

# Gender neutral pricing factsheet

**What is Gender Neutral Pricing?** The European Court of Justice has ruled that the use of gender (male and female) as a factor in calculating insurance premiums and benefits is to be banned and insurance companies will have to ensure this is implemented no later than 21 December 2012. This is known as Gender Neutral Pricing and will be referred to as GNP throughout the remainder of this document.

**How could GNP impact me?** The calculations we currently use to provide a pension income (annuity) are based on annuity rates that differ for males and females. In general, men don't live as long as women, which means a male can often receive a higher income than a female. Following the introduction of GNP, the new rates we use for our calculations will be the same for males and females therefore males may receive a lower income, whereas females may receive a higher income. In respect of life cover, premiums may increase for female lives and reduce for male lives.

This is of course dependent on individual circumstances therefore, if you are currently considering your finances such as retirement, savings or protection we strongly recommend you speak to your financial adviser.

**When will the GNP calculation rates be introduced?** We will start using the new rates at some point on or before 21 December 2012. If you wish to take your benefits before GNP is introduced, it's vital that you send us all of the required information as soon as possible.

As with all applications, we require time to process your case. If the processing of your case is completed after we introduce GNP, or if your chosen retirement date falls on or after the 21<sup>st</sup> December 2012, your pension income will be arranged on a gender neutral basis.

It is important to consider our processing time when returning any application forms as any quotations you receive are not guaranteed.

If you would like more details in relation to the introduction of GNP, please contact us.

**What about my existing policies?** Existing policies are less likely to be affected, although if they are reviewed or renewed there may be an impact on the level of future premiums or benefits as they may be calculated on the new GNP rates. In some cases changes to existing policies may also need to be on the new rates. If you have any concerns about this please contact us or speak to your financial adviser.

**What do I need to be aware of?** You need to be aware that:

- annuity rates shown in any quotes you receive are not guaranteed;
- quotes issued before we introduce GNP will be calculated using your gender as a factor and quotes issued after GNP is introduced will be calculated using the same rates for males and females;
- any new quotes or applications processed after the introduction of GNP will be based upon the new rates, irrespective of whether you have received a previous quote taking your gender into account. The annuity income you receive may be different;
- other insurance companies may introduce GNP earlier or later than ourselves, however, they must all introduce GNP by the 21 December 2012; and
- you should seek financial advice before considering bringing forward or delaying the purchase of your pension income. Any advantage could be outweighed by a number of factors, including policy charges, penalties and loss of guaranteed entitlement where applicable.

**I have a guaranteed annuity rate (GAR) built into my policy, is this affected?** No, these rates are guaranteed therefore you are still entitled to them. If you are considering taking your annuity sooner or later than your selected retirement date you may risk losing your GAR which could impact you financially. This is very important and we recommend you contact us or speak to your financial adviser.

**Do you recommend I seek financial advice?** Yes, if you have any concerns about GNP or are currently considering your retirement planning, we recommend you contact your financial adviser. If you do not have a financial adviser and want help in finding one please contact us.

**Where can I obtain further information?** We will continue to update our website however further guidance can be found on the Association of British Insurers (ABI) website [www.abi.org.uk/genderruling](http://www.abi.org.uk/genderruling).