

Published based on [An Inside Look At Buying Car Insurance](#)

# **An Inside Look At Buying Car Insurance**

Car insurance is there to give you financial protection in the event of an accident whether or not you are responsible for it. Vehicle insurance is a necessary expense which all motorists must take into account. A car insurance policy will provide you with much needed protection against financial losses incurred because of traffic accidents.

Repairs to your own car after an accident, legal fees and liability for property will often not be covered by a bog-standard car insurance policy. Bolt-on niche insurance products such as inconvenience cover, [gap insurance](#) and even legal protection insurance can prove to be invaluable additions to your comprehensive car insurance to ensure an accident does not end up costing you more than you can afford should the worst happen.

Choosing the right car insurance will protect not only you, but your vehicle, and third parties in the long run. If you want to drive a vehicle in the UK, you must prove that you have a valid car insurance policy. Your insurance company will cover you at a level determined by the type of policy you choose.

## **WHY YOU SHOULD SHOP AROUND FOR NEW CAR INSURANCE**

Shopping around for car insurance is very important for several reasons:

- You may find better quotes
- Depreciation will affect the value of your car
- Your circumstances may have changed
- Car financing could put you and the car in a higher risk category
- Personal effects loss may be covered by some insurers
- Some insurers may include breakdown cover
- You may find inclusive legal cover offered by some insurers
- It may be possible for an insurer to also cover a second car
- You may be offered an introductory discount

Just because you have used the same insurance company or insurance broker for several years, does not mean you are getting the best deal. It really only means just that - you have used the same insurance company or insurance broker for the past several years.

If your broker manages your entire insurance portfolio then he is in the best position to get you the best deal, as he already has information about your demands and needs. This is also the case with car insurance as they can often consolidate your insurance needs into an all inclusive package which most insurance companies only make available to brokers.

The value of your car will depreciate according to the amount of use as well as its age. Car depreciation starts as soon as you drive it away from the car dealership. The value of your car will decrease every year. You should insure accordingly by getting the same coverage at a lower price. This makes perfect sense. For this reason you should make sure that you have your assumed car's value checked against its current blue book value as opposed to against the purchase price. The reason is that even fully comprehensive car insurance policies do not cover a vehicle to the purchase price, but rather the blue book value. Ensure you declare the vehicle's value accurately. The more expensive a car is the more it can cost to insure. You may be lucky enough to find a policy which offers to replace your car with the same of similar following an accident, but this is not usually the case. There is however an insurance product called [Vehicle Replacement Insurance](#) which does just that! Click on the link to find out how it works in more detail.

Your personal circumstances may be different that at your last renewal. You may have switched jobs and not drive as many miles per year or have paved the front lawn and turned it into off-street parking. Get insured according to any changes in circumstances - no matter how small you think they are. You can get a significant discount from your insurer if you are a low mileage driver. You can add additional drivers to your policy for relatively little expense, especially if you wait until it's time to renew. By waiting until renewal time you may be able to avoid the administration costs of adding extra drivers.

## SO WHICH IS THE BEST CHOICE OF CAR INSURANCE COVER?

Insurance cover in the UK falls into three different categories.

**1. Basic Third Party Insurance is mandatory in many countries, including the UK.** This type of cover insures a vehicle and driver against damage to another person's car, driver or passengers if involved in an accident. This type of insurance covers your liabilities in the event of damage to another vehicle or person in an accident. Third party insurance will not cover any damage inflicted on your own car or to your person. You will not be reimbursed for repair costs with a third party only insurance policy.

**2. Third Party, Fire and Theft Insurance** will cover the benefits of third party insurance and includes any financial loss to the insured vehicle caused by fire or theft. If your car has a low market value, you may find this to be the best type of vehicle insurance. If you are leasing a vehicle or have acquired it via a finance company, then you will need to provide fully comprehensive insurance for the vehicle.

