



AMERICAN ACADEMY
of ACTUARIES

Attn: Letters to the Editor
Los Angeles Times
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To the Editor:

In David Lazarus' recent column, "Insurance 'eggheads' make women pay" (June 22, 2008, C1), there seems to be some *scrambling* of the facts and not enough understanding of the relevant principles. A fundamental principle of insurance is to match the premium to the assumed risk. Incorporating risk characteristics, such as age, gender and geographical location, has long been an integral part of calculating premium rates. Actuaries develop insurance rates based on vast amounts of insurance claims experience data, which are analyzed according to common characteristics of those covered.

Historically the claims experiences of males and females have differed for health insurance, auto insurance, and life insurance across the entire United States. As a result, insurers will often charge different premium rates for males and females so that premiums directly reflect the value of the policy and the benefits received by the purchaser.

Sincerely,

Cori E. Uccello
Senior Health Fellow
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