

Labour Group Amendment to Opposition Motion 2: Motor Insurance Premiums

Moved by Councillor Arooj Shah

Seconded by Councillor Mohon Ali

~~Strikethrough~~ = delete

Underlined = insert

Recent research has exposed stark and unacceptable racial disparities in motor insurance premiums across the UK, including in Oldham. A 2023 survey by Citizens Advice found that residents in the most ethnically diverse areas are being quoted insurance premiums that are, on average, 33% higher than those in less diverse areas. Shockingly, this disparity persists even when controlling for factors like crime rates, vehicle values, and local road traffic accident statistics. ~~Furthermore, evidence suggests that individuals with names associated with certain ethnic groups, such as "Muhammad," face higher premiums compared to those with names like "John," despite similar risk profiles.~~

These findings are a damning indictment of an industry that is systematically disadvantaging poorer communities and, because Black, Asian, and Minority Ethnic (BAME) communities are more likely to experience poverty, disproportionately affecting BAME people. The Financial Conduct Authority (FCA) has committed to investigating these practices, but the urgency of the situation demands immediate action. Section 19 of the Equality Act (2010) defines indirect discrimination as the application of a provision, criterion, or practice that, while applied uniformly, results in worse outcomes for a group of people with protected characteristics. These practices must be recognised as such.

Addressing these disparities is not just a legal necessity but a moral imperative, aligning with Oldham Council's commitment to promoting equity, fairness, and social justice.

Oldham Council Notes:

Oldham's diversity is one of its greatest strengths, but this strength is undermined when our residents are subjected to systemic discrimination in essential services like motor insurance. The reported discriminatory practices not only erode trust in financial institutions but also exacerbate existing socio-economic inequalities by imposing an undue financial burden on ~~ethnic minority~~ disadvantaged communities.

While the Council does not have direct control over insurance premiums, we have a duty to stand up for our residents, challenge unfair practices, and advocate for systemic change. It is not enough to passively acknowledge these issues; we must actively work to dismantle the structures that allow such disparities to persist.

We welcome the commitment in the Labour manifesto, which states that the new Government will further support people by "tackling the soaring cost of car insurance," but this must include specific actions to eliminate the poverty premium being applied to policies and the subsequent disproportionate impact on BAME communities.

Oldham Council Believes:

Every resident of Oldham has the right to be treated fairly and equitably in all aspects of life, including motor insurance, regardless of their race or ethnicity. The Council must take an active role in raising awareness about this issue, applying pressure on relevant bodies, and advocating for substantive change at both local and national levels.

Oldham Council Resolves:

1. To ~~Demand Accountability~~: Write to Oldham's newly elected MPs, ~~urging them to take immediate action by raising~~ asking them to raise these concerns about racial disparities in motor insurance premiums with the ~~relevant Secretary of State~~. Secretaries of State for Transport and for Business and Trade. Additionally, ~~demand~~ ask that they ~~press~~ urge the FCA to expedite its investigation into these discriminatory practices and report back ~~to the community on the progress made~~. their response to this Council.
2. To ~~Challenge the Insurance Industry~~: Instruct the portfolio holder for ~~neighbourhoods and~~ community safety, the Cabinet Member for Thriving Communities and Culture to write to the Association of British Insurers (ABI), ~~demanding~~ urging them to undertake a comprehensive review of their pricing practices. The ABI must be ~~held~~ asked to account for why motorists from BAME backgrounds are charged significantly higher premiums than their White counterparts with similar risk profiles. The Council should insist on transparency and a full explanation, accompanied by concrete steps to rectify this injustice.
3. To ~~Empower the Community~~: Support and amplify local initiatives and campaigns that raise awareness of this issue and provide support to those affected by these discriminatory practices. ~~The Council must work closely with community leaders and advocacy groups to ensure that all residents are informed of their rights and the support available to them~~.
4. To ~~Build a Coalition for Change~~: Ask the Leader of the Council, as the Greater Manchester Portfolio Holder for Equalities and Communities to Collaborate with other councils, governmental bodies, and relevant organisations to form a ~~coalition~~ Greater Manchester wide working group dedicated to addressing and eliminating poverty premiums and associated racial disparities in motor insurance premiums. This coalition should ~~work towards~~ lobby the government and associated groups, like the ABI and FCA, for the developing and implementing development and implementation of policies that ensure fair treatment for all citizens, regardless of ethnicity.

