

10 tips to reduce your monthly insurance premium

Having a relook at your insurance policies during lockdown is not ideal, considering the number of accidents, hijackings and thefts that take place daily.



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There are an estimated 12 million cars on South African roads and according to the Automobile Association (AA), between 65 and 70% of them are uninsured. This is an alarming statistic considering the number of accidents, hijackings and thefts that take place daily, placing these motorists at exceptional financial risk.

“Car theft and hijackings are now occurring at the same pace as they were pre-lockdown and home robberies are also starting to rise. Vehicle accident claims have also been steadily increasing - a clear indication that the roads have gotten significantly busier. The consequences of going without insurance can be far-reaching and financially devastating. Weigh them up against the cost of your monthly car insurance premium, and you’ll see just why an investment in good, affordable insurance deserves a spot in your budget,” says Tyrone Lowther, head of Budget Insurance.

Here are ten tips to reduce monthly insurance premium while still remaining insured:

1. **Insure your vehicle for the correct value:** Drivers of older vehicles must ensure that they are not over-insuring their cars. While Budget Insurance takes into account the vehicles depreciated value, not all insurers do, so make sure your vehicle is insured for the correct value.

2. **Update your home contents policy:** When it comes to home contents insurance, opportunities to reduce coverage could lie in carefully and regularly updating household inventories. Review your household inventory every six months and adjust the total insured sum accordingly.

When you calculate the insured amount of your home contents, make sure you are using replacement values and not market values. The replacement value is what it would cost you, at the time of a claim, to replace all your belongings with similar brand new ones.

Remove old and discarded items that no longer need to be insured from your inventory list. Why should you pay for coverage on a computer that stopped working in 2013? Similarly, the costs of some appliances and gadgets have come down in price so you really shouldn't be paying to insure an item that was more expensive when it first hit the market than it is nowadays.

3. **Don't duplicate coverage:** If your car or home insurance company offers free roadside assistance, you needn't opt for the same benefit from your medical aid provider.
4. **Increase your security:** Your car, home or buildings insurance premium is calculated based on your risk profile. Your risk profile is based on a number of things such as where you live, the type of car you drive, and the security measures you have in place, amongst others.

You could reduce your car insurance premium if you've fitted your car with additional safety features such as a tracking device or an alarm, for example. You could receive a reduction on your home insurance premium if you've invested in an alarm system for your home or if you've moved to a safer neighbourhood.

5. **Don't claim unnecessarily:** Keep your insurance for real catastrophes which result in unexpected large losses and avoid claiming for small events that you could cover from your own pocket. When you claim for every little scratch, your insurance provider will raise your premium to reflect the higher risk you pose.
6. **Increase your excess:** You could save some money on your monthly insurance premium by increasing the excess you pay when you claim. Ideally, you want to pay the lowest excess you can in the event of a claim. However, opting for the lowest excess might make your premium too expensive for you. The best practice is to find a balance where you're paying a reasonable premium and your excess is not too high that you won't be able to cover that amount should you need to make a claim.
7. **Combine your policies:** By insuring your car and home contents, or your car and buildings insurance with the same insurance provider, you'll qualify for a discount.
8. **Shop around:** For example, a bank will often put great pressure on a homeowner to insure through its associated insurance company, but the truth is that it does not matter which insurance company you use, as long as you insure your home. This leaves you free to shop around for the best deal.
9. **>Review your cover on a regular basis:** As your individual needs change so may your insurance needs. For instance, you may no longer need full comprehensive cover on an older or second vehicle and may want to consider insuring it for limited cover.
10. **Make sure you keep your details updated:** Insuring your vehicle for private use if you no longer use it for business, or if your vehicle is now parked in a more secure environment overnight, like inside a locked garage, it will save you money so let your insurer know.

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