
How Car Insurance Works

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There are several different options for car insurance in Australia, and navigating through them can be intimidating at first. If you are about to compare car insurance policies, you might want to learn more about how car insurance works before you begin.

Major Types of Car Insurance

First let's look at the basic types of car insurance. You might want to note which type you require, though you might want more coverage than you at first anticipate.

- **Compulsory Third Party Insurance (CTP)**: If you don't have this, you cannot legally drive your car. This insurance covers medical costs associated with injury in an accident. Also known as a Green Slip, it is mandatory in Australia.
- **Third Party Fire and Theft**: If your car is stolen or damaged in a fire, this coverage will protect you.
- **Third Party Insurance**: Property damage to your car is covered in this type of insurance. It is often rather inexpensive.
- **Comprehensive Car Insurance**: From collision to towing and much more, this is the most expensive and extensive type of car insurance. It will protect you, your car, and other motorists and areas – it is of course quite desirable.

Note that there are other types of car insurance available, including mechanical insurance and consumer credit insurance. Proceed with caution – they may not be worth the premiums.

Whatever cover you choose, be aware not only of [how your car insurance premiums are calculated](#), but also figures such as the [coverage limits and excess](#) involved. Make sure you know what to expect.

Your Car Insurance Premium

Not all drivers are created equal according to the car insurance companies. **Your gender, age, and location** all influence your rates. A young male driver in a large city typically pays higher premiums than a woman driver in a rural area.

What and how you drive will also factor in the process. A clean driving record and an economy car are good items to have, as they reduce the risk from the insurer's perspective. Small items like a security system can provide potential for a further discount.

Discounts

You would do well to familiarise yourself with the range of [car insurance discounts](#) available. Additionally, you might keep this in mind when choosing an insurer, as one may offer a much wider range of discounts, thus beating a quote that looked cheaper at first glance. Look at bundling, multi-car, and security discounts, along with many others.

To sum up, make sure you know first of all what type of car insurance you want. Check out the deductibles and coverage limits when you consider each policy. If you haven't yet bought your car, it can be worth choosing one that will get you cheaper insurance premiums. Discounts of various kinds can help with your car insurance and your budget.

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