



Chronic
Illness
Alliance

Report

Travel Insurance and People with Chronic Illness

June 2003

“After treatment of my breast cancer it took a long time to realize that I could still enjoy life, but when I did, I wanted the joy of travel. I'm not asking for anything for nothing, but I hope that insurers would take a reasoned approach to the costs of providing the insurance rather than simply exclude me because I once had cancer. If they were to do this in my case, my livelihood - writing - would be severely affected by my inability to go to conferences and meet readers, agents and publishers.”

(Marion Lennox, March, 2003)

“There is no doubt that the refusal to cover pre-existing conditions is the most contentious aspect of travel insurance. It is also a major source of annoyance for purchasers of other forms of insurance. Outright refusal to insure is similarly contentious, but is usually a refusal to cover a pre-existing illness in another guise. There is also no doubt that underwriters make mistakes and in some instances misunderstand the fine detail of some conditions.”

(Actuary, March 2003)

Background Information

People with chronic illnesses have often reported difficulty in accessing travel insurance. When the Chronic Illness Alliance was formed in 1994 the issues people wanted addressed included costs of gastrostomy feeding, travel costs, lack of access to affordable aids and equipment through government programs and an inability to purchase travel insurance. Whereas there were programs that ensured that people with physical disabilities received many such services, there were few programs that addressed the needs of people with chronic illnesses.

In 1994, travel insurance was on the agenda, largely because people with HIV/AIDS had found that they received a blanket refusal for cover while travelling. While this was much the same for people with diagnoses of breast cancer or cardiomyopathy, people with HIV/AIDS were more likely to question the justice of the refusal.

The Chronic Illness Alliance sponsored a small piece of research (carried out by Melbourne University Social Work students) to explore some of the issues involved. The objectives of this project were to:

- Define travel insurance
- Determine the problems involved in insuring people with chronic illness
- Explore solutions to the problems of insuring people with chronic illness who are travelling
- Make recommendations to the Chronic Illness Alliance on travel insurance
- Make recommendations on further research in this area.

Key Issues from the 1996 project

1. Work practices:

In 1996 the project team unearthed the following work practices by insurance companies around pre-existing illness.

Some travel insurance companies shared the services of the one doctor. Unknown to clients who were rejected by one company, their applications to other companies were also rejected.

One company offered Foundations such as the Haemophilia Foundations and the Cancer Councils travel insurance to their clients despite a pre-existing illness, provided they referred all their travelling clients to it.

Charities set up to provide families with overseas trips, for example trips to Disneyland for a dying child, had agreements with travel agents/insurers that they were not prepared to divulge.

2. Inconsistency was an issue:

Some people with rare diagnoses were able to purchase travel insurance 'over the counter' while others were refused even though they could provide evidence that their condition was stable and had been so for some years. The lack of written guidelines meant that travel insurers as well as consumers with chronic illness were limited by the inconsistencies.

3. Lack of consistent information:

There was little written information and advice re travel insurance and pre-existing illness, there was little written information on the appeal system, including anti-discrimination legislation, available through insurance companies or travel agents.

Recommendations in 1996

The researchers recommended that more information on travel insurance, and people's rights under Anti-Discrimination legislation be made available. The General Insurance Claim Panel was also a point of contact for people who felt they had been unjustly discriminated against. The researchers recommended that this panel also needed to be promoted. Pamphlets were the obvious means of promotion in 1996.

At the same time there were two insurers that were prepared to listen to people with chronic illness about their travel insurance needs and one of these was prepared to work in partnership with some of the members of the Chronic Illness Alliance Inc.

The Present Situation

Since this small report was written, there has been a steady trickle of enquiries from people with a chronic illness, requesting information about travel insurance. Equally there has been a trickle of complaints from people who have felt the bases on which they have been refused travel insurance are poor. Most recently, there have been more enquiries from people with chronic illnesses wanting to access travel insurance.

For this reason, the Chronic Illness Alliance decided to explore the current situation by holding a forum. The aims of this forum were to:

- Establish the problems people with chronic illness faced in relation to travel insurance.
- The problems faced by the insurance industry in relation to people with chronic illness requiring travel insurance.
- Explore solutions and strategies that will assist people with chronic illness purchase travel insurance.

The issues faced by people with chronic illnesses reported at the forum:

- i. Cardiomyopathy Association of Australia reported that people with cardiomyopathy received a blanket refusal with regard to travel insurance.
- ii. A consumer with MS had completed medical forms for three different companies and had been refused by all three.
- iii. People with cystic fibrosis felt it was not worth applying since they would be refused, just on the basis of their diagnosis.
- iv. Women who had breast cancer and whose health was now quite stable were often refused travel insurance.
- v. Men with prostate cancer were refused travel insurance or asked to pay a higher premium, although their activity levels were not compromised.
- vi. People with HIV/AIDS were now less likely to be refused travel insurance than they were in the past. People with HIV/AIDS still have problems getting a visa to the USA, though.

Some of the current travel insurance experiences of people with chronic illness when travelling:

- i. Travel without any travel insurance.
- ii. Disclose health status and get insurance cover for everything but the main pre-existing health problem.
- iii. Disclose health status and receive full cover.
- iv. Disclose health status and be refused all travel insurance cover including insurance for lost luggage.
- v. Pay a surcharge on the premium.
- vi. People shop around and then share information with others.

Inconsistent standards across the insurance industry remain a problem. This may be to some people's benefit. Some people have found an insurer that is prepared to conduct telephone health assessments. The determining factor seems to be the level of control and stability afforded by medication and compliance to medication.

