

Auto Insurance Facts for Teen Drivers

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Note: This information was developed to provide consumers with general information and guidance about insurance coverages and laws. It is not intended to provide a formal, definitive description or interpretation of Department policy. For specific Department policy on any issue, regulated entities (insurance industry) and interested parties should contact the Department.

Congratulations! By now you're counting the days until you receive your driver's license. In preparation, you're being flooded with all kinds of important information while learning to drive.

Before you take the wheel on your first solo cruise, there is one more thing you should know about – **insurance**. Look this information over before you start driving and then discuss the information with your parents or guardian and an insurance producer/agent.

Driving Tips

Teens are generally inexperienced and tend to make more driving mistakes. Although you may feel comfortable behind the wheel, driving experience takes time and practice. Follow these tips while driving.

- **Always be alert when driving** – keep your eyes and ears open.
- **Stay focused on your driving** – don't be distracted by passengers, the radio, or a cellular phone.
- **Always wear your seatbelt** – seatbelts can reduce the risk of fatal accidents.
- **Don't drink and drive** – statistics show that 60% of teenagers involved in auto accidents have been drinking.

Under the Illinois Vehicle Code, any person under 21 years old convicted of two traffic violations within any 24-month period will receive a driver's license suspension by the Illinois Secretary of State. If you are under age 18, you will be required to successfully complete a driver remedial education course to make your driving privileges valid again. In addition, you may be required to submit to a complete driver's license examination to be re-issued a driver's license. The length of the suspension will vary according to the seriousness of the traffic offenses. For more information regarding this law, please refer to the Secretary of State website at www.sos.state.il.us.

Illinois Law

Illinois law requires you to have insurance before you drive. After you pay for your policy, your insurance company will send you an insurance card that you should keep in your vehicle. If you get caught driving without insurance, you face a fine and suspension of your license plates. Before you drive anyone's car, be sure there's an insurance identification card. You can be penalized for driving without insurance in any vehicle.

The easiest, and probably cheapest, way to get insurance is to be added on your parents' policy. They can either add you to their vehicle, or if you have your own vehicle (and your parent's name is on the title of your car), they can add your vehicle to their policy. In either case, your parents' rates will increase, so options and costs may need to be discussed.

Required Auto Insurance Coverages

- **Liability Coverage** – Pays for bodily injury to another person or property damage you cause due to the negligent operation of a vehicle. It may also pay if the accident was caused by a member of your family living with you or a person using your vehicle with your permission. The coverage may also pay for a legal defense if you're sued because of the accident. Liability coverage is often split into two separate coverages:
- **Bodily Injury (BI)** – Pays for costs due to injury or death to a pedestrian(s) or person(s) in another car. It may also cover your passengers' injury costs as long as they aren't members of your household. **Illinois law requires** BI limits of at least \$25,000 per person per accident and \$50,000 total per accident.
- **Property Damage (PD)** – Pays for damage to another person's car or property such as fences, buildings, utility poles, signs, and trees. **Illinois law requires** PD liability limits of at least \$20,000 per accident.

Note: You may want to consider buying higher limits because the state minimums may not be enough to fully protect you from lawsuits. Many vehicles today are worth more than \$20,000 and medical bills for injuries could easily exceed \$25,000 for one person. If you are found negligent in an accident and the damages exceed your insurance limits, you can be sued in court for those amounts not covered by your insurance.

- **Uninsured Motorist Bodily Injury Coverage (UM)** – Covers you for your bodily injury caused by a hit-and-run driver or an at-fault driver who has no auto liability insurance. Currently, **Illinois law requires** uninsured motorist limits of \$25,000 per person and \$50,000 per accident. For additional premium, you may buy higher limits to pay for claims that exceed those amounts.
- **Underinsured Motorist Bodily Injury Insurance (UIM)** – Pays the difference between your UIM limits and the liability limits of the at-fault driver, if lower than your UIM limits. **Illinois law requires** this type of coverage if you purchase higher limits of uninsured motorist bodily injury coverage (UM).

If you have borrowed money to buy your vehicle, the bank may require you to also carry comprehensive and/or collision coverages to protect their financial interest in your vehicle. Depending on the age and value of your car, those coverages may not be beneficial. If your car is older, the premiums for comprehensive and collision

coverage may cost more than the car is worth. Generally, you can expect to double your insurance premium if you add these coverages to your policy.

