

B Exercise 6 (Track 15)

- James Briors:* Ms. Campbell-Smythe, thank you very much for agreeing to this interview with Insurance Affairs.
- Lynette Campbell-Smythe:* Not at all. I'm always pleased to have the opportunity to correct misapprehensions about the insurance industry – there can be quite a few!
- James Briors:* Yes, but are you sure this really is a misapprehension? On the face of it, it does rather look like discrimination, doesn't it? If you take the case of our reader and his neighbour, all the factors are the same – age, make of car, length of driving career – everything in fact, apart from gender. Looked at from his point of view, this extra charge seems very unfair.
- Lynette Campbell-Smythe:* Well, I would argue that there are a number of very relevant factors that we don't know about these two people. For example, where they keep their cars, what security measures are in place to keep those cars secure, their occupations, average mileage and so on. All these factors play a part in determining the premium.
- James Briors:* So are you saying that the difference in premium is down to one of those factors and not to gender at all?
- Lynette Campbell-Smythe:* No, that's not what I'm saying. I'm saying that they could also play a part. But all those factors being equal, there is still a large body of data that proves that women drivers, at least until the age of 45 or so, are less of a risk than male drivers. Statistics back us up. The insurance industry fixes all premiums through assessment of risk, not just in motor insurance.
- James Briors:* Yes, but we aren't talking about women drivers or male drivers in general. We're talking about our reader and his next-door neighbour. We know that they both have clean sheets when it comes to motor insurance claims.
- Lynette Campbell-Smythe:* As you must realize, our premiums are based to a large extent on historical data. I know that this is exploding the myth that men like to believe, of women being bad drivers, but the fact remains that they are safer drivers and their overall claims experience is better than that of their male counterparts.
- James Briors:* Do you have any statistics that you can quote to support that statement?
- Lynette Campbell-Smythe:* Yes, of course. 92% of convictions for driving offences in the UK are for men. Men are actually responsible for 98% of all convictions for dangerous driving. Women drivers tend to drive more slowly, carefully and for shorter distances than men. And although they tend to have as many accidents, these accidents are less likely to be serious. So the claims are not so high.
- James Briors:* May I ask where you got those statistics?
- Lynette Campbell-Smythe:* Actually they are government statistics.
- James Briors:* No doubt supplied to the government by the insurance industry!
- Lynette Campbell-Smythe:* Of course the insurance industry has their input. But statistics such as these are collated from a number of sources. Police records, for example.
- James Briors:* And how old are the statistics?

Lynette Campbell-Smythe: I think you'll agree that any statistics, in order to be useful, have to be complete. The claim statistics we work with are usually about 3 years old. Some claims, such as serious bodily injury, can take some time to settle. So the total costs for 3 years back can be reported more accurately than they can for more recent claims.

James Briors: And how is all this regulated?

Lynette Campbell-Smythe: The Sex Discrimination Act of 1975 already obliges insurers to base sex discrimination on evidence. Further amendments to the Act ensure that differences in premiums and benefits are proportionate, that gender as a risk factor is based on relevant and accurate actuarial and statistical data – and the industry has to publish and regularly update this data.

James Briors: So it doesn't look as if men are going to see any changes in their car insurance premiums in the near future!

Lynette Campbell-Smythe: Not unless they change their driving habits, no! But it might be a consolation to your male readers to remind them that motor insurance isn't the only insurance that uses gender as a factor in setting premiums. Look at private health insurance! Women have to pay a lot more than men – and over a long period of time. Over a lifetime, it can add up to a huge amount. Perhaps your male readers could take up that cause!

James Briors: We'll see if we get any letters! Ms Campbell-Smythe, thank you very much for taking the time to talk to Insurance Affairs today. It's been most interesting.

Lynette Campbell-Smythe: Not at all. Thank you for inviting me.