

Understanding your renewal premium



Motor insurance that rewards good driving

Discovery Insure gives you comprehensive cover for your insured assets. We may adjust your premium each year to cover changes in risk and claims-cost inflation expected over the coming 12 months. Therefore your monthly premium may increase at each anniversary even if you did not claim.

How we calculate your premium

The chance of you having one or more claims in the next year and the expected costs associated with these claims have the biggest impact on your monthly premium. We determine this by evaluating historical claims data of clients with a similar risk profile to yourself.

For example, if 100 clients with similar risk profiles had 10 claims every month costing R20 each, the premium for each client would be R2 every month (10 claims x R20 for a claim ÷ 100 clients).

This example does not take into consideration the capital costs and expenses which also impact your premiums.

Factors that affect your premium every year

We calculate your renewal premium by considering any expected changes in the likelihood of you having a claim as well as the size of any claim you may have.

01 | Your expected number of claims

To determine the likelihood of you having a claim, we consider risk factors like your age, driving experience and overnight address. The factor that has the most impact on your likelihood of claiming is your driving behaviour.

Through Vitalitydrive, Discovery Insure helps you manage and improve your driving behaviour by rewarding you for driving well every month.

Other factors, out of your control, such as a deteriorating weather pattern and changing crime patterns, may also affect the chance of you making a claim, which would impact on your renewal premium.

02 | Repair cost inflation can increase your premiums significantly

Every year the cost of car parts and labour increase because of factors like inflation and the rand-dollar exchange rates for imported parts. This can have a big impact on your premium as more than 90% of all motor claims result in vehicle repairs.

For example, if repair inflation is 15%, then your motor premium will increase by 13.5% (15% x 90%).

03 | Vehicle depreciation can slightly lower your premium

Your car's value decreases every year. This means that if your car gets written-off or stolen in the next 12 months, you will be paid out less than the car's current value.

As a result, you should pay less for your insurance. However, less than 10% of all motor claims fall into this category. For this reason, your vehicle's depreciation would not lower your anniversary premium by much.

For example, if your car value depreciates by 15% in a year, then your motor premium will decrease only by 1.5% (15% x 10%).

Please note: Your renewal premium may differ from the examples shown here, depending on your unique risk circumstances and the assets you insure.

Three things to do at your Plan anniversary



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01 | Check your sum insured values

You may need to increase the value of your sum insured to account for inflation and new purchases. The cost of imported goods may have also increased due to the appreciation of the rand-dollar exchange rate.

It is a good idea to check the following sum insured values:

- Household contents
- Buildings
- Portable possessions
- Vehicle extras.

Also remember to specify any new portable possessions you have purchased during the year.

02 | Update your personal risk details

Double check your personal details on your Plan Schedule. This includes your risk address, contact details, vehicle details and any specified items.

It is important that these details are correct because they will affect your insurance premium. We may also reject your claim if you have given us incorrect information.

03 | Take advantage of our unique excess funding solutions

If you are on the Classic, Executive and Essential Plan, you can double your fuel rewards by choosing to have it paid into your Excess Funder Account.

Check the balance of your Excess Funder Account. If your balance is higher than the basic motor excess, or your chosen voluntary excess, you can increase your motor excess up to the value of your Excess Funder Account.

If you are on any Discovery Insure Plan you can also use your Discovery Miles to pay for any Discovery Insure excess.