



## Teen Road to Safety

February 10<sup>th</sup>, 2017

Irvine, CA

**What to consider with respect to automobile insurance as it pertains to a teen driver:**

- **Does my current automobile insurance policy include provisions that extend benefits while my teen driver is practicing on mine or other's vehicle?**
  - During this period, consider having a discussion with your teen regarding:
    - Parent-Teen Safety Contract (sample attached)
    - What steps to take in the event of a collision (sample informational tri-fold attached)
- **How does the licensing date affect automobile insurance premiums?**
  - Premiums are based on the date first licensed, so the longer your teen waits to become licensed, the longer it will take for premiums to lower (the first 3 years of licensing are the highest)
- **What can I expect to pay in premiums?**
  - The typical additional premium range to add a teen driver to an automobile insurance policy is between \$150-\$350 per month
    - Factors affecting premiums:
      - Increased vehicles on the road in California since 2015. More of this driving in newer cars which are more costly to repair than their predecessors.
      - Distracted driving is implicated in 25% of collisions when talking on phones or texting is involved. ([www.distraction.gov](http://www.distraction.gov))
      - Medical costs have been climbing 1.5 times faster than other costs resulting from collisions. More fatalities and other severe accidents, especially when teen drivers with teen passengers are involved. (Centers for Disease Control and Prevention & The Insurance Institute for Highway Safety).

- **What discounts or rating factors should be considered?**
  - Good student discount (full-time enrollment with 3.0 or better GPA is available with most carriers).
  - Occasional operator credit when a teen driver does not have a vehicle available for regular use.
  - Driver assignment when a teen driver is assigned to a vehicle of lower rating classification due to the type of vehicle & coverages needed.
  - Mileage tracking devices can assist in ensuring the premium charged is appropriate to the use of the vehicle.
- **Do the current automobile policy limits adequately reflect the household exposure?**
  - When a household's net worth is close to \$500,000 as well as considering potential earnings garnishment (up to 25% of take-home pay for 10 years), it is highly recommended to purchase the maximum policy limits available.
  - A personal umbrella policy is highly recommended if maximum policy limits on the underlying automobile policy are recommended (informational flyer attached)
- **Is my automobile insurance representative someone I can reach out to with questions or concerns and can respond with a heart of a teacher to educate me instead of simply trying to sell me an insurance product?**
  - These additional costs make it tempting to reduce your costs by reducing your insurance coverage. But at a time when the risk of costly accidents is rising, it may not be wise to save money by undercutting your family's protection against financial loss. An independent agent is dedicated to help educate his or her clients as well as reduce insurance costs without sacrificing protection that ensures a feeling of security

