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## Car insurance: where to get the best rates

Shop around before you renew cover for your wheels - and remember, the one with the lowest premium may not be the best

By [Leong Chan Teik](#)

LAST week, businessman Winston Tan was on the verge of renewing his car insurance when he received a call from The Sunday Times.

He was asked if he had checked around for the best rates. He replied: No. He didn't have time.

'And I don't want to go through the exercise of filling forms again for a small savings with a new insurer,' he explained.

Still, after some persuasion, he agreed to call three insurers of his choice and obtain quotations for a policy to insure his Hyundai Trajet.

He was among five motorists whose insurance policies are due for renewal soon, and who were contacted for this article, which aims to find out which insurer or insurers offer the best rates in town.

This article comes on the heels of a move last weekend by NTUC Income, which has the largest market share (43 per cent) in the car insurance segment, to cut its rates by 5 per cent.

Income joins at least two other major insurers - AXA and AIG - which have trimmed premiums this year after substantial rises in recent years.

They are able to do so as they had reaped profits last year after suffering losses the year before.

After getting quotes from three insurers, Mr Tan, 33, a director of nuts-and-fruits company Fave, called back excitedly: 'Hey, thanks! I'm going to save more than \$500.'

Income had quoted him \$1,307, which includes a 5 per cent loyalty discount because he has owned insurance policies from the cooperative for more than three years.

Income's quote is about \$500 lower than that cited by AIG, which had previously provided the insurance cover for Mr Tan's year-old car.

His experience shows the value of comparing rates - something not widely recognised by the 33,000 car owners a month who buy motor insurance.

Mr Chye Kit Soon, a lawyer who writes articles on motoring for several publications, says: 'We tend to take the path of least resistance. Most people will renew with their current insurer without checking around first.'

It is not always Income which provides the lowest rates, as the findings of the other motorists show.

China Insurance, for instance, emerged as the insurer with the lowest quote of \$445 for a Honda Civic coupe.

Still, Income was not significantly higher - just \$50 more - than China Insurance.

'Our agents' feedback is that our premium is generally competitive 70 per cent of the time,' says Mr Eddie Loke, underwriting manager of Income.

'And Income believes in prompt and fair settlement of claims.'

On the other hand, AIG quoted rates that were sharply higher than other insurers in this survey.

In at least one aspect, AIG, which has the second-largest share in the market, has a business strategy unlike that of Income and most other insurers.

AIG has a tie-up with many major car distributors, so buyers of new cars of brands such as Nissan, Toyota and Hyundai are likely to get their first-year insurance policies from AIG.

If Mr Chye is right, then many of these motorists will go back to AIG to renew their policies a year later.

Motorists should not just compare premiums, though. They should also take into account a policy's 'excess', which is what they must pay towards repair costs in the event of an accident claim.

Sometimes, an insurer will quote a lower premium than a rival but the 'excess' is higher.

Drivers who consider themselves to be safe and experienced behind the wheel would make a beeline for the policy with the lowest premium.

They know their chances of causing an accident are relatively low. (If someone knocks into them, the other party pays, anyway).

But Ms Koh Hui Beng, the owner of sports car Mazda MX-5 and an experienced driver, did the complete opposite.

A senior manager in a food and beverage company, she decided to renew her insurance last month with AXA.

She paid \$1,400 in premiums for a third-party policy that has no 'excess'.

Income had quoted a far lower premium of \$800 but slapped on an 'excess' of \$1,500.

The thought of having to come up with \$1,500 in an accident pushed 30-something Ms Koh to AXA. This despite the fact that she has not been involved in an accident for many years.

Some motorists say neither lower premiums nor 'excess' is an all-important consideration.

They would avoid insurers whom they think have a reputation, justified or otherwise, for being difficult when it comes to paying an accident claim.

On top of that, as Mr Chye points out, some insurers do not allow a damaged car to be repaired by the distributor.

That is presumably because of their fear - or experience - of distributors charging far more for repairs than other equally competent workshops.

Says Mr Rudi Spaan, president of American Home Assurance, a member company of the AIG group: 'Not all insurance covers are equal.'

He cites a key difference: His company does not participate in the industry-wide Idac

scheme. Idac stands for Independent Damage Assessment Centres.

AIG customers can go straight to their dealerships or AIG authorised workshops without being required to go through Idac.

'This is in sharp contrast to most common competitive products where accident vehicles may be subject to an Idac visit, repairs are 'tendered' to the cheapest repairer or the choice of repairer is very restrictive,' says Mr Spaan.

COMPARING PREMIUMS					
Car/engine capacity	Year of car's registration	Owner/Age/Sex	Insurance no-claim discount (%)	Insurance Premium	Insurance "excess"
Hyundai Trajet (2,000 cc)	2003	Businessman, 33 (M)	10	Income: \$1,307 AON*: \$1,343 China Insurance: \$1,381 AIG: \$1,835	\$500 \$500 \$750 \$500
Lexus IS200 (2,000 cc)****	2004	Housewife, 41 (F)	50	AIG: \$861 Income: \$1,005	\$750 \$500
Nissan X-Trail (2,500 cc)	2003	Administration executive, 45 (F)	30	AON: \$1,176 Income: \$1,482	\$900 \$500
Nissan Prairie (2,000 cc)	2001	Writer, 42 (M)	50	AON: \$700 Income: \$842 AIG: \$1,336	\$800 \$500 \$600
Honda Civic coupe (1,600 cc)	1994	Housewife, 43 (F)	50	China Insurance: \$445 Income: \$495	Nil** Nil
Toyota Picnic (2,000 cc)	2003	Businessman, 45 (M)	40	AAS***: \$1,026 Income: \$1,033	\$850 \$500
Notes: "excess" refers to the sum of money that car owners have to pay in the event of an accident claim. * AON Risk Services is a broker for several insurers such as Allianz and Aviva. ** No "excess" for third-party insurance. *** The Automobile Association of Singapore obtains quotes from some insurers for its members. **** This is not a renewal case. Motorist bought car recently and compared AIG's rate with NTUC Income's.					
GETTING A VALUE DEAL					
<ul style="list-style-type: none"> <li>• When it's almost time to renew your car insurance, ask a few insurers for quotes. You can do so by calling or through their websites.</li> <li>• Ask if the insurer gives discounts if you are a loyal customer or have a certificate of merit (for safe driving) from the Traffic Police.</li> <li>• Compare the 'excess' quoted by insurers - not just the premiums.</li> <li>• Ask if the insurer provides a courtesy car when your car is under repair.</li> <li>• Ask if you can take your car to the distributor for repairs in the event of an accident.</li> </ul>					

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