

Factors that influence your car insurance premium

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Insurance premiums aren't the same for everyone and there are good reasons for that.



Source: pixabay.com

Broadly speaking, your insurer will calculate your risk of getting into an incident or the risk of the vehicle being stolen and assign a premium on that basis. People are all different, but many factors are common and can be used to reasonably determine a premium.

1. Demographics

Among the factors which will determine the premium you pay for your car are your gender, age, marital status, where you live and a financial background check. These factors have a bearing because the statistics collected by insurers show that they have an effect on the likelihood of accidents or other incidents.

2. The car you drive

It's not just you, but also the vehicle you drive which determines the premium. Typically, more expensive cars will attract a higher premium as they are more expensive to repair in case of an accident and cost more to replace if stolen. However, those cars which are easily stolen (or which are regularly targeted by criminals) present a greater theft risk and therefore will attract higher premiums too.

3. Inflation

Importantly, premiums can increase as time goes on because, in the event of an accident, the cost of repair increases regardless of the age of the car. It doesn't cost any less to replace the bumper on a one-year-old vehicle than it does on the equivalent brand new one. Parts, labour and paint will all increase over time, irrespective of the age of the vehicle – and with the lion's share of claims coming from accident damage, the reduced total value of the vehicle has little bearing on the price of the premium.

4. The regular driver

Another factor which is important to note on your policy and which has an impact on the premium is the regular driver. The regular driver of a car is usually the person who drives the car most often in a given period - usually a month. The regular driver's age and other details, like when their driving licence was issued, gender, or history of previous incidents, will be the primary factors determining the premium; most insurance companies require these details.

5. Driving experience

As previously mentioned, one of the factors used to determine a premium is age. Younger drivers, in particular, regularly consider this to be unfair. However, statistical evidence shows that younger drivers are a higher risk. These drivers are more likely to have an accident due to a lack of experience on the road. The higher premium, in effect, covers this higher risk.

Older drivers are less likely to get into an accident and therefore have lower-priced premiums. While younger drivers are considered most risky, those above 30 are considered less risky. Once again, that's because accident statistics show that drivers in the older groups are less likely to have an accident.

6. Security measures

Protecting your car by installing an approved car alarm system or a tracking device is a good idea to reduce premiums. But what about cars that don't have these devices? Some can still be insured, but again, this will come down to the type of car and where it is located.

Looking after your car, in the eyes of the insurer, also depends on where and how it is parked, particularly overnight. Different areas have different risk profiles, which are calculated in accordance with the frequency of thefts and other incidences of crime, such as smash and grabs and hijackings. If your car is parked in a security estate with guards at the entrance or in a locked garage, it is less likely to be targeted than one on the street. That means the premium for the protected vehicle will be lower than the one which isn't undercover.

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