

Financial Conduct Authority
12 Endeavor Square
London
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3rd September 2022

Dear Mr Rathi, Chief Executive,

Further to your letter of the 2nd September 2022, to my MP, the Rt Hon Mel Stride, ref: C220810B and my FOI requests ref: FOI9345 of 10th June 2022 and 16th August 2022.

I note and am encouraged that your review of terminal illness in life insurance policies is ongoing. I am however very concerned by the quality of feedback so far which lacks understanding and seems biased without explanation.

In particular, I would formally like to query via the FOI request framework the following statements that appear in your letter of 2nd September 2022.

You state that the FCA's review was based on a limited set of questions:

1. The fairness of policy wording relating to terminal illness.
2. Provisions insurers intend to make to account for the DWP rule change.
3. How decisions relating to terminal illness are made during the claims process.

You go on to state:

4. *'Early indications are that the current terms used by insurers appear reasonable'*
5. *'The claims acceptance rates do not indicate serious flaws in how the products operate'*
6. *'The data also suggests insurers have not thought it necessary to adjust their claims process or criteria on account of the DWP rule change'*

The only benchmark you have quoted for the above assumptions is the DWP rule change, which was in fact, mostly prompted by the excellent work of Marie Curie and the All Party Parliamentary Group for Terminal Illness (APPGTI). Together they summarized the issues involved within their report ['Six Months to Live'](#). Significantly this report pulled together the opinions of leading experts in the field and is recognised as an important reference by both peers and the Judiciary.

The matter was subsequently tested in law via Judicial review by Mr Justice McAlinden [McA11286](#) 7th July 2020, who in principle, ruled that it is unlawful to discriminate between different types of terminal illness when determining suitability for terminal illness benefits. Further that it was wrong to place genuinely terminally ill people in a subset where they may be disadvantaged. I respectfully suggest this is exactly what is happening with terminally ill insurance claimants who are being declined.

This seems incompatible with your findings so far.

- a) Please explain why the FCA review appears to ignore the findings within the 'Six months to live' report which clearly highlights the difficulty in achieving a definite estimate of time to death.
- b) Please explain why the FCA review appears to have ignored the discrimination factor with regard to the parallel terminal illness claim process used by insurers?

- c) Do the FCA consider that the ruling by Mr Justice McAlinden does not apply to the FCA or private insurance companies. In particular terminally ill policy claimants?
- d) Can you please explain any other benchmarks used to determine that 'current terms appear reasonable' and that 'claims acceptance rates do not indicate serious flaws in product operation'.

Under the section '**Further actions we are taking**' you state:

['reported terminal illness claims acceptance rates seem high ranging from 88% to 96%'](#)

May I point out that the above statement completely supports my calculation on page 11 of the report ['Dying for a Payout'](#) 28th January 2022, which estimates 1470 vulnerable terminal illness claimants are declined each year in the UK, just by one company.

- e) How did the FCA team arrive at the idea that acceptance rates seem high?
- f) Does the FCA think that 1470+ vulnerable terminally ill people declined is acceptable?
- g) What allowances have been made to account for the terminally ill people who would have claimed and/or complained but for their physical and mental incapacity to do so?
- h) What is the FCA doing to formally ensure the quality and truthfulness of the insurers data received?
- i) How many people on the Financial Conduct Consumer Panel are terminally ill or are directly effected by terminal illness?

Yours,

Pete Bull Campaign Lead – TI Claim Survivor

Terminal Illness is Pain Enough

[*Campaigning for fairer treatment of terminally ill insurance claimants – click here to find out more*](#)

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