

Commercially-provided insurance: Need to limit/ban discrimination

This comment relates to the possibility of using commercially-provided insurance products and schemes as part of the provision for disabled needs.

I am not expressing a view on whether or not commercially-provided insurance should be considered. However, if commercially-provided insurance does form part of the overall scheme, the government should be very cautious about allowing insurers to pick and choose who is accepted and on what terms. In particular, I oppose discrimination on such grounds as genetic conditions.

Insurance companies and commentators will often cite the “problems of adverse selection” in arguing for the right to select only the better risks to insure. At least with regard to life insurance and critical illness insurance, the costs of adverse selection if insurers are prohibited from using genetic information appear to be small – see

http://www.ma.hw.ac.uk/~angus/papers/overall_impact.pdf
and <http://www.ma.hw.ac.uk/ams/girc/publications.php>

While the effect in disability insurance may be greater, you still need to set this against the considerable social/human cost of the consequences that flow from allowing insurers to use genetic information.

Furthermore, there is an argument to be made that adverse selection is actually a good thing in terms of social policy, see

<http://www.guythomas.org.uk/genetics/genetics.php>

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