



Transparency and Access in Motor and Travel Insurance for Older People

An Agreement on Age and Insurance

Version 4.0

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Introduction

General context

The parties to this Agreement are committed to preventing unjustifiable age discrimination in the provision of goods and services. Consultations and research undertaken by the government, representatives of older consumers and the insurance industry, throughout the development of the Equality Act 2010, found that while motor and travel insurance was widely available, some older customers found it difficult to find the products they required. There was also evidence of a perception among older consumers and their representatives that a change in motor and travel insurance premiums due to a person's age was not always proportionate to risk and the cost of claims.

The Equality Act 2010 (Age Exceptions) Order 2012 provides an exception from the ban on age discrimination in the provision of services, to allow age to continue to be used as a factor in assessing risk. This approach is legitimate when carried out by reference to relevant information from a source on which it is reasonable to rely.

The original Agreement on Age and Insurance came into effect on 6th April 2012, and was developed to provide greater transparency to consumers where age is used in the assessment of risk. Reviews of the scope and effectiveness of the original Agreement took place during May 2015, August 2016 (when it was updated to formally include Northern Ireland within scope), November 2019 and August 2023. This revised document reflects the terms established between the parties.

General principles

This non-statutory Agreement between the Government, the Association of British Insurers (ABI) and the British Insurance Brokers' Association (BIBA) is intended to protect the interests of both consumers and insurers when age is used in risk assessment, product offer and pricing, by ensuring fair rights of access to:

- Insurance for consumers for private motor or travel insurance where maximum age limits are used.
- Information for consumers to improve transparency so that consumers can be confident that age is relevant to the assessment of risk and pricing of products.

This non-statutory Agreement sets out how the parties listed below will cooperate to deliver these objectives. It also sets out how data will be published by the ABI and BIBA, and how insurance providers can improve access to motor and travel insurance for older people.

Parties

The parties to this Agreement are His Majesty's Government ('the government'), ABI and BIBA.

Scope

This Agreement applies to the use of age by insurance providers when assessing risk and using maximum age limits. It is limited to motor and travel insurance contracts entered into in the United Kingdom:

- For which a company is the regulated entity with permission to carry on regulated activities as defined in the Financial Services and Markets Act 2000; and
- That are private, voluntary and separate from the employment relationship.

This Agreement does not apply to:

- The terms on which employees are covered by group insurance policies concluded between an employer and an insurer.
- Any applicable class of business in which premiums and benefits are payable without discriminating on age grounds, even if age is a factor in the assessment of the risks.

Adoption of the Agreement is a condition of membership of the ABI. The Agreement is a statement of intent and does not create legal obligations between the parties. Nothing in this Agreement should be construed as conflicting with statutory or regulatory requirements, or with other professional duties and obligations.

Duration and review

This revised Agreement is effective from 29 August 2023 and does not have an expiry date. It applies to contracts entered into on or after that date.

The Government, ABI and BIBA will formally review this Agreement, including its scope and its effectiveness, periodically as appropriate.

Any party wishing to withdraw from the Agreement will give the other parties at least 3 months' written notice.

Access to motor and travel insurance

The Equality Act 2010 does not prohibit insurers' use of age limits, although the government, the ABI and BIBA recognise that some older customers do not always know how to find and obtain motor and travel insurance.

Improving access for older people

This Agreement addresses concerns about access to motor and travel insurance for older people through non-statutory provisions.

General principles

This section sets out the circumstances in which regulated entities using maximum age limits for motor and travel insurance will comply with this non-statutory Agreement. They will refer people aged above that maximum limit to a provider or suitable signposting service that can offer insurance to people of that age. This means:

- Where a member of the ABI is the sole regulated entity with responsibility for the sale of a contract, that insurance company will undertake to comply with the Agreement.
- Where a member of BIBA is the regulated entity with responsibility for the sale of a contract, that broker will undertake to comply with the Agreement.
- Where a contract is marketed and/or sold by regulated entities or appointed representatives that are not members of the ABI or BIBA, those companies will be invited to participate in this Agreement on a voluntary basis.

