

Financial Adviser: Gender difference next to fall to EU -" Lawson.

Implementing equality laws will have massive impact on sector, says expert
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insurance

New EU equality legislation would mean an end to gender differences in insurance premiums and will bring poorer value to all consumers, according to Standard Life.

The comments follow a new consultation launched by the department of communities and local government looking at consolidating the vast amount of anti-discrimination law that exists.

John Lawson, head of pensions policy for Standard Life, said: "This is yet another example of Brussels interfering in home member states' markets, while at the same time failing to create a single European market in life assurance, pensions or annuities."

Part of the consultation is about implementing new measures required by a 2004 European Directive, 2004/113/EC, implementing the principle of equal treatment between men and women in the access to and supply of goods and services.

This directive creates the principle of equal treatment, but financial products such as life assurance, motor insurance and annuities are allowed to give different rates for men and women, provided differences are based upon relevant actuarial and statistical data. This must be compiled and made public and differences in treatment between men and women must be shown to be in proportion to the data.

Mr Lawson said: "If the published data for annuities, for example, at 60 illustrates a 5 per cent difference between male and female rates, yet the actual rates offered by insurer X have only a 4 per cent difference, can it be argued that the rates of insurer X are proportionate to the published data?"

Mr Lawson said when the UK reports back to the European Commission the differences between insurer's rates and the actuarial data will be exposed. The commission has never been particularly keen on allowing sex-based differences in premiums and annuity rates and this report will give them the evidence they need to force unisex rates through.

He said: "These rules are the start of the slippery slope for gender-based differences for motor and life premiums and annuity rates. After the European Commission has reviewed reports from home member states in early 2011, it is likely to legislate further on the basis that insurers cannot demonstrate that their rates are fair or proportionate."

Tony Byrne, partner for Midlands-based IFA Byrne Williams, welcomed the move towards anti-sexist laws governing insurance premiums but cautioned against the creation of unisex rates. He said: "There needs to be plenty of competition to prevent it from effecting people too much."

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