**3. "Fully Comp" will give you the widest insurance cover for your vehicle.** It provides the basic insurance of third party, fire and theft and covers damage to the insured vehicle and any bodily injury suffered by the policyholder in an auto accident. If your car is worth more than you could afford to replace it, then you should opt for a fully comprehensive insurance policy. Search on-line for products like Vehicle Replacement Gap insurance or Finance Gap - these will close the gap between what your payout would be and the cost of buying a new car in the event of an insurance write-off.

There are lots of factors affecting car insurance and most insurers offer secondary products which can meet any specialised needs of the policyholder.

## FACTORS AFFECTING CAR INSURANCE

### 1. The Policyholder

- Age of the policyholder
- Men are considered higher risk than ladies
- Your marital status
- The area you live in
- The size of the car and engine
- Vehicle replacement cost
- Any modifications that have been made to the vehicle by its owner

A younger less experienced driver will pay a higher insurance premium than someone with several years driving experience.

**A married person** is considered more responsible for their actions than a person is with no commitments. It stands to reason that a married man with children has more responsibilities and the insurance companies will therefore consider this person a lower risk than a single male in his early twenties driving a WRX.

**Where a person lives** also affects the insurance cost. Motorists living in rural locations and in areas with a low crime rate are more likely to get a lower insurance premium than those living in cities.

**A powerful car** is more likely to lose control at the hands of younger drivers: **expensive cars cost a lot** to replace if scrapped and should they simply require repairs the sum of the replacement parts often costs more than the used car's value, making more powerful cars very expensive to ensure.

**Modifications** are more likely to alter the vehicles safety; performance is improved, and handling may be compromised making the vehicle more unpredictable. An increase in insurance premiums should be expected with car modifications, as these represent an increased risk to the insurer.

### 2. Driver History

- Years of driving experience

- Claims made in previous years
- Any convictions for driving offences
- Annual mileage

The number of years a person has been driving suggests their understanding of the rules of the road, shows the driver has built up experience of driving under varied driving conditions and has attained a certain level of confidence while behind the wheel. This is confirmed or denied by the number of insurance claims made during the previous five years. Most driving convictions negatively affect motor insurance premiums for drivers. Parking violations are not included.

Annual mileage is a factor too. Your chances of being involved in an accident are increased the more time your car spends on the road.

### **3. Vehicle History**

- Current vehicle value
- Owned, leased or financed
- Car make and model
- Engine capacity and performance
- Modifications to the vehicle

If the vehicle has a low book value, it may not seem to be cost effective to pay for comprehensive insurance; however this is not necessarily the case. A named driver with several years of insurance cover and no claims against his or her name could find that fully comprehensive car insurance costs almost the same as a lesser level of cover, but with additional benefits such as a free courtesy car etc. Buying car insurance on-line can mean including a range of additional benefits with only a small increase to your premiums. If you are leasing a vehicle or have acquired it via a finance company, then you will need to provide fully comprehensive insurance for the vehicle. This is so that they can be reimbursed for any damage caused to the car by the policyholder. This will be covered if you have fully comprehensive insurance.

**There may be other benefits included in your car insurance policy, which are not always necessary but sometimes advisable:**

- Breakdown insurance
- Courtesy vehicle
- Roadside and/or breakdown insurance cover
- Specialist legal advice/assistance with legal fees
- Windscreen cover - repair or replace
- NCD protection
- Compulsory or voluntary deductible amount

Choosing the correct insurance and getting the best quote can be daunting as there are so many variables to consider. If a website was built properly its users will find it easy to get a great price quickly and easily. Consider using an insurance aggregator website for your initial quotes. On-line insurance aggregator websites are generally very easy to use. As the buyer you only need to answer the questions once and they will search the insurance market for you. Once they have collected all the quotes, you will be able to compare insurance policies against each other, save and email your quote to your personal email address, go back and change your options to include or reduce the benefits you may be considering and - when you're happy - buy on-line. Before you commit to a purchase it's a good idea to first tell your broker the results of your search to see if he can get you a better deal. Remember that you need to compare quotes on a like-for-like basis. This may not always be as simple as you at first think. Good luck.