



SHUTTERSTOCK

NEW RIDE, NEW ROUTE

Buying your next car? Here's your roadmap to safety and savings

Buying a new car is a big step, and there are many ongoing costs to think about. Most importantly for budgeting, you need to factor in the costs of registration, maintenance, parking and gas along with your insurance premiums.

We asked Stéphane McGee, head of product and pricing for Onlia, digital provider of insurance, what are the common questions and misunderstandings about car insurance and how your premiums can be affected by your choices.

Not surprisingly, there is a lot to think about.

There are some simple things you can do to try to reduce your car insurance premiums, says McGee.

“Think about bundling. Even if you don't own your home, you likely have tenant insurance. You might be able to save big on both policies when you bundle. And if your current home, condo, or tenant insurance company doesn't offer auto insurance, consider taking your policies somewhere else to keep them together.”

Your insurance premium is directly related to the value of your vehicle. That's worth evaluating as you decide on which vehicle to buy.

“Consider the repair costs if you were to get into a collision — you can go online and get quotes for cars you're thinking about buying to compare,” says McGee.

This might sound obvious, but it's worth re-stating: Driving safely is not just smart, but it can save you money in the long run. This will build a strong driving record and you will be rewarded over time with reduced rates. Consider using an app, if your insurance provider has one, that uses telematics to record and score your driving habits. You can be eligible for substantial premium reduction, or other rewards. Take for example Onlia Sense™ — Onlia insurance policyholders can earn up to \$40 cashback for driving safely with the app.

McGee outlines several other factors that go into how an insurer determines your rates.

Your car: The type of car you have will have an impact on how much your auto insurance premium will be. Its safety rating will be taken into account, as well as the cost to repair or replace it. Insurers will look at how statistically likely it is to be involved in a collision or stolen.

Age: In general, premiums are likely to be lower for seasoned drivers over the age of 25, due to their experience on the road and their lessened probability of being in a collision.

Frequency of driving (and how far): Your annual kilometres driven will be assessed — your premium will likely be lower if your daily commute is short. The less often and the less distance you're driving, the lower the risk is.

Your driving history: The number of convictions due to driving infractions, at-fault accidents, speeding tickets, and the number of years licensed will all be considered. Parking tickets are not a factor.

Where you live: Where you live is another significant factor. The risk in your neighbourhood will be assessed; large urban areas tend to have higher rates, as well as neighbourhoods and cities with high rates of collisions and

fraud. You can shop around to see which providers can offer the most competitive rate if you live in what's deemed a high-risk area.

Coverages: While there is a minimum amount of coverage required to drive in Ontario, there are optional coverages that you can add or remove from your policy. Depending on which additional coverages you choose to add, your premium might change.

Discounts: Some providers offer discounts, so it's always worth asking. They'll vary across companies, so you may find one (or a few) that give you better discounts than others.

It's important to do your research, says McGee.

“Ask friends and family, post questions on forums or social media... you'll find that people love to help and recommend services that they trust.”

You can even call mechanics to get an idea of how much regular maintenance will cost and which cars are better value and easier to repair. This will give you a good idea of how much you'll need to put aside for maintenance.

Finally, take the time to shop around. Even if you already have insurance, you might be able to find a better rate or wider coverage at the same rate. Even talking to your current insurer about the need to reduce your premiums can yield rewards. They might have some ideas that can save you money.

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