



**UNLOCK**  
The National Association  
of Reformed Offenders

# UNLOCKing Insurance

## Impact Report

January 2008 – December 2008



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## Introduction

UNLOCK, the National Association of Reformed Offenders was established in 1999 by a group of reformed offenders and former HM Chief Inspector of Prisons, Sir Stephen Tumim. It aims for a society in which reformed offenders are able to fulfil their positive potential through equal opportunities, rights and responsibilities.

UNLOCK creates change through innovative pilot projects, focused campaigns, strategic partnerships, media work, and by providing information and support. It is led by Chief Executive Bobby Cummines, who served 13 years in prison, and President Lord David Ramsbotham, former HM Chief Inspector of Prisons.

As a significant part of its work, UNLOCK has worked to raise the profile of financial exclusion amongst former offenders and their families, with projects such as UNLOCKing Banking, UNLOCKing Financial Capability and UNLOCKing Insurance. Since supporting the establishment of the first specialist broker, UNLOCK has helped hundreds of individuals and families. By working with industry to encourage new entrants to the market, building links with specialist brokers, UNLOCK is developing a fair and competitive market. UNLOCK refers its members to these brokers, in order that they can benefit from a competitive quote and ultimately keep their homes, transport and businesses.

Insurance was one of the very first issues tackled by UNLOCK. While great progress has undoubtedly been made, much more needs to be done. The problems can only be solved on a large scale with the involvement of many stakeholders. The insurance industry, government agencies, charities and the media all have a part to play in ensuring that both insurers and consumers are well informed and behave responsibly.

# Insurance and Convictions

Of the 7.3 million people on the Home Office's Offender Index<sup>1</sup>, around 99% are in the community.<sup>2</sup> At a number equal to one quarter of the UK's working population, these 7.2 million citizens; men, women, parents, grandparents, children, employees and employers, constitute a significant part of UK life.

However, under the current policies and practices of the UK's mainstream insurers, people with *unspent* convictions, and those that live with them, are essentially barred from securing even basic insurance. This can have serious emotional, social and economic consequences for the individual, their family and society as a whole.

Sentence	Period (18+)
Prison/ YOI: 30 months or more	- forever
Prison/ YOI: 6 months- 30 months	10 years
Prison/ YOI: Less than 6 months	7 years
Community Service/ Probation	5 years
Fine/ Compensation Order	5 years
Absolute Discharge	6 months

The Rehabilitation of Offenders Act (1974) or 'ROA' sets a time period, based on the sentence given, during which past convictions must be declared to employers or insurers. These 'rehabilitation periods' are many times longer than the actual sentence given and in some cases last forever. Until this period passes, the conviction is defined in law as *unspent* and the individual will face exclusion.

Such consumers are damned if they disclose and damned if they don't. All insurers consider *unspent* convictions as material facts. Under the blanket exclusion policy, the mainstream insurers will simply refuse to offer or cancel any cover for people with unspent convictions or a policyholder living in the same home.

Many former offenders are not aware of the requirement to disclose unspent convictions. This is largely due to a lack of awareness, or even interest, regarding the ROA and its application to insurance law amongst many organisations both within criminal justice and the insurance industry. The onus is always on the insured, so if full disclosure is not made, consumers can pay premiums over long periods in the belief that they are covered, when in fact their policies are void.

Without buildings insurance, mortgages become unavailable or rescinded and families lose their homes. Without motor insurance, personal transport is lost, preventing access to many jobs and impeding family life. Without access to commercial insurance small businesses are unable to trade and self-employment opportunities disappear. These consequences are negative for the UK as a whole.

<sup>1</sup> *Offender Index*, Home Office RDS, [www.homeoffice.gov.uk/rds/offenderindex1.html](http://www.homeoffice.gov.uk/rds/offenderindex1.html)

<sup>2</sup> *Adult prison population Friday April 18<sup>th</sup>* : 82,105 , Ministry of Justice

# Impact

## Industry Impact

In 2008 UNLOCK created and published a major report entitled **UNLOCKing Insurance: Issues and Evidence (June 2008)**. Section one of the report set out to clearly establish the problem as it is experienced by people with convictions and their families. It explained how current industry practice involved a blanket exclusion of reformed offenders. It also provided many case studies illustrating both the desperate need to 'unlock insurance' and the positive impact of the support provided by UNLOCK.

