Parents' guide: The best and cheapest way to insure teenage drivers

Get expert tips on how to insure your teen driver, buy sufficient coverage, and find the cheapest way to get car insurance for a teenage driver.

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How much does your insurance go up when you add a teenage driver?

Adding a teenage driver to your policy raises your rates. Teens are expensive, but rarely are they more expensive than when they start to drive. On average, your insurance rate will increase 130% after you add a teen to your policy, costing an extra $2,000 yearly.

There is a reason teenagers cost more to insure. New drivers are among the most dangerous on the road, have a higher rate of accidents and file more claims compared to the average driver.

How much can you save on car insurance for teens?

Age of Teen	Gender	State	Parents' Marital Status	
16 yrs	Male / Female	California	Single Parent (One Driver) / Couple(Two Drivers)	SEE RATES

Data View
Graph View
Methodology

● Cost of Getting Individual Insurance Policies

Teen Individual Policy	Parents' Policy	Total Household Cost for Individual Policies
$8,398	$2,013	$10,411

● Cost when Adding Teen Driver to Parents' Policy

Cost of Parents' Policy with Teen added	$3,146

Total household savings (teen included in parents' policy) **$7,265**

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How to add a teenage driver to your policy

Fortunately, there are steps you can take to ensure your teen has sufficient coverage and that you are paying the least you have to for it. CarInsurance.com Senior Consumer Analyst Penny Gusner says these are the key guidelines for adding your new driver to your policy:

- The best time to begin the insurance process is before your teen driver gets a learner's permit. Find out from your insurer what the cost will be to add your teen once licensed.
- Adding a teen driver to your policy will almost always be significantly cheaper than the teen having coverage through his or her own policy.

- Typically, your policy will automatically cover your teen at no cost while driving with a learner's permit, but check with your insurance company to be certain.
- Once your teen is licensed, you need to contact your insurance company and let it know that your child needs coverage, and have the teen added to your policy.
- If possible, add your teen driver as the primary driver for the cheapest car listed on your policy, which will save money.
- Compare car insurance rates from at least three companies, as the rates insurers charge for adding a teen can vary by a huge amount. That means your current insurer may not have the lowest price once your teen is on your policy.
- Be sure to ask for discounts to mitigate the cost, for example those for students who earn good grades, students who live away from home, drivers who complete a defensive driving course and discounts for low-mileage and multiple cars.

Below we'll explain in more detail what every parent needs to know about the cheapest ways to insure a teenager.

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Decide how much coverage you need

Gusner recommends getting full coverage for your teen, as well as for most drivers. That means you'd buy a policy with the following limits:

- $100,000 in liability to pay for injuries to others; up to $300,000 per accident
- $100,000 to pay for damage to other vehicles and property
- Comprehensive coverage to pay for damage from flooding, hail, fire, animal strikes and theft
- Collision to pay for damage to the vehicle you own

Myles Holley, P&C advanced sales specialist with Barnum Benefit Advisors, agrees. While it may be tempting to remove comprehensive and collision from older vehicles to save some money, you could be shaving valuable coverage, he says. These optional coverages come with a deductible you pay before your insurance kicks in and pay out up to the actual cash value of the car. "Comprehensive, in particular, is very cheap to keep on a vehicle, can provide valuable fringe benefits such as glass replacement and towing/roadside assistance, and can affect the profile of the vehicle by preventing it being covered for liability only (which can increase the insurance cost)," says Holley.

The cost of comprehensive insurance costs, on average, $192 a year, collision coverage is $526, based on a CarInsurance.com rate analysis.

As always, when adding a teen driver to your policy, understand that if your child is in an accident, it is the parents' assets that are at risk in the event of a liability claim (savings, investments, certain retirement accounts, home equity, and future income are all at risk). "Ask your agent about an umbrella policy," says Holley. "While you have to maintain certain liability limits to qualify for this policy, and it carries additional out-of-pocket cost, the amount of benefit you would receive in the event you use this policy would far outweigh any additional premium cost; always insure against that crazy 'what-if' scenario and hope it never happens."

What's the best car for teen drivers?

