

Teenagers and Driving

The first years teenagers spend as drivers are very risky. In fact, teen drivers have the highest death rates of any age group. According to the U.S. Department of Transportation, 3,490 teenaged drivers died, and 272,000 were injured, in motor vehicle crashes in 2006. Drivers age 15 to 20 accounted for 12.9 percent of all the drivers involved in fatal crashes and 16 percent of all the drivers involved in all police-reported crashes.

Immaturity and lack of driving experience are the two main factors leading to the high crash rates among teens. Even the best teenage drivers don't have the judgment that comes from experience. It affects their recognition of, and response to, hazardous situations and results in dangerous practices such as speeding and tailgating. They also engage in risky behavior—eating, talking on their cellphones, text messaging, talking to friends in the car—and they often don't wear their seatbelts.

While getting a drivers license is an exciting rite-of-passage for teens, it can be enough to make a parent frantic. The Insurance Information Institute recommends parents take the following steps to ensure their teens' safety:

- **Pick a safe car.**

You and your teenager should choose a car that is easy to drive and would offer protection in the event of a crash. Avoid small cars and those with high performance images that might encourage speed and recklessness. Trucks and sport utility vehicles (SUVs) should also be avoided, since they are more prone to rollovers.

- **Have your teen take a driver's education course.**

A teenager who has learned to drive through a recognized driver's education course may be viewed more favorably by insurers. In some states, teens must take a driver's education course if they want to get a license at age 16; otherwise, they have to wait until they are 18. The more driving practice they have, the more confident your teen will be behind the wheel, and the better able to react to challenging situations on the road.

- **Enroll your teen in a safe driver program.**

Some insurers offer "safe driver" programs. Teen participants in these programs sign contracts stating that they will not, for instance, drink and drive. Check whether your insurance company has such a program—if your teenager completes the program, you may be eligible for a discount. In addition, some insurers now offer discounts for parents and teens who install tracking devices in the car. Parents can monitor their children's driving with a small global positioning system (GPS) device fastened to the dashboard. The GPS is connected to a Web site that lets parents set limits on their children's driving. For example, if the car goes over a certain speed, or ventures too far from home or school, the parents will automatically receive a message.

- **Talk to your teen about the dangers of combining driving with alcohol, drugs, lack of sleep and distractions.**

Teach your children about the dangers of drinking and driving, and other distractions. Accidents occur each year because a teen driver was driving while drinking, using a cellphone, text messaging, playing with the *radio* or CD controls, or talking to friends in the backseat. Also, teens should be careful not to create distractions and to exhibit safe behavior when they are passengers in their friends' cars.

- **Be a good role model.**

New drivers learn by example, so if you drive recklessly, your teenage driver may imitate you.

Always wear your seatbelt and never drink and drive.

• **Institute a graduated drivers license program for your teen.**

Many states have been successful in reducing teen accidents by enacting graduated drivers license (GDL) legislation. These laws, which include a three-phase program, allow teen drivers to develop more mature driving attitudes and gain experience behind the wheel. New drivers are restricted from certain activities, such as driving with passengers, until they have had their licenses for a set period, such as six months. A number of states have also reduced teen accidents by restricting the amount of time new drivers may be on the road without supervision.

You can institute the same policies with your own children even if your state does not have such a program. Introduce privileges gradually. Allow independent driving only after continued practice including night driving and driving in inclement weather. Keep in mind, teens do not all reach the appropriate level of maturity to handle a drivers license at the same time. Parents should consider whether teens are easily distracted, nervous or risk takers before allowing them to get a license or even a learners permit.

You can protect yourself financially and lower the cost of insuring your teen by doing the following:

1. Talk to your teen about the relationship between having an accident and insurance costs.

Teens often forget that the cost of driving includes auto insurance. Explain to them how a driving infraction or accident can drive up insurance costs.

2. Shop around.

Insurance companies differ dramatically in how they price policies for young drivers, so spend some time researching prices.

3. Insure your teen on your own policy.

It is generally less expensive for parents to add teenagers to your insurance policy than for teens to purchase their own. By insuring your teenager's car with your insurance company, you can also qualify for a multi-vehicle discount.

4. Find out how your insurer assigns drivers to cars.

Some insurers will assign the driver who is the most expensive to insure (generally the teenager) to the car that is the most expensive to insure. If possible, assign your teen to the least valuable car. Some insurers will allow policyholders to do this if the number of automobiles equals or exceeds the number of insured drivers on a policy. With this kind of arrangement there can be no exceptions; your teen must use only the car to which he or she is assigned, even in an emergency. If your teen is involved in an accident with an unassigned car, penalties could be imposed and your premiums might increase.

5. Increase your liability insurance.

Should your teen get into an accident, state minimums for liability insurance will not be enough to fully protect you from lawsuits. Many vehicles today are worth more than \$15,000 and medical bills for injuries could easily exceed \$20,000 for one person. If your teen is found negligent in an accident and the damages exceed your insurance limits, you will be held financially responsible and can be sued in court for those amounts not covered by your insurance.

Consider an umbrella liability policy. An umbrella policy kicks in when you reach the limit on the underlying liability coverage in a homeowners, renters, condo or auto policy. It will also cover you for things such as libel and slander. For about \$150 to \$300 per year you can buy a \$1 million personal umbrella liability policy. The next million will cost about \$75, and \$50 for every million after that. Most insurers will want you to have about \$250,000 of liability insurance on your auto policy and \$300,000 of liability insurance on your homeowners policy before selling you an umbrella liability policy for \$1 million of additional coverage.

6. Raise your deductible.

Going from a \$250 to \$500 or \$1,000 deductible can save you 10 percent to 20 percent on your premium. You can use those savings to increase your liability insurance.

7. Let your insurer know if your teenager is going away to school.

You may be eligible for lower premiums once your teen heads off to college, providing he or she leaves the car behind. Many insurers will reduce rates for students attending a school at least 100 miles away from home and who do not have a car on campus.

8. Encourage your teen to get good grades and to take a driver training course.

Most companies will give discounts for getting at least a “B” average in school and for taking a recognized driver training course.

Contact your insurance agent when your teen is about to get his or her learners permit. Your agent will explain the costs involved in insuring a teen driver. The good news is, as your teenager gets older, insurance rates will drop—providing he or she has a good driving record.