditation scheme.
- Together with the CII, we developed mental health guidance for insurance colleagues.
- Met with the Insurance and Financial Services APPG and took part in an Inclusion Scotland lived experience disability leadership programme.

DEC  
2020

- Supported the Group for Autism deliver a webinar on making careers in insurance more accessible to people with autism.
- Worked with the Insurance Institute of London on an International Day of People with Disabilities lecture.
- Worked with the CII to produce an educational guide on the Equality Act for insurance colleagues.
- Supported the CII develop a code of ethics for insurance colleagues.
- Finalised the drafting of an Underwriting Explained guide which will be launched in January.

# WORKSTREAM UPDATES...

## 1 IMPROVING UNDERWRITING TRUST & TRANSPARENCY...

**WORKSTREAM LEAD:** ANDREW WIBBERLEY (DIRECTOR, ALEA RISK)

**WORKSTREAM OBJECTIVE:** TO IMPROVE THE TRANSPARENCY OF UNDERWRITING PROCESSES & PRACTICES AROUND CHRONIC HEALTH CONDITIONS & DISABILITIES FOR CONSUMERS, SUPPORTING CHARITIES & CONSUMER GROUPS.

The Underwriting workstream has worked tirelessly to finalise the Explaining Underwriting Decisions document, which is a best practice communications piece focussed on improving the way underwriting decisions are explained to consumers. We have now reached the point at which we are able to go out to insurance firms with this piece of work – this will see us collaborating with the ABI and The Association of Financial Mutuals to share the document with firms over the coming weeks with the aim of getting insurers signed up. There is no disguising the fact that this has been a long process, but we end it with a document that contains several key commitments to ensuring that individuals receive appropriate information about the decision made about them by an insurer, which is critical to the trust and transparency at the core of this work. This outcome has only been made possible thanks to the hard work of so many individuals in the workstream - thank you to all of you who have played your part in this over the last 18-months!

In 2021, the expectation is that the workstream will revert to a focus on the broader issues of underwriting trust and transparency, including delayed deep dives into medical conditions and consideration around the appropriate sharing of medical evidence.

Finally... I will be stepping away from the role of Underwriting workstream lead in order to focus on my new position at the IPTF, and as such Johnny and I would love to hear from anyone who would be interested in taking on this role going forward – please do get in touch!



## 2 PROFESSIONAL DEVELOPMENT...

**WORKSTREAM LEAD:** SHAYNE HALFPENNY-RAY (POLICY AND PUBLIC AFFAIRS ADVISER, CII)

As part of our commitment to continued professional development, the Professionalism workstream is finalising its work on technical guidance of Income Protection products. Alongside this, and at the request of the Charity and Consumer Reference Group, we will be focused on the Equality Act and exploring its value and application to insurance.

We aim to launch a short summary of the Equality Act 2010 – in line with regulatory requirement through the Senior Managers Regime, this aims to offer a foundation of knowledge for professionals on key parts of the Equality Act and their relation to insurance. We then plan to dig into this in more detail, specifically curating case studies and lived experiences of disabled people and how their experience of insurance and the Equality Act marries up with its intended purpose.

On 26<sup>th</sup> November, in collaboration with Willis Towers Watson, we organised a lived experience roundtable focused on autoimmune disorders, in honour of the International Day of Disabled Persons. The content of this session and the experiences captured within will be fed into the Cabinet Office's work on the government's National Disability Strategy, expected to be formally launched in the New Year.

As always, our commitment to support and further the work of other workstreams continues, having been a strategic partner to the signposting service launch and I personally sit on the new committee on behalf of the CII, we will look to support the new Underwriting good practice guide which we expect to see launch imminently.



**WORKSTREAM LEAD:** GRAEME TRUDGILL (EXECUTIVE DIRECTOR, BIBA)

**WORKSTREAM OBJECTIVE:** TO DEVELOP A SIGNPOSTING SYSTEM FOR CONSUMERS, SUPPORTING CHARITIES & CONSUMER GROUPS, SO THAT THEY CAN EASILY ACCESS GUIDANCE & ADVICE ABOUT INSURANCE FROM PROTECTION SPECIALISTS.

