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Q: Insurance companies often give [car insurance discounts](#) to people in certain professions. How do certain professions attract "less risky" personalities?

A: The research and theory in the area suggests that the effects are actually reversed. Persons tend to choose less risky professions as a function of their personality traits.

Personality traits include components such as sensation seeking vs. sensation avoidance and therefore those opposing types choose professions that better match their behavioral tendencies, skills and reward structures. Research over many years and different research techniques have demonstrated a repetitive pattern of personality traits that emerge from large group descriptive studies.

These traits are often referred to as the "Big Five Personality Traits": Extraversion, Agreeableness, Neuroticism, Conscientiousness and Openness. Even though these traits are apparently good descriptors of behavior, they have not been very effective in predicting specific behaviors because of the many interacting influences (such as the immediate environmental contingencies) that also influence behaviors in addition to internal personality traits.

Q: Why don't insurers make drivers take personality assessment tests, the way many Wall Street companies do when vetting potential hires? Do you think these are accurate at profiling personality traits? Why or Why not?

A: My understanding of the use of such information to set insurance rates is based not on predictions but actuarial tables that are based on large numbers of cases of behavior patterns of the past (accident rates, claims history, etc.).

The risk levels are determined by actual patterns of accidents of persons in different categories (such as age, gender, and professions) from a large sample of claims. Actuarial patterns of past behavior patterns are excellent predictors of group membership risk (therefore helpful in setting rates for insurance for a group of similar individuals) but are less successful in predicting individual behaviors. Insurance companies are more interested in reducing losses based on knowledge of personality traits rather than the prediction of individual behavior.

Also, issues of privacy become prominent when attempting to seek persons who require car insurance. If an insurance company becomes too intrusive, the clients will not participate if the payoff is not high enough for such sharing of personal information.

Psychologists are more interested in the unique factors that can be measured within an individual to predict a specific set of behaviors at a given time in the future. These different approaches often lead to complaints by individuals who are charged higher insurance rates because they fall into one of the "risky classes" even though they have never had an accident.

The value of such personality trait data is limited without additional information that improves the prediction of different levels of behavior such as job success. Personality traits are only one

small part of many interacting components that hiring agencies use as a hiring profile of skills.

Q: Are some people pre-determined to have higher levels of comfort with taking risks (such as speeding on a winding road)? Is there any sort of genetic component?

A: There is limited evidence that some of the Big Five personality traits may have some genetic component, but the current data are very limited in terms of predicting specific behaviors such as the one mentioned in your question.

Psychological research generally concludes that some percentage of causation may be influenced by genetic trends but no clear link has been established between a genotype and a specific set of behaviors at a specific time. To the extent that knowledge of personality factors improves decision making by some measurable amount, you will see an increase of the use of such information, but only if it is reliably and validly measured to assess its actual cost-benefit ratio.
