

Potential impact of the implementation of the Test-Achats ruling in the insurance sector

Brussels, 10 September 2014



Insurance Europe

Who?

- European insurance and reinsurance federation, founded in 1953

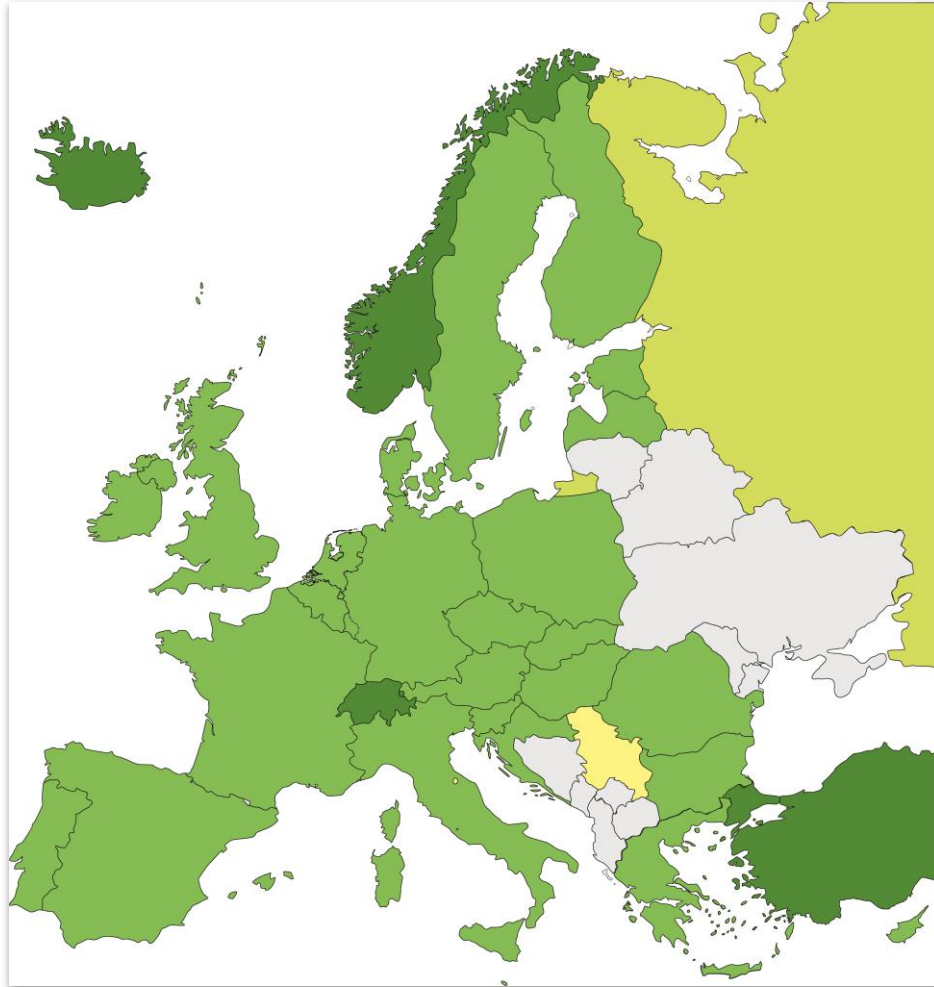
What?

- Represents around 95% of European insurance market by premium income

Why?

- Committed to creation of favourable regulatory and supervisory framework for insurers at European and international level.

Members



34 national associations

27 EU member states

5 non-EU markets

*Switzerland, Iceland, Norway,
Turkey, Liechtenstein*

2 associate members

Serbia, San Marino

1 partner

Russia

Key points

1 What is insurance and how does it work?

2 Implementation of the Gender Directive

3 Implementation of the Test-Achats Ruling

What is insurance? How does it work?

Risk-based pricing

- The higher the risk, the higher the premium
- The underwriting process allows insurers to assess the risks

The principle of equal treatment

- Comparable situations must be treated in the same way and different situations must be treated differently

Implementation of the Gender Directive

Before the Test-Achats ruling

- All member states used option to “*permit proportionate differences in individuals' premiums and benefits*” (Art. 5(2) before 21.12.2012).
- Use of gender as risk-rating factor by insurers:
 - Where relevant
 - Link between the premium paid and the expected insurance benefits

The Test-Achats Ruling

The ECJ Ruling

- End of an exemption without temporal limitation...
- ... BUT, no position taken on gender differentiation as such

