

Race Tax, Postcode, Ethnicity, Race-Relevance and Insurance Risk

Purpose of this document

This document sets out the logic clearly.

It is designed to prevent confusion caused by soft language, hesitation, or drift between different ideas.

The central point is simple:

Because ethnicity is officially mapped to postcode, and ethnicity is race-relevant by law, postcode does carry race-relevant information. Therefore, postcode-based insurance pricing can produce race-relevant outcomes even where race is not directly asked, named, or recorded by the insurer.

This does not require an insurer to openly ask for race.

This does not require an insurer to deliberately discriminate.

This does not require every person in a postcode to have the same ethnicity.

The issue is structural.

Postcode can carry official ethnicity information. Ethnicity is race-relevant by law. Insurance uses postcode to price risk. Therefore insurance pricing can become race-relevant through postcode.

1. The core facts

Fact 1: Ethnicity is officially mapped to place

The government, through official Census and statistical systems, records and publishes ethnicity by geographic area.

The Office for National Statistics provides Census maps for ethnic group data across England and Wales. These maps allow users to search by place, including postcode or district, and display ethnic-group information for areas. The ONS describes ethnic group as a Census identity topic and provides classifications including White, Mixed or Multiple ethnic groups, Asian, Black, and Other ethnic group.

This means ethnicity is not only an individual identity category. It is also an official area statistic.

So, for clarity:

Ethnicity is officially mapped to geography.

Geography includes postcode-based areas.

Therefore, postcode can carry official ethnicity information.

This does not mean every individual in a postcode is identified by race or ethnicity.

It means the area has an official ethnicity profile.

That is enough for the argument.

2. Race includes ethnicity in law

Under section 9 of the Equality Act 2010, race includes:

- colour;
- nationality;
- ethnic origins;
- national origins.

Therefore, ethnicity is not separate from race for equality-law purposes.

Ethnicity is race-relevant by law.

The correct wording is not:

“Ethnicity data can become race-relevant.”

The correct wording is:

Ethnicity data is race-relevant data.

This is because ethnic origins sit inside the legal meaning of race.

So the logic is:

Ethnicity is officially mapped to postcode.

Ethnicity is race-relevant by law.

Therefore, postcode carries race-relevant information.

This is the central point.

3. Postcode is used in insurance pricing

Insurance is priced by risk.

Insurers commonly use postcode because risk is geographically uneven.

A postcode may be connected to:

- vehicle theft risk;
- burglary risk;
- vandalism risk;
- accident frequency;
- traffic density;
- parking conditions;
- flood exposure;
- building type;

- fire risk;
- repair costs;
- claims frequency;
- claims severity;
- fraud risk;
- local economic conditions;
- housing density;
- overcrowding;
- urban pressure.

Therefore, postcode is not a neutral empty code in insurance.

It is a rating factor.

It helps determine price.

So the insurance chain is:

postcode → area risk → expected claims → premium

That is the ordinary insurance explanation.

But once ethnicity is added, the chain becomes more serious:

postcode → official ethnicity profile → race-relevant information

and also:

postcode → insurance risk profile → premium

Both chains pass through postcode.

Therefore, postcode links race-relevant information and insurance risk information in the same variable.

4. The corrected central argument

The corrected argument is:

Because ethnicity is officially mapped to postcode, and ethnicity is race-relevant by law, postcode does carry race-relevant information. Therefore, postcode-based insurance pricing can produce race-relevant outcomes even where race is not directly asked, named, or recorded by the insurer.

This statement is precise.

It does not say insurers directly use race.

It does not say postcode proves the race of an individual.

It does not say every price difference is unlawful.

It says postcode carries race-relevant information because ethnicity is officially mapped to area and ethnicity is legally part of race.

That is the correct conclusion.

5. What must not be weakened

The following wording weakens the argument and should be avoided:

Weak wording 1

“Ethnicity data can become race-relevant data.”

This is wrong or too weak.

Correct wording:

Ethnicity data is race-relevant data by law and logic.

Weak wording 2

“Postcode can carry race-relevant information.”

This may be acceptable in a general sense, but it is too soft where the facts are already established.

Correct wording:

Postcode does carry race-relevant information where ethnicity is officially mapped to postcode.

Weak wording 3

“If ethnicity is officially mapped to postcode...”

This is too weak once the fact has been established.

Correct wording:

Because ethnicity is officially mapped to postcode...

Weak wording 4

“Race may be inferred from postcode.”

This can confuse the argument.

The issue is not that postcode proves the race of a particular person.

The issue is that postcode carries official area ethnicity information, and ethnicity is race-relevant.