The Distribution, Engagement and Signposting Development workstream has now evolved into the new BIBA Access to Insurance Signposting Committee - this adds greater strength and depth to the access to insurance work. Since the launch of the voluntary signposting agreement on protection insurance last January, we have had many new firms sign up, for example HSBC. We are thrilled to have managed to help several thousands of people who have been struggling to find protection insurance find their way to a specialist firm who can assist them during what has become a more challenging market.

The past six months have been incredibly busy as we have been working on three new guides to improve access to protection insurance:

1) First up, we developed and launched a guide on **accessing protection insurance for consumers with disabilities and/or medical conditions**, which can be viewed here:

<https://view.publitas.com/biba/how-to-buy-protection-insurance-if-you-have-disabilities-or-medical-conditions/page/1>

2) We contributed to a guide on insurance for SMEs where **we promoted workplace protection and summarised the benefits of key group covers**. This piece of work was published in collaboration with the ABI and CBI and can be found here:

<https://view.publitas.com/biba/sme-insurance-guide/page/1>

3) For the third guide, we will be working with the Workplace workstream to provide more **detailed guidance on group and workplace covers**, we will launch this early in 2021.

BIBA also recently ran a dedicated webinar on protection insurance, which was lively and very well received by general insurance brokers and BIBA members. The aim of the session was to expand the awareness of the class and encourage greater discussion about the benefits of workplace protection insurance with SMEs from general insurance brokers.

We have continued to promote how to access protection insurance in the media and to stakeholders, and continue to build active and supporting signatories to the signposting agreement by contacting providers, charities and consumer bodies. The most engaging way to promote this work, and to improve awareness, is to bring the help that intermediaries can offer to life through the use of case studies so please do share your satisfied customer stories with us!





**WORKSTREAM LEADS:** RON WHEATCROFT (TECHNICAL MANAGER, SWISS RE) & KATHARINE MOXHAM (SPOKESPERSON, GRiD)

**WORKSTREAM OBJECTIVE:** TO DEVELOP A PROPOSAL FOR GREATER ACCESSIBILITY TO INSURANCE THROUGH THE WORKPLACE.

It has been a busy time for the workplace group. In addition to the continuing work on insurance benefits and services for employees through the workplace, we have opened up a new sub-group, looking at how life and disability insurance could be deployed more widely to protect business against the financial consequences of losing a key owner or worker as a result of them dying or becoming long-term disabled.

Katharine has been appointed to the Steering Group for BIBA's Find Insurance service which is providing support for enquiries from employers and from members or would-be members of group insurance policies.

#### **FCA Guidance Consultation on the fair treatment of vulnerable customers:**

Katharine led the Access To Insurance response to the FCA Guidance Consultation and feedback statement 20/3, Guidance for firms on the fair treatment of vulnerable customers. We welcomed the draft guidance in principle while supporting some of the points of detail made by organisations we work closely with.

We support the Chartered Insurance Institute (CII)'s observation that more can be done to ensure the FCA's approach reflects the most recent thinking and understanding on this issue and that it updates its terminology away from the negative connotations of the phrase "vulnerable customer". The phrase "vulnerable customers" creates a narrative that a person is fragile and a burden and places the onus on firms to treat them protectively (which may lead to them not being permitted to undertake certain transactions) rather than putting the emphasis on firms taking steps to give people equal opportunity to engage with the financial sector as fully as possible in the way that works for them, which is what is at the heart of the draft guidance.

We agree with the CII that more emphasis should be given in the Guidance to reinforce and ensure that protected groups under the Equality Act are able to engage safely with the financial market, especially since the Covid-19 pandemic could have potentially exacerbated their "vulnerability".

