

Car Insurance

The following advice should not be taken as the definitive answer on car insurance worldwide. It is merely a non-expert's view on what to look for when exchanging cars, and on how to approach the business of confirming that you have adequate insurance cover for your holiday.

If you would like to exchange cars, now is the time to check if your policy will allow you to add a named driver, and that there are no 'small print' clauses which would exclude someone because they do not have a German driving license or for some other reason such as nationality. If in doubt, ask your broker or car insurance company. But remember, if your policy allows you to add a named driver, and it does not exclude foreigners, then they are by definition included - assuming of course that they have a full license and a clean driving record.

Consider whether you want to make a written agreement with your exchange partner as to who pays the insurance excess charges in the event of a claim. The excess charge usually means the non-claimable part of an insurance claim, typically 150 € to 500€ . Most exchangers agree to pay this excess if they involve their exchange partner's car in an accident.

Take care if you are offered a printed form to sign, particularly one that seems to demand that you insure the other exchange partner for various types of risk whilst showing little or no understanding of the cover which your policy provides them. There are often significant differences between the car insurance laws and practices of different countries. For example, you might find that a Canadian wants you to agree to pay four years' worth of 'no-claims discount' in the event of accident. You have probably already paid your insurance company for a protected no-claims bonus. Thus the Canadian is asking for a major commitment on your part, but is offering nothing worthwhile in return. If you find yourself in this situation, you should consider crossing out this one-sided clause before signing the form and informing your exchange partner of the reasons. A particular area to watch is third party cover. Your policy is likely to include a very high or possibly unlimited level of third party cover for the other driver. If that driver is Canadian or American it is quite possible that his/her car insurance policy includes a mere \$25,000 - \$50,000 of third party cover for you. Ask them to upgrade the third party cover to \$500,000 or more, and get a photocopy of the amended policy.

When approaching your car insurance company to confirm cover for your exchange partner, it is not necessary to say that you want to swap cars with a foreigner. The fact that you will drive the other partner's car is irrelevant in this situation. The company may assume that you're involved in some sort of commercial arrangement and point to a restrictive clause in your policy. We suggest you simply ask for confirmation that your policy can be amended to cover a named driver. You should of course be able to confirm that the particular driver is not excluded on the grounds of nationality, race or creed by some clause or other catch-all in your policy's 'small print'.

If doing a car exchange is important to you, and your car insurance policy will not cover you adequately, changing your policy may be the best option. If you have difficulty obtaining an annual policy which will cover your exchange partner, please call us for the names of suitable companies which other members have used in the past. By the way, we do not know of any company which will issue car insurance for just the period of an exchange; the only options seem to be to make sure your annual policy gives you the cover you need, or to change your policy for a better one.

Having read this page, you may wonder if it's worthwhile trying to agree a car exchange! It is in fact very worthwhile, and it is almost always satisfactory and successful. The vast majority of car exchanges are undertaken without any problems whatsoever, and this advice therefore addresses only the one or two cases where a member may be having some difficulty.