



A QUESTION OF SEX - CHANGES TO THE USE BY INSURERS OF A CUSTOMER'S GENDER

The European Court of Justice has ruled that insurers can no longer consider whether you are a man or a woman when calculating the price of insurance premiums and any benefits. Insurers must implement the changes by 21 December 2012.

What has happened?

From 21 December 2012, insurers are no longer allowed to consider the gender of individual customers when calculating, for example, what their insurance premium or retirement income should be.

Why has the change happened?

The change has happened because of a ruling by the European Court of Justice. UK insurers fought for nearly a decade to keep the right to offer customers premiums that reflect their risk as accurately as possible, by using gender. Unfortunately, insurers lost this battle and were disappointed, but have now adjusted their systems to make sure the change is as smooth as possible for customers.

Which types of insurance policies will be affected?

The ruling has affected insurance policies that usually factor in a customer's gender when premiums or benefits (such as a pension income) are calculated. This includes motor insurance, retirement income products, such as annuities and life insurance.

How will my insurance premiums be affected?

Gender is one of many factors that insurers have historically considered when calculating premiums. Now that insurers can no longer consider a customer's gender, we expect the cost of premiums for some products may be affected. For example, women, who before now have tended to benefit from cheaper car insurance premiums than men, may now see their motor premiums rise. And women, who have before now typically received lower payments when purchasing retirement income products, may begin to benefit from receiving higher payments.

The real extent of the changes will be clearer well after 21 December 2012. Insurers are readjusting their systems to offer customers premiums that are as fair and accurate as possible.

Will my current policy be affected?

Only new insurance policies and renewals will be affected by the change. Existing annuities should not be affected. If you have an existing insurance policy, the change should not come into effect until it is renewed. However, certain types of changes to your policy may trigger the necessity for gender-neutral pricing and so, if you are considering making any change or if your policy renewal falls around 21 December 2012, you may want to contact your insurer or speak to a broker or independent financial adviser to understand what your options are.