We also agree with ILAG that it can be argued that everyone is potentially "vulnerable" so it can be difficult for firms to deal with this in isolation. Within the protection insurance sector, we are dealing with long-term policies, often running for 40 years or more, so customers will move from being "vulnerable" to "non-vulnerable" potentially on numerous occasions during the lifetime of their relationship with an insurer. If firms were encouraged to treat all customers as "potentially vulnerable", within their Treating Customers Fairly (TCF) regime and consider this in the product management cycle, this could eliminate the need to impose a separate regime for an unidentifiable group. This is particularly pertinent given that post-Covid-19, the majority of the UK population could be deemed as "vulnerable" in any case.

#### **The Comprehensive Spending Review:**

In the absence of a formal pre-Budget process this year, we used the Comprehensive Spending Review to repeat the asks we had made ahead of the 2020 Budget. Mindful of the need to keep group risk policies easy to purchase and manage, we quite deliberately focused on proposals which reduce the burden on businesses.

We repeated a number of requests:

##### **1) Excepted Group Life Policies – exemption from potential charges to Inheritance Tax:**

At the end of 2019, there were more than 1.5m members of Excepted Group Life non-pension policies (EGLP), a further estimated 120,000 in-force Relevant Life Policies and a further 1.5m personal life assurance policies held in discretionary trusts. Between 2018 and 2019, the number of EGLP members alone increased by 55%. We continue to make the case for an exemption from charges to IHT when the sole asset of a discretionary trust is a pure protection policy where the benefits can only be paid on death and/or disability. In the context of EGLPs, it is believed that this change will save UK businesses about £2.8m per annum in ongoing administration costs for managing and reporting on trusts. Early indications are that the results at the end of 2020 will show a further increase in the number of EGLPs and member numbers. This will add to the cost mentioned above.

## **2) Group Income Protection Policies – Tax Clarification**

There are a significant number of Group Income Protection (GIP) policies where the employer funds a core benefit (e.g. 50% of salary) and the employee can flex up the cover (e.g. to 60% or 70% of salary) or extend the benefit payment period. All benefits are paid to the employer (the policyholder) to pass on to the employee. Following changes to salary sacrifice rules taking effect in April 2017 the tax position on the treatment of employee paid premiums and claim payments was unclear.

HMRC recognised that double taxation of employee benefits and premiums was unfair but the solution, effectively treating those premiums and benefits as if they were individual policies, adds a layer of complexity which will deter employers and add requirements for the sick individual to complete a tax return. The benefit provided from the member premium may also affect their entitlement to State Benefits.

We have asked for a simple and consistent approach to the tax treatment of both the employer-funded and employee-funded benefits. This will ensure that the employer and employee can understand and plan total income in the event of a claim and reduce complexity, which is seeing employers returning to offering a core benefit only with no option for the employee to top up. This could make their employees less resilient in the event of long-term illness – which is in nobody's interest.

## **3) The P11D/benefit in kind charge on Group Critical Illness benefits:**

Employer-paid premiums for Group Critical Illness are subject to benefit in kind rules because the benefit is paid to an employee tax free. On the surface, this seems reasonable but, as many SMEs do not run P11D benefits, and rarely for all employees if they do, this limits people having access to immediate support should they be diagnosed with a serious condition. Employees can use the payment from a Group Critical Illness policy to supplement sick pay, to pay for medical treatment, to pay for home modifications, palliative/ancillary care etc., thus saving the State considerable burden. We are asking for further dialogue to explore the possibility of either a premium limit e.g. £50-100 p.a. or a benefit amount e.g. £50k-100k which is not subject to benefit in kind rules, whilst retaining the tax-free status of the benefit paid. This would simplify the administration involved for employers and encourage more employers (particularly SMEs) to fund this benefit for their workers.

