

Insurance and diabetes

What you need to know

With some obstacles still remaining when it comes to insurance for people with diabetes, **Deborah Condon** talks to an insurance provider about what you need to be aware of

Insurance provides protection against a possible eventuality and for most, it is simply a fact of life. However, for people with diabetes, this can be a complicated area.

While major strides have been made when it comes to motor insurance, there are still big mountains to climb

when it comes to other types of insurance, according to Eamonn Griffin, Managing Director of ERM Financial Services.

ERM has been working with Diabetes Ireland for almost two decades. The company was originally invited to meet with the charity by Prof Gerald Tomkin, who wanted to see whether anything could be done about the unfair premium loading people with diabetes faced when looking for a motor insurance quote.

Breaking the stalemate

According to Mr Griffin, ERM was asked to try and “break the stalemate” between the insurance industry and those with the condition. At the time, while those affected did tend to get quoted, they were then ‘put through the mill’.

For example, they would be required to obtain detailed medical reports before inevitably being offered a much higher than average insurance premium.

However, working together, Diabetes Ireland and ERM managed to put a halt to this practice and in 2006, the motor industry officially stopped its discriminatory practices against people with diabetes. In other words, they could no longer be loaded against simply because they had diabetes.

Huge breakthrough in car insurance

This marked a “huge breakthrough”, Mr Griffin noted, and since then, things have come along even further. In partnership with ERM, Zurich Insurance now offers members of Diabetes Ireland “preferential rates above and beyond those offered to people without diabetes”.

“We have moved from a period when there was huge discrimination and we have got rid of that. Now people with diabetes are treated as standard customers, or with Zurich, they get preferential treatment, but you must be a member of Diabetes Ireland to avail of this,” Mr Griffin explained.



INSURANCE MATTERS

Continued obstacles

However, things have not been as positive when it comes to the various types of life insurance available. There are many different types of life insurance, from illness cover and life cover to mortgage protection. And unfortunately, people with diabetes “are still not treated as standard customers”.

“Life insurance often becomes an issue when people are buying a home for example, and those with diabetes can expect to pay anything between 50-350% more than the standard rate,” Mr Griffin pointed out.

He said that every other week, ERM is contacted by somebody who has been turned down for life insurance. This may be because they were only recently diagnosed and the insurance company wants to see that they can maintain a pattern of control over a given period of time.

For those who are quoted, they can expect to pay heavily over the odds. People with Type 2 diabetes tend to be treated less harshly and can expect to pay, on average, 50-200% more on their premium, while those with Type 1 diabetes pay, on average, 150-350% more.

However, while people with diabetes are currently always expected to pay more for life insurance, Mr Griffin said there are still some important points they should take into account, which may reduce how much they pay overall. For example, when applying for mortgage life protection, your HbA1c should be within target range.

Shop around

The first relates to that old adage – shop around. If you are taking out mortgage protection life insurance for example, the bank providing you with that mortgage will try to sell you their own product, however banks “are notorious for selling products that are more than people need”, so do your homework before accepting.

Mr Griffin also highlighted the fact that people are not locked into these products. By law, they can change at any time. In other words, if you find a cheaper product elsewhere, you can

change to it with no waiting periods or penalties.

“People think they are tied into these products for the length of their mortgage term, eg. 20 or 30 years, but they are not. They can change,” he said.



Another important point is that people should be aware of what type of policy they have. He warned that if they buy a life insurance product that allows the company to change or review its prices at certain times, or when the person is a certain age, this could be “an absolute disaster”.

“People need to know what cover they have. We have seen people who have taken out policies which allow the company to alter them at certain times, for example, when the person turns 60 years.

“Then when they turn 60, they are suddenly hit with a much higher premium, or told that they are going to receive fewer benefits than they thought. The price can double and this can prove hugely worrying. You should ensure you are paying the same premium every month – this is key,” Mr Griffin explained.

Changing life insurance policy

For anyone interested in changing life insurance policies, ERM offers a free audit of your existing policies, with the aim of finding you a more competitively priced product.

“When it comes to any kind of life cover, the chances are you are almost

certainly paying too much. We look at your current cover and with our specialist knowledge of the industry, try to get a better quote for you,” Mr Griffin said.

However, this particular area is still a work in progress.

“You will still not be treated as a standard customer, but we are trying to work more with companies who are more diabetes-sensitive. Some companies have a wide knowledge of the condition, while others unfortunately do not,” Mr Griffin acknowledged.

Travel insurance

Meanwhile, another area which people need to be aware of when it comes to insurance is travel. Those with diabetes must declare that they have diabetes and must receive confirmation that they are covered for it, otherwise their insurance policy may be rendered useless.

Mr Griffin noted that often when people buy flights online for example, they are offered a (usually) cheap insurance policy, which they can purchase with the click of their mouse. However, these basic insurance products will not cover them for anything diabetes-related.

“It is usually buried in the small print, but these products exclude cover for pre-existing conditions, including diabetes. This means that you can have potentially thousands of people travelling who think they are covered in the event of a health problem, but are not,” he explained.

Furthermore, even if a health problem was not directly related to diabetes, but the treatment was complicated by the condition, the person would not be covered.

“You need to be very specific when it comes to diabetes and travel,” he added.

Insuring insulin pumps

Finally, Mr Griffin noted that ERM gets quite a few queries wondering whether insulin pumps can be insured and the simple answer is yes.

If you would like more information from ERM on any form of insurance, including mortgage protection, call (01) 845 4361 or see www.ermfinancialservices.ie