Section two reported on new research by UNLOCK into the growing use of the internet for purchasing insurance and how this brought new dangers for reformed offenders. The report identified best and worst practice amongst insurers and offered a set of recommendations. This research was **Insurance Age's lead story** in the news section. The outcome was that the **FSA required aggregators to review Issues and Evidence**. We are also aware that at least one has been visited by the FSA to question current practices under the Treating Customers Fairly principles. That aggregator then made contact with brokers on UNLOCK's list of specialists. The establishment of such relationships will have a **hugely positive impact for people with convictions**, since around three quarters of consumers visit these sites when renewing insurance.<sup>3</sup>

In 2007, a successful partnership with the **British Insurance Brokers Association (BIBA)** produced a widely reported joint press release. This challenged the industry to develop a more flexible approach to people with previous convictions, for the benefit of customers, industry and society as a whole. In 2008 UNLOCK aimed to build on this success by influencing the **Association of British Insurers (ABI)**, which directly represents insurance companies. The ABI had been tasked by the Financial Inclusion Taskforce with establishing a working group to improve access to home contents insurance for the financially excluded. UNLOCK identified this as an opportunity, met with the ABI and were asked to produce a short paper for assessment by the group. Our **Report for the ABI Working Party on Access to Insurance** (July 2008) impacted by convincing the group to accept the exclusion of people with convictions onto their agenda, on behalf of the insurance industry. **The ABI has agreed to tackle previous convictions** in 2009.

UNLOCK was invited to attend the FSA Money Guidance Pathfinder Conference in 2008. One key outcome of this was gaining the interest of the **Chartered Insurance Institute (CII)**, the world's largest professional body for insurance and financial services. As a result, Chris Bath was asked write a 'Think Piece' for publication by the CII. Through this series of invited expert papers, the CII aim to promote debate and fresh thinking in the financial services sector. **Time served: unlocking insurance to help reintegrate offenders into society** (November 2008) reached the CII's Think Piece readership of senior insurance industry leaders, **impacting industry at the highest levels**.

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<sup>3</sup> UK Insurance Aggregators 2008, Datamonitor.com, 2008

## Government Impact

One of the reasons why this issue is so challenging is that it relates to a wide range of Government policies and therefore requires a genuinely joined up approach by Government departments. The challenges of achieving this are well known.

The key Government agency for UNLOCK has been the **National Offender Management Service (NOMS)**. NOMS is a delivery agency of the Ministry of Justice and runs both prisons and probation services. Offender Management is split into several 'pathways to reducing re-offending' including Finance, Benefit and Debt (FBD). UNLOCK has been at the heart of developments in the FBD pathway since its inception. UNLOCK has **raised the issue at Ministerial level** with Angela Eagle, Parliamentary under Secretary of State for Justice. The impact of our work is demonstrated by the recognition of **access to insurance being recognised at a strategic level** as relevant to reducing re-offending, both at the regional and national levels. This in turn influences the delivery of interventions throughout prisons and probation.

Achieving ground level impact within the criminal justice cannot be achieved purely through strategic policy change. The infrastructure has been in a state of constant flux for several years and is not effective at translating policy into practice. The **UNLOCKing Financial Capability (UFC) project has now impacted on 33 prisons, 77 staff and thousands of prisoners directly**. Staff and peer supporters received tailored, tried and tested capacity building training and materials which allowed them to deliver training to their clients. This included information on the impact of criminal convictions on insurance. UNLOCK receives specific data from a sample of nine prisons. In 2008 around 800 prisoners benefitted within these 9 establishments. In a snapshot report covering 5 prisons over 3 months, the **average gain in confidence on insurance issues was from 2.5 to 8.4** on a 10 point scale.

UNLOCK has an established relationship with the financial inclusion team at the **Financial Service Authority (FSA)**. This has allowed us to influence industry by ensuring the regulator is fully informed. **Our impact has been clearly evidenced by the FSA's actions** towards the aggregators, highlighted in the previous section.

UNLOCK worked with the **DWP's Now Let's Talk Money campaign** whose website offered an opportunity to extend our reach to a wider audience. This made our **insurance information leaflets available to thousands of intermediaries** working with people suffering financial exclusion right across the country. UNLOCK will also work through the new Financial Inclusion Champion for home insurance, once they have been appointed.

UNLOCK lobbied Ian Pearson MP, **Economic Secretary to the Treasury**, and secured meetings with both the Head of Financial Inclusion and the Financial Stability & Risk Team for January 2009. Agreement was reached that the issue **should progress via the FSA** but that the lack of information provision to consumers could potentially represent a market failure. In this case **the Treasury could become involved directly**.

