



General Insurance Association of Singapore

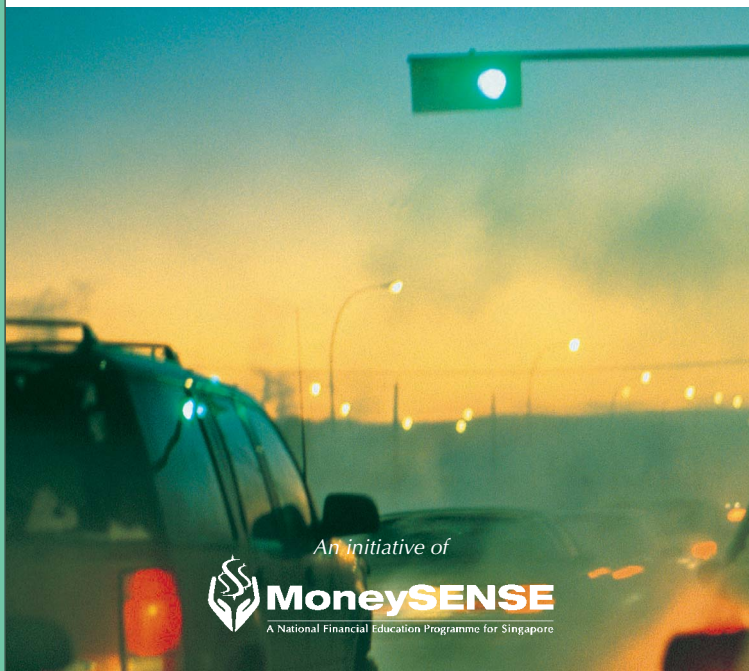
# INSURING YOUR MOTOR VEHICLE



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A consumer guide to help you choose the motor insurance policy that best suits your needs. For more detailed information, please visit

[www.gia.org.sg](http://www.gia.org.sg)

## Insuring your Motor Vehicle

### MOTOR INSURANCE – THE FACTS

#### Why do I need motor insurance?

In Singapore, it is against the law to drive a motor vehicle on the road without a valid insurance policy. The minimum requirement is that the policy provides cover for personal injury to other parties.

Motor insurance makes good sense. Besides covering you for personal injury to third parties, it could also cover you for costs if you damage someone else's property or for any other loss or damage you might suffer in a motor accident.

Remember: always carry your Certificate of Insurance in your vehicle.

Insurers offer three main types of motor insurance policies. Optional benefits are available to meet your individual needs.

## Insuring your Motor Vehicle

### Types of motor insurance policies

Third Party	Third Party, Fire and Theft	Comprehensive	Optional benefits for comprehensive policies (may be subject to payment of additional premium)
Death or injury to other parties	Death or injury to other parties	Death or injury to other parties	Windscreen damage
Damage to other parties' property	Damage to other parties' property	Damage to other parties' property	Damage arising from riot, strike and civil commotion
	Fire damage to, or theft of, your vehicle	Fire damage to, or theft of, your vehicle	Damage arising from flood and windstorm
		Accidental damage to your vehicle	Liability of passengers for acts of negligence
		Personal accident cover (private car only)	Personal accident benefits for passengers
		Medical expenses (private car only)	Additional excess
			No-Claim Discount protection (private car only)

#### How does the insurer set my premium?

Most insurers in Singapore consider a range of risk factors when setting your premium. They include, among others:

- Make, model and age of vehicle
- Age, sex and occupation of drivers
- Claims history of drivers
- Use of vehicle (e.g. hire, private use etc.)

#### What does my insurer need to know about me?

The insurer needs to know some information about you. This is to help it assess the business accepted from you as well as your needs as a policyholder. The proper premium can then be set.

Questions might include:

- Have you made any recent insurance claims?
- Have you ever received a ticket or been charged for a driving offence?
- Who will be driving the vehicle?
- What will the vehicle be used for?
- Have you had any recent motor accidents?
- How long have you been driving?

