

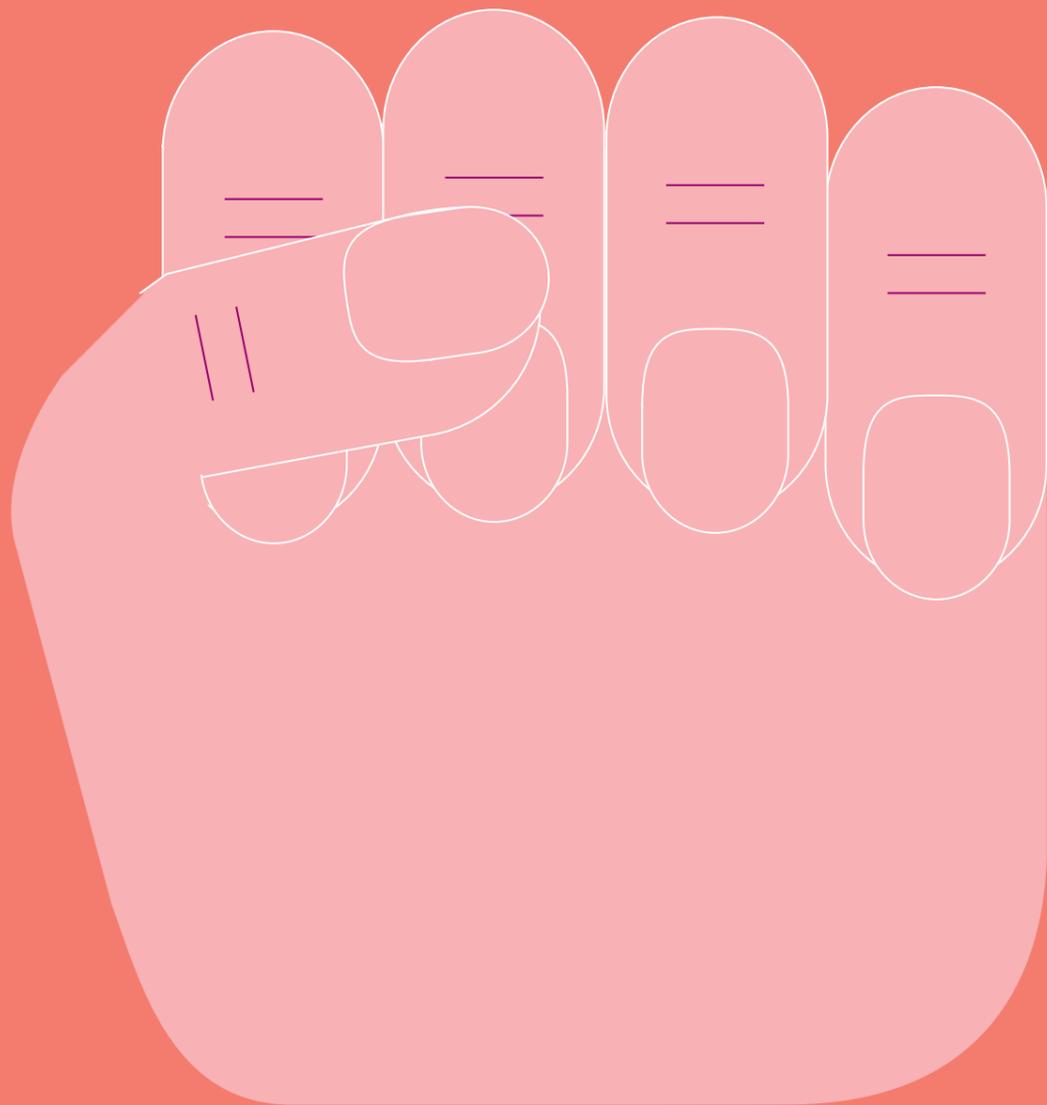
DOMESTIC

VIOLENCE

Insurance companies dodge
domestic violence claims

Exclusions in home insurance hamper gender equality

FORENA



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SUMMARY

In 2021, 81% of reported assault crimes against adult women were committed by an acquaintance. Half of the crimes against adult women were committed indoors, which constitutes about 12 000 crimes annually. Domestic violence, and in particular men's violence against women, is a very serious social problem. It is by far the clearest expression of inequality between women and men.

Nevertheless, most insurers usually apply conditions that mean that the assault coverage included in their home insurance does not apply if the perpetrator is a member of the insured parties. This exclusion means that the assault coverage does not apply if the perpetrator and the victim belong to the same household.

In practice, this means that insurance cover for domestic abuse and violence, which both affect women to a greater extent, is virtually non-existent. This also applies to the financial compensation that could be paid out to women. Forena believes that the exclusion is outdated and that it is high time for the industry to change its current approach.

