



## **Insurance and diabetes**

**Buying the right insurance policy can give you financial protection and peace of mind if the unexpected happens. Unfortunately, having diabetes can affect both your existing policies and many new policies that you might choose.**

**This leaflet provides an overview of different types of insurance and pension options, along with practical suggestions to help you best manage insurance and pension needs, and avoid common pitfalls. It should be of interest to people with diabetes and their friends, family and carers.**



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**Most people living with diabetes have encountered difficulties arranging insurance, whether it is life assurance, income protection and family income benefit insurance or travel insurance. Although diabetes can be treated, people with diabetes are more likely to develop medical complications, such as blindness, nerve damage and kidney problems.**

**This leaflet looks at the main categories of insurance and seeks to address many of the questions, misunderstandings and concerns about insurance that people with diabetes have asked us over the years.**

**Please note:** this leaflet aims to provide you with general information to assist in obtaining insurance. It is not advice nor can it take account of your particular circumstances. For advice, with a view to making decisions, you should consult an independent financial or other professional advisor.

## Travel insurance

Most travel insurance policies exclude pre-existing medical conditions (medical conditions you had before the policy was taken out) such as diabetes. It is essential when arranging the policy that you fully disclose your medical conditions to the insurance company including diabetes, even if they do not ask. Failure to do so could lead to them rejecting a claim, and then it is too late.

When you are travelling with your family or friends, it is a good idea to share an insurance policy. If you have an individual policy it will cover your medical needs and cost of repatriation (transportation back to your home country), but not the cost of your companions accompanying you. Likewise, your companions' separate policy will probably not cover their costs of coming with you if you need to be repatriated. Being ill while abroad is stressful and it's important to have your friends or family with you. By being insured under the same policy you can make sure that you all stay together.

### What is the best way to buy travel insurance?

The following tips came out of a survey by *Which?*

- Save money by shopping for travel insurance online.
- Buy directly from the insurer, rather than a travel agent, to get the best deal.
- Tell your insurer if you or anyone you are travelling with has any pre-existing medical conditions.
- Buy an annual policy if you take more than two or three trips a year.

Diabetes UK has arranged specially designed travel insurance for people with diabetes, through **Diabetes UK Insurance Services** (see the back page for details).



### Things to remember

- Do your research and don't leave arranging travel insurance to the last minute.
- Get your travel insurance quote before booking your travel, the high insurance cost of some destinations may mean reconsidering which country you visit.
- Read the small print.
- Keep your policy details and emergency contact numbers with you.
- Keep all receipts for items you may need to make a claim for.
- Make full disclosures of your medical conditions when taking out your policy – if in doubt tell the insurer at the time of purchasing the policy.
- Don't just buy on price – buy the cover you need.

Make sure you take a European Health Insurance (EHIC) card with you if you're travelling to a European Economic Area country or Switzerland, but remember it is not a substitute for travel insurance. An EHIC card only entitles you to the basic level of emergency medical care available in the country, which is often a lot less than you may be used to at home. See the back page for information on how to obtain a card.

### Car insurance

The situation relating to car insurance for people with diabetes has improved greatly over the past few years. Most car insurance companies no longer penalise people with diabetes by charging higher premiums. If you feel that you are being discriminated against, complain to your insurance company. If you are not satisfied with their response, switch to another company. There are plenty to choose from and you can transfer your no claims bonus to your new company. It's a good idea to obtain at least three quotes.

When applying for car insurance you must declare all 'material facts'. Diabetes is a material fact, so you need to declare it.

The main danger of diabetes and driving is the possibility of having a hypoglycaemic episode (hypo), which could impair your judgement and lead to an accident. Although this is very rare, it can and does happen.

### Your driving licence and the Driver and Vehicle Licensing Authority (DVLA) – things to note

You are only required to inform the DVLA if your diabetes is controlled by insulin. You are not required to inform the DVLA if your diabetes is controlled by tablets or diet alone. But we always recommend that on first diagnosis you inform the DVLA of your condition. You will keep your full driving licence unless your diabetes is controlled by insulin. If it is controlled by insulin, you will be issued with a licence lasting 1–3 years. Further details about this can be found in our information booklet *Driving and Diabetes*.