Correct wording:

Postcode carries race-relevant area information.

Weak wording 5

“Insurers use race through postcode.”

This may overstate the claim unless internal insurer evidence is available.

Correct wording:

Insurers use postcode, and postcode carries race-relevant information. Therefore postcode-based pricing can produce race-relevant outcomes without race being directly recorded.

6. What the argument does and does not prove

It does prove this:

Postcode is capable of carrying race-relevant information because ethnicity is officially mapped to place and ethnicity is part of race in law.

It does prove this:

Insurance pricing that uses postcode can create race-relevant pricing outcomes.

It does prove this:

An insurer does not need to ask for race directly for a pricing model to have race-relevant effects.

It does prove this:

A formally neutral pricing factor can have protected-characteristic implications.

It does not automatically prove this:

That every postcode-based premium difference is unlawful.

It does not automatically prove this:

That every insurer intentionally discriminates.

It does not automatically prove this:

That race is the only reason for higher premiums in a postcode.

It does not automatically prove this:

That postcode identifies the race of every individual customer.

The argument is not about certainty of individual identity.

The argument is about race-relevant area information and insurance pricing effects.

7. Why postcode is not neutral in effect

A postcode may appear neutral in wording.

It is not a racial word.

It is not an ethnic label.

It is not a declaration of identity.

But in effect, postcode can carry many kinds of social information.

It can carry:

- ethnicity data;
- deprivation data;
- crime data;
- housing data;
- traffic data;
- claims data;
- income patterns;
- migration patterns;
- age profile;
- household density;
- urban infrastructure pressures.

Because of this, postcode can act as a container for social facts.

Where ethnicity is mapped to place, postcode becomes capable of carrying race-relevant information.

Where insurance risk is mapped to place, postcode becomes capable of carrying risk information.

When both are true at the same time, postcode becomes a bridge between race-relevant information and insurance pricing.

That is the problem.

8. The legal relevance

Race is a protected characteristic.

Ethnic origins are included within race.

A rule can be indirectly discriminatory if it applies to everyone but disadvantages people who share a protected characteristic.

Therefore, a postcode rule can be relevant to race even if it does not mention race.

The key question is not only:

“Did the insurer ask for race?”

The better question is:

“Did the insurer use a factor that carries race-relevant information and produces a disadvantage for a racial or ethnic group?”

That is the correct equality question.

Direct discrimination and indirect discrimination are different.

Direct discrimination would be:

“We charge you more because of your race.”

Indirect discrimination concern may arise where the rule says:

“We charge more because of postcode.”

But the postcode rule disadvantages areas with particular ethnic populations, and ethnicity is race-relevant by law.

This is why the issue cannot be dismissed by saying:

“We do not collect race.”

That answer is incomplete.

A better regulatory answer must ask:

“Does the pricing model use postcode in a way that creates race-relevant disadvantage?”

9. Insurance risk and race-relevant outcome are not the same thing

It is important to separate two different points.

Point A: Insurance risk may be real

Some postcodes may genuinely have higher claim costs.

For example:

- more theft;
- more collisions;
- more vandalism;
- more flood risk;
- more fire risk;
- more expensive repairs;
- more claims frequency.

Insurers are allowed to price genuine risk.

Point B: The outcome may still be race-relevant

If the postcode also carries official ethnicity information, then the price effect can be race-relevant.

Both things can be true at the same time.

A postcode can have real claims risk.

A postcode can also carry race-relevant information.

The existence of genuine risk does not erase the race-relevant effect.

The existence of race-relevant effect does not automatically prove unlawful pricing.

The issue is whether the pricing is justified, proportionate, transparent, and properly tested for protected-characteristic impact.

10. The correct chain of reasoning

The full chain is:

1. Government records ethnicity by geographic area.
2. Postcodes locate people within geographic areas.
3. Therefore postcode can connect a person to an official ethnicity profile for an area.
4. Race in UK equality law includes ethnic origins.
5. Therefore ethnicity data is race-relevant data.
6. Therefore postcode-linked ethnicity data is postcode-linked race-relevant data.
7. Insurers use postcode to assess risk and price premiums.
8. Therefore insurers use a variable that can carry race-relevant information.
9. Therefore postcode-based insurance pricing can produce race-relevant outcomes.
10. This can happen even if race is never directly asked, named, recorded, or intended by the insurer.

That is the complete logic.

11. Correct language to use

Use this:

Postcode carries race-relevant information because ethnicity is officially mapped to geographic area and ethnicity is included within race in equality law.

Use this:

Postcode-based insurance pricing can produce race-relevant outcomes without direct racial classification.