That a change is needed is confirmed by Forena's Novus survey on the Swedish public's view on assault coverage. The results show that:

- 75% believe that home insurance covers domestic assault or that it provides the same protection whether the assault is committed inside or outside the home
- 80% think that more insurance companies should offer protection for domestic violence
- 20% would consider switching insurance companies to have home insurance that includes domestic violence in the assault coverage
- 35% are in favour of legislation to achieve gender equality in assault coverage

A review of the thirteen leading insurance companies further shows that:

- The majority of insurers have retained the exclusion in assault coverage
- Ten out of thirteen insurers do not offer any additional emergency cover for assault

Forena hopes that more companies will join the discussion and that the industry will endorse a modern and equal framework for the design of assault insurance. We are happy to contribute to such a project. It should be a design with protection where women and men can expect equal compensation from their home insurance and where the industry is part of the solution to one of our major social problems. There is no excuse for continuing to apply outdated values.

Forena wants the insurance industry to re-evaluate how it views the home insurance exclusion and modernise the current principle of assault coverage. We expect:

- That insurers who have not removed the exclusion from assault coverage do so immediately
- Insurers to agree on an industry-wide practice for enhanced home insurance protection in cases of domestic violence
- That insurance companies ensure that women and men receive the same financial resources from the assault coverage in order to compensate for the fact that women currently pay the same premium as men without being entitled to the same compensation.

INTRODUCTION

Domestic violence, and in particular men's violence against women, is a major social problem. It is the clearest expression of inequality between women and men. For example, more women die as a result of domestic violence than die in the workplace.

Despite the intensified debate in recent years, and after alarming reports from women's shelters of crimes committed during the covid-19 pandemic, there is still a lack of knowledge about how violence manifests itself. There is also a great deal of ignorance about the protection afforded to a victim within the four walls of the home. In particular, few are aware of the shortcomings of, and often total lack of, insurance cover for domestic violence.

In the event of damage to property in the home, individuals may be entitled to compensation from their home insurance. This also applies to assaults outside the home. Home insurance includes so-called assault coverage and there are often fixed amounts of compensation for different types of assault, crime and abuse.

When insurance companies formulate their promises to customers, "security" and "safety" are words that are often highlighted. It is also security and safety that the customer buys and expects in the event of an accident or an assault.

However, injuries caused from assault by someone who is a member of the insured parties, mainly in the home, is usually excluded from the policy conditions. This means that not everyone in the household will benefit from the security and safety that the policyholder has paid for and insured themselves for when it really matters.

Payouts from assault coverage have therefore historically mainly benefited men, partly as a result of the fact that they are more likely to be victims of violence outside the home by an unknown perpetrator. In contrast, protection for domestic abuse and violence, which more often affects women has, in practice and in reality, been non-existent until a few years ago. In addition to being actively negative towards gender equality, this principle is at odds with the basic principle on which the idea of insurance is based: that the premium you pay should correspond to the risk you contribute.

PURPOSE AND PROVISION

This report aims to encourage the insurance industry to make a greater contribution to gender equality by addressing the social problem of domestic violence. Insurance companies have an important role to play as sustainable social actors in providing safety and security on equal terms between women and men. With this report, Forena wants to point out the responsibility of the insurance industry to act in a coherent way, including on the basis of the 2030 Agenda, which several companies have endorsed. According to Goal 5 on gender equality, and in particular sub-goal 5a, women and men should have equal access to financial services and equal rights to financial resources.

The report provides statistics on domestic violence and an overview of the assault coverage offered by companies that offer home insurance and are included in the consumer rankings. We also present new figures showing the awareness of the Swedish public and policyholders on assault insurance. The report ends with a discussion and conclusions.

DOMESTIC VIOLENCE

In 2021, a total of 81 600 assault crimes were reported, according to the Swedish National Council for Crime Prevention¹. Reported assault offences against women have increased over the past 10 years, while they have decreased for men. In 57 600 of these reported cases of assault, the victim was acquainted with the perpetrator.

81% of cases of reported assault crimes against adult women were committed by an acquaintance². There were 23 500 cases of assault against women by a known perpetrator, which is 64 assault cases per day.

This means that it is much more common that the offender is present in the home and is a close relative in the case of reported assault offences against women than in the case of assault offences against men. Moreover, half of the crimes against adult women are committed indoors, i.e. about 12 000 crimes annually. The most common crime scene in Sweden is the home.

Behind every single case in the statistics are women who have suffered abuse, distress and violence in their own homes. Often it is not only the woman who has been directly subjected to the violence who has been affected, but also children and other people around her.

The national security survey of the Swedish National Council for Crime Prevention already showed in 2014 that women are also exposed to much more serious violence. This means that the need for emergency help and support, especially medical care, is greater for women. Among women who were subjected to severe assault, around 30% said they had needed to see a doctor, nurse or dentist (the corresponding figure for men is 2%).

