



Making Major Financial Decisions

Title

Insurance: A Family Conversation

Connect

In school, students have been learning about insurance. They've learned what types are available, what influences the price of insurance, and how to compare policies. Children are usually covered by their family's insurance policies until they reach adulthood. Nonetheless, parents of teens should make sure their children know who their insurance providers are and what kind of coverage they have. It's also a good idea to involve children in shopping for insurance—especially when a teen starts driving.

Talk

- What types of insurance does your family have? Discuss the different types of insurance your family uses including health, car, and homeowners/renters insurance.
- What do you consider when selecting an insurance policy? Talk about factors to consider such as premiums, deductibles, coverage amounts, and customer service.
- Do you pay for insurance on your cell phone? Discuss the benefits and tradeoffs of this decision. What would your teen do if the decision was theirs alone?
- When was the last time you shopped around for insurance? The next time you do, involve your teen in the process by comparing rates and features.
- What insurance claims have you made in the past? Discuss a time you had to make an insurance claim and what the experience was like.
- Who will pay for car insurance when your child begins driving? Even if you don't expect your child to contribute toward the cost, it's a good idea to discuss how much a policy is likely to cost and how often the premium must be paid.
- What does your homeowners or renters policy cover and what is the deductible? Talk to your child about what would happen if, for example, a valuable electronic device is lost, stolen, or damaged. Who would pay the deductible? Would it be worth filing a claim?

FAMILY CONNECTIONS

Unit:

- 1 Being Financially Responsible
- 2 Using Financial Services
- 3 Financing Your Future
- 4 Getting Paid
- 5 Paying Yourself First
- 6 Using Credit Wisely
- › **7 Making Major Financial Decisions**
- 8 Growing and Protecting Your Finances

Act

- Insuring a teen driver can more than double some families' premiums. Exactly how much it will increase often depends on where you live. Unless you live in Hawaii where age is not allowed as a factor when pricing insurance, you'll likely want to investigate ways to reduce the premium. Find out if your insurance company offers discounts to good students or those who have passed a driver safety course. Be sure you know what documentation you'll need to provide—this could include a report card or certificate of completion. If your insurance company doesn't provide these, consider shopping around for one that does.
- Set expectations with your child before they start driving. [Research](#) says that children whose parents set clear rules are half as likely to crash, twice as likely to wear seat belts, 71 percent less likely to drive while intoxicated, and 30 percent less likely to use a cell phone while driving. The Centers for Disease Control and Prevention provides a [parent-teen driving agreement](#) you can complete with your child.
- Will your family get another vehicle as teens start driving? Talk to an insurance agent first to learn about the difference that vehicle age, safety equipment, and type can have on insurance rates. Involve your child so they can understand what to consider when making a decision.
- As your child gets older, discuss long-term options for health insurance. Discuss your child's current health insurance coverage and any plans you may have to keep your child on a family plan. Explain that children can only stay on a parent's plan until [age 26](#). Children insured through the government's Children's Health Insurance Program (CHIP) should understand their options once they turn 19 and can no longer receive CHIP benefits.
- If your child is pursuing higher education, [find out what insurance options may be available](#) through the institution and make sure your homeowners policy will cover his or her belongings at school.
- Does your child know what to do if he or she is in an accident or needs to seek medical treatment without you? It's a good idea to make sure everyone in the family knows the insurance policy information and where to find it. Some insurance companies offer apps that help people document and/or submit a claim. Find out if yours offers this, and, if so, make sure your teen knows how to use it.

Learn

- [Car Insurance for Teens](#) from Investopedia offers advice for parents on how to manage the costs of insuring a teenage driver.
- [Car Insurance for Teens](#) from Insurance.com provides detailed information and recommendations for covering teen drivers.
- [Three Legal Documents You Need When Your Child Turns 18](#) from Forbes explains the use of healthcare proxies, HIPPA release forms, and durable power of attorneys once your child turns 18, especially if they are still a student and/or still on your insurance plans. Note that this is in addition to permission your child might give to allow access to their health information.
- [Benefits.gov](#) from the federal government can help you locate information about government insurance programs.

TEEN DRIVERS

Teens are significantly more likely to get into an accident than older drivers. Does your child know what to do if that happens?