

CAR INSURANCE

Be covered in case of a car accident

What is car insurance? Car insurance covers the cost of repairing or replacing your car or other people's car or property if there's an accident. It's worth getting some type of insurance even if you only drive on Sundays.

Types of car insurance: When deciding which type of insurance will suit you, think about whether you can live without your car or can afford to pay for a replacement. Also, think about if you can afford to pay for the damage or to replace someone else's car if you have an accident.

★ **Compulsory third party (CTP) insurance:** It covers the costs of compensation claims if you injure or kill someone in a car accident. You must have CTP before you register your car – it is illegal to drive a car on public roads without CTP.

★ **Third-party property insurance:** Covers damage to other people's property, including cars, when an accident is your fault. While it is not compulsory, it might be a good idea to have it in case you have an accident and cause damage to another person's property.

★ **Third-party property, fire, and theft insurance:** Covers damage to other people's property, including cars. It also covers your car if it's stolen or damaged by fire.

★ **Comprehensive insurance:** Covers repairs or replacement to your car or others' cars, even if the accident is your fault. It also covers your car if it's stolen or damaged by fire, flood, or vandalism.

How your car is valued: The value is the amount of money you'll get if your car is written off or stolen.

★ **Agreed value:** A fixed amount that's decided by you and your insurer.

★ **Market value:** The amount your car would have sold for, at the time of the accident.

★ **Excess:** The amount of the insurance claim that you must pay. This amount is on your insurance policy. Usually, a higher excess will mean you pay a lower premium.

Tips to help you get the best deal on car insurance:

- ★ Check if a 'no claim bonus' will really save you money.
- ★ Check the exclusions in your policy to see what you're not covered for. For example, you might not be covered for rust or vandalism. This could be a problem if you park on the street.
- ★ Check if the insurer always charges an excess, even if an accident isn't your fault. Usually, a higher excess will mean you pay a lower premium.
- ★ Weigh the difference between having a high premium and low excess, compared to the opposite. You may be able to save on your premium by increasing your excess.
- ★ Check for clauses that can make your insurance more expensive, like unnamed drivers or drivers under the age of 25.
- ★ Get quotes from multiple insurance providers and compare the coverage, price, exclusions and other features like 'no claim bonus' or add on insurance'.

Making a claim

You can claim on your car insurance when you have suffered any loss or damage that your insurance covers. When you have a car accident, contact your insurance provider as soon as possible, as policies may have a time limit for making a claim. Also ask them if you are eligible for any emergency benefits, such as free car hire or accommodation.

Gather
information

Check your
policy

Check the
excess you'll
need to pay

Lodge your
claim with
your provider

The insurer
must contact
you within
10 days

With car insurance

Meet Emily

Scenario: One morning, Emily was driving to work when she accidentally rear-ended the car in front of her at the traffic lights. Luckily, Emily has Comprehensive Car Insurance for when situations like this happen.

1. Emily and the driver were not injured, but both of their cars were damaged.
2. Emily exchanges details with the other driver and calls her insurance company to report the incident and provide details of the damage caused.
3. Emily lodges a claim with her insurance company for them to assess.
4. The insurance company approves Emily's claim for the repairs.
5. Once Emily pays her excess of \$700, the insurance will cover the cost of the repairs to both cars.



This situation taught Emily the value of having quality comprehensive car insurance, as it covered the cost to repair her's and the other driver's cars.

Without car insurance

Meet Dave

Scenario: One morning, Dave was driving to work when he accidentally rear-ended the car in front of him at the traffic lights. Dave has third party insurance, which covers for damage to other cars but not his.

1. Dave and the other driver were not injured, but both of their cars were damaged.
2. Unfortunately, Dave only has third party car insurance, so his insurance provider will only be able to cover the costs of repairing the other driver's car.
3. Dave calls his insurance provider to report the incident and provide details on the damage.
4. The insurance company assess and approves Dave's claim, covering the costs of fixing the other drivers car.
5. Since Dave's policy didn't cover his own car, he had to pay for the repairs himself and set him back \$2500 and causing financial challenges.



This situation taught Dave that having third party property insurance was helpful in paying for the damage to the other driver's car; however, comprehensive insurance would have provided much more financial protection and peace of mind.

For more information on car insurance visit moneysmart.gov.au/car-insurance

The information in this Fact Sheet is intended to provide general information and guidance and you should obtain your own professional advice before following any of the information provided.