In 2021, there were 15 cases of fatal violence against women where the victim and the perpetrator were in a couple relationship at the time of the crime or beforehand³. In the same year, three women were killed at work. This demonstrates the extent of violence to which women are subjected in the home in Sweden today. In the first four months of 2022 alone, the media reported 11 crimes in which women were murdered by someone they were, or had been, in a relationship with⁴.

In addition, there is a large grey area. Official statistics do not often capture all the forms of violence or abuse in domestic relationships such as psychological, digital, material or financial. Overall, women have a great need of support, emergency assistance and medical care.

PRINCIPLE OF ASSAULT COVERAGE IN HOME INSURANCE

In Sweden, people spend around SEK 19 billion a year on the promise of home insurance to keep them safe and secure when the unexpected happens⁵. In addition to financial compensation for loss of property or damage, home insurance also includes, as mentioned earlier, coverage against assault.

What many people do not know is that there has long been an industry-wide principle regarding assault coverage in home insurance. The principle means that damage caused by someone else who is also covered by the policy or belongs to the same household is excluded from the compensation. This means that policyholders can receive:

- Crisis support in the case of a house fire or burglary, but not in the case of assault or rape of a partner, child or other person covered by the insurance policy
- Evacuation accommodation in the case of fire or water damage, but not in the case of abuse or rape of a partner, child or other person belonging to the household
- Help if someone uses an individual's identity without their consent to commit fraud or another criminal act, but not if a partner uses violence or the threat of violence to take control of their partner's finances
- SEK 150 000 in compensation in the event of a serious violent crime committed by an offender with whom the policyholder does not share home insurance, but nothing for assault or rape by a partner from the same household

All insurance companies require a police report to be made in order to claim compensation and this must be done as soon as possible after the incident occurred. There is no requirement that the perpetrator must be known in order for a person to receive insurance compensation in the event of an assault, but it must not be a known person from the same household. In that case, the rule is that an assault does not qualify for compensation.

¹ Brottsförebyggande rådet, statistik 2021

² Motsvarande siffra för vuxna män var 45 procent

³ Brottsförebyggande rådet, slutlig statistik, 2022-03-31

⁴ Aftonbladet, 2022-04-29

⁵ Svensk Försäkring, Försäkringsmarknaden, Kvartal 4 2021

COMPENSATION SHOULD NOT DIFFER BETWEEN WOMEN AND MEN

Despite this historical rule, which is still largely accepted industry-wide, the use of gender as a factor in insurance premium calculations has been banned since December 2012. Following a 2011 European Court of Justice decision, this was deemed discriminatory⁶. Despite the use of some gender-specific actuarial factors in insurance services, the EU wished to ensure equal treatment for women and men.

This prohibition is also stated in the Swedish Discrimination Act (2008:567). Section 12(2) states that individuals' insurance premiums or claims may not differ between women and men on the basis of calculations based on gender. This means that if one gender is less affected than the other, the pricing may not be changed for the less affected gender or vice versa.

At the same time, as mentioned above, insurance companies must of course be able to identify and price risks for different groups. However, the individual should, as far as possible within a given risk group, only pay for the risk that the individual themselves contributes to. Anything else would lack solidarity with the other policyholders and lead to increased inequality. A correct and objective assessment of risk can therefore lead to differentiated premiums and is not a matter of discrimination.

However, it is clear that this rule, which is still very much in force, is problematic from a gender perspective. The basic idea of the exception is that one should not be compensated for damage that one has intentionally caused but, in the context of domestic violence, it equates women with property. Furthermore, this division into risk groups based on gender means that financial resources are not distributed equally.

To compensate for the fact that women's and men's risks are different but must not be priced differently, equality in assault coverage must be achieved in other ways - including by ensuring that women and men collectively receive a more equal distribution of compensation.



