

## Buying Car Insurance

This fact sheet is for information only. You should seek legal advice if you are unsure about any of the information in this fact sheet.

### Main ideas

- Insurance transfers risk from you to the insurer.
- You can choose the type of insurance cover you want to manage your risk.
- Shop around – different insurers offer different cover at different prices.
- Always answer questions the insurer asks truthfully.
- If paying by the month, check each payment goes through to keep your policy valid.

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## Insurance transfers risk from you to the insurer

When you buy car insurance, you are transferring the risk of financial loss from you to the insurer. This means that if you have an accident, the insurer will pay for the costs of the accident, such as repairs to your car, medical expenses, and legal costs. This is why it is important to choose the right type of insurance cover for your needs.

### Different types of car insurance policies

Read the fact sheet to find out more about the different types of car insurance policies available.

#### Compulsory Third Party (CTP) or Greenslips

This insurance only covers bodily damage to another person or property. You must have this insurance by law.

#### Third party property

This insurance covers damage to another person's property, such as their car or building. It does not cover damage to your own property.

Some insurers offer third party property insurance.  
**Get legal advice if you have any issues.**

### Third party fire and theft

This provides the same cover as a third party Comprehensive

Read our [Vehicle Insurance Guide](#) for more information.  
If you have a third party fire and theft policy, you and the insurer agree the value of the car is based on:  

- Market value
- Agreed value

Read our [Vehicle Insurance Guide](#) for more information.  
**Other policies – often sold by car dealers or car finance companies**

Gap insurance covers the difference between the amount of the insurance payout and the actual value of the car.

Tyre and rim insurance covers damage to wheels and tyres.

Extended warranty insurance covers mechanical breakdowns.

These types of insurance can be poor value. If you are unsure, get legal advice.

### Thinking through the cover you need

Read our [Vehicle Insurance Guide](#) for more information.  
**Choosing to have no insurance**

If you have no insurance, you may be liable for the cost of repairs to other vehicles and property.

**Choosing third party property insurance**

This provides cover for damage to other vehicles and property.

**Buying the insurance policy**

Read our [Vehicle Insurance Guide](#) for more information.  
**What you need to tell your insurer**

When you buy a policy, you must tell the insurer about any other policies you have.

**Paying premiums**

Most policies require you to pay a premium. If you are unsure, get legal advice.

**Need more help?**

Visit our [Useful Links](#) page for a list of other resources.  
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