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Policy Brief on Access to Insurance for Persons with Disabilities

1. Executive Summary

In Nepal, persons with disabilities face severe systemic barriers and institutional discrimination in the insurance market. Despite requiring three times more healthcare and assistive devices than the general population, they are systematically excluded from insurance coverage. Insurance companies often deny coverage or charge arbitrary extra premiums based on stereotypes rather than actuarial data. The absence of the word "insurance" in Section 8(2) of the Disability Rights Act, 2017 allows companies to evade their responsibilities. **Ending this discrimination requires immediate legal amendments, mandatory guidelines, and the design of new inclusive insurance products.**

2. Introduction and Context

Persons with disabilities require healthcare, rehabilitation, and assistive devices three times more than the general population. Additionally, their healthcare and treatment costs are more than double that of others, and out-of-pocket expenses remain significantly high.

Limited access to education, training, and employment increases the risk of falling into a cycle of poverty due to reduced income opportunities. Amidst such high risks, insurance is not just a financial product but a crucial tool for independent living, economic security, and empowerment.

> **Persons with disabilities have been pushed into a tiered system of risk, making them "too capable" for government subsidies and "too disabled" for the private market.**

Nepal's current insurance system has pushed persons with disabilities into a "Tiered System of Risk". On one hand, economically vulnerable individuals rely on the government's limited health insurance, which often lacks quality service. On the other hand, those capable of paying premiums are often rejected by private companies as "high-risk" or subjected to unscientific extra premiums.

The root of this discrimination lies in legal loopholes and a lack of clarity in existing laws. Although Articles 16 and 42(3) of the Constitution of Nepal ensure the right to equal access, Section 8(2) of the 'Act on the Rights of Persons with Disabilities, 2017' does not explicitly mention "insurance". This legal vacuum allows insurance companies to evade their responsibility.

The state's failure to plug this legal gap and the regulator's oversight have systematically excluded persons with disabilities from insurance services. This forces them to live in constant economic uncertainty, weakening Nepal's national goals for sustainable development and poverty alleviation.

3. Research Overview

The findings in this policy brief are primarily based on a qualitative research methodology. Both primary and secondary sources were utilized to understand the depth of challenges and discrimination faced by persons with disabilities in the insurance market.

As primary sources, a survey was conducted with 43 persons with various types of disabilities, focus group discussions were held with 10 disability rights activists, and interviews were conducted with 5 insurance companies and 3 insurance agents.

As secondary sources, a comprehensive review of national legal frameworks, international practices, and the accessibility of insurance companies' digital structures and websites was performed.

The study reveals that persons with disabilities are systematically deprived and face direct discrimination in the insurance market due to legal vacuum and regulatory neglect.

4. Evidence and Policy Analysis

Insurance companies have been discriminating against persons with disabilities, both directly and indirectly, without any scientific basis. Stereotypes such as "blind persons are more prone to accidents" are prevalent among agents and companies. Without actual actuarial assessments, companies like Rastriya Beema Sansthan and Himalayan Life Insurance have imposed extra premiums of up to Rs. 2 per thousand.

Furthermore, cases were found where companies like Nepal Life Insurance refused coverage above one million rupees, and National Life Insurance refused to insure children of parents with disabilities. Consequently, fearing rejection and discrimination, **some individuals are forced to hide their disability**, which increases the risk of claim denial in the future.

TIERED SYSTEM OF RISK

Govt. Health Insurance

Limited coverage for treatment and medicine. Low budget and slow service delivery make it nearly impossible to access quality private healthcare.

Private Insurance Rejection

Direct rejection of capable citizens with disabilities as "high-risk," or imposition of heavy extra premiums without any scientific basis.

Regulatory silence and policy vacuum are primarily responsible for keeping persons with disabilities out of insurance reach. While the National Insurance Policy 2023 mentions developing insurance systems for marginalized communities, it remains completely silent on bringing persons with disabilities under the insurance umbrella. The Nepal Insurance Authority (NIA) has yet to issue any clear definition or mandatory guidelines to stop discrimination. Even the 'Micro-Insurance Directive, 2022' failed to address their needs, leaving them neglected even in the micro-insurance sector.

The lack of digital and physical accessibility further prevents persons with disabilities from making informed decisions. Official websites of the NIA and most insurance companies do not meet accessibility standards, lacking Alt-text, captioning, and dyslexic-friendly fonts. Insurance terms and conditions are often in complex technical language and unavailable in Braille, audio, or Sign Language. This barrier forces individuals to rely on incomplete or false information from agents, often leading to forced policy surrenders due to an inability to pay premiums later.

5. Specific Recommendations

To end the existing policy vacuum and discrimination, the following specific, measurable, and practical steps are necessary:

For the Government of Nepal:

Immediately amend Section 8(2) of the Disability Rights Act, 2017 to explicitly prohibit discrimination in "life or non-life insurance services." Additionally, provide tax incentives on premiums for persons with disabilities and ensure the government bears any scientifically proven extra premiums.

For Nepal Insurance Authority (Regulator):

Issue mandatory guidelines prohibiting the denial of insurance based on disability and arbitrary extra premiums. Amend the 'Digital Insurance Directive, 2024' to mandate WCAG 2.5 compliance for all insurance websites and conduct annual accessibility audits.

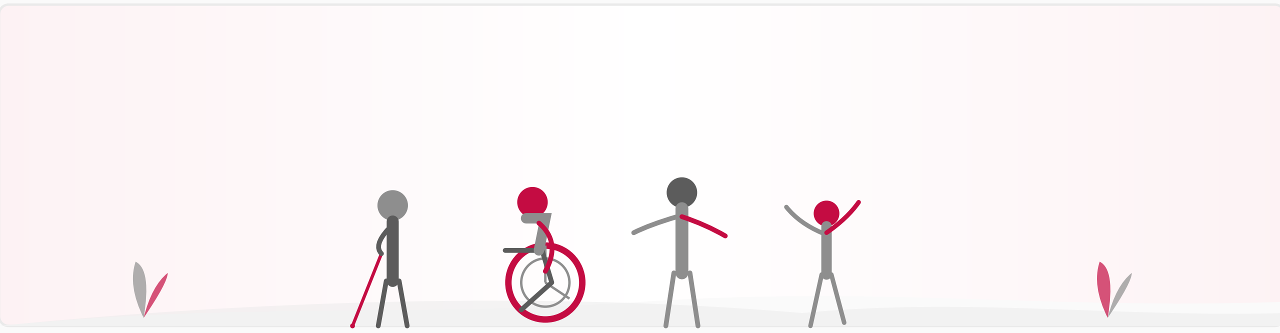
For Insurance Companies:

Update underwriting manuals based on scientific data rather than stereotypes. Treat the disability community as an "Untapped Market" and design inclusive products covering pre-existing conditions and assistive devices. Make disability sensitivity training mandatory for all agents and staff.

6. Conclusion

While insurance is considered a vital tool for risk management and economic empowerment, persons with disabilities in Nepal remain largely excluded. Despite legal guarantees of equality, institutional bias and regulatory neglect have marginalized this community.

Failure to address this discrimination will force persons with disabilities into constant economic insecurity and cycles of poverty, hindering national development goals. Therefore, immediate policy and practical steps are essential to bring them into the insurance mainstream and ensure their financial security.



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Capacity Development of Persons with Disabilities for Inclusion

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