⁶ MÅL C-236/09, 1 mars 2011

LOW AWARENESS OF PROTECTION IN CASE OF DOMESTIC ASSAULT

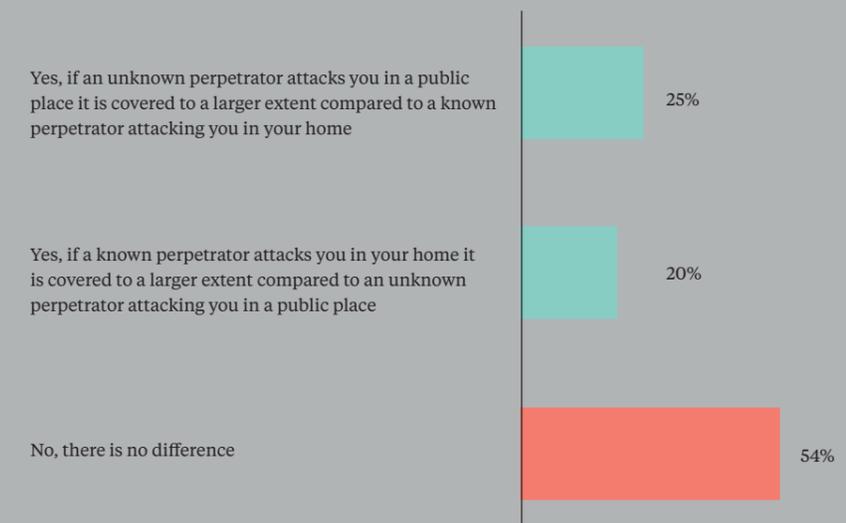
Forena has investigated how the Swedish public view who is most affected by assault and whether assault coverage should be included in home insurance⁷.

Overall, the results show that almost 75% of Swedes believe that home insurance covers domestic assault or that it provides the same protection whether an assault takes place inside or outside the home. Awareness of the fact that the vast majority of insurers continue to maintain the exclusion in assault coverage in home insurance, equating violence against another person with damage to property, is therefore very low.

- One in five believe that home insurance covers an assault by a family member in the home, even though this is not the case.
- More than half believe that assaults inside and outside the home provide the same protection, which is also not true.

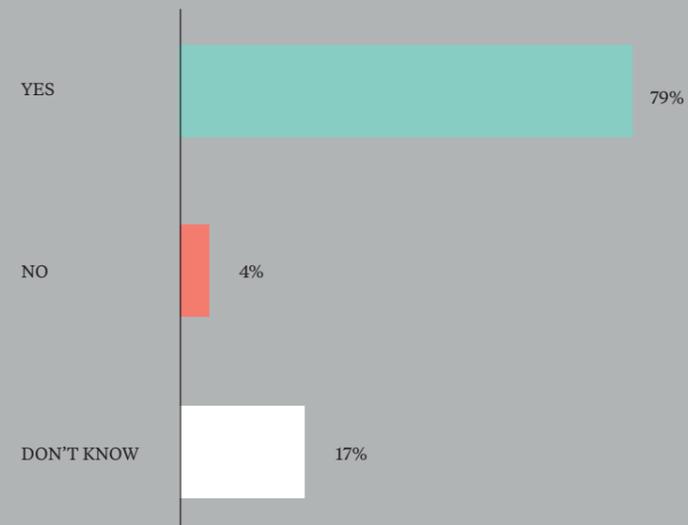
Eight out of ten Swedes think that more insurance companies should offer some form of protection for domestic violence in their home insurance policies. Women are slightly more likely than men to think that assault coverage should be included in home insurance.

QUESTION: *The home insurance assault coverage should provide protection in the case of assault. Would you say that the situations described below are covered by the home insurance to a larger extent than any of the others?*

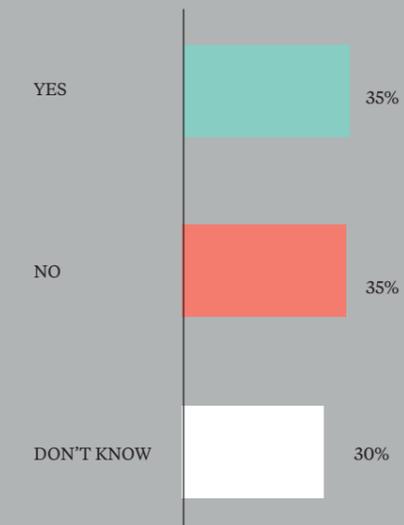


⁷ Undersökningen är genomförd via webbintervjuer i Novus slumpmässigt rekryterade Sverigepanel, november 2021. Populationen var 1016 och svarsfrekvensen 58 procent.

QUESTION: Today only five insurance companies have any kind of coverage against domestic violence in their home insurance policies – do you think more companies should offer this protection?



