

Why can auto insurers charge young men higher rates?

The practice may seem like discrimination, but it's actually supported by data, as required by law in Ontario

DRIVING CONCERNS

I don't understand how insurance companies can still use information such as gender and age to determine how much people pay for car insurance. Why don't they just base rates on my actual driving record? – Jordan, Ottawa

If you're single, male and under 25, you're likely in bad company, at least according to your insurer.

"Based on actuarial data, drivers are placed into groups," Pete Karageorgos, director of consumer and industry relations with the Insurance Bureau of Canada (IBC), said in an e-mail. "Younger drivers, for example, are more likely to have a claim than a middle-aged driver, and this is reflected in the rates they pay."

In Ontario, insurance companies are allowed to set your rates based on your age, gender, marital status, driving record, the kind of vehicle you drive, where you live, your annual mileage and whether you're using your car for business and pleasure.

But each insurance company is obliged to show the government that those things actually affect how much it pays in claims. Theoretically, if an insurance company saw more women getting into accidents than men, its rates for women might be higher.

"Any factor used for rating auto insurance must be actuarially supported," Malon Edwards, a

spokesman for the Financial Services Commission of Ontario, said in an e-mail.

In Canada, insurance rules vary by province. British Columbia, Saskatchewan and Manitoba, which all have government-run insurance, don't use age or gender at all when setting rates.

In Saskatchewan, for example, the basic rate is determined by the make, model and year of your car. Then there's a sliding scale based on your driving record – you get discounts of up to 25 per cent for every year you've had a clean record and penalties for any convictions and at-fault collisions.

We couldn't get any specifics on how much higher claims are for, say, 20-year-old male drivers in Toronto; they vary for each insurance company.

According to Ontario statistics, more men get into traffic accidents.

In 2014, the most recent year with a detailed report, 5.2 per cent – 262,293 drivers out of nearly five million – of male drivers got into accidents. For female drivers, that accident rate was 2.9 per cent – 137,732 out of 4.7 million.

If you look just at drivers between the ages of 21 and 24, the numbers are a bit closer: 5.55 per cent for men and 4.17 per cent for women.

HOW MUCH MORE DOES INSURANCE COST FOR MEN?

So, how much more will you have to pay if you're a young man?

In an extremely unscientific study, we looked at [Kanetix](#), a rate-comparison site, for the lowest available rates for a fictional 23-year-old with a clean record

driving a 2013 Honda Fit less than 20,000 kilometres a year.

For a male driver, the lowest rate was \$3,192 a year. For a female driver, the annual rate dropped \$2,952 a year – \$240 less.

But when we changed the age to 26, it cost \$2,744 a year for a male driver and \$2,689 for a female – a \$55 difference.

"Gender really only comes into play under the age of 25," said [Anne-Marie Thomas](#), senior manager of partner relationships at Insurance Hotline.

If we listed our driver as married, the rates went up by about \$4 a month for both genders.

In Alberta, a 23-year-old man reportedly changed his gender from male to female on his birth certificate, even though he identifies as male, so he could save \$1,100 a year – about \$91 a month – to insure a brand new Chevy Cruze.

If your insurance company discovered that you're lying about your gender, or anything else, they could raise your premium or cancel your policy, the IBC's Karageorgos said.

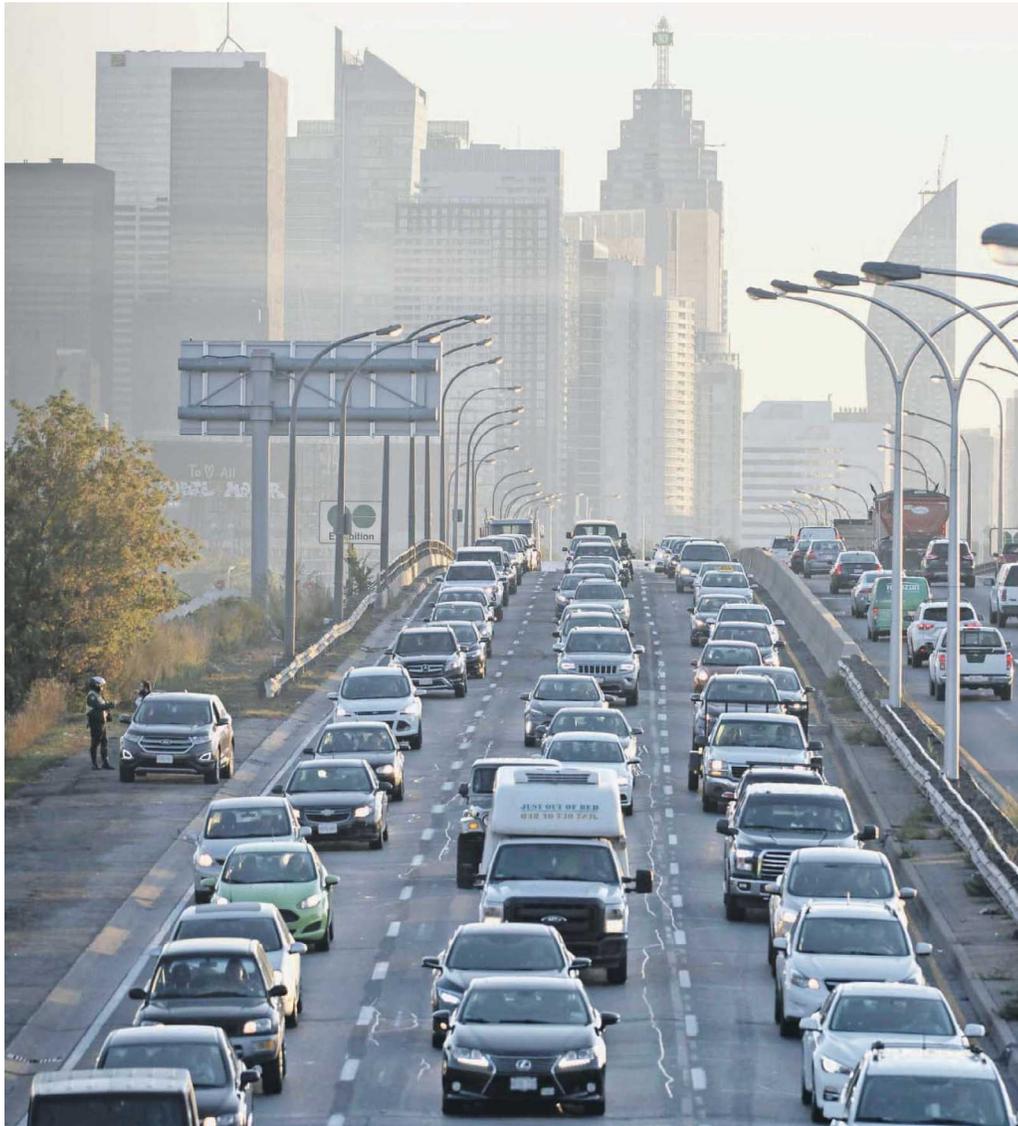
GENDER-NEUTRAL INSURANCE?

In 2011, the European court of justice banned insurance companies there from using gender to set insurance rates, ruling that the practice was discriminatory.

While the ruling was expected to level rates between men and women, making women pay more, it apparently didn't. Men still ended up paying higher rates, on average, because they racked up more mileage and got into more accidents.

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In Ontario in 2014, the most recent year with detailed statistics on traffic accidents, 5.2 per cent of male drivers got into accidents compared with just 2.9 per cent of female drivers. FRED LUM/THE GLOBE AND MAIL