

# Car Cover & Keeping Your Premiums Down



The deal is done. The paperwork is sorted. The car is all yours. But before you can drive away, you're facing another bill - your new insurance premium.

Motor insurance is a vital requirement; not only is it illegal to drive a car on the road without it, but skimping on insurance could cost you a whole lot more in the long term.

We all think that an accident won't happen to us, but it's something that no-one can predict. Should the worst happen, and your pride and joy gets damaged, written off or stolen, you don't want to end up out of pocket.

Alternatively, you could be involved in an accident which leaves another person's car damaged, or that person injured, or worse. Insurance will cover damages and compensation to that person (a 'third party') or to their family, should you be found liable for the accident.

Third Party insurance, the legal minimum, covers damage or loss to other people and their property, but will not pay out anything for you.

If your car is only worth a few hundred pounds, then insuring it Fully Comprehensive - which could cost more than the car is worth - may not be sensible. However, it is definitely worth considering 'add-on' cover, such as Fire and Theft or Legal Defence cover to supplement a Third Party policy.

If you are buying the car on a loan or credit agreement, you must buy Fully Comprehensive insurance. There are many sad stories of people left to keep up payments on a car long since written off or stolen, with nothing to show for their expenditure.

## **Keeping premiums down**

### **Restricting Cover**

Restricting cover to a single driver will usually help to reduce the premium. Adding your partner to a policy increases premiums by about 10%; 'any driver' cover pushes up the premium by up to 20%.

### **No claims bonus**

No claims bonus (NCB) will reduce your premium by between 30% and 67% (maximum), if you have not made an insurance claim in the last few years.

### **Excess payment clause**

Excess payment clause can reduce the premium if you agree to pay the first part of any claim ('£100 excess' means the premium will be less if you pay the first £100).

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Your premium costs are based on the following factors:

The Car	The Driver
<p><b>Insurance grouping</b></p> <p>Insurance grouping indicates how the insurers rate the car for risk - Group 1 is the lowest, Group 20 the highest. Most family cars, except their high-powered variants, fall into Groups 6 to 12. The lower the group rating, the less your insurance premium costs! Insurance groups for all models are listed in 'Parker's Car Price Guide' every month.</p> <p><b>Engine size and power</b></p> <p>Engine size and power are major factors. A rule of thumb: the faster it goes, the bigger the risk. The Citroen 2CV is a Group 1 car; the Porsche 911 Carrera is a Group 20 car. Your car is probably somewhere in between.</p> <p><b>Labour charges and parts costs</b></p> <p>Labour charges and parts costs play a big part, too - they influence how much it will cost to repair the car after an accident. Parts for some older specialist cars are very costly.</p> <p><b>Security features</b></p> <p>Security features are a major factor. Modern cars with strong locks and effective immobilisers usually qualify for a lower rating than older designs. Fitting after-market security systems to a car that does not have security fittings as standard may help to reduce your premium.</p> <p><b>Safety features</b></p> <p>Safety features - does the car have airbags, side impact beams, crumple zones? All of these protective features are taken into account when insurers set group ratings.</p> <p><b>Where you live</b></p> <p>Where you live is important; risk is rated by postcode. Premiums can be reduced if the car is kept in a secure garage overnight. Don't insure a car at an address in a low-risk area if you're living away from home in a high-risk zone - insurers may well refuse to meet a claim.</p>	<p><b>Age</b></p> <p>Age is a main factor. Insurance costs the most for male drivers under 25 years old. But it's best for young drivers to take out their own policies as soon as possible, rather than being insured as named drivers on a parent's policy, so that they can start to earn a valuable no claims bonus.</p> <p><b>Convictions and endorsements</b></p> <p>Convictions and endorsements on a license increase the cost of the premium. If they are for dangerous driving or drink-driving offences, you're in for a hard time.</p> <p><b>Health problems</b></p> <p>Health problems can make getting cover difficult. You must declare certain illnesses on the proposal form.</p> <p><b>Occupations</b></p> <p>Occupations associated with risk or hazardous lifestyle will stand against you. Journalists and publicans are particularly bad risks!</p> <p><b>Use of the car</b></p> <p>Use of the car is a factor; private use, including commuting, is considered to be the lowest risk. It will cost more to buy cover for commercial use, i.e. if you are self-employed and use your car for your work.</p>

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## Safety & security

Some cars fall into lower insurance groups and cost significantly less to insure than equivalently-powered models in other manufacturers' range. And there may be variants in a range that offer lively performance but don't punish their owners with high premium costs.

## Safety + security = Savings

How a car measures up against the opposition in its class in crash testing is an important factor in determining its insurance grouping.

Modern designs with safety features such as side impact bars, crumple zones, air bags and seatbelt pre-tensioners score better than older, less safe designs.

And if the car is difficult to steal, so much the better.

Cars with below-average insurance groups
Ford Focus (groups 4-8)
Renault Clio from 1998 (groups 3-7)
Seat Arosa (groups 2-3)
Vauxhall Astra from 1998 (groups 4-11)
VW Polo from 1994 (groups 3-10)

## Warm alternatives

It goes without saying that 'hot hatches' with powerful engines in small hatchback bodies cost a lot to insure.

Even though they know they can't afford the group 14-15 ratings for cars like the Golf GTi, many people overlook the so-called 'warm hatches'.

These more discreetly badged models are often not far off the pace in terms of performance, but can seriously undercut their brawnier and more aggressively positioned counterparts when it comes to paying the premiums.

Some 'warm' alternatives:
Ford Fiesta 1.6 16v Si (group 8)
Citroen Saxo 1.6i VTR (group 7)
Rover 214i 16-valve (group 6)
Peugeot 306 1.8 XS (group 7)

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## Low parts cost

How much would your car cost to get repaired after a crash? Cars with lower parts and panel costs, and lower labour charges at approved workshops, score better in insurance ratings.

Cars with body-coloured bumpers or with special metallic or pearlescent paint finishes will cost more to restore after an accident - so they cost more to insure.

Low-volume imports cost more as parts may have to be specially ordered, but mass-market UK-built cars keep costs down.

Cheap to repair	More expensive
Fords	most Saabs
Vauxhalls	most Volvos
Nissan Micra and Primera	most Hondas
Rovers	Mazdas
	Toyotas
	Japanese built cars