Implementation of the ECJ ruling

- Up to the Commission to check implementation of the ruling in Member States' legislation
- Insurers comply with:
 - The Gender Directive
 - The Test-Achats ruling
 - Both further specified by Commission's guidelines

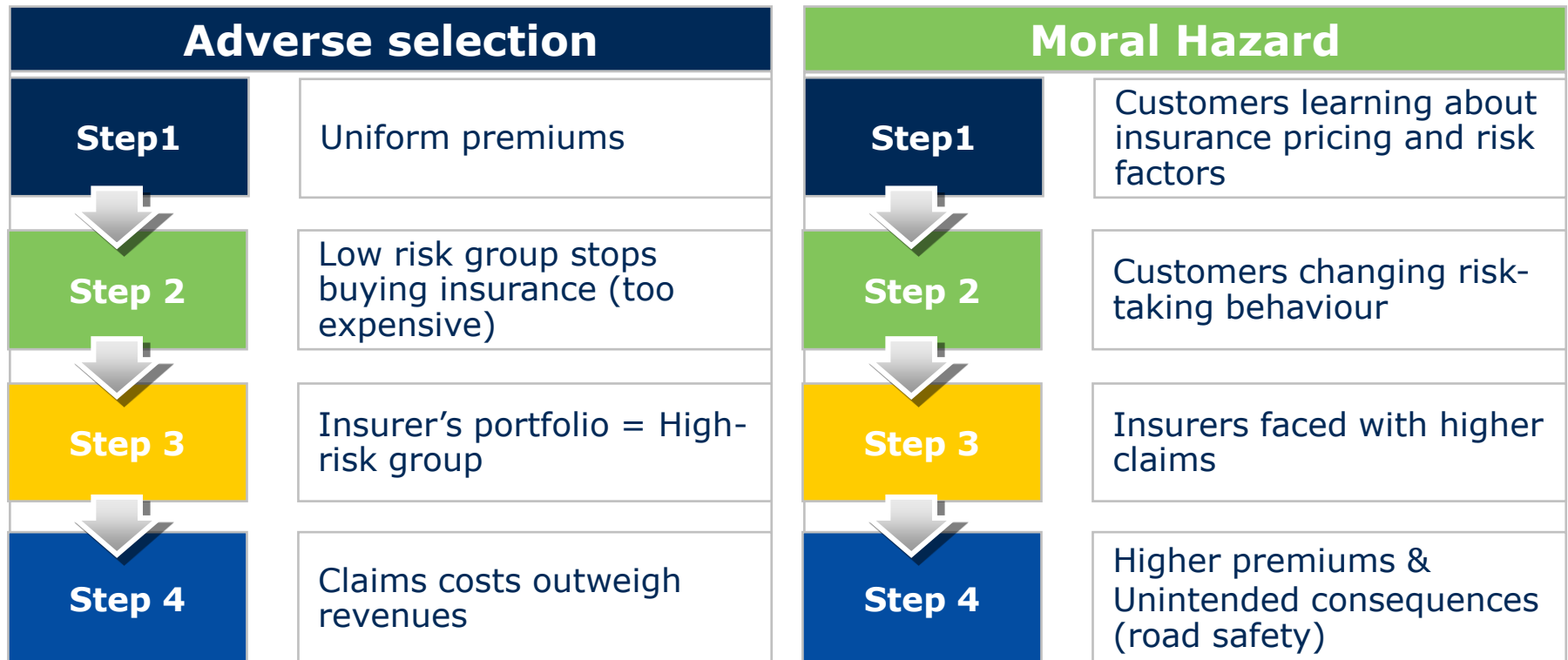
Impact of the ban on the use of gender

Difficult to get an accurate picture of the economic impact ...

- Many different factors affect the price of insurance products eg:
 - Legal and regulatory developments at EU and national levels
 - Development of new product features
 - New risk factors
 - Use of new tools / statistics to assess the risk
 - Etc.
- Impossible to **isolate the effect** of the gender ban on pricing and benefit design.

Impact of the ban on the use of gender

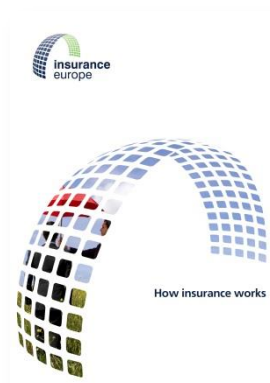
... but two mechanisms have been identified by studies:



Publications



Annual Report



How insurance works



The impact of insurance fraud



**European Insurance
in Figures**



**Funding the future: insurers'
role as institutional investors**



The use of gender in insurance pricing



For more information

www.insuranceeurope.eu