



# Young Driver's Guide to Auto Insurance

## *Knowing your responsibilities as a new driver*

### **I have my license, now what?**

In order to drive legally in Ohio, you must comply with the state's Financial Responsibility (or FR) Law. The FR law requires each Ohio driver to demonstrate an ability to pay for injuries to other people or damages to other people's property if the driver causes an accident. Buying insurance is one way to show financial responsibility. The easiest way to meet your financial responsibility is to buy automobile insurance with liability coverage.

### **Why should I bother getting insurance?**

First of all, it's the law. Second, if you don't get insurance, you could end up spending a lot more than the insurance would have cost. If you cannot demonstrate financial responsibility, then your license will be suspended, your car will be impounded and it will cost you a very large sum of money to regain your driving privileges.

### **OK, I'm reading about insurance, but what do all these different terms mean?**

There are different types of coverages you can purchase in an insurance policy. They are:

- **Liability coverage** - pays costs if someone claims you hurt them or damaged their property. It pays the cost to defend you against their claim and cost of the damages if you are found liable. Ohio law requires you to purchase a minimum amount of this type of coverage. Those minimums are:
  - *Bodily Injury Coverage*
    - \$12,500 per person
    - \$25,000 per accident
  - *Property Damage Coverage*
    - \$7,500 per accident
- **Collision coverage** - pays you if your own car is damaged in a crash with another vehicle.
- **Comprehensive coverage** - pays for losses that result from incidents that are not collisions, such as theft, fire, hail, falling objects or hitting an animal.
- **Uninsured motorists (UM) coverage** - pays claims for your injuries and damage to your car when the other driver in an accident is liable but does not have enough liability coverage to pay for the damages.
- **Medical expense coverage** - pays medical expenses for you and your passengers if you are injured in an accident.

### **Should I buy my own insurance or should I be listed as an insured under my parent's policy?**

There is no simple answer to this question. Begin the decision-making process by discussing your options with your parents' insurance agent. You should shop around to determine the best option to meet your family's needs. Be sure to let the agent know if you will be sharing a vehicle with your parents or if you have your own vehicle to use.

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**I have my insurance — why is it so expensive? I haven't had an accident or a ticket!**

Insurance rates, or premiums, are based on statistical groups. Your driving record, age, sex, age/type of vehicle and place of residence are all taken into consideration. As a group, teen drivers have a much higher accident rate than other drivers.

**What are some ways to reduce my premium costs?**

- Drive safely.
- Increase your deductibles. A deductible is the amount you must pay out of your own pocket if you have a claim.
- Drop collision and/or comprehensive on an old car.
- Qualify for discounts. Most companies offer a “good student” discount.
- Shop for a better deal.
- Lower limits of liability.

**Oops! I just got my first ticket. Can my company raise my premium?**

That depends on the company. Some insurers do not raise premiums if the first moving violation is minor. However, if your first ticket is a major moving violation, the company may increase your premium. In all cases, ask the company about its policies regarding moving violations.

**Somebody hit my car. Can the company raise my premium?**

Perhaps. By law, an insurance company is not permitted to increase your premium because you were in an accident with an uninsured motorist. Additionally, an insurance company is not permitted to increase your premium the first time you have an accident that was not your fault. However, the company has the right to increase your premium if you have a second not-at-fault accident within the policy period.

**Can my insurer cancel my policy?**

During the first 89 days after you purchase a policy, a company can cancel it for almost any reason. As of the 90th day, your liability coverage is protected from cancellation for two years, except for specific reasons permitted by law. The permissible reasons include:

- Lying on your application, or
- Suspension or revocation of your driver's license, or
- Filing false claims or
- Not paying your premiums.

**I forgot to pay my premium.**

If — for any reason — you do not pay your premium, the company will cancel the policy. The company must notify you 10 days before cancellation. Getting coverage from another company may be difficult and probably will cost more if you let your insurance policy lapse.

**I gave a friend permission to drive my car. Does my insurance cover me and my friend?**

That depends. Unless your policy states specifically that only you are covered when driving, other people will be covered as long as you give them your permission to drive your car.

**What if I have a problem with the insurance agent or the company?**

Call the Ohio Department of Insurance at 1-800-686-1526. The Department regulates agents and companies that are licensed to sell insurance in Ohio. The Department's Consumer Services representatives can answer your insurance questions and investigate your complaints about an insurance company or agent.