

THE ACCESS TO INSURANCE NEWSLETTER

JUNE 2020



WORKING TOGETHER TO CLOSE THE GAPS



A MESSAGE FROM JOHNNY TIMPSON...

Dear colleague,

I hope this update finds you and yours safe and well. I had planned to bring us together again as a collective to update you in person but alas, due to the current Covid-19 restrictions, it is not possible to do so at this time. Much has happened since we first came together as a group of advisers, insurers, reinsurers, professional and trade bodies, charities and consumer groups at the DWP in Whitehall back in October 2018 where we jointly agreed, whilst being ever mindful of competition law, our "Caxton House" Declaration:

"We, the members of the Access to Insurance Working Group, are committed to improving access to protection insurance for consumers with chronic health conditions and disabilities"

Whilst the Covid-19 pandemic was unforeseen at that point, its impact makes our declaration even more relevant today, some 20 months on! We have also since extended our brief to include striving to improve access to careers in insurance for colleagues with disabilities and health conditions, visible and non-visible.

I would like to thank you personally and also on behalf of the Minister and the Cabinet Office for the work that you have done, and are doing, to both improve consumer access to insurance and deliver on our objectives of improving;

- Underwriting Trust & Transparency
- Signposting To Specialists
- Protection Via The Workplace
- Protection Professionalism in Practice

In addition, I would also like to thank the Charities and Consumer Groups that are, as our Reference Group, supporting our Steering Group and workstreams. as together, we seek to improve access to insurance cover and careers for the circa 13.9 million people in the UK living with a disability and/or health condition, visible and/or non-visible.

Our work is fundamentally an inclusion and diversity issue and working to make improvements in this space is essential for the continued success and growth of our insurance industry and profession. Thank you again for your support!

IN THE LAST 6 MONTHS, WE HAVE...

JAN
2020

- SUPPORTED THE CABINET OFFICE & THE BSI ENGAGE HEALTH & DISABILITIES CHARITIES WITH THEIR PROPOSED NON-VISIBLE DISABILITIES SYMBOL.
- LAUNCHED OUR BIBA SIGNPOSTING SERVICE & CONSUMER GUIDE PLUS INITIATED THE ESTABLISHMENT OF A NEW BIBA SIGNPOSTING COMMITTEE.
- SUPPORTED MENTAL HEALTH UK'S ACCESS TO INSURANCE SURVEY RESEARCH PHASE.
- SUPPORTED SCOPE & DISABILITY RIGHTS UK WITH THEIR STATUTORY SICK PAY REFORM OPEN LETTER.

MAR
2020

- WON A LIFESEARCH & TWO CII PUBLIC TRUST AWARDS.
- RELEASED A CII RADIO ACCESS TO INSURANCE PODCAST.
- SUPPORTED A CII PROTECTION KNOWLEDGE & SKILLS FRAMEWORK REVIEW AND THE ESTABLISHMENT OF A PROTECTION GROUP.
- AGREED THE SCOPE OF THE 'SIGN UP TO SIGNPOSTING' CAMPAIGN WITH COVER & PDG — JUNE LAUNCH.

MAY
2020

- WORKED WITH PDG & MENTAL HEALTH UK TO MAKE MENTAL HEALTH SUPPORT AVAILABLE TO INSURANCE COLLEAGUES DEALING WITH COVID-19 CLAIMS.
- LINKED UP WITH THE ROYAL COLLEGE OF SPEECH AND LANGUAGE TO SHARE INCLUSIVE COMMUNICATION BEST PRACTICE IN INSURANCE.
- ATTENDED CONFERENCES/EVENTS AT THE OCTO NETWORK, VRA, NEW STATESMEN, WESTMINSTER, FINANCIAL REPORTER AND THE INSTITUTE AND FACULTY OF ACTUARIES TO PRESENT ON ACCESS TO INSURANCE WORK.

DEC
2019

- LAUNCHED OUR [INCLUSIVE WORKPLACES GUIDE](#) AND NON-VISIBLE DISABILITIES [EDUCATIONAL ANIMATION](#).

FEB
2020

- COMPLETED THE WORKPLACE PROTECTION ACCESS BUDGET SUBMISSION.
- INITIATED THE DEVELOPMENT OF A CII PROTECTION KNOWLEDGE HUB COMMENCING WITH INDIVIDUAL & GROUP INCOME PROTECTION.
- SUPPORTED IPTF - THE INDEPENDENT SPECIALIST IP HUB FOR CONSUMERS & ADVISERS - REPRISÉ THE SEVEN FAMILIES PROJECT.

