

Your Coverbox questions

COVERBOX, the second-generation pay-as-you-drive (PAYD) car insurer, is approaching the 5,000 quotes landmark – and closing in on almost as many questions about how the system works.

Drivers taking out a Coverbox PAYD policy have a GPS black box fitted which enables monitoring of vehicle movement and distance covered at different times of the day, but which also has a built-in theft tracking feature. Drivers are charged different mileage rates according to the time of day they use their vehicle.

"The bottom line is that a huge number of drivers who have reasonably regular car travel patterns will undoubtedly save money, but we feel we have a duty to educate and advise those drivers who are perhaps understandably unclear on the differences between traditional and PAYD car insurance," said Penny Searles of Coverbox.

"A car owner will make a big decision maybe once a year on his or her car insurance, but insurers deal with the same matter from another perspective thousands of times a day.

"As a result we've decided to highlight the six most asked questions about PAYD car insurance."

Pay-as-you-go insurance is huge success

1: If drive my car half as much as I used to, should I therefore pay half as much?

No. Certain elements of risk such as theft, vandalism and accidental damage do not decrease with lower usage.

Out of a £100 premium, only £30-£40 is attributed to risk while driving. The remainder is influenced by potential exposure to third parties who come into close proximity – or contact – with your car.

2: Is PAYD only good for young or very low mileage drivers?

No. Coverbox PAYD is designed to offer competitive premiums for drivers who drive up to 20,000 miles per year.

Coverbox's insurers – The Co-operative, Allianz, Equity Red Star and Groupama – award discounts for security (ie theft tracking), fraud reduction and "customer profiling" (ie customers who agree to be monitored) which together are bigger considerations than usage.

3: Can the GPS "black box" be used by police to establish your speed before an accident?

Police can request the information, however Coverbox doesn't monitor or record speed. Speed cannot also be inferred from the Coverbox device data with enough accuracy to be used in a court of law.

4: Is the black box just another "Big Brother" designed to spy on people?

Strict security and data encryption need to be in place, and data protection laws prevent personal information being used for anything else apart from its intended purpose.

5: Is "pay-as-you-go" insurance the same as "pay-as-you-drive" insurance?

No. Pay-as-you-go insurance is short-term insurance (less than one year) and does not involve the installation of a device inside your vehicle.

6: Am I only insured when I am driving my vehicle?

No. Coverbox PAYD is fully comprehensive and you are insured at all times whether you are driving the vehicle or not.

Coverbox pay-as-you-drive

(PAYD) insurance allows drivers to take out comprehensive cover that is paid for by the mile, with the price per mile varying according to the time of the day or night: off-peak, peak or "super-peak" times. The black box is installed with a one-off payment of £30.

Over-23s are charged according to rush hour (Monday to Friday 7.30am-9.30am and 4.30pm to 6pm excluding public holidays) or off-peak use, but under-23s are also subject to a "super-peak" charging structure: Friday, Saturday and Sunday 11pm to 5am, and public holidays 11pm to 5am. Under-23s will also receive a bonus of 200 free off-peak miles every three months if they stay claim and conviction free.

The technology behind Coverbox – provided by Cobra, one of Europe's leading automotive security companies, and based on proven equipment specified as original equipment by several major car makers – means customers will have the additional peace of mind of theft tracking: in virtually all cases, Coverbox can track and locate the car if it is stolen.

