

Saving Money on Your Insurance

BY JOSE MONTEMAYOR

TEXAS COMMISSIONER OF INSURANCE

Insuring Young Drivers

IT'S A QUESTION that many parents dread hearing, "Mom, Dad, can I borrow the keys?"

If you're the parent of a new driver, be prepared. Your auto insurance bill will likely increase—and stay that way—until the young driver is out on his or her own. Male drivers under the age of 25 and unmarried female drivers under the age of 21 pay the highest rates for auto insurance coverage. But there are some things you can do to help control these costs.

One way to keep auto insurance costs in check is to ask your agent about available discounts. One of the most common is a discount for drivers' education. Most insurance companies offer a 10-percent driver training credit for teenagers who complete a driver education course. That discount is also available to parents—or any driver—who complete a state-approved drivers' safety course. An additional 5 percent discount is offered to drivers who complete an approved drug and alcohol awareness course.

While all regulated insurance companies are required to offer the driver education discount, there are other discounts that vary from company to company. Some insurance companies offer optional discounts based on the type of car insured and the kind of safety features it has. Ask your insurance agent whether the company offers a discount for students with good grades. And if your child is in college and does not have access to a car, be sure to tell the agent. You may be eligible for additional savings through a "student away at school discount."

Once your teenager begins driving, tell the insurance company as soon as possi-

ble. The parents' auto insurance policy covers all drivers in the household, including children, even if they are not specifically named on the policy. If you don't notify the company, and it later finds out that you have a teen-age driver, you will likely be billed for the additional premium you should have been paying. Your insurance company cannot refuse to renew your policy simply because a child in your house has reached driving age.

The rules regarding driver classification and assignment of vehicles are complex and address a variety of situations. Generally, if a teen-ager is the "principle driver" of an automobile, his or her rate will be determined on the basis of that vehicle. If not, the teen-age driver is assigned to the vehicle that produces the highest rate, usually the most expensive. Be sure to discuss that issue with your agent.

You may also want to consider raising the amount of your deductible, or dropping physical damage coverage, if your son or daughter is driving an older car.

The auto insurance market in Texas today is fairly competitive so one of the best ways to save money is to do some comparison shopping. Companies charge significantly different rates, even for the same coverages. Consumers should get quotes from several companies regarding their family's auto and driver situation. You can get an idea of where to start by visiting the TDI Web site at www.tdi.state.tx.us and viewing the *Auto Insurance Rate Guide* for your county. It lists sample rates for various drivers, including teen-agers. When you call companies or agents to collect quotes, don't forget to ask about available discounts. ★

Editors:

- If you need further information, call:
**Texas Department of Insurance
Public Information Office
(512) 463-6425**

We welcome your questions and suggestions about this column.