

Can I Afford My New Driver?

Young drivers are expensive to insure. Such drivers, particularly teenagers, cause a high amount of traffic accidents because of their lack of experience and the fact that, due to their youth, they tend to be distracted drivers who also like to take risks. If your household is about to add a new driver, make sure that he or she understands that poor driving habits can result in higher premiums or a canceled policy. Here are some methods to help minimize the cost of a new driver:

- Have your child complete a driver training class. The class' cost is easily offset by lower insurance premiums. You also gain a more competent young driver.
- Ask your insurer if it gives discounts to students with good grades.
- Find a company that charges a rate according to the car your new driver usually drives instead of assigning him or her to the most expensive vehicle.
- Try to discourage or delay your child's driving to school. Insurers charge a lower premium for less frequent driving.
- Build a long-term relationship with your insurer. Some companies reward longevity by forgiving a driver's first accident or minor traffic violation.
- Increase your physical damage deductibles or, for older vehicles, eliminate this coverage.
- If your child owns a vehicle, he or she should have a separate policy. However, if you share the cost of the car and its insurance, it may make sense to also own or co-own the vehicle. Your ownership interest lets you take advantage of a multiple-car discount.
- Think carefully about giving a young driver his or her own car. Coverage for young drivers who have full-time access to a vehicle is very expensive. Make sure you balance the considerations of convenience, cost and safety.

Don't pursue lower premiums blindly. It's important that your young driver is protected from the financial consequences of causing a serious accident. Further, you may need to protect yourself since you could also be sued for an accident caused by your son or daughter. You might consider getting higher limits of liability by purchasing an umbrella policy. Talk to an insurance professional about more strategies to keep your new driver affordable.

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