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Oklahoma Society of CPAs

ADDING A TEEN TO YOUR AUTO INSURANCE

Adding a teen driver to your auto insurance policy can bring a significant increase in premiums. CarInsurance.com estimates that adding a 16-year-old to a policy increases annual premiums by an average of $4,050. Actual costs vary based on your insurer, location, vehicle, and coverage. Planning ahead and exploring available discounts can help families manage the added expense:

1. **Shop around.** Some insurers have better rates for younger drivers than others and the company offering you the lowest rates now may not be the one with the lowest rates when you add a teenager to your policy. You may qualify for a better rate if you switch before you add your son or daughter rather than after, so be sure and shop early. And, if you find a better rate, see if your current agent may be willing to offer the same rate.

2. **Ask for discounts.** Most insurance companies, especially those that have been insuring your family for years, will offer safe driver, multi-car, and good grade discounts.
   - *What's the good grade discount?* Many insurers offer as much as 20% to 25% off for students under 25 who maintain a B average or better. You will likely be asked to submit report cards occasionally as evidence so you can maintain the discount.
   - *What is the safe driver discount?* Some insurance companies start lowering rates when you go a few years without making a claim or who have had no at-fault accidents. Additionally, some offer safe driving courses you can take online or through a mobile app.
   - *There may be other discounts*, but the key is to meet with your agent to find the discounts that work best for your family.

3. **Choose something reasonable and reliable.** Choosing a vehicle should come down to more than looks. Consider an affordable, dependable car with strong safety ratings and essential features such as airbags, anti-lock brakes, and electronic stability control. An older vehicle isn't automatically the most affordable option if it lacks important safety features or comes with costly maintenance needs. Factor in the full cost of ownership, including the purchase price, fuel, maintenance, repairs, and insurance. Before making a decision, ask your insurance agent for quotes on a few different makes and models. For additional guidance, check out the **2026 Best New and Used Cars for Teens from IIHS and Consumer Reports.**

4. **Review your collision coverage.** If your teen will be driving an older vehicle, take time to review whether your current collision coverage makes sense for the car's value and your family's financial situation. Consider factors such as the vehicle's actual cash value, the cost of coverage, and your ability to pay for repairs or replacement out of pocket. You may also want to discuss deductible options with your insurance agent and determine whether setting aside money for unexpected expenses fits your budget. Your insurance agent can explain the

potential costs and implications of different options so you can make an informed decision.

5. **Increase your deductible.** Increasing a deductible generally lowers premiums but be sure the deductible is an amount you can afford to pay out of pocket should an accident occur. Compare premiums for keeping coverage with the cost to replace the car.

6. **Let your teen borrow your car.** Insuring a teen to drive your car as an occasional operator could be cheaper than insuring your teen as a primary operator on another car.

7. **Monitor driving and set clear rules.** Stay involved in your teen's driving habits by establishing clear expectations and consistent boundaries. GPS-enabled apps and insurance company monitoring programs can help track driving behaviors such as speeding, hard braking, seat belt use, and location. Research available options, as some devices and apps may require monthly or annual subscription fees. At home, establish a family driving agreement that addresses texting, distracted driving, alcohol use, passenger limits, and where your teen is allowed to drive. Discuss consequences for breaking the rules, including potential traffic tickets, fines, and increased insurance costs. Most importantly, lead by example and reinforce safe driving habits every time you get behind the wheel.

While it will likely increase a family's premium, it's important to discuss increasing liability coverage with your agent. This will provide added protection for the additional friends who may be riding as passengers while your teen is driving. Increasing your liability, say to a $1 million umbrella policy, can protect your assets and future earnings if your child causes an accident that injures someone or damages property.