UNLOCK identified the Law Commission's consultation paper on disclosure as an opportunity and made a submission highlighting the relevance of the ROA. The **Law Commission agreed to include the issue of convictions in its draft bill**, which will be presented to Government in summer 2009.

## Voluntary & Community Sector Impact

In 2008 **New Philanthropy Capital** conducted research into the impact of charities on financial exclusion. The resulting report **Short changed** highlighted both the impact of UNLOCK's strategic work and the practical support to access insurance products. However, with five staff, UNLOCK remains a small charity. Therefore effective partnerships are a key element of achieving this scale impact.

In addition to the prison-based training, the UNLOCKing Financial Capability (**UFC**) **project has now impacted on 51 staff, in 9 community-based charities** from Portsmouth to Blyth in Northumberland. These charities are now able to more effectively support beneficiaries by raising awareness of the issue and solutions.

The 426 **Citizens Advice Bureaux** in England and Wales provide face-to-face, telephone and online advice in over 3,200 locations, including courts and around 40 prisons. In April UNLOCK worked with CAB on a seminar Closing the Finance Gap – **Offender Rehabilitation and Financial Inclusion**, attended by senior civil servants and politicians. In November UNLOCK ran an insurance workshop at the **CAB Money Advice Conference**, which was attended by CAB money advisors from across the country. UNLOCK also supported Vale of Glamorgan CAB and Portsmouth CAB on **NOMS/FSA funded financial capability pilots** for offenders, by sharing the UFC resource.

**Nacro** provides education, training and resettlement services for offenders. It has an annual budget of £60 million and around 1300 staff. Nacro was funded by NOMS to develop a training programme aimed at prisoners in support of the 'Finance, Benefit & Debt' pathway. UNLOCK assisted Nacro in the development of **Managing money: Building essential skills** through the inclusion of the 'Guide' and 'Broker List' documents within the training guide and handbook. Nacro trained 50 staff and covered 21% of the prisons in 2008 and intends to **roll out the training to the entire prison service** subject to additional funding from NOMS.

**Revolving Doors**, which is concerned with mental health and the criminal justice system, embarked on research into the **Cycle of Financial Crisis, Crime and Mental Illness**. UNLOCK contributed to the research by being on the steering group and ensuring that the researchers were aware of the issue of insurance. The results from this research will be published in 2009.

As a member of **Transact**, the national forum for financial inclusion, UNLOCK is able to extend its reach to **over 1000 organisations and individuals** dedicated to financial inclusion. . For example, when 'Issues & Evidence' was published, a press release entitled '**Millions of home insurance policies may be void**' was sent via the Transact Newsletter.

The ultimate impact of UNLOCK's work via other charities is impossible to quantify. However, building partnerships with other organisations clearly supports UNLOCK's ability to impact on both policy and practical delivery.

## Individual Impact

In January 2008 UNLOCK produced a **Guide to Insurance for People with Convictions**, which explained the problem of insurance for reformed offenders. Due to a very limited print budget a second version was designed which was suitable for email and printing on home/office printers.

In September UNLOCK created and published the **Insurance Broker List**, which made the contact details for identified specialist brokers easily available to people with convictions for the first time.

Through its information service, **UNLOCK directly helped hundreds of people** deal with the insurance issue in 2008, via various channels.

Phone	Email	Letter	Guide Download	List Download	Total Web Visits
309	301	69	2312	1902	84,027

*"It is a joy to have someone who really cares and does not judge. I know there are a lot of bad people in this world but there are also a lot who make mistakes and deserve a second chance in life."*

*"Thank you so much for your help. Strange how it takes 5 and a half years and a claim on our home insurance to realise that your insurance is not going to pay. Thank goodness it was a relatively minor claim and not a rebuild! Fantastic service ... Unlock now saved to favourites..Thanks lots."*

*"Thanks for your help with my insurance problems. I lost my job after my conviction but have now set up my own business and have loads of work already on the books. Long may you continue."*

*"As the director of a large company, I was devastated about the impact my prison sentence would have on the jobs of all my employees. It seemed impossible to secure insurance to continue trading and the business was taken to the precipice of collapse. Thankfully, through working with a broker on [the broker list], I was able to find affordable insurance & save the jobs of my entire workforce. From seeing how quickly a vicious cycle develops for offenders, I decided to begin offering work to other former offenders, so that I could aim to create a virtuous cycle instead"*