Referral arrangements

This section sets out the criteria and standards that age-based referral arrangements should fulfil and the form in which referral arrangements should be framed where insurance companies who use maximum age limits refer customers to another provider.

In all cases the following criteria should be satisfied:

- The customer should be clearly informed that a product is not available because of their age, or the age of another named person covered by the policy.
- The customer should be clearly informed that cover for people of their age is available through referral to a partner or signposting service.
- Contact details of the partner or signposting service should be clearly stated.
- Permission should be sought and granted before customer details are transferred to a third party.

Where insurance companies use maximum age limits, suitable arrangements to refer customers to another provider may adopt one of the approaches below.

- Referring customers to another provider through a contractual or non-contractual arrangement with a provider who would be willing to offer insurance to people of that age.
- Signposting customers to another provider through a service that holds information about one or more providers who would be willing to offer insurance to people of that age.

- The FCA have introduced new rules, with respect to travel insurance policies, which require firms to signpost relevant customers to the directory of firms that provide cover for more serious medical conditions (ICOBS 6A.4.5R). This applies to customers with pre-existing medical conditions, in particular those (ICOBS 6A.4.6):
 - whose policy has been cancelled due to a medical condition.
 - who have been declined a policy due to a medical condition.
 - who have been offered a policy with either a medical condition exclusion or medical exclusion premium of £100 or more (or one which is otherwise not known).

British Insurance Brokers' Association

BIBA's Find-Insurance helpline and website services are recognised for the purposes of this Agreement as providing a suitable signposting service. This Agreement allows for any regulated entity that is unable to identify a suitable provider to take the referrals for motor and travel insurance customers, to signpost to the BIBA signposting service.

Each year, BIBA will publish aggregated data on the number of requests for applicable classes of business where the customer's age is provided. In addition, they will publish data reflecting the proportion of consumers who find appropriate insurance products after being signposted, based on a summary of feedback forms completed by clients.

Where customers use the BIBA signposting service – a telephone helpline and 'Find Insurance' website – BIBA will publish a market overview confirming:

- Website enquiries for age on travel and motor
- Call centre enquiries for age on travel and motor
- A high level analysis of the referrals received and successfully transferred.
- A high level analysis of referrals received that were not transferred, explaining the most common reasons for transfers not occurring.
- The proportion of consumers who find appropriate insurance (as explained above).

The data will be broken down by class of business and specify age ranges where applicable. Data may aggregate all forms of cover and for all destinations, indicating the years reported. The data will be published in a form that is intelligible to someone who is not an insurance expert and accompanied by appropriate explanations using plain English. Technical terms will be explained. It should be reviewed and, if necessary, updated at intervals not exceeding one year, and any reviews or revisions will be shared with the government.

Transparency in motor and travel insurance

Publication of relevant information for motor and travel insurance

The ABI will publish data that is relevant to the use of age in the assessment of risk as set out below for private motor and travel insurance and, once published, will share this with the government.

General principles

This section sets out the general principles adopted by the ABI to improve transparency. The data will be published in a form that is intelligible to someone who is not an insurance expert and accompanied by appropriate explanations using plain English. The publication will identify which companies were included in the data collection and the period to which it relates. Technical terms will be explained.

The publication requirement will be fulfilled by making the data available free of charge on the ABI website and by sharing the data in electronic format with the Government.

Motor insurance

Publication for motor insurance will take the form of a table or chart illustrating the average cost of claim relative to a customer's age. The data should be broken down by age ranges not exceeding five years for people aged 18 and older, with a single range for ages 91 and above.

Data will aggregate all forms of cover and for all relevant motor vehicles. It will indicate the accident years reported. It will be reviewed and, if necessary, updated annually.

Travel insurance

Publication for travel insurance will take the form of a table or chart illustrating the average cost of claim relative to a customer's age. The data should be broken down by age ranges not exceeding five years for people aged 18 and older, with a single range for ages 91 and above.

Data will aggregate all forms of cover and for all destinations. It will indicate the years reported. It will be reviewed and, if necessary, updated annually.