

## Press statement: Oxera report “Why the use of age and disability matters to consumers and insurers”

### **Background to the Oxera report**

The EU Gender Directive contained wording that was legally challenged in the Test-Achats case on which the European Court of Justice ruled on 1 March 2011. While the judges did not challenge the way private insurance works, their ruling on the structure of the Directive (sanctioning the unlimited nature of its exemption for insurers) means that insurers can no longer differentiate on the grounds of gender in their pricing from 21 December 2012. A previous [report](#) by Oxera of December 2011 demonstrated the likely negative consequences of the ruling not only for insurers but also for insurance customers in terms of both costs and choice.

As there is a proposal for an EU Anti-Discrimination Directive, which includes the issues of age and disability, Insurance Europe is keen to ensure that the wording of the Directive is not open to a similar legal challenge to that made to the Gender Directive. It therefore commissioned Oxera to outline exactly how information on age and disability is used by insurers and to consider the likely implications for consumers and insurers of limitations on those uses.

### **Insurance Europe’s key messages**

- Differentiating fairly between risks is the core of private insurance. Differentiation is not discrimination.
- Insurers need to be able to assess risk accurately to ensure that premiums are commensurate with a consumer’s risks and exposure.
- Age and disability are relevant factors in pricing many insurance products, including term-life insurance, pension annuities, motor insurance, disability insurance, long-term care insurance and private medical insurance.

The Oxera study shows that any restrictions or ban on the use of age and disability information would have negative consequences for consumers and society:

- Some insurance products would become limited in scope or availability and, in more extreme situations, would no longer be available. For instance, a ban on the use of age would jeopardise the viability of term-life insurance and a ban on the use of disability would mean the end of disability insurance.
- There is a risk that average premiums would increase and/or cover would diminish for all consumers due to the additional costs generated by the higher risks to insurers.
- Consumer choice would be reduced, as insurers would not be able to offer some products and there would be less incentive for innovation.
- Society and the economy as a whole would also suffer. For instance, permitting younger drivers, who are statistically more dangerous, to pay significantly lower premiums when driving high-powered vehicles could have negative implications for road safety.

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### **Notes for editors**

1. For further information please contact Janina Clark, head of communications & PR (tel: +32 2 894 30 70, [clark@insuranceeurope.eu](mailto:clark@insuranceeurope.eu)).
2. Copies of all Insurance Europe press releases are available on the Insurance Europe website ([www.insuranceeurope.eu](http://www.insuranceeurope.eu)).
3. Insurance Europe is the European insurance and reinsurance federation. Through its 34 member bodies — the national insurance associations — Insurance Europe represents all types of insurance and reinsurance undertakings, eg pan-European companies, monoliners, mutuals and SMEs. Insurance Europe, which is based in Brussels, represents undertakings that account for around 95% of total European premium income. Insurance makes a major contribution to Europe’s economic growth and development. European insurers generate premium income of almost €1 100bn, employ nearly one million people and invest around €7 700bn in the economy.