APR
2020

- LAUNCHED A [NEURODIVERSITY GUIDE](#) FOR INSURANCE MANAGERS & WORKPLACES.
- ENGAGED INCLUSION SCOTLAND AND THE SCOTTISH GOVERNMENT WITH OUR ACCESS TO INSURANCE WORK.
- LINKED UP WITH THE UNIVERSITY OF LINCOLN TO SUPPORT THE DEVELOPMENT OF A NEW UK RESILIENCE INSTITUTE.
- FINALISED THE DRAFT OF OUR 'UNDERWRITING DECISIONS EXPLAINED' GUIDE AND SHARED WITH ALL STAKEHOLDERS FOR COMMENT.

WORKSTREAM UPDATES...

1

CHARITY & CONSUMER BODY REFERENCE GROUP...

WORKSTREAM LEAD: LEO MILES (POLICY MANAGER, FINANCIAL SERVICES, MACMILLAN CANCER SUPPORT)

The CCRG brings together consumerist experts representing the needs and lived experiences of the full range of the 14 million of us living with seen and unseen disabilities within the UK. We don't set the work of the 4 workstreams, but we do our best as individuals (and as a group) to be the critical friends and 'customer voice' these colleagues need to unlock the system we're living in, the inadequacies of which have been so brutally exposed by Covid-19. There is so much to be done and every 'win' listed by Johnny counts towards our goal of widening access to, and increasing the accessibility of, Protection even as Covid-19 threatens to exclude even more people.

In many ways, issues around the Equality Act are at the very foundation of the barriers that we're striving to knock down as the Access to Insurance Group. The Explaining Underwriting Decisions document goes to the heart of this and we're very happy that some of us are supporting the workstream to get this urgently-needed best practice over the line. We are especially heartened by the re-focused plan for the Equality Act, and its new position within the Professionalism workstream.

These are tangible steps towards the insurance industry achieving its potential to support the Act's aims to "advance equality of opportunity" and "promote a more fair and equal society". Many of us in the CCRG will be energetically engaging with the Professionalism Stream on this vital issue - watch this space!

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

Supporting Leo and the Charity & Consumer Body Reference Group continues to be a real education in what it takes to understand customers, and how hard it remains to make changes from within Insurance and Protection, despite the energy, expertise and commitment so abundant in the Access to Insurance Group as a whole.

Innovation offers so many routes into inclusivity that works for everyone, but as ever, it is mindset, collaboration, trust and a commitment to collective impact that can make anything meaningful happen. It's both a privilege and a responsibility to see things from the viewpoint of the customer: I'm still learning about the structural inadequacies so well-entrenched pre-Covid even as I'm being educated about those Covid-impact threats of greater exclusion to which Leo alludes. Is it ok to be shocked about my ignorance of the Equality Act and Insurance despite spending 12 years obsessing about product design and review in our sector?

I'll do my best to support Shayne & the Professionalism workstream to find ways of making sure that innovators inside and outside Insurance are not as ignorant as I was, and maybe even challenge the status quo for customer benefit. Life and Protection Insurance is an increasingly 'sexy' area for innovation — for both incumbents and new firms — and to my mind, purposeful businesses tackling the enormous protection gap (and opportunity) will be the best possible proof of the FinTech/insurTech pudding.



2 SIGNPOSTING COMMITTEE...

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.

At times when other factors can make finding insurance a challenge, it is even more important that we are able to raise awareness, through both those that need and those that provide, about how to access suitable insurance policies.

The Signposting workstream has been doing what it can to begin to make signposting work for protection insurance. BIBA acts as a 'suitable signposting service' i.e. an organisation that can point an insurance customer to a suitable provider and our Find Insurance team has completed a massive amount of work to ensure that we have exactly the right advisors listed as specialists in the protection sector which customers can find online and via our Find Insurance telephone triage service. Our Find Insurance manager is contacting all of those firms that have signposted to us in the past to remind them of the benefits of signposting and we are preparing a letter to be sent to protection insurers to explain the process and their options to help customers.

We have participated in the All Party Parliamentary Group on Insurance and Financial Services to make sure parliament understands the work we are undertaking and its importance. The session can be viewed [here](#) and we are also working constructively with various Government departments to increase awareness and encourage greater levels of signposting.



3 PROFESSIONAL DEVELOPMENT...

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

The Professionalism workstream continues to focus on expanding access to protection insurance, as well as careers in insurance, for people with disabilities and long term illnesses. In this vein, and building on the inclusive workplace guide launched in December 2019, the CII recently collaborated with other intermediary firms and colleagues from the Access to Insurance working group, to create managerial guidance on supporting employees with autism spectrum disorders in the workplace.

The ongoing Covid-19 crisis has impacted everyone's lives, and the workstream is no exception. We had planned to launch guidance on income protection and related support mechanisms earlier in the year, however, content sharing has been delayed. We will endeavour to bring this out as soon as possible.

