

Understanding the misconceptions of vehicle insurance

By: Marius Steyn of Santam

Does picking a red vehicle mean you have a higher risk of an accident? And will this influence your insurance premium? There are many myths surrounding vehicle insurance and, like all myths, some are truer than others! It's important to bust the 'bad' ones and be cognisant of the myths that prove true as these could have financial implications for you. As a first-time car buyer especially, it can be tricky to separate fact from fiction.

Having an insurance checklist in place when purchasing a vehicle should be a must – it's a significant asset and you're going to want to protect your new 'baby'. But like any first-time delve into uncharted territory, there are always misconceptions. Some common myths for vehicle insurance include the following:

Vehicle premiums should decrease as the vehicle value decreases

Mechanical breakdowns are covered by a vehicle policy

Insurance is only required and necessary if the vehicle is on a hire-purchase agreement

When choosing an insurer, the most important factor is the monthly premiums you pay

"When deciding on insurance for your vehicle, it is important that your decisions aren't based on insurance premiums solely," says Marius Steyn, Personal Lines: Underwriting Manager at Santam. "Motorists need to take into consideration the policy terms, including what the vehicle is covered for and applicable exclusions, driver restrictions as well as the first amount payable by you in the event of loss or damage."

To ensure that motorists are covered in instances where something could go wrong, Steyn debunks the common myths of vehicle insurance below:

Myth 1: Colour choice plays a major role in premium costs

This varies from insurer to insurer. Statistics have shown that red and black vehicles are a higher risk for accident damage than white vehicles. At Santam, colour is not considered.

Myth 2: It costs more to be insured as the driver gets older

False – it actually works in reverse. Younger persons or persons with a driver's license for shorter periods of time are a higher road risk due to their perceived inexperience, which justifies a higher premium.

Myth 3: If another person drives the insured's car, the other person's motor insurance will cover them in the event of an accident

False – the other person’s insurance would cover the third-party damage caused in the accident. The insurer of the vehicle would normally cover the damage to the vehicle. It is advisable that the policyholder checks this upfront with their insurer to avoid any surprises.

Myth 4: Personal motor insurance covers business use of the car

False – A policyholder has the option to insure the vehicle for business and private use. Insurers will only allow business use to businesses that meet their criteria.

Myth 5: The insurance will pay out if I was a victim of remote jamming

Partly true – most insurers exclude remote jamming and require that the theft be accompanied by forcible and violent entry into and out of the vehicle. At Santam, we do not exclude theft by means of car jamming, but if it can be proven that there was never an attempt to lock the vehicle, the claim may be rejected.

Myth 6: The policy will cover damage caused by potholes

Circumstantial – claims of this nature are dependent on the situation. Motorists are also able to claim from SANRAL (The South African National Roads Agency).

Myth 7: Males pay more than females for car insurance

True – for most insurers this is correct as females are perceived to have a lower risk profile.

“Motorists are advised to ensure that they have the proper insurance cover in place. It’s important to ensure you’re adequately insured. Speak to a broker to fully understand your insurance policies without making assumptions,” concludes Steyn.