One of the most difficult aspects of adding a teen driver can be choosing the best car for your teen. You want the car to be safe, which typically means 2014 models and newer, as these come with safety features such as electronic stability control.

Sports cars or any vehicle with a powerful engine is a no-no when it comes to teen drivers. "A car with a bigger, faster engine typically costs more money to insure and more money to repair," says Gusner. "In addition, just having a car with a powerful engine can be a temptation, if you have that kind of power available, perhaps you'll use it," she warns. Gusner recommends four-door sedans and crossover vehicles.

In terms of the cheapest models to insure, Holley offers this advice. "Economic models from such manufacturers as Kia, Honda, Ford and Toyota are always a good bet, but similar vehicles from Subaru, Mini, and the like tend to be favorably rated due to their safety features. As always, higher end vehicles from BMW, Mercedes Benz, Infiniti, etc. will come with a higher insurance cost, but even certain models from Mazda and Chevrolet can be rated as 'Sport' vehicles and have a similar insurance cost."

Compare rates to get the cheapest car insurance for

your teen driver

To get the best rate, shop your coverage. Each insurance provider has different rates for each policy profile, and adding a teen driver changes that profile. That means your existing carrier may not have the lowest price for you anymore.

When shopping for coverage, have a specific vehicle in mind, do some research and have a year and VIN available to get the most accurate rate. “A year, make, and model can get you a ball-park figure, but that VIN provides the details necessary to finalize the insurance rate,” says Holley.

Also, keep in mind, any accidents or violations within five years impact these rates, so be truthful when shopping around to avoid any “teaser rates.” Gusner recommends comparing rates from at least three insurers.

“Insurance providers must pay to run Motor Vehicle Reports, and some do not do so until they have collected that first month’s premium to bind the coverage, which can result in premium increases after the fact,” says Holley. “If possible, start the new policy a few weeks out for these reports to be run, and do not cancel your old policy until you have confirmed the new policy has been finalized.”

How much does it cost to add a 16-year-old to insurance?

Adding a 16-year-old male on your policy will result in an average increase of 160% or roughly $2,292, according to CarInsurance.com’s rate analysis. A new female driver is a bit less expensive, bumping up your premium 125%, or an extra $1,782.

You’ll see below how much it costs to add a 16-year-old driver to your policy in your state, on average, for full coverage:

Search Table

State	Average rate	Average rate with teen	Percent Increase
Alaska	$1,246	$3,600	189%
Alabama	$1,304	$3,504	169%
Arkansas	$1,556	$4,021	158%
Arizona	$1,399	$4,463	219%
California	$1,783	$5,660	217%
Colorado	$1,675	$4,082	144%
Connecticut	$1,980	$5,167	161%

See our detailed rate analysis be age for teen drivers, which shows pricing for adding a teen to a policy compared to the teen having his or her own, and broken down by state:

- 16-year-olds
- 17-year-olds
- 18-year-olds
- 19-year-olds

Should a teen get his or her own policy or go on a parent’s policy?

Putting a teen on his or her own policy is almost always more expensive than adding the teen to your existing family car insurance policy, says Gusner. Having said that, sometimes families decide a separate policy is the best way to go. Here is what to keep in mind:

You’re still liable for your child’s accidents if under age 18: When you sign for your teen’s license, most states assign you the responsibility for your child as a driver. For example, in Kentucky, the application for drivers under age 18 must be signed by a parent or guardian who agrees he/she is jointly liable with the applicant for any damages.

You’ll still have to sign the policy: Depending on your state’s laws, those between ages 18 and 21, cannot sign binding contracts. That means to buy a car and a car insurance policy, which is a binding contract, your teen will likely need a parent to sign with him on the paperwork.

When a separate teen policy makes sense: Getting your teen his or her own policy is typically only a good idea if the child has already racked up tickets or has been in accidents and is raising the rates on your family policy. Then, it may be time to get your teen driver an older car with just liability coverage on the child’s own policy.

How to save on teen car insurance

There is no way to avoid a rate increase once your teen hits your policy but there are ways to limit the pain.