

Even under pressure, insurance remains a priority

Nearly a quarter would consider downgrading cover to balance budget, but 98 percent think everyone on the road should have at least third party

Auckland – 24 March 2009 – While cutting corners on the household budget has become second nature to many New Zealanders, insurance remains a priority. AA Insurance reports that although almost a quarter (23 percent) of those surveyed in the 2009 AA Insurance Drivers Index would downgrade their cover to balance their budget, only four percent would consider cancelling their car insurance completely. And a compelling 98 percent think that everyone on New Zealand roads should carry some type of insurance.

The 2009 AA Insurance Drivers Index surveyed 3,708 New Zealand drivers aged 18-65 and found almost all people think every driver should carry some sort of vehicle insurance, even if they would consider reducing their cover to meet their household budget.

“Some people consider cancelling insurance in a bid to save money,” says Martin Fox, Deputy General Manager, AA Insurance. “However, there are better ways of managing your insurance costs than cancelling your policy. If you’re on a tight budget, having an accident or having your car stolen could really make things tough.”

“Sometimes people think a low value car is not worth insuring. And the owner may feel that if the car is written off, they can afford to replace it. However, if this driver has an accident with another car, they could also face a repair bill running into the thousands.”

“This is why most New Zealanders believe everyone on the road should hold some type of car insurance.

“Car insurance isn’t just about you and your car – it’s about the damage you might do to someone else’s property if you have an accident. That’s what third party insurance covers.”

AA Insurance staff have noticed increasing numbers of people looking into instalments and other payment options.

“People are also thinking about increasing their excess but being very careful about it. If they are on a strict budget they sometimes decide they’d rather not face an increased cost if they do need to claim and so stick with the standard excess.

“We’re certainly seeing people shopping around more and getting quotes on different insurance options before making a purchase. This is positive because it gives people a better understanding of which insurance is best for them.

AA Insurance’s five top tips for insurance in tough times

1. Shop around

Firstly, be sure about the cover you need – or don’t need – and then shop around for the best deal. By spending half an hour ringing around or on the internet, you could save a significant amount.

However, the best deal might not be the cheapest price – it’s no bargain if the company can’t offer the things which matter to you.

2. Check you’re getting what you pay for

Check you’ll receive all the benefits you qualify for such as a no claims bonus. Many insurance companies make special offers, so it pays to do some research.

For instance, what does your insurer offer young drivers? Some insurers give advance benefits to young drivers if their parents are already customers.

Also, some insurers will allow you to earn a no claims bonus even on third party insurance – it’s useful to build up a good claims history.

3. Increase your excess

This is your share of the cost when you make an insurance claim. If you agree to pay more, it will usually mean your insurer discounts your premium.

However, be confident that you could meet the excess amount you’ve committed if you do need to make a claim.

4. Stagger your payments

Many people find it easier to pay off the premium over the year instead of a single lump sum, and there may be various options such as weekly or monthly payments.

It will usually cost a little more but it’s a popular option if a single payment is difficult to budget for.

Get the annual premium cost as well so you can compare the difference.

It can also help to spread the renewal dates for different types of insurance over the year, such as having car insurance renewed in March, house insurance in June and contents insurance in October. No-one wants to face all their insurances being due in December.

5. Insure accurately

People struggling financially are least able to face the costs of an accident.

Think carefully about whether you need comprehensive insurance, or third party (covers the damage you do to someone else's property), or third party fire and theft.

One feature of third party insurance which is often overlooked is uninsured driver protection. This means your car is covered when you are in an accident caused by an uninsured driver.

If you have comprehensive car insurance, make sure you've agreed on the value of your car with your insurer. If your policy says "market value" and your car is written off or stolen, you'll receive what the car was worth that day, not what it will cost to replace. It can be a surprise.

About AA Insurance

AA Insurance was launched in 1994 and is a joint venture between New Zealand Automobile Association and Suncorp-Metway Limited.

AA Insurance has over 300 staff servicing 130,000 plus customers and manages almost 300,000 policies. Over half of those policies cover motor insurance risks including cars, bikes, caravans, and motor homes, and the remainder are house and contents insurance.

In 2008, AA Insurance was a finalist in the unlimited/JRA Best Places to Work Survey in the medium-large workplace category, making it one of the top places to work in New Zealand.

AA Insurance Limited has an A+ (Strong) Insurer Financial Strength Rating given by Standard and Poor's (Australia) Pty Ltd on 8 January 2009. For further information visit www.aainsurance.co.nz

About the 2009 AA Insurance Drivers Index

The 2009 AA Insurance Drivers Index was conducted by the New Zealand AA and is an independent internet survey of 3,708 drivers aged 18 to 65 from around New Zealand.

For more information please contact:

Victoria Spence, Botica Butler Raudon Partners, (09) 303 3862, 021 403 503 or email victorias@botica.co.nz