

Product information leaflet: Motor Vehicle Insurance

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This product information leaflet presents general information about motor vehicle insurance. The product information leaflet offers a brief description of some important aspects of motor vehicle insurance. Since each insurer's **policy conditions** may be different, it is important to always read those **policy conditions**. If you have any questions after having read them, you should contact the insurer or your insurance adviser to ask for an explanation. The **Dutch Association of Insurers** (*Verbond van Verzekeraars*) has rules for how insurers should structure their product information leaflets. This product information leaflet is compliant with those rules.

The common forms of coverage are:

- *Third-party motor vehicle insurance;*
 - *Limited damage insurance;*
 - *Comprehensive damage insurance.*
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What risks are covered?

- *Third-party motor vehicle insurance*
You are required by law to have third-party motor vehicle insurance if you own a motor vehicle. This means that you can be fined or prosecuted if you do not fulfil this obligation. This insurance covers damage that your motor vehicle causes to others for which you are liable. It covers both **material damage** and **bodily injury** caused to persons other than yourself. The costs of such liability can be high. This policy offers you protection against financial difficulties stemming from damage or injury that you have caused. The claims that the insurer compensates are generally many times higher than the premiums that you pay for the insurance. Third-party motor vehicle insurance does not cover damage to your vehicle: that is covered by limited and comprehensive damage insurance, which you can take out on top of the mandatory third-party motor vehicle insurance.
 - *Limited damage insurance*
Limited damage insurance offers coverage for your car against theft and damage caused by storms or lightning, for example. It also covers damage caused by collisions with animals. These policies generally include a **policy excess**.
 - *Comprehensive damage insurance*
Comprehensive damage insurance covers not only the damage covered by limited damage insurance, but also damage that you cause to your vehicle yourself. It also covers damage caused to your vehicle by another person. Your insurer will first compensate you for the damage, and then recoup the costs from the person who caused the damage. This ensures that quick and simple payment of your claim. These policies generally include a **policy excess**.
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What may you expect from your insurer?

The insurer will seek to settle the claim as quickly as possible. This is often very fast in the case of **material damage**; with **bodily injury** it may take more time, since the victim's recovery must be taken into account. If you have caused **bodily injury**, your insurer must observe **certain rules** when settling the claim. Bear in mind that if you cause any damage your premiums will be higher the following year. If the accident victim disagrees with any element, he or she may initiate legal proceedings. Your insurer will conduct the proceedings on your behalf.

What are your obligations?

You have to pay **premiums** for this insurance. Those premiums are subject to **insurance premium tax**. In some cases, you will also be charged a policy fee. You must report any damage that you have incurred to your insurer or your insurance adviser as quickly as possible. You must also report any **changes** in your circumstances to your insurer or insurance adviser as quickly as possible.

On what factors do the premiums depend?

Various factors come into play when your insurer calculates the premiums. The most important of those factors are:

- your **age**;
 - the motor vehicle's details, including its price;
 - **where** you live;
 - the number of kilometres that you drive on an annual basis;
 - whether you use the car, motorcycle, moped or motor-assisted bicycle for private or business purposes;
 - how many **claim-free years** you have.
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Besides claims, what else is paid from the premiums?

Besides claims, the premiums are also used to pay for the following:

- the costs of education to prevent damage and injury;
- the costs of legal proceedings;
- claim settlements;
- investigations by **consultants**;
- **prevention costs**;
- the costs of towing your vehicle after an accident;
- the insurer's costs, e.g. costs for conceiving and selling the insurance, administrative charges and costs of providing information to clients;
- the costs of the bank or insurance adviser. If you take out the insurance policy with a bank or an insurance adviser, the insurer generally also pays a fee to that bank or insurance adviser. That fee is known as a commission.
- **Incident Management Personenauto's** (Car Incident Management): This is an organisation with which various parties are affiliated, including insurers. Car Incident Management helps to ensure that the road is cleared as quickly as possible after an accident.
- **Waarborgfonds Motorverkeer** (Dutch Motor Traffic Guarantee Fund): The Guarantee Fund is financed by all motor vehicle insurers operating in the Netherlands, and makes it possible to compensate damage caused by unknown parties or uninsured vehicles.
- **Nederlands Bureau der Motorrijtuigverzekeraars** (Dutch Motor Insurers' Bureau): All motor vehicle insurers operating in the Netherlands are affiliated with the Dutch Motor Insurers' Bureau and are provide this organisation with most of its funds. The activities of the Dutch Motor Insurers' Bureau consist of settling claims for damage caused by foreign vehicles in the Netherlands.

Glossary

Insurance premium tax	This is the tax that the government levies on non-life insurance premiums. Your insurer remits the tax paid to the tax authorities.
Prevention costs;	Prevention costs (<i>bereddingskosten</i>) are the costs incurred at the time of or immediately following an event to prevent or limit damage or injury.
Consultants	Consultants include experts, doctors and employment consultants. The services of experts are engaged to assess and determine damage to motor vehicles or other objects. Doctors assess and advise on such matters as the bodily harm suffered by victims. Employment consultants deal with matters such as assessing and advising on the implications of bodily injury if the victim is unable or only partially able to work as a result of an accident.
Policy excess	A policy excess is an arrangement with your insurer that you will pay part of the claim yourself. Stipulating a high or a low policy excess will affect your premiums.
Age	Studies show that young people and older people represent a higher risk of causing damage. As such, your age may affect the premiums that you have to pay for your insurance.
Bodily injury	Bodily injury is harm caused to a person or his or her health, such as a concussion suffered by the victim of an accident. The costs resulting from bodily injury can be very high: they include long-term loss of income if the victim is unable to work as a result of an accident. Your coverage for liability for bodily injury is at least 5 million euros.
Material damage	Material damage is damage to goods, such as damage to the victim's car or moped; damage to the his or her clothes also qualifies as material damage. Your coverage for liability for material damage is at least 1 million euros per accident.
What are motor vehicles?	Motor vehicles are vehicles such as cars, motorcycles, mopeds, motor-assisted bicycles, mobility scooters, microcars and invalid vehicles. This product information leaflet uses the term 'motor vehicle' to refer to these types of vehicles.
Policy conditions	Insurance is a contract between you and your insurer. That contract is recorded in a policy document and policy conditions, which together form the policy. The policy defines the risks insured, the exclusions and other coverage restrictions in very precise detail, as well as other rights and obligations. As such, this document is very important for you.
Premiums	Premiums may be paid by on a monthly, quarterly, semi-annual or annual basis. Premiums must be paid on time. If your payment is late, your coverage might lapse.
Rules for settling claims	The Code of Conduct for Handling Personal Injury Claims (<i>Gedragscode Behandeling Letselschade</i>) sets out important rules by which insurers are required to abide. For more information about the Code of Conduct, go to www.letselcode.nl
Claim-free years	The number of years during which you have not filed a claim may affect your premiums. Your claim-free years are one factor for determining where you rank in the bonus-malus system. This is sometimes referred to as a no-claim discount.
Dutch Association of Insurers	The Dutch Association of Insurers (<i>Verbond van Verzekeraars</i>) represents the interests of private insurance companies operating on the Dutch market. Together, the Association's members represent more than 95 percent of the insurance market.
Where	Your chances of incurring damage are higher in certain provinces and locations. For example, if you live in a city, you run a higher risk of damage than if you live in a rural area.
What qualifies as a change in circumstances?	Examples of changes in your situation include relocation (whether in the Netherlands or abroad), if you buy a different motor vehicle or if another member of your household starts driving the vehicle instead of yourself.