### Summary

- You are required to inform the DVLA if your diabetes is controlled by insulin. You could supplement this with a letter from your diabetes healthcare team detailing how good your diabetes control is. However, we recommend that everyone with diabetes – whether they use insulin or not – should inform the DVLA.
- In all cases, inform your insurance company of your diabetes immediately and at each renewal and inform them of any changes in your condition or its treatment.
- Challenge your insurer if you feel you are being discriminated against because of your diabetes. If you are still not satisfied, switch to another insurance company.

### Insurance/assurance for loans and life

Arranging life insurance/assurance products when you have diabetes can be difficult. It is again important that you declare your diabetes when you apply for any type of life insurance/assurance products.

However, any insurance policies you already hold at the time you are diagnosed will not be affected. In this case, the premiums will not change and you do not need to declare your diabetes.

The Disability Discrimination Act does not prohibit companies from setting higher premiums for life assurance or health-related policies for people with diabetes, as there is proof of higher risk for people with certain conditions, including diabetes.

### How it works

On receiving your insurance application form, most insurers will ask you to fill in a 'diabetic questionnaire' if you have diabetes. They may also ask for further information from your diabetes consultant or GP. An underwriter can then calculate if there is an increased risk and will reflect this in the premium or add certain exclusions to the policy. You should allow a minimum of six to eight weeks for a life assurance application to be processed. This time allows underwriters to do an individual appraisal and collect the relevant information from doctors and consultants. Although diabetes can be treated, this does not remove the condition itself and people with diabetes are statistically more likely to develop complications involving the eyes, heart, feet, kidneys and nervous system. This means that premiums will be more expensive for people with diabetes.

### Term life assurance

This type of insurance pays a lump sum to your dependants should you die during the term of the policy. Term life assurance is often sold to support a mortgage. It will either be 'level term' (the premium stays the same over the term of the policy) or 'reducing term' (the lump sum payable reduces over time) depending on the type of mortgage, ie repayment or interest-only.

### Term critical illness insurance

This type of policy pays a single lump sum payment on the diagnosis of certain specified illnesses during the term of the policy. These policies are often expensive for people with diabetes or have exclusions for pre-existing medical conditions. It is very important that you read the policy document carefully and understand exactly what the policy does cover and what it excludes.



### **Income protection and family income benefit insurance**

These insurance policies pay a regular income to you or your family in the event of your inability to work or your death. Income protection insurance is designed to pay you a regular income after a 'deferment period', should you be unable to work because of illness or disability. The income will be paid until you return to work, your death or the expiry of the policy. Family income protection benefit insurance will provide a regular payment for the rest of the policy term in the event of your death. These policies are often expensive for people with diabetes or have exclusions for pre-existing medical conditions. It is very important you read the policy document carefully and understand exactly what the policy does cover and what it excludes.

### **Payment protection insurance**

Payment protection insurance is normally offered to you if you take out a loan, mortgage or credit card. This insurance is designed to help you meet commitments by covering your repayments (usually for no more than one year) if you are unable to work due to illness or redundancy. However, most of these policies exclude pre-existing medical conditions. The difference between this insurance and income protection insurance is that it covers unemployment and redundancy, is for a limited period only and is based on your loan repayments, not your income.

Payment protection policies are often difficult to claim under, especially on medical grounds, for people with diabetes. While they do have their place, they are usually sold as part of the finance package and you may even be unaware you are purchasing the insurance. It is not compulsory to buy the insurance as a condition of the loan. If you want to purchase this type of insurance, you don't have to buy it through the lender. In any case, read policy wording carefully, particularly the exclusions, and make sure you are fully aware of the cover provided.

## **Insurance/assurance and mortgages – things to note**

### **Affordability**

When you undertake a large financial commitment such as a mortgage, it is sensible to consider some form of protection to cover repayments if you are unable to do so. Some mortgage providers will not be able to quote you for life assurance, while others may charge excessive premiums, so it is best to shop around. The cost of life assurance can be an important factor in working out how much you can afford to borrow. If the life assurance offered is expensive, you may need to review your borrowing and consider a smaller mortgage, thereby reducing the amount of life assurance required.

### **Moving or remortgaging**

If you have life assurance to cover your mortgage and decide to move house or remortgage, **do not cancel** your life assurance policy. The reason for this is that you may not be able to replace the insurance for your new mortgage on such good terms, ie you may have to pay more. Continue paying the premium (don't forget it's you who is insured by the policy, not your home) and if you need more insurance cover for your new mortgage you can top up the insurance with an additional policy. Diabetes UK receives many enquiries from people who have been caught out in this way.



