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Ireland's money expert

Battle of sexes keeps raging

WHILE rating men and women differently for insurance may seem natural because it's 'always done that way', the question is whether the difference between the sexes is biological or lifestyle-related.

When it comes to drivers, the argument of biology has not been able to stand the test of the courts.

This is a big win for young men who have had their employment prospects severely hampered by the sky-high prices charged by many firms for car insurance premiums.

At the same time, young women may have to carry the burden for this new aspect of equality.

And if insurance companies get lazy, they won't reduce the prices for men - they'll just up the prices for women, which is a lose-lose for everyone except, of course,

the insurance company. One option you have is to carefully consider factors such as engine size and the model of car if you're set to buy one soon.

It may also be worth women hunting out a renewal quote tomorrow.



Unfair... insurance fees

But do note that the judgement I've discussed in my piece, *left*, hasn't arisen yet so it could all be in vain if you do make a move straight away.

This is one of those situations where you're damned if you do and damned if you don't!

It's a hard time for motorists, with oil prices expected to rise and big tax hikes on petrol.

It all means transportation costs are going up, so a smaller engine might be the best choice, regardless of how Tuesday's case goes.

IN George Orwell's classic book *Animal Farm*, we saw discrimination forming as animals went from all being equal to some being 'more equal than others'.

Financially the same thing happens every single day with women and men treated differently based upon their sex.

Perhaps it's a young male driver being quoted more than he'll ever be able to afford for car insurance.

Or it's the woman who gets cheaper life assurance because women live longer - life expectancy is 82 years in Ireland against 78 for men.

But then men receive higher annuity payments - a type of pension - than women for the same reason, they don't live as long and therefore the insurer will pay men more.

However, this could all change on Tuesday, when an EU court may ban new policies from discriminating on pricing or payments based on sex.

All of this is down to the EU Gender Directive of 2004.

The principle behind it was that we had to move toward equal treatment of men and women in the access and supply of goods and services - which is also to include financial services.

There was a 'get out' clause for member states to allow statistical evidence as a basis for different pricing, but a test case last September appears to have shot this down.

PRICING

If this case is successful we could soon be looking at 'unisex pricing'.

Which will mean a big win for equality but at the risk of a big loss to our pockets.

This is because everybody will be priced upwards on some aspect of their finances - and that won't necessarily be levelled out by the reductions they get elsewhere.

Also, until insurance companies know what the effect on their future business is going to be, they might not give anybody significant discounts and instead err on the side of caution.

Consider this, a man who buys an annuity pension today might get a better rate than next week.

At the same time, a woman taking out life assurance might be better off doing it today rather than next week when she may have to pay more.

A lot hinges on this judgement as you can see. So what to do?

It's a hard one to call because one of the things the test case called for was a transition period for all policies, to include existing policies.

So you won't necessarily be able to lock in a price today to avoid this in the long term, but you may be able to get a favourable deal for perhaps the next three years which is the time for the so-called 'transition'.

The test case guidance was given

Clearing the air over inequality



FOR HER..

- Young drivers pay less vehicle insurance
- Women pay less for life assurance
- Annuity payments lower as women live longer

FOR HIM..

- Big insurance bills for young drivers
- Life assurance bills cost more for guys
- Higher annuity payouts for all men

ALL EYES ON EU RULING

by an Advocate General. These individuals don't represent clients, nor are they a judge, rather they offer legal opinion to judges on the case being tried.

In about 80 per cent of cases, EU courts went with the direction the Advocate gave, so it looks like there's a huge chance this massive change will happen.

So can a boy racer soon hope to get the same car insurance deal as a young female driver?

Insurers may still have ways to underwrite the risk by putting higher rates on bigger engines, or price penalties based on penalty points or different charges based on the type of car.

One of Ireland's leading experts on

the topic is Tony Gilhawley of Technical Guidance Ltd, who believes the true risk down the road is that this could open up a future challenge against pricing based on age.

This means a young person and old person couldn't be charged different prices - and if this happens things could get very messy very quickly.

In this situation, all of society could end up carrying the costs the same way as we already have done with 'community rating' in health insurance, where young people are effectively paying more for the risk they represent and old people are paying less.

Tuesday is going to be a very big day in the world of insurance.

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Q&A

Board can ease crash cash woe

Q I WAS hit by a car and am concerned about what has happened since the accident.

The gardai were dealing with it, but the driver is insisting it wasn't his fault.

The cops tell me it will have to go to court and could take a year, but I'm out of pocket right now and have already missed several days' work. Is this how these things usually work out?

A Actually yes, from a Garda point of view. However, you can also apply to the Injuries Board at injuriesboard.ie and they can deal with this out of court.

You'll need to fill in an application, pay €50 and get medical reports but it's faster and more effective. You can also lo-call them at 1890 829 121. It won't result in a prosecution but it will get the financial side of it sorted out much faster.

Karl Deeter is operations manager at Advisors.ie, a firm of accountants and financial advisors.

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