Use this:

The absence of a race question on an insurance form does not prove the absence of race-relevant effects.

Use this:

The issue is not direct race pricing. The issue is postcode-based pricing using a factor that carries race-relevant information.

Use this:

A neutral label can have a non-neutral effect.

Use this:

Postcode is racially neutral in wording, but not necessarily racially neutral in effect.

12. Language to avoid

Avoid this:

“Postcode might become race-relevant.”

Better:

Postcode does carry race-relevant information where ethnicity is officially mapped to area.

Avoid this:

“Ethnicity can become race.”

Better:

Ethnicity is race-relevant by law because race includes ethnic origins.

Avoid this:

“Insurers are definitely using race.”

Better:

Insurers use postcode, and postcode carries race-relevant information.

Avoid this:

“Postcode proves someone’s race.”

Better:

Postcode carries race-relevant area information, not certain individual identity.

Avoid this:

“This is automatically unlawful.”

Better:

This requires equality scrutiny because a neutral pricing factor may create race-relevant disadvantage.

13. Why the confusion happened

The confusion happened because the discussion drifted between four different questions:

1. Does postcode prove an individual person's race?
2. Is ethnicity legally part of race?
3. Is ethnicity officially mapped to postcode?
4. Does insurance use postcode to price risk?

The correct argument does not depend on question 1.

It depends on questions 2, 3 and 4.

The mistake was to keep returning to the idea that postcode only gives a probability about an individual's race.

That is not the central issue.

The central issue is area data.

A postcode carries area information.

Ethnicity is area information.

Ethnicity is race-relevant.

Insurance uses postcode.

Therefore insurance uses a variable that carries race-relevant area information.

That is enough.

14. The mistake caused by over-caution

There is a legitimate need to avoid making a false claim.

It would be wrong to say, without evidence:

“Insurers directly charge people more because of race.”

But caution must not erase the stronger, correct claim:

Insurers use postcode, and postcode carries race-relevant information. Therefore, postcode-based pricing can produce race-relevant effects.

The correct approach is to distinguish direct discrimination from race-relevant effect.

The question is not only whether race is directly used.

The question is whether a pricing factor functions as a race-relevant proxy.

15. The plain version

Here is the argument in plain language:

The government maps ethnicity to areas.

Postcodes place people in areas.

The law treats ethnic origins as part of race.

So postcode carries race-relevant information.

Insurance companies use postcode to price risk.

Therefore, insurance pricing can produce race-relevant results even when the insurer never asks for race.

That is the point.

16. One-sentence version

Postcode-based insurance pricing is not automatically race-neutral in effect because postcode carries official ethnicity information, and ethnicity is race-relevant by law.

17. Final clarity statement

The correct conclusion is:

Because ethnicity is officially mapped to postcode, and ethnicity is race-relevant by law, postcode does carry race-relevant information. Therefore, postcode-based insurance pricing does produce race-relevant outcomes even where race is not directly asked, named, or recorded by the insurer.

This conclusion should not be softened with “if,” “may become,” or “only indirectly possible.”

The correct words are:

Because.

Does carry.

Race-relevant.

