



**Opening Statement to the Oireachtas Joint Committee on Finance,
Public Expenditure and Reform on Car Insurance**

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Good morning Cathaoirleach and to the other members of the committee.

On behalf of Age Action I would like to thank you for the invitation to speak with you today on an issue that causes substantial frustration to many of our members, who in recent months have experienced age-based increases in car insurance premiums.

Frank is a 70-year-old man from Dundalk. He has never had an accident and has never made a claim. He has a full no-claims bonus. He drives less than 5,000 miles a year. Last year, at the age of 69, his insurance was €293.

This year, his insurer has quoted him a price of €493, an increase of more than 68 per cent. Frank relies on the State Pension and his car insurance for this year is more than two weeks income.

In April of this year we were contacted by Teresa, who is over 70 years of age. Her car insurance went up from €470 to €700. After haggling with the provider she was able to get a reduction of €50 but it still represented an increase of more than 38 per cent.

During her conversation with the customer service representative she was told that older people are more of a liability. As Teresa pointed out, older drivers are safer drivers because they have years of experience.

The comment made to Teresa illustrates a perception held by insurance companies that older people are more likely to be involved in accidents and should therefore pay a higher premium. This is not supported by the evidence.

The CSO's 2013 Transport Omnibus Survey found that 22 per cent of driving license holders are over the age of 60, yet they received less than 9.5 per cent of the total penalty points allocated that year.

Professor Des O'Neill, the National Programme Director for Traffic Medicine with the Road Safety Authority, writing in *Reviews of Clinical Gerontology* last year, referred to the belief that older drivers are more dangerous as a "tenacious and fixed false belief" that is not supported by the evidence.

He went on to cite Dutch research which found that children in crashes where the grandparents are driving are at half the risk of injury as where their parents are driving.

The Institute of Advanced Motorists in Britain also says that older drivers are safer drivers. They point out that older drivers tend to be more cautious and less likely to take risks on the road.

They 'self-regulate' by choosing not to drive at times or in places they do not feel comfortable, such as in poor weather, and fewer older drivers drink and drive, take illegal drugs or speed.

The institute has also produced statistics showing that British pensioners, despite making up 8 per cent of all drivers, are only involved in around 4 per cent of accidents that cause injury.

Even some insurers recognise that older drivers are safer drivers with Herts Insurance in Britain providing car insurance products aimed specifically at over-80s, describing them as likely to take more care and to travel more slowly.

These arguments are echoed by the Consumer Federation of America's Director of Insurance:

"The focus for insurers should be on driving record, mileage and type of car -- things clearly related to risk...all the actuarial data I have seen indicates less risk for the older drivers."

When Age Action has asked for this actuarial data from Irish insurance companies in the past we have been told it is commercially sensitive.

It is also important to highlight the additional health requirements imposed on older drivers and it would be very useful if the committee could determine whether these are considered by insurance companies when setting premiums.

Any driver over the age of 70 applying for a license needs a certificate from their doctor confirming their medical fitness to drive.

These licences are only valid for one or three years depending on the judgement of the doctor and so older drivers are subject to regular health checks.

This is a level of scrutiny that is applied to no other age group but there is no indication that this is considered by insurance companies.

Age Action would also suggest that the imposition of inflated premiums on older drivers may not be compatible with EU law.

Committee members will be familiar with the 2011 decision by the European Court of Justice which ruled that Article 5.2 of the 2004 Council Directive on Gender was incompatible with the EU's Charter of Fundamental Rights.

This article contained an opt-out, availed of by all Member States including Ireland, which permitted them to allow insurance companies to treat men and women differently in setting premiums where this was justified by "relevant and accurate actuarial and statistical data".

The Court found that this was contrary to Article 21 of the Charter, which prohibits discrimination on the grounds of sex. The same article also prohibits discrimination on the grounds of age.

Finally, we would like to address the impact of increased car insurance costs on older people.

Being able to drive is synonymous with independence. But it is more than simply a lifestyle choice, for many older drivers it is an absolute necessity and may mean the difference between living in the community or being forced into residential care.

In large parts of Ireland, particularly outside the main urban centres, public transport is poor. Older people who are unable to drive face increased social isolation and must rely on friends or family for transport.

Research published earlier this year in the *Journal of the American Geriatrics Society* found that, “driving cessation was...associated with declines in general health and physical, social, and cognitive function and with greater risks of admission to long-term care facilities and mortality”.

It also found evidence that the risk of depressive symptoms in older adults forced to stop driving was almost doubled.

While most older people who do stop driving do so health reasons, for others the challenge is financial.

In closing, while Age Action appreciates the committee is looking at the issue of car insurance on a broad basis, we would urge members to address the impact of these rising costs on older people.

ENDS

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