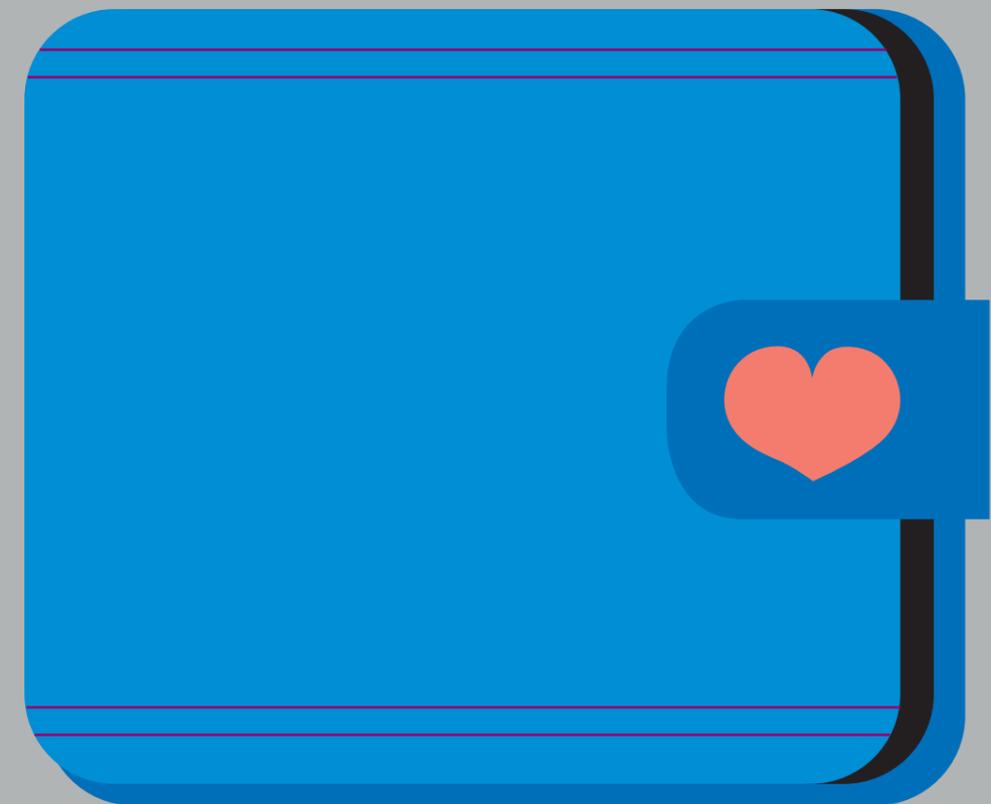
QUESTION: in the case that insurance companies do not provide assault coverage in their home insurance policies should there be legislation obliging them to do so?



As mentioned above, insurance companies are not allowed to use gender in risk assessment and therefore not in the pricing of insurance policies. According to the results, 70% of Swedes also think that equal pricing between the sexes is correct. This indicates that the general public, many of whom are also directly or indirectly policyholders, do not want gender-based differences in pricing, risk assessment, or for possibilities of financial compensation.

More than one in five (22%) respondents would consider switching insurance companies to include domestic violence in their assault coverage.

The study also asked whether legislation could be a way forward to insure that assault coverage should apply to domestic violence. It was found that more than one in three (35%) are in favour of legislation to oblige insurance companies to offer comprehensive assault coverage that includes domestic violence, unless they already do so.



THE MAJORITY OF COMPANIES STICK TO OUTDATED PRINCIPLES

There are significant differences between insurers' views on the current principle of assault coverage in home insurance. Based on the insurers in the Swedish Consumers' Insurance Bureau independent comparison list of home insurance policies, we can see that the majority stick with the outdated principle⁸. The table below describes how they deal with the exclusion in the assault coverage, the conviction requirement, and whether they are working with Agenda 2030 and the goal of gender equality⁹.

Folksam was the first to remove the exclusion in the assault coverage on 1 January 2018, after one of its largest customers, Kommunal, requested this change in conditions¹⁰. ICA Försäkring removed the exclusion just over a year later. The company argued that it was "manifestly indefensible to retain such an outdated conditional clause".

Assault by someone within the same household, i.e. by a known perpetrator, requires both a police report and a conviction in order to qualify for any form of compensation. Regarding the goal of gender equality, and the part on equal rights to economic resources and access to financial services, in line with the 2030 Agenda, only Folksam and its subsidiaries refer to this goal. Despite the lack of more companies actively acting specifically on this gender equality issue, a lot of resources are spent on gaining consumer confidence on social responsibility and sustainability by insurance companies¹¹.

TABLE: COMPANIES WITH AND WITHOUT REMOVED EXCLUSIONS REGARDING ASSAULT COVERAGE, JUDGEMENT REQUIREMENTS AND AGENDA 2030

| INSURANCE COMPANIES | EXCLUSION REMOVED | JUDGEMENT REQUIREMENTS | AGENDA 2030: GOAL 5 A |
|-----------------------|-------------------|------------------------|-----------------------|
| Aktsam | No | - | No |
| Dina | Yes, 01/09/2019 | Conviction required | No |
| Folksam | Yes, 01/01/2018 | Conviction required | Yes |
| Gjensidige | No | - | No |
| Hedvig | No | - | - |
| ICA Försäkring | Yes, 01/04/2019 | Conviction required | No |
| If | Yes, 01/09/2021 | Conviction required | No |
| Länsförsäkringar | No | - | No |
| Moderna | No | - | No |
| Safetown | No | - | No |
| Tre Kronor (Swedbank) | Yes, 01/04/2020 | Conviction required | Yes |
| Trygg-Hansa | No | - | No |
| WaterCircles | No | - | No |

Source: company websites, annual reports, sustainability reports

According to the National Council for Crime Prevention, just under 4% of all domestic violence was reported in 2014.¹² That is obviously a few years ago now, but despite the fact that most reported crimes are handled daily in prosecutor-led preliminary investigations, barely 20% of these criminal charges still result in any form of prosecution.¹³ Domestic violence cases often involve complex and time-consuming processes, both in terms of insurance and compensation law.

