

EXCLUSIVE-Insurers get tough as obesity levels rise

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By Jennifer Hill

LONDON (Reuters) - A growing number of people with common medical conditions are being refused life cover, as soaring obesity levels hit insurers.

Diabetics are among the worst affected, according to TheInsuranceHelpline.co.uk, a broker that specialises in finding cover for people with medical problems.

Type 2 diabetes is strongly linked to being overweight, and the number of sufferers is on the rise as the population becomes increasingly obese.

TheInsuranceHelpline.co.uk says it has seen a 30 percent jump in the number of diabetics approaching it in the past year, after struggling to take out life insurance, income protection or critical illness cover -- even if their illness is under control and not related to being overweight.

Managing director Ron Moonesinghe attributes the problem to household insurers vying to remain competitive amid Britain's growing obesity problem.

The outlook, he says, is bleak: "We have a teenage population that's supposedly the fattest in Europe," he told Reuters.

"More obesity will lead to more diabetes -- and a growing insurance crisis: it's a time-bomb waiting to go off."

In recent years, insurers have been forced to pay out growing sums on protection policies -- which include level term and whole-of-life cover as well as critical illness insurance -- according to the Association of British Insurers (ABI).

They paid out 4.2 billion pounds in 2005 -- up 11 percent on 2004 and 24 percent on 2001, an ABI spokesman said.

Moonesinghe said that a higher number of claims forced insurers to raise premiums, making them less competitiveness.

"The way (for insurers) to keep premiums low is to pay fewer claims -- and that means excluding those people who are likely to make claims," he added.

He said a number of household names, including Direct Line, Barclays, NatWest, Virgin Money, Tesco and Marks & Spencer Money, are increasingly choosing to insure the "super fit" -- and

turning down people with conditions that "don't fit their model".

"If you ask them, they'll say they assess every case on its merits, but it costs 78 pounds for a GP report and they're simply not prepared to foot these costs," said Moonesinghe.

Reading couple Tim and Sarah Fill are both type 1 diabetic. Unrelated to obesity, this develops if the body is unable to produce any insulin.

With one child and another on the way, they were repeatedly refused mortgage protection insurance when buying a new home.

"The big household name insurance groups were the worst," said Tim. "Many of them flatly refused to insure diabetics, because we fall outside the 70 percent 'norm' which they base their business on: it's an absurd situation."

There are currently 2.1 million people with diabetes in Britain and a further 750,000 who have it but are yet to be diagnosed, according to Diabetes UK.

The vast majority -- 85-95 percent -- of sufferers have type 2 diabetes, which results from a lack of or resistance to insulin and, in most cases, is linked to being overweight.

Only a handful of insurers -- including Friends Provident, Royal Liver, Scottish Equitable and Legal & General -- are now generally willing to insure diabetics, according to the Insurance Helpline, which helped to develop the first British life insurance contract for people with HIV last year.

Getting cover is, however, subject to a string of other factors, such as type of diabetes, height, weight, family history and whether or not the applicant smokes.

Some providers have become "harsher", particularly where diabetes is linked to other obesity-related conditions, such as high blood pressure. The nation is becoming fatter and that's something that insurers are looking at.

Moonesinghe said insurers had reduced the starting threshold for "loadings" -- extra costs charged due to perceived extra risk -- from a body mass index of 30 two years ago to around 27 or 28.

Diabetics able to find an insurer can expect to pay inflated premiums.

A 35-year-old non-smoker can expect to pay around 10 pounds per month for a 25-year level term life insurance policy of 100,000 pounds, but a diabetic who has their condition under control would generally pay 20 pounds and a diabetic with worse sugar level readings 40 pounds.

A spokeswoman for Direct Line said it was willing to insure people with diabetes, depending on their "rating factor", but that they could face loaded premiums.

"Every case is different, but if someone is at increased risk of health problems, they will pay increased premiums."

