

Gender plays a role in car insurance rates

Men usually pay more, particularly when they're younger, but women sometimes are charged more when they're older.

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NerdWallet

Your driving record may be flawless. Your car may be one of the safest on the road. But, in most states, you might pay more for car insurance than an all-but-identical driver, simply because of your gender.

No one is immune. While men traditionally have paid more, particularly when they're younger, recent studies show women often pay more when they're older.

This year California joined six other states in banning the use of gender to set car insurance prices. Elsewhere, drivers can pay hundreds of dollars a year in higher premiums because of the impact of gender on their rates.

Whether such pricing is fair depends on your perspective, but drivers can come out ahead by finding insurers that give their gender a break.

"The best thing you can do is to shop for insurance," says James Lynch, chief actuary for the Insurance Information Institute.

Who pays more?

Insurers analyze many factors, including driving records and demographics, to decide which drivers are more likely to have accidents and therefore should pay more. They're required to justify their rates to state regulators. In Hawaii, Massachusetts, Montana, North Carolina, Pennsylvania, parts of Michigan and now California, insurers can't use gender as a factor. Elsewhere, the approach to gender varies widely. "Until the last few years, men always paid more," says Robert Hunter, director of insurance for the Consumer Federation of America. But in 2017 the group found most large car insurance companies often charge 40- and 60-year-old women more than their male counterparts.

The research, which priced basic liability insurance from six insurers in 10 cities, also found widespread inconsistencies. For example, Allstate quoted higher

policies, which provide broader protection. It examined average annual rates among the largest insurers in 20 ZIP codes of each state for a 2015 Toyota Camry for single 40-year-old drivers with clean records and good credit.

Seven of the country's 10 largest car insurance companies showed higher average rates for women in some states and higher rates for men in other states.

But gender-based price differences were dwarfed by overall price differences among companies. So a woman might save hundreds of dollars a year with the cheapest insurer in her area — even if that insurer would charge her male counterpart less.

An example from **NerdWallet's** analysis underscores the importance of shopping for insurance.

Here are two companies' average annual rates for drivers in Minnesota: • American Family: \$921 for women; \$917 for men.

- Allstate: \$1,859 for women; \$1,881 for men.

What drivers can do

"If you want a company that doesn't use gender (in setting rates), have that conversation with your agent or company," says Nicole Ganley, spokesperson at the American Property Casualty Insurance Association. "And shop around, because there's a lot of choices out there."

Comparison shopping is the key to finding the best rates.

"There's no substitute for that," says Alex Hageli, also with the APCIA as the director of personal lines policy, which includes auto and home.

Some advice for shoppers:

- Compare quotes. Because pricing varies widely, get quotes from multiple companies to ensure you find your best deal.
- Request a price match. Presented with a competitor's quote, your insurer may offer a lower rate, Hunter says.
- Be willing to change companies. Your current discounts may not beat the prices you could find

rates for 40-year-old women in Baltimore and higher elsewhere.
rates for their male counterparts in Tampa, according to
the data. For 20-year-olds in Cleveland, Farmers
Insurance showed higher quotes for men while Geico
had higher quotes for women.

A 2019 **NerdWallet** analysis found similar patterns for
fullcoverage

Is it fair?

“It is no more fair to base auto insurance rates on
gender than it is on race or hair- color,” says Carmen
Balber, executive director of the advocacy group
Consumer Watchdog.