Given that only 4% report crimes in domestic relationships, and that it is also difficult to obtain compensation due to conviction requirements, the industry-wide principle is valid in practice. This means that women, who are most at risk of domestic violence, are not covered by the insurance and the financial resources do not reach them. It is therefore an unfair distribution of power, influence and resources based on gender.

However, when the perpetrator is unknown, as is often the case with violence against men, the completion of a preliminary investigation is enough to qualify for compensation.

⁸ www.konsumenternas.se/

⁹ Moderna Försäkringar och Trygg-Hansa har fusionerats sedan april 2022 och är nu en del av den skandinaviska försäkringsgruppen Tryg Forsikring. I tabellen redovisas de som separata bolag. Tre Kronor är ett dotterbolag till Folksam

¹⁰ Kommunalarbetaren, "Misshandlade kan få bättre skydd", december 2016

¹¹ Exempel: Sak&Liv, "Länsförsäkringar uppfattas som hållbarast i försäkringsbranschen", 27 april 2022

¹² Brottsförebyggande rådet, Brott i nära relationer – en nationell kartläggning, 2014

¹³ Åklagarmyndighetens årsredovisning 2021

TEN OUT OF THIRTEEN INSURERS AVOID TAKING ADDITIONAL RESPONSIBILITY

In recent years, some insurance companies have decided to introduce new conditions in their policies. These companies have broken new ground and taken a lead, thereby substantially departing from the historical principle that domestic assault is not a basis for compensation.

Today, three of the thirteen insurers selling home insurance with assault coverage offer additional protection in the event of domestic violence. ICA Försäkring's protection is not based on a criminal offence (although one has often occurred in the background) but on the identified need for shelter. This makes it possible to pay compensation without the need of a police report. This means that the company pays compensation for additional costs incurred when the insured person is forced to move to a women's shelter, protected housing, or similar. The cover is valid for up to SEK 15 000 a month for three months and can be used to pay for food, transport, new clothes and toiletries or essential household equipment.

On 1 July 2021, Folksam introduced protection similar to ICA Försäkring's with the reimbursement of additional emergency costs. On 1 April 2022, Tre Kronor also introduced this cover, after removing the exclusion a year earlier, which provides compensation of up to SEK 15 000 a month for a maximum of three months for costs incurred when the insured person is forced to leave their home to escape violence.

At the same time, the table below shows that ten out of thirteen insurance companies do not offer any form of additional protection. These ten companies, which represent the majority of the home insurance market, avoid taking on the extended liability that their customers can reasonably expect.

The fact that so many companies have not acted makes it difficult to find an industry-wide policy on domestic violence worthy of the problem, based on the premise that women and men should be entitled to equal protection under their home insurance policies.

TABLE: INSURERS WITH AND WITHOUT ADDITIONAL PROTECTION FOR DOMESTIC VIOLENCE.

| INSURANCE COMPANIES | ADDITIONAL PROTECTION – ADDITIONAL COSTS | ADDITIONAL PROTECTION – CRISIS SUPPORT | REQUIREMENTS FOR BEING GRANTED COMPENSATION |
|---------------------------------------|--|---|---|
| Aktsam | No | No | – |
| Dina | No | No | – |
| Folksam | Yes, 01/07/2021. Additional costs of up to SEK 15 000 for a maximum of three months from the date of injury | Yes, 01/07/2021. Up to 10 sessions by a psychologist or similar | That the incident is reported to the police |
| Gjensidige | No | No | – |
| Hedvig | No | No | – |
| ICA Försäkring | Yes, 01/04/2019. Additional costs of up to SEK 15 000/month for a maximum of three months from the date of injury. Legal aid: SEK 15 000 | Yes, 01/04/2019 Up to 10 sessions by a psychologist or similar | That the shelter certifies that a need exists |
| If | No | No | – |
| Länsförsäkringar | No | No | – |
| Moderna | No | No | – |
| Safetown | | | |
| Tre Kronor via Swedbank /Sparbankerna | Yes, 01/04/2022. Additional costs of up to SEK 15 000/month for a maximum of three months from the date of injury | Yes, 01/04/2022. Up to 10 sessions by a psychologist or similar | That the incident is reported to the police |
| Trygg-Hansa | No | No | – |
| WaterCircles | No | No | – |

Source: company websites and annual reports

THE GOVERNMENT'S DAMAGES PROPOSAL IS NOT A REASON FOR THE INDUSTRY TO ABDICATE ITS RESPONSIBILITIES

In addition to private home insurance and assault coverage, an individual victim of crime may also be entitled to compensation for damages as well as state-funded criminal injuries compensation. In March 2022, the government submitted a proposal to strengthen the right of crime victims to damages and the possibilities of obtaining compensation.¹⁴ In summary, it involves increased amounts for crime victims.

