



The Insurance
Institute of London
Chartered Insurance Institute

The Insurance Institute of London

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Learning objectives

1. To understand how insurance products can be used by abusers to threaten, coerce and control
2. To explore the challenges victim-survivors face with life insurance products, particularly those set up in joint names with the abuser
3. To discuss the recommendations to overcome these challenges so that victim-survivors can access economic safety



Insurance and Economic Abuse



- Introduction – what is economic abuse and how does it relate to insurance
- Johnny Timpson – life insurance and economic abuse
- James Davey – the legal landscape
- Rebecca Deegan – reflections for the Association of British Insurers
- Close

Introducing SEA

Founded in 2017, Surviving Economic Abuse (SEA) is the only UK charity dedicated to raising awareness of economic abuse and transforming responses to it.

We work day in day out to ensure that women are supported not only to survive, but also to thrive.



SURVIVING
ECONOMIC
ABUSE

SEA's strategic priorities



**Public
understanding
and behaviour
change**



**Professional
response and
systems
change**



**Legal
regulatory and
public policy
change**



**Survivors
partnerships
evidence and
equality**

Our vision & mission



Our vision

A world in which all women and girls achieve economic equality and can live their lives free of abuse and exploitation.

Our mission

Is to raise awareness of economic abuse and transform responses to it.

SURVIVING
ECONOMIC
ABUSE

What is economic abuse?

Economic abuse is a legally recognised form of domestic abuse. It often occurs in the context of intimate partner violence and involves interfering with a partner or ex-partner's economic stability.

Restrict



Exploit



Sabotage



**SURVIVING
ECONOMIC
ABUSE**

Key challenges for victim-survivors and insurance



-
- Victim-survivors' interactions with insurers can be difficult and stressful
 - Inappropriate disclosure of information puts victim-survivors at risk
 - Barriers to accessing insurance
 - Claims unfairly rejected
 - Unable to separate joint policies without the consent of the abuser
 - Abusers sabotage or manipulate insurance as a tool of abuse
 - Life insurance policies taken out in a victim-survivor's name can be used as a form of intimidation or with the intention of benefiting from the policy after attempts to take the victim's life

**Abusers take out
life cover on their
spouse without their
consent
or knowledge**



11 years after separation, I found out that for 10 years my ex-husband had a life insurance policy on me, and that was a moment that I felt really scared. I didn't know this was possible, the audacity to do something like that, that he would gain from my death on top of the years of economic abuse – if something happened to me, he would get rewarded from me dying. It doesn't stop after divorce at all.

Victim-survivor



**Post separation
coercive &
controlling
behaviour**



I was financially and economically controlled and physically abused for every penny. I was afraid to leave because I didn't have the financial independence and I was frightened of the repercussions he threatened, [He] had taken out life insurance policies in my name...and he threatened to benefit by pushing me to suicide. I couldn't comprehend the level of detail to which he had planned for my life ending, the financial gains to him and the network of sympathy and support he had mapped out from my potential death

Victim-survivor



Johnny Timpson, OBE

How life insurance products are used in practice to
facilitate economic abuse

Prof James Davey, University of Bristol

What is the legal landscape

THE COMPLEXITY OF LIFE ASSURANCE AND ECONOMIC ABUSE

James Davey
University of Bristol Law
School

[A] FORMAL LEGAL RULES ON PURCHASE OF INSURANCE OVER LIFE OF ANOTHER

Life Assurance Act 1774 policy void if lack of required 'interest' in life insured...

When: *Dalby v India and London Life Assurance Co* (1854) 15 C.B. 365; 139 E.R.465: relationship ('interest') only needed at time of contracting.

(Means that separation or divorce does not invalidate policy)

Who: assumed unlimited interest in own life, that of spouse, civil partner [*Griffiths v Fleming* [1909] 1 KBD805, 817 (CA)]

No formal legal requirement of consent.

Failure to reform rules by either *Feasey v Sun Life* [2003] EWCA Civ 885 [settled at door of Supreme Court] or by Law Commission reform [Insurable Interest Bill (2018)]- both would have widened and NOT regulated relationships.

[B] A PROBLEM AND A POSSIBLE SOLUTION AND ANOTHER PROBLEM)

The Problem?

Life assurance on A for benefit of B; AND

Life assurance on B for benefit of A

Economic abuse of B by A.

The Solution?

Separation into two 'own life' policies,

or similar; OR

Mandatory 'surrender' for value ETC

[On demand, as 'vulnerable customer'

response, by contract term or regulation]

And another problem...

