

Young Kiwi drivers at risk of accidental debt – AA Insurance

Auckland, 28 March 2017 – Young Kiwi drivers are more likely to have a car accident, yet they are less likely to have insurance according to a new AA Insurance Driver Safety Survey. This leaves them vulnerable to being liable for debts for damage.

The data from over 1,000 respondents, aged 18 years or over, reveals that over 60% of Kiwi drivers have had one or more accidents before they have turned 30, with 18 to 24 year olds being the most vulnerable. Yet only 66% of this vulnerable group strongly agreed that it's important to have insurance cover.

“Driving uninsured can have life changing consequences that far outweigh the cost of a premium, which can be as low as the price of a weekly cup of coffee,” says Amelia Macandrew, Customer Relations Manager for AA Insurance. “If you don't have insurance and you are at fault, then you are liable to pay out of your own pocket, not just for the value of the vehicle you drive but for the value of the other vehicle or property you hit. We have drivers on our books who are still paying off their debt from the 1990s.”

Amelia cites a number of reasons for people not taking out any form of vehicle insurance including the perceived cost, the belief that the vehicle isn't worth insuring, not understanding the importance of insurance, or difficulty in getting cover.

“Many also believe they're good drivers so feel confident they're not at risk,” she continues. “Yet no matter how careful you are on the road, you can't control how other drivers behave. So, the question is, if you can't afford insurance can you afford to have an accident?”

AA Insurance quotes the case of one relieved customer whose car was hit by a 22-year-old uninsured driver. The insured driver now has a fully repaired vehicle. The young driver who was found to be at fault belatedly wishes he had third party insurance, rather than \$11,000 worth of debt that he is paying off.

“Depending on the type of policy, not only will it cover the cost of damage to your own vehicle, but if you're at fault in an accident, it will also cover the damage you may cause to another person's property,” Amelia says. “This is because, as part of your insurance, you get legal liability so if you're at fault in an accident your insurer will cover you – up to \$20m for car insurance if you're insured with us.”

In the last 12 months to the end of October 2016, AA Insurance handled over \$8.5million of debt from claims involving almost 2,800 uninsured drivers considered to be at fault in accidents with our customers. This is an increase of 5% since the same period the previous year.+

The 2016 AA Insurance Drivers Safety survey* found that older drivers (91% of 60+ year-olds), and those who had been in an accident (85%), were more likely to see the benefit of having insurance compared to the under 30s.

“If you are under 30 you are in a high risk accident age group,” Amelia said. “Even if your car isn’t worth much, it’s still important to consider some form of insurance, such as third party that costs about the same as a weekly coffee, to at least cover your legal liability should the unforeseen happen.”

What to do in the event of an accident:

- Check that everybody involved in the collision is okay and call the emergency services if necessary
- Move the vehicle(s) out of traffic if it’s safe to do so
- Take a picture of the scene with a camera or your phone
- Make sure you get the other driver’s correct registration number, name and contact number or address details - keep a pen and paper in the car for writing down details
- Contact your insurer and provide as much information as you can
- Don’t try to settle the claim yourself – leave it to your insurer

*In 2016, AAI surveyed 1,068 regular Kiwis aged 18 years or over about their driver security. The maximum margin of error on the total sample of n=1,068 is plus or minus 3 percentage points at the 95% confidence level.

+These figures do not include claims handled internally or through the legal system.

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About AA Insurance

AA Insurance has demonstrated trusted expertise in home, contents, and car insurance in New Zealand since launching in 1994. We're a joint venture between New Zealand Automobile Association and Suncorp Group, and we employ over 650 staff - who are all based in New Zealand - to look after nearly 350,000 customers and over 650,000 policies.

We proudly support youth charity Blue Light, and have been consistently recognised by: Reader's Digest Most Trusted Brands (since 2011), NZ Insurance Industry Awards (since 2012), IBM Kenexa Best Workplaces Survey (since 2008), Canstar Blue Most Satisfied Customers (2011-2016), and the Colmar Brunton Corporate Reputation Index (since 2015) that recognises New Zealand's most successful companies.

AA Insurance has an A+ (Strong) Insurer Financial Strength Rating given by Standard and Poor's (Australia) Pty Ltd. For further information visit www.aainsurance.co.nz.

For more information please contact:

Arwen Vant, Botica Butler Raudon Partners, (09) 303 3862, 021 484 232 or email arwenv@botica.co.nz

Amanda Fifield, AA Insurance Limited, (09) 927 2085 or email Amanda_Fifield@aainsurance.co.nz