



# Four ways to reduce the cost of your car insurance premium

By **Brian McNelis**

**O**ver the last number of months, increases in motor insurance premiums have sparked much debate and have upset consumers, many of whom are not paying considerably more.

There is no doubt about it, motor insurance rates have gone up.

According to market research company Consumer Intelligence, average premiums are now close to €900, with some Dublin motorists paying more.

The plight of young drivers has been well documented in the media, but even drivers with a clean licence, no claims and no penalty points have experienced premium hikes of €300 or more.

So what are the reasons for these hikes?

There are a number of factors that have contributed to rising motor insurance rates; high awards on soft-tissue and whiplash injuries, which make up 80 per cent of claims; the precedent created by the Russell case which substantially reduced the discount rate that can be applied and increasing the net cost of claims; new regulatory rules and changes to the lower courts system; and unchecked claims and driver declaration fraud.

In addition, insurance companies have been in a loss-making situation in the Irish market, due to previous underpricing as a result of competition.

Here are a few ways to reduce your premium.

## 1. Repricing every year

While it might seem counter-intuitive if you haven't had issues with your policy, it really does pay to shop around, particularly if you are claim-free. An IBA survey conducted in 2016 found that 37 per cent of respondents hadn't changed their insurer in the last two years, despite their premium costs rising significantly. So either do the legwork yourself or get a broker to do it for you.

## 2. Use a broker

Brokers can help you to secure the best

deal. They will seek quotes from a wide range of insurers, some of which don't deal directly with the public, so they are better placed to deliver the best premium available.

## 3. Type of car

It's important to consider the relative implication of different models when buying a new car. We now largely ignore the size of the engine as there are often no tax implications, but it could make a big difference to your insurance, so check the cost of insurance before you buy a new car.

When you're checking, simply give the registration number of the car(s) you're considering to whoever is quoting you insurance – they can pop the registration into the quotation system and get an exact price. Too often, drivers call in advance saying that it's the 'SE' model, but it turns out to be the 'SE Sport' model which seems the same but costs €200 to €300 more.

If you have a partner, consider having them named on your policy: while many people might think that this increases the risk, insurers like it and often offer



a lower premium.

#### 4. Pointless insurance

Too often, we take a casual approach to the questions we're being asked online or over the phone, and guess them rather than take the time to check. For example, on penalty points in the last three years, did you get them two years and ten months ago, or three years and one month ago?

Similarly with claims history, if you get it wrong, you face having pointless insurance that may not pay out when you most need it.

On average, we have an incident that involves a claim every eight to ten years, so most of us will get the benefit of insurance a couple of times or more in our driving life. While it's a pain when you're paying the premium, it's a godsend when you have that really bad day.

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