

JUST MONEY

Your guide to car insurance

If you own a vehicle insurance is something you will have to think about. Even if you're the most cautious of motorists, you are at great financial risk if you drive an uninsured vehicle. With South Africa's high accident and car theft rates, the risk of someone else damaging or stealing your car is very high. Can you afford to lose your wheels? The loss of your vehicle can mean lost income, unexpected costs and possible financial ruin.

There are many different types of insurance available to suit different needs and budgets, so use this guide to learn a bit about what you can expect from insurance. When it comes to buying insurance look for competitive rates of cover, but bear in mind that insurance is vital for your peace of mind and safety, and is not something worth cutting corners on.

Whichever insurance you do decide to purchase you should take care to familiarise yourself with the terms of your policy so that you know what it will cover you for and the limits of the compensation it will provide. You should also remember that every time you make an insurance claim, you will have to pay what is called an "excess", which is the first part of any claim, with the amount agreed with your insurer. Alternatively, you can pay a waiver fee on top of your insurance premium and this means that you don't have to pay the excess if you make a claim.

What should you consider when taking out car insurance?

While cost is one of the first things that people consider when taking out insurance, it should not be the only consideration. And the price is not always a true indication of what it will cost you. If you have a low monthly premium, your excess might be higher, meaning that if you are involved in an accident you may have to pay more than if you had a higher increase premium.

To make sure that you get the most out of your cover that you can, you should:

- Investigate the different types of cover available.
- Understand the conditions of your policy.
- Declare and cover your vehicle's extras.

What factors determine the price of insurance?

What insurance is required and what is covered by the policy is usually a good indicator as to how much the car insurance will be. Among the other factors that can affect the price of car insurance cover are:

- The exchange rate,
- The cost of repairs,
- Age of the driver,
- The primary driver's driving history,
- The residential area where you live, and
- The insurance period.

Comparing insurance quotes

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When taking out car insurance, it is a good idea to get at least three quotes from different insurance companies. There will most likely be a difference in the cost of cover for each company, but you need to consider what the different companies offer with the cover, and not just look at the price.

The insurance market is highly competitive, with the different insurance providers trying to differentiate themselves from the others. One insurance company may have a special feature that they offer that draws you to that company, while another company may include a feature that you do not need.

Consider all of the aspects of the cover available from the different insurance companies before making your decision on which company to go with.

When can your claim be rejected?

There are a number of instances where an insurance company may refuse to pay out a claim. It is therefore vital that you are aware of what is covered by the policy, and that you know the terms and conditions of the cover you have taken out.

- If it is found that you were deliberately negligent or if you are at fault then your claim could be rejected.
- The vehicle was overvalued.
- You don't pay your insurance premiums, or pay them late.
- A non-listed driver was involved in the accident.
- An unlicensed driver was involved in the incident.
- The car is not listed on the policy.
- Non-disclosure of information.
- Reckless driving.
- If you are involved in a drunk driving accident, where you were driving under the influence and caused the accident, your insurance company has the right to refuse to pay out a claim if you are found guilty of drunk driving.
- You are out of coverage. An insurance company will cover a total amount per year. If you have more than one accident in a year and need to claim, your insurance company might not pay out if your first claim used all of your coverage.
- If your vehicle is insured for personal use and you use it for business purposes, and you have an accident while using it for business purposes, the claim might not be paid out.
- Late notification of a claim.
- You don't comply with the security arrangements.
- You have not read the exclusion clauses properly.