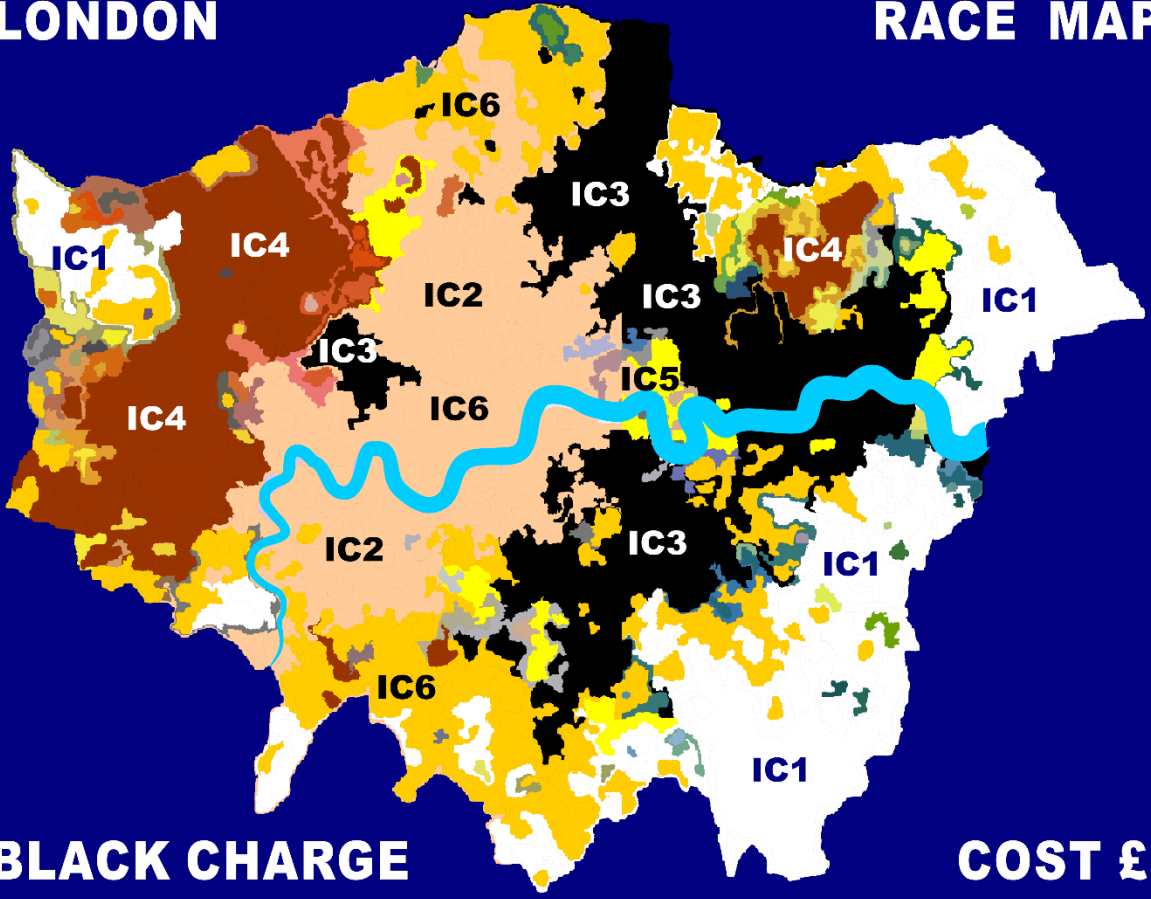
Postcode-based pricing.

Race-relevant outcomes.

That is the clear position.