Insurers were inconsistent in their definition of a pre-existing illness. One insurer defined a pre-existing illness as one that had received medical treatment during the thirty days before the start of the period of insurance. Another defined it as an ongoing medical or dental condition that has been investigated by a doctor, or chiropractor, or physiotherapist, or naturopath or osteopath or one that has had treatment prescribed in the 90 days before your cover began or pregnancy.

For one person, this inconsistency worked to her benefit. As she had not had any medical consultation in the last thirty days she could qualify. Had her eligibility been measured over 90 days she may not have qualified.

Others reported that they had obtained travel insurance by demonstrating medication compliance and a stable condition.

However, there remains a group of people whose illnesses seem to automatically preclude them. These illnesses are cystic fibrosis, cardiomyopathy, breast cancer and multiple sclerosis. Some people with these conditions reported they had given up applying for insurance, even though their condition was stable and they complied with their medication regimes. People with epilepsy feel that they are automatically excluded from travel insurance and would like to be part of a dialogue that demonstrated the diversity of the conditions which fall under the broad title of epilepsy.

In part this seems to be a problem with the current way that insurance companies assess people's eligibility.

The insurance industry view presented at the forum

Companies undertake to insure people who travel because it is profitable to do so. They achieve this by taking on the risks associated with insuring people over the whole range of contingencies associated with travelling. It is necessary to segregate those likely to make higher claims from those with lower claims. When someone is travelling to the Middle East they face greater risks than someone who is travelling to New Zealand and consequently the premiums reflect this. Similarly, someone who is healthy is less risky to insure when they travel than someone who has an illness. The risk associated with travel consists of death, disability, repatriation and medical expenses. A pre-existing (in this case, chronic) illness impacts on the risk associated within each of these areas.

Since the premiums associated with travel insurance are low and short-term, insurance companies aim to keep the associated costs down by:

- Selling travel insurance through travel agents when fares etc are purchased
- By not undertaking detailed underwriting, that is, full medical examinations.

It should be noted that the Commonwealth Disability Discrimination Act 1992 (www.hreoc.gov.au/disability_rights/insurance.htm) means that all people, regardless of their health status, can receive some level of travel insurance, for example, their luggage and cancelled flights. Those insurance companies offering cheaper forms of travel insurance either accept the person at a standard rate or reject them outright. However, some insurance companies have responded to the concerns expressed by people who have been refused travel insurance by establishing a panel of experts, or employing a doctor or a nurse to assess the level of risk in individual cases.

Data, on which the insurance industry bases its decisions regarding risks, may be problematical. General insurers, which include those who cover travel insurance, have less detailed data than do life insurers. In some instances the blanket refusal experienced by some people is associated with the available data on mortality and morbidity. The Institute of Actuaries collects continuous information on mortality and morbidity, and this is used by insurance companies to decide which diagnoses will automatically exclude people from qualifying for travel insurance. In some cases this data may be out of date as it does not take into account that many people who

have chronic illnesses are reasonably well due to their self-management techniques or to new treatments.

In the case of cardiomyopathy, while new treatments have improved people's lives markedly, the rates of death and hospitalisation are still far higher than the general population, so that this condition would be not be profitably insurable except with significant restrictions and excess premiums.

In some instances the level of detail may not represent the aetiology of a disease very well. For example the category of epilepsy ignores that there are a number of different forms, some of which pose a lesser risk than others. Cancers, however, are separated into individual diagnoses, and seen as having differentiated risks associated with each. Where asthma is concerned there is a need to distinguish between mild and severe asthma, as well as treated and untreated asthma. Since these actuarial data are 'commercial in confidence' it is not possible to gauge the significance of these issues. However, the Australian Federation of AIDS Organisations met with insurance industry representatives, following improved health outcomes gained from the introduction of antiretrovirals, to update the industry's information.

Right of review

When people are refused travel insurance over the phone they have the right of review through the Internal Right of Review of that insurance company. If they wish to take the matter further they can contact the independent insurance industry body Insurance Enquiries and Complaints Limited (IEC). This has a claims review panel, set up by the insurance industry.

Strategies to assist people with chronic illness gain travel insurance

- People need to shop around to purchase travel insurance; they need to do so well in advance of travelling. One suggestion was that people should start looking at travel insurance 12 weeks before their departure date.
- Some people had found Covermore Insurance (1800 251 881) a helpful company, because there was a health professional available on the phone to assess health status. CoverMore was prepared to insure people whose health was well controlled. This however is not automatic and is a case-by-case basis.
- People with chronic illness who used Jetset Tours Agencies had found Jetset's insurer QBE Mercantile (1800 555 017) helpful. It is necessary to book travel through Jetset Agencies to receive this cover.
- In some instances, a doctor's report that demonstrates you are as well as possible will help to obtain travel insurance.
- In cases where there is a need for expensive cover, the best bet was to get a broker to do the shopping. This means that the person with chronic illness maintains a level of anonymity, while negotiations take place. The broker's fee was considered by some to be well worth it.

Where to now?

People with chronic illness at this forum expressed the view that they would like the opportunity to have a dialogue with the insurance industry. For example, members of the Cardiomyopathy Association of Australia considered their condition in its current state was poorly understood.

As the insurance industry is not a particularly transparent one, there were problems about who to approach to begin this dialogue. One suggestion is the Institute of Actuaries of Australia since it is keen to provide the best quality data, and consumers felt that data could be improved upon if it had the consumer point of view. Another suggestion is that an approach to the Insurance Council of Australia may be worthwhile, while individual companies may be prepared to engage in a dialogue as part of a public relations exercise to improve their image.

In Australia, where there is

- an estimated 25-45% of the population with a chronic illness
- a high rate of overseas travel amongst the elderly
- and some 44% of people travelling without insurance

opening up dialogue may produce mutually beneficial results.