



What is the Gender Directive?

Q&As - Implementation by MSV Life p.l.c.
of Council Directive 2004/113/EC and
Judgment of the European Court of Justice
Case C-236/09

MSV Life will implement the removal of gender as a risk factor in the pricing of individual life insurance premiums and benefits with effect from 1 December 2012 and as explained in this document.



What is the Gender Directive?

The Gender Directive (Council Directive 2004/113/EC), laid down the principle of equal treatment between men and women in the provision of goods and services. On 1 March 2011, following a judgment by the ECJ (Test Achats ruling), it was held that Article 5(2) of Council Directive 2004/113/EC which provides for a derogation from the accepted principle that men and women are subject to equal treatment in the determination of insurance premiums payable, will become invalid with effect from 21 December 2012.

What is the impact of the Gender Directive and the ECJ ruling on MSV?

As a result of the Gender Directive and the Test Achats ruling, insurance companies are legally obliged to remove any differentiation in pricing which is based on gender. MSV has decided to implement the provisions of this Directive with effect from 1 December 2012.

Therefore with effect from 1 December 2012 MSV will no longer use a person's gender as a risk factor in calculating the cost of insurance and all new individual policies issued on or after 1 December 2012 will be issued at gender neutral rates.

What is the impact of the Gender Directive and the ECJ ruling on women?

On average, women have a longer life expectancy than men. Historically life insurance premiums have reflected this difference in mortality rates and therefore women have paid lower life insurance premiums than men because they represent a lower risk than men.

With effect from 1 December 2012, MSV will be charging the same rates for males and females in respect of all new policies issued on or after this date.

What is the impact of the Gender Directive and the ECJ ruling on men?

Initially it is not expected that the Gender Directive will have an impact on the cost of life insurance for male persons. This is because our disability / sickness insurance benefits are already gender neutral.

Which MSV Policies are impacted by the Gender Directive and the ECJ ruling?

All policies that provide a Sum Insured on the death of the person covered including savings, investment and retirement plans that include this benefit.

What is the impact of the Gender Directive and the ECJ on existing contracts?

Existing contracts will largely be unaffected by the provisions of the Gender Directive provided that no mid-term changes are effected to the contract that are likely to render it a new contract. Although no legal definition of a "long term insurance contract" exists under Maltese law, one would expect Maltese Courts to follow the view which has the preponderance of judicial authority in the UK, where a life insurance policy is regarded to be a contract for one year with an irrevocable order to

renew the contract upon payment of the renewal premium.

Which changes to an existing contract will trigger a new contract?

Changes made within the contractual parameters of an existing contract and which will not require the consent of both parties will not be deemed to trigger a new contract. On the other hand non-contractual obligations and changes that will require the consent from both parties will trigger a new contract. The range of triggers of a new contract include:

- Increase in Sum Insured
- Increase in the Premium
- Increase in the Policy Term
- Change of the Person Covered

Can a revival of an existing contract trigger a new contract?

No. Revivals within the contractual time period do not trigger a new contract. All MSV policies that pay a sum insured on death contain a condition which states that the policy may be revived at any time within 12 months from the date of the lapse provided that all premiums are paid and that satisfactory proof of continued eligibility for insurance of the person covered is produced (please note the Guaranteed Over 50's Plan and Funeral Expenses Plan both have 3 month revival periods). The same condition goes on to state that if the evidence of continued eligibility is not satisfactory MSV may alter the terms of acceptance, or decline to revive the policy. This means that an alteration of the terms of acceptance is a condition of the original contract and does not require the consent of the policyowner or the person covered. Therefore a revival does not trigger a new contract if made within the 12 month time window allowed by the policy.

What do we do with policies issued after 1 December 2012 on quotations provided to clients before 1 December 2012?

Policies that are issued after 1 December 2012 on the basis of quotations provided to clients before 1 December 2012 will be issued on the basis of gender neutral rates. In this regard, prospective clients should be made aware that MSV quotations that were provided on gender specific rates are only valid up to 30 November 2012.

Group Life Business**Does the Gender Directive apply to Group Life business?**

Group Life business is excluded from the purposes of the Directive. The Directive specifically refers to 'individuals' premiums and benefits'. The European Commission Guidelines have expressly stated that the Directive only applies to contracts which are private, voluntary and separate from the employment relationship. Hence insurance companies may continue to offer gender differentiated rates under Group Life business.

Notwithstanding the exclusion of Group Life business from the Directive, in the event where members under a Group Life Scheme exercise their option to either include spouses under the Scheme or to purchase additional voluntary life cover, gender neutral rates shall be applied by the company for such optional cover only and will be determined on a scheme by scheme basis.