Factors That May Affect the Premium

Rating factors are characteristics that place you in a group of drivers with similar risk-related characteristics. Companies set a rate for each group based on the claims paid for the people in that group. Here are some tips that may lower your insurance premiums

- **Keep a clean driving record.** Drivers with accidents and tickets usually pay higher premiums than those with good driving records. For example, if you have more than one at-fault accident in less than three years, or if you are convicted of a moving violation, your insurance company could raise your premiums or non-renew your insurance policy. If your driver's license is suspended or revoked, your insurance company can cancel the policy. If you are under your parents' policy, your driving record will affect their insurance policy.
- **Choose your vehicle carefully.** Certain vehicles cost more to insure because they're more likely to be damaged in an accident, cost more to repair, or are frequently stolen. If you have a sports car or a high performance car you may have a hard time finding insurance at standard rates. And if your car is a "street machine" or is "souped-up," there's an even greater chance that you'll pay a lot more for your insurance.
- **Drive a vehicle with safety features.** Some companies offer a discount for such items as air bags, automatic seatbelts, and anti-lock brakes.
- **Maintain a good credit history.** Companies may consider your financial stability and charge higher premiums based on your financial status (i.e., credit card history, amount of credit, how timely you pay your bills, etc.).
- **Keep your grades up.** Some companies offer a discount to young drivers who maintain a "B" average or better.

Insurance Terms You Should Know

- **Bodily Injury Liability** – Insurance that pays for another person's bodily injury or death in an automobile accident that you caused.
- **Property Damage Liability** – Insurance that pays for damage you cause to someone else's property in an automobile accident.
- **Medical Payments** – Insurance that pays the medical and funeral expenses, up to the limits purchased, for you or any passengers riding in your car at the time of an accident. Medical payments will provide coverage whether you or someone else caused the accident.
- **Collision** – Insurance that pays for damages to your own car if it is involved in a collision, regardless of who is at fault. Collision coverage may carry a deductible – a stated amount that you must first pay out of your own pocket.

- **Comprehensive** – Insurance that pays for non-collision losses to your car such as fire, theft, flood, hail, vandalism, glass breakage, and falling objects. Comprehensive coverage may also carry a deductible. (Note: if your car hits an animal, some insurance companies will treat it as a collision claim, while others will treat it as a comprehensive claim.)
- **Uninsured Motorist Bodily Injury** – Insurance that pays for bodily injury or death to you and your passengers if an uninsured driver strikes your car. This coverage does not pay for damages to your car. If you do not have collision insurance, you may purchase uninsured motorist property damage coverage. This coverage offers very limited protection and should be discussed with your insurance producer/agent.

What You Should Do if You Have an Accident

1. Get medical help for anyone who may be injured.
2. Call the police and follow their instruction. If you are in an unsafe area, you may relocate to the nearest police station or public place and then call the police.
3. Get names, addresses, telephone numbers, and insurance information of anyone involved in or witnessing the accident.
4. Call your parents or guardian and tell them what has happened and where you are located.
5. Notify your insurance producer/agent or insurance company.

Emergency Information

Keep the following information in a safe place in your vehicle for ready reference in the event of an emergency:

Insurance Company: _____

Policy #: _____

Agent's Name: _____

Agent's Phone #: _____

Police Dept. Phone #: _____

Towing Company: _____

Towing Co. Phone #: _____

If you're in an accident with another driver, don't forget to ask:

Driver's Name: _____

Driver's Address: _____

Driver's Phone #: _____

Insurance Card Information: _____

Witness's Name: _____

Witness's Address: _____

Witness's Phone #: _____

If You Can't Find Auto Insurance

If you cannot find auto insurance through normal insurance markets, because of your driving record or the type of vehicle you own, talk to your insurance producer about the **Illinois Automobile Insurance Plan**.

You must meet four requirements to obtain insurance through the Auto Plan:

1. You must be turned down for auto insurance by other insurance companies.
2. You must have a valid driver's license or be eligible to apply for one.
3. You must not owe an outstanding premium for prior insurance coverage during the past 36 months.
4. Your vehicle must be safe to drive.

Auto Plan premiums may be higher than those of companies in the normal insurance markets. However, if you maintain a good driving record while in the Plan, you should be able to eventually return to a standard company.

More Information

Call our Consumer Assistance Hotline toll free at (866) 445-5364 or visit us on our website at <http://insurance.illinois.gov>.