

‘G Day’ Winners & Losers

Implementation of the Gender Directive means insurers will no longer be able to take gender into account when calculating the rates to offer potential clients. Here’s how it could affect individual products

Life Cover: Actuaries – statistics experts who specialise in insurance - believe that the average man is more likely to die than a woman of the same age, and so life cover has traditionally been more expensive for men than women. ‘Gender Neutral’ pricing means that the average man is likely to pay reduced rates while women will pay significantly more.

Critical Illness Cover: Another area where men have traditionally paid more than women is Critical Illness Cover. Most experts predict that the effect of the Gender Directive on critical illness cover won’t be as significant as on life cover, but women can still expect to pay more for these plans from 21st December onwards.

Income Protection: In contrast, women have traditionally paid more than men for this cover, as insurance companies expect women to make more claims for being too ill to work than men. The Gender Directive is anticipated to bring the price of this cover down for women while increasing it for men.

Annuities: As with life cover, insurers expect that men on average will die before their female peers, which means annuities for men won’t have to pay out as long, and so annuity providers have traditionally paid higher rates to men than women. Again, with the Gender Directive meaning annuities have to pay the same rates, expect male annuities rate to fall.

Although these new rates will not be compulsory until 21st December, some providers may well bring implementation forward. Even those who wait until then to implement these rates are likely to insist on full underwriting being carried out before plans go into force, meaning that applications for cover at gender-specific rates are likely to need to be submitted much earlier than that.

As we’ve covered elsewhere in this newsletter, changes to the tax regime at the end of the year mean rates are likely to increase across the board for both men and women. That’s means now is a particularly important time to review your cover and make any changes you need.