

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. If you have an accident in your car, you will be glad that you invested in good car insurance for the financial protection that this will give you.

Unfortunately, not all policies will cover damage to your car, or protect you against liability, legal fees or property damage. 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 product will protect you, your vehicle, and other parties in the long run. If you plan to drive, you must be able to prove that you have purchased car insurance. The type of car insurance cover that you choose will determine the level of protection that your insurance company will give you.

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
- Effects of car depreciation
- Your circumstances may have changed
- Financing could place your car in a greater risk banding
- You could find a policy which includes cover for loss of personal items
- Breakdown cover may be included in some policies
- Some insurers may offer you legal cover included in your policy
- 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.

Your car will depreciate in value according to both age and usage. No sooner than you have driven your new car off the showroom floor the car begins to depreciate. For every year that you own a car it will decrease in value. You should get a reduction in your premium to reflect this. This may seem obvious but people often neglect to do this. Check the value of your car against its blue book value rather than the price you paid - your broker can do this for you. This is because even fully comprehensive policies will only cover a vehicle to its blue book value rather than its purchase price. Your declaration concerning the value of the car should be as accurate as possible. It will usually cost more to insure a more expensive car. It's possible that your insurance company may offer you a like-for-like replacement after an accident - but this is uncommon. 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 circumstances may have changed since you last renewed your car insurance. 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. Allow your insurance policy to reflect these changes by renewing accordingly. If you drive fewer miles your insurance company will recognise the decreased risk and your premium will be reduced accordingly. If you wait until renewal time it probably won't be that expensive to add additional drivers to your car insurance policy. Insurers may charge you an administration cost for adding additional drivers, but if you wait until it's time to renew you may not incur this fee.

WHICH LEVEL OF CAR INSURANCE IS THE BEST CHOICE?

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. Third Party Insurance acts as security against liabilities for damage to another person in a vehicle accident. The insured is not protected against bodily injury or damage to their own vehicle with this type of policy. This type of insurance will not cover repairs to your vehicle.

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. This type of cover can offer the best value for a policyholder if the car does not have a high market value. A leased or financed vehicle will require a fully comprehensive insurance cover.

3. The widest coverage is provided by a Fully Comprehensive insurance policy - or "fully comp". As well as providing basic cover as in third party, fire and theft, it will also cover vehicle damage and bodily injury sustained in an 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
- Gender of the policyholder
- Are you married or single
- Inner city, suburban or rural residential locations
- How large the car and engine are
- The cost of replacing the vehicle
- 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 married men with kids have more responsibilities than single men and the insurance companies therefore consider married men a lower risk category.

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. The insurance company therefore sees these factors as an increased risk and will increase their premiums as a result.

2. Driver History

- Years of driving experience

- Claims history
- History of driving convictions
- 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. Insurance companies base these assumptions on the policyholder's claims history over the last five years. Driving convictions such as speeding, dangerous driving or drink driving will affect the premium. Parking offenses do not push up your premiums unless you incurred points.

Annual mileage is a factor too. The more time the car is on the road, the greater the risk of having an accident.

3. Vehicle History

- Current vehicle value
- Owned, leased or financed
- Car make and model
- Performance level and size of engine
- 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. If the named driver has several years no claims then fully comprehensive insurance could actually cost the same as third party fire and theft cover, but with additional perks such as windscreen cover and legal assistance etc. When buying on-line you may find that additional benefits can be included at little increased cost to you. Fully comprehensive insurance cover will be required for leased or financed vehicles. This is so that they can be reimbursed for any damage caused to the car by the policyholder. Comprehensive insurance will cover this.

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

- Breakdown insurance
- A courtesy car could be offered while yours is being repaired
- Roadside or breakdown cover
- Legal assistance
- Windscreen replacement
- Protecting your no claims bonus
- 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. Minimise your aggravation by only visiting user-friendly insurance sites. An insurance aggregator website is a good place to get you started. On-line insurance aggregator websites are generally very easy to use. They will search the insurance market for you and show you the products which best match your needs based on the answers to some initial questions. 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. It's always a good idea to find out if your broker can get you a better deal first, so keep him posted on your findings. It's important to remember that you should compare like-for-like quotes when looking at different insurers. It could be more complicated than you at first think. Good luck on finding your ideal car insurance.