

Insurer pays your excess fee for you

A NEW insurance package in France has made it possible for motorists to claim back the full cost of damage repairs without having to make a contribution themselves.

The new scheme, which runs independently from the car insurance policy, pays the excess – called a *franchise* in French – that car insurers typically deduct from any amount claimed.

For example, if a car needs €1,000 of repairs and the insurance policy has a €300 excess, the motorist will get back €700 from their insurer and the remaining €300 from DSA Europe, the firm launching the service in France.

The initiative is the brainchild of two British businessmen, Peter Driscoll and Jeremy Snowball, who saw that “excess insurance” was proving popular in the UK and decided to launch a similar scheme here for France’s 38 million motorists.

Mr Driscoll said many motorists were unaware when taking out car insurance policies how much of the cost of repairs would not be reimbursed, prompting a nasty shock when it came to making a claim.

“When people buy an insurance policy they stick a tag in the front windscreen and forget about it,” he said.

“Most people don’t read the small print in their policies.

“If you ask someone what their excess is they won’t have a clue.”

The DSA Europe service, which the company hopes to roll out to countries other than France, comes with an annual premium of between €35 and €50 depending on

the amount of cover needed.

It can be taken out at any time, so does not necessarily have to coincide with the renewal of a car insurance policy. The service also means that, when it comes to renewal time, car owners can choose a motor insurance deal with a cheaper premium but higher excess, knowing they will not have to pay the excess in the event of a claim.

Mr Driscoll said no longer having to worry about paying the excess would encourage motorists to take full advantage of their car insurance cover.

“In the past if the garage said it would cost €301 to repair and I had a €300 excess I’m not going to make a claim because I will only get €1 back.

“This service has not existed before because from an insurance company’s viewpoint they do not want you to claim.

“The big insurers are not going to say ‘let’s do this’ because it would increase their claims frequency.”

He dismissed any suggestion that doing away with the excess might encourage people to make trivial or even fraudulent claims.

“I don’t think we’re going to have a spate of people going out and crashing their cars,” he added.

“We only pay up when the original insurer has verified the claim is genuine and has decided not to pay the excess.

“The insurance industry is very strict on what they will pay and they will do their own due diligence.”

DSA is now looking at extending the service to other types of insurance.

Money Makeover: Advisors review real life situations

Investing: where do I start?

WE ARE in the process of moving to France as early retirees. We expect to have around €300,000 from selling our house in the UK which we will need to invest and rely on for income until our UK pensions are payable. I know of UK products such as bonds and ISAs but am not sure about suitable investments in France. We are not big risk-takers. R.B.

Tim Yates

The Spectrum Group, Valbonne (Alpes-Maritimes)

WHILE I would need more information relating to your family and financial situation before I could give you specific tailor-made advice, what I can say is that the investment structure you should be considering for your capital is one called *assurance vie*. This is essentially an investment portfolio wrapped in a life assurance policy with minimal life cover.

If you are resident in France it is probably the most tax efficient home for your capital. Your investment is not subject to capital gains tax. Income tax and social charges apply only when you withdraw funds from the policy, and then only on the gain element of the withdrawal.

After a qualifying period the income tax rate reduces dramatically and you have a personal tax free allowance. If you will be liable for wealth tax you can shield your capital from this liability for five years after you arrive here by choosing an *assurance vie* product provider that is domiciled outside France. Also, when the time comes, you can leave this capital to whoever you wish and the first €152,500 per beneficiary is free from succession tax.

You are able to choose from a very wide range of funds covering all investment scenarios, so your financial adviser will be able to help you choose funds that are consistent with your attitude to risk.

Sterling is currently relatively weak against the euro. This being the case you could choose sterling-denominated funds initially for your *assurance vie*, with a view to switching to euro-denominated ones later.

It makes a lot of sense to start your *assurance vie* as early as possible due to what we refer to as the tax clock, which I would explain to you in detail. Also, although your capital is accessible at any time, *assurance vie* plans are designed as medium to long-term investments. For this reason I would recommend that you keep any income requirement you have in the first three or four years outside this structure and in a higher-interest deposit account.

Robert Kent

Kentingtons, Cotignac (Var)

THERE are many investment structures in France, offering different advantages. The fact that you are not risk-takers and nearing retirement gives me a pointer to *assurance vie*. This is not an investment but merely an investment structure. It has particular advantages for those in or nearing retirement.

Ease of administration: It probably seems daunting to use a French structure, as you might fear the complications, but if you have a French contract it could be that you need not even mention it on your income tax return, as in some cases the tax can be deducted at source.

Tax avoidance: In most cases, the majority of any withdrawal is deemed as the return of your own money, thus not taxable, making this structure very tax-efficient. It also avoids capital gains tax and, in some cases, wealth tax.

Succession laws and inheritance tax: Proceeds are paid directly to the beneficiaries, so this structure can be used to get around succession law and reduce or even avoid inheritance tax.

Access to security: French contracts have access to guaranteed funds known as *fonds en euros* that offer a guaranteed return which has historically significantly outperformed deposit-based investments. These funds can even be obtained using sterling. Only French contracts have access to this type of fund. French contracts are only obtainable from properly registered brokers.

Access to income: With nearly all French contracts, you may withdraw, take an income, increase or decrease income or draw it all out and close it without cost or penalty at any time.

Flexibility: In the event you would like a different approach, these contracts can often access hundreds or even thousands of different funds. Advice on French contracts can only come from a qualified and registered consultant (*conseiller en investissement financier*).

This is an easy-to-administer, secure, tax-efficient structure with no penalties and access to flexible income, so it is ideal for the early retiree. Be wary of non-French contracts as they may not achieve all the benefits available and there seems little point to these. If you are in France, why not your money too?



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