

Response of the Slovak Insurance Association to the CEA questionnaire on age discrimination in motor insurance

CEA Circular No. AU 8009 – reaction
4th March 2008

1.) *Is the risk calculated differently according to age in motor insurance in your country? If so, how are the age groups divided?*

Yes, most of the companies providing MTPL and CASCO motor insurance do take age into consideration when calculating premium.

Age segmentation is calculated on the basis of aggregation of similar levels of claims frequency, claims ratio, average claim and share of health damage on the whole claim. As for the source are used statistical data gained throughout the whole history of the portfolio, age categories with lower/higher premium are determined according to the change when the claims ratio/claims frequency start to increase/ decrease.

Age category with the highest premium present clients aged approximately up to 30, but age categories vary depending on a company.

2.) *Do you have any data which show higher frequency in claims according to age group?*

Most of the companies operating in the Slovak insurance market answered yes.

Example from MTPL insurance:

Drivers up to 25 years of age have (according to some statistics) 2,25 times higher claims frequency than drivers aged over 50.

At the same time, drivers between 25 and 49 years of age have 1,73 times higher claim frequency than drivers over 50.

Portfolio of casco insurance shows similar characteristics.

Example from CASCO insurance:

One insurance company reported a claim frequency of age category up to 29 years of age to be by 35 % higher than in category over 30 years of age.

3.) *Do you have any data which show a higher claims ratio according to age group?*

Most of the companies operating in the Slovak insurance market answered yes.

Example from MTPL insurance:

Claims ratio of drivers up to 25 years of age is (according to some statistics) by 15 % higher compared to drivers over 50 years of age.

Claims ratio of drivers between 25 and 49 years of age show by 11,06 % higher than drivers over 50.

Example from CASCO insurance:

One insurance company reported a claims ratio of age category up to 29 years of age to be by 43 % higher than in category over 30 years of age.

4.) Do you think that age should continue to be a decisive factor in premium calculation? If so, why?

Definitely yes.

Age has a substantial influence on people's behaviour i. e. on ability to concentrate and pay attention, evaluation of reaction's adequacy, health conditions, experience and practice.

These abilities are from the point of view of motor vehicle driving considered to be very important factors. That's why it is necessary to understand criteria of age as one of the underwriting factors.

Motor accident statistics prove influence of age on accident frequency. Abolishon of extra margin calculated up to premium would lead to higher rates for less risky categories of drivers.

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