## **4) The P11D/benefit in kind charge on an Employee Assistance Programme (EAP) where dependants' and legal support access is provided:**

The past year saw greater use of the services commonly offered as part of a group risk proposition such as Employee Assistance Programmes and virtual GP services. This support has been invaluable as employers and their workforces have had to adapt very quickly to very different ways of working together with changes to their family life with all the issues they can present. Services embedded within group risk products now account for 50% of EAP coverage in the UK. We have recommended that some of the limitations placed on their use be eased such that they are not subject to a P11D/ benefit in kind tax charge. With EAP costs starting at £2-25 per employee per annum, applying any charge on this low cost but valued benefit seems extreme, particularly for supporting employees with mental health issues.

With only 2-3% of EAP provider calls coming from dependants, and only couples counselling allowed without a P11D/benefit in kind charge, in the main family issues are not being supported as well as they might be by employers.

## **Support from the Financial Inclusion Commission:**

In putting our response to the Comprehensive Spending Review together, we worked closely with the team putting together the response for the Financial Inclusion Commission and the importance of workplace benefits, particularly for lower earners was supported in its submission. Our thanks to Liz Barclay, a member of the Workplace workstream and a Financial Inclusion Commissioner, for putting the links in place and the opportunity to work again with her fellow Commissioner and protection enthusiast, Laurie Edmans.

## **Auto-enrolment and pensions:**

At our last meeting in October, Paul Avis from Canada Life presented some ideas for how an auto-enrolment model could work for group income protection. Our thanks to Paul for sparing his time and for his thoughtful presentation. In summary, Paul proposes a model built on pensions auto-enrolment which could give employers the option to use part of the pension contribution to fund a disability income benefit with compulsory rehabilitation support.

This is a complex area and Paul's ideas generated a very good discussion. As a next step, we are talking with Paul about preparing a paper as the basis for a wider discussion.

### **Insurance Institute of London Webinar:**

We gave a presentation to the Insurance Institute of London on the theme "Workplace, wellness and rehabilitation" at the Insurance Institute of London. The webinar was on the 30th November and was a great opportunity to showcase the role of employers and how timely, relevant and appropriate support can manage people back to work. Katharine and I were joined by Joy Reymond representing the Vocational Rehabilitation Association and a member of the Workplace workstream.

### **Business Protection**

In May, we set up a sub-group to look at the take up of Business Protection insurance. Business Protection is a very broad term, by which we mean life assurance and disability insurance policies which are taken out by businesses to protect themselves against the financial consequences of losing a person key to the financial success of the business. Market data show that far too few businesses have protection in place and we have been exploring why that should be and what we might do to raise awareness, leading to more cover being put in place and businesses becoming more resilient to financial shocks as a result. With some 5.9m businesses in the UK, the group spent some time breaking this down and identifying the cause of low take-up. We agreed that the needs of micro-businesses were often more akin to personal cover, an important area nonetheless and one which needs addressing at a later stage. We are proceeding on two fronts. Few would disagree that the industry often operates in silos, examples being the very different ways in which we meet employers' insurance needs. These are often based more on the regulatory structure and boundaries between life and health insurance and general insurance rather than a more holistic view of the customer's needs.

To begin to break down those barriers and to create greater awareness of the opportunities to cross over silos, BIBA has kindly hosted a webinar looking at opportunities advisers can take to raise and identify Business Protection needs and address them. Our thanks go to Alan Richardson and Ben Burgess from Life Search and to Paul McDowell from Zurich Life for a thoroughly entertaining and highly informative session showing how these needs can be identified through General Insurance fact finds and the added value for customers of working with others expert in this area, whether through an arrangement with a specialist or by using the BIBA Find Insurance service.

We will be looking next to other groups where we can take these messages further, including within the life and health market. Alongside this work, we are also planning to review existing market literature. We have identified that market literature covering the insurance needs of SMEs, barely covers either Business Protection or group risk benefits. We were very pleased to work with BIBA, and to provide some text on group risk benefits which has now been incorporated into the excellent ABI/BIBA/CBI guide covering the insurance needs of SMEs. Next, we will be working with BIBA to produce a more comprehensive guide to how its members can use both group and individual policies and services to enhance the proposition for its members.

### **The UK Disability Strategy**

There will be an opportunity for the group to participate in providing ideas into the consultation on the new Disability Strategy for the UK which is being led by the Cabinet Office. Formal consultation is expected in the second half of 2021 but we will be looking at ways to make a contribution ahead of that consultation. The group is also ready to react once the Government issues its response to its 2019 Consultation Paper, "Health is everyone's business: proposals to reduce ill-health related job loss".



# 5 FINTECH/INSURTECH UPDATE...

**SHÂN MILLIE (FINTECH/INSURTECH SPECIALIST ADVISOR TO THE CHARITY & CONSUMER BODY REFERENCE GROUP)**

Access to Insurance was inspired by the many structural inequalities in insurance and protection that posed serious obstacles to colleagues, friends, family and customers living with disability BEFORE Covid-19. We know that 'vulnerability' will be a fact of life for even more of our fellow citizens as a result of the crisis just to date; if we ONLY consider the increase in mental ill-health — e.g. as a result of redundancy, or being reliant on high-cost credit between pay-days, as 63% of us are — yet more of us will experience unacceptable difficulties accessing appropriate and affordable options and cover.

One of the many things I've learnt working with Leo and our Charity and Consumer Body Reference Group is that it's not enough — in the end — to be able to really understand and articulate WHY the existing system does not work, or even to find clever ways to mitigate and navigate through, although both of these stages are critical. For the real-world human living with disability (seen or unseen), a fundamental systems shift is needed.

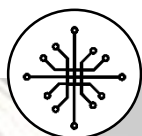
Two key drivers for a systems shift are:

- 1) Government and Regulatory
- 2) Market Innovation

I'm not one of those who think FinTech/InsurTech = Customer Choice and Improved Outcomes automatically. In fact, candidly, the evidence is simply not there at the moment. But whether the innovation in question is fresh thinking and doing within incumbent firms, or better data-enabled business models from new firms, innovating away from the status quo is clearly what is needed. A positive sign is that (1) Financial Health & Resilience and (2) Financial Inclusion are areas of increasing focus and activity, for both incumbent and new firms, especially for Retail Banks and FinTechs. This is driven by enlightened self-interest: it's good business, and it's business for good, or 'impact-focused'. And a prime enabler is going to be Open Finance, a structural, government-mandated change in how consumers can control and share data and — the plan is — have more and better understanding of **and** choices on, financial necessities like credit, insurance, savings and pensions. Getting to Open Finance will be, as they say, a 'journey', but just a few here-and-now examples of FinTechs building businesses on under-served customer needs in financial literacy, health and resilience include: [NestEgg](#), [MyBenefitsCalculator](#), [Hastee](#), [Signly](#), [MoneyHub](#) and [InBest AI](#) one of the cohort for members of Lloyds Banking Group's very first internal partnering effort, Launch. Let's also not forget [Cura](#) as a fabulous example of a Protection brokerage designed specifically for "people who are seen to be high-risk, quirky and non-standard".

Returning briefly to the Governmental and Regulatory factor: the direction of travel seems positive in the sense of new and deeper clarity on what is expected, and fresh energy on how whatever is put in place is actually measured and monitored. The Equalities Act looks certain to be at the heart of this. Access to Insurance activists, especially Johnny T in his various roles, are plugged into this; and CCRG members like Leo/MacMillan and Martin/Fair by Design energetically bringing the real-world consumer's lived experience and their own expert views on solutions into these important deliberations.

All this adds up to a cautious optimism for 2021. It does feel like momentum is beginning in FinTech/InsurTech to (finally) take on the challenges of disrupting the status quo that works so unevenly (badly, or not at all) for the wide constituency Access to Insurance is working for — hopefully in partnership with forward-thinking and acting incumbents — and it cannot come a moment too soon.





# WHO WE WORK WITH...

