

Comparing Breakdown Cover To Other Insurance Types

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Breakdown cover is of course a type of insurance to cover you should you breakdown in your car or vehicle. But unlike other insurance policies has a much simpler and less critical calculation factor, to establish your yearly cost.

Take car insurance for example. To order to calculate any years premium a minimum set of questions will be asked all of which will make a difference to how much you pay. Questions like the size of your car, where you live, have you had any accidents, have you any fines such as speeding, the value of your car and how many claims you have had, these are just examples of questions you will be asked. Even home contents insurance will ask specific questions like your postcode, how big your house is to ascertain the risk factor to give you an insurance quote.

When you compare this to how your breakdown cover payments are, you find a much simpler equation. In most cases it doesn't matter what type of car you drive, how old you are or how old it is. It doesn't matter what your postcode is or even how many claims you have a year. It seems those companies who offer car breakdown cover have kept it the way it was offered by the motoring organizations of over 100 years now, and that is paying by the type of breakdown cover required rather than personal circumstances.

Making a comparison of how different types of insurance are calculated in different ways, you can't wonder what would happen if all car insurance or home contents insurance was calculated in this same way. Would everyone's premiums be cheaper or more expensive or what would happen if the same questions were asked for breakdown cover? Would the premiums go up or be cheaper to us if various risk factors were calculated during the application process to ascertain your breakdown cover premium?

My guess is, the sales of breakdown cover would drop, as it is a very competitive market anyway. As cars are becoming more reliable and more people than ever own new cars it would almost be disaster to make the process of buying breakdown cover more difficult than it is. Of course the insurance providers do not have this issue with car insurance as it is obviously illegal to drive without it, so these companies are grouped together can dictate what questions to ask and the risk factors.

The objective of comparing the allocation processes of different insurance types was to consider why there are personal risk factors to certain types of insurance but only a general risk factor to others? The answer of course comes down to commercial reasons. The public dictates the factors of breakdown cover (make it easy for me or I won't buy) where with car insurance, the insurance companies themselves can dictate the risk factors, because they know that whether we like it or not, we must have car insurance or risk being prosecuted. If the administration of the whole insurance business was taken away like a breakdown cover policy, it would be interesting to see the comparisons in lower overheads and possible savings passed on to customers. Mark is webmaster for Comparing Breakdown Cover and Home Contents Insurance and Distance Learning