Injury compensation for injury resulting from a crime, is a form of compensation that does not require any physical injury to have occurred. The new proposals will lead to significantly higher levels of compensation for all types of violations. Compensation for a violation may be awarded if someone violates the rights of another person by committing a crime involving an attack on his or her person, freedom, peace of mind or honour. The purpose of compensation is to compensate the victim for the negative feelings caused by the criminal attack, such as fear, humiliation, shame or the like.

The amount of the compensation for the violation is to be determined in accordance with what is reasonable having regard to the nature and duration of the act. In assessing what constitutes fair compensation for a violation, the compensation will be determined in a way that also provides redress to the victim of the violation.

Societal changes, social responsibility in the form of Agenda 2030, and other external and increasing risks of various kinds, such as these legislative changes, could influence the industry to consider changes in pricing and reimbursement levels towards different risk groups. The risk, however, should be minimal. Assault claims represent a small proportion compared to payouts due to fire, burglary or water damage.

OTHER TECHNICAL ARGUMENTS FROM THE INDUSTRY ARE NOT SUFFICIENT

One argument put forward by the industry in favour of removing the exclusion in the assault coverage for insured persons within the household has been that it is technically difficult. However, several insurers have shown that it is not difficult or legally complicated. In addition, there is an inconsistency among the companies concerned in making exceptions to the assault coverage between persons covered by the same home insurance policy.

For example, under the travel cover of some home insurance policies, it is perfectly possible to be reimbursed for medical expenses if a person is assaulted while travelling by a member of the same household. This is a very positive move, but the companies are avoiding a change in the exclusion for assault coverage.

This is surprising, given that in other cases the industry has shown great initiative and come up with creative and rapid solutions to rapidly emerging societal challenges, ranging from road safety to sustainable investment. The most recent example is the expansion of home insurance by several major insurers in response to Russia's invasion of Ukraine. Policyholders who choose to offer accommodation to refugees do not have to worry about increased risk of property damage or higher premiums.

Another argument has been that it is not possible to ensure that the money ends up with the victim and not with the perpetrator. While this is an inherent risk, it does not justify the fact that assault protection currently disadvantages women.

The main argument, however, is that removing the exclusion would not make much difference in practice, which is unfortunately true. This is the case because, in order to receive compensation from the assault coverage in the home insurance regardless of the type of violence, a police report is required, which is not made in the majority of cases of domestic violence.

That said, removing the exclusion from assault protection is the bare minimum - further changes to assault protection are needed to really help vulnerable women and children.

¹⁴ Regeringens proposition 2021/22:198, Stärkt rätt till skadestånd för brottsoffer, 2022

DISCUSSION AND CONCLUSIONS

Forena believes it is remarkable that leading insurers still largely defend the fact that assault injuries caused by someone within the insured parties should be excluded from assault coverage. At the same time, Swedish insurance companies have high ambitions when it comes to sustainability and social responsibility. Forena finds it regrettable that these companies do not show the same action when it comes to men's violence against women and the challenge that violence poses to the development of gender equality. The social responsibility that the industry claims to take can be questioned in the light of the content of this report. The exclusion in assault protection is simply not worthy of an industry which takes the moral high ground on social issues.