Amended Motion to read:

Recent research has exposed stark and unacceptable racial disparities in motor insurance premiums across the UK, including in Oldham. A 2023 survey by Citizens Advice found that residents in the most ethnically diverse areas are being quoted insurance premiums that are, on average, 33% higher than those in less diverse

areas. Shockingly, this disparity persists even when controlling for factors like crime rates, vehicle values, and local road traffic accident statistics.

These findings are a damning indictment of an industry that is systematically disadvantaging poorer communities and, because Black, Asian, and Minority Ethnic (BAME) communities are more likely to experience poverty, disproportionately affecting BAME people. The Financial Conduct Authority (FCA) has committed to investigating these practices, but the urgency of the situation demands immediate action. Section 19 of the Equality Act (2010) defines indirect discrimination as the application of a provision, criterion, or practice that, while applied uniformly, results in worse outcomes for a group of people with protected characteristics. These practices must be recognised as such.

Addressing these disparities is not just a legal necessity but a moral imperative, aligning with Oldham Council's commitment to promoting equity, fairness, and social justice.

Oldham Council Notes:

Oldham's diversity is one of its greatest strengths, but this strength is undermined when our residents are subjected to systemic discrimination in essential services like motor insurance. The reported discriminatory practices not only erode trust in financial institutions but also exacerbate existing socio-economic inequalities by imposing an undue financial burden on disadvantaged communities.

While the Council does not have direct control over insurance premiums, we have a duty to stand up for our residents, challenge unfair practices, and advocate for systemic change. It is not enough to passively acknowledge these issues; we must actively work to dismantle the structures that allow such disparities to persist.

We welcome the commitment in the Labour manifesto, which states that the new Government will further support people by "tackling the soaring cost of car insurance," but this must include specific actions to eliminate the poverty premium being applied to policies and the subsequent disproportionate impact on BAME communities.

Oldham Council Believes:

Every resident of Oldham has the right to be treated fairly and equitably in all aspects of life, including motor insurance, regardless of their race or ethnicity. The Council must take an active role in raising awareness about this issue, applying pressure on relevant bodies, and advocating for substantive change at both local and national levels.

Oldham Council Resolves:

1. To write to Oldham's newly elected MPs, asking them to raise these concerns about racial disparities in motor insurance premiums with the Secretaries of State for Transport and for Business and Trade. Additionally, ask that they urge the FCA to expedite its investigation into these discriminatory practices and report back their response to this Council.

2. To instruct the portfolio holder for community safety, the Cabinet Member for Thriving Communities and Culture to write to the Association of British Insurers (ABI), urging them to undertake a comprehensive review of their pricing practices. The ABI must be asked to account for why motorists from BAME backgrounds are charged significantly higher premiums than their White counterparts with similar risk profiles. The Council should insist on transparency and a full explanation, accompanied by concrete steps to rectify this injustice.

3. To support and amplify local initiatives and campaigns that raise awareness of this issue and provide support to those affected by these discriminatory practices.

4. To ask the Leader of the Council, as the Greater Manchester Portfolio Holder for Equalities and Communities to Collaborate with other councils, governmental bodies, and relevant organisations to form a Greater Manchester wide working group dedicated to addressing and eliminating poverty premiums and associated racial disparities in motor insurance premiums. This coalition should lobby the government and associated groups, like the ABI and FCA, for the development and implementation of policies that ensure fair treatment for all citizens, regardless of ethnicity.