

# Consumer Counselor

## Insurance Information for Michigan Consumers

### Insuring Your Teenage Driver

Insuring a teenage driver is often an additional cost for many Michigan parents. Statistics show that drivers under the age of 25 are involved in more car accidents, and as a result, many insurance companies consider them a greater risk which can increase a family's auto insurance premium.

#### Adding Your Teenage Driver to Your Policy

It is important to notify your agent when your teenager becomes a licensed driver so they can be added and rated on your policy. Failure to notify your insurer could result in your insurance company retroactively rating your policy for the additional driver, causing a large amount of premium being owed on your next premium billing notice. Your insurer could also deny a claim or cancel your policy if you fail to notify them about all licensed drivers in the household, including teenage drivers.

Some insurance companies require that they be notified once a driver receives a learner's permit, while others require notification when a driver receives their license. It is important to check with your insurance agent to find out your company's requirements.

#### Shopping Around

Adding any driver, especially a teenage driver, to your auto insurance policy will increase your premium. Rates insurance companies charge can vary dramatically so it pays to shop around when adding a teen driver to your policy. By shopping around, you can determine the best insurer to provide coverage based on the company's underwriting and rating rules.

You can also work with your agent to determine the best way to insure your teen driver. For example, if there is one vehicle on the policy and a newer, expensive luxury car, adding a teen driver may considerably raise your premiums.

In a multi-vehicle policy, many insurance companies rate a teen driver on the most expensive vehicle in the household while others may determine your rate based on the vehicle your teenager will drive. Having

your teen drive a modestly priced economy car may significantly lessen any increase to your premium.

#### Discounts

Making sure you have all the discounts offered by your insurance company is a great way to lower your premium following the addition of a teenage driver. For example, if your teen is an honor roll student or has a job, some companies may offer a reduced premium. Other discounts that may be available to reduce your rates include:

- Safe driver discount
- Low mileage driver
- Two or more cars on a policy
- Airbags or other safety equipment
- Anti-theft devices
- Auto/home insurance on same policy or with same company

#### Consider Revising Coverage or Deductibles

You may also consider revising your coverage amounts and deductibles to lower your premium. For example, you may be able to lower your premium by increasing the deductibles on collision and comprehensive coverage or by removing physical damage coverage on an older vehicle.

Before making any changes you should determine what coverage requirements a lienholder may have and whether you could afford to absorb a larger portion of your loss in the event of an accident.

#### About DIFS

The mission of the Michigan Department of Insurance and Financial Services is to ensure that the insurance and financial services industries are safe, sound, and entitled to public confidence, while providing a business climate that promotes economic growth. In addition, the Department provides consumer protection, outreach, and financial literacy and education services to Michigan citizens. For more information please contact DIFS at 877-999-6442 or visit [www.michigan.gov/DIFS](http://www.michigan.gov/DIFS).