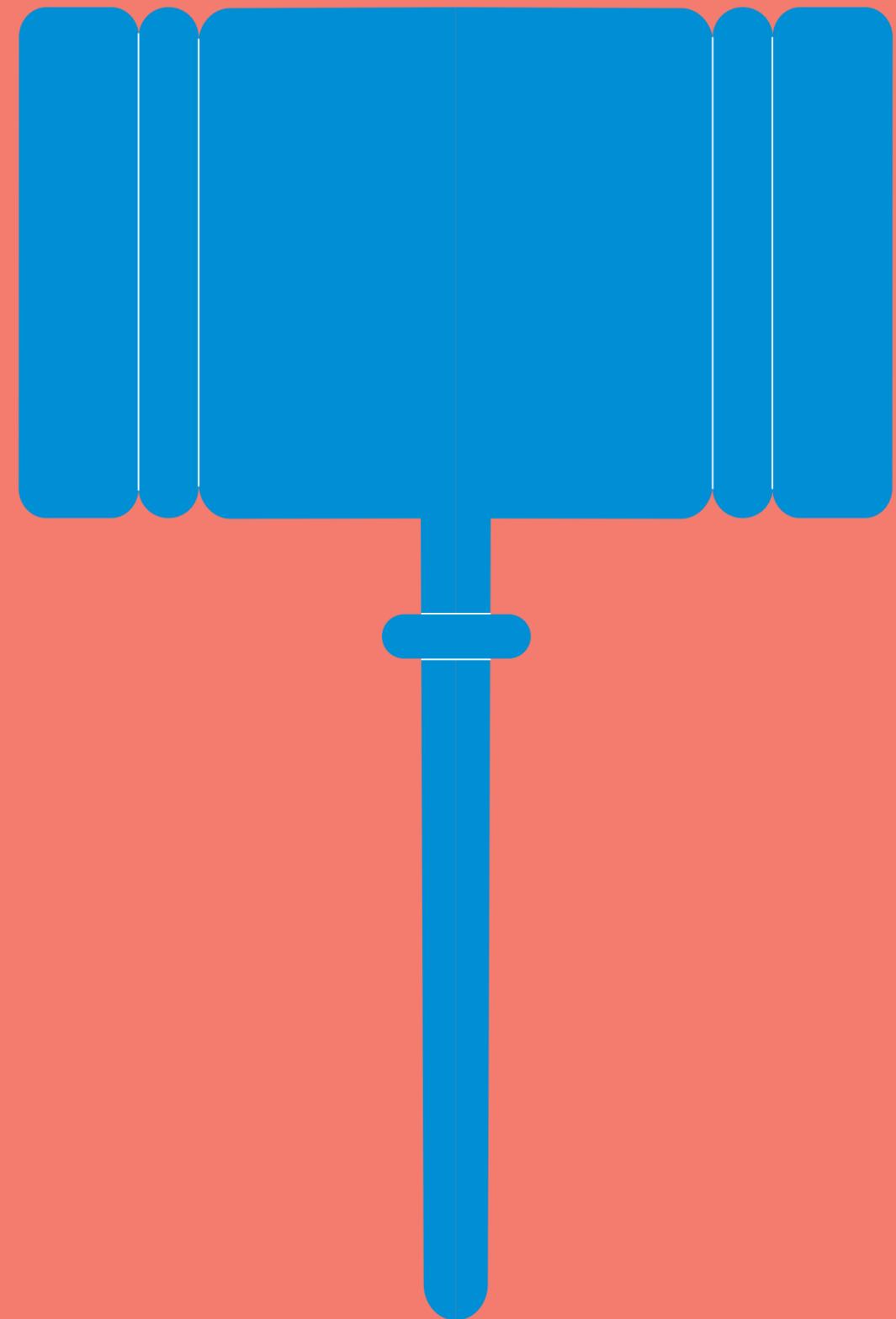
Forena welcomes the fact that the bill before Parliament will also improve the possibility of compensation in cases of domestic violence. However, the legislative changes are no reason for the insurance industry not to assume its social responsibility and contribute to Agenda 2030 and the goal of gender equality. Our research also shows that the public is demanding new and sustainable products to increase individual security for all people, regardless of gender. Arguments that the premiums would be too high and the business would not be viable do not hold water and are a blow to all women and equality. The argument that in practice not many women would be helped by removing the exclusion because of the conviction requirement is a flimsy excuse for defending the fact that women are equated with property.

Removing the exclusion must therefore be seen as a first step, followed by some form of extended protection, offering women financial, legal and psychological help to leave an abusive relationship. Overall, it is high time to compensate for the fact that women currently pay as much in premiums as men without receiving equivalent compensation. Having said that, Forena wishes that:

- Insurers who have not removed the exclusion from assault coverage do so immediately
- Insurers agree on an industry-wide practice for enhanced home insurance protection in cases of domestic violence
- Insurance companies ensure that women and men receive the same financial resources in assault coverage, to compensate for the fact that women currently pay the same premium as men without being entitled to the same compensation.

Our hope is that more companies will join the discussion and that the industry will support a modern and equal framework for the design of assault insurance. Forena is happy to contribute to such work. It should be a design with protection where women and men can expect equal compensation from their home insurance and where the industry is part of the solution to one of our biggest social problems.

If a change does not come about, the state will also have to step in and tighten the legislation. Our survey results show that the public is also not averse to the possibility of legislation. In addition, the Financial Supervisory Authority could use its room for manoeuvre in the work on the 2030 Agenda to be more focused on gender equality. So far, the authority has mainly worked on the climate issue. There are thus untapped opportunities for the government to take greater action - unless the industry does so on its own.



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