## Insuring your Motor Vehicle

#### What is the insurer recommended to disclose to me when I buy an insurance policy?

- The premium payable
- The excess (for insured and drivers - named and unnamed)
- The scope and period of coverage
- Restriction on drivers (if any)
- Restriction on repairs
- Non-standard exclusions
- Special accident reporting and claims procedures
- The insurer's cancellation and refund policy

#### What is a No-Claim Discount (NCD)?

If you have not made a claim for a year or more, you are entitled to a No-Claim Discount (NCD). The NCD reduces the policy premium for the following year. The following table shows how the NCD is set by all insurers across the industry.

Private car policies		Commercial vehicle and motorcycle policies	
Period of insurance with no claim	Discount on renewal	Period of insurance with no claim	Discount on renewal
1 year	10%	1 year	10%
2 years	20%	2 years	15%
3 years	30%	3 years or longer	20%
4 years	40%		
5 years or longer	50%		

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<p><b>If I make a claim, will I automatically lose my NCD?</b> Not necessarily.</p> <p>All insurers in Singapore use a guide called the Barometer of Liability Agreement (BOLA) to determine how much each party is liable in an accident.</p> <p>The BOLA is designed to speed up claims processing. It does not diminish your right to contest liability under the law.</p> <p>Under the BOLA:</p> <ul style="list-style-type: none"> <li>Your NCD will not be affected only if your liability is <b>20% or less</b> in an accident involving an <u>identified vehicle</u>.</li> <li>In all other cases, your NCD may be affected.</li> </ul> <p><b>Can I insure against the loss of my NCD?</b> If you have accumulated a 50% NCD (five years or longer without a claim), some insurers may allow you to buy protection against the loss of the discount.</p>	<p><b>Will I lose my NCD if there is a break in ownership of my vehicle?</b> Most insurers in Singapore will allow you to keep your NCD if there is a break in ownership for 12 to 24 months.</p> <p><b>Do I get a refund if I cancel my policy?</b> The common practice is that both you and your insurer can cancel your policy for any reason by giving seven days of written notice to the other party.</p> <p>If your insurer cancels the policy, it will refund you the unused proportion of the premium.</p> <p>Some insurers refund the premium on a pro-rata basis with the deduction of a small administration fee. Others use a method that calculates what would have been charged if your policy were a short-term policy. This usually applies if the cancellation is at your request. You should check with your insurer how this is calculated.</p> <p>Note that refunds might be subject to a minimum amount, and that your insurer might reserve the right not to refund any premium if a claim has been made on the policy.</p> <p>Always check carefully and understand what is covered before you take up a policy.</p>	<p><b>BUYING A MOTOR POLICY – THINGS TO CONSIDER</b></p> <p>Not all motor policies are the same. To meet the individual needs of customers, insurers offer a wide variety of products. By shopping around, you will have the best chance of finding a policy with your preferred combination of price, excess and requirements relating to use and repairs.</p> <p>As a general rule, the lower the premium, the more restrictions may apply to what is covered, how much you would be paid in the event of a claim, and what your options may be in the event of a claim. For instance, low-priced policies might come with restrictions as to where you can send your vehicle for repair or whether new or reconditioned parts are used. More expensive policies may allow more flexibility in your choice of repairers, etc.</p> <p>The following are important things to consider when buying a motor insurance policy:</p> <ul style="list-style-type: none"> <li>Are there restrictions on who can drive the vehicle?</li> <li>What extra cover can you buy?</li> <li>Does the policy meet the requirements of your bank or finance company if you are buying the vehicle on hire purchase or a car loan scheme?</li> <li>How much excess will you be required to pay should you need to make a claim?</li> <li>Does the policy require you to take your vehicle to an Independent Damage Assessment Centre (Idac) for damage assessment?</li> <li>Does the policy have restrictions on who is permitted to repair the vehicle?</li> <li>Will reconditioned parts be used for repairs?</li> </ul>	<p><b>What is an excess and how does it work?</b> An excess is the cost you may be required to bear in the event of a claim being made against your policy.</p> <p><b>Why is it a good idea to tell my insurer who will be using the vehicle?