The workstream is also fulfilling its role as a support function for the work of other workstreams: following the launch of the new BIBA signposting service in January, we will play a key role in the plans for Cover Magazine's 'Sign up to Signposting' campaign and will be putting together guidance from a professionalism perspective on the ins and outs of signposting and why it is important for professionals from across the sector to play their part.

There are lots of positive actions being taken by individuals and firms which support the goals of working group which is heartening to see. Yet there will be many vulnerable people affected by the current situation who do not have protection, which demonstrates why our mission is more important now than ever. I, and the rest of the workstream, remain committed to doing all we can to support this crucial movement.



4 WORKPLACE...

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.

Budget Submission:

The Workplace workstream made a submission ahead of the Budget which was delivered in March. With a new Government in place, we took the opportunity to recommend changes to remove some of the legislative burden on employers and trustees, making it simpler for employers to support their employees and their business through workplace protection provision. Unfortunately, our proposals were not taken forward as the Government faces other priorities in the current environment.

We have also recommended that some of the limitations placed on the use of Employee Assistance Programmes be eased. Our submission concentrated on key changes which we believe are achievable and, where possible, we made suggestions on how the changes could be implemented simply and effectively. The recommendations are:

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

There are now more than 1.5m members of Excepted Group Life (EGLP) non-pension policies, 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%.

Our ask was 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 £2.7m per annum in ongoing administration costs for managing and reporting on trusts.

Reducing compliance, legal and administrative costs in this area should also encourage more SMEs to provide cover for their employees.

Additionally, it is common for an employer to wish to provide different levels of cover for different groups of employees, whether that is on grounds of position or as a result of obligations under TUPE regulations. Consequently, we are also asking for the removal of the requirement for all members of an EGLP have the same benefit calculation.

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 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 subsequently 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

Services embedded within Group Risk products now account for 50% of EAP coverage in the UK. With EAP costs starting at £2-25 per employee per annum, applying any P11D/benefit in kind 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 dependents, and only couples counselling allowed without a P11D/benefit in kind charge, in the main family issues are being unsupported by employers.

Family issues and legal disputes reduce productivity and so with such low £value amounts at play, any benefit in kind charge has a detrimental effect on EAP usage and restricts the effectiveness of such support. An easement to the restrictions would be very helpful with greater demand for EAP support as a consequence of the coronavirus pandemic.

5) Clarification of Age Discrimination Insurance Exemption

There is a general exemption to the overall prohibition on age discrimination that applies to insured Group Risk benefits which allows employers who provide certain insured benefits (including Group Risk benefits) to discriminate on the grounds of age by ceasing to provide these benefits to employees once employees reach the greater of age 65 or state pension age. As the state pension age increases above age 65, the age to which benefits must be provided in order to fall within the Insurance Exemption also increases. Many employers either are or want to be more generous than this (say providing benefits to age 70) but this does not fall within the Insurance Exemption. Consequently, if an employer provides benefits to an upper age of (say) 70, this would amount to direct age discrimination and thus be subject to objective justification arguments. We are asking for BEIS to confirm an extension of the Insurance Exemption to include an upper age above state pension age to provide clarity for employers and encourage more employers to continue to provide Group Risk benefits for longer for their ageing workforce.

Workplace sick pay statement:

New legislation came into force on 6 April 2020 which means that employers now have to tell their staff, on day one of employment or before, what their entitlement to any sick pay is. If companies don't look after absent staff, they may see staff not staying as long as they had hoped, instead choosing to work for an employer that values them more highly. This could mean that many employers will enhance their offering to make sure it's attractive. Employees often assume that their employer will look after them if they're unable to work through sickness or injury and only find out they're not so well supported once they're absent. They'll now know from day one exactly what to expect from their employer and be better placed to arrange their own personal cover to make them more financially resilient.

Covid-19 Pandemic:

These are challenging times for us all, but the Group Risk protection industry is financially secure, has robust continuity plans in place, models for pandemics and is fully able to function during this pandemic. Group risk providers have worked through several issues in order to clarify their stance on Covid-19, to keep up with developments such as furloughed employees and to make things as easy as they can for employers. Generally, providers are demonstrating exceptional flexibility and agility and employers will discover that they are able to find solutions that work for their business and situation, enabling them to make the most of their current Group Risk benefits and the embedded support services.



5

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 Improving Underwriting Trust and Transparency workstream has had three meetings in 2020, with further meetings planned for every 2 months throughout the year. These meetings provide an opportunity for the workstream to continue to make progress on our Explaining Underwriting Decisions document, which is a best practice communications piece focussed on improving the way underwriting decisions are explained to consumers, the need for this document now more pressing due to CV-19. The document has had input from advisers, charities, insurers, reinsurers and shared with the ABI.

In addition to this piece of work, a proposal by a legal expert to producing independent guidance on the Equality Act was commissioned, this proposal is being passed to our Professionalism workstream to take forward as it was deemed a better fit for this work.



WHO WE WORK WITH...