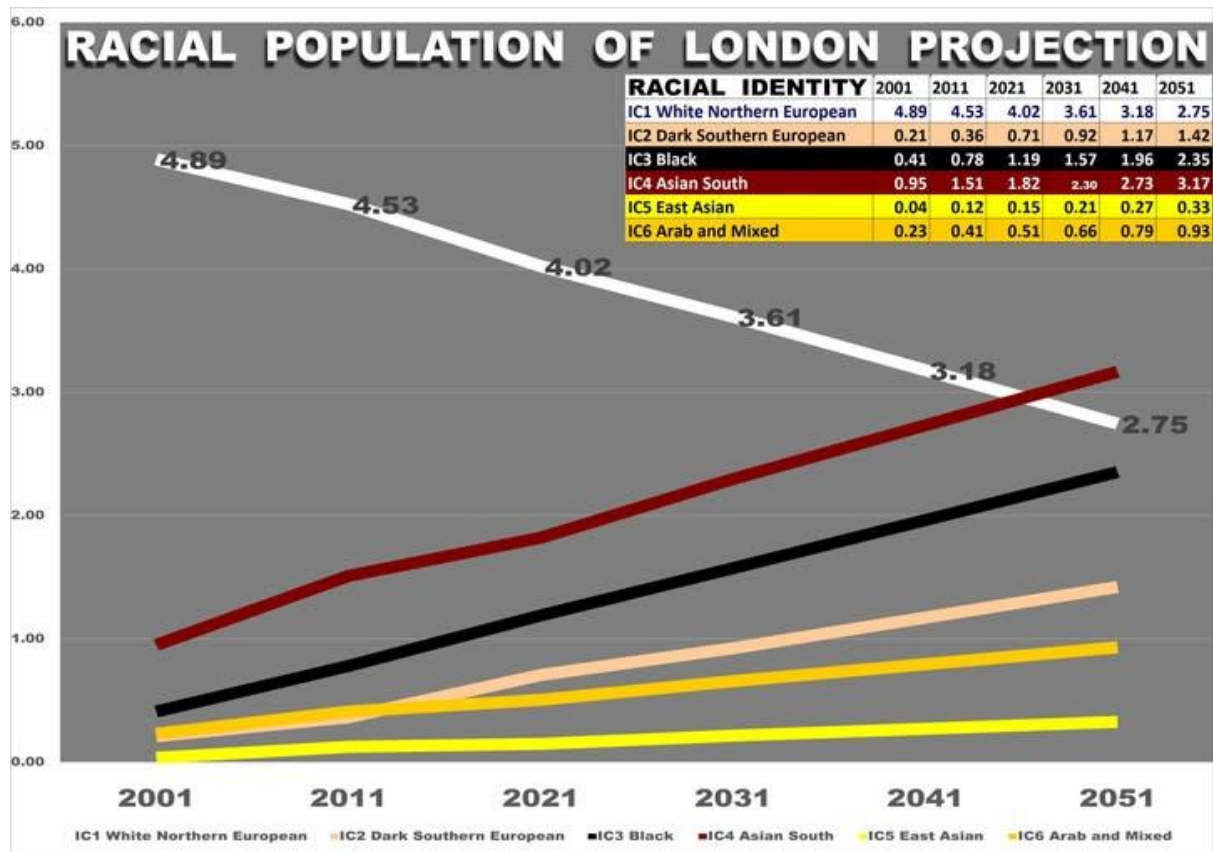
LONDON

RACE MAP

















BLACK CHARGE

COST £



REPARATIONS POLICE CODES FOR REPARATIONS POLICE CODES FOR REPARATIONS

	IC1		<p>W1 UK White W2 White European W9 Other White</p>	<p>QUESTION: White skin, Caucasoid, highest life value, pure blood, Aryan, Japhetic, Celtic, Nordic, Viking, Norse, Germanic, Slavic, Baltic, straight red/ginger or blond/blonde hair, blue, grey, green or pale eyes, not visibly contaminated with non-white blood but freckles are acceptable?</p> <p>UK RACE TAX 0-6%?</p>	<p>FAMILY VALUES: Absolute Nuclear, Egalitarian Nuclear –Low intergenerational cohabitation, early home-leaving, privacy-valued?</p>
	IC2		<p>W9 Other White Dark European</p>	<p>QUESTION: Darkened skin, Sallow, Swarthy, Tawny, Olive skin, Melanochoirid, Iberian Peninsula, Mediterranean, Balkan, straight dark hair (no curls), slightly lower life value, Dark eyes, visibly contaminated with non-white blood?</p> <p>UK RACE TAX 6-13%?</p>	<p>FAMILY VALUES: Endogamous Communitarian, Asymmetric –Patriarchal extended families, high respect for elders, strong honour culture?</p>
	IC3		<p>B1 Caribbean B2 African B9 Other Black</p>	<p>QUESTION: Black Skin Negroid, Hamitic, Moor, Bantu, Cushite, Kaffir, Kinky/Curly Dark hair, Dark eyes?</p> <p>UK RACE TAX 33-66%?</p>	<p>FAMILY VALUES: Endogamous Communitarian, Asymmetric –Arranged marriages, multigenerational homes, patriarchal authority, family honour central?</p>
	IC4		<p>A1 Indian A2 Pakistani A3 Bangladeshi A9 Other Asian</p>	<p>QUESTION: Brown/Dark Skin Asianoid, South Asian, Hindutva, Indo-Aryan, Dravidian, Straight hair, Dark eyes?</p> <p>UK RACE TAX 22-33%?</p>	<p>FAMILY VALUES: Endogamous Communitarian, Asymmetric –Arranged marriages, multigenerational homes, patriarchal authority, family honour central?</p>
	IC5		<p>O1 Chinese O9 Any Other Oriental</p>	<p>QUESTION: Yellow Skin Mongoloid, Epicanthic fold, Slit eyes, Neotenic, Sinodonty, Straight hair that never curls, Dark eyes?</p> <p>UK RACE TAX 22-33%?</p>	<p>FAMILY VALUES: Absolute Nuclear, Filial-Flexible –Confucian values, filial piety, elder care in private home, education-centred?</p>
	IC6		<p>M1 White & Black Caribbean M2 White & Black African M3 White & Asian M9 Any Other Mixed</p>	<p>QUESTION: Semitic, Jewish, Christian, Muslim, Arab, Israeli, North American, South American, Mixed Lineage, Mixed Race, Mongrel, North African, Stateless, visibly contaminated with Black blood?</p> <p>UK RACE TAX 0-66%?</p>	<p>FAMILY VALUES: Flexible System, Chosen Support –Mixed identity negotiation, hybrid parenting, often fluid structures, blended cultures?</p>
	IC7		<p>NS Not Stated</p>	<p>QUESTION: Unseen, Unrecognised, Unhuman, Unknown, Alien, Computer, Robot, Artificial Intelligence, Humanoid?</p> <p>TAX FREE?</p>	<p>FAMILY VALUES: Anomic, Unknown or Chosen –Fragmented or concealed systems; may reflect institutional upbringing or systemic exclusion?</p>