</b> You are required to fully disclose information that may have a bearing on your policy cover. If your vehicle is damaged while being driven by a person not named in your policy, the insurer may apply a higher excess due to the unknown risk covered.</p> <p>If the vehicle is damaged while being driven by a young or inexperienced driver not named in the policy, you may be charged a higher additional excess.</p> <p><b>Can I choose who repairs my vehicle?</b> Your insurer may impose restrictions on who can repair your vehicle. As part of an ongoing effort to control claims costs, some insurers use the tender bidding system or authorised workshops in making arrangements for repairs. Cost savings will benefit customers by keeping premiums competitive.</p> <p>More expensive policies may allow you to go to the repairer or dealership of your choice. Your insurer is encouraged to disclose any restrictions on repairs before you buy the policy.</p> <p>You should check with your insurer whether there are conditions relating to use of dealer workshops and authorised workshops, whether tender bidding is used for repairs and whether your vehicle will be repaired with new parts.</p>	<p><b>What is Idac?</b> The Idac network was set up to provide a fast, impartial accident assessment service and to reduce claims fraud. There are Idac at convenient locations around Singapore.</p> <p>Many insurers require policyholders to deliver their vehicle directly to an Idac following an accident.</p> <p>However, not all insurers require policyholders to use Idac. Please check with your insurer if in doubt.</p> <p><b>Idac Hotline</b> Tel: 1-800-887-5151</p> <p><b>Should I insure my vehicle with or without COE and PARF?</b> The market value of the vehicle includes the certificate-of-entitlement (COE) and preferential additional registration fee (PARF) component. If your vehicle is bought using hire purchase or a car loan scheme, the bank or finance company may require you to insure the vehicle at its market value, including its COE and PARF. If you own the vehicle, it is your choice.</p>	<p><b>DISPUTES</b> <b>Where can I go to settle disputes with my insurer?</b> If you feel you have been treated unfairly by your insurer, you should lodge a complaint directly with the insurer, and provide the insurer with your details (name, contact numbers, etc.), the specific nature of your complaint and supporting documents.</p> <p>The insurer should acknowledge your complaint within 3 business days, and if necessary, request additional information from you within 7 business days of the date of your complaint.</p> <p>Depending on the nature of your complaint, the insurer may need more time to attend to it. If so, the insurer should contact you and update you on the progress within 14 business days of your last communication, before proceeding to resolve the problem.</p> <p>If you have taken these steps and still feel the response is not satisfactory, or if there is no response within the timeframes stated above, you should then appeal to the principal officer of the insurer in writing. You can expect a response to this within 14 business days.</p> <p>Finally, if you are still dissatisfied after going through these channels, you can contact the Insurance Disputes Resolution Organisation (IDRO). IDRO was set up to provide an affordable, independent channel for resolving insurance disputes involving claims between insureds and insurers of up to S\$100,000 for both life and general insurance. In addition, IDRO also handles motor third-party property damage claims of up to S\$50,000. Its operation is provided for in the General Insurance Code of Practice.</p>	<p><b>How do I file a claim with IDRO?</b> You may lodge your complaint/claim in person, by fax, post or e-mail.</p> <p>Remember: The ruling of the IDRO mediator or panel is final and binding on the insurer, but not on you. However, if you accept the IDRO panel's ruling, this means you have chosen to give up your right to proceed with legal action against the insurer.</p> <p><b>IDRO</b> 20 Cross Street #02-01/02 China Court, China Square Central Singapore 048422 Tel: 6327-8878 Fax: 6327-8488 E-mail: <a href="mailto:info@idro.com.sg">info@idro.com.sg</a> Website: <a href="http://www.idro.com.sg">www.idro.com.sg</a></p> <p><b>FOR FURTHER INFORMATION</b> <b>The General Insurance Association of Singapore (GIA)</b> The GIA is the industry representative body of all general insurers in Singapore. The GIA is happy to answer your questions on motor insurance processes and practices.</p> <p>103 Amoy Street Singapore 069923 Tel: 6221-8788/9 Fax: 6227-2051 E-mail: <a href="mailto:feedback@gia.org.sg">feedback@gia.org.sg</a></p> <p>For more detailed information, please visit <a href="http://www.gia.org.sg">www.gia.org.sg</a></p>