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THE UNISEX INSURANCE UPROAR

Two bills are now "cooking" in Congress which would have a costly adverse effect on women, but which are deceptively packaged in the wrapper of "women's rights." They would cause dramatic rate increases in automobile accident insurance and in life insurance purchased by women.

It is unlikely that the women forced to pay hundreds of dollars per year in increased insurance premiums will look kindly on this expensive definition of "women's rights." But they had better speak up fast if they want to stop this slogan from stealing money out of their pockets.

The House bill is called the "Non-Discrimination in Insurance" bill and the Senate bill is called the "Fair Insurance Practices." Both names are misleading; they are neither "fair" nor "non-discriminatory."

The purpose of these bills is to force the entire U.S. insurance industry to adopt a "unisex" insurance structure in which sex is never used as a criterion for rates or benefits. Of course, these bills cannot force young women to have as many automobile accidents as young men, or force women to die as young as men do; but the bills would force women to pay higher rates as though they did those things.

If insurance companies knew which individuals would have automobile accidents and would die early, they would simply refuse to write insurance for those persons (or charge them prohibitive rates). It is because individual accidents and deaths are unpredictable that insurance is based on the distribution of risk among identifiable groups with predictable costs.

The statistical evidence is overwhelming that women are entitled to lower automobile accident insurance rates because they have fewer accidents. Women are also entitled to lower life insurance rates because they live longer.

For a preview of how a unisex insurance rule would affect rates, we can look at the experience of Michigan, which banned sex discrimination when it passed its Essential

Insurance Act in 1980. Women's rates on auto accident insurance were raised in some age groupings by as much as 67% (State Farm), 84% (Allstate), and 127% (Citizens Insurance). Rate increases of $600 or more forced many young Michigan women to reduce their auto accident coverage below an adequate level.

Auto accident insurance rates nationwide today are 18% to 66% lower for young women than for young men under age 25. This is because young men under age 25 have 13% to 80% more accidents than female drivers (depending on their age and other factors). According to a survey done by the Insurance Services Office in Washington, D.C., unisex tables would raise rates for a 23-year-old single woman in Hartford, CT by $600 per year, in Newark by $700 per year, and in Philadelphia by $800 per year.

When life insurance is priced separately for men and women, rates for women are 15% to 25% less than for men because actuarial tables clearly show that women tend to live 3 to 8 years longer than men do. According to Barbara Lautzenheiser, senior vice president of Phoenix Mutual Life Insurance Company of Hartford, unisex life insurance would force a 25-year-old non-smoking woman to pay $150 more for a one-year $50,000 term policy than she now would pay; a 35-year-old woman would pay $350 more; rate increases in higher age brackets would be even steeper.

The advocates of unisex insurance argue that these costs are balanced off by gains women would make in pensions and health insurance costs. But the President's Commission on Pension Policy says that only 39% of all women in the work force are covered by pension plans, and 95% of those already have unisex pension benefits because the pension plans, being employer-funded, can use the advantages of a group rate to blend the actuarial differences between males and females.

Therefore, a Congressional mandate for unisex pensions would advantage only 5% of 39%, or 2% of working women; and wives not in the labor force would not benefit at all. Automobile insurance and life insurance, however, are individually purchased without the advantage of group rates.

Thus, for 99% of women, there would be no trade-off that could possibly compensate for the devastating increases in automobile accident and life insurance rates that would be compelled by the unisex insurance bills. Did somebody say unisex insurance is a goal of "women's rights"? There must be another reason.