



Submission to the Joint Committee on Finance, Public
Expenditure and Reform, and Taoiseach

December 2018



Rialtas na hÉireann
Government of Ireland



The Scheme to Support National Organisations is funded by the Government of Ireland through the Department of Rural and Community Development

1. Introduction

Age Action is the leading advocacy organisation on ageing and older people in Ireland. Our mission is to achieve fundamental change in the lives of all older people by eliminating age discrimination, promoting positive ageing and securing their access to comprehensive and high-quality services that meets their needs.

We want to make Ireland the best country in the world in which to grow old and we work with older people to build a society free of ageism where their rights are secured.

A central feature of our work is raising awareness about the lived experience of growing old in Ireland.

We would like to thank the Committee for the opportunity to provide input to the discussion regarding the current costs of motor insurance.

2. Cost of Premiums

The rising cost of car insurance for older drivers is an issue that continues to be raised with Age Action's Helpline by many older people. Age Action made a presentation to the Joint Oireachtas Committee on Finance, Public Expenditure and Reform on this issue in September 2016 and these issues remain live almost two years later.

While the latest CPI shows a month-on-month increase in motor car insurance of 0.2 per cent, there has been an overall decrease in motor insurance premiums (-7.6 per cent) over the past 12 months.¹ However, this often does not reflect the reality of costs for older people who frequently must pay higher premiums simply based on age.

Age Action has had members and older people contacting us who are facing astonishing age-based increases in their car insurance premiums.

Noel is over 80 years old and was informed that his car insurance was increasing by 88 per cent at renewal, from €677 to €1,276.30.

We frequently hear from concerned older people whose insurers simply refuse to provide a quote once they reach 70 years, as the examples below attest to.

Mary is 70 years old and from Co. Meath. She wants to insure her new car; the majority of insurers would not give her a quote. Two insurance companies did eventually provide a quote: ranging from €3,000 to €4,700.

Helen is 81 years old and received a letter out of the blue from her insurance provider stating that they are no longer in a position to cover her car insurance once her current policy expires. There was no explanation given and Helen believes that this was because of her age.

¹ Central Statistics Office (2018) *Consumer Price Index, November 2018*. Available at www.cso.ie.

Contrary to the stereotype, older drivers are safer drivers. They also tend not to drive when they do not feel comfortable, such as at night or in wet weather.

There is 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 National Office for Traffic Medicine with the Road Safety Authority has looked at the experience and licensing of older drivers.

Professor Des O'Neill, the National Programme Director for the National Office, has written of 'consistent emerging evidence from around the world' showing that "older drivers have a good safety record."²

The Central Statistics Office 2016 Transport Omnibus Survey found that 24 per cent of driving license holders are over the age of 60, yet they received only 10 per cent of the total penalty points allocated that year.

3. Impact of Premiums

Data from the Central Statistics Office indicates that 72 per cent of people over the age of 65 are car owners.³

However, the costs of insurance are making it prohibitive for many older people to continue driving despite the evidence showing that older drivers are generally safer drivers.

Data from the Vincentian Partnership for Social Justice (VPSJ) annual Minimum Essential Standard of Living (MESL) research⁴ shows that a car is required to meet the transport needs of a rural pensioner. Car related costs such as fuel, maintenance and insurance, etc. add an estimated additional €59 per week to the MESL budget for pensioners in a rural area.

Some of the premiums quoted to our members come to twice the weekly pension and many older drivers are struggling to keep their cars on the road.

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.

² The Irish Times (26 February 2017). 'New research shows age may make you a better driver.' Available at www.irishtimes.com.

³ Central Statistics Office (2017) *Census 2016 Profile 8*. Available at www.cso.ie.

⁴ The Vincentian Partnership for Social Justice (VPSJ) MESL provides useful quantifiable data on the costs of living alone versus a pensioner couple. The research sets out the cost of fourteen core budget components. The core costs include food, clothing, personal care, health, household goods, household services, communications, social inclusion and participation, education, transport, household energy, personal costs, insurance and savings and contingencies. See www.budgeting.ie.

In large parts of Ireland, particularly outside the main urban centres, public transport is poor. Just under 70 per cent of those over 55 years and living in rural communities face difficulty in accessing public transport.⁵

Older people who are unable to drive miss medical appointments, face increased social isolation and must rely on friends or family for transport.

For many older people driving is an absolute necessity and may mean the difference between living in the community or being compelled into residential care.

4. Looking to the Future

Age Action would suggest that the imposition of inflated premiums – as evidenced by the case studies above - on older drivers may not be compatible with EU law.

The 2011 ruling 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”.⁶

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.

Age Action has previously asked for actuarial data regarding the setting of insurance premiums for older drivers from Irish insurance companies. In response, we have been told that it is commercially sensitive. The publication of this data would build trust as it would enable some transparency and accountability within the sector.

There is a legal requirement for a driver over the age of 70 applying for a license to obtain 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 being medically certified fit to drive reduces the insurance premium. On the contrary, there is evidence to suggest that people over 70 are experiencing inflated premiums. Insurance companies would demonstrate transparency by explaining how these required health checks are factored into the setting of premiums.

⁵ Gibney S. et al (2018) *Positive ageing in age friendly cities and counties: local indicators report*. Dublin. Department of Health.

⁶ C-236/09 - *Association Belge des Consommateurs Test-Achats and Others*

Age Action calls for attention to be given to the skills and experience – and not simply the age – of drivers.

For further information please contact:

Corona Joyce, Senior Policy Officer

10 Grattan Crescent, Inchicore, Dublin 8

T: 01-475 6989; E: corona.joyce@ageaction.ie