

Car accident could cost more than a year at university – AA Insurance

Auckland, 24 February 2021 – Last year there were 320 claims involving uninsured drivers who caused car accidents worth more than a year of tertiary study, according to AA Insurance claims data.

“In 2020, the average fees and costs for a year’s study came to \$11,484¹,” says Amelia Macandrew, Customer Relations Manager for AA Insurance. “During the same year, the average cost of damage that these uninsured drivers were financially liable for was \$19,114 or \$6.1million collectively.”

“When you’re young and heading off to university, moving out of home or starting a new job, driving uninsured can have life changing consequences that far outweigh the cost of a premium,” says Amelia. “No matter how careful you are on the road, you can’t control what other drivers do. So, the question becomes, if you can’t afford insurance, can you afford to have an accident?”

If you’re not insured and cause an accident, then you’re liable to pay for the damage for the other car or property you hit. Third-party insurance would cover the damage you cause to someone else’s vehicle or property only. Comprehensive insurance would cover both the damage to someone else’s vehicle or property plus damage to your own vehicle.

In 2020, AA Insurance handled more than \$26 million in claims involving over 8,000 uninsured drivers considered to be at fault in accidents with its customers. When tallied against findings from AA Insurance’s 2020 Lifestyle Survey, which shows 63% of Kiwi drivers have had an accident and 65% of those have had one or more accidents before they turn 30, the price of being uninsured can be a life-changer.

Yet, despite being more likely to have a car accident, young Kiwi drivers continue to undervalue the importance of having car insurance, often believing their own car isn’t worth insuring, or an accident won’t happen to them (70% of 18-29-year-olds strongly agreed that car insurance is important vs 86% of 55+ year-olds).

Sixteen uninsured drivers have been paying off their debt since 2008, at a combined total of \$87,000. If they had been insured, their legal liability would have been covered - up to \$20m for car insurance if insured with AA Insurance.

“Just like a student loan, it can take years, if not decades, for some uninsured drivers to pay off their debt,” says Amelia. “However, unlike students who have invested in their education to set them up for future, uninsured drivers are simply clearing their debt caused by a driving mistake. Imagine what that money could have otherwise been spent on?”

AA Insurance cites the case of one young uninsured driver who lost control of his vehicle in a mall car park, hitting our customer’s car and pushing it up against a wall. Both cars were damaged, but the driver is now paying over \$40,600 back for the total loss of our customer’s car, at \$100 a week for the next eight years.

In another example, an uninsured learner driver in her 30s became distracted and drifted across the centre line. She hit our customer’s car causing around \$23,300 worth of damage. The uninsured driver is now paying back her debt at \$50 a week for the next nine years, which doesn’t include the cost of repairing her own car.

In both examples, third party insurance would have covered the damage to our customers’ vehicle, and comprehensive insurance would have covered the damage to all vehicles.

2020 Kiwi Lifestyle Survey statistics from AAI:

- 63% of survey respondents who have a licence and drive at least once a week have had an accident while driving
- Of those who have had an accident, 65% are aged 15-29, with 18-24-year-olds having the most accidents (35%)
- 94% of Kiwi drivers agree that it’s important for all drivers on NZ roads to have some form of car insurance, although the proportion of those who strongly agree is significantly down from 83% to 79% since 2019. – 70% of drivers aged 18-29 years strongly agreed that it was important to have insurance cover, compared to 86% of those aged 55+ years

In 2020, AAI surveyed 1,100 regular Kiwis aged 18 years or over about their driving. The maximum margin of error on the total sample of n=1,003 is plus or minus 3 percentage points at the 95% confidence level.

1. [Ministry of Social Development. June 2020.](#)



About AA Insurance

AA Insurance is an independently operated, New Zealand-based joint venture between the New Zealand Automobile Association (NZAA) and Vero Insurance New Zealand Limited (VINZL). Since 1994 we have demonstrated trusted expertise in home, contents and car insurance in New Zealand, and in 2018 introduced commercial small business insurance. We underwrite our own policies and sell direct to New Zealanders. Our 800+ staff look after over 450,000 customers with more than 900,000 policies.

We proudly partner with Eden Park and have been consistently recognised by: Reader's Digest Most Trusted Brands (10 consecutive years since 2011) and Quality Service Awards for Car, and Home and Contents Insurance (since 2015), Kantar Customer Leadership Index (since 2019), Canstar Blue Most Satisfied Customers (2011-2018), and the Colmar Brunton Corporate Reputation Index (since 2015) that recognises New Zealand's most successful companies. Last year, AA Insurance was also named Consumer NZ People's Choice award winner for car, home and contents (since 2019).

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

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