

Teen drivers



WAYS TO TRIM COSTS

Parents: get ready, get smart, and brace yourself.

If you're about to add a teen driver to your policy, your family budget – if not the family car – is about to take a hit.

The National Highway Traffic Safety Administration points to teens ages 16 to 19 as the drivers most likely to be involved in fatal crashes.

That fact isn't lost on insurers. The Insurance Information Institute says to expect a 50% to 100% increase in insurance costs when you add your teenage son or daughter to your policy. The Consumer Federation of America says to triple your rates if you're adding a 16-year-old boy; double them for a girl.

Parents can trim the bill with these tips – if you and your teen can manage them.

Delay licensing. Teens tend to be safer drivers at age 18 than 16. Also, PEMCO rates usually drop when drivers reach ages 19, 21, and 25.*

Keep a clean driving record. A reckless-driving conviction or DWI can raise teen insurance rates from a few hundred dollars a year to thousands of dollars.

Shop for safety features. If you get a car with devices like electronic stability control, side air bags, and automatic seat belts, you can lower your rate considerably.

Choose a safe car. A teenager's rates could be cut in half if he or she drives a safer car, like those recommended by the Insurance Institute for Highway Safety. Newer cars with front and side air bags cost less to insure, and they're safer to drive. Sports cars, luxury cars, high-performance cars, and SUVs cost more to insure because they present higher risk.

Take advantage of good-student discounts.

Almost all companies reward kids for good grades, but not all their discounts are equal. PEMCO, for example, shaves 25% to 30% off liability, collision, comprehensive, and PIP premiums for students who average a "B," make the dean's list, or rank in the top 20% of their class. Most other companies' discounts average 20%.

Sign up for a distant-student discount if your teen attends college 75 miles from home and doesn't have a car. Keep the teen on your policy, though, for when he or she visits home and wants to drive.

*Insurance changes throughout a driver's life. Premiums (and risk) are highest for people under 25. Rates dip during mid-life and may climb again as we age. Statistically, fatalities among drivers over age 70 nearly equal those for teens. (Although some studies indicate an increased accident frequency, most agree that the higher fatality rate comes from elderly drivers' diminished ability to heal after traumatic injury – a consequence of aging. However, drivers age 80 and older hit more pedestrians than drivers in any other age group, according to the Insurance Institute for Highway Safety.)

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