IS ACTUARIALLY FAIR INSURANCE PRICING ACTUALLY FAIR?: A CASE STUDY IN INSURING BATTERED WOMEN

*Deborah S. Hellman**

It is important to note that statutes regulating the business of insurance are not meant to prevent all discrimination, but only *unfair* discrimination.¹

Introduction

In 1995, the public,² the bar,³ and the legislators of several states⁴ began to respond to a 1988 survey of insurers that indicated that internal policy guidelines of approximately half of the nation's largest insurers instruct that health, life and disability coverage be denied to domestic

[C] THE RISK PROFILE OF VICTIMS OF ECONOMIC ABUSE: THE U.S. EXPERIENCE

- Notions of 'responsibility' and status as 'victim of crime' as justifying higher risk status.
- Emily C. Wilson, 'Stop Re-Victimizing the Victims: A Call for Stronger State Laws Prohibiting Insurance Discrimination against Victims of Domestic Violence' (2015) 23 Am U J Gender Soc Pol'y & L 413: 'Some insurers also argue that insuring victims incentivizes batterers to kill in order to collect on life insurance policies. They suggest that denying coverage protects victims from "being murdered by their abusers".' (citing Morrison)
- Deborah S. Hellman, 'Is Actuarially Fair Insurance Pricing Actually Fair?: A Case Study in Insuring Battered Women(*)' (1997) 32 Harv CR-CLLRev 355
- Ellen J. Morrison, 'Insurance Discrimination against Battered Women(*): Proposed Legislative Protections' (1996) 72 Ind LJ 259

(*) ADJUSTED TERM

THE POTENTIAL INSURANCE COSTS OF IDENTIFICATION AS A VICTIM OF ECONOMIC OR DOMESTIC ABUSE

- ☐ Assumption of risk-based pricing (as a minimum price): 'Actuarial fairness': Rational market outcome: higher risk -> higher premium. Law/economics justification: 'adverse risk selection' from 'subsidised' insurance.
- ☐ In UK, subject to Equality Act 2010 controls. But EA 2010 not directly relevant to status as victim of economic abuse (Sch 1, pt 5: age; disability, race, ~~sex~~*)
- ☐ Regulatory pressure [Consumer Duty; FCA work: FG21/1 Guidance for firms on the fair treatment of vulnerable customers: 'Distribution of legacy products/pricing and fees and charges: review of whether consumers with characteristics of vulnerability (where known) are more likely to incur particular fees and charges or are receiving rates not as good as other customers']
- ☐ Home insurance? Life assurance? Other?
- ☐ Raises wider question: what other circumstances excluded as victim of crime?

Recommendations



Insurers' changes to policies, practice and training to:

- implement mechanisms to safeguard against policy purchase w/o consent of the policy holder.
- offer single life cover, instead of joint, as the industry default.
- make it easier to split life insurance cover without both parties' consent.
- offer training, guidance and policies on domestic abuse, including economic abuse.

Industry leaders (Association of British Insurers) to:

- develop a code of best practice and guidance for the insurance industry in response to economic abuse that highlights these suggested practices. Amplify the briefing findings and recommendations.

The regulator (Financial Conduct Authority) to:

- encourage an industry wide approach in line with the Consumer Duty, including encouraging the development of a code of best practice.

Policy makers and researchers to:

- explore the legal mechanisms and opportunities to separate joint life insurance cover which isn't dependent on economic abuse.
- Ensure any future legislation that aims to extend 'insurable interest' considers risks of EA and prevent use of products to cause harm.

**Rebecca Deegan, Head of Protection
and Health, ABI**



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What we have covered:

1. what is economic abuse
2. how insurance products are used to facilitate economic abuse
3. the specific challenges survivors face with life insurance
4. the legal landscape which underpins this
5. SEA's recommendations for the insurance industry



Questions

Space for questions and reflections

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A B U S E

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Visit our website:

www.survivingeconomicabuse.org

Email:

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Support SEA

Your support can help us to save lives and stop economic abuse forever.

There are several ways you can get involved:

- Sign up for our newsletter or become a SEA champion
- Find out more about our training for individuals or companies
- Make a one-off or regular donation
- Utilise a number of free ways to give
- Become a corporate supporter through your business or organisation
- Join the SEA Captains Circle giving club
- Leave a gift in your will or donate in memory of a loved one

Visit our [Support Us](#) webpage for more details or email our development team - fundraising@survivingeconomicabuse.org



Registered charity number 1173256





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