### Summary

To avoid unnecessary frustration, ask your mortgage advisor at the outset if their insurance products are available for people living with diabetes.

- Allow yourself plenty of time to investigate options, bearing in mind an application for life assurance can take from six to eight weeks to be processed.
- Apply for cover well in advance of when you need it to be in place. This will avoid a lot of last minute frustration and inconvenience, especially if the insurance is needed for a mortgage.
- If insurance for a large mortgage seems prohibitively expensive, it may be worth reducing the amount to be borrowed and obtaining another quote.

## Health insurance and hospital cash insurance

### Private medical health insurance

This type of insurance is very difficult or expensive for people with diabetes to arrange. Often the cost of any treatment relating to diabetes (including complications) will be excluded from the policy. So it's of limited value to people with diabetes. If you are covered by a scheme run by your employer, check the benefits available to you. If you move to another job, check whether you have a 'continuation option' under the scheme. Most private medical insurance schemes offer this option, which allows you to continue with the cover at your own cost.

### Hospital cash insurance

This insurance covers funds you may need for certain hospital and outpatient treatment. It can be a very useful way of helping with some of the costs involved with medical treatment. If you are considering such a policy, fully check what treatment it will cover. Diabetes UK Insurance Services has arranged a hospital cash plan insurance that does cover diabetes-related claims (after a qualifying period).

## Pension options

Decisions you make about your pension options are critical to your retirement and you should take advice from a qualified advisor before making any decisions.

Your pension is provided through something called an 'annuity'. In exchange for your accumulated pension fund, your pension company will offer you (and your partner, if applicable) a pre-set level of income, guaranteed for the rest of your life. An annuity can be purchased at any time from age 50 (age 55 after April 2010) and must be purchased by the age of 75. It is a good idea to shop around the annuity market to compare the income offered before making your decision. This is particularly relevant if you have diabetes, as you may be able to benefit from a special type of annuity called an 'enhanced' annuity. This type of annuity may offer a higher level of income than conventional annuities, as the income is adjusted to reflect your lifestyle, state of health and life expectancy. Diabetes UK Insurance Services offers enhanced annuities (see the back page).

### Occupational pension scheme

This is a scheme organised by your employer, and often includes life insurance. This could include life insurance (usually calculated as a multiplication of your annual salary) and permanent health insurance (which pays a percentage of your salary to you if you are off work due to ill health). If you are a member of a pension scheme at work, make sure you know what its full benefits are. If you move to another job, check if you can continue with the insurance cover even at your cost – it may be very valuable to you.

## Further information

### Diabetes UK Insurance Services

For further information or to get a quote on any type of insurance policy referred to in this leaflet, including travel insurance, call Diabetes UK Insurance Services on 0800 731 7431 or visit [www.diabetes.org.uk/services](http://www.diabetes.org.uk/services)

### EHIC cards

To apply for a free card go to [www.ehic.org.uk](http://www.ehic.org.uk), call the EHIC application line on 0845 606 2030 or pick up an application form at a Post Office.

### Diabetes UK useful contacts

Supporter Services	0845 123 2399
Advocacy Service	020 7424 1840/1847
Become a Supporting Member	0800 138 5605
Publications orderline	0800 585 088

**Diabetes UK Careline** is here to give support and information about diabetes: [careline@diabetes.org.uk](mailto:careline@diabetes.org.uk) or call 0845 120 2960 (please check the costs of calls to 0845 numbers with your phone provider). Or call 020 7424 1000 and ask to be transferred to the Careline.

### Feedback

We welcome any feedback you may have on this or any of our information. Please email [infofeedback@diabetes.org.uk](mailto:infofeedback@diabetes.org.uk)

## About Diabetes UK

Diabetes UK is the charity for people with diabetes, their family, friends and carers. Our mission is to improve the lives of people with the condition and work towards a future without diabetes.

Diabetes UK is one of the largest patient organisations in Europe. We stand up for the interests of people with diabetes by campaigning for better standards of care. We are the largest funder in the UK of research into better treatments for diabetes and the search for a cure.

We provide practical support and information and safety-net services to help people manage their diabetes.



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