



UNIT 7

Making Major Financial Decisions

Topic

Choosing An Insurance Plan

FAMILY CONNECTIONS

Unit:

- 5 Paying Yourself First
- 6 Using Credit Wisely
- › **7 Financing Your Future**
- 8 Growing and Protecting Your Finances

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 his or hers alone?
- When was the last time you shopped around for insurance? The next time you do, involve your teen in the process—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.

Pathway to Financial Success

In Schools

- 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?

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 premium³. 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 he or she starts 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 National Association of Insurance Commissioners provides [guidance](#) about what expectations to set and a [teen driving contract](#) 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 he or she 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 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

- [Parents and Teen Drivers](#) from the National Association of Insurance Commissioners offers advice for parents on setting expectations and keeping insurance costs down with teen drivers.
- [Car Insurance](#) for Teens from Insurance.com provides detailed information and recommendations for covering teen drivers.
- [WreckCheck](#) from the National Association of Insurance Commissioners is an accident checklist for teen drivers and is available as a PDF or an app.
- [Benefits.gov](#) from the federal government can help you locate information about government insurance programs.

TEEN DRIVERS

One in five 16-year-olds has an accident in the first year of driving⁴. Does your child know what to do if that happens?

³<https://www.nbcnews.com/business/autos/how-much-does-adding-teen-driver-increase-your-auto-insurance-n375691>

⁴http://www.